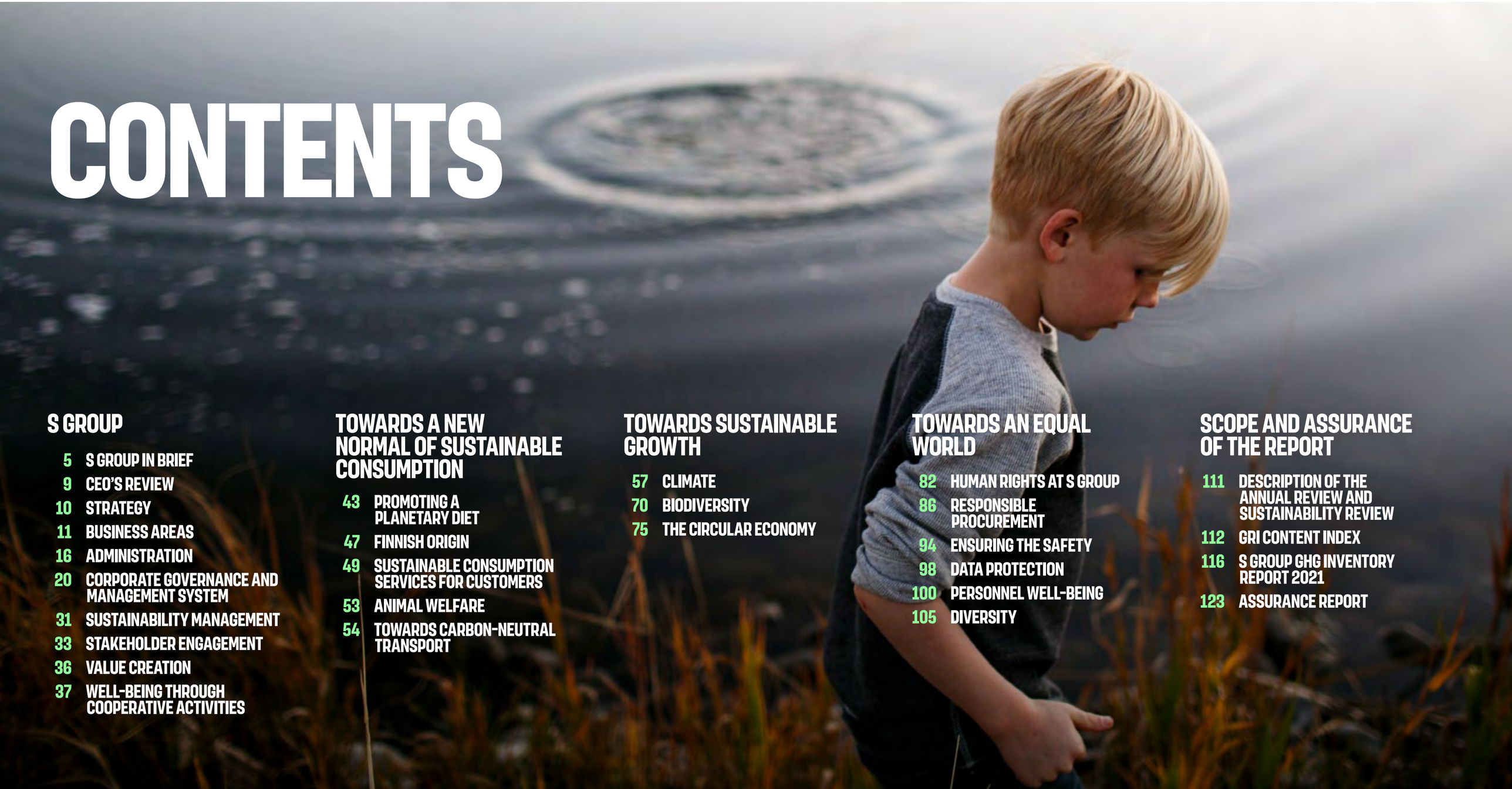


2021

S GROUP AND SUSTAINABILITY 2021

CONTENTS



S GROUP

5 S GROUP IN BRIEF
9 CEO'S REVIEW
10 STRATEGY
11 BUSINESS AREAS
16 ADMINISTRATION
20 CORPORATE GOVERNANCE AND MANAGEMENT SYSTEM
31 SUSTAINABILITY MANAGEMENT
33 STAKEHOLDER ENGAGEMENT
36 VALUE CREATION
37 WELL-BEING THROUGH COOPERATIVE ACTIVITIES

TOWARDS A NEW NORMAL OF SUSTAINABLE CONSUMPTION

43 PROMOTING A PLANETARY DIET
47 FINNISH ORIGIN
49 SUSTAINABLE CONSUMPTION SERVICES FOR CUSTOMERS
53 ANIMAL WELFARE
54 TOWARDS CARBON-NEUTRAL TRANSPORT

TOWARDS SUSTAINABLE GROWTH

57 CLIMATE
70 BIODIVERSITY
75 THE CIRCULAR ECONOMY

TOWARDS AN EQUAL WORLD

82 HUMAN RIGHTS AT S GROUP
86 RESPONSIBLE PROCUREMENT
94 ENSURING THE SAFETY
98 DATA PROTECTION
100 PERSONNEL WELL-BEING
105 DIVERSITY

SCOPE AND ASSURANCE OF THE REPORT

111 DESCRIPTION OF THE ANNUAL REVIEW AND SUSTAINABILITY REVIEW
112 GRI CONTENT INDEX
116 S GROUP GHG INVENTORY REPORT 2021
123 ASSURANCE REPORT

S GROUP

OUR NEW VISION FOCUSES ON CUSTOMER-ORIENTED OPERATIONS

We want to offer even better, more targeted services to our co-op members and to strengthen their trust relationship with their regional cooperatives. That is why our new vision places customers at the centre of our operations. We will develop our services through a deeper understanding of our customers, as well as data and knowledge-based management. This enables us to significantly increase our value to customers and make doing business with us even more profitable.
P. 10

ONLINE GROCERY SHOPPING SALES INCREASED BY 55%

The role of online shopping continued to grow in importance in the consumer goods and grocery trade. Online grocery shopping increased by approximately 55% from the previous year. The growth rate was faster than the market. The development process was accelerated by the expansion of the pick-up network and the new online grocery shop S-kaupat.fi. More than 200 of S Group's grocery shops are already offering online grocery shopping services. P. 11

SUPPORTING MENTAL HEALTH AMONG YOUNG PEOPLE WITH THE PIDÄ HUOLTA CHALLENGE

The prolonged pandemic overwhelmed the capacity of easy-to-access mental health services. The Pidä Huolta charity challenge organised by Toivon Kärki ry and MIELI ry collected more than one million euros for mental health work among young people. S Group and LocalTapiola donated 500,000 euros as the initial capital and encouraged all of Finland to take care of our young minds. P. 41

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

A PLANETARY DIET SUPPORTS HEALTH AND THE CLIMATE

Eating healthy can also be a good choice for the climate. Our goal is that 65% of the food we sell will be plant-based by the end of 2030. We are already close to the goal; in 2021, plant-based food accounted for 59% of sales.
P. 43

SOKOS HOTELS ALLOW CUSTOMERS TO COMPENSATE FOR THE EMISSIONS OF THEIR HOTEL STAY

Since late 2021, customers of Sokos Hotels have been able to offset the carbon footprint of their hotel stay and breakfast. The hotel chain is the first hotel operator in Finland to offer private customers the opportunity to offset their carbon footprint.
P. 52

NATIONAL ABC CHARGING NETWORK FOR ELECTRIC CARS

S Group aims to build a network of some 1,000 electric car charging stations between 2021 and 2024. The network is planned to cover the whole of Finland. The network is called ABC-lataus, and it will serve customers at S Group's ABC stations, supermarkets and hotels. The first ABC charging stations began service in the spring of 2021, and by the end of the year, 50 of our locations already had ABC charging stations.
P. 54

TOWARDS SUSTAINABLE GROWTH – BY RESPECTING NATURAL RESOURCES

THE ELECTRICITY WE USED WAS PRODUCED FROM RENEWABLE SOURCES

The number of solar panels placed on the roofs and around S Group's properties passed 100,000 at the end of 2021. At the same time, we were the largest producer of solar power in 2021 in Finland. Additionally, our largest wind power investment, Sarvisuo Wind Farm in Simo, is almost at full production capacity already. Following the completion of the Sarvisuo Wind Farm, we are the third largest producer of wind power in Finland. P. 65

S GROUP WILL ASSESS ITS VALUE CHAIN'S ECOLOGICAL FOOTPRINT

S Group will assess its ecological footprint, or the adverse effects of its operations on biodiversity throughout its value chain. The project is carried out by the University of Jyväskylä's JYU.Wisdom resource wisdom community, and it is financed by S Group and Sitra. It can currently be difficult to recognise the adverse ecological effects of the value chain, which includes procurement of products and services. As such, this joint research project aims to develop an open calculation method for adverse ecological effects for use by all organisations. P. 73

OUR INVESTMENTS IN ENERGY EFFICIENCY

We have set an energy efficiency target for S Group for 2030. We are aiming to improve the efficiency of our energy consumption by 30% in comparison to 2015. In 2021, nearly half of the target has already been achieved. P. 63

TOWARDS AN EQUAL WORLD – BY REMOVING INEQUALITY

WE OFFERED SUMMER JOBS FOR 14,000 YOUNG PEOPLE

S Group is one of Finland's largest employers of young people. Even though the summer of 2021 was the second exceptional summer job season due to the coronavirus pandemic, S Group was able to offer summer jobs to approximately 14,000 young people in shops, restaurants, hotels, service stations, and the Sipoo logistics centre. In some cooperatives, the number of summer employees and trainees was even significantly higher than in the previous years. P. 107

RESEARCH AND DEVELOPMENT PROJECT FOR THE DEVELOPMENT OF WORKING HOURS IN THE RETAIL SECTOR

The Finnish Institute of Occupational Health (TTL) studied working hours in the retail sector and their correlation with occupational well-being, using working hour data from cooperatives as material. The project studied the prevalence of various working hours, correlations with sick leave data, and individual variations based on age, employment data and gender. This was the first study of its kind conducted at this scale, and it discovered that the stress related to working hours is fairly well under control, and that sufficient recovery time is possible even after the deregulation of store opening hours, which has caused effects such as increased night-time work. P. 104

