2023



S GROUP AND SUSTAINABILITY 2023

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S GROUP

MORE THAN FOUR MILLION S-ETUKORTTI CARDS AND RECORD BONUSES FOR CO-OP MEMBERS

Co-op membership had a strong appeal, and the Co-op Members' Pay Day campaign further raised awareness of its benefits. More than 110,000 new members joined cooperatives, and there are already four million S-Etukortti cards. We returned more than half a billion euros to co-op members in the form of Bonuses and other monetary benefits. **P. 7–9**

ONLINE STORES ARE DOING WELL

S Group has grown into a large developer of technology, developing the most popular applications in the country. For example, S-mobiili has about 2.2 million users. In online stores, customer-oriented development work was reflected as a significant increase in sales and customer satisfaction. In online grocery shopping, S-kaupat continued to be the market leader, and successful updates spurred the excellent development of prisma.fi and sokos.fi. Domestic online stores with good service are a genuine alternative to global e-commerce giants. **P. 9–15**

SUPPORT FOR PEACE WORK AND HELPING THOSE SUFFERING FROM CONFLICTS

In 2023, we gave direct financial support to the Finnish Red Cross's Disaster Relief Fund to support work to help those affected by the conflict in Gaza, Israel and the West Bank. Furthermore, S Group and the Finnish Red Cross's joint collection to aid those suffering from the crisis in Ukraine continued. Thanks to customers' contributions, more than EUR 1.5 million had been collected for the Finnish Red Cross's Disaster Relief Fund by the end of 2023. **P. 50**

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

WE ENCOURAGE OUR CUSTOMERS TO EAT MORE SUSTAINABLY FOR THE CLIMATE

Food plays a key role in promoting health and well-being. Grocery stores can have an impact on what Finnish people eat. Our goal is that 65% of the food we sell will be plant-based by the end of 2030. In 2023, plant-based food accounted for 60% of our food sales. **P. 54**

WE ADDED REFURBISHED DEVICES TO OUR PRODUCT RANGES

Sales of refurbished used phones began in prisma.fi in autumn 2023. Used and fully refurbished smartphones were the best-selling products in the phone category for several weeks, responding to customers' growing interest in used mobile devices. Collaboration with Swappie, a vendor of refurbished iPhones, also continued. **P. 62**

ABC CHARGING IS THE LARGEST ELECTRIC VEHICLE POWER CHARGING NETWORK IN FINLAND

We are building a nationwide electric vehicle charging network at S Group's outlets. The first ABC Charging Stations were opened in spring 2021, and ABC Charging grew to become Finland's largest power charging network in just over a year. At the end of 2023, there were nearly 300 charging stations, with a total of more than 1,800 charging points. **P. 65**

TOWARDS SUSTAINABLE GROWTH – BY RESPECTING NATURAL RESOURCES

AN INTERNATIONALLY PIONEERING PILOT PROJECT CHARTED S GROUP'S BIODIVERSITY IMPACTS

In the JYU.Wisdom research project organised under the University of Jyväskylä's resource wisdom community, researchers investigated the biodiversity footprint of S Group and its supply chain. The interim report of the project published in spring 2023 indicates that foodstuffs and fuels account for most of the biodiversity footprint of S Group and its supply chain, with the majority of the impact falling on regions beyond Finland's borders. **P. 81**

S GROUP AND CHIQUITA TO COLLABORATE ON BIODIVERSITY

A new type of collaboration between S Group and Chiquita is planting ecological corridors around banana plantations in Costa Rica. The joint project aims to improve the living conditions of the local species, to collaborate with the local landowners and to gain experience from supply chain cooperation related to nature. **P. 81**

WE HAVE REDUCED THE EMISSIONS OF OUR OWN OPERATIONS FASTER THAN PLANNED

Since 2015, we have successfully reduced our own emissions by 83 per cent. In particular, the emissions have decreased due to improved energy efficiency, refrigeration plants using renewable refrigerants, our own renewable energy investments and guarantees of origin for electricity. **P. 72**

TOWARDS AN EQUAL WORLD – BY REMOVING INEQUALITY

REPORT ON THE REALISATION OF FAMILY FRIENDLINESS AND CHILDREN'S RIGHTS IN TEXTILE PRODUCTION

Together with Save the Children and Work Ahead, we published a joint project report on the family friendliness of textile production and issues related to women's and children's rights in Bangladesh. The report is a continuation of S Group's Radical Transparency research model. **P. 107**

THE MOST IDEAL AND INSPIRING JOBS

The workplace community survey results of S Group companies have developed positively and are reflected outwardly as a good employer image and reputation: In a study by Universum, professionals in the commercial sector selected S Group as the most ideal employer in Finland for the first time. In the Most Inspiring Workplaces in Finland competition, S Group members won first place in the large and medium-sized enterprises' categories and a significant number of other excellent placements. **P. 116**

PILOT TESTING FOR COLLABORATIVE WORK SHIFT PLANNING PRODUCING GOOD RESULTS

In 2023, S Group has piloted a new, collaborative work shift planning model. In collaborative shift planning, employees choose their own shifts in the planning system, contributing to better harmony between work and leisure time. **P. 117**

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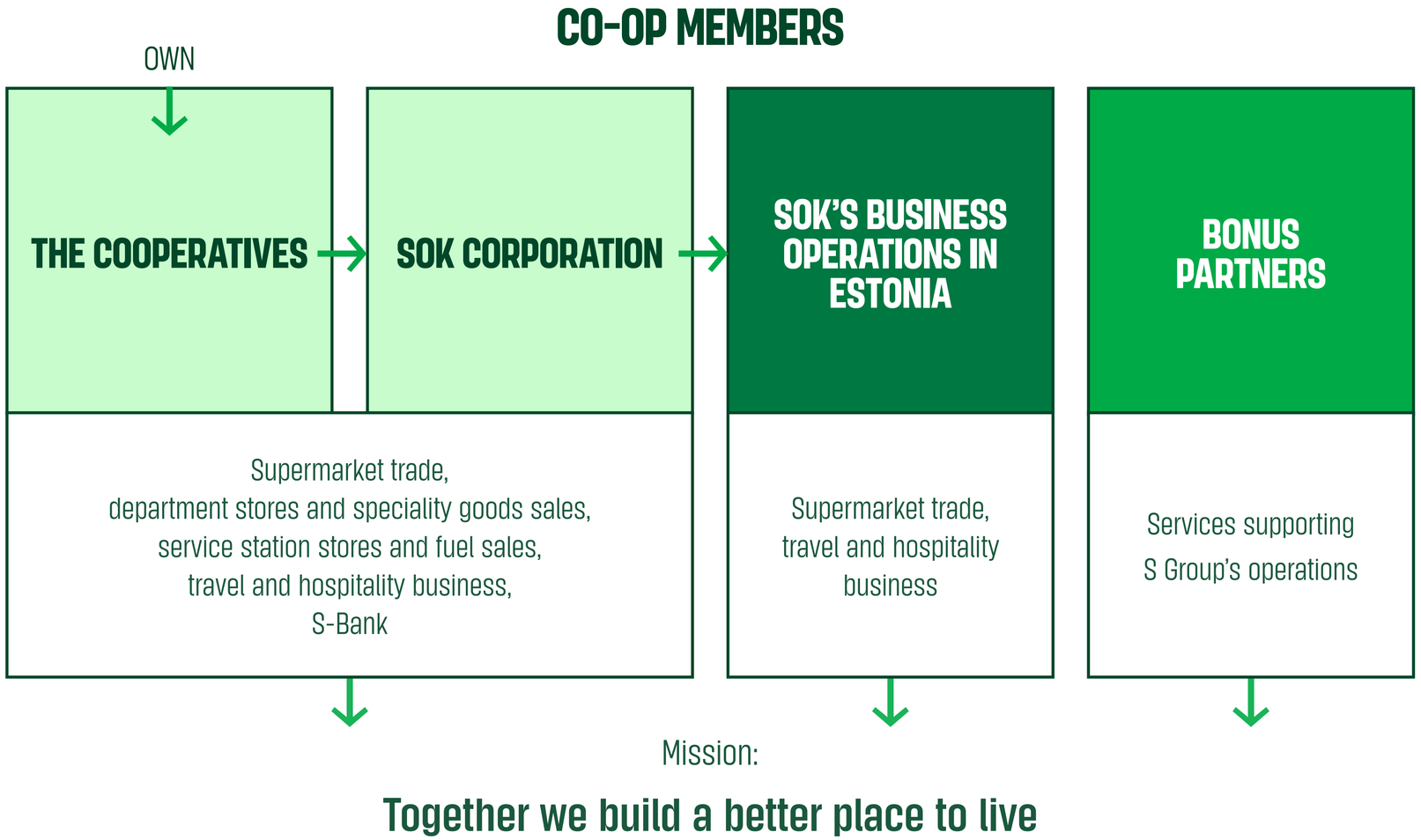
S Group is a Finnish cooperative group of companies owned by its customers. We offer services in the supermarket trade, department store and speciality goods sales, service station stores and fuel sales, as well as the travel and hospitality business. In addition, some of the cooperatives engage in the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

In 2023, S Group's retail sales amounted to around EUR 14.2 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. In addition, S Group includes six local cooperatives. 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.



REGIONAL COOPERATIVES AND INTERNATIONAL OPERATIONS

REGIONAL COOPERATIVES

Helsinki
Helsinki Cooperative Society Elanto

Joensuu
Northern Karelia Cooperative Society

Jyväskylä
Keskimaa Cooperative Society

Kajaani
Maakunta Cooperative Society

Kirkkonummi
Varuboden-Osla Handelslag Cooperative Society

Kokkola
KPO Cooperative Society

Kouvola
Kymi Region 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

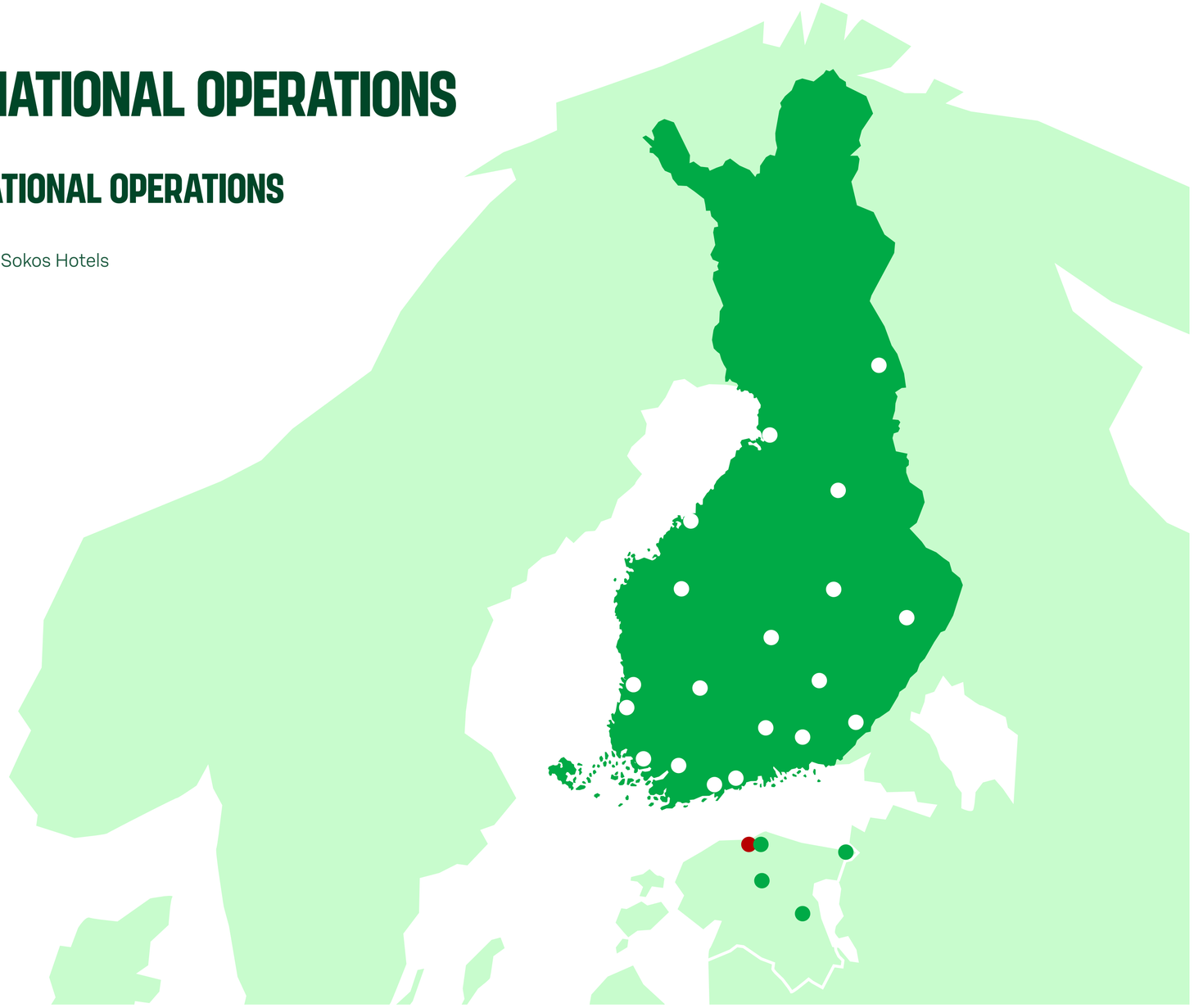
Seinäjoki
Southern Ostrobothnia Cooperative Society

Tampere
Pirkanmaa Cooperative Society

Turku
Turku Cooperative Society

INTERNATIONAL OPERATIONS

Estonia
Prisma Sokos Hotels



S GROUP IN FIGURES

S Group's operating profit improved from the previous year. The improvement was supported by a significant increase in customer volumes and good sales across the board. The travel industry and hospitality business, which has recovered from the pandemic, significantly improved its sales and result. In the supermarket trade, development in the grocery trade continued to outperform the market, and Prisma's consumer goods trade also outperformed the market. The result of service station stores and fuel sales improved from the previous year, and sales of electric charging more than tripled. Sales and profit also improved in the department store and speciality goods sales. Nearly EUR 700 million was invested in Finland. In addition to network renewals, the investments focused on matters such as online business, digitalisation and energy efficiency.

OPERATING RESULT

447

EUR MILLION

INVESTMENTS

667

EUR MILLION

RETAIL SALES EXCLUDING TAXES BY BUSINESS AREA

BUSINESS AREA	SALES (EUR MILLION, S GROUP TOTAL)	COMPARED WITH THE PREVIOUS YEAR, %
Supermarket trade	10,437.6	+7.6
Service station stores and fuel sales	2,171.0	–4.7
Travel industry and hospitality business	814.2	+11.5
Department stores and speciality goods sales	269.9	+4.2
Others	515.6	+3.6
S Group total	**14,208.3**	**+5.5**

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

SALES: FINLAND

13,967

EUR MILLION

SALES: ESTONIA

241

EUR MILLION



S GROUP TOTAL

14,208

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.

CO-OP MEMBERS*

2,577,010

*MEMBERSHIP OF COOPERATIVES

CASH BENEFITS PAID TO CO-OP MEMBERS

529

EUR MILLION IN TOTAL

BONUS

449

EUR MILLION

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

INTEREST ON THE MEMBERSHIP FEE

2,5

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 THE SURPLUS

64.2

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-RELATED BENEFIT

13.7

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

	2023	2022
Retail sales excluding taxes, EUR million	**14,208**	13,465
Finland	**13,967**	13,209
Estonia*	**241**	256
Operating profit, EUR million	**447**	325
Investment, EUR million	**667**	556
Cash benefits paid to co-op members, EUR million	**529**	484
Co-op members**	**2,577,010**	2,512,159
Employees	**41,413**	40,875
Job satisfaction index	**76.3**	76.3
Outlets	**2,007**	1,984
Emissions from S Group's own operations, tCO_2e	**69,400**	98,400
Share of renewable electricity in S Group's total electricity consumption, % (share of emission-free electricity in S Group's total electricity consumption, %)	**4 (100)**	82 (100)
Specific energy consumption, KWh per gross m^2	**258**	256
Recycling rate, %	**82**	76
Relative food waste in supermarket trade, %	**1.28**	1.44
Coverage of audits of purchases from high-risk countries, %	**99**	99
Certification rate in the sales volume of private-label products, %		
coffee	**100**	100
tea	**100**	100
cocoa	**100**	100
cotton	**83**	61
soy***	**58**	65
Share of plant-based food products, %	**60**	59
Share of Finnish food products, % ****	**78**	78

PERSONNEL AND OUTLETS

S GROUP TOTAL

41,413

EMPLOYEES

S BANK*

847

EMPLOYEES

*Previously, bank personnel have been included in the figures for SOK Corporation.

REGIONAL COOPERATIVES

34,567

EMPLOYEES

SOK CORPORATION*

5,999

EMPLOYEES

OUTLETS*

2,007

S GROUP TOTAL

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

* The 2022 sales figures include the business in Russia, which has ended. Prisma and hotel business operations in Saint Petersburg were sold in June 2022.

** Membership of cooperatives

*** The reference figure for 2022 has been updated.

**** Calculations based on sold food and restaurant purchases (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 2023 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 →



CEO'S REVIEW

BENEFITS FROM COOPERATIVE ACTIVITIES TO CUSTOMERS ARE INCREASINGLY CLEAR

In 2023, the challenging conditions continued as the recovery from the pandemic was overshadowed by the war in Ukraine, the tense situation in world politics and poor economic development. The uncertain times highlighted the cooperative's strengths and made us attractive. Many records were broken in the key figures of co-op membership, and our business outperformed the general market development.

During the past year, we focused strictly on improving the efficiency of our own operations and the implementation of our basic mission. An affordable shopping basket, relevant product ranges and our constantly improving services were reflected in the growing number of customers and transactions, as well as customer satisfaction.

The Co-op Members' Pay Day campaign clarified the meaning of co-op membership.

Although the year was also varied from the perspective of S Group's business operations, the operating environment was more stable than in previous years. However, the year was characterised by concerns about rising costs and the development of purchasing power. Increased consumer price-consciousness was reflected in cautious purchasing decisions.

In the early part of the year, the increases in energy prices were smaller than feared due to the mild winter, and demand for services remained moderate. Sales at S Group's outlets continued at a good level in the second half of the year. The development of our business areas was better than the general market development across the board, and S Group's sales and operating result significantly improved from the previous year.

The concept of cooperatives and co-op membership was very appealing to people in these times. Our Co-op Members' Pay Day campaign, which started in the spring, further clarified the significance of our form of business. More than 110,000 new members joined cooperatives, and the total number of S-Etukortti cards issued has now reached four million. It is especially great that more young adults became co-op members last year.

In 2023, we also paid a record amount of nearly half a billion euros as Bonus and other financial benefits to our co-op members. The overall amount of Bonus also reached a record level of nearly EUR 450 million. Our extensive network and wide range of services make it easy for customers to concentrate their purchases. Bonus is earned by each household, and the Bonus paid to customers can be used anywhere without any time limits. This is also appreciated by our customers.

In addition to financial rewards, the coverage and relevance of our services are factors that make our customers' everyday lives genuinely easier and help to make it a celebration, in line with our vision. In 2023, we continued to purposefully develop our services, networks and selections. At the same time, our large investments of nearly EUR 700 million bring work and well-being to different parts of Finland.

Major investments in outlets included the renewal of the Sale chain and the expansion of the ABC Charging Network. In addition, several Prisma stores were renovated, and more than 50 new or renovated restaurants and several hotels were opened. We are also taking big strides in digital services and multi-channel transactions.

Our target of reducing our own emissions will be reached ahead of schedule.

S Group has grown into a large developer of technology, developing the most popular applications in the country. S-mobiili is used by approximately 2.2 million people, and ABC-mobiili has nearly 600,000 users. Last year, we made more than two million deliveries through online grocery shopping. The success is also evidenced by the excellent development of the renewed online stores of Prisma and Sokos. 2023 showed that domestic online stores and services with good service are a genuine alternative to global e-commerce giants.

Our investment in high-quality digital services is also reflected in our employer reputation. In 2023, we were ranked among the top 10 ideal employers by IT professionals for the first time in a study by Universum. In the assessments of professionals in the commercial sector, we have been at the top of the list of attractive employers for a long time. Employees' job satisfaction in S Group remained at a good level, in some places even at an excellent level. The results of the workplace community surveys are gratifying: More than 80 percent of S Group employees feel their work is meaningful. A big thank you for our success belongs to our committed staff.

Our sustainability work progressed on many fronts in 2023. We made significant investments in energy efficiency, and we are reaching our own emission reduction targets ahead of schedule. In January 2024, we also announced our goal to reduce our climate emissions to net zero by 2050, both in terms of our own operations and the value chain. During the year, our groundbreaking project to calculate our companies' environmental footprint also progressed, and Save the Children, commissioned by S Group, investigated the implementation of women's and children's rights in textile production in Bangladesh.

The volatility of the operating environment will continue in 2024, and the outlook for the future is somewhat uncertain. However, S Group is well positioned for the beginning of the year. With a stable foundation, we can provide the best benefit to our co-op members and support the success of our entire local community.

Hannu Krook,
CEO, SOK





THE STRATEGY GUIDES OUR WAY TO THE FUTURE

The exceptional times continued in 2023. The instability of the operating environment and poor economic development also affected S Group. However, a strong strategy gave our retail group a clear direction for both agile responses and advancing our long-term goals.

The cornerstones of our strategy are cooperative activities that produce a competitive advantage, increasing customer benefits and business, and improving our performance. These cornerstones allow us to respond to the key drivers shaping trade and services: digitalisation, increasingly international competition, increasing uncertainty, and the polarisation and fragmentation of consumption. We also take into account megatrends such as climate change and biodiversity loss, which inevitably affect our operating environment.

The strategy defines how we carry out our mission and move towards our vision. Our retail group's mission is *"Together we build a better place to live"*. Our mission is to produce affordable and high-quality products and services for our co-op members, meaning Finnish consumers. At the same time, we want to be a pioneer in sustainability in our industries. Our sustainability programme is part of carrying out S Group's mission. It reaches far into the future while taking into account matters such as the sustainable use of natural resources.

Our vision is *"Making your every day taste special"*. We have unique insight into millions of people in Finland and their tastes, and we are also a trusted operator. We strengthen this relationship of trust by improving our customer's everyday life and by offering products, services and experiences that correspond precisely to their tastes and needs.

In the future, effective use of data and analytics will allow us to do this more and ensure this personalisation is more relevant. Knowledge-based management and customer feedback are the basis for all development in S Group. With better customer insight, we can allow customers to experience more benefits and thus improve the competitiveness of our businesses far into the future.

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In 2023, strengthening loyalty was a particular point of focus. In the challenging economic situation, the importance of competitive advantages produced by cooperative activities, one of the pillars of our strategy, became clearer. Co-op membership only becomes worthwhile and meaningful to our members through genuine benefits and actions. In addition to the affordable price levels offered every day, these benefits are made tangible by means such as the Co-op Members' Pay Day campaign and the S-mobiili app that allows our co-op members to conveniently monitor the total co-op member benefits they receive.

We also continued to focus on improving our performance. The efficiency of our operations is a prerequisite for increasing customer benefits, meaning better services and competitive prices.

Strengthening loyalty and improving our performance were focus points in 2023.

S Group's renewal and growth is increasingly technology- and data-intensive. During 2023, we made rapid progress in digitalisation, multi-channel transactions and the customer-oriented optimisation of grocery store product ranges. In addition to improving services, digital tools make the work of our staff smoother and easier in many ways. Thus, rapidly evolving technology and increasingly strong data-driven capabilities enable better cost-efficiency.

For example, in online services, development work was carried out in 2023 both in customer-facing services and in background processes. Artificial intelligence-based search and product recommendations were launched on Prisma.fi and Sokos.fi, and our logistics company Inex Partners introduced an online shopping order packaging machine to speed up the delivery process. Purchasing in the S-kaupat.fi service has been made smoother with features such as a shopping list, real-time availability data and curated recipes. The accessibility of the online grocery shopping was improved, and there are already more than 300 delivery points in the network.

The development work outlined in our strategy will also actively continue in 2024. The work will result in big leaps in efficiency in areas such as the growing online grocery shopping business, following the completion of the automated picking centres of HOK-Elanto and Pirkanmaa Cooperative Society. By implementing our strategy, we ensure our role in the everyday lives of our co-op members as a partner offering increasingly better and more efficient services.



BUSINESS AREAS



SUPERMARKET TRADE

CUSTOMER VOLUMES AND SALES INCREASED – INVESTMENTS MADE IN DIGITALISATION

In 2023, S Group's supermarket trade was characterised by increased consumer price-consciousness driven by inflation. Consumers' desire and need to save increased Prisma's attractiveness in Finland, as well as interest in more affordable products, such as the store's private label products. Sales in S Group's supermarket trade increased by 7.6% compared to the previous year. The supermarket trade include S Group's grocery trade and Prisma consumer goods trade in Finland and Estonia. In 2023, there were 14 Prisma locations in Estonia.

The grocery trade succeeded in meeting the needs of consumers and in fulfilling its promise of an affordable shopping basket. In March, we lowered the prices of all products of our private label brand Xtra, and the price reductions continued in the autumn. In November, we announced that we would gradually replace Rainbow, the oldest and largest private label brand, with the Nordic, affordable and high-quality Coop product line.

The number of customers in the grocery trade increased and sales grew every month stronger than the rest of the Finnish market, as in the previous year. Increased customer volumes and sales also increased S Group's market share in the grocery trade.

In the consumer goods trade, performance in 2023 was better than in the previous year, and the rate of inflation affecting consumers' purchasing behaviour slowed down during the year. Despite the challenging economic situation, sales were better than the general market level and we managed to increase our market share. During the year, investments were made in Prisma's product range work as well as multi-channel approaches. The product range expanded significantly, especially in online shopping.

Digitalisation was a significant theme in the supermarket trade in 2023. In January, the renewed Prisma.fi consumer goods online store was launched. The store was developed further based on customer feedback and requests throughout the year. Online sales nearly doubled in the second half of the year. In the autumn, the Prisma online store's Buy and Pick up service was launched and then

92	453	297	129
PRISMA STORES*	S-MARKET STORES	SALE STORES	ALEPA STORES

* Includes also sales and Prisma stores in Estonia.



1 FOOD MARKET HERKKU STORE

5 PRISMA RAUTA STORES

2 S-RAUTA STORES

expanded to 40 Prisma stores by the end of the year.

The S-kaupat.fi online grocery shopping service strengthened its market leadership and was developed during the year to support increasingly convenient shopping. The online grocery shopping service is already available at more than 300 stores all over Finland.

In May, the online grocery shopping service began offering emission-free express deliveries using electric transport robots. At the end of the year, robotic transport was already available at 43 stores all over Finland. The construction of the HOK-Elanto and Pirkanmaa Cooperative Society's automated online grocery shopping picking centres progressed in accordance with the targets.

The Collect and Scan service, which offers an alternative to the traditional shopping experience, was expanded and was already available at 59 Prisma stores by the end of the year. In the autumn, the retail group launched a pilot test of a self-service store in Tampere based on automated purchasing.

S Group's investments in the supermarket trade's digitalisation and multi-channel approaches, as well as the development of product range optimisation in the grocery trade in particular, will bring increased benefits to our customers. The development work

Digitalisation brings increased benefits to our customers.

improves our services and enables increasingly competitive prices.

The supermarket trade network developed significantly during the year. The renovation of the Sale chain continued, and now almost all of the approximately 300 stores in the Sale chain have been renovated in line with the updated concept. Two new Prisma stores were opened: Prisma Hämeenkatu in the centre of Tampere and Prisma Myyrmanni in Vantaa. Finland's largest grocery chain, S-market, also continued its strong momentum.

At the beginning of the year, Prisma and S-market stores launched the Alle euron hevi campaign, with the aim of encouraging consumers to increase the share of vegetables in their shopping basket. The campaign work throughout the year was successful, and the share of vegetables in shopping baskets began to rise again. In 2023, the practice of selling potential food waste from the fruit and vegetable department at affordable prices was expanded to all stores of the S-market chain all over Finland.

In 2023, we continued our long-term sustainability work in the supply chain. We investigated the implementation of women's and children's rights and family friendliness in Bangladesh together with Save the Children. The aim is to work with our textile suppliers to develop family-friendly business that takes the rights of children into account.

In 2023, S Group and Chiquita launched a five-year green corridor project in a banana plantation region in Costa Rica. The project aims to improve the living conditions of the local species, to collaborate with the local landowners and to gain experience from supply chain cooperation related to nature.

In addition to sustainability work, precise product range work and improving the efficiency of our own operations will continue in the supermarket trade in 2024. An affordable shopping basket that benefits the customer, relevant product ranges and increasingly smooth multi-channel transactions will remain at the heart of our operations.



SALES

270

EUR MILLION

20

SOKOS STORES

39

EMOTION SHOPS

6

OTHER SPECIALITY STORES

DEPARTMENT STORES AND SPECIALITY STORES

MULTI-CHANNEL OPERATIONS IMPROVED – A YEAR OF GROWTH IN BOTH BRICK-AND-MORTAR AND ONLINE STORES

In S Group's department store and speciality goods sales, the recovery from the pandemic period continued in 2023, and the development outperformed the general market development in many areas. At the same time, however, the challenges of the operating environment that began in the previous year also continued: the energy crisis, rising interest rates and, especially in the first half of the year, strong inflation development all caused consumers' purchasing power to weaken.

The increasingly difficult economic situation was reflected in consumers' purchasing behaviour as caution and careful consideration of purchasing decisions. During the year, new international operators also entered both the beauty and recommerce markets. With increased consumer price-consciousness and intensifying competition, the importance of relevant product ranges and campaigns was highlighted in the department store and speciality store trade in 2023.

In the online shopping trade, both sales and customer satisfaction increased tremendously.

The Sokos and Emotion chains managed to respond well to the challenges of the operating environment. For example, the beauty segment had successful launches for international cosmetics brands such as Fenty Beauty, which has been appreciated by customers. Important campaigns were also very successful. The Sokos 3+1 Days campaign resulted in record sales in the autumn as the concept celebrated its 30th anniversary. Sales records were also broken in the Beauty Week and Happy Hair Week campaigns, and with Black Friday in November.

In 2023, sales in S Group's department store and speciality store trade increased by 4.2 per cent from the previous year, and the operating result also developed positively. Sales were better than the market in both brick-and-mortar stores and online. The trade was particularly lively in the beauty product areas, and our position as the market leader in beauty was strengthened. Consumers were particularly interested in colour cosmetics, skin and body care, and hair care.

Sokos continued to outpace the market in fashion trade as well. Despite the difficult economic situation, Sokos managed to increase its sales in women's and men's fashion. As we leave the pandemic period behind us, the demand for products such as occasion wear and other slightly more formal clothing significantly increased in 2023. In the home product groups, on the other hand, sales stabilised after the peak in demand during the pandemic period.

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Sokos is the most valued clothing store in Finland.

Source: Brand valuation 2023 study

The new Sokos.fi online store opened in January 2023 to a year of strong growth. The online stores are constantly being developed through customer feedback. The focus of development is on features that are relevant to customers. Recent improvements include a new AI-based search. The reception of the updated online store has been excellent. In addition to a significant increase in sales, customer satisfaction increased tremendously during the year.

The updated online store supports the development of multi-channel transactions. Success in multi-channel sales also requires the brick-and-mortar stores to be in good condition. In Emotion, Finland's largest beauty speciality chain, sales were boosted by a successful business idea renewal and the expansion of concept pilot programmes. Sokos, known for its excellent customer service, was selected for the second time as the most valued clothing store in Finland in the Brand Valuation 2023 study conducted by Talous-tutkimus. In its category, Sokos was also selected as the best in customer service and customer satisfaction in a study commissioned by the Finnish Commerce Federation and the Federation of Finnish Special Commodity Trade (ETU).

Customer encounters are systematically improved with the Myyn mielihyvää model of sales and service management. As a result, customer satisfaction has significantly improved over the last few years in both the Sokos and Emotion chains. The results of the workplace community survey are also at an excellent level, and the willingness of the staff to recommend their own employer is at a good level. Having committed and professional personnel is a prerequisite for successful customer service and also affects our attractiveness as an employer.

In the spring of 2023, Sokos started its collaboration with Emmy, the online store for second-hand fashion, representing a new kind of business approach. Emmy clothing collection boxes were added to all Sokos locations, and the Tampere Sokos store opened a floor for sustainable fashion, with sewing and repair services in addition to a second-hand fashion department. In its first year alone, almost 18,000 garments received a new owner through the collaboration between Sokos and Emmy.

S Group's department store and speciality goods sales is in a good position to continue outperforming the market in 2024. There is a strong focus on developing online shopping and multi-channel operations, as well as improving the customer experience. Employee engagement and competence development will also continue to be core areas of our operations. In spring 2024, the department store trade will celebrate the launch of KPO Cooperative Society's new Sokos store in shopping centre Rewell in Vaasa.





SALES

2,171

EUR MILLION

94

ABC SERVICE STATIONS

358

UNMANNED ABC STATIONS

SERVICE STATION STORES AND FUEL SALES

A QUARTER OF A CENTURY OF GOOD ENERGY

2023 brought stability to S Group's service station stores and fuel sales segment after a few turbulent years. Overall, the ABC chain had a successful year in all of its business areas. The chain's result and customer volumes increased from the previous year, although the weakening of customers' purchasing power and the downturn of the economy were reflected in road traffic volumes, which remained at the same level as the previous year.

The effects of the coronavirus pandemic, the Russian invasion and strong inflation continued to affect the everyday life of ABC's restaurants and supermarkets in particular. The challenging operating environment has gradually stabilised, and the performance of the in-store sales services that suffered setbacks was improved, making significant progress towards the targets.

ABC turned 25 years old in December. The chain has already served road users for a quarter of a century, but it has not stagnated. Service stations have offered experiences for both everyday life and celebrations for two generations – those who used to come to ABC as children are now bringing their own children to ABC's family-friendly services.

The ABC chain had record high customer satisfaction.

The anniversary year included plenty of new developments. For example, the investments in service station renovation continued, restaurant offerings were developed with feedback from customers, and high-power charging points for electric cars were installed at ABCs and other S Group sites. Last year, ABC also launched new business for corporate customers nationwide in direct fuel sales.

The improvements are carried out without forgetting the personnel and while listening to them. The chain's job satisfaction reached a higher level than in the previous year. The customers are also satisfied. Last year, ABC achieved record-breaking results in customer satisfaction surveys, which are reported in the chain on a monthly basis.

The ABC chain, as part of the S Group, takes part in promoting the sustainability goals of the entire Group. In the traffic sector, S Group wants to enable people in Finland to transition to more sustainable mobility. The energy used in transport is undergoing a transition, but shifting away from fossil fuels will take years. At the moment, the most visible sustainable mobility solutions for customers are electric cars, as well as the lower-emission fuels Eko E85 and Nero Diesel.

Finland's largest electric car power charging network, ABC Charging, included almost 300 stations and more than 1,800 charging points at the end of the year. The network, which was launched a little over two years ago, reached a cumulative total of two million charging events at the end of the year. Customers are very satisfied with the network, and it was selected as number one among domestic operators in customer satisfaction and operational reliability in the EPSI Rating survey.

ABC's long-term sustainability work has also continued on the restaurant side. Meat in the restaurant dishes has been 100% domestic for several years. Work against food waste is improved year after year by developing the restaurant's own processes. As before, customers saved thousands of meals at risk of loss through the ResQ service last year.

In connection with the renovations of the service stations, refrigeration equipment has been replaced and the energy efficiency of the units has been improved. Furthermore, more car wash stations now have the capability to recover the washing water and process it better. ABC's far-sighted sustainability work will continue to be a strong focus area in the coming years.

2024 looks positive from the perspective of S Group's service station stores and fuel sales, although in the early part of the year, road traffic volumes have remained at a lower level than in 2023 and the downturn of the Finnish economy has continued. Strong development work in all of ABC's business areas continues, and despite the challenges of the operating environment, the goal is to grow from the previous year.

Investments in the attractiveness of service stations are continuing. For example, ABC Tiiriö in Hämeenlinna has opened a completely new kind of buffet section, which is a significant extension of the familiar buffet concept. The offering of markets and restaurants is constantly being refined to be more relevant to the customer base of each service station.

Strong development is also continuing in digital services, spearheaded by the ABC-mobiili app, which brings all motorist services together in one app. ABC-mobiili offers an easy and smooth user experience, and it already has nearly 600,000 registered users. The digital services are not only limited to mobile platforms, as digital developments are also increasingly being made inside service stations.

TRAVEL AND HOSPITALITY BUSINESS

TOWARDS A NEW NORMAL

In 2023, the operating environment of the travel and hospitality business was affected by the challenging economic situation and Russia's invasion of Ukraine, but the year was also characterised by normalisation after the pandemic period.

The recovery from the pandemic years was particularly visible in leisure travel. The number of hotel nights for domestic tourists was at a good level. The number of international travellers also developed favourably, but remained below the pre-pandemic level. Particularly in the second half of the year, the sector faced challenges due to high inflation and the economic downturn. The main response to increased costs was to improve cost-effectiveness.

S Group strongly invests in the travel industry and hospitality business.

Despite the challenges, S Group's travel and hospitality business in 2023 improved both its sales and operating profit significantly from the previous year and rose to a positive result after many difficult years. Sales in hotels and restaurants increased by 11.5% compared to the previous year. In July, sales even reached record levels.

Food demand focused on fast eating, for which many of S Group's restaurant concepts are well positioned. This was reflected in chains such as Pizza & Buffa as strong growth. On the other hand, the weakening of purchasing power impacted the restaurant business to some extent.

Lively domestic work and leisure travel brought plenty of overnight visitors to Sokos Hotels, Radisson Blu Hotels and the Radisson RED Hotel, which opened in November. On the other hand, this development was slowed down by the normalisation of hybrid work and the war's knock-on effects on international tourism. Among other things, the number of Russian tourists crashed and flight connections became less convenient. International business travel and tourism in the capital region has been the slowest to recover, and it faced further challenges due to the scarcity of events.





Our personnel deserve a big thank you for this past year, as they have done excellent work. Job satisfaction remained at a high level in S Group's hotels and restaurants in 2023. It will continue to be invested in by various means, such as induction training. The personnel stability and availability improved significantly from previous years. In addition to the removal of COVID-19 restrictions, the normalisation of the situation was accelerated by S Group's good reputation as an employer.

S Group invests significantly in its travel and hospitality business and develops it on a long-term basis. In 2023, the first Babista restaurants focusing on high-quality kebabs were opened in Mikkeli and the Jumbo shopping centre in Vantaa. Two new hotels with restaurants were opened, Radisson RED Helsinki and Break Sokos Hotel Koli Kylä. In addition, 12 hotels across Finland underwent extensive renovations. For example, the lobby, restaurant and sauna facilities on the first floor of Break Sokos Hotel Levi were completely renovated. A total of 50 restaurants were opened or renovated.

The development of our popular online service Raflaamo.fi continued with measures such as piloting mobile services as part of customer service in restaurants in Helsinki, Vaasa and Vantaa. On the accommodation side, we renewed the Sokoshotels.fi website. The development of digital services continued by bringing self-service machines to all of our Sokos Hotels. They provide our customers with a seamless option to check in, check out, and pay.

Sokos Hotels was assessed to be the most sustainable hotel chain brand in Finland for the eleventh time.

Source: Sustainable Brand Index

In the Sustainable Brand Index survey of sustainability images, Finnish people assessed Sokos Hotels to be the most sustainable hotel chain brand in Finland for the eleventh time in a row. All Sokos Hotels are part of the Green Key programme that encourages businesses to improve their sustainability work day by day. Efforts have been made to reduce food waste in restaurants. For example, in the Pizza & Buffa chain, two-thirds of the units use Biovaaka scales, which give customers personal feedback on the food left on their plate. At the same time, we get detailed and unit-specific data on the impact of customers' food waste on the restaurant's total food waste.

S Group's hotels and restaurants have survived difficult times well, managed to renew themselves and provide the services that customers want. The renovation work will continue in 2024 all over Finland.

Investments are still being made in the customer experience, co-op member services, and meeting and event services. In 2024, Sokos Hotels will turn 50 years old and strongly promote its mission of creating happiness. The new Solo Sokos Hotel Pier 4 and its restaurant, led by Michelin award-winning chef Sauli Kemppainen, will be opened in Helsinki. On the restaurant side, the Babista chain will be expanded during 2024.



S-BANK

STRONG SERVICE DEMAND

S-Bank's growth continued to be strong by many indicators in 2023. Operating profit tripled compared to the previous year, totalling EUR 147.4 million. Both the development of interest rates and S-Bank's continued growth were significant contributors to the excellent result.

An increasing number of customers trust S-Bank and choose S-Bank as their primary bank. In 2023, S-Bank received 68,000 new active customers, reaching a total of approximately 660,000 customers by the end of the year. Active customers are defined as customers who use multiple S-Bank products or services.

The popularity of S-Etukortti Visa continued in 2023. The co-op members of S Group's regional cooperatives paid 25.5 per cent of their Bonus purchases with S-Bank cards (24.1). The number and total value of purchases made using S-Etukortti Visa cards increased by approximately 19 per cent compared to the previous year.

The demand for banking services was strong. The co-op member benefits such as free daily banking services were increasingly popular in the uncertain economic conditions. The total private customer funds on deposit increased by 5.4 per cent compared to the previous year, totalling EUR 7,462.2 million. Interest in S-Bank services was also reflected in loans and deposits outperforming the market growth. Lending increased by 3.6 per cent, totalling EUR 6,935.0 million.

S-Bank was the most valued banking brand in Finland for the sixth consecutive year.

The number of unitholders of S-Bank funds also grew compared to 2022. S-Bank served a total of 391,000 mutual fund investors (361,000). The total managed funds returned to an upwards trend after the decrease in the previous year, totalling EUR 6.2 billion at the end of the year (5.9).

Although the general interest rates have started to decrease, there is still a lot of uncertainty in people's daily lives, and a lack of faith in personal finances and the Finnish national economy. S-Bank has acted in small, tangible ways to make the lives of co-op members easier. The S-Prime interest rate was adjusted four times during the year, which increased the amount of interest rate paid to deposit accounts to 0.5 per cent. S-Bank also stands out from the competition by paying interest on the daily balance, not just the lowest balance during the month. S-Bank started offering mortgages without origination fees from October until the end of March 2024. The basic banking services will continue to be free of charge.

The speed of growth is increasing. S-Bank will start the next chapter in its story in its new strategy period in 2024 as it starts vying for a larger scope of operations and the position of the fourth-largest private customer bank in Finland. The strategic goal is to serve a million active customers by the end of 2027, and to significantly grow the number of customers who comprehensively concentrate their banking services at S-Bank. To achieve the goal, S-Bank is building an even stronger foundation and developing the bank's service model to meet the more diverse needs of its growing customer base. The growth is also supported by means of more scalable operating models.

In 2023, another piece of the foundation for growth was set when S-Bank announced it would acquire Handelsbanken's private customer, asset management and investment service business in Finland. The acquisition is expected to close in the latter half of 2024, resulting in a significant increase in personnel and customers for S-Bank. The work to prepare funding for the acquisition and prepare to receive the new customers and personnel is off to a good start and progressing as planned.

In 2023, S-Bank received many awards related to its reputation. For example, according to reports published in 2023, S-Bank was among the most attractive employers and the most valued banking bran in Finland for the sixth consecutive year. This feedback serves good motivation to continue developing our operations.

S-Bank is an entirely Finnish bank that combines retail and banking services in a unique way for co-op members. The paid dividends also benefit our co-op members.

The purpose of our operations is to enable a slightly wealthier tomorrow for our co-op members. S-Bank's record result in 2023, its strong growth path and strategy provide good conditions for succeeding in this core mission.

ADMINISTRATION

SOK's Supervisory Board, 27/04/2023



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 (Eng)
- First vice chairperson 2022–
- Chair of the Supervisory Board of the Hämeenmaa Cooperative Society
- Member of the Supervisory Board 2017–
- Outgoing in 2026



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 PeeÄssä Cooperative Society
- Member of the Supervisory Board 2022–
- Outgoing in 2026

Mathias Kivikoski (b. 1973)

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

Martti Lokka (b. 1967)

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

Sinikka Kelhä (b. 1964)

- Lawyer
- Chair of the Supervisory Board of the Keula Cooperative Society
- Member of the Supervisory Board 2017–
- Outgoing in 2026

Mikko Lassila (b. 1969)

- MSc (Agriculture)
- Chair of the Supervisory Board of the Kymi Region Cooperative Society
- Member of the Supervisory Board 2021–
- Outgoing in 2024

Harri Lämsä (b. 1979)

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

Anne Mäkelä (b. 1965)

- Lawyer, LLM with court training
- Chair of the Supervisory Board of the KPO Cooperative Society
- Member of the Supervisory Board 2015–
- Outgoing in 2026

Hannu Pelkonen (b. 1967)

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

Mika Rantanen (b. 1959)

- Counsellor of 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 Northern Karelia Cooperative Society
- Member of the Supervisory Board 2018–
- Outgoing in 2025

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 2026

Kari Suninen (b. 1963)

- Managing director
- 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–

EMPLOYEE REPRESENTATIVE

Timo Rajala (b. 1957)

- Project Director
- Chair of the Supervisory Board of the Pirkanmaa Cooperative Society
- Member of the Supervisory Board 2017–
- Outgoing in 2026

Elina Varamäki (b. 1971)

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

Olli Rauste (b. 1963)

- Lawyer
- SOK Legal
- Member of the Supervisory Board 2023–

EMPLOYEE REPRESENTATIVE



SOK'S EXECUTIVE BOARD 2023



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



Katri Harra-Salonen (b. 1969)

- Board professional, MSc (Eng), eMBA
- Member of SOK's Executive Board since 2023



Antti Heikkinen (b. 1974)

- Managing Director, MSc (Eng), eMBA
- Pirkanmaa Cooperative Society
- Member of SOK's Executive Board since 2023
- With S Group since 2005



Juha Kivelä (b. 1966)

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

SOK CORPORATION'S CORPORATE MANAGEMENT TEAM 2023



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, Sustainability, Cooperative Brand, Retail Media, Public Affairs
- 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 2023

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 https://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, the reform of the Corporate Governance Code, which entered into force on 1 January 2020, was based on legislation, such as the Shareholders' Rights Amendment Directive, the obligations of which were transposed into national legislation on 10 June 2019. However, due to SOK's form of enterprise, the legislation does not apply 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.

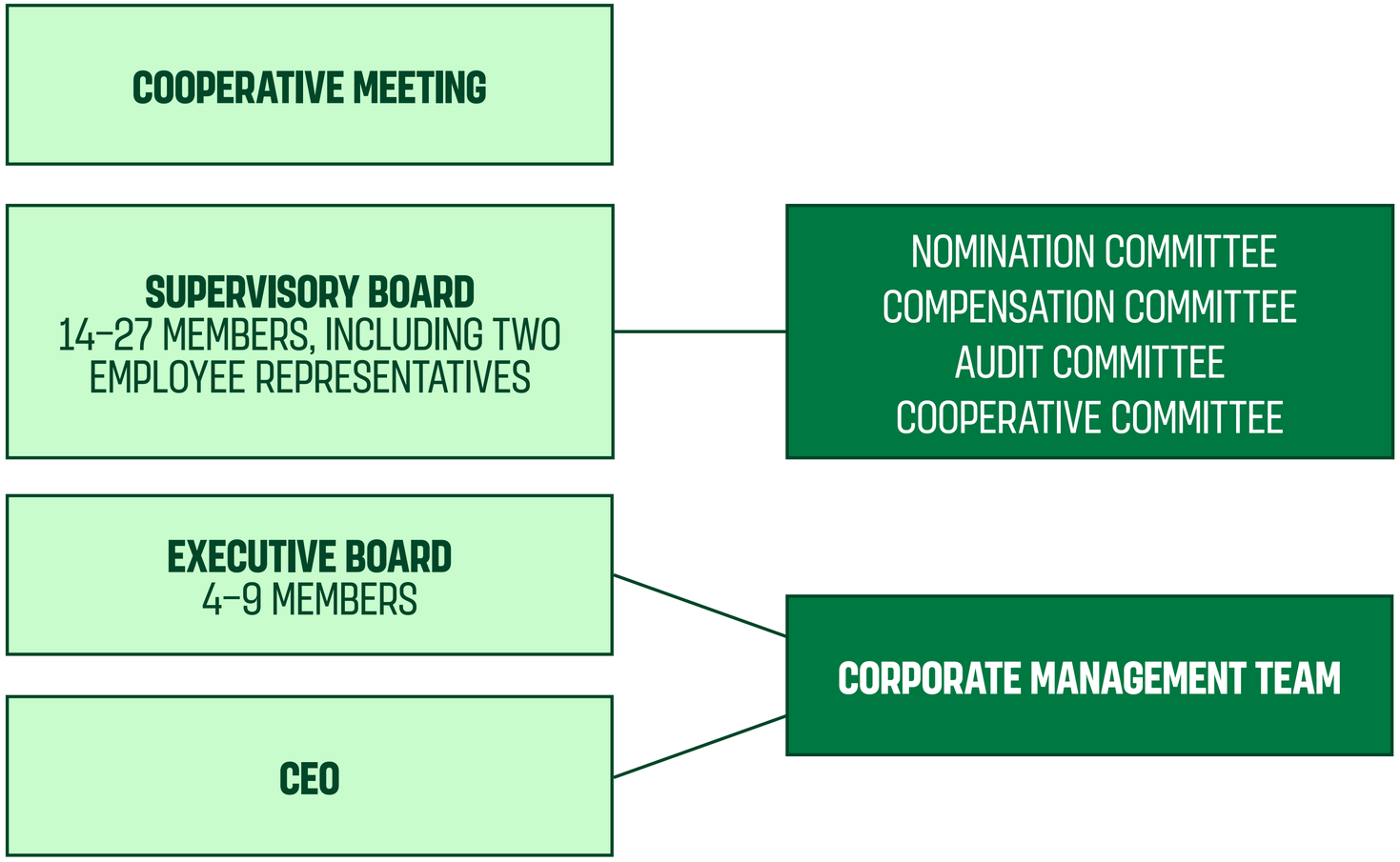
SOK'S Group (SOK Corporation) includes the parent cooperative Suomen Osuuskauppojen Keskuskunta (SOK) and its wholly owned subsidiaries. SOK Corporation's organisational structure (including SOK's commercial subsidiaries; the companies shown indented are subsidiaries of the company shown above them):

- → SOK LIIKETOIMINTA OY
  - → SOKOTEL OY
    - → KIINT. OY OULUN VAAKUNA
  - → AS SOKOTEL
  - → SOK RETAIL INT. OY
  - → PRISMA PEREMARKET AS
- → INEX PARTNERS OY
- → INEX EXPORT OY, (merged with SOK on 31 October 2023)
- → MEIRA NOVA OY
- → REILA PALVELUT OY
- → JOLLAS-OPISTO OY
- → S-BUSINESS OY
- → S-YRITYSPALVELU OY
- → FSTP REAL ESTATE OY (FORMERLY SOK REAL ESTATE INT. OY)
  - → OOO OTEL PLUS*
  - → OOO ITIS 2*
  - → OOO KARELIA*
- → SOK FUND MANAGEMENT OY
- → S-VERKKOKAUPPA OY

*Russian businesses have been ended and divested in 2022. SOK Corporation still owns some real estate companies that are in the process of being divested.