S GROUP'S SUSTAINABILITY REPORT REWARDED IN THE HUMAN RIGHTS CATEGORY

S Group's determined human rights work, which has been going on for years, resulted in a win in the human rights series of Vastuullisuusraportointikilpailu, a Finnish sustainability reporting competition. S Group's Annual Report and Sustainability Review was also ranked in the top 10 in the other categories of the competition, namely overall competition, climate change and biodiversity. P. 93

S GROUP

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

5 S GROUP IN BRIEF
9 CEO'S REVIEW
10 STRATEGY
11 BUSINESS AREAS
16 ADMINISTRATION
20 CORPORATE GOVERNANCE AND MANAGEMENT SYSTEM
31 SUSTAINABILITY MANAGEMENT
33 STAKEHOLDER ENGAGEMENT
36 VALUE CREATION
37 WELL-BEING THROUGH COOPERATIVE ACTIVITIES

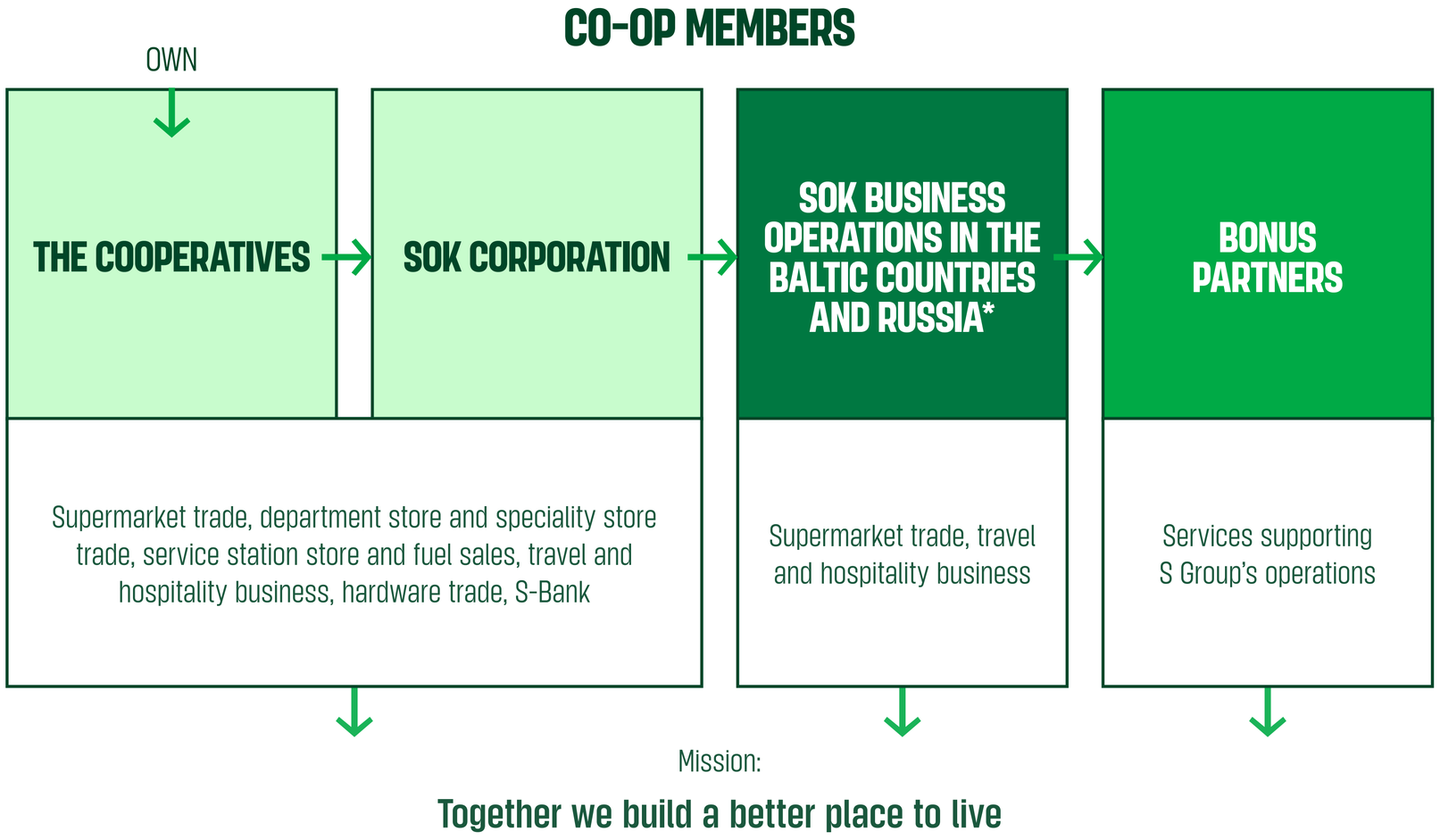
In 2021, S Group's retail sales amounted to around EUR 12.3 billion. With its 38,000 employees, S Group was the largest private sector employer in Finland.

S GROUP IN BRIEF

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

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

Some of SOK's subsidiaries engage in the supermarket trade and the travel and hospitality business in Estonia and Russia*.



*As of 4 March 2022, SOK has decided to close all business operations in Russia.

REGIONAL COOPERATIVES AND INTERNATIONAL OPERATIONS IN 2021

REGIONAL COOPERATIVES

Helsinki
Helsinki Cooperative Society Elanto

Joensuu
Northern Karelia Cooperative Society

Jyväskylä
Osuuskauppa Keskimaa

Kajaani
Maakunta Cooperative Society

Kirkkonummi
Varuboden-Osla Handelslag Cooperative Society

Kokkola
KPO Cooperative Society

Kouvola
Kymen-Seudun Osuuskauppa Cooperative Society

Kuopio
PeeÄssä Cooperative Society

Kuusamo
Koillismaa Cooperative Society

Lahti
Hämeenmaa Cooperative Society

Lappeenranta
Southern Karelia Cooperative Society

Mikkeli
Suur-Savo Cooperative Society

Oulu
Arina Cooperative Society

Pori
Satakunta Cooperative Society

Rauma
Keula Cooperative Society

Salo
Suur-Seutu Cooperative Society

Seinäjoki
Etelä-Pohjanmaan osuuskauppa Cooperative Society

Tampere
Pirkanmaan Osuuskauppa Cooperative

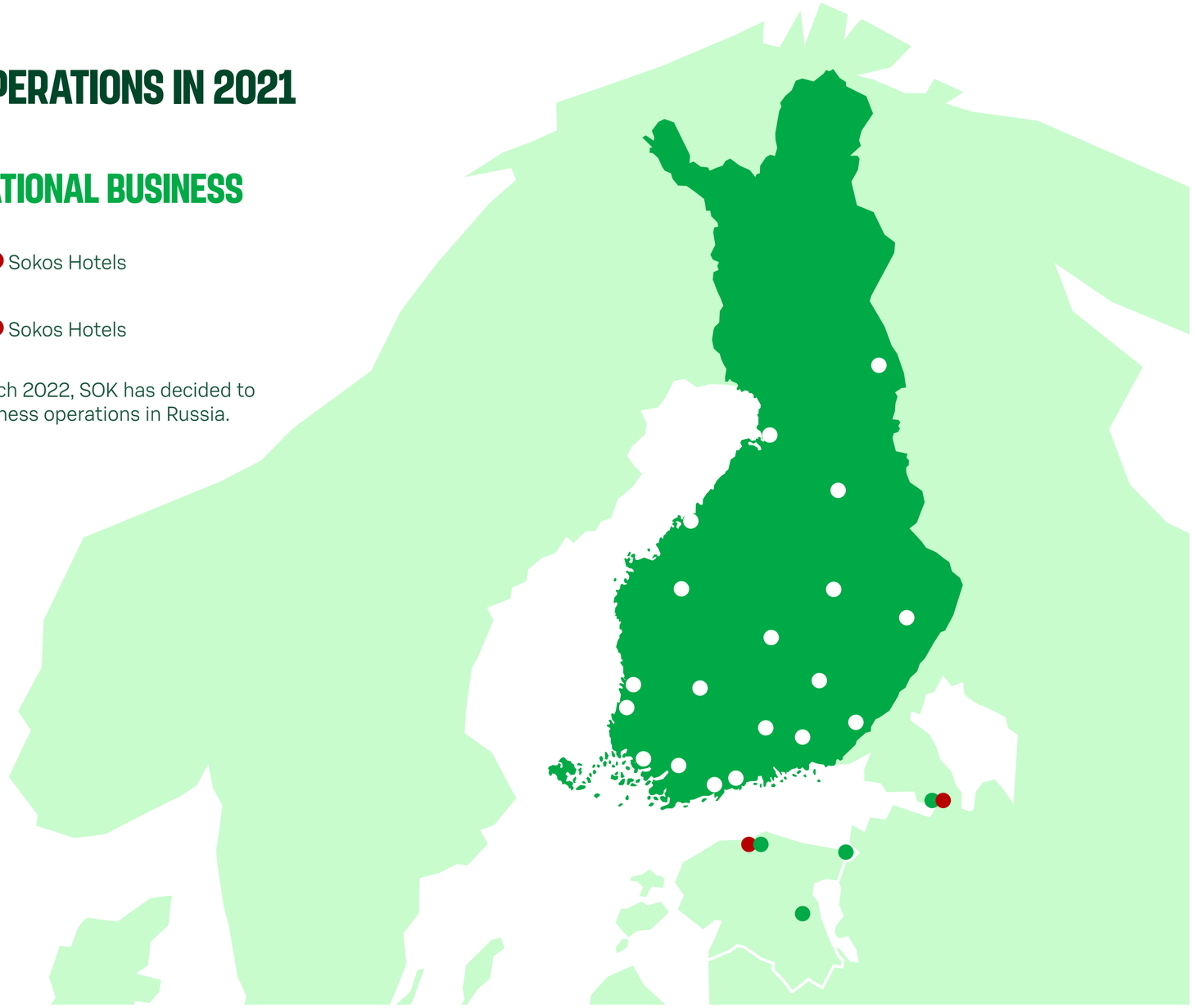
Turku
Turku Cooperative Society

INTERNATIONAL BUSINESS

Russia*
● Prisma ● Sokos Hotels

Estonia
● Prisma ● Sokos Hotels

* As of 4 March 2022, SOK has decided to close all business operations in Russia.



S GROUP IN FIGURES

S Group's result improved significantly from the previous year, even though the coronavirus pandemic continued to have a very mixed impact on the sales and result of the business areas. In the supermarket trade, sales increased and produced an excellent result in 2021. In the travel and hospitality business, the year was almost as gloomy as the first year of the pandemic. In the other business areas, things were returning closer to normal.