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 2023, the Annual Cooperative Meeting was held on 27 April. The meeting attended to the matters on its statutory agenda. No Extraordinary Cooperative Meetings were held in 2023.

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 grass-roots membership and to act as a forum which defines the cooperative society's joint position on major issues related to S Group's strategy. 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 is tasked with supervising the management of the cooperative by the Cooperative's CEO, which is the responsibility of the cooperative's Executive Board and CEO, in accordance with the law, the Statutes, cooperative meetings and the decisions of the Supervisory Board, as well as the cooperative's 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.

In addition, the Supervisory Board confirms the key principles of cooperation between the cooperatives and SOK Corporation and confirms the general financial target levels of S Group's operations.

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 main tasks and working principles of the Supervisory Board are defined in SOK's Statutes and the Rules of Procedure based on them and approved by the Supervisory Board. The Rules of Procedure are available on the Cooperative's website https://s-ryhma.fi/en/finance-and-administration/governance ↗.

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 are available on the Cooperative's website https://s-ryhma.fi/en/finance-and-administration/governance ↗.

In 2023, 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	100%

The Nomination Committee convened twice during 2023, and its members' attendance rate was 100%. The committee presented the Supervisory Board with its proposal for the composition of the Executive Board on 9 November 2023.

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 2023, 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%
Sami Kettunen	1969	MSc (Econ)	CEO	Member of the Supervisory Board	100%
Antti Latola	1959	LLM with court training	Lawyer	Member of the Supervisory Board	100%

The Compensation Committee convened six times during 2023, 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 9 November 2023.

The Rules of Procedure of the Compensation Committee are available on the Cooperative's website https://s-ryhma.fi/en/finance-and-administration/governance ↗.

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 2023, 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		CEO	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 three times during 2023, and its members' attendance rate was 100%.

The Rules of Procedure of the Audit Committee are available on the Cooperative's website https://s-ryhma.fi/en/finance-and-administration/governance ↗.

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 2023, 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%
Mikko Lassila	1969	MSc (Agriculture)	Agriculture and forestry entrepreneur	Member of the Supervisory Board	100%
Martti Lokka	1967		CEO, Building Manager	Member of the Supervisory Board	75%
Hannu Pelkonen	1967		Managing Director of the Maakunta Cooperative Society	Member of the Supervisory Board	75%
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 on the Cooperative's website https://s-ryhma.fi/en/finance-and-administration/governance ↗.

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 2023

The Supervisory Board had 19 members and two personnel representatives. The Supervisory Board convened five times. The attendance rate was 99%.

In 2023, 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	2026	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	2026	100%
Sinikka Kelhä	1964	LLM with court training	Lawyer	Rauma	2026	100%
Sami Kettunen	1969	MSc (Econ)	Managing Director	Jyväskylä	2025	100%
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	LLM with court training	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	2026	100%
Hannu Pelkonen	1967		Managing Director of the Maakunta Cooperative Society	Sotkamo	2024	100%
Heli Puura	1965	LLB, eMBA	Director	Helsinki	2026	100%
Timo Rajala	1957	LLM with court training	Project Director	Akaa	2026	80%
Mika Rantanen	1959	Counsellor of Education		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%
Olli Rauste	1963	LLM with court training	Legal counsel	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 2023 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, for example, 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 on the Cooperative's website https://s-ryhma.fi/en/finance-and-administration/governance ↗.

YEAR 2023

In 2023, 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 2023, SOK's Executive Board consisted of the following members:

Hannu Krook	b. 1965	MSc (Econ)	CEO
Kim Biskop	b. 1971	MSc (Econ)	CEO
Nermin Hairedin	b. 1975	MSc (Econ)	CEO
Katri Harra-Salonen	b. 1969	MSc (Tech), eMBA	CDO
Antti Heikkinen	b. 1974	MSc (Tech), eMBA	CEO
Juha Kivelä	b. 1966	MSc (Econ)	CEO
Veli-Matti Liimatainen	b. 1969	MSc (Econ)	CEO
Harri Miettinen	b. 1962	MSc (Econ)	CEO
Antti Määttä	b. 1966	MSc (Econ)	CEO

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

Harri Miettinen was elected as Vice Chair for 2023.

The Executive Board convened 11 times during 2023, and its members' attendance rate was 98%. 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 2023.

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 Committee of Presiding Officers provides an assessment 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 requirements 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 in 2022–2023
  - – 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
  - – Chair of the Board 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. These proposals include S Group's and SOK Corporation's business strategies, target levels, operating plans and budgets, as well as major investment projects and disposals. 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 63 years, determined in accordance with personal executive contracts.

In 2023, 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, Retail Media, Public Affairs	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 2023

SUBSIDIARIES

Primarily, the Chair of the Board of Directors of a subsidiary is a member of the Corporate Management Team, employed by SOK and is 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 subsidiaries are guided by the Corporation-wide principles and operating policies decided 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, the chain business idea and development of the chain concept as well as 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

Internal control is an integral part of SOK Corporation's management and governance system. Internal control supports the operations of SOK Corporation's companies within S Group and in accordance with S Group's values and strategies.

The purpose of internal control is to provide reasonable assurance that:

- the operations are efficient and the targets are reached
- external and internal reporting is adequate and reliable
- legislation, regulations and company principles and policies are complied with
- risks related to operations are identified and their management is implemented in a cost-effective manner
- assets are protected.

SOK's Board of Directors has the most central responsibility for the proper organisation and effectiveness of internal control. SOK's Supervisory Board plays a significant role in supervising the management of the cooperative, which is the responsibility of the Executive Board and CEO. In addition, internal control is the responsibility of each supervisor and employee, and it concerns all levels and functions of SOK Corporation.

SOK Corporation's internal control framework is based on the Internal Control – Integrated Framework 2013 published by COSO, the Committee of Sponsoring Organisations of the Treadway Commission.

The following describes the components of SOK Corporation's internal control:

1. Control environment

The control environment consists of those structures, principles, policies, guidelines and processes that create the basis for SOK Corporation's internal control throughout the organisation. It is supported by S Group's values, sustainability principles, human rights principles and SOK Corporation's Code of Conduct, compliance with which is required for all personnel in SOK Corporation. The example and leadership style of management is of great importance in creating a culture and awareness that support control. Organisational structure, the division of responsibilities and authorisations as well as HR practices are also part of the control environment.

The condition of the control environment is reflected in matters such as ensuring that internal principles, policies and guidelines are up to date and complied with, and in how the organisation treats the control measures and the correction of deficiencies detected by the organisation through auditing.

2. Risk management

Risk management is a part of SOK Corporation's internal control. The task of the risk management process is to produce information on the risks associated with the operations and to provide reasonable assurance that the risks are managed to achieve the objectives. The risk management process integrated into SOK Corporation's management system and process includes the identification, analysis and prioritisation of risks and opportunities, as well as the implementation of cost-effective management measures based on them.

3. Processes and control activities

Processes and control activities aim to ensure that SOK Corporation operates in accordance with the objectives set by the management and that the objectives are achieved in a controlled manner. S Group-level principles, SOK Corporation's policies and guidelines provide direction on what should be done. In turn, the processes and control activities are used to determine how the above principles, policies and guidelines are implemented and monitored. Control activities can be preventive, detective, manual, automatic, or management controls.

4. 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. In SOK Corporation, the core of internal communication is managerial communication as part of good management.

5. Monitoring and verification

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.

SOK's Executive Board is responsible for ensuring that SOK Corporation has defined the principles of internal control and that SOK Corporation monitors the effectiveness of the control and monitoring. The President and CEO of SOK, the members of SOK's Corporate Management Team, the heads of SOK's units and the Boards of Directors of SOK's subsidiaries, as well as the Managing Directors, carry out continuous monitoring of the day-to-day operations in their respective areas of responsibility.

Internal control is carried out at all levels of SOK Corporation and organised according to a three-line model:

The first line (line 1) consists of the management and personnel responsible for the business areas and their operational support and service functions. The first line has primary and principal ongoing responsibilities for internal control. The first line is responsible for the efficient adoption and implementation of the management system and processes, the implementation of policies, guidelines, compliance, risk management, day-to-day performance management and the implementation of practices and control measures to achieve strategic objectives.

The second line (line 2) is formed by the joint support functions of SOK and its subsidiaries. The second line's functions define internal control practices and support other units in the implementation of internal control. These functions define policies and guidelines and implement the group-level monitoring through measures such as reporting and supporting the monitoring of compliance with guidelines. These functions include Human Resources, IT, Real Estate Management, Legal Affairs, Media, Finance, Risk Management, Strategy, Finance and Responsibility, and others.

The third line (line 3) consists of the internal audit functions of SOK and its subsidiaries, as well as SOK's Data Protection Officer (DPO). The third line is independent of the businesses and the second line and operates independently. The internal audit functions, among other things, evaluate the appropriateness and effectiveness of SOK Corporation's control system and ensure through evaluations and audits, as well as consultations if necessary, that lines 1 and 2 implement internal control effectively and that it is developed as necessary. 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 2023, with Jukka Rajala, APA, as the principal auditor.

In 2023, the auditing fees paid by the SOK Corporation companies in Finland, Estonia and Russia for auditing operations amounted to EUR 317,748, and other fees not related to auditing amounted to EUR 113,218. Of these fees, audit fees for the parent company totalled EUR 187,238, and fees from the parent company for other consulting services totalled EUR 113,218.

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 financial statements release in February. SOK Corporation's annual report, i.e. financial statements and annual report with notes, are published in March and confirmed at the Annual Cooperative Meeting 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.

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 s-ryhma.fi ↗. SOK Media's Communications unit is responsible for producing and updating the information.

The remuneration report in English will be available on a separate website during spring 2024: https://s-ryhma.fi/en/finance-and-administration/governance ↗. The Finnish version is already available on the website.



REVIEW OF THE SVP SUSTAINABILITY

In 2023, the increase in regulation related to sustainability became a key area in the development of S Group's sustainability work. Regulation will change our sustainability work, its management and processes in the coming years. We are already preparing for the changes, and the work will continue in the coming years, one regulation at a time.

S Group's strategic goal is to be a forerunner in sustainability in the business areas that we operate in. While regulation puts pressure on us to invest in regulatory compliance, we are sticking to the long-term goals of our sustainability programme and will continue this work without compromises.

One good example is the decision to set an ambitious Net Zero emissions target for our entire value chain, which means a net reduction of climate emissions from our operations and our value chain by 2050. Our long-term climate work and commitment to reducing our own emissions have been significant and productive. The regional cooperatives that have systematically invested in energy efficiency deserve big thanks. Right now, it looks like we will reach our own emission reduction targets ahead of time.

In addition to climate work, our work to promote biodiversity has continued. The report on S Group's biodiversity footprint, that is, the negative impact of our operations to biodiversity, proceeded. The study is being conducted by the University of Jyväskylä's School of Resource Wisdom (JYU.Wisdom). The project will continue until the end of 2025 and will result in an openly published method that can be used by other companies and organisations. Biodiversity, climate impacts and measures to reduce impacts are closely linked to each other, and the most significant impacts occur outside our own operations. When we consider ways to reduce negative impacts, the importance of cooperation with the value chain is more important than ever.

During the year, our water stewardship work progressed through a project with tangible results. S Group is a member of the Alliance for Water Stewardship (AWS), a cooperation network for businesses, NGOs and public-sector operators. We are part of the Impact Accelerator cooperation project on sustainable water use in the Huelva and Doñana regions in southern Spain, coordinated by the network. The project is the first of its kind in Europe. Its goal is to increase cooperation between the food producers and food chain operators in the area, as well as to improve their understanding of actions that affect their shared water resources and find solutions for water challenges.

Our sustainability targets are proceeding according to plan. We managed to reduce the climate emissions of our operations by 29% compared to the previous year. Our waste recycling rate was 82%. The share of domestic food remained at almost the same level as last year, at almost 78 per cent, and the share of plant-based food products increased slightly from the previous year's level, at 60 per cent. Our audit rate was 99 per cent.

The challenges of sustainability and the discovery of new solutions require more close cooperation across value chains and with various stakeholders. 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

Sustainability work is guided by S Group's sustainability programme and S Group's values. 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. The Sustainability unit reports directly to SOK's CEO.

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

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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 Director of Corporate Sustainability, the CEO, Executive Vice President and business area management participate in the Advisory Group's work.

With our co-op members, we will make a better place to live.

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.

A comprehensive set of targets has been defined around the three main themes of the sustainability programme, and these goals are part of S Group's management remuneration system.

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 the 2023 survey, S Group was the fourth most reputable company in Finland among the general public, which is the best placement in our history of being part of the survey. Our overall reputation rating was 3.75 on a five-point scale, which is exactly the same as last year.

Our reputation has developed favourably among decision makers and the media.

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 2023, consumers viewed S Group as the most sustainable daily consumer goods brand, and ABC, Prisma, Sokos Hotels and S-Bank were all leaders in sustainability in their own sectors.

OUR KEY STAKEHOLD	INTERACTION CHANNELS AND ENGAGEMENT	KEY THEMES IN 2023	EXAMPLES OF OUR OPERATIONS IN 2023
CO-OP MEMBERS	→ Daily customer encounters. → Customer surveys. → Yhteishyvä magazine. → Customer service channels. → Social media. → Customer-owners.	→ Selection, Finnish origin. → Price and availability. → Responsibility 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.	→ Wellbeing 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. → Piloting collaborative work shift planning. → Ollaan ihmisiksi campaign.
DECISION-MAKERS IN SOCIETY	→ Dialogue at various stakeholder forums. → Meetings. → Hearings. → Statements.	→ Promoting free competition. → Food chain matters. → 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 elsewhere.

OUR KEY STAKEHOLD	INTERACTION CHANNELS AND ENGAGEMENT	KEY THEMES IN 2023	EXAMPLES OF OUR OPERATIONS IN 2023
SUPPLIERS AND SERVICE PROVIDERS, OTHER OPERATORS IN THE SUPPLY CHAIN	→ Procurement responsibility 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. → As a significant operator in the food supply chain, we want to support the success of the Finnish food supply chain. In 2023, we collaborated with operators such as ProAgria and the Baltic Sea Action Group. 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.	→ We responded to surveys such as Finnwatch's survey on companies' emissions calculation. → Cooperation with the Finnish Red Cross to help those suffering from the crisis in Ukraine. → Supporting the John Nurminen Foundation and its marine environment projects. → Organising Ässäkokki cooking courses for schoolchildren with the Martha Association since 2017.
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 of our sector, 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 group, we are part of international organisations in the field, such as Euro Coop. → We engage in responsibility cooperation with parties such as the UN Global Compact network, Finnish Business & Society and the Climate Leadership Coalition.

OUR KEY STAKEHOLD	INTERACTION CHANNELS AND ENGAGEMENT	KEY THEMES IN 2023	EXAMPLES OF OUR OPERATIONS IN 2023
MEDIA	→ Notifications. → 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.
EDUCATIONAL INSTITUTIONS, 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.

2023









Pharmacy campaign

In February 2023, S Group carried out a societal campaign regarding pharmacies. The purpose was to raise consumers' awareness of the benefits of the pharmacy reform and to spark wider discussion of the subject in the election season. The campaign was a completely new kind of approach to open and transparent advocacy work. Pharmacy services and pharmaceutical costs are a significant issue for both Finnish consumers and society as a whole, which is why we did not wish to simply have the topic discussed behind the scenes, but also spark public discussion by clearly expressing S Group's views and goals.

The heart of the campaign was a model pharmacy built in the centre of Helsinki for a week. The main messages of the campaign were: What if pharmacies were cheaper, open longer and closer to you? The pharmacy cube was promoted in a multi-channel manner in social media, TV and our outlets. S Group's own Ässästudio organised the Pharmacy Evening broadcast, with guests such as members of parliament and representatives of the Finnish Commerce Federation and the Association of Finnish Pharmacies. At Apteekkitoive.fi, people were able to leave their own pharmacy requests, leading to tens of thousands of responses received. Yhteishyvä magazine printed a cover story about the subject.

The campaign's content reached a million viewers and collected thousands of comments on social media for and against. Reception, especially from those working in the pharmacy sector, was very critical. Due to an error in the advertising material of the pharmacy cube, the Finnish mainstream media (YLE, HS and MTV3) also picked up the topic and presented our campaigns and goals, and the campaign was even discussed by international media.

VALUE CREATION

INPUT

SOCIAL CAPITAL

- Almost 41,000 S Group employees, 82 different nationalities
- Procurement sustainability guidelines for the promotion of human rights
- Daily work to ensure t he safety and healthiness of products

NATURE CAPITAL

- 83% less emissions from our own operations (2015–2023), offsetting, 15% improvement in energy efficiency (2015–2023), mitigating climate change
- 4% renewable and 100% emission-free electricity, 120,000 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 15,055 product and service suppliers
- Capital invested by co-op members and cooperative contribution fund EUR 264.5 million
- 2,007 outlets
- More than 2.6 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 1.3 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
- 59 reports to S Group's whistleblowing channel
- Safe products
- Millions of age limit checks, 321 product recalls

- 8,342,100 tCO_2e emissions into air (Scopes 1, 2 and 3)
- Wastewater
- 118,200 tonnes of waste, 1.28% relative food waste in the supermarket trade, 82% 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 1,860 million, investments EUR 667 million
- EUR 449 million paid to co-op members in bonuses, covering 80% of households
- Sustainability cooperation totalling more than EUR 6.0 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 495 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
- 12,800 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, 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 2023 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

2.6

MILLION

CASH BENEFITS PAID TO CO-OP MEMBERS

529

EUR MILLION

BONUS

449

EUR MILLION

* Membership of cooperatives



64.2

RETURN OF SURPLUS, EUR MILLION

13.7

PAYMENT METHOD BENEFIT, EUR MILLION

2.5

PAYMENT OF INTEREST ON MEMBERSHIP FEE, EUR MILLION



A major Finnish taxpayer

S Group companies paid a total of nearly EUR 1.9 billion in taxes and levies to the Finnish state and municipalities in 2023. 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 2023

Purchases from suppliers of goods and services	8,379 EUR million
Taxes	1,860 EUR million
Personnel remuneration	1,402 EUR million
Investments	667 EUR million
Rewards to co-op members	529 EUR million

TAX FOOTPRINT IN 2023

INCOME AND CAPITAL TAXES	2023 EUR MILLION
Corporate income tax	117.3
Property tax	26.6
	143.9

INDIRECT TAXES	2023 EUR MILLION
Remitted value-added tax	**363.5**
Insurance premium tax	1.3
Electricity tax	23.3
Fuel excise duty	728.9
Beverage excise duty	2.1
Alcohol tax	8.3
Importation customs duties	5.2
Vehicle tax	13.05
	1,145.6

TAX WITHHELD AND EMPLOYER CONTRIBUTIONS	2023 EUR MILLION
Tax withheld on salaries	**260.8**
Pension insurance payments	253.1
Sickness and unemployment insurance payments	56.9
	570.7
Total	**1,860**



TAX FOOTPRINT IN 2023
1,860 EUR MILLION

Indirect taxes	1,145.6 EUR million
Tax withheld and employer contributions	570.7 EUR million
Income and capital taxes	143.9 EUR million



TAX WITHHOLDINGS AND CORPORATE TAXES IN 2023
378.1 EUR MILLION

Tax withheld	260.8 EUR million
Corporate taxes	117.3 EUR million
Total	**378.1 EUR million**

TAX FOOTPRINT IN 2023

1,860

EUR MILLION

2023

Pink Ribbon campaign results in record contributions to Finnish cancer 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 autumn 2023 once again achieved an all-time record: EUR 5.3 million.

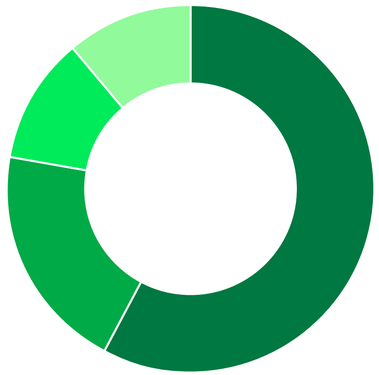
We participated in the campaign by selling the campaign's ribbons and bracelets in all of our supermarket chains and ABC, Sokos and Emotion locations. In addition to ribbons and bracelets, we also sold Pink Ribbon flower bouquets and roses for the first time, and our customers reacted to these new options very positively.

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 2023, we provided almost six million euros in support to various operators across Finland. More than 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 2023, %

Sports cooperation	58%
Social activities	20%
Donations	11%
Cultural cooperation	11%

2023



Support for peace work and helping those affected by conflicts

Photo: Ville Palonen / Finnish Red Cross

The Red Cross provides impartial humanitarian aid and helps all victims of conflicts based solely on their need for help. S Group is a long-term partner of the Finnish Red Cross, and in 2023, we allocated direct financial support to the Finnish Red Cross's Disaster Relief Fund. The fund supports work to help those affected by the conflicts in Gaza, Israel and the West Bank. The assistance includes health care and relief supplies.

Our support to help those affected by the crisis in Ukraine has also continued. S Group and the Finnish Red Cross's joint collection to aid those suffering from the crisis in Ukraine started in the spring of 2022. Thanks to customers' contributions, more than EUR 1.5 million had been collected for the Finnish Red Cross's Disaster Relief Fund by the end of 2023. The sum includes donations from regional cooperatives, donations from co-op members, and co-op members' donations from reverse vending machines through Tomra's campaign. S Group also sold Ukrainian products as part of the campaign, and 20 cents per sold product were donated to the Finnish Red Cross's Disaster Relief Fund.

In addition, S Group has 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 importance of peace work and the creation of hope is especially important today, and as a cooperative, we also supported the valuable work done by the CMI organisation, founded by President and Nobel Peace Prize laureate Martti Ahtisaari for the promotion of diplomacy, discussion and encounters.

2023

Supporting Finnish child welfare work since 2007

S Group has cooperated with the Children's Day Foundation since 2007. The purpose of the foundation's operations is to collect funds for child welfare work in Finland by means of maintaining and developing the Linnanmäki Amusement Park. The founding members of the Children's Day Foundation, such as the Mannerheim League for Child Welfare and the Federation of Mother and Child Homes and Shelters, allocate the funds to where the need is greatest.

Co-op member families can purchase the bracelets at a discount with the S-Etukortti card, and S Group also acts as a vendor of Linnanmäki's entry wristbands. As an added benefit, purchasing the wristband in advance allows customers to avoid queuing to buy wristbands at the entrance.



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

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 mobility in Finland.

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KEY TARGETS

THEME	TARGET	ACTUAL 2021	ACTUAL 2022	ACTUAL 2023	COMMENT
PLANETARY DIET	65% of the food we sell will be plant-based by the end of 2030.	59%	59%	60%	We defined a plant-based food roadmap for the coming years for our restaurants and stores.
FINNISH ORIGIN	80% of the food we sell will be made in Finland by the end of 2030.	74%	78%	78%	Calculations of the share of food made 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 pcs	205 pcs	294 pcs	Number of outlets with an ABC Charging Stations 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 took 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 supply 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 responsibility 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 production and processing, as well as more easy, tasty and Finnish plant-based products to make sustainable eating more ordinary.

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 of the call to action is for the 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 commonplace.

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 mobility.

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 2023, plant-based food accounted for 60% of our food sales.

In autumn 2023, we defined a plant-based food roadmap for the coming years for our restaurants and stores. 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. The share of vegetables in Finnish shopping baskets decreased in autumn 2022 due to reasons such as an increase in costs caused by inflation. We took notice of this, and in January 2023, we launched the Alle euron hevi campaign in Prisma stores and S-markets, where seasonal vegetables cost less than one euro per kilogram, box, bag or piece. 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.

Our policy of selling food waste products from the fruit and vegetable section at affordable prices was also expanded to all of the S-market chain's outlets throughout Finland. Overall, in 2023, the sales of vegetables increased by 2.2% and the sales of vegetable proteins by 6% compared to the previous year.