Investments rose to a record level in 2021. Significant investments included the renovation work of the S-market chain and the Sale chain, as well as the construction of the charging station network for electric cars. A wind farm, one of the largest in Finland, will also soon be finished in the Sarvisuo region of Simo.

OPERATING RESULT
280
EUR MILLION

INVESTMENTS
786
EUR MILLION

RETAIL SALES EXCLUDING TAXES BY BUSINESS AREA

BUSINESS AREA	SALES (EUR MILLION, S GROUP TOTAL)	COMPARED WITH THE PREVIOUS YEAR, %
Supermarket trade	9,184	+ 3.2
Hardware trade	110	- 12.4
Service station store and fuel sales	1,780	+ 21.1
Travel and hospitality business	494	+ 12.3
Department stores and speciality stores	245	+ 3.7
Others	516	+ 10.2
S Group total	**12,329**	**+ 5.9**

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

SALES: FINLAND
12,021
EUR MILLION



SALES: ESTONIA
198
EUR MILLION



SALES: RUSSIA
109
EUR MILLION



S GROUP IN TOTAL
12,329
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
2,471,637
MEMBERSHIP OF COOPERATIVES

CASH BENEFITS PAID TO CO-OP MEMBERS
436
EUR MILLION

BONUS
379
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.

PAYMENT OF INTEREST ON MEMBERSHIP FEE

2.7

EUR MILLION

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

RETURN OF SURPLUS

43.5

EUR MILLION

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

PAYMENT METHOD BENEFIT

10.7

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

	2021	2020
Retail sales excluding taxes, EUR million	**12,329**	11,625
Finland	**12,021**	11,337
Estonia and Russia	**307**	289
Operating result, EUR million	**280**	196
Investments, EUR million	**786**	642
Cash benefits paid to co-op members, EUR million	**436**	415
Co-op members*	**2,471,637**	2,453,715
Employees	**39,861**	38,585
Job satisfaction index	**75.8**	76.3
Outlets	**1,909**	1,849
Emissions from S Group's own operations, tCO_2e	**125,800**	120,000
Share of renewable electricity in all electricity consumption at S Group	**100%**	100%
Specific consumption of energy, kWh per gross m^2	**259**	257
Recycling rate, %	**73**	75
Relative food waste in supermarket trade, %	**1.47**	1.41
Coverage of audits of factories in high-risk countries, %**	**97.6**	–
Rate of certification for sales volume of private label products, %		
Coffee	**100**	100
Tea	**100**	100
Cocoa	**100**	100
Cotton	**29**	17
Soy	**83**	70
Share of plant-based products, %	**59**	59
Share of Finnish food products, %***	**74**	72

* Number of co-op members

** The monitoring method of high-risk country audits was changed in 2021, so the figure is not comparable with the previous year.

*** Calculations based on sold food and restaurant purchases (EUR). Specific consumption of energy, recycling rate, relative food waste in supermarket trade and coverage of audits of purchases from high-risk countries do not include the local data.

Assurance report: specific consumption of energy in 2021, emissions from our own operations, recycling rate, relative food waste and coverage of audits of purchases from high-risk countries.

PERSONNEL AND OUTLETS

EMPLOYEES

39,861

S GROUP TOTAL

REGIONAL COOPERATIVES

33,823

EMPLOYEES

SOK CORPORATION

6,038

EMPLOYEES

OUTLETS*

1,909

S GROUP TOTAL

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



CEO'S REVIEW

OVERCOMING DIFFICULT TIMES WITH COOPERATIVE ACTIVITIES

The strengths of S Group and our cooperative activities were apparent in 2021 as our society struggled with the coronavirus pandemic for the second year in a row. S Group's result improved markedly year-on-year, and we made a record amount of domestic investments, nearly EUR 800 million.

Although the pandemic situation seems to be improving, we are still living in exceptional times. In February 2022, we witnessed the start of Russia's attack on Ukraine. As a result of the war, our operating environment has changed significantly from both a societal and corporate perspective. However, we believe that the same strengths that helped us overcome the pandemic will continue to help us in the future.

2021 was characterised by renewals in S Group. A strong focus on our network renewal and concept development projects was also reflected in customer satisfaction. The customer satisfaction results are particularly valuable considering the difficult circumstances that our staff have worked in during the pandemic. We would like to thank every S Group employee for their commitment to serving our customers in the best possible way, under all circumstances. Together, we have succeeded. Our entire logistics chain has done an excellent job ensuring security of supply for Finns. During the restrictions, the cooperatives' multiple business areas allowed them to offer thousands of employees alternative work instead of lay-offs. Our employees have found their work to be meaningful and have thanked the cooperatives for their responsible management during the pandemic.

The changing pandemic situation had a twofold impact on our business operations. Supermarket trade sales rose to a record level. The sales were particularly driven by chain renewals and growing online grocery shopping. Prisma achieved the best result of its history in the consumer goods trade, and was a clear winning concept during the pandemic. Hotels and restaurants suffered the most as the pandemic weakened their operating conditions and results. However, we have the ability and readiness to recover quickly if need be – as was proven by our strong sales in the summer and autumn with the partial lifting of restrictions.

Our new, long-term vision *making your every day taste special* shows the way forward for our group. Our customers' changing needs and knowledge derived from data are increasingly important as guidelines in our operations. Our new vision raises the bar speeds up our pace as we work to provide our customers with better benefits every day – always improving over yesterday. This also means making our everyday operations smoother than before, and providing more multi-channel and personalised services. The S-Business mobile app is the customer's remote control that brings together services and benefits from the co-op membership in a tangible way.

Cooperative activities have a naturally long-term vision, and taking care of people and the environment during the pandemic has paid off. Our hundreds of millions in annual investments create jobs and well-being across the country. These are tangible measures towards creating a better place to live, together with our customers and partners.

S Group's ambitious goal to be carbon-negative in our own operations by 2025 is the bright guiding star of our climate work. We are improving energy efficiency, increasing our ownership of wind and solar power, and building a nationwide electric car charging network for our customers. The scale of the projects is clear from the Sarvisuo Wind Farm in Simo – one of the largest in the country – that comprises half of the entire S Group's electricity production. Our renewal of more than 400 S-market stores is also a large project.

We want to serve our co-op members all over Finland as well as possible. That is why we are constantly renewing our network, and developing and digitalising our concepts. Operating nationwide improves the efficiency and performance of the group's operations. However, our true strength lies on the local level. In a cooperative, the owners are close by, and together we can develop our services for their exact needs.

Hannu Krook, CEO, SOK



A NEW VISION CLARIFIES S GROUP'S COMMON DIRECTION

The global pandemic which has continued for two years now has a powerful impact on businesses and societies, and accelerates existing forces of change. The acceleration is particularly visible in the strengthening of digitality, with more and more consumers using electronic channels.

The cornerstones of our strategy – the cooperative nature of our operations, continuously increasing customer benefits and performance – have also demonstrated their strength during the pandemic. In addition to strategy, our retail group's operations are guided by our mission and vision. Our mission – *Together we build a better place to live* – saw the light of day in 2020. At the beginning of 2022, we launched our new vision, *Making your every day taste special*. Our updated vision also renewed all the central elements guiding our key operations.

Our new vision places customers at the centre of our operations even more prominently than before. This clarifies the common direction of our retail group to develop business operations and services through data with the aim of significantly increasing customer benefits. The vision puts knowledge management and customer consultation in the driving seat of all development.

Through better customer understanding, we will build the competitiveness of our business operations now and in the future. We want to offer continuously improving and more targeted services, and to communicate with our co-op members on an increasing personal level. By putting the financial and other benefits offered by membership into specific terms, we can encourage co-op members to centralise their purchases in the retail group.

In the accelerating change and tough international competition, we must keep a close eye on the efficiency and quality of implementation and on continuous renewal. Our business operations are branching to multiple channels and digitalising at a rapid pace. We are growing especially in the online store and consumer goods trade. New, modern online platforms will improve the customer experience and accelerate development.

We want to provide our customers with the best possible service. That is why we are constantly renewing our network and keeping our services in good shape across Finland, today better than yesterday. It is important for us to strengthen the co-op members' level of trust in their own cooperative. We encourage our co-op members to actively use the S-mobiili app, which gives shape to the benefits and collects them in a single location. Deeper customer understanding and intelligence improve the aim of our services and competitiveness, making membership with us increasingly profitable.

BUSINESS AREAS

SUPERMARKET TRADE

SUCCESSFUL RENEWALS GAVE THE YEAR A BOOST

The coronavirus pandemic and successful renewals of outlets and online platforms helped S Group reach a record result for its supermarket trade in 2021. Our grocery trade grew more than the market. In the consumer goods trade, Prisma reached the best result in its history.

Especially at the beginning of the year and towards the end of the year, the pandemic restrictions had a significant impact on people's daily lives. While restaurants were closed and many were working remotely, food demand was instead directed to grocery stores. Accordingly, cooperatives employed many members of their hotel and restaurant personnel in supermarket assignments. This avoided thousands of lay-offs and, for example, facilitated the labour situation of the strongly growing online sales.

Grocery shopping stabilised compared to 2020. For example, the demand for canned goods evened out, and food market sales picked up. Interest in fish and innovative plant-based products continued. The trend was also reflected in the Finnish Recipe for Success competition, which again introduced Finnish product innovation to S Group's grocery stores.

In the consumer goods trade, products related to the home, cabin, outdoor life and other hobbies were particularly popular. Prisma continued as the country's most popular fashion store. For example, they garnered attention with Tiia Vanhatapio's Arkismi line, which was launched in cooperation with Finlayson.

The prolonged pandemic was reflected in temporary difficulties in product availability in the consumer goods trade. However, overall availability remained at a good level. The rapidly changing pandemic situation made it difficult to anticipate domestic demand for masks and home tests. However, S Group managed to meet demand in an agile manner and ensure inexpensive prices.

The role of online shopping continued to grow in importance in the consumer goods and grocery trade. Online grocery shopping increased by approximately 55% from the previous year. The growth rate was faster than the market. The development process was accelerated by the expansion of the pick-up network and the new online grocery shop S-kaupat.fi. More than 200 of S Group's grocery shops are already offering online



grocery shopping services. On the other hand, the prices of grocery bags in two different stores can be easily compared with the S-mobiili mobile app's new price comparison service.