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ABC Restaurants 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 Restaurants, 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.

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 2023, there were 143 private label products in our selection that had been awarded the Heart Symbol.

We believe that people can learn to eat more healthily 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. **There are indications that this really encourages people to take action →**.

PRO VEGE ASSOCIATION

S Group is one of the founding members of the Pro Vege association, established in late 2023 to promote the development and growth of plant-based food in Finland. The Pro Vege association's members include a wide range of Finnish food industry companies, other food industry operators and the largest grocery chains.

The association sheds light on the connections between the food system and climate change, nature loss, food culture and health issues. The association is particularly interested in plant proteins and plant milk products, as they are particularly key to the sustainability transformation of the food system. Another key goal is to make plant-based food attractive to as many people as possible.

THE VEGAN CHALLENGE ENCOURAGES PEOPLE TO TRY PLANT-BASED FOOD

S-market, Finland's largest grocery chain, has been cooperating with the Vegan Challenge for several years. The free-of-charge Vegan Challenge, which is open to everyone and organised every January, encourages people to try plant-based food for a month. So far, more than 170,000 Finns have participated in the Vegan Challenge. Participants in the challenge are sent recipes and other useful information by email every day. In addition, the social media channels of the Vegan Challenge publish videos filmed in S-market stores, sharing vegan product tips and other information.

During the Vegan Challenge in 2024, S-market stores encouraged customers to join the challenge and try out different products and options with an open mind. The stores made it easier to try plant-based products by means such as offering discounts of up to 20% on Muu and Alpro products in January. According to S-market sales data, vegetarian food campaigns and the Vegan Challenge improved the sales of plant-based products. The sales volumes of vegan products increased by an average of 15% in January compared to the previous year. For example, the market share of plant-based snack products increased in their own product group.

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 everyday food recipes are created according to nutritional recommendations. The recipes are produced in the S Test Kitchen, and they have been tested to suit Finnish domestic kitchens. Yhteishyvä offers articles and recipes with nutritional information to up to approximately one million people in Finland through the yhteishyvä.fi website and the Yhteishyvä and Samarbete magazines, published four times a year (total circulation in 2023: nearly 860,000).

At the end of 2023, the Secretariat of the Motiva Committee on Sustainable Development, the Ministry of the Environment, the Ministry of Agriculture and Forestry and the National Nutritional Council awarded the best sustainability commitments of the previous year. Yhteishyvä received the award for its seven nutrition commitments made in the Commitment2050 service in 2021–2022. The magazine and its website have improved the nutritional quality and environmental sustainability of their published recipes. Motiva is a state-owned sustainable development company that encourages the efficient and sustainable use of energy and materials.

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.

In 2023, 131 Ässäkokki courses were organised, with a total of 1,190 children participating. According to the feedback received from the children, 97.7% of them would like to return to the course.

A HOTEL BREAKFAST PROMOTING A PLANETARY DIET

The Sokos Hotels chain's Break hotels continued to test the breakfast prototype in autumn 2023. The prototype's food product choices were based on promoting 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, the new lake fish paste and fresh bread.

The next step is to create a final breakfast selection for Break Hotels with hotel representatives based on the customer surveys carried out in connection with the breakfast testing.



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 Leg4Life project, organised by the University of Helsinki, the Natural Resources Institute Finland (LUKE) and the Finnish Institute for Health and Welfare, is to contribute to significantly greater cultivation and use of legumes throughout the food system, from primary production to the consumer's plate. Since 2022, S Group's restaurants have had an ongoing cooperation project with Leg4Life, aiming to examine the potential of commercialising domestic 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.

In late 2023, researchers examined a Rosso restaurant in Kouvola to gain insight into how vegetarian lunch options could be made more attractive. Lunch dining plays a significant role in terms of food habits, as it is an excellent avenue to normalise plant-based food and introduce new flavours to people. Many people eat some of their week's lunches in restaurants, so the restaurant context is also important.

The goal of the 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.

Rosso's list included a type of pasta called Herkkis that was developed in the test kitchens of S Group's restaurants and contains broad beans and pea protein. The dish that was developed specifically for the research project used a new type of plant product containing broad beans and peas that was developed by the University of Helsinki research group in the Leg4Life project.

One of the goals of the three-week pilot test, which was carried out in connection with lunch dining in the Rosso location in Kouvola, was also to find out whether sales of the vegetarian option can be increased by encouragement. Communication and promotions were increased week by week. In the first week, Herkkis was listed on the menu as a product just like any other. In the second week, the broad bean pasta was highlighted with a distinctive green background colour on the menu. In the third week, the product was also promoted in digital channels, and a product picture of the Herkkis pasta dish was displayed on the restaurant counter.

In lunch dining, choices are made quickly and guided by habits. The Herkkis option was chosen more by customers who were more adventurous and interested in vegan options, as well as customers with higher degrees of education. The visibility of the Herkkis dish was highlighted on the menu, but the visibility did not have a significant impact on customers' choices.

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.

Cooperation between S Group and the universities started in 2016, and the project has already been able to study matters such as sustainable diets, motives for food selection and the carbon footprint of purchases.

For example, the research has found that price is not necessarily an obstacle to more sustainable food choices in terms of their environmental and health impacts. Researchers have also recognised that when switching to a more sustainable and healthy diet, it is important to take into account the differences between different population groups' motives of everyday food choices. For example, a good price-quality ratio is an important motive for all income and education groups.

In autumn 2023, the project started a new data collection phase in which S Group's co-op members were asked for their consent to the use of their purchase data for research purposes. They were also asked to answer an electronic survey which collected important background information to support the study. The new research data enables interesting and socially important research questions, such as investigating the effects of the Covid pandemic and inflation in different population groups. As many as half of Finnish households were given the opportunity to participate in the survey.

S Group acts as an enabler of research, as it gives its co-op members the opportunity to participate in the universities' research. The group does not predefine the research questions and does not fund the research. S Group also does not have access to the research data collected by the project.

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 2023, 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, 09/09/2023 (at 9:09 am).

S-BANK PARTICIPATING IN INTERNATIONAL ANTI-TOBACCO INITIATIVE

S-Bank's Asset Management is involved in 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 per cent of the food we sell is of domestic origin by the end of 2030. Nearly 78 per cent of the food we sold in the grocery stores in 2023 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.

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.

In 2023, S Group's Kotimaista range included 495 products of Finnish origin that met 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 2023, 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 2023, %

	OF THE ACQUIRED VOLUME
Chicken, fresh	100%
Frozen and processed chicken products	99%
Pork, fresh	100%
Frozen and processed pork products	87%

THE FINNISH RECIPE FOR SUCCESS

The Finnish recipe for success *(Suomalainen menestysresepti)* competition, held for the fifth time in 2023, aims to encourage the Finnish food industry and make the challenging world of product development more approachable. The competition is aimed at small and medium-sized domestic enterprises. The Finnish recipe for success competition, which grew from S Group's idea, has brought new products to the store shelves that have become success stories.

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. The competition's finalists have six months to develop their product concept into a product that is ready to be launched. The finalists receive a product development package and sparring assistance for matters such as the product packaging design, product story building and marketing. During their launch years, the winners of each season of the competition have grown to be among the best-selling new products of the whole year in S Group's stores. Products from most other finalists have also found their way onto the shelves of S Group's grocery stores.

The Finnish recipe for success received the Ideasipuli award from the Ruokatoimittajat ry food suppliers' association for the competition's contributions to food culture. The competition received recognition for making the important and challenging work of food product development more accessible to the general public.

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.

2023



Photo: Anton Sinelnikov

Future-related coaching 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. In 2023, coaching courses were organised in the areas of six regional cooperatives in collaboration with ProAgria and LocalTapiola. The participating regional cooperatives were Southern Ostrobothnia Cooperative Society, Hämeenmaa Cooperative Society, Keula Cooperative Society, Suur-Savo Cooperative Society, Pirkanmaa Cooperative Society and Satakunta Cooperative Society.

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 natural destruction 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 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.

2023



Using S-mobiili's My Purchases service really affects consumption behaviour

Customers' examination of their previous purchase history also has an impact on their shopping behaviour, according to a study by the Research Institute of the Finnish Economy (ETLA) ↗ published in spring 2023. The study examined changes in consumers' shopping behaviour after they monitored their own purchasing history in the digital S-mobiili application's My Purchases service. Little is known so far about how customers monitoring their own consumption data may effect consumer behaviour, and ETLA's academic research is among the first of its kind in Finland and internationally.

The key question of the study was the verification of long-term effects, that is, whether the effects of monitoring one's own purchases remains short-lived or whether the change can be permanent. To find out, the study needed enough users, a sufficiently long review period and a control group to distinguish the effects of the application from other factors. Thanks to S Group's co-op member data, these research prerequisites were met exceptionally well, and the data was unique in terms of its research value.

The most significant effects were seen especially in the purchase of fruit and vegetables. Consumers under 35 and female consumers changed their consumption the most after monitoring the data. The study also succeeded in scientifically demonstrating that the use of the service has long-term effects in changing consumer behaviour. Customers have enjoyed the My Purchases service. The service has already been tried by half a million co-op members, and it has had international success in competitions.

THE MAJOR IMPACT OF PAPERLESS TRANSACTIONS: HUNDREDS OF KILOMETRES OF RECEIPT PAPER SAVED PER MONTH

S Group has had electronic receipts in use since 2016. They are available in all Prisma, S-market, Sale, Alepa, Food Market Herkku, Sokos, Emotion and ABC locations. Paperless receipts are used by an increasing number of co-op members, and in 2023, the service was used by about 1.7 million customers, which is about 45% of the customer base. Even more people were using electronic warranty receipts. The receipts are saved in the S-mobiili app and in S User Accounts.

In addition to electronic receipts, about half a million of our co-op members have chosen to stop receiving paper receipts, which means that paper receipts are not printed at the checkout at all, unless specifically requested. For example, in December 2023, more than 4.2 million cash receipts were not printed at S Group's checkouts, only being delivered to customers electronically. It would take about 800 kilometres of receipt paper to print this amount. That is approximately the distance from Helsinki to Kolari.

SOKOS PROMOTES THE CIRCULAR ECONOMY OF CLOTHING

The Sokos department store chain and Emmy, the online retailer for second-hand fashion, started a collaboration in spring 2023 that is expected to increase the recycling of clothes and the market for second-hand clothes in Finland by a significant margin. In the first year, a total of nearly 18,000 garments from products that came from Sokos boxes were sold through Emmy. Emmy sales boxes are available in all 20 Sokos department stores. Additionally, Sokos Tampere has a sustainable fashion floor with a second-hand department and sewing, repair and alteration services – the first of its kind in Finland. Since March 2024, Emmy's second hand fashion departments have also been available in the Sokos department store in the centre of Helsinki.

REFURBISHED DEVICES ON PRISMA.FI

Sales of refurbished used phones began in Prisma.fi in autumn 2023. Used and fully refurbished smartphones were the best-selling products in the phone category for several weeks, responding to customers' growing interest in used mobile devices. At the beginning of 2024, the range of refurbished used devices was expanded to include laptops and tablets.

During the year, the collaboration between S Group and Swappie, a vendor of refurbished iPhones, also expanded to the area of Satakunta Cooperative Society. S Group stores receive used iPhones sold by the customer to Swappie for service and resale. 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. Cycling is a sustainable mode of mobility and an easy-to-reach bicycle maintenance service for customers increases both the bicycle's life span and its safety.

Cycling provides a quick and smooth way to get around, whether for everyday chores or commuting to work. Since autumn 2023, the Prisma chain has also invested in the sale of employee bicycles. The sales network will continue to expand in spring 2024 in collaboration with regional cooperatives and employee bike operators. The electrification of cycling is visible in Prisma's selections as the share of e-bikes has increased. E-bikes allow you to travel longer distances effortlessly and are the choice of many people who cycle to work or use employee bicycles.

Cycling is a sustainable mode of mobility and an easy-to-reach bicycle maintenance service for customers increases both the bicycle's life span and its safety.

At the end of 2023, maintenance services were offered in six Prisma stores: Prisma Kaari in Helsinki, Prisma Laune in Lahti, Prisma Kaleva in Tampere, and in the Prisma stores of Joensuu, Kajaani and Rauma. The intent is to continue expanding the network. 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. 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.

Training for new cycling sales experts was also organised in 2023. A total of 125 Prisma employees from all over Finland learned about the product ranges for the coming season, the sales preparation for bicycles and Prisma's bicycle sales operating models. The participants also received tips on the sales and customer service situations for bicycles, helmets and bicycle accessories. In addition to the basic training, we also offered our Pyörä-Ässä training. The goal is to extend the lifecycle of bicycles in addition to providing a service-based shopping experience.

SOKOS HOTELS AND RADISSON HOTELS PART OF 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. The 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. At the end of 2023, 40 out of 52 hotels had been granted the right to use the label, and the others had either applied or were applying. The aim is to include the rest of the hotels by June 2024.

INVESTING IN MAKING THE WORLD A BETTER PLACE TO LIVE

S-Bank drew up its first biodiversity strategy in 2023. The biodiversity strategy describes how the bank as an asset manager takes biodiversity into account, and what the near-term goals are in terms of taking biodiversity into account. Other responsible investment documents were also updated during 2023: Principles of Responsible Investment, Climate Strategy and Ownership Policy.

S-Bank signed the Net Zero Asset Managers initiative in June 2023. This means that, S-Bank, as an asset manager, is committed to achieving net zero emissions by 2050. In addition, S-Bank is committed to setting an ambitious interim target for 2030.

S-Bank also joined the second phase of the Climate Action 100+ initiative. The Climate Action 100+ initiative was launched at the end of 2017 and was initially a five-year initiative. The second phase of the initiative was launched in mid-2023, and it will continue until the end of this crucial decade. The initiative will systematically influence companies that are the most significant contributors to greenhouse gas emissions and thus play a key role in the implementation of the Paris Climate Agreement.

S-Bank also expanded voting in foreign general meetings even further. In 2023, S-Bank's funds voted in 150 foreign general meetings.

Sustainability is taken into account comprehensively in all S-Bank funds' normal investment activities. S-Bank also has seven responsible investment products. At the end of 2023, the total capital of the Sustainability Plus fund family was EUR 1,243.1 million. At the end of 2022, the total capital was EUR 1,023.6 million. The funds in the Sustainability Plus fund family are united by the fact that they have some type of absolute sustainability requirement, in addition to a general comprehensive responsible investment process. The requirement may relate, for example, to an ESG rating issued by an external rating agency or more comprehensive exclusion criteria. The S-Bank Fossil-free Europe ESG Equity fund, for example, excludes fossil-based energy from its investments in addition to the normal exclusion criteria. The fund does not invest in producers of fossil energy, companies that own fossil energy resources or companies that concentrate on electricity production and use fossil fuels in their production.

Companies must be careful when making sustainability claims so that consumers receive correct and accurate information about the sustainability of products, services and the company.

Towards the end of 2023, S-Bank started offering customers the opportunity to invest in an active global Article 9-compliant equity fund. The fund emphasises companies that provide solutions to societies transitioning towards a lower-carbon future. The fund also invests in companies that are considered better prepared than average to meet the challenges and take advantage of the opportunities posed by societies' low-carbon targets.

In addition to the products above, the range also includes impact investing products. Sustainability plays a key role in impact invest products. As the name suggests, these products focus on impact alongside revenue.

GUIDELINES TO SUPPORT SUSTAINABILITY MARKETING AND COMMUNICATION

SOK prepared comprehensive internal guidelines to support sustainability marketing and communications in 2023. In December 2021, the marketing rules relating to the use of sustainability-related claims have become stricter, following the Commission's adoption of new interpretative guidelines for current legislation. The regulation of the use of sustainability claims will also become even stricter in the coming years with the introduction of EU regulation. Companies must be careful when making sustainability claims so that consumers receive correct and accurate information about the sustainability of products, services and the company. The purpose of SOK's guidelines is to support marketing and communication professionals in ensuring the compliance of messages.



ANIMAL WELFARE

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 and updated in 2023. 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.

We joined the "Production possibilities for slow-growing broiler in Finland" project, launched in 2023 and organised by Natural Resources Institute Finland (LUKE) and funded by operators such as the Development Fund for Agriculture and Forestry (Makera). The aim of the project is to investigate whether a transition to the production of slow-growing broiler chicken is possible in Finland, and to find out what the production and economic impact of the transition would be on the industry and the entire production chain. In addition, the project will investigate how the transition to a slow-growing broiler production line would affect animal welfare and the environmental impact of production compared to the current one. The aim of the project is to produce sufficient information about the consequences of the transition for decision-makers and authorities.

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 was discontinued in autumn 2023, and the sale of other enriched cage eggs will be discontinued gradually by the end of 2026. In 2023, the share of enriched cage eggs decreased in S Group's grocery stores to 16 per cent, while their share was 24 per cent one year earlier.

Hotels and restaurants have had the goal to stop using enriched cage eggs by the end of 2021. In 2023, however, we could not reach a zero per cent use of enriched cage eggs (their share was 0.29%), as ABC's restaurants only switched to fully free-range eggs in February. In addition, the strikes in early 2023 affected product availability.

In Estonia's Prisma stores and hotels, the share of enriched cage eggs was still 100 per cent, but preparations with producers have been planned so that the goal of transitioning away from enriched cage eggs will be achieved within the agreed schedule in 2026.

Various sources of energy will be used in Finnish road traffic for a long time to come – and this is why they all have to be responsible, sustainable and evolving. 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 nationwide charging network for electric cars 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 were opened in spring 2021, and ABC charging grew to become Finland's largest power charging network in just over a year. By the end of 2023, a total of 294 outlets had ABC Charging Stations. These outlets contained 952 basic, 255 power and 634 high-power charging stations. ABC Charging Stations use emission-free electricity. In addition to ABC Charging, our partners' electrical charging stations can be found at more than 50 S Group outlets. Of our partners' charging stations, 367 are basic charging stations and 159 power or high-power charging stations.

BIOFUEL MIXED IN FUEL HELPS REDUCE EMISSIONS

Traffic fuel sales in 2023 increased from the previous year. At the same time, emissions from traffic fuels increased by four per cent compared to the previous year. Emissions from the fuel we sell are reduced by increasing the share of biofuel mixed in the fuel.





The biocomponent share in fuels already decreased in 2022 as a result of legislative changes. In 2023, the emission reduction achieved through the reduction of fuel emissions compared to fossil fuels decreased to a level of just over 400,000 tonnes, compared to 470,000 tonnes in 2022. Of the raw materials of purchased biofuels, about 70% (2022: 83%) were based on waste or residue. Some of the biowaste used in the raw material is collected from our own service stations. 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%.

Emissions from the fuel we sell are reduced by increasing the share of biofuel mixed in the fuel.

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. Nero is a diesel fuel made entirely of renewable materials that allows for the reduction of carbon dioxide emissions by up to 90% compared to regular diesel fuel. 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. In 2023, sales of Nero Diesel increased by 15 per cent from the previous year.

TOWARDS SUSTAINABLE GROWTH – BY RESPECTING NATURAL RESOURCES

69 CLIMATE
78 BIODIVERSITY
85 THE CIRCULAR ECONOMY

We assume the responsibility for a sustainable future, and we want to curb 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 2022	ACTUAL 2023	COMMENT
CLIMATE (SCIENCE-BASED TARGET), OUR OPERATIONS (SCOPE 1+2)	90% reduction in climate emissions from our own operations in 2030, compared to 2015.	–75%	–83%	This target applies to all operating countries. The target is calculated based on market-based emissions.
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.	72%	74%	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.	–8%	–6%	This target only applies to Finland. The emission intensity is calculated based on the amount of emissions relative to the litres of fuel sold. Traffic fuel sales have increased compared to the previous year, and the share of the biocomponent in the distribution obligation has decreased due to legislative changes.
CLIMATE	We will achieve carbon negativity in our own operations by the end of 2025.	Properties without climate emissions: 123	Properties without climate emissions: 190	This target applies to all operating countries. We have established ground rules for offsetting and updated our investment plans. Our carbon-negative properties 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.	707,488 tCO_2e	860,024 tCO_2e	The target applies to companies participating in the Big Deal programme (S Group suppliers).
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	The electricity we use is emission-free and will be completely renewable by the end of 2030.	82% renewable and 100% emission-free	4% renewable and 100% emission-free	This target applies to all operating countries. Currently, all electricity used by S Group is emission-free.
CIRCULAR ECONOMY	We will recycle 80% of our waste as materials or new products by the end of 2025.	76%	82%	The actual figures reflect the entire S Group, but the target only applies to operations in Finland.
CIRCULAR ECONOMY	Our goal is to halve food waste by 2030.	Grocery shop 1.44% Restaurants 1.26% ABC restaurants 2.45%	Grocery shop 1.28% Restaurants 1.15% ABC restaurants 2.52%	The target applies to all business operations, and monitoring is carried out on a business-by-business basis. Food waste in grocery stores has decreased by 29% compared to 2014.

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.

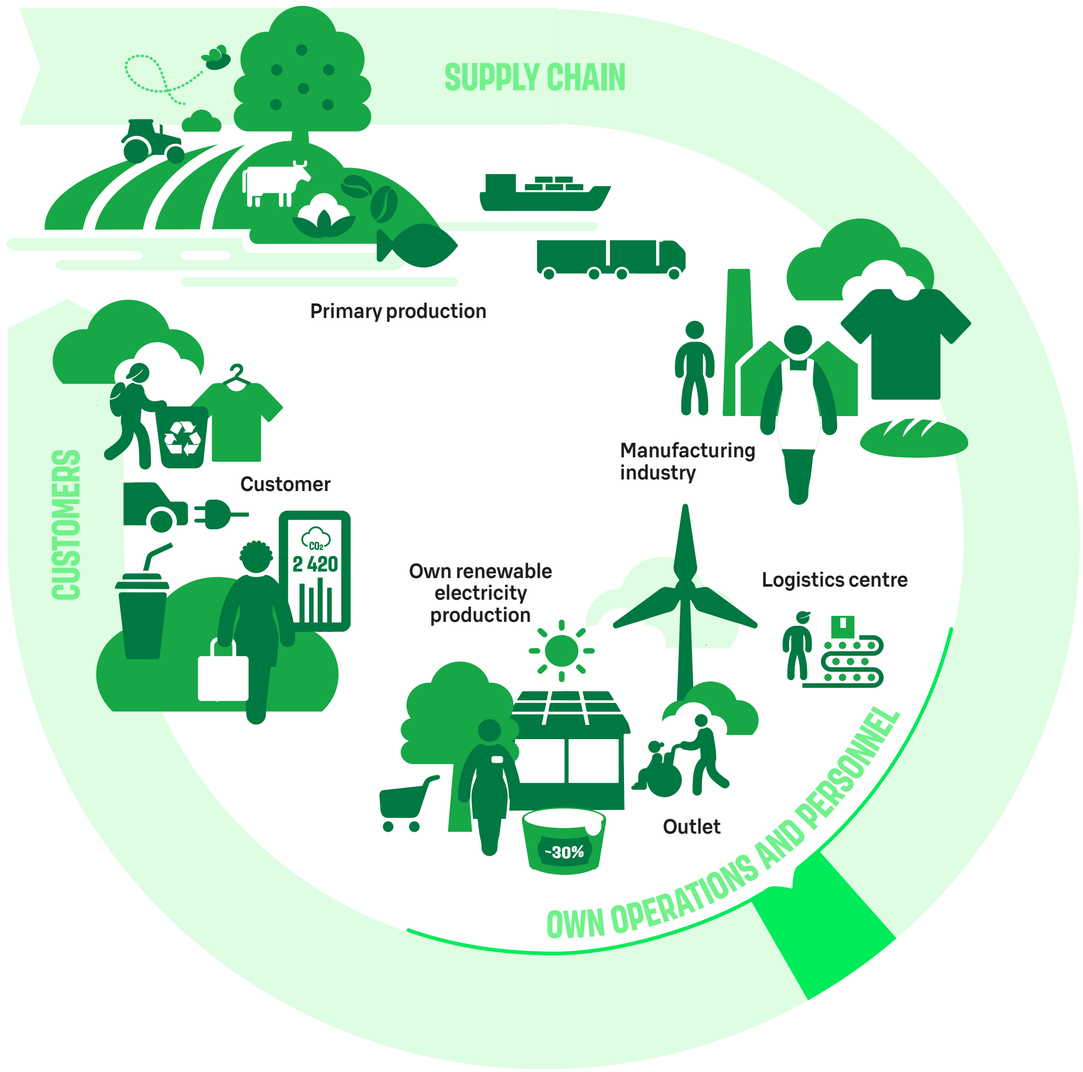
CLIMATE

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 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 are generated within 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 2023, our climate work was rated A-. 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 wishes of their financiers and investors. S Group's work to halt deforestation was assessed in the CDP Forest survey for four raw materials: wood-based products were rated B, palm oil was rated B- and cattle and soy were rated C.

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 2023. 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 84% greatly exceeded the average CDP response rate of 64%. We have focused on increasing the response rate through training and guidance.





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 been signed by more than 150 companies, universities, research institutes and cities. The participants aim to create efficient, reliable and appropriate carbon-emission pricing tools in line with the Paris Agreement to support their carbon neutrality targets and to achieve a level playing field and minimise carbon leakage.