The focus on customer-oriented development of services and networks was also strongly visible in brick-and-mortar operations. The extensive S-market chain renewal was completed in 2021. Forwarding product wishes was made easier with the national Sinuntoive.fi service. This success was reflected in customer satisfaction and sales growth. The modernisation of the Sale chain also got off to a good start. The new Prisma locations Prisma Varkaus and Prisma Syke in Lahti were opened, and store renewals continued as planned in the chain.

Energy efficiency is an important focus of the store renewals, which is reflected in refrigeration equipment investments, among others. As a result of the sustainability work related to our selections, the certification rate of coffee, cocoa and palm oil reached 100 per cent last year for S Group's private labels. The number of our fish counters with MSC sustainable fishing certificates also increased.

Consumers also considered Prisma to be the most responsible operator in its industry, according to Europe's largest annual sustainability study, Sustainable Brand Index. S-market placed second in the same assessment, right after Prisma.

Our work towards an even better customer experience will continue in 2022. Online grocery shopping continues to be an important area of focus. Prisma will celebrate its 50th anniversary and renew its Prisma.fi online consumer goods store. New outdoor sections are also being launched at Prisma locations as part of the year's celebrations. In hardware trade, S Group's different chains are being harmonised under the Prisma Rauta concept. The grocery and consumer goods trade will introduce new products to their selections in cooperation with Carrefour. The benefits of cooperation projects launched in 2021 will be even more visible to our customers this year.

DEPARTMENT STORES AND SPECIALITY STORES

THE SUMMER STARTED THE RECOVERY FROM COVID-19

The coronavirus pandemic kept city centres quiet in 2021, which put S Group's department store and speciality store trade to the test. The first half of the year in particular impaired operating conditions and made a dent in sales. The summer brought along eased restrictions and turned customer figures into a clear growth path.

Sokos stores were particularly hard hit by the quiet city centres caused by Covid restrictions. In contrast, the Emotion chain managed to do better than expected under the yoke of Covid-19. Its sales last year remained close to pre-pandemic levels. The return of customer flows to brick-and-mortar stores also turned the tide in sales development. The strong growth in sales which began in the summer continued throughout the rest of the year.

The sales of the Sokos.fi online store also developed strongly in the second half of the year. In other words, customers continued to make purchases online in addition to returning the brick-and-mortar stores. Christmas sales in the department store and speciality store trade exceeded target levels, even though the new coronavirus restrictions taxed customer flows. Despite the conditions, the entire business area's sales grew by 3.7% in 2021.

Sales developed favourably in all product areas in the latter half of the year. The demand for products related to home interior decoration increased due to the pandemic, and the product group continued to attract more interest among customers than usual. The return of cultural events and celebrations were evident in the demand for fashion and beauty products. Fashion sales picked up in the autumn after a long lull, and surpassed general market development by a clear mark.

The range of products related to skin and hair care was particularly popular in the beauty product category. Consumers were also interested in various health products. Demand for perfumes and other popular duty-free purchases also remained high throughout the year. On the other hand, recovery in the sales of make-up products lagged behind, as consumers waited for the restrictions to ease and the use of masks to reduce.

Rapid recovery in demand caused challenges in the availability of some products during the second half of the year. This was caused by the drawn-out pandemic and various challenges in both production and the international logistics chain.

Despite the coronavirus restrictions at the turn of the year, the start of the current year gives reason for positive expectations.

In 2022, the Emotion network is set to expand and the concept's competitiveness will be strengthened. We will continue to increase our digital capabilities, and customers will get a chance to explore a new Sokos.fi service.

Once the pandemic subsides, our goal is to return operations to pre-pandemic levels in all areas of operations. Although customer satisfaction developed positively in 2021, our eye is firmly on improving customer experience even further. The key to development is presence in multiple channels, with a focus on customer needs and a competitive product and service range. Helping each customer find their own style is indeed at the core of the services of Sokos, which is celebrating its 70th anniversary.

SALES

245

EUR MILLION

20

SOKOS STORES

38

EMOTION STORES

7

OTHER SPECIALITY STORES



SALES

1,780

EUR MILLION

96

ABC SERVICE STATIONS

339

UNMANNED ABC STATIONS

SERVICE STATION STORE AND FUEL SALES

A NEW BUSINESS AREA IN ELECTRIC CHARGING

Passenger vehicle traffic was more active in 2021 compared to the previous year, but still did not reach pre-pandemic levels. In fact, the pandemic situation and its changes made the year challenging for the ABC chain. However, considering the circumstances, the year was successful and the chain's result was positive.

The pandemic situation strongly affected the operating conditions of ABC restaurants in particular over the past year. Their sales and result suffered from factors including direct restrictions on business and the lack of group travel and large events. On the other hand, clear signs of recovery were visible during the year as the pandemic situation improved, and the sales of restaurants grew compared to the first year of the pandemic.

The supermarkets at ABC service stations were also able to serve customers during the strict restaurant restrictions. In the summer, restrictions were partially lifted and domestic travel was active. The busy season improved the sales of both the restaurants and supermarkets of service stations.

The car wash business was good year-round, and the ABC CarWash network continued to expand. The ABC chain also renewed and expanded its network in other respects. For example, a completely new service station was opened in Pudasjärvi, and the number of fuel stations was increased.

The fuel sales trade improved its result over last year's, and it was also able to increase its market share. In the summer, the ABC chain introduced the new emission-reducing Nero Diesel product to the market. Nero Diesel was available at 19 ABC stations by the end of the year, and the distribution network will be expanded further in 2022.

S Group's objective is to enable the transition towards more sustainable transport in Finland. In addition to fuel development work, the construction of the ABC charging network was started in 2021. The charging station network also meant that the ABC chain entered a completely new business area. Building a national network is a significant investment. The network is expanding rapidly, and the service is being developed in close cooperation with our customers. Indeed, customers with electric cars have been excited to welcome ABC charging.

The number of users of the popular ABC mobile app increased further in the past year. The application covers all services offered by ABC to motorists, as it is now also possible to pay for electric charging through ABC mobile.

As the pandemic and pandemic restrictions continued, the coping and availability of personnel became a challenge. The issue was a point of special attention, and efforts were made to allow employees at service stations to focus on customer service. ABC staff across Finland did an excellent job. This was reflected in the positive development of customer satisfaction and recommendation results. Consumers also considered ABC to be the most responsible operator in its industry, according to Europe's largest annual sustainability study, Sustainable Brand Index.

The development of personnel and investments in job satisfaction will be an important focus for the ABC chain this year, too. In 2022, we will continue to develop mobile services. In addition, the ABC chain website will be updated. We will customise our restaurant and supermarket selections to be even more relevant, and the ABC charging network will be significantly expanded. All of this focuses on developing our customer experience to be even better and smoother.

TRAVEL AND HOSPITALITY BUSINESS

THE SECOND HALF OF THE YEAR BROUGHT HOPE IN THE MIDST OF THE PANDEMIC

The second year of the pandemic was nearly as challenging as the first one for the travel and hospitality business. Especially in the first half of the year, the pandemic restrictions and remote work weakened the sector's operating conditions. They also heavily impacted the results of S Group's hotels and restaurants. In terms of sales, the year was the second gloomiest in the history of the business area. However, the second half of the year showed a rapid recovery in demand for services as society reopened.

Domestic travel in the summer was even more active than in the previous summer. The autumn began with more conservative restrictive measures than the spring, and new measures such as the digital COVID-19 certificate were introduced. Business operations continued to lag behind the levels preceding the pandemic, but the best parts of the year were already in line with normal levels.

In 2021, the number of reservations on the Sokoshotels.fi online service nearly doubled compared to the previous year. Co-op members in particular made use of the diverse services and benefits of the Sokos Hotels chain. Foreign leisure travellers began to arrive at hotels in northern Finland towards the end of the year.

Regional variation and differences between the business areas continued to be high. The most significant challenges were concerning entertainment restaurants and international business travel. Finnish work travel picked up in the second half of the year. The lack of foreign work and leisure travellers affected the operations of hotels in the Helsinki region, in particular. The situation was similar in Tallinn, where the lack of tourists was still reflected in stays at Original Sokos Hotel Viru. In St. Petersburg, travel industry demand recovered faster.

The year was also twofold for employees: lay-offs gave way to labour shortages, and rapidly changing restrictions were difficult to adapt to. However, well-being at work was largely at a similarly high level as before the pandemic. S Group was again able to avoid thousands of lay-offs by offering work for the employees of hotels and restaurants in the supermarket trade. At the same time, this helped to meet the growing demand in the supermarket trade.

The pandemic did not halt the service and network development of hotels and restaurants. A total of 52 new or renewed restaurants were opened in 2021. Rosso Pizza was launched as a new concept. In addition, three new units were opened in the renewed Rosso chain. In our hotel network, Original Sokos Hotel Vaakuna in Kouvola and Original Sokos Hotel Kimmel in Joensuu celebrated their opening. Additionally, a new hotel type, HEYMO by Sokos Hotels, was launched. The first HEYMO will be opened in Keilaniemi, Espoo in spring 2022.

In 2021, consumers considered Sokos Hotels to be the most sustainable hotel brand in Finland for the ninth time in a row. In November, Sokos Hotels began offering consumers the opportunity to offset the carbon emissions of their hotel stay. During the rest of the year, more than 1,000 hotel nights were offset. Providing the service immediately after the legislative changes, and as the first operator in the entire industry was made possible by our long-term sustainability work.

S Group strongly believes in the recovery of the travel industry and hospitality business. Our service development work and network renewal will continue in 2022. We have been able to strengthen our future competitiveness despite the difficult times. In 2021, customer satisfaction reached an excellent level. Customer satisfaction in the hospitality business reached a record high. S Group is ready to quickly restore operations as soon as the pandemic restrictions allow it.





3,1
MILLION CUSTOMERS

OPERATING RESULT
24.8
EUR MILLION

DEPOSITS
7.6
EUR BILLION

S-BANK

IMPROVED RESULT AND RECORD NUMBER OF CARD PURCHASES

Similarly to 2020, 2021 was first and foremost affected by the coronavirus pandemic. As the pandemic has continued, S-Bank has learned to operate in the new environment where digital service channels and services have become increasingly important. As the pandemic situation and restrictions fluctuated, the bank was able to adapt its ways of working and other operations as it had previously.

For S-Bank, the year was good for business, and the group's operating profit grew compared to the previous year. In our banking business, the sum of purchases made in euros with S-Etukortti Visa cards grew by 14.8 per cent. The figure was a record high, and also clearly exceeded the levels preceding the pandemic in 2019. At the end of 2021, S-Bank's payment cards were used in 23.2 per cent of all Bonus purchases made at S Group's stores.

In 2021, the number of mortgage applications was clearly higher than in the previous year, and compared to the market, the increase in mortgage lending was 3.3-fold. This amounts to an increase of 12.5 per cent in mortgage lending. S-Bank's total lending increased by 11.8 per cent from 2020. The result of the asset management business also saw excellent development and increased 2.5-fold over the previous year. The number of co-op members of S-Bank funds increased by approximately 71,000 to approximately 340,000.

One of the most significant events in 2021 was the corporate arrangement implemented in October, in which S Group purchased all S-Bank's shares from the LocalTapiola Group and Elo. The arrangement enabled increasingly close cooperation and better development of services within S Group. The autumn also marked a significant milestone in the history of S-Bank: The bank issued the first publicly listed bond at a value of EUR 170 million.

S-Bank was also busy in the autumn with the start of the bank's brand renewal. As part of the renewal, S-Bank began operating in the asset management business under the single S-Bank brand, ending its use of the FIM brand. Customers have welcomed the renewal.

S-Bank's strategic objective is to achieve a million active customers, meaning customers who consider S-Bank as their main bank. In 2021, we made determined progress towards this objective. The number of active customers grew by approximately 57,000 customers, reaching more than 532,000 customers at the end of the year.

Our starting points for 2022 are good, as indicated by external parties' opinions of S-Bank. During 2021, S-Bank was named the most responsible bank in Finland, the most innovative company in the Finnish financial sector, and the most respected brand. According to studies, S-Bank has the most satisfied and loyal customers. S-Bank also received an award for the equal treatment of its employees and was selected as one of the most inspiring workplaces in Finland.

ADMINISTRATION

SOK'S SUPERVISORY BOARD IN 2021



Matti Pikkarainen (born 1953)
- DTh
- Chair 2013–
- Chair of the Supervisory Board of the Arina Cooperative Society
- Member of the Supervisory Board 2004–



Timo Santavuo (born 1960)
- Lawyer, LLM with court training
- First Vice Chair 2017–
- Chair of the Supervisory Board of the Satakunta Cooperative Society
- Member of the Supervisory Board 2000–



Tapio Kankaanpää (born 1962)
- Managing Director of the Osuuskauppa PeeÄssä cooperative
- Second Vice Chair 2019–
- Member of the Supervisory Board 2018–

Jorma Bergholm (born 1954)
- MSocSc
- Member of the Supervisory Board of the Helsinki Cooperative Society Elanto
- Member of the Supervisory Board 2005–

Kimmo Koivisto (born 1956)
- Farmer
- Chair of the Supervisory Board of the Suur-Seudun Osuuskauppa cooperative
- Member of the Supervisory Board 2007–

Henrik Karvonen (born 1972)
- Managing Director of the Koillismaa Cooperative Society
- Member of the Supervisory Board 2014–

Mikko Lassila (born 1969)
- MSc (Agriculture)
- Chair of the Supervisory Board of the Kymen Seudun Osuuskauppa cooperative
- Member of the Supervisory Board 2021–

Sinikka Kelhä (born 1964)
- Lawyer
- Chair of the Supervisory Board of the Keula Cooperative Society
- Member of the Supervisory Board 2017–

Martti Lokka (born 1967)
- CEO, Building Manager
- Chair of the Supervisory Board of the Suur-Savo Cooperative Society
- Member of the Supervisory Board 2014–

Leena Munter-Ollus (born 1968)
- CEO
- Chair of the Supervisory Board of the Varuboden-Osla Handelslag cooperative
- Member of the Supervisory Board 2020–

Hannu Pelkonen (born 1967)
- Managing Director of the Maakunta Cooperative Society
- Member of the Supervisory Board 2015–

Jarkko Rautaoja (born 1964)
- MSc (Tech)
- Chair of the Supervisory Board of the Osuuskauppa Hämeenmaa cooperative
- Member of the Supervisory Board 2017–

Kim Wrange (born 1968)
- Licentiate of Science (Econ.), Head Lecturer
- Chair of the Supervisory Board of the Pohjois-Karjalan Osuuskauppa cooperative
- Member of the Supervisory Board 2018–

EMPLOYEE REPRESENTATIVES

Ulla Kivilaakso (born 1970)
- Marketing Manager
- SOK Travel Industry and Hospitality Chain Management
- Member of the Supervisory Board 2011–

Anne Mäkelä (born 1965)
- Lawyer, LLM with court training
- Chair of the Supervisory Board of the Osuuskauppa KPO cooperative
- Member of the Supervisory Board 2015–

Timo Rajala (born 1957)
- Project Director
- Chairman of the Supervisory Board of the Pirkanmaan Osuuskauppa cooperative
- Member of the Supervisory Board 2017–

Kari Suninen (born 1963)
- CEO
- Chair of the Supervisory Board of the Southern Karelia Cooperative Society
- Member of the Supervisory Board 2018–

Iiris Merimaa (born 1962)
- Administrative Assistant
- SOK Administrative Services and Risk Management
- Member of the Supervisory Board 2009–

Antti Määttä (born 1966)
- Managing Director of the Keskimaa Cooperative Society
- Member of the Supervisory Board 2013–

Mika Rantanen (born 1959)
- MSc (Education)
- Chair of the Supervisory Board of the Turku Cooperative Society
- Member of the Supervisory Board 2019–

Elina Varamäki (born 1971)
- Vice Principal, Adjunct Professor
- Chair of the Supervisory Board of the Southern Ostrobothnia Cooperative Society
- Member of the Supervisory Board 2016–

SOK'S EXECUTIVE BOARD 2021



Hannu Krook (born 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 (born 1971)
- Managing Director, MSc (Econ)
- KPO Cooperative Society
- Member of SOK's Executive Board since 2019
- With S Group since 1987



Nermin Hairedin (born 1975)
- Managing Director, MSc (Econ)
- Member of SOK's Executive Board since 2019



Rita Järventie-Thesleff (born 1959)
- Professor, DSc (Econ)
- Member of SOK's Executive Board since 2019–



Juha Kivelä (born 1966)
- Managing Director, MSc (Econ)
- Northern Karelia Cooperative Society
- Member of SOK's Executive Board since 2018
- With S Group since 1990



Veli-Matti Liimatainen (born 1969)
- Managing Director, MSc (Econ)
- Helsinki Cooperative Society Elanto
- Member of SOK's Executive Board since 2018
- With S Group since 1995



Harri Miettinen (born 1962)
- Managing Director, MSc (Econ)
- Kymi Region Cooperative Society
- Member of SOK's Executive Board since 2021
- With S Group since 1997



Kimmo Simberg (born 1959)
- Managing Director, Commercial Counsellor, MBA
- Southern Ostrobothnia Cooperative Society
- Member of SOK's Executive Board since 2019
- With S Group since 1988



Olli Vormisto (born 1967)
- Managing Director, MSc (Econ)
- Hämeenmaa Cooperative Society
- Member of SOK's Executive Board since 2017
- With S Group since 1989

SOK CORPORATION'S CORPORATE MANAGEMENT TEAM 2021



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



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



Jari Annala (born 1964)
- EVP, MSc (Econ)
- SOK's business operations
- With S Group since 1989



Päivi Anttikoski (born 1971)
- EVP, MA
- Marketing, Communications and Sustainability
- With S Group since 2021



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



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



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



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



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



SOK CORPORATION'S CORPORATE GOVERNANCE AND MANAGEMENT SYSTEM 2021

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/en/**), 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.

DEVIATIONS FROM THE CORPORATE GOVERNANCE CODE

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

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

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

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

> According to the Statutes, SOK has a two-level governance model; in other words, in addition to the Executive Board and the CEO, the cooperative has a Supervisory Board.

> According to the Statutes, the Supervisory Board elects the Executive Board (Recommendation 5) on the basis of the two-level governance model referred to above.

> According to the Statutes, SOK's Cooperative Meeting elects the members of the Supervisory Board for three calendar years at a time, so that approximately one third of the members of the Supervisory Board are outgoing each year (Recommendation 6). The term of office of three calendar years is justified to maintain the continuity of the work of the Supervisory Board.

> According to the Statutes, SOK's Chief Executive Officer (managing director) acts as Chair of the Executive Board (Recommendation 20). A deviation from the recommendation is justified, as SOK also has a Supervisory Board that supervises the activities of the Executive Board and the CEO (the managing director).

> According to the Statutes, the Supervisory Board decides on the CEO's (managing director's) remuneration (Recommendation 22). A deviation from the recommendation is justified, as the Supervisory Board also elects the CEO, and the CEO acts as Chair of the Executive Board.

> SOK has a remuneration policy, but its content differs from the remuneration policy required by the legislation governing listed companies referred to in the Corporate Governance Code.

- The legislation governing listed companies does not apply to SOK.
- According to the Statutes, the Annual Cooperative Meeting decides on the remuneration of the Chair, Vice Chairs and other members of the Supervisory Board.
- According to the Statutes, the Supervisory Board also decides on the basis of the CEO's remuneration, and the Chair of the Supervisory Board agrees together with the Vice Chairs of the Supervisory Board on the remuneration of the CEO in accordance with the basis of the pay criteria set by the Supervisory Board, and on the remuneration of Executive Board members employed by the cooperative on the basis of the CEO's proposal and in accordance with the basis of remuneration set by the Executive Board.