PRINCIPLES FOR CALCULATING CLIMATE EMISSIONS

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 equipment. 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 equipment 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

S Group's total climate emissions (GHG inventory, scope 1, 2 and 3 total) were 8,342,100 carbon dioxide equivalent tonnes in 2023. In 2022, the total emissions were 8,314,400, so total emissions rose slightly compared to the previous year.

As in the previous year, our total emissions are affected by the reduction of the biofuel distribution obligation through legislative changes. Approximately 1% of S Group's total climate emissions in 2023 were generated by its own operations, and the remaining 99% were emissions from the value chain.

S GROUP'S TOTAL CLIMATE EMISSIONS (TCO2e)

	2021	2022	2023
Scope 1	66,900	46,300	**34,900**
Scope 2 (market-based)	60,500	52,200	**34,500**
Scope 3	8,213,300	8,215,900	**8,272,700**
Yhteensä	**8,340,700**	**8,314,400**	**8,342,100**

For Scope 2 emissions, the table shows market-based emissions for 2023. For 2021 and 2022, the table includes market-based emissions figures for electricity and location-based emissions figures for district heating and cooling. The figures include Finland and the neighbouring countries. The figures for 2021 include Estonia and Russia as neighbouring regions, and only Estonia from 2022 onwards.

The calculation principles for emissions are provided in a separate appendix to the S Group GHG Inventory Report 2023 →.

Verification report on emissions data for 2023 →.



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

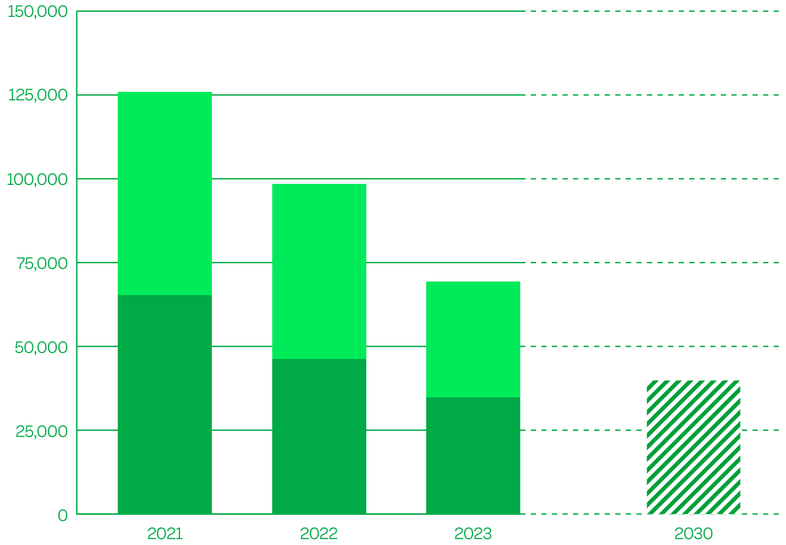
In 2023, emissions from our own operations decreased by 9% year-on-year. The emissions have already decreased by 83% since 2015 due to improved energy efficiency, refrigeration plants using renewable refrigerants, our own renewable energy investments and guarantees of origin for electricity.

By the end of 2023, refrigeration facilities that rely on carbon dioxide and other natural refrigerants had already been installed in 605 outlets. Thanks to wind and solar power production, our climate emissions decreased by roughly 280,000 tonnes in 2023 compared to the specific emissions in accordance with the residual mix of electricity production in Finland in 2022.

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

69,400

TCO2e



For 2023, the table shows market-based emissions. For 2021 and 2022, the figures have been calculated with market-based emissions figures for electricity and location-based emissions figures for district heating and cooling. The figures include Finland and the neighbouring countries. The figures for 2021 include Estonia and Russia as neighbouring regions, and only Estonia from 2022 onwards.

The calculation principles for emissions from our own operations are provided in an appendix to the S Group GHG Inventory Report 2023 →.

Verification report on emissions data for 2023 →.

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

4.9

TCO2e/PER EUR 1 MILLION OF SALES

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

11.9

TCO2e PER 1,000 GROSS M²

EMISSIONS FROM S GROUP'S OWN OPERATIONS IN (TCO2e)

Scope 1	34,900
Scope 2	34,500

EMISSIONS FROM S GROUP'S OWN OPERATIONS (TCO2e)

	2021	2022	2023
DIRECT, SCOPE 1			
own heating production	7,500	3,000	**2,200**
refrigerant leakages	59,400	43,200	**32,700**
INDIRECT, SCOPE 2			
purchased electricity (market-based)	0	0	**0**
purchased electricity (location-based)	96,200	53,500	**61,800**
purchased district heating and cooling (market-based)	–	–	**34,500**
purchased district heating and cooling (location-based)	60,500	52,200	**50,900**
TOTAL SCOPES 1 AND 2 (market-based)	**127,400**	**98,400**	**69,400**
TOTAL SCOPES 1 AND 2 (location-based)	**223,600**	**151,900**	**147,600**

The figures include Finland and the neighbouring countries. The figures for 2021 include Estonia and Russia as neighbouring regions, and only Estonia from 2022 onwards.

From 2023 onwards, reported emissions from purchased district heating and cooling will include both market- and location-based emissions.

The calculation principles for emissions from our own operations are provided in an appendix to the S Group GHG Inventory Report 2023 →.

Verification report on emissions figures for 2023 →.

CLIMATE EMISSIONS (SCOPE 3) IN THE VALUE CHAIN

The biggest 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 than that of plant-based products. Increasing the number of animal products increases emissions and, similarly, increasing the number of plant-based products reduces emissions. In 2023, 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.

As part of our science-based climate targets, we have set a target for fuel sales. The target 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 on this target, including for 2023. Due to a reduction in the biofuel distribution obligation, the emission reduction per litre of fuel fell to 6% in 2023.

Another science-based climate target for our value chain (scope 3) is for our suppliers. The target is for two thirds (68%) 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 includes companies that have committed to setting science-based targets and companies that have set targets. The target we set was reached ahead of time and the result for the target year was 74% (2022: 72%) of the suppliers within the scope of our target. Without the fuel business, the result is 71%. The Ässäpäivä event held in the autumn of 2023 also included the announcement of a further target to build on the previous one. The new target is that all suppliers with sales exceeding 10 million euros to S Group must be included in the science-based target process by the end of 2025.

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 86% of the Big Deal million-tonne reduction target has been met in 2015–2023. Fuel business also plays an important role in achieving this target. In 2023, we organised an event for the Big Deal network regarding biodiversity.

In December 2023, S Group committed to long-term climate action in addition to its current science-based short-term targets. S Group will set an ambitious Net Zero emissions target for its entire value chain, which means a net reduction of climate emissions from its operations and the value chain by 2050.

EMISSIONS FROM S GROUP'S VALUE CHAINS (TCO2e)

	2021	2022	2023
UPSTREAM SCOPE 3			
Purchased products and services	5,472,600	5,409,200	**5,414,300**
Capital assets (buildings)	4,900	900	**700**
Indirect emissions from purchased energy	30,600	12,600	**21,900**
Product transportation and delivery	140,300	138,600	**121,000**
Waste	18,100	20,400	**20,800**
Business travel	400	1,200	**1,900**
Commuting	13,800	13,600	**11,800**
DOWNSTREAM SCOPE 3			
Customer traffic	244,500	257,100	**267,700**
Use of products sold	2,170,300	2,207,900	**2,299,000**
Investments	117,800	154,500	**113,600**
TOTAL	**8,213,300**	**8,244,700**	**8,272,700**

The figures includes data concerning operations in Finland.

In 2021, waste and wastewater figures only included waste management emissions, while in 2022, emissions from wastewater management have also been included. The purchased products and services emissions calculation category for 2022 has been adjusted to correspond to the 2023 index adjustment.

The calculation principles for Scope 3 emissions are provided in an appendix to the S Group GHG Inventory Report 2023 →.

Verification report on emissions figures for 2023 →.

Energy efficiency

We are the largest non-industrial consumer of electricity in Finland. Refrigeration equipment, store lighting, heating and ventilation systems have the highest energy consumption in our outlets. We can achieve considerable cost savings by improving their efficiency and by renovating them. 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. We are continuously working to save energy and to use energy more efficiently.

RELATIVE ENERGY CONSUMPTION IN FINLAND

–15%

SINCE 2015

We are now seeking to improve our energy efficiency by 30% by the end of 2030, compared to 2015. In 2023, our locations in Finland consumed 258 kWh of energy per gross m2, which represents a decrease of 15%, compared to 2015. Compared to 2022, our relative energy consumption stayed roughly the same. We have reduced our relative energy consumption by more than 40% compared to 2010 by measures such as renovating refrigeration facilities, adding doors and lids to refrigeration equipment, transitioning to LED lights and installing heat pumps. Our goal is to improve the overall energy and cost efficiency of our sites by measures such as utilising waste heat, optimising systems and controlling the necessary use of building technology.

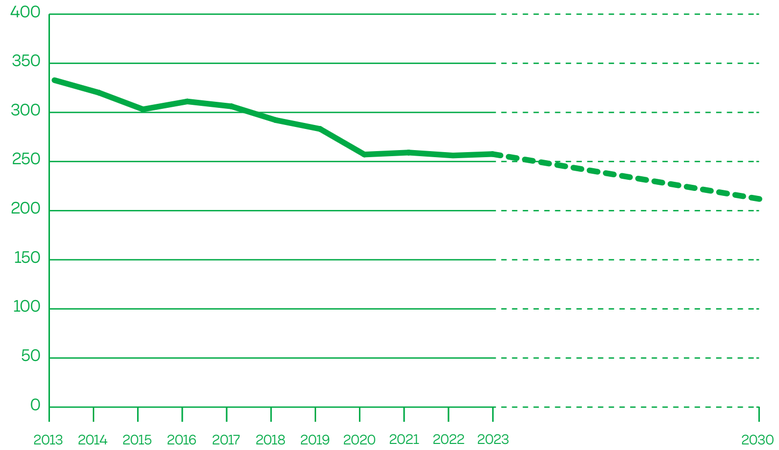
The utilisation of condensate heat from commercial refrigeration equipment has been improved in recent years. For example, there is an S-market in Ritaharju, Oulu, where condensate heat is routed to the district heating network to heat local homes. In Helsinki, the excess heat energy generated by the refrigeration equipment of Alepa Pietarinkatu, Alepa Munkkiniemi and Alepa Postipuisto is used to heat the residential buildings the stores are located in. In Vantaa, the condensate heat of Alepa Backas is stored in geothermal heat accumulators and used to heat the store.

S Group has signed 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 2023, energy-saving measures of approximately 166 GWh (2022: 147) were recorded for the commerce sector; this is nearly double the target. By the end of 2023, energy-saving measures of 12 GWh (2022: 10) were recorded for hotels and restaurants, approximately 85% of the target.

S Group has an energy efficiency system (ETJ+) 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. ETJ+ is a method of continuous operational development towards increased efficiency in reducing emissions, energy consumption and costs. At the same time, the aim is to share good practices within the organisation. The energy efficiency system's operating model is followed across S Group, in regional cooperatives and SOK's subsidiaries alike. The operating model reform was launched during 2023, and work in accordance with the new operating model was started immediately at the beginning of 2024.

SPECIFIC ENERGY CONSUMPTION, FINLAND (KWH PER GROSS M²)



SPECIFIC ENERGY CONSUMPTION, FINLAND (KWH PER GROSS M²)

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
333	320	303	311	306	292	283	257	259	256	**258**

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 2023 →.

Assurance report on the energy and area data for 2023 →.

CONSUMPTION AND FLOOR AREAS IN 2023

	2021	2022	2023	TOTAL FOR S GROUP IN 2023
Electricity, Finland, GWh	1,028	1,032	**1,022**	**1,038**
Electricity, neighbouring countries, GWh	43	17	**16**	
Heating and cooling, Finland, GWh	413	399	**446**	**459**
Heating and cooling, neighbouring countries, GWh	35	10	**13**	
Floor area, Finland, gross m²	5.55	5.54	**5.68**	**5.83**
Floor area, neighbouring countries, gross m²	0.24	0.13	**0.15**	

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 2023 →.

Assurance report on the energy and area data for 2023 →.

ZERO-EMISSION ELECTRICITY

We consume more than 1% of all electricity used in Finland. In our more than 2,000 outlets, electricity is particularly required for refrigeration equipment, 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 emission-free and totally renewable starting from 2030. In 2023, 96% of the electricity we used was produced with nuclear power and 4% with wind.

Gigawatti Oy, which is responsible for S Group's wind power production, had a total of 62 turbines at four wind farms in 2023. The wind farms are located in Simo (Leipiö II and Sarvisuo) and in Raahe and Siikainen. The Luvia wind farm investment in Eurajoki progressed during 2023 and will be completed in 2024. Upon completion, Luvia will have 13 wind turbines in operation. During the last decade, S Group has invested EUR 500 million in wind power, and the new wind farm is part of the cooperatives' ongoing long-term investments to increase their renewable electricity production. When the new wind farm is completed, the amount of electricity produced with the Group's own renewable sources is expected to meet the Group's need for electricity. 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.

When the new wind farm is completed, the amount of electricity produced with the Group's own renewable sources is expected to meet the Group's need for electricity.

At the end of 2023, there were more than 120,000 solar panels on the roofs of more than 260 S Group locations. In 2024, 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 in use at ABC Kuninkaantie, Prisma Kirkkonummi, ABC Lohja and ABC Pirkkala.

Since 2020, S Group has had principles for acquiring guarantees of origin for electricity. In 2022, we will also establish principles for acquiring guarantees of origin for district heat, given that an amendment to legislation made in 2021 also allows the acquisition of 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 emission-free energy 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.

2023



Photo: Iivari Oksanen

Electric lorries in use in the Mikkeli and Oulu regions

Inex Partners and the logistics company Kaukokiito started the first food deliveries with electric lorries in October 2023. Fully electric lorries are not yet very common vehicles in food transport, as refrigerated transport, freezer rooms and temperature controls require the vehicles to have special features. At the same time, ABC charging points suitable for commercial vehicles were built at the charging facility at the distribution terminals of the Oulu and Mikkeli regions. The electric lorries are charged at the terminals when their cargo is loaded, before they start making food deliveries to Prisma, S-market and Sale stores in the Oulu and Mikkeli regions. The charging uses emission-free electricity. In sunny weather, the solar panels on the roofs of the terminals cover the charging load of the electric lorries. The electric lorries mainly make their deliveries in the evening and at night, and they are well suited for driving in city centres. The vehicles are emission-free, but also significantly quieter, which is an additional benefit for local residents.

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 33 properties, or 2% of all our properties, still use oil or natural gas for heating. According to Finnish Energy, 69% of the district heating energy in Finland in 2023 was produced with renewable energy sources and recovered waste heat, while 31% was produced using fossil fuels.

EMISSION-FREE PROPERTIES

We are making rapid progress in achieving the ambitious climate targets set for our own operations. Emission-free properties mean properties that do not increase the amount of greenhouse gas emissions in the atmosphere. At the end of 2023, this included 190 of our properties. The use of emission-free electric power, continuous improvement of energy efficiency, renovating refrigeration facilities into carbon dioxide facilities, and the recovery of surplus heat generated in refrigeration equipment 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 facilities 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 not accepted under the scope of offsetting.

S Group's first carbon-negative property was the Suur-Seutu Cooperative Society's 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. In 2023, a total of 618 tonnes of offsetting was acquired for these. 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.

Read more about the circular economy in the Sustainable Consumption section →

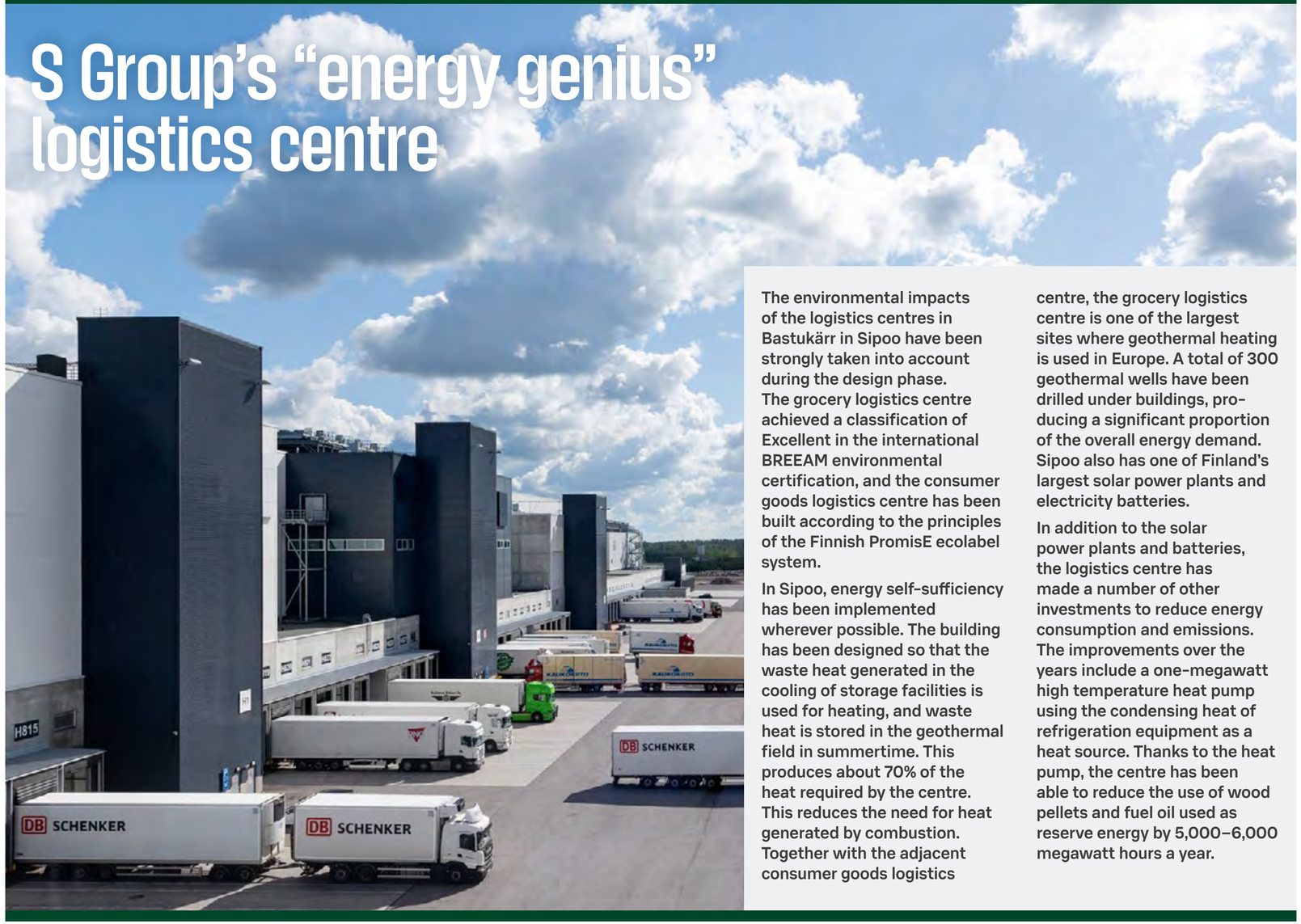
2023

We are compensating for emissions from business flights

We are offsetting the climate emissions from our employees' business flights for the third year running. In 2023, 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 2023, our employees made 6,607 business flights, flying a total distance of more than 8.5 million kilometres, which generated climate emissions of slightly under 1,600 carbon dioxide tonnes. The number of kilometres flown was still about half of the equivalent figure in 2019 before the pandemic.

2023

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 waste heat generated in the cooling of storage facilities is used for heating, and waste 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.

2023

E-institute for regenerative agriculture

The e-institute for regenerative agriculture is a free, approximately 60-hour study module on regenerative agriculture online. The e-institute for regenerative agriculture is a joint project of the Baltic Sea Action Group and MinnaLearn. S Group and a number of operators in the Finnish food supply chain support the project. These companies have committed to ambitious sustainability goals and have started work through the Carbon Action project. The cooperation is also one of the many ways by which 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 growth conditions of soil. In addition, the course teaches how comprehensive farm management improves profitability and the state of the environment. The course is science-based, draws on farmers' experience and brings together a collection of farming practices ranging from the tried and true to the best new practices. 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 resources produced in the environment. 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, look after the well-being of 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. In turn, 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 comprises 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 on the matter include buying fish sourced from sustainable fish populations, and our procurement processes exclude raw materials

from regions that are sensitive to deforestation. We have also placed a strong emphasis on reducing food waste → and promoting climate-smart eating and carbon farming.

Our direct land use includes the land 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.

In S Group, the framework for biodiversity comprises the promotion of sustainable consumption, the minimisation of impacts and emissions, and the strengthening of protection measures.



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

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, they should know what affects their natural footprint the most and how significant their footprint is as a whole.

At S Group, we evaluate the 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 to be made available in the public domain will enable the planning of more efficient measures preventing the loss of biodiversity in the value chains of companies, for example. The goal is for the model to be usable in both Finland and abroad, facilitating organisations' commitment to avoiding operations with an overall detrimental impact on nature. In the 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). The preliminary results of S Group's total nature footprint were published in the spring of 2023, and the interim report ↗ of the study can be read in its entirety on the University of Jyväskylä's publication archive website. The majority of S Group's natural footprint consists of food products.

We joined the early adopter program of the TNFD (Task Force on Nature-related Financial Disclosures) initiative, whereby we commit to reporting our nature-related impacts to our various stakeholders from 2024 onwards.

2023

S Group and Chiquita to collaborate on biodiversity



Photo: Minna Perovuo

Biodiversity loss is one of the biggest global sustainability challenges alongside climate change. Halting biodiversity loss requires companies to minimise their negative impact on biodiversity. Around 90 per cent of the ecosystem degradation caused by Finnish consumers occurs outside Finland. Reducing the adverse impacts requires a new kind of collaboration between companies in the supply chain.

S Group worked with researchers to investigate its environmental footprint, and the banana has the most significant effect on the footprint of all vegetable products in terms of kilograms. This is due to its large sales volumes and the fact that bananas are farmed in equatorial regions with high biodiversity. Almost everyone in Finland buys bananas at least weekly. Among fruits and vegetables, bananas are the second best-selling product after potatoes. S Group sells around 45 million kilograms of bananas a year, and most of them come from Costa Rica and Panama.

A new type of collaboration between S Group and Chiquita is planting ecological corridors around banana plantations in Costa Rica. The joint project aims to improve the living conditions of the local species, to collaborate with the local landowners and to gain experience from supply chain cooperation related to nature.

A strip of forest planted around banana plantations is connected to a rainforest protection network stretching from Mexico to Panama. Although the area to be planted is small in size, it is highly significant for the integrated network of natural rainforests, as they provide the missing part of the forest areas around banana plantations. Over the years, natural forests have become isolated in the region because of cutting down trees for agriculture, construction use and firewood.

Reforestation supports the biodiversity of the area and improves the living conditions of animal species such as the spider monkey, the tapir, which is a mammal typical to the region, and the critically endangered great green macaw. One of the tree species to be planted is the cumaru tree, which is a nesting site and a food source for the macaw in Costa Rica. During the dry season, it is among the few species that bear fruit, and it helps to ensure adequate nutrition for several organisms.

The joint project by S Group and Chiquita runs for five years. The first young trees were planted at the end of 2023, and the planting will continue in 2024. The project will be certified by a third party, Preferred by Nature, which has also carried out a baseline survey for the project. For years already, all Chiquita bananas sold by S Group have been Rainforest Alliance certified and SA8000 certified to ensure socially responsible production conditions.

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 diversity 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 involved 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.

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.

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. This goal is taken into account when we add new products to our product range or redesign packaging. In 2024, the transition to the Coop brand in particular will affect packaging materials and contribute to the achievement of the goal.

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. We work systematically to achieve the goal.

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 2023, 58% (2022: 65%) of the soy we used was certified.

WE CARE ICON COSMETICS LINE SUPPORTS WWF'S NATURE CONSERVATION

Sokos' own We Care Icon range of cosmetics has actively supported the conservation work of WWF Finland since 2010.

For each We Care Icon product sold, at least five cents have been donated to WWF's nature conservation work. Over the years, more than 150,000 euros have been donated. 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 cartons, avoiding the production of more than 3 million cardboard packages.

New makeup racks will be implemented during 2024. Refrigerator parts that have been taken out of use in Europe have been utilised in the manufacture of the racks' makeup trays.

Water stewardship is a central part of our work in nature

Water stewardship refers to the use and protection of water resources that takes environmental, economic and cultural factors and social fairness into account. At S Group, our 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 stored in products, and the treatment of wastewater. Promoting water stewardship locally requires cooperation from operators in the catchment area.

In 2023, water stewardship roadmaps were completed for S Group and its business areas. The purpose of the roadmaps is to guide S Group's water stewardship work by business area until 2030, both in terms of its own operations and the value chain.

WATER STEWARDSHIP FOR OUR OWN OUTLETS

Key aspects of water management in our own outlets include storm sewage 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 preparation for emergencies and permit procedures. 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).