> The reporting on SOK's remuneration policy is not fully compliant with the remuneration reporting required of listed companies by the Securities Market Act and the Ministry of Social Affairs and Finance Decree on the remuneration policy of and remuneration report by the organisation issuing shares ("legislation governing listed companies") (Recommendations 1, 4, 17, 20 and 22)

> SOK's Supervisory Board has set up an Audit Committee, but its duties, operations and composition differ from the requirements of compelling audit legislation applicable to listed companies, because they are not applied to SOK. (Recommendation 16)

SOK AND S GROUP

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

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

1. **PROMOTE AND DEVELOP THE OPERATIONS OF THE COOPERATIVE ENTERPRISES AND OTHER COMPANIES BELONGING TO THE S GROUP, AS WELL AS GUIDING AND SUPERVISING THE EFFICIENT USE OF THE OVERALL RESOURCES OF THE GROUP;**
2. **MONITOR THE OPERATIONS AND INTERESTS OF THE S GROUP AND ITS SEGMENTS;**
3. **MANAGE THE CENTRALISED SUPPORT AND SERVICE OPERATIONS REQUIRED BY THE S GROUP;**
4. **ENGAGE IN BUSINESS ACTIVITIES IN FINLAND AND ABROAD, IN ITS OWN NAME OR THROUGH ITS SUBSIDIARIES AND ASSOCIATED COMPANIES.**

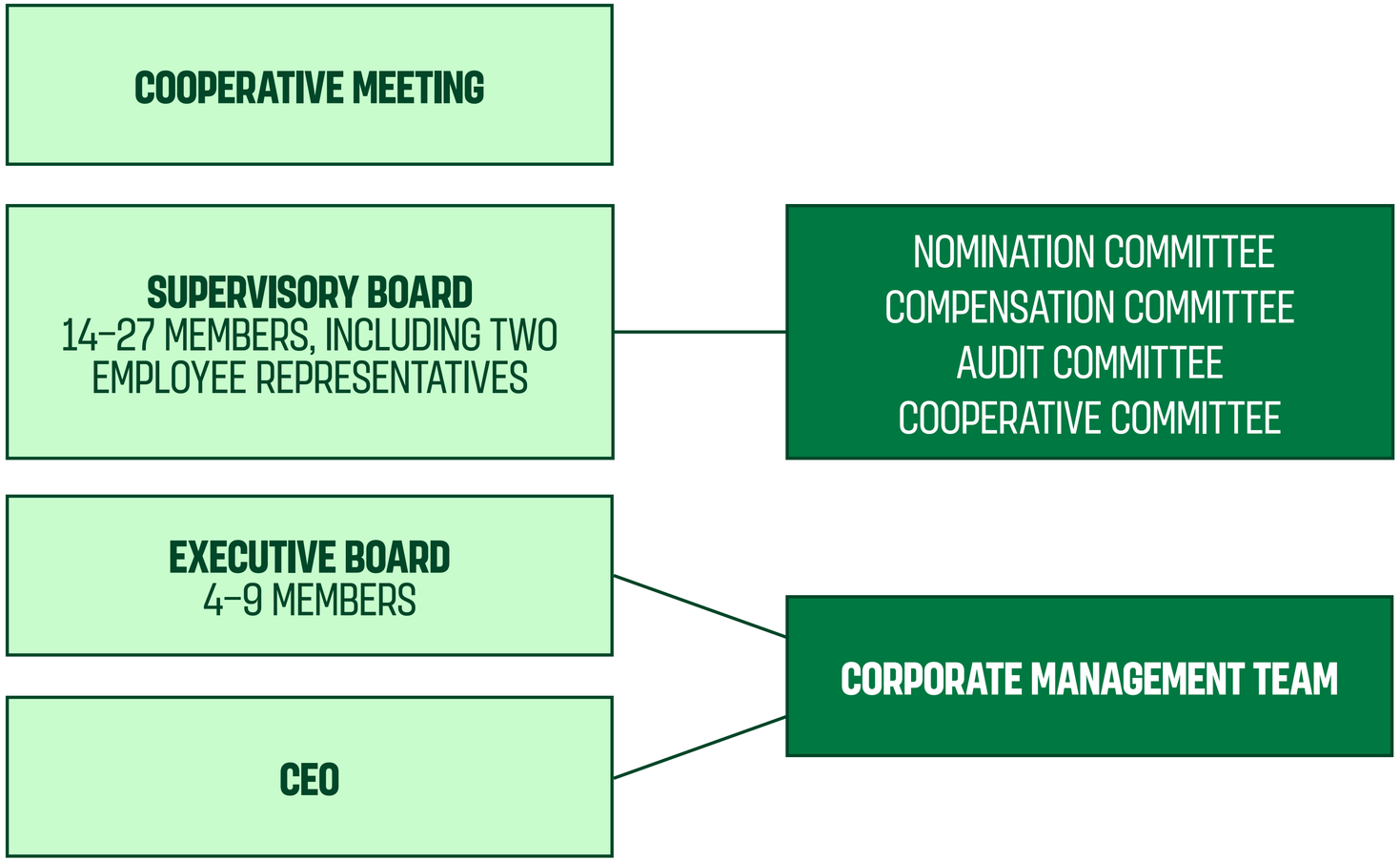
SOK:n SOK Group (SOK Corporation) includes the parent cooperative SOK and its wholly owned subsidiaries. SOK Corporation's organisational diagram (including commercial companies; the companies shown indented are subsidiaries of the company shown above them):

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

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

SOK'S GOVERNANCE MODEL

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



COOPERATIVE MEETING

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

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

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

In 2021, the Annual Cooperative Meeting was held on 22 April. The meeting attended to the matters on its statutory agenda. No Extraordinary Cooperative Meetings were held in 2021.

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

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

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

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

The key duties and the principles of work of the Supervisory Board are specified in the Rules of Procedure approved by the Supervisory Board. The Rules of Procedure are available on the Cooperative's website: **Governance - S Group (s-ryhma.fi)**.

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 Nomination Committee's Rules of Procedure are available on the Cooperative's website: **Governance – S Group (s-ryhma.fi)**.

In 2021, 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
Matti Pikkarainen	1953	DTh	Chair of the Supervisory Board of the Arina Cooperative Society	Chair of the Supervisory Board	100%
Timo Santavuo	1960	LLM with court training	Lawyer	First Vice Chair of the Supervisory Board	100%
Tapio Kankaanpää	1962	MSc (Econ)	Managing Director of the Osuus-kauppa PeeÄssä cooperative	Second Vice Chair of the Supervisory Board	100%
Jorma Bergholm	1954	MSocSc		Member of the Supervisory Board	100%
Anne Mäkelä	1965	LLM with court training	Lawyer	Member of the Supervisory Board	100%

The Nomination Committee convened twice during 2021, and its members' attendance rate was 100%. The committee presented the Supervisory Board with its proposal for the composition of the Executive Board on 11 November 2021.

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 2021, the Compensation 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
Matti Pikkarainen	1953	DTh	Chair of the Supervisory Board of the Arina Cooperative Society	Chair of the Supervisory Board	100%
Timo Santavuo	1960	LLM with court training	Lawyer	First Vice Chair of the Supervisory Board	100%
Sinikka Kelhä	1964	LLM with court training	Lawyer	Member of the Supervisory Board	100%
Martti Lokka	1964		CEO, Building manager	Member of the Supervisory Board	80%
Jarkko Rautaoja	1967	MSc (Tech)	CEO	Member of the Supervisory Board	100%

The Compensation Committee convened five times during 2021, and its members' attendance rate was 96%. The committee presented the Supervisory Board with its proposal for remuneration of the members of the Executive Board on 11/11/2021.

The Compensation Committee's Rules of Procedure are available on the Cooperative's website: **Governance – S Group (s-ryhma.fi)**.

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 2021, the Audit Committee consisted of the following members of the Supervisory Board:

NAME	BORN	EDUCATION	MAIN JOB	ROLE	MEETING ATTENDANCE RATE
Tapio Kankaanpää	1962	MSc (Econ)	Managing Director of the Osuuskauppa PeeÄssä cooperative	Second Vice Chair of the Supervisory Board	100%
Timo Rajala	1957	LLM with court training	Project Director	Member of the Supervisory Board	100%
Mika Rantanen	1959	MA (Ed)	Leading Headmaster	Member of the Supervisory Board	100%
Kari Suninen	1963		Managing Director	Member of the Supervisory Board	100%
Kim Wrange	1968	Licentiate of Science (Econ.)	Head Lecturer	Member of the Supervisory Board	100%

The Audit Committee convened three times during 2019, and its members' attendance rate was 100%

The Audit Committee's Rules of Procedure are available on the Cooperative's website: **Governance - S Group (s-ryhma.fi)**.

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 2021, 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
Timo Santavuo	1960	LLM with court training	Lawyer	First Vice Chair of the Supervisory Board	100%
Kimmo Koivisto	1956		Farmer	Member of the Supervisory Board	100%
Leena Munter-Ollus	1968		CEO	Member of the Supervisory Board	100%
Antti Määttä	1966	MSc (Econ)	Managing Director of the Keskimaa Cooperative Society, Commercial Counsellor	Member of the Supervisory Board	100%
Elina Varamäki	1971	DSc (Econ), Docent	Vice Principal	Member of the Supervisory Board	100%

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

The Cooperative Committee's Rules of Procedure are available on the Cooperative's website: **Governance - S Group (s-ryhma.fi)**.

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 2021

The Supervisory Board had 19 members and two personnel representatives. The Supervisory Board convened five times during the year. The attendance rate was 100%.

In 2021, the members of the Supervisory Board were:

NAME	BORN	EDUCATION	MAIN JOB	DOMICILE	OUTGOING	MEETING ATTENDANCE RATE
Matti Pikkarainen, Chair	1953	DTh	Chair of the Supervisory Board of the Arina Cooperative Society	Oulu	2022	100%
Timo Santavuo, First Vice Chair	1960	LLM with court training	Lawyer	Pori	2024	100%
Tapio Kankaanpää, Second Vice Chair	1962	MSc (Econ)	Managing Director of the Osuuskauppa PeeÄssä cooperative	Kuopio	2023	100%
Jorma Bergholm	1954	MSocSc		Helsinki	2023	100%
Henrik Karvonen	1972		Managing Director of the Koillismaa Cooperative Society	Kuusamo	2024	100%
Sinikka Kelhä	1964	LLM with court training	Lawyer	Rauma	2023	100%
Kimmo Koivisto	1956		Farmer	Salo	2022	100%
Mikko Lassila	1969	MSc (Agriculture)	Agriculture and forestry entrepreneur	Pilkanmaa	2024	100%
Martti Lokka	1964		Managing Director, Building Manager	Mikkeli	2024	100%
Leena Munter-Ollus	1968		CEO	Kantvik	2022	100%
Anne Mäkelä	1965	LLM with court training	Lawyer	Kokkola	2023	100%
Antti Määttä	1966	MSc (Econ)	Managing Director of the Keskimaa Cooperative Society	Muurame	2022	100%
Hannu Pelkonen	1967		Managing Director of the Maakunta Cooperative Society	Sotkamo	2024	100%
Timo Rajala	1957	LLM with court training	Project Director	Akaa	2023	100%
Mika Rantanen	1959	MSc (Education)	Leading Headmaster	Kaarina	2022	100%
Jarkko Rautaoja	1967	MSc (Tech)		Heinola	2023	100%
Kari Suninen	1963		CEO	Lappeenranta	2024	100%
Elina Varamäki	1971	DSc (Econ), Docent	Vice Principal	Seinäjoki	2022	100%
Kim Wrange	1968	Licentiate of Science (Econ)	Head Lecturer	Lehmo	2022	100%
Personnel representatives:						
Ulla Kivilaakso	1970	Vocational Qualification in Economics and Business Administration	Marketing Manager			100%
Iiris Merimaa	1962		Administrative Assistant			100%

INDEPENDENCE OF THE MEMBERS OF THE SUPERVISORY BOARD

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

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

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

EVALUATING THE ACTIVITIES OF THE SUPERVISORY BOARD

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

BOARD OF DIRECTORS

COMPOSITION AND ELECTION

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

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

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

THE DUTIES

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

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

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

Considering its duties and composition, SOK's Executive Board has not deemed it necessary to establish the committees mentioned in the Corporate Governance Code to prepare matters to be discussed by the Executive Board. At SOK, the Supervisory Board has established the necessary committees.

The Executive Board 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: Governance - S Group (s-ryhma.fi).

Given its duties and composition, the Executive Board did not consider it necessary to establish any committees for preparing matters to be decided by the Executive Board.

YEAR 2021

In 2021, 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 2021, SOK's Executive Board consisted of the following members:

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

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

In 2021, all members of the Executive Board continued to serve as members. Kimmo Simberg was elected as Vice Chair for 2021.

The Executive Board convened 12 times during 2021, and its members' attendance rate was 99%. The Chair and Vice Chairs of the Supervisory Board are also entitled to attend the meetings of the Executive Board.

INDEPENDENCE OF THE MEMBERS OF THE EXECUTIVE BOARD

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

In accordance with the Statutes, the CEO of the cooperative society serves as Chair of the Executive Board. As of the beginning of 2019, the composition of the Executive Board has also included two independent members from outside S Group. Due to S Group's structure and ownership base, the other members of the Executive Board are managing directors of S Group's cooperatives. In this respect, the composition of the Executive Board deviates from the recommendation of the Corporate Governance Code with regard to independence. SOK has only one significant shareholder as referred to in the Corporate Governance Code, Helsinki Cooperative Society Elanto (Recommendation 10, item f) whose managing director has acted as a member of SOK's Executive Board in 2021.

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 (born 1965), CEO, 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 and Vice Chair of the Board of the Confederation of Finnish Industries since 2022
- Member of the Board of the Finnish Commerce Federation since 2021, Chair of the Board since 2022
- Member of the Board of the Central Chamber of Commerce since 2022
- Member of the Supervisory Board of LocalTapiola Mutual Insurance Company since 2021
- East Uusimaa Chamber of Commerce, Member of the Board 2013–2020
- Kooperativa Affärsledare, Chair of the Board 2012–2020

Arttu Laine, (born 1970), Executive Vice President, MSc (Econ),

→ With SOK Corporation since 2014
→ Deputy to the CEO since 2014
→ Retirement age: 63 years
→ Main work experience:
- Managing Director of KPO Cooperative Society
- Regional Director of SOK in the Baltic countries
- Managing Director of AS Prisma Peremarket

→ Main positions of trust:
- Chair of the Boards of Directors of the companies belonging to his scope of responsibility
- Vice Chair of the Finnish Grocery Trade Association
- Member of the Board of Directors of the Association for Finnish Work
- Member of the Supervisory Board of LocalTapiola Mutual Life Insurance Company

CORPORATE MANAGEMENT TEAM

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

In 2021, 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, COO, 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, Marketing, Communications and Responsibility	2021–	2021–	63
Seppo Kuitunen	b. 1961	Executive Vice President, Legal Affairs	2005–	2021–	63
Hanne Lehtovuori	b. 1974	Executive Vice President, SOK Human Resources	2021–	2021–	63
Sebastian Nyström	b. 1974	Executive Vice President, Loyalty, IT & Digital Development	2016–	2016–	63
Maria Timgren	b. 1984	Executive Vice President, SOK Strategy	2021–	2021–	63
Jorma Vehviläinen	b. 1967	CFO, Executive Vice President, SOK Finance and Administration	1991–	2013–	63

The Corporate Management Team convened 27 times in 2021.

SUBSIDIARIES

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

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

CHAIN MANAGEMENT

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

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

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

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

INTERNAL CONTROL

Internal control and risk management ensure that the cooperative society operates efficiently, that its financial and other information is reliable and that it complies with the applicable regulations and operating principles. Internal control consists of risk management, financial control and internal audit and their supporting policies.

The operating principles of internal control at SOK determine the internal control process applied to the cooperative society and its subsidiaries. The internal control process includes goal setting, planning and implementation, the testing of operational efficiency, monitoring, continuous development and reporting.

SOK's Executive Board is responsible for ensuring that the cooperative has determined operating principles for internal control.

SOK'S Executive Board is responsible for monitoring the internal control system and the risk management systems. Internal control assists the Executive Board in meeting its monitoring obligation by ensuring that SOK Corporation's control measures have been planned and implemented appropriately.

The Chief Executive Officer, the directors of SOK's business areas and units, and the Boards of Directors of the subsidiaries and their managing directors carry out the management and control of business activities in day-to-day operations within their areas of responsibility.

SOK's Executive Board is responsible for the appropriate organisation of the cooperative's operations and governance and for the legality and reliability of accounting, financial management and routine management. In addition, the Chief Executive Officer, SOK's unit directors, and the Boards of Directors of the subsidiaries and their managing directors carry out the management and control of business activities in day-to-day operations within their own areas of responsibility. In November 2016, SOK's Executive Board approved the operating policy for SOK Corporation's internal control and the Compliance policy (which was updated in 2019).

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 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 functions of SOK and its subsidiaries. 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 CEO, the 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 2021, with Jukka Rajala, APA, as the principal auditor.

In 2021, the auditing fees paid by the SOK Corporation companies in Finland, the Baltic countries and Russia for auditing operations amounted to EUR 328,489, and other fees not related to auditing amounted to EUR 33,057. Of these fees, audit fees for the parent company totalled EUR 142,500, and fees from the parent company for other consulting services totalled EUR 33,057.

RELATED PARTY TRANSACTIONS

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

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

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

FINANCIAL REPORTING

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

OTHER DISCLOSURES OF INFORMATION

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

The remuneration report is available on a separate website: **Governance - S Group (s-ryhma.fi)**.

Sustainability in S Group covers all business areas and is managed jointly with the executive management at the Group level. SOK's Sustainability unit is in charge of strategic development, control and reporting of sustainability at the Group level. The unit operates as part of the SOK Media unit.

SUSTAINABILITY MANAGEMENT

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

The Sustainability unit guides and monitors implementation and reports regularly to the heads of business management, the Corporate Management Team and SOK's Executive Board on sustainability development as part of the management system. In addition, SOK's Executive Board approves the S Group-level sustainability principles and programme as well as the strategic policies. 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.

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.



TOGETHER WE WILL MAKE A BETTER PLACE TO LIVE

Our sustainability programme launched in late 2020, “Together we will make a better place to live”, realises our group’s mission, in which sustainability is a central theme. The programme contains both long- and short-term goals, and its policies are based on the UN Sustainable Development Goals and the UN Guiding Principles on Business and Human Rights.

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.

OUR SUSTAINABILITY PROGRAMME HAS THREE THEMES:

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

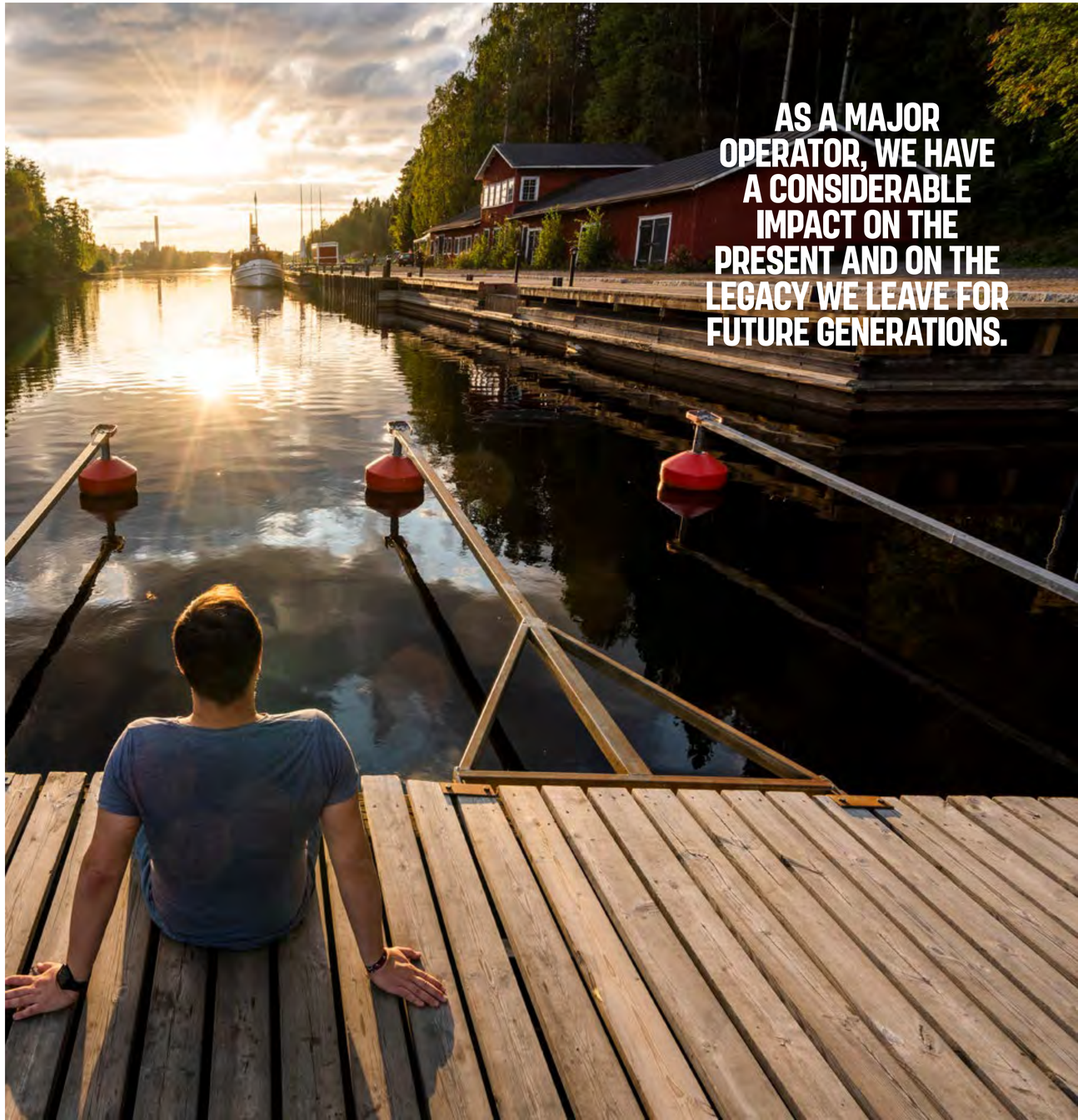
We encourage our customers to make healthy and sustainable choices. Our goal is that in 2030, at least 65% of the food we sell will be plant-based, and 80% will be produced in Finland. We will also ensure the improvement of animal welfare. We promote the carbon-neutral transport of Finnish people.