	2021	2022	2023	TOTAL FOR S GROUP IN 2023
Water, Finland, million m³	1.69	1.88	**1.97**	**2.05**
Water, neighbouring regions, million m³	0.19	0.07	**0.08**	

The figures for 2021 include Estonia and Russia as neighbouring regions, and starting from 2022, only Estonia is included.

The water data covers 91% of the locations.

EXAMPLES OF OUR WATER STEWARDSHIP ACTIONS AT OUR OUTLETS

ABC SERVICE STATIONS

> All ABC service stations have taken leakage and emission 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 environmental 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.

2023

S Group develops its water stewardship work in a joint water project between companies in Spain



S Group, S Group's co-owned procurement company Coop Trading and three other European trading groups are participating in a pilot programme for sustainable water ↗ use in the regions of Huelva and Doñana in southern Spain, which are suffering from a critical water situation. This new type of joint project on sustainable water use is coordinated by the international collaborative network, Alliance for Water Stewardship (AWS), and the project is the first of its kind in Europe. The goal is to increase cooperation between the food producers and food chain operators in the area, as well as to improve their understanding of actions that affect their shared water resources and find solutions for water challenges. Spain is a key producer of vegetables in Europe, and the project covers fruit, berry and vegetable producers in the region who are suffering from extreme weather phenomena aggravated by climate change, such as floods and increasing periods of droughts.

The AWS Impact Accelerator project investigates the state of the water in the catchment area and the root causes behind the water challenges. The project also organises training sessions for farms and gives farm-specific recommendations for corrective water management measures. S Group has developed its water stewardship work, identified its water risks and emphasised the importance of sustainable water use in its sustainability work. S Group has been a member of the AWS cooperation network for business, NGOs and public sector actors since 2022.

2023



Photo: Jukka Nurminen

S Group supports the John Nurminen Foundation

S Group supports the John Nurminen Foundation and its marine environment projects, which, among other things, reduce the nutrient load from land to sea, combat eutrophication and other environmental risks to the sea, protect the marine environment and strengthen humanity's relationship with the sea.

For example, treating fields with gypsum has been proven to be an effective way to reduce nutrient loads from agriculture. The John Nurminen Foundation's GYPREC project aims to reduce the load in many countries bordering the Baltic Sea through the gypsum treatment of fields and supporting the widespread adoption of gypsum treatment.

WATER STEWARDSHIP IN OUR VALUE CHAIN

We have conducted a risk review for our product categories using the WWF Water Risk Filter and CDP Water Matrix tools 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 are participating in a water stewardship project in Spain →.
- We support regenerative agriculture ↗ through a Baltic Sea Action Group project.
- We are a member of the Alliance for Water Stewardship ↗ collaborative network.
- We took part in promoting water stewardship for the food supply chain in the Finnish Environment Institute's development project, 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. The project ended in December 2023.
- 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 renovation project of the Siuntionjoki river.
- In 2023, we took part in the MAP project ↗ of the University of Eastern Finland, which aimed to develop microplastic analysis and removal methods for industrial quality control.
- S Group supports the John Nurminen Foundation and its marine environment projects with a donation of €40,000 made in 2023.

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.**

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.

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.

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 aim to estimate the amount of plastic in the packaging of our private-label products and to reduce plastic whenever possible in terms of product quality and shelf life. 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.

Currently, there is 20.9% less virgin plastic in packaging than in 2018. The main reason for the decrease is the recycled plastic added to plastic bags. Recycled plastic has also already replaced conventional virgin plastic in the consumer packaging of more than 100 of our private-label grocery products. Virgin plastic in packaging is also being replaced with bio-based plastic. In 2023, more than 30 of our private-label grocery product packages contained bio-based plastics.

In 2023, the packaging of four Rainbow nut products reduced their use of plastic by 29–30% per package. This change is estimated to save a total of 2,400 kilograms of plastic per year. In addition, the type of plastic used in the packaging was changed from hard-to-recycle composite plastic to so-called monoplastic, which is more recyclable.

We are looking to explore alternatives to single-use plastic packaging and switch to non-plastic alternatives when possible in terms of product quality and shelf life. In 2023, no plastic packaging was replaced by other alternatives. Plastic is often the lightest packaging option and the most feasible in terms of product quality, shelf life and waste management.

REUSABLE PACKAGING

We promote reusable packaging, especially in logistics. For example, reusable produce boxes have already been in use for years. These are used to replace disposable cardboard boxes. In 2023, our supply chain used more than 17 million reusable produce boxes. This is about half a per cent more than the previous year. The use of reusable produce boxes has increased by 49% compared to 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.

The total number of plastic bags sold in grocery stores was 150 (2022: 148.3) million. The sales of plastic bags increased by about 1% compared to the previous year. At the same time, the number of customers has grown significantly more. The sales of paper bags (-7%) and biodegradable carrier bags (-18%) continued to decrease. Reusable bag sales fell by 4%. The main reason for the dip in the sales of biodegradable carrier bags in the autumn was an interruption in their availability.

The plastic bags themselves are the best avenue for our customer communication regarding the environmental impacts of plastic bags. We use the texts of the plastic bags to encourage customers to reuse the bags or sort them for recycling. We have also continued to publish bulletins related to responsible packaging in 2023. Our goal is to highlight to our customers the environmental impact of responsible packaging and the reduction of plastic in particular. Plastic produce bags also have clear sorting instructions for customers to make it as easy as possible for the customer to sort the bag for recycling.

At Sokos stores, the sales volume of reusable bags decreased by about 19% compared to 2022. However, the sales volume of reusable bags at Sokos stores is fairly low, as fewer than 3500 were sold at Sokos stores in 2023. However, sales of paper bags increased by 12% compared to 2022, and the paper bag is the most popular shopping bag in Sokos. Sokos only uses plastic bags for its 3+1 campaign days. Indeed, the sales volume of plastic bags is decreasing all the time, and in 2023, 19% fewer plastic bags were sold than in the previous year.

2023

Testing of recyclable takeout containers in Mikkeli

In late 2023, Suur-Savo Cooperative Society's Cafe Stella, Babista and Rosso Pizza restaurants introduced recyclable takeout containers alongside disposable ones. When picking up takeout food, the customer can choose which type of container to use. The customer pays a deposit for recyclable containers and gets it back when they return the container to the restaurant, such as on their next visit. Registered users can also make use of a cost-free lending service. The dishes and service are provided by Kamupak. If the practice works well and customers are excited about the possibility of using recycling containers, the operations can be extended to other restaurants. Suur-Savo Cooperative Society is the first restaurant operator in the Southern Savonia region that has introduced the service provided by Kamupak. Environmentally friendly takeout containers reduce both waste and emissions compared to disposable containers.



MORE FINNISH RECYCLED MATERIAL

The Palpa bags used in stores have been made of 100% recycled material for about nine years. The bags used to be produced in Poland, and the raw material for the recycled plastic came 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 future, plastic will be recycled from Inex to Merikarvia, where the amount earmarked 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. The use of the operating model continued in 2023.

COMMUNICATION AND TRAINING ON PACKAGING

S Group's policy to promote the responsibility of packaging outlines our most important goals and requirements regarding responsible packaging. In 2023, we have provided internal training for category managers and product quality experts on the policy and its implementation. In addition, the staff of our joint Nordic procurement organisation have been given training on responsible packaging, plastic reduction and alternative packaging methods in 2023. Furthermore, in the spring of 2023, we organised an open event for all domestic suppliers on responsible packaging. At the event, we reviewed S Group's goals to promote responsible packaging, with a particular focus on promoting recyclability.

Food waste

We aim to halve food waste by 2030.

The food waste of S Group's grocery stores in 2023 was 1.28% (2022: 1.44). In 2023, relative food waste decreased by 11% and the amount of waste produced was reduced by more than 3,000 tonnes compared to the previous year. Compared to 2014, the amount of food waste has decreased by 29%.

One of the visible methods of wastage 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 2023, we sold approximately 92 million (2022: 91 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 seven years ago. The evening discount practice has been in use nationwide for six years.

Usable food is also donated to charity, and S Group has more than 300 food aid partners. In addition, food donations are also carried out at outlets in Estonia.

In addition to donations, all 19 cooperatives use produce waste boxes and bags.

FOOD WASTE AT OUR STORES IN FINLAND HAS DECREASED BY

29%

SINCE 2014

WE ARE LOOKING FOR NEW WAYS TO REDUCE WASTE IN OUR RESTAURANTS

Food waste in S Group's restaurants has continued to decrease after the pandemic, coming to 1.15% in 2023 (2022: 1.26). The food waste in ABC restaurants, on the other hand, was 2.52% in 2023 (2022: 2.45).

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. In the autumn of 2021, the Kouvola-based Pizza & Buffa restaurant's Biovaaka project sought to harness technology for minimising waste. In 2023, the Biovaaka system was used in two thirds of Pizza & Buffa restaurants, and it will be introduced in all new Pizza & Buffa restaurants. In 2023, Biovaaka was also piloted in ABC Restaurants. Biovaaka provides an opportunity to gain more specific data on matters such as the consumption of food in ABC buffets, which allows the procurement and preparation of ingredients to reflect the actual consumption. The goal is for Biovaaka to be introduced in as many ABC Restaurants as possible.

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.

NEARLY 200,000 MEALS SAVED THROUGH RESQ CLUB

Through ResQ, you can save food from restaurants, cafes and grocery stores at low cost that might otherwise be wasted. In 2023, we saved more than 198,300 meals through S Group's restaurants, grocery stores and ABC locations. The food rescue service ResQ Club was utilised by nearly 210 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.

2023



Discounted supermarket produce and bread boxes save products from going to waste

In addition to donations, all 19 cooperatives use produce waste boxes and bags. During the year 2023, the practice was expanded to all S-markets. The practice is also in use in several Prisma stores, as well as in Sale and Alepa stores. In 2023, the waste boxes reduced the amount of fruit and bread waste by approximately 2.5 million kilograms.

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.

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.

RAW MATERIALS INTO CIRCULATION

In 2023, our total amount of waste, including in the neighbouring countries, was 118,200 tonnes (2022: 107,600). 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 600 tonnes (2022: 900), while there were 5,600 tonnes of liquid waste (2022: 5,200). 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 2023, a majority of 82% of the waste we generated 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 881 tonnes of ethanol (2022: 1,200). 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 fossil climate 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.

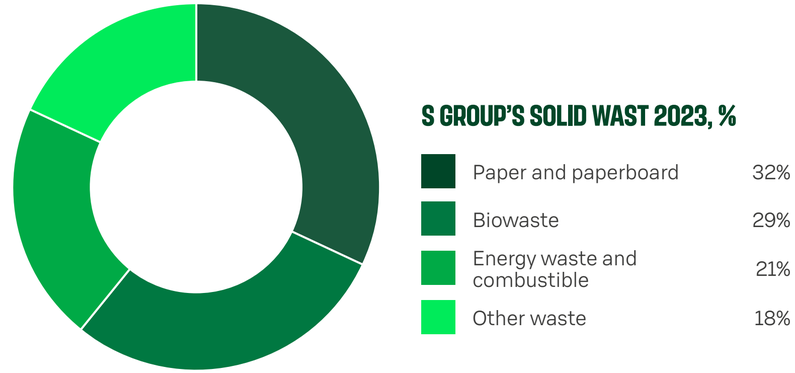
S GROUP'S WASTE MATERIALS (TONNES)

	2021	2022	2023
Paper and paperboard	34,800	36,700	**36,000**
Biowaste	30,300	31,500	**32,700**
Energy waste and combustible waste	24,900	23,700	**23,100**
Plastic	3,100	3,200	**7,800**
Metal	1,400	3,300	**8,300**
Glass	700	700	**700**
Other solid waste	7,700	2,400	**3,400**
TOTAL SOLID WASTE	**102,900**	**101,500**	**112,000**
Hazardous waste	500	900	**600**
Liquid waste	3,700	5,300	**5,600**
ALL WASTE IN TOTAL	**107,100**	**107,600**	**118,200**

The waste data covers 86% of locations.

The figures include Finland and neighboring areas. For the year 2021, the neighboring areas include Estonia and Russia. The figures from 2022 onwards include only Estonia.

Verification report on the waste figures for 2023 →.



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

	2021	2022	2023
Material recycling	42	45	**82**
Reuse for energy	27	24	**18**
Reuse of biowaste	31	31	**–**
Landfill processing	0.09	0.03	**0.4**

The figures are calculated based on solid waste.

The figures for 2021 only include Finland. The figures from 2022 onwards include Finland and Estonia.

In 2023, the management of biowaste has been incorporated into material recycling and energy recovery.

Verification report on waste data for 2023 →.



COMPREHENSIVE RECYCLING NETWORK HELPS CUSTOMERS RECYCLE

The comprehensive network of Rinki recycling stations for paperboard, glass, metal and plastic packaging is available at our outlets. At the end of the 2023, there were Rinki recycling stations at 438 stores. Of these recycling stations, 378 had collection points for plastic in addition to glass, paperboard and metal, and 298 had collection points for textiles.

Refundable beverage containers, as well as batteries and waste electrical and electronic equipment, can be returned to our locations. In 2023, the return volumes of both plastic bottles and aluminium cans increased compared to the previous year. Customers can return old, unused nail polish to 50 stores in the Sokos and Emotion chains.

RECYCLING POINTS AND RECYCLED QUANTITIES

	2021	2022	2023
Number of recycling stations	432	438	**438**
Returned recyclable plastic bottles, million pcs	272	287	**303**
Returned recyclable glass bottles, million pcs	53	49	**46**
Returned aluminium cans, million pcs	673	665	**682**
Returned portable accumulators and batteries, tonnes	621	648	**539**

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	TARGET	ACTUAL 2022	ACTUAL 2023	COMMENT
PERSONNEL	Job satisfaction survey	76.3	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 15,000 summer employees	about 17,000 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 gender.	When people applied for a job with us, we did not require them to provide their age or gender.	When people apply for a job with us, we do not require them to provide their age or gender.
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.	99%	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 production sites of the main ingredients produced in high-risk countries used in our private-label food products are covered by sustainability verification or other due diligence measures. We are making progress towards this goal one product group at a time.	Our actions in 2022 included studying the production chains of juices.	In 2023, we investigated matters such as hazelnut production chains and launched a study on the rice production chain.	The countries of origin of hazelnuts are Turkey, Georgia and Azerbaijan. Hazelnut production chains are long. According to our study, the operations of the second stage of the supply chain have been audited by a third party, but it is more challenging to obtain information on audits further in the chain.
HUMAN RIGHTS	For our private-label and import products, our goal is to use only sustainably produced cotton by the end of 2025.	61%	83%	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 effects. 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 BSCI 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 goods 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. In S Group's management team, the CEO is in charge of the SOK Sustainability unit. 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.

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 stakeholders such as non-governmental organisations and Nordic cooperative societies and procurement alliances. 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.

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:

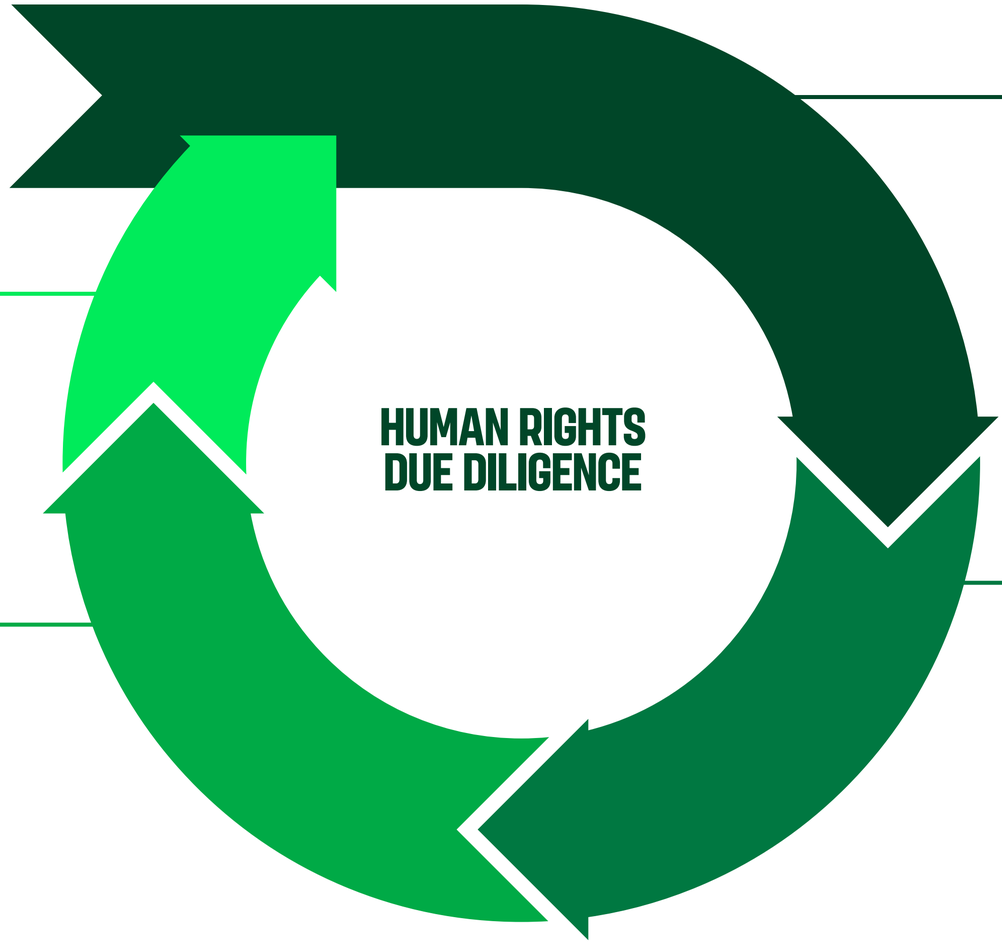
- countries where the legislation and its implementation and monitoring are insufficient, or countries that have not ratified international labour and human rights agreements
- countries that have a large number of domestic or foreign migrant workers
- products and raw materials which are produced in 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 BSCI 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 our of 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.

INTERNATIONAL 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 autumn 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 operations were started in 2023. S Group is also involved in the Pakistan Accord.

S GROUP WHISTLE-BLOWING CHANNEL

S Group has an anonymous whistleblowing channel, 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 2023, a total of 59 reports were submitted to S Group's whistleblowing channel. The notifications were mainly related to ethical practices, non-compliance, and HR issues. 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, cooperation with partners was reviewed and specified. 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 RIGHTSN

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.

2023

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 2023, the index was 80.4 (2022: 80.3) 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 autumn 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 autumn 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 and 2023, 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 the research, reports and studies of NGOs, international institutions and research institutes. 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.



The principles of good business practice include policies concerning written contracts, predictability of operations and responsibility for risks.

We are a member of the international amfori BSCI (Business Social Compliance Initiative) social responsibility system and have actively participated in the development of the system and its tools for many years through working groups and the Executive Board. The amfori BSCI aims to bring the working conditions of employees manufacturing products in high-risk countries to the level required by international labour and human rights 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 and the International Accord 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	88.4%
The Netherlands	1.9%
Sweden	1.9%
Denmark	1.5%
Spain	1.0%
Germany	0.9%
Italy	0.6%
China	0.5%
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	0.5%	61%
Turkey	0.09%	10%
Bangladesh	0.08%	9%
Morocco	0.03%	3%
Egypt	0.03%	3%
South Africa	0.02%	3%
Thailand	0.02%	2%
Pakistan	0.02%	2%
India	0.02%	2%
Cambodia	0.01%	1%

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

Verification report on procurement from high-risk countries for 2023 →.

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. 613 of the factories manufacturing the products are located in a high-risk country. The share of direct purchases from high-risk countries is 0.9% of S Group's goods and service procurement (including operations in Finland, excluding fuel procurement), and 5% 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 establish the production location of the main raw material. Our goal is that the production sites of the main ingredients produced in high-risk countries used in our private-label food products are covered by sustainability verification or other due diligence measures. We are making progress towards this goal one product group at a time. We investigated matters such as the production chains of juices in 2022, and focused on hazelnuts in particular in 2023. The last stage of production of private-label hazelnuts takes place in Europe, and the countries of origin of the nuts are Turkey, Georgia and Azerbaijan. Hazelnut production chains are long. According to our study, the operations of the second stage of the supply chain have been audited by a third party, but it is more challenging to obtain information on audits further in the chain. Potential risks in hazelnut production chains relate to matters such as working conditions, freedom of association, the rights of migrant workers and the possibility of child labour. We have engaged in active dialogue with our hazelnut suppliers about the due diligence requirement and the importance of traceability and social responsibility audits. In 2023, we started a similar investigation and dialogue with our rice suppliers, and we will continue this in 2024.

In the past, we have reviewed the production chains of private-label products such as frozen fruits and berries, coconuts, vanilla and nuts to make progress towards sustainability for the origin of main raw materials. For our private-label coffee, tea and cocoa, the raw materials are certified.

In 2022–2023, serious human rights risks were identified in the berry picking sector in Finland, including suspicions of human trafficking. The legal status of foreigners picking natural products in Finland is regulated by law. The Finnish occupational safety and health authorities and the TE Offices supervise that proper working conditions are observed in the picking of forest berries. In 2023, we have continued the review of the situation we initiated in 2022 with our suppliers. In its contracts, S Group requires that its suppliers respect labour and human rights. We have also discussed the situation with other industry stakeholders, and this discussion will continue in 2024.

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 autumn 2022, the European Commission presented a directive proposal on the due diligence requirement of companies regarding environmental and human rights issues.

At the end of 2023, 83 per cent of the cotton used in S Group's private-label and own import clothing and home textile products was responsibly produced.

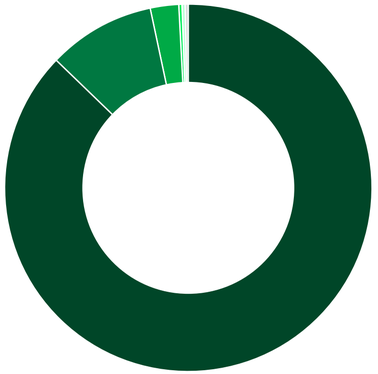


AUDITS – FACTORY INSPECTIONS BY THIRD PARTIES

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.

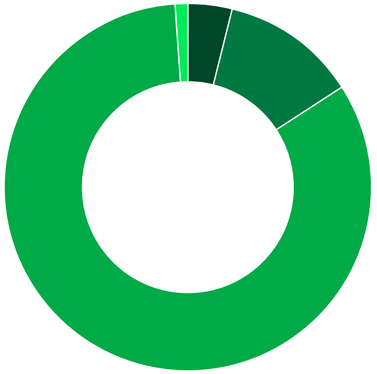
Audits refer to factory inspections, such as amfori BSCI or Sedex SMETA audits, SA8000 certification or similar third-party inspection. In the audits, independent auditors inspect production plants to ensure that the criteria for the system are being met in practice. In 2023, BSCI audits were conducted at the factories of 442 S Group suppliers (2022: 482).

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 2023. By the end of the year, about 1% of the production factories had not had the necessary monitoring audits carried out or had auditing systems that were not approved by S Group. The main reason for the delay in the follow-up audits was the war in Ukraine.



RCHASES FROM AUDITED SUPPLIERS 2023, %

amfori BSCI	87.1%
SMETA	9.3%
SA 8000	2.5%
ICTI	0.5%
WRAP	0.3%
ICS	0.3%



RESULTS OF S GROUP'S BSCI AUDITS IN 2023, %

BSCI A (Outstanding)	4%
BSCI B (Good)	12%
BSCI C (Acceptable)	83%
BSCI D (Insufficient)	1%

AUDIT SCORES

In 2023, the most significant development needs detected in the amfori BSCI audits were related to working time and management 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.

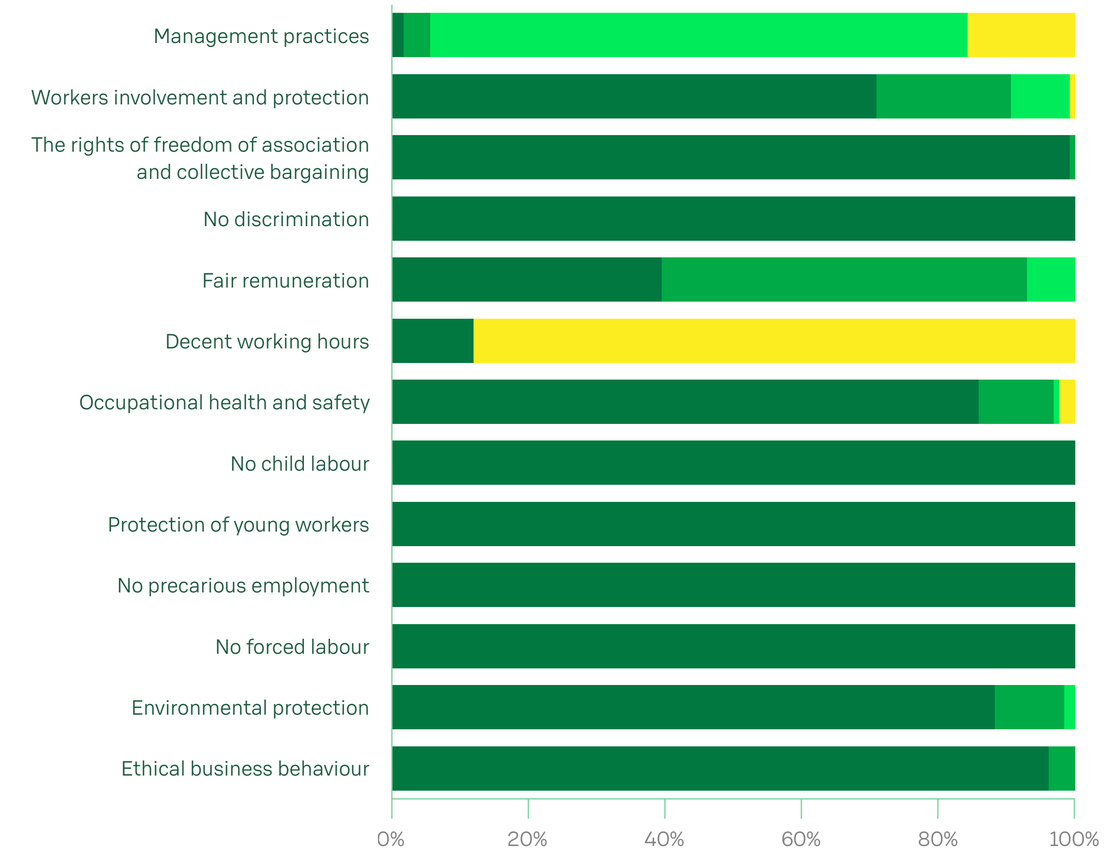
In 2023, no Zero Tolerance observations were made in connection with the responsibility audit in factories located in high-risk countries of private-label products and own imports. Zero Tolerance observations are related to child or forced labour, safety deficiencies causing immediate danger and bribery. Through amfori's new Speak for Change complaint mechanism, we received one complaint for processing regarding a factory in Vietnam. The complaint was related to overly long working days, the employer's behaviour towards employees and poor food quality at the factory. We take the complaint notification seriously, and the investigation work with amfori and other procuring companies will continue in 2024.

RESULTS OF BSCI AUDITS BY AREA IN 2023

FULL AUDITS IN 2023



FOLLOW-UP AUDITS IN 2023



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

CERTIFIED PRODUCTS

CHOICES BASED ON VALUES

GUIDELINES AND TARGET		SITUATION IN 2023
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.	100% of the sales volume of S Group's private-label cocoa and chocolate (2022: 100%) and 100% of the relevant product items (2022: 100%) was certified at the end of the year.
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.	100% of the sales volume of S Group's private-label coffees (2022: 100%) and 100% of the relevant product items (2022: 100%) was certified at the end of the year. In S Group restaurants, 97% of the sales volume of coffee (2022: 97%) and 84% of the relevant product items (2022: 86%) was/were certified or verified as responsible at the end of the year.*
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 November 2023. The guidelines apply to SOK's procurement and the cooperatives own procurement in both S Group's grocery stores and restaurants.	At the end of the year, the product ranges of our grocery stores included 262 (2022: 304 MSC) MSC- or ASC-certified products. A total of 75 (2022: 77) fish counters in S Group's food markets have been awarded the MSC and ASC traceability certificate.
EGGS	S Group will discontinue the sale of enriched cage eggs in stages by the end of 2026. Our goal for hotels and restaurants was to stop the use 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.	At the end of 2023, 16% of the eggs sold at S Group's grocery stores (2022: 24%) were enriched cage eggs. 0.29% of the eggs used at S Group restaurants and hotels were enriched cage eggs. Enriched cage eggs accounted for 100% of eggs in Prisma stores and hotels in Estonia in 2023 (2022: 100%).

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

GUIDELINES AND TARGET

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.

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.

SOY

Our goal is that any soy from high-risk countries that is used as an ingredient in our private-label products as well as any 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 is certified. Furthermore, our goal is that any 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 is certified. Responsible soy certificates include Round Table on Responsible Soy (RTRS) and ProTerra.

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.

SITUATION IN 2023

The certification rate of the palm oil used in S Group's private-label food products was 100% at the end of 2023 (2022: 100%). The share of traceable RSPO Segregated palm oil was 99% (2022: 94.2%).

At the end of 2023, 83% of the cotton used in S Group's private-label and own import products was responsibly produced (2022: 61%). Of this, 16.4% was organic cotton (GOTS certified), 82.7% was cotton procured through the Better Cotton Initiative (BCI), 0.3% was Fair Trade cotton and 0.6% was certified recycled cotton.

Of the soy used in S Group's products as raw material or as animal feed in the production chains of animal-based products, 58% is certified (2022: 65%)**. Of this, 91% was RTRS-certified and 9% Pro Terra-certified. Of the soy used, 99.6% (2022: 99.9%) is soy used as feed for animal-based products. Of all soy used, 61% (2022: 89%) originates from a high-risk country ***.

100% of the sales volume of S Group's private-label tea products (2022: 100%) and 100% of the relevant product items (2022: 100%) was certified at the end of the year. In S Group restaurants, 76% of the sales volume of tea (2022: 74%) and 70% of the relevant product items (2022: 69%) was 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.

2023



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 ↗ were published in spring 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.

After the study was completed, S Group openly discussed 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 of personnel through accident prevention as well as addressing disruptive behaviour and identifying and preventing various hazardous and close call situations. The key to prevention is the continuous development of the personnel's safety competence and the active and proactive management of work-related hazards and risks.

A SAFE WORKING AND SERVICE ENVIRONMENT IS A FUNDAMENTAL RIGHT

S Group encounters well over a million customers every day. Although the absolute majority of customer encounters are positive, different societal symptoms are easily reflected in service work as phenomena such as an increase in disruptive behaviour and shoplifting.

The safety of our personnel is very important to us. S Group has clear operating models for disruptions, which we review in induction training and in our other safety training. Our employees have the right to peace of mind at work, and if they encounter threatening behaviour, belittling or sexual harassment, they have the right to defend themselves and point out that inappropriate behaviour is not acceptable here.





Work is also ongoing to prevent shoplifting through measures such as personnel training, product placement, security technology and security services. Stores monitor products prone to being stolen and place them under special supervision as well as product protection if necessary.

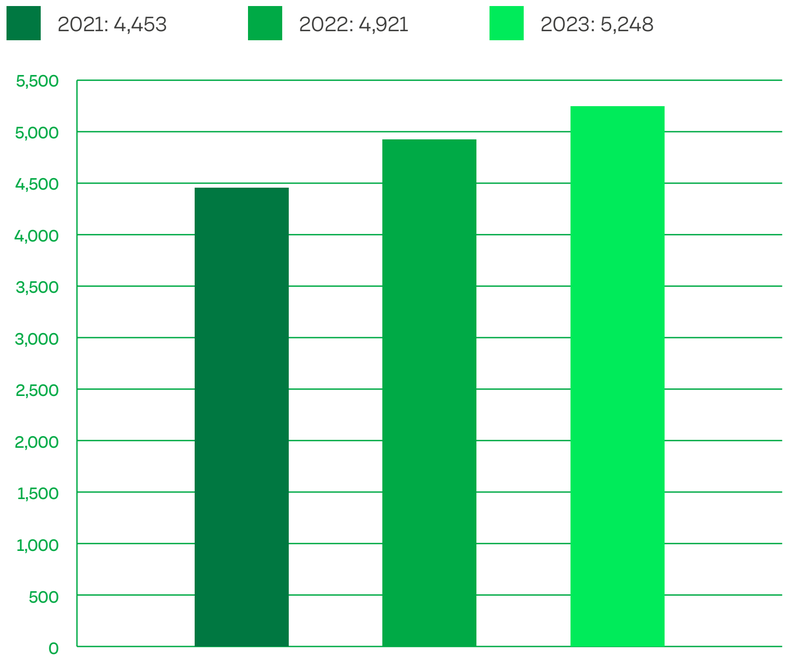
The hazards and risks in our facilities are regularly assessed, and safety aspects are considered in the planning and design of our outlets as comprehensively as possible. We also carry out safety walkthroughs at outlets to observe and review the safety aspects of each outlet and improve the personnel's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

Each location has a rescue plan that has been communicated to the employees and is easily available. Our goal is to have employees who have completed S Group's Safety Passport training or equivalent safety training in all our locations. Completing the safety training 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 number of defibrillators in our outlets. The use of defibrillators is also taken into account in safety 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 and development work. In 2023, 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.

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.

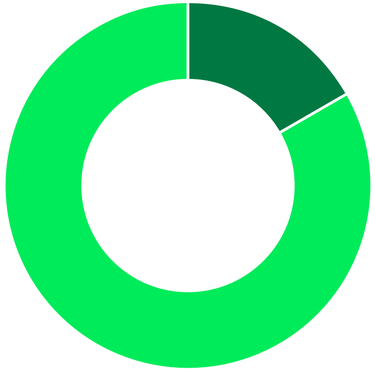
NUMBER OF OCCUPATIONAL ACCIDENTS*



* 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 table, we have retrospectively calculated the data for 2021.

ACCIDENTS AT WORK	2021	2022	2023
Accident frequency*	38	29	**31**

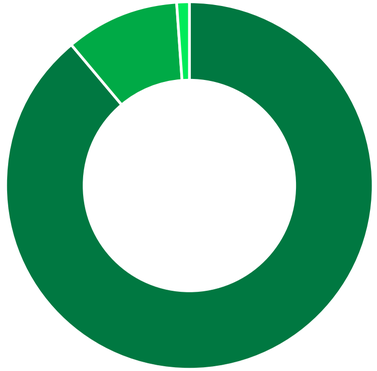
* Total number of accidents at work involving compensation per one million hours worked.



ACCIDENT SITE 2023

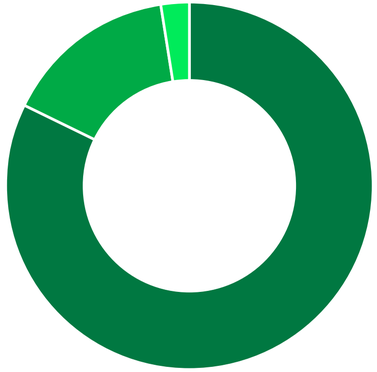
During commuting	878
At work	4,370

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. However, at the same time, we have managed to reduce accident-related absences and costs, thanks to quicker reporting and a more effective care process.



WORKPLACE ACCIDENTS 2023

0–3 days of absence	89.0%
4–30 days of absence	10.0%
more than 30 days of absence	1.1%



COMMUTING ACCIDENTS 2023

0–3 days of absence	82.5%
4–30 days of absence	15.1%
more than 30 days of absence	2.4%



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 2023, we audited the product safety of 53 (2022: 61) food product suppliers.

PRODUCT TESTING AND SELF-MONITORING

We regularly test product samples before releasing the product for sale. In 2023, we examined a total of 12,532 product samples (2022: 10,881). The samples were mainly related to the product development of our private labels.

As part of self-monitoring, we took 4,696 samples of our private-label and import products (2022: 5,715). 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 2023, we investigated 287 samples for plant protection residues. Of the samples tested, 15 (5%) 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 110 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 2023, we implemented 321 product recalls (2022: 384) of which 60 concerned our private-label products (2022: 51). The most common reasons for recalls carried out during the year were packaging technical reasons or labelling and manufacturing errors related to something other than product safety, as well as microbiological reasons (85% of recalls).

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 55 (2022: 67). Four of these concerned S Group's private-label products (2022: 2). 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 2023, a total of 633 Oiva inspections were conducted at S Group's stores, and 276 Oiva inspections were conducted in Group's restaurants and other catering facilities. Of the results of Oiva inspections conducted at S Group stores, 70% were excellent (2022: 69%), 26% good (2022: 28%) and 4% in need of correction (2022: 4%). None of S Group's stores received a poor result in the Oiva inspections.

Of the serving locations, 49% received excellent (2022: 53%) and 39% good (2022: 36%) results, while 11% were in need of correction (2022: 11%). 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.

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.

Each of our checkout counter employees must complete age-limit supervision training. The instructions and trainings ensure that age-restricted products are not sold to underage people.

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 2023, our checkpoint personnel checked the age of approximately 26 million customers buying alcoholic beverages (2022: approx. 23 million) and of more than 14.5 million customers (2022: 14.5 million) buying tobacco products.

Based on these checks, we refused to sell alcoholic beverages in nearly 115,600 cases (2022: 57,418) and tobacco products in nearly 26,000 cases (2022: 19,855).

ISO 9001 CERTIFICATION FOR MEIRA NOVA

Meira Nova, a subsidiary of SOK, is one of Finland's leading food service sector's wholesalers, with 190 professionals serving restaurants, hotels, personnel restaurants, and industrial kitchens throughout Finland. Towards the end of 2023, it achieved ISO 9001 certification. The certification is an internationally recognised sign of the company's commitment to quality and is based on a model of continuous improvement. Continuous improvement means the continuous review and improvement of the performance of the company's products, services and processes based on results.

The new certification brings a number of benefits to Meira Nova's customers. It confirms Meira Nova's commitment to quality. Customers can be confident that Meira Nova complies with the agreed quality standards in all its operating processes. The certificate also promotes process efficiency, which is reflected in an improved customer experience and higher customer satisfaction.





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.

S Group's data controllers, such as the cooperatives, have appointed a total of more than 30 data protection contact persons who have been trained to support their organisations in implementing the requirements of data protection legislation and in promoting data protection culture and awareness.

The implementation of data protection is monitored in S Group by means such as biannual assessments of the level of data protection maturity.

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 2.6 million members. There are more than 4.6 million data subjects in S Group's co-op member and customer register. In 2023, we also processed the personal data of our roughly 48,000 of our employees and roughly 214,000 job applicants.

In 2023, data responsibility was promoted in S Group's operations by means such as updating the online training for data protection, updating the tool for data protection and information security assessments to better support the implementation of data protection by design and by default, organising a data protection exercise focusing on technical supervision for S Group's data controllers, and implementing the data protection development programme for 2022–2023.

To properly take into account the data protection and information security requirements in our operations as required by data protection by design and by default, we launched a data protection and information security assessment of approximately 200 S Group projects, projects and modifications in 2023. We also carried out more comprehensive assessments on matters such as the processing of personal data in connection with S Group's notification channel, the processing of personal data using body cameras, and self-service shopping based on Sale Automaatti's pattern recognition.

We implement the data protection processes related to the data subjects' rights consistently across all S Group's data controller 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 2023 as follows:

- A total of 3,673 data subjects reviewed their personal data in S Group's co-op member and customer register. Of these individuals, 97.5% did so in the form of self-services through their S User Account. For the other registers, S Group received 45 requests for access to subjects' own personal data.
- 35 personal data deletion requests were made to S Group.

Co-op members can also view their own purchase data and consumption habits 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 2023, some 40,500 S Group employees processing personal data in their work completed basic data protection training.

In May 2023, we surveyed our co-op members' thoughts about how the S Group collects customer data and uses it for different purposes. The annually conducted survey results are used in the development of our operations.

In 2023, some 40,500 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.





The strategy is implemented by competent and committed personnel with good well-being. The success of people in S Group is supported by encouraging leadership in accordance with our leadership promises and a culture of cooperation. In accordance with our basic cooperative mission and values, we are a humane and responsible employer.

PERSONNEL
WELL-BEING

S Group's S Group-level shared leadership promises are: I dare, I appreciate and I do. Leadership promises encourage good immediate management the development of leadership.

The most significant annual indicator of employee experiences 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.

In 2023, the entire S Group workplace survey result of 76.3 remained high, as in the previous year. Our employees are clearly happier and more committed than the Finnish average, and we again exceeded the benchmark by a significant margin of 7.0. The aim of the study is to identify strengths and areas for development, and to encourage workplace communities to continuously improve. The best results came from the following areas: employee experience regarding work management, communication and inclusion and immediate management, while the employer image, especially the belief in the future and the direction of the company, was identified as a new strength. The Leadership Promise Index, which measures immediate managerial work, was 78.2. The strengths of the Leadership Promise Index were clarity of targets, trust and tackling problems. The eNPS (employer Net Promoter Score) indicator of the employee's willingness to recommend their employer was asked of S Group employees for the first time, and the results were at a good level of 42.

2023

S Group is the most ideal employer in Finland

Professionals in the commercial sector selected S Group as the most ideal employer in Finland in Universum's annual expert survey ↗. The ranking is historic for us, as we rose to number one in the category of academic professionals for the first time. In the category of business professionals with a bachelor's degree, S Group achieved the magnificent result of number one employer in Finland and the most attractive employer for the second year in a row. In addition, in the reviews of IT professionals, our position rose the most in the study, being ranked 10th.

The professional survey shows what people expect from an employer and what career dreams they have. S Group's strengths are considered to include our opportunities for influencing the everyday lives of people in a tangible way each and every day. S Group invests in competence and growth paths, and various opportunities to develop in work tasks can be found all over Finland.



Photo: Anssi Vuohelainen

S GROUP'S WORKPLACE COMMUNITY SURVEY RESULTS (SCALE 0–100)	2021	2022	2023	GENERAL STANDARD IN FINLAND 2023
TYT index (includes all questions)*	75.8	76.3	**76.3**	69.3
Dedication index	78.9	79.3	**79.1**	75.6
Commitment index	77.0	77.2	**77.4**	72.6
Leadership index	75.6	76.3	**76.0**	68.1
Performance index	72.6	73.3	**73.8**	63.1
Ethics index**	80.1	80.3	**80.4**	–
Average score for the statement "The daily operations of our unit comply with the principles and values of our company" (scale 1–4)***	3.50	3.49	**3.50**	3.25
Leadership promise index	77.4	78.1	**78.2**	71.5

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

**) The ethical index consists of 10 questions, five of which are answered in all S Group companies (2023: N=36,274) and 5 are optional if the company has chosen to implement the questions (2023: (N=14,797)

***) Not the result of the whole S Group level, but only those companies where this is asked. 2023 N=18,495

2023



S Group has a huge number of the most inspiring workplaces in Finland – PKO and Eekoo are the best in their categories

S Group's members were once again very successful in the Most Inspiring Workplaces in Finland ↗ competition, where Eezy Flow, which conducts workplace community surveys, annually awards companies that have achieved the best results.

This time, the top 10 list of large companies consisted solely of S Group companies. In addition to the winner, Northern Karelia Cooperative Society (PKO), Suur-Savo Cooperative Society took second place and Keskimaa Cooperative Society took third place. Southern Karelia Cooperative Society (Eekoo) won the category of medium-sized companies. In this category, five of the top ten companies were S Group members. In the small companies' category, S Group's NEOT Oy had a good placement.

PKO and Eekoo, which were number one in their categories for the first time, have both done long-term and goal-oriented work to improve personnel experience through measures such as the development of managerial work, competence, remuneration and taking care of personnel. The feedback received annually from the workplace community survey has been utilised in their continuous development.

In S Group's companies, the results of workplace community surveys have been improving in recent years, and in 2023, great improvements were achieved in many places. All regional cooperatives and nearly all SOK Corporation companies achieved at least the AA level, or Good, which grants them an honourable mention in the competition. The result of the whole S Group's workplace community survey is on a significantly better level than Finnish reference companies.

2023



In Keskimaa, good leadership strengthens positive cycles

Keskimaa Cooperative Society is constantly working to improve working life. A wide range of development activities are underway to improve the job satisfaction of existing employees, support recruitment and the employer image by ensuring the availability of new employees for Keskimaa.

Launched in 2022, Keskimaa's development programme for immediate management aims to ensure that every Keskimaa manager has the prerequisites and confidence to lead Keskimaa professionals individually towards common goals.

The years of development work are reflected in the good result tone of the TYT workplace community survey. The 2023 result of 78.9 is the new record for TYT results in Keskimaa Cooperative Society.

In 2023, the cooperative society had a total of seven units with TYT result's that increased by more than 10 from the previous year.

One of the biggest increases came from ABC Joutsa, where the cooperative has worked systematically to enable smooth day-to-day work: For example, they have had personnel attend ABC Akatemia (ABC Academy) and Syty ja sytytä (Inspire and Be Inspired) training courses to further improve management and the recognition of the capabilities and strengths of each individual. The lessons are also shared and they are visible in the cooperative's operations.

In Keskimaa, there is a positive cycle where the personnel's good atmosphere is also reflected in other indicators such as customer satisfaction, reputation and financial indicators.

FLEXIBLE WORK – FOR WORK THAT SUITS EVERYONE'S LIFE

Our goal is to provide our personnel with work that suits their lives. S Group has the most extensive career paths in Finland, and the opportunity for flexible working hours and workloads.

Our starting point is that our employees who want to earn their primary income from S Group can do so, and the salary would be sufficient for a reasonable standard of living. A lot of part-time work is done in the commercial sector and the travel and hospitality industry. Since service work cannot be stockpiled, we need a lot of personnel in peak seasons. As a result, 60% of our staff are part-time, with almost half of them working 30 or more hours per week. Part-time workers who work 30 hours per week and work in evening and weekend shifts usually earn almost as much as full-time workers who work morning shifts.

S Group regularly asks part-time employees about their satisfaction with the number of hours they work in the annual workplace community survey. The results are used to develop shift planning practices so that people's wishes regarding the number of working hours and the hours offered are as close to each other as possible.

The majority of part-time employees are satisfied with their working hours. Of the part-time employees who responded to the 2023 workplace community survey, 69% were satisfied with their working hours, 29% would like more working hours and 2% would like less working hours. Employees working more than 30 hours a week were most prevalent among those who wanted more working hours, employees working less than 15 hours as well as employees aged less than 25 and more than 55 were the most satisfied with their working hours.

We systematically work to ensure that those who wish to increase their contract hours have the opportunity to do so. We also offer part-time employees a lot of extra hours to increase their earnings.

S Group's remuneration practices, such as the widely used annual bonus systems and the most extensive personnel benefits in Finland, support livelihoods. We are constantly developing our work and operating models while listening to feedback from the personnel. We want the service sectors to stay attractive in the future, too.

TYPE OF EMPLOYMENT, %	2021	2022	2023
Permanent	90	91	**92**
Fixed-term	10	9	**8**
Full-time	39	38	**38**
Part-time	61	62	**62**

TURNOVER OF PERMANENT EMPLOYEES, %	2021	2022	2023
Total turnover, %	19.9	23.5	**19.5**
Women, %	19.5	23.4	**19.1**
Men, %	21.2	24.4	**20.6**

The figures do not include data from Inex Partners.

2023

Common shift planning

In 2023, S Group has conducted pilot testing for a new common shift planning model. In collaborative shift planning, employees choose their own shifts in the planning system, contributing to better harmony between work and leisure time. Employees pick their shifts for three weeks at a time.

The pilot programme found that the satisfaction of the employees and workplace communities participating in the pilot testing increased, and 75% of employees would like to continue with the common shift planning model.

Three cooperatives participated in the common shift planning pilot testing: Arina, Suur-Savo and Pirkanmaa, with a total of more than 360 employees from 15 locations (supermarkets, travel and hospitality, service stations, S-Bank).

The pilot testing started gradually in April and continued until the end of February 2024. Decisions regarding a possible wider adoption of the model will be made in spring 2024.

2023

“You can plan your own shifts and vacations more flexibly”

S-market Sääksjärvi was one of the Pirkanmaa Cooperative Society’s locations where the common shift planning model was tested.

Although the personnel had their doubts about the model at the start of the pilot, the S-market’s team of about 15 people adopted the model. The collaboration worked, and the workplace community took its colleagues into account in the planning. According to the experiences, the pilot period increased the group’s understanding of shift planning and its requirements, such as taking weekly rest periods into account.

Common ground rules are essential. The most important rules are: 1) Employees must pick a variety of shifts. 2) Everyone must choose 1–2 of the less desirable Saturday shifts for each three-week period. The main requirement is that everyone is committed to picking shifts.

Pirkanmaa is happy to prepare for the possible wider adoption of common shift planning.

2023

Management of occupational well-being in S Group

In cooperation with the pension insurance company Elo, we have invested especially in the work capacity management competences of the senior management and immediate supervisors. We conducted a pilot of the Group-level Johtajan ja Pomon työkykypakki (Manager’s and Boss’s Toolkit) training courses, which were attended by about 60 group managers and more than 300 immediate supervisors from regional cooperatives. The aim of the training was to increase understanding and competence in both strategic and operational work capacity management.

According to the cooperatives, the most important goal for the training was to find ways to bring the work capacity management into practice after it had been raised to the strategic level. Effectiveness can only be achieved when the entire management chain is committed to promoting work capacity. Encouraged by the excellent feedback from the training, we will also implement similar Group-level coaching in 2024.

SICK LEAVES IN S GROUP DECREASED

S Group’s sick leave absences as a whole decreased by nearly 12% in 2023 compared to the previous year. In terms of infections, there was a decrease of 16%, and self-notified sick leave granted by supervisors decreased by 24%. However, absences due to mental health issues increased by almost 8% and absences due to musculoskeletal issues by nearly 2%.

S Group uses an early support model and provides the possibility to adjust the work to better suit the employee’s ability to work. This allows employees’ well-being to be supported in a targeted fashion, preventing sick leave and maintaining the employee’s working ability better. In the event of illness, S Group has a widely used employee self-notification policy, which is based on mutual trust. For example, our employees can be absent for 1–5 days due to flu symptoms and 1–3 days due to a child’s illness by notifying their supervisor.

THE SUPPORT FOR MENTAL WELL-BEING IN S GROUP IS BASED ON SCIENTIFIC DATA

The systematic promotion of mental health started at S Group with the Nuori Mieli Työssä (Young Minds at Work) project in 2017. The Mielen tuki (Support for the Mind) model started as a project and has since become widely rooted in S Group as an everyday operating model. 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 practical measures included in the model include the Mielen Chat service, Mielen Sparri coaching, the provision of short-term psychotherapy, an occupational health psychologist’s guidance to preventive services, strengthening the support of immediate supervisors in addressing situations and training for supervisors.

2023



Studies have found Mielen Chat, Mielen Sparri and short-term psychotherapy to support coping

In 2023, the age range of people contacting Mielen Chat was 17–62. The most common reasons for contacting Mielen Chat were anxiety and mood symptoms, stress and exhaustion, stress factors in personal life, and concern for one’s own health and coping. The number of contacts due to work-related issues increased in 2023, where 29% of all Mielen Chat contacts were related to work, while the figure was 12% in 2019–2022. Of the contacts, 41% were directed to Mielen Sparri and 55% to occupational health based on medical concerns.

After a period of Mielen Sparri coaching, 51% of respondents felt that their ability to cope with work had significantly improved, and 61% of respondents felt that their ability to cope with personal life had significantly improved.

Short-term psychotherapy provided by occupational healthcare has also proven to be an effective treatment for personnel based on a follow-up study. Based on questionnaires at the beginning and end of the short-term psychotherapy periods, the severity level of symptoms was alleviated during the treatment period from a moderate level to a mild level. Psychological symptoms were significantly reduced and the perceived psychological well-being and functional capacity were significantly improved during the treatment period. In addition, high-risk behaviour (aggression, self-harm) decreased significantly.

2023

Workplace community mediation in SOK's teams

SOK has added questions to the annual workplace community survey to chart the team members' possible experiences of harassment, inappropriate treatment or bullying. The questions are intended to signal that we invest in well-functioning work communities, and that all experiences of inappropriate behaviour that have been brought to our attention will be investigated without delay while supporting the teams.

In addition to HR professionals and the occupational safety representative, the teams are supported by a workplace community mediator if necessary. Mediation is a forward-looking process for jointly seeking lasting positive solutions. The professional mediator interviews the people involved and charts the situation and the stress factors of the people involved. Team members and managers can talk to the mediator confidentially. Matters are discussed together in a respectful atmosphere where there is no intention to apportion blame, but instead to improve common understanding and the teams' interaction skills. In a discussion, the aim is to create common ground rules or an agreement. After the meeting, the team meets regularly to identify progress towards the set goals. The goal is for each team member to succeed in their team as themselves and for everyone to commit to the jointly agreed ground rules.

Professional mediation is a way to support good leadership and help teams. At best, it can turn conflicts into a resource for the workplace community. Mediation is also a learning process. According to feedback from the team members, the experiences have been positive almost without exception. According to the feedback, mediation has brought clarity to the everyday life of the teams and improved cooperation and interaction. Criticisms have mainly come from delays in the handling of cases.

S Group has zero tolerance for inappropriate behaviour both at the customer interface and within workplace communities. Resolution models and recommendations have been developed to support personnel on how to act if they encounter unpleasant situations. Everyone has the right to a safe and respectful working environment.

THE COMMON GOAL OF A SAFE WORKING LIFE

The unstable state of the world is reflected in the everyday work of S Group employees, such as through the inappropriate conduct of customers. There is zero tolerance for inappropriate conduct both when interacting with customers and within the working community. S Group has resolution models for addressing threat and disturbance situations, workplace bullying and disruptive behaviour as well as post-traumatic aftercare models.

In addition, with our own communication, we support the Ollaan ihmisiksi campaign of the Finnish Commerce Federation and the Service Union United PAM, which aims to inspire citizens to think about their own role in promoting the well-being of those who do customer service work.

Ensuring an undisruptive working environment and properly addressing challenging customer situations have also been strongly featured as subjects in our own forums. For example, the Yhteishyvä magazine discussed the harassment experienced by our personnel at work and published a large, multi-channel content package at the beginning of 2024.

There is zero tolerance for inappropriate conduct both when interacting with customers and within the working community.

THE AVAILABILITY AND RETENTION OF PERSONNEL IS IMPROVED SYSTEMATICALLY

S Group is a desirable employer, and it receives about 200,000 job applications each year. Despite our good employer reputation, we recognise that the future changes in the demographic structure will also challenge us in attracting applicants. The number of people of working age will decrease in the coming years, and the work and expectations of personnel are constantly changing. The challenges in the availability of labour and employee retention apply to both the customer service work in the outlets and expert work at a national scale. As the largest private employer in Finland, we have a unique ability and possibility to contribute to the attractiveness of businesses and companies in our industry staying at a good level, and to ensure that S Group's companies are good places to work and develop your professional skills, both today and in the future.

At S Group, we have worked hard to identify and develop our strengths and development targets. Based on these, we have worked together to build a playbook so that we can more systematically share best practices and support materials for the local development of availability and retention. The playbook is a constantly updated package to promote the availability and retention of personnel, and it is based on four themes that affect availability and retention in a comprehensive way. These are the attraction, remuneration and livelihood of labour; competence and career paths, employee-oriented management; improving work productivity; and the employee's daily work experience. These four areas contain a total of 54 subsections which are developed in close cooperation with the professionals of S Group companies.



A workplace community where diversity is respected and supported enables equal treatment and equal opportunities for everyone. As Finland's largest private employer, we are closely involved in building the Finland of the future, which is increasingly diverse and where no one is discriminated against because of their background or personal characteristics. Respect, non-discrimination and equality are at the core of cooperatives, but we also take action and make decisions to promote these values. It is important to us that all our employees are free to be themselves.

WE PROMOTE DIVERSITY AND EQUALITY

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.

We have paid more attention to the diversity of our Group and work communities, and have tried to raise awareness of diversity and related phenomena through means such as various training courses. We have thought about the use of religious symbols, and we provide scarfs as part of workwear. We have been defending sexual and gender minorities in Helsinki Pride for the past six years, and in 2023, we also supported the activities of Seta – LGBTI Rights in Finland. We employ people of 82 different nationalities.

AN INCREASING PORTION OF S GROUP EMPLOYEES COME FROM ABROAD

S Group has excellent prerequisites for succeeding in attracting and engaging foreign-language and international experts. S Group's employees currently include more than 80 different nationalities and slightly more than 1,000 non-Finnish citizens. In particular, in the travel and hospitality industry in the Helsinki metropolitan area as well as in Northern Karelia and Lapland, multiculturalism has long been a part of everyday life. There are already a lot of foreign-language speakers and immigrants in our workplace communities. For example, about 300 chefs have arrived from the Philippines to work in different parts of S Group over the past ten years, and their skills and work ethics are highly valued.

With these actions, we are doing our part to address the fact that, due to Finland's demographic development and the transformation of work, the availability of personnel is an increasing challenge in the service sectors. Typically, more professionals are needed in restaurants and hotels as well as in supermarkets and ABC service stores in certain seasons and regions. The availability challenges will increase in the future, and the need for foreign-language and international recruitment will be even more significant.

2023



HOK-Elanto develops its diverse work culture through job trials with language support

The first job trials with language support were started in HOK-Elanto stores in spring 2023. The model was developed in cooperation with OSKE, the Omnia Skills Centre in Espoo, and it allows people to learn about the commercial sector and learn the Finnish language in a practical environment. The model has been received well, and the job trials have resulted in new employees for HOK-Elanto.

The Espoo OSKE acts as an intermediary, referring people with immigrant backgrounds who want to find employment in the trade sector to the job trials. The job trial lasts for three months, during which the participants work in grocery stores across Espoo.

The job trial model is conducted once a year, and it receives important support in the form of a Finnish language teacher, who participates in processes such as the initial interviews and training on the use of the cash register. The teachers also help the outlets with possible communication challenges.

The job trial participants receive induction training for their working life period in a school setting for two weeks before the trial begins. In HOK-Elanto, job trial participants perform the same tasks as other salespersons, i.e. the shelving of products and customer service, and some have also had the opportunity to try working at the cash register.

Once a week, the participants gather at HOK-Elanto's training facilities to practice skills such as the use of the cash register and to discuss the language and cultural situations encountered during the week.

Customer service situations have gone well, as the participants are able to seek out a more experienced salesperson to help them if necessary. Usually, when such situations have occurred, there have been problems with language comprehension. At the end of the work period, many had felt encouraged to use the Finnish language and were already communicating better without the help of a teacher.

In the future, job trials with language support may be one solution to the shortage of labour in the commercial sector. HOK-Elanto and the Espoo OSKE will continue to cooperate on the language-supported job trial, at least for the time being.



AGE IS JUST A NUMBER

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.

As such, we do not ask job seekers for information such as their year of birth or age in job applications. 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.

EMPLOYEE DIVERSITY

82

NATIONALITIES

36

AVERAGE AGE OF EMPLOYEES

PERSONNEL AGE DISTRIBUTION	2021	2022	2023
Share of employees aged under 25 (%)	25.5	26.8	**26.6**
Share of employees aged over 50 (%)	20.9	19.9	**20.5**
Share of employees aged 50–59 (%)	16.6	15.4	**15.2**
Share of employees aged 60 or more (%)	4.3	4.4	**5.3**

COMMITMENT TO THE WOMEN'S EMPOWERMENT PRINCIPLES

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

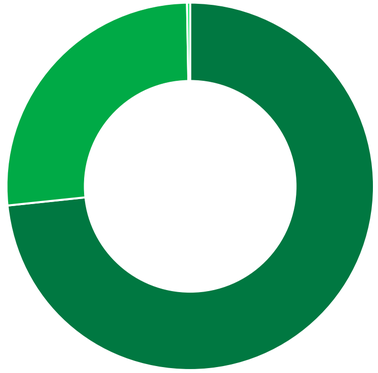
By signing the commitment, we are supporting the objective of the principles to promote equality in working life and extensively support the realisation of inclusion and diversity. As part of our commitment to these principles, we also participated in the WEPs Activator capacity-building programme coordinated 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	2021	2022	2023
Share of women among board members (%)	22.2	22.2	**22.2**
Share of women among Corporate Management Team members (%)	33.3	33.3	**33.3**
Share of women in supervisory positions (%) *	52.0	49.4	**49.5**

*) The figures do not include Inex or Estonia.

S GROUP	2021	2022	2023
Share of women among board members (%)	32.7	32	**32.5**
Share of women among Corporate Management Team members (%)	33.3	35	**34.4**
Share of women in supervisory positions (%) *	59	59.5	**59.6**

*) The figures do not include Inex or Estonia.



GENDER DISTRIBUTION OF S GROUP EMPLOYEES IN 2023, %

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

GENDER DISTRIBUTION OF S GROUP EMPLOYEES	2021	2022	2023
Women, %	74	74	**74**
Men, %	26	26	**26**
Other, %	0	0	**0**
I'd rather not say / NA, %	0	0	**0**

SHARE OF NEWLY RECRUITED PERMANENTEMPLOYEES BY GENDER	2021	2022	2023
Women, %	73.2	71.7	**69.8**
Men, %	26.6	28	**29.7**
Other or does not wish to specify, %	0.2	0.3	**0.5**

THE COMMERCIAL SECTOR SERVES AS A BRIDGE TO WORKING LIFE FOR YOUNG PEOPLE – 17,000 SUMMER EMPLOYEES

S Group is one of Finland's largest employers of young people. In 2023, we offered over 17,000 young people summer jobs or internships, and during the summer season, 41% of our personnel were aged 25 or under. 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 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.

S Group is one of Finland's largest employers of young people. In 2023, we offered over 17,000 young people summer jobs or internships.

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 Tutustu ja tienaa (Learn and Earn) trainees, and it can be found at s-ryhmä.fi↗.

In 2023, we were again one of the main partners of the Responsible Summer Job campaign.

2023



Summer jobs at PKO for more than 100 young people with special needs

A diverse and tolerant work community is an important value of the Northern Karelia Cooperative Society (PKO), and part of its responsibility work.

For more than 10 years, PKO has been offering job opportunities to young people with special needs and intellectual disabilities, as well as inviting young people to summer job interviews also on social grounds.

In 2023, PKO hired 120 young people with special needs and 11 special youth counsellors for summer jobs. The counsellor's task is to guide young people with special needs who cannot function without personal guidance.

The special youth counsellor who worked at PKO's ABC Marjala in Joensuu was selected as the summer worker of the year for 2023 in a competition organised by the Oikotie Työpaikat and the Vastuullinen Kesäduuni (Responsible Summer Job) campaign. A year earlier, PKO received the Vuoden kesätyökäytäntö (Summer Work Practice of the Year) honourable mention in the same competition after hiring the counsellors for the first time.

PKO will continue the practice in summer 2024 and will hire 160 young people with special needs, as well as assistants.

S Group's external reporting and communication are primarily developed in line with the expectations of co-op members, employees and other stakeholders. The reporting obligation according to the Sustainability Reporting Directive (CSRD) also applies to S Group, and we will be reporting sustainability information in accordance with European Responsibility Standards (ESRS) starting from the reporting year 2025.

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 2023, 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	142	2021
ACTIVITIES AND WORKERS			
2–6	Activities, value chain and other business relationships	6–8, 46	2021
2–7	Employees	8, 116–117	2021
GOVERNANCE			
2–9	Governance structure and composition	21–22	2021
2–10	Nomination and selection of the highest governance body	28–33	2021
2–11	Chair of the highest governance body	31–33	2021
2–12	Role of the highest governance body in overseeing the management of impacts	28–32, 38–39	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	28–32, 38–39	2021
2–23	Policy commitments	Ethical principles S Group's human rights principles	2021
2–24	Embedding policy commitments	37–39, 95	2021
2–25	Processes to remediate negative impacts	42–43, 97, 132–133	2021
2–26	Mechanisms for seeking advice and raising concerns	98	2021
2–28	Membership associations	43	2021
STAKEHOLDER ENGAGEMENT			
2–29	Approach to stakeholder engagement	41–43	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, 69, 95, 113, 120, 130	2021

ECONOMIC IMPACTS

CODE	CONTENT	LOCATION	STANDARD VERSION
ECONOMIC PERFORMANCE			
201–1	Direct economic value generated and distributed	7–8, 46	2016
201–2	Financial implications and other risks and opportunities due to climate change	130–133	2016
INDIRECT ECONOMIC IMPACTS			
203–1	Infrastructure investments and services supported	7, 11–20, 46	2016
203–2	Significant indirect economic impacts	11–20, 46–50	2016
PROCUREMENT PRACTICES			
204–1	Proportion of spending on local suppliers	47, 58–59, 101	2016
ANTI-CORRUPTION			
205–2	Communication and training about anti-corruption policies and procedures	35, 100	2016
TAX			
207–1	Approach to tax	48–49	2019
207–4	Country-by-country reporting	48–49	2019

ENVIRONMENTAL IMPACTS

CODE	CONTENT	LOCATION	STANDARD VERSION
MATERIALS			
301–3	Reclaimed products and their packaging materials	90–91	2016
ENERGY			
302–1	Energy consumption within the organisation	74–76	2016
302–3	Energy intensity	74	2016
302–4	Reduction of energy consumption	74–77	2016
WATER AND EFFLUENTS			
303–1	Interactions with water as a shared resource	83–84	2018
303–2	Management of water discharge-related impacts	83–84	2018
303–5	Water consumption	83	2018
BIODIVERSITY			
304–2	Significant impacts of activities, products and services on biodiversity	78–82	2016

CODE	CONTENT	LOCATION	STANDARD VERSION
EMISSIONS			
305–1	Direct (Scope 1) GHG emissions	71–72	2016
305–2	Energy indirect (Scope 2) GHG emissions	71–72	2016
305–3	Other indirect (Scope 3) GHG emissions	73	2016
305–4	GHG emissions intensity	72	2016
305–5	Reduction of GHG emissions	69–70, 131	2016
WASTE			
306–1	Waste generation and significant waste-related impacts	90	2020
306–2	Management of significant waste-related impacts	85–91	2020
306–3	Waste generated	90	2020
306–4	Waste diverted from disposal	90	2020
306–5	Waste directed to disposal	90	2020
SUPPLIER ENVIRONMENTAL ASSESSMENT			
308–1	New suppliers that were screened using environmental criteria	103	2016

SOCIAL IMPACTS

CODE	CONTENT	LOCATION	STANDARD VERSION
EMPLOYMENT			
401–1	New employee hires and employee turnover	117	2016
OCCUPATIONAL HEALTH AND SAFETY			
403–2	Hazard identification, risk assessment, and incident investigation	108–110	2018
403–3	Occupational health services	108–110, 117–118	2018
403–4	Worker participation, consultation, and communication on occupational health and safety	108–110, 117–118	2018
403–5	Worker training on occupational health and safety	109	2018
403–6	Promotion of worker health	108–109, 116–119	2018
403–7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	111, 119, 107	2018
403–9	Work-related injuries	110, 118	2018
DIVERSITY AND EQUAL OPPORTUNITY			
405–1	Diversity of governance bodies and employees	122–123	2016
NON-DISCRIMINATION			
406–1	Incidents of discrimination and corrective actions taken	120–123	2016
CHILD LABOR			
408–1	Operations and suppliers at significant risk for incidents of child labor	96	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	96, 101	2016
SUPPLIER SOCIAL ASSESSMENT			
414–1	New suppliers that were screened using social criteria	103	2016
414–2	Negative social impacts in the supply chain and actions taken	103, 107	2016
CUSTOMER HEALTH AND SAFETY			
416–1	Assessment of the health and safety impacts of product and service categories	54–57, 111–112	2016
CUSTOMER PRIVACY			
418–1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	113–114	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 2023, the number of solar panels at our outlets had grown to more than 120,000, 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 2023 26/3/2024

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 over 40,000 people with retail sales total of €14.2 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 2,000 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 (32 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	01/01/2023–31/12/2023

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 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 106 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	34,900
Scope 2: Indirect emissions from the use of purchased electricity, steam, heating, and cooling	Location based: 112,700 Market based: 34,500
Upstream scope 3 emissions	
Category 1: Purchased goods and services	5,414,300
Category 2: Capital goods	700
Category 3: Fuel- and energy-related activities (not included in scope 1 or scope 2)	21,900
Category 4: Upstream transportation and distribution	121,000
Category 5: Waste generated in operations	20,800
Category 6: Business travel	1,900
Category 7: Employee commuting	11,800
Category 8: Upstream leased assets	N/A
Other	N/A
Downstream scope 3 emissions	
Category 9: Downstream transportation and distribution: Customer transportation to and from outlets	267,700
Category 10: Processing of sold products	N/A
Category 11: Use of sold products	2,299,000
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	113,600
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 2023: **https://www.stat.fi/tup/khkinv/khkaasut_polttoaineluokitus.html** · Gas: Statistics Finland Fuel Classification 2023: **https://www.stat.fi/tup/khkinv/khkaasut_polttoaineluokitus.html** · Refrigerant leaks: The Finnish Environment Institutes publication: **https://helda.helsinki.fi/items/dc792473-4a97-4d52-a32d-9b0c49449c99**, SKLL Suomen Kylmäliikkeiden Liitto **https://www.kylmaextra.fi/files/543/Maaraaikaishuollon_suositus_v2.pdf**, **https://www.linde-gas.fi/fi/products_ren/refrigerants/hfo_gases/r452a/index.html**
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: 115 kg CO_2/MWh; **https://pxhopea2.stat.fi/sahkoiset_julkaisut/energia2021/html/suom0011.htm** · District heat (marked-based): location specifid emission factors **https://www.klpaastolaskuri.fi/** Certificates of Origin in a few properties · District heat (location-based): Finland average district heat mix, 5-year average: 135 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 2023 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 2023 from local service provider used, 0 kg CO_2/MWh; **https://www.tampereenenergia.fi/tampereen-energia/energia/energiantuotannon-paastot/** · Cooling: real estates located in Turku region, thus emissions factor in 2023 from local service provider used, 0 kg CO_2/MWh; **https://www.turkuenergia.fi/vastuullisuus/energian-alkupera** · Cooling: real estates located in Espoo region, thus emissions factor in 2023 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 2023; 715 g CO_2/kWh; **https://www.aib-net.org/sites/default/files/assets/facts/residual-mix/2022/AIB_2022_Residual_Mix_Results_.pdf** · 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 service	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). Consumption of fresh water based on consumption in m3 as measured and registered in the S Group real estate system. Emission factors (secondary data): Lifecycle emissions factors were taken from different sources including: SYKE 2019: **https://helda.helsinki.fi/server/api/core/bitstreams/2a58d55b-0006-4413-b2c7-22310fc4c575/contenthttps://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/** Fresh water: HSY Energy and material balances and greenhouse gas emissions, 2023	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 inflation, correction was done for emission calculations that are based on spend (€). The consumer price index was compared to year 2019 as the € based Envimat factors are from year 2019. The change between consumer price index during years 2019 and 2023 is 16.65% so the correction factor used for € based factors was 0.8335. Fresh water: Coverage: all countries. Method: water (m^3) multiplied with the respective emissions factor.	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 by building type.	Coverage: Finland Method: Method: Calculations are based on carbon footprint analyses done for a set of constructed S Group's buildings in Finland in 2022–2023. Average emission factors (carbon footprint) per square meter were derived for each building type constructed in 2023. 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%

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 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 2021, 2022 and 2023 **https://gov.uk/government/publications/greenhous-gas-reporting-conversion-factors-2021** **https://gov.uk/government/publications/greenhous-gas-reporting-conversion-factors-2022** **https://gov.uk/government/publications/greenhous-gas-reporting-conversion-factors-2023**	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 2022 as 2023 mix was not yet available at the time of reporting.	0%
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/** 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 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 emissions are calculated according to distance calculations and shipping weight. e-commerce deliveries are not included in the calculation.	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. **https://www.ilmastolaskuri.fi/** HSY Energy and material balances and greenhouse gas emissions, 2023	Coverage: all countries Method: waste per type (tonnes) and waste water (m^3) 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%

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 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://tieto.traficom.fi/fi/tilastot/liikennekaytossa-olevat-henkiloautot-kayttovoimat-paastot-ja-keski-ika** Transportation methods: Kaupunkiympäristön Helsinkiläisten liikkumistottumukset 2022: **https://www.hel.fi/static/liitteet/kaupunkiymparisto/julkaisut/julkaisut/julkaisu-06-23.pdf** Liikenne- ja viestintäviraston Henkilöliikenne tutkimus 2021: **https://www.traficom.fi/sites/default/files/media/file/HLT_Faktakortti_ty%C3%B6matkat_ja_et%C3%A4ty%C3%B6.pdf**	Coverage: Finland Method: Calculation made based on 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%
Downstream scope 3 emissions			
Category 9: Downstream transportation and distribution	Emission factors (secondary data): Emissions factors for local transportation: WWF Climate Calculator (based on LIPASTO database): **www.ilmastolaskuri.fi** Emission factors for cars: **https://tieto.traficom.fi/fi/tilastot/liikennekaytossa-olevat-henkiloautot-kayttovoimat-paastot-ja-keski-ika** Transportation methods: Kaupunkiympäristön Helsinkiläisten liikkumistottumukset 2022: **https://www.hel.fi/static/liitteet/kaupunkiymparisto/julkaisut/julkaisut/julkaisu-06-23.pdf** HSL Liikkumistapatutkimus 2018: **https://www.hsl.fi/sites/default/files/hsl_julkaisu_9_2019_netti.pdf** Liikenne- ja viestintäviraston Henkilöliikenne tutkimus 2021: **https://www.traficom.fi/sites/default/files/media/publication/valtakunnallinen%20henkil%C3%B6liikennetutkimus_paaraportti_20230406.pdf**	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 2023. Emission factors (secondary data): TTW emissions factors provided by S Group fuel sourcing company NEOT based on actual fossil to bio mixes in 2023. 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. Calculation is limited to fuel sold.	100%
Category 15: Investments	Data used: MSCI data from those direct shares and bonds	Coverage: limited to stock/equity funds. Method: Emissions allocation per investment/fund to S Group/FIM.	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 (0116323-1) (hereafter “SOK” or the “Company”) to provide limited assurance on greenhouse gas data and other selected sustainability indicators presented in S Group’s Annual and Responsibility Report 2023 (hereafter “Selected Sustainability Information”) for the year ended 31 Dec 2023.

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’ 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 in accordance with the reporting criteria, i.e. the Company’s reporting guidelines and GRI Sustainability Reporting Standards. The Management is also responsible for determining SOK’s objectives 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 requires that we plan and perform the engagement to obtain limited assurance about whether the Selected Sustainability Information is free from material misstatement. The nature, timing and extent of the assurance procedures selected depend on professional judgement, including the assessment of material misstatement due to irregularity or error. We believe that the evidence we obtain is sufficient and appropriate to provide a basis for our conclusion on limited assurance.

We are independent of the Company in accordance with the ethical requirements applicable in Finland to the engagement we have undertaken and have fulfilled our other ethical obligations under those requirements.

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.

Procedures performed

A limited assurance engagement on the 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 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, 26 March 2024

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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