TOWARDS SUSTAINABLE GROWTH – BY RESPECTING NATURAL RESOURCES

We consider nature and the climate in our choices. Our decisions help preserve different living environments and species. In 2025, we will remove more carbon from the atmosphere than we produce. We are moving towards halving the amount of food waste, and we promote the circular economy.

TOWARDS AN EQUAL WORLD – BY REMOVING INEQUALITY

All people are equally important to us and welcome. We make sure that our own and our partners’ employees are treated fairly in Finland and around the world. We mention the origin of the products we sell and their main ingredients to ensure we can track human rights matters. We are the common, non-discriminatory and versatile S Group.





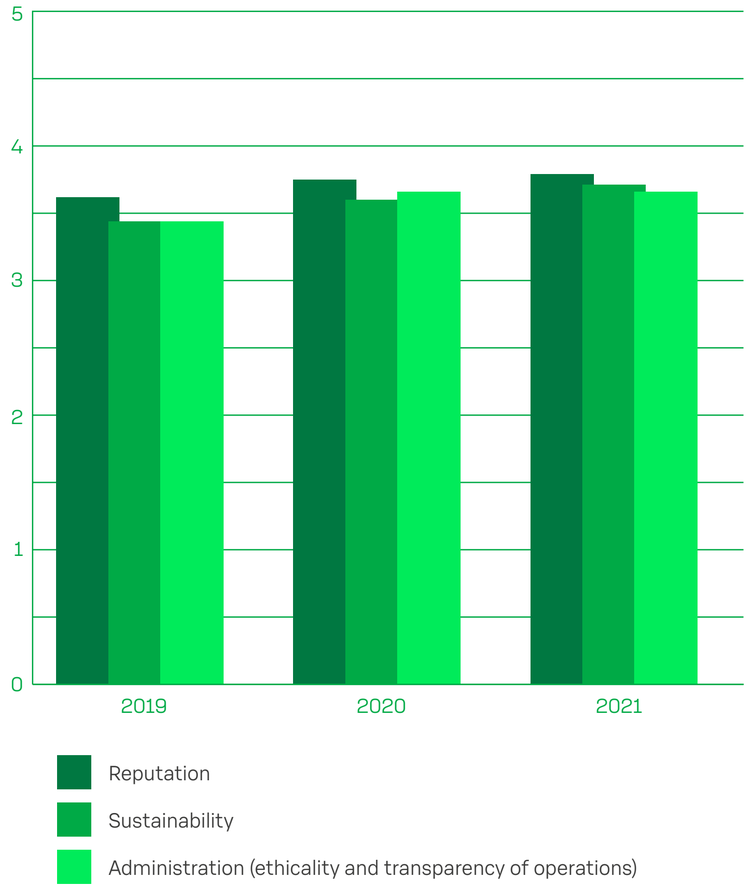
The goal of our stakeholder engagement work is to provide information about S Group, increase mutual understanding and make use of stakeholders' expertise when developing our operations.

WE ENGAGE IN ACTIVE DIALOGUE WITH OUR STAKEHOLDERS

Successful stakeholder dialogue 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.

S Group is the largest private employer in Finland, and we ensure local services and regional vitality across the country. In cooperation with our stakeholders, we are solving social challenges, from minor problems in daily life to major global issues, such as climate change, sustainable consumption, the competitiveness of the food chain, employment, social exclusion among young people, the integration of immigrants into Finnish society, and smoothly running daily lives.

RATING OF S GROUP BY THE GENERAL PUBLIC IN 2021 (SCALE 1–5)



SYSTEMATIC AND MEASURABLE COOPERATION WITH STAKEHOLDERS

Our stakeholder cooperation is managed systematically and measured annually. Stakeholders' images of S Group as a responsible operator are studied by means of the Trust and Reputation survey conducted by T-Media, for example. The survey assesses our overall reputation through eight themes: governance, financial administration, management, innovation, interaction, products and services, workplace, and sustainability. In 2021, our overall reputation was regarded as good by the general public, the media and decision-makers.

Among the general public, S Group's reputation is positive and stable. According to the general public we were the ninth most reputable company in Finland and the only retail operator in the top ten in the study 2021. Our results were the best in our measurement history.

S Group and its chains were once again ranked highly in the Sustainable Brand Index, the most extensive annual sustainability study in Europe. For the second year in a row, S Group was considered to be the most responsible brand in the group of companies selling consumer goods. Among grocery stores, Prisma was number one and S-Market came second. S-Bank, Sokos Hotels and ABC service stations were also considered to be the most responsible actors in their fields.

TRANSPARENCY BUILDS TRUST

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. In 2021, the discussions took place at stakeholder events organised by us, remote and local events, as well as traditional and social media.

We aim to build partnerships that enable us to learn, develop S Group's business operations and achieve shared goals. As a significant operator in the food supply chain, we want to support the success of the Finnish food supply chain. In 2021, we worked in close cooperation with organisations such as the Baltic Sea Action Group and ProAgria. In cooperation with ProAgria, we have developed and implemented the Training for the Future coaching programme for farmers.

Future-related coaching sessions are one of S Group's many actions for ensuring a bright future for Finnish food. Coordinated by the Baltic Sea Action Group and supported by S Group, the Carbon Action project studies carbon deposits in deeper soil layers and the impacts of different methods on carbon sequestration in Finnish fields. S Group aims to develop a carbon sequestration verification system that will enable emission compensation to be targeted at Finnish open field cultivation, as well as creating additional revenues for producers.

INTERACTION WITH DECISION-MAKERS AND THE MEDIA

S Group participates in public debate openly and proactively. We engage in dialogue with those preparing decisions and those making them regarding issues impacting S Group's operations and regarding development of the service sector. It is important for us that S Group is known as a company that operates appropriately and

ACCORDING TO THE GENERAL PUBLIC WE WERE THE NINTH MOST REPUTABLE COMPANY IN FINLAND AND THE ONLY RETAIL OPERATOR IN THE TOP TEN IN THE STUDY 2021.

responsibly, taking society and the environment into account.

We held dialogues with the key ministers, their assistants and civil servants of pivotal importance to our sector, as well as with MPs interested in S Group's activities. We also bring perspectives to decision-making through statements.

In addition, we actively participate in events held by our stakeholders, as well as various hearings at ministries and the Finnish Parliament. As a major Finnish company, S Group attracts extensive media interest. We are easily accessible to the media, and we answer questions as quickly as possible. In 2021, several media meetings were scheduled between SOK's management and various publications, but due to the coronavirus pandemic, only the meeting with Maaseudun Tulevaisuus took place at the beginning of December.

In October, we organised the stakeholder event More vegetables, less meat – who should have the power and responsibility for change, which brought together professionals, suppliers and researchers across the food sector to talk about consumers' sustainable food choices. Due to the pandemic situation, the Tornin aamu discussion events were not held in 2021. This is S Group's concept of stakeholder engagement where issues topical and important for stakeholders and the S Group are discussed. The participants invited to the events include guests relevant for each topic, such as representatives of associations, decision-makers, senior officials, the media and experts.

ASSOCIATIONS SAFEGUARD COMMON INTERESTS

We collaborate with advocacy associations and other communities in the development of our industry within the framework allowed by competition legislation. For example, we are represented in retail organisations in Finland and abroad.

In 2021, the CEO of SOK and the Managing Director of the Keskimaa Cooperative Society served as Members of the Board of Directors of the Finnish Commerce Federation. An Executive Vice President of SOK served as Vice Chair of the Finnish Grocery Trade Association in 2021. We also have representatives on the boards of the MaRa Finnish Hospitality Association and the Pellervo Co-op Centre.

We have representation in the Confederation of Finnish Industries through our membership of the Finnish Grocery Trade Association. We also participate in the activities of Chambers of Commerce. In addition, we participate in many organisations that look after the interests and development of our sectors.

SOK is also a member of the Climate Leadership Coalition, which combats climate change and promotes the competitiveness of Finnish companies. Its members include significant Finnish companies and other organisations. SOK is also a member of Finnish Business & Society (FiBS), a network promoting sustainable business.

As a cooperative enterprise, we are also members of the international organisations in the sector. We have a Board membership in Euro Coop, the European Community of Consumer Co-operatives. We are also a member of the Board of Directors of the International Co-operative Alliance (ICA). ICA is the world's second largest organisation after the United Nations (UN). Furthermore, we are a member of amfori, an association promoting and monitoring corporate social responsibility among European companies.



VALUE CREATION

INPUT

SOCIAL CAPITAL

- Almost 40,000 S Group employees, 74 different nationalities
- Procurement sustainability guidelines for the promotion of human rights
- Daily work to ensure the safety and healthiness of products

NATURE CAPITAL

- 69% less emissions (2015–2021), compensation, 15% improvement in energy efficiency (2015–2021), curbing climate change
- 100% renewable electricity, 100,000 solar panels, 35 wind power plants
- Use of refrigerants
- Water consumption
- Products and services, planetary diet objective, responsible investment services
- Policy decisions regarding procurement of raw materials

FINANCIAL ASSETS

- Approximately 17,000 product and service suppliers
- Capital invested by co-op members EUR 212 million
- 1,909 outlets
- Almost 2.5 million co-op members

INTANGIBLE ASSETS

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

S GROUP

19 cooperatives, supermarket trade, department store and speciality store trade, service station store and fuel sales, the travel industry and hospitality business, hardware trade, banking services, supermarket trade, travel industry and restaurant operations in Estonia and Russia*.

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 75.8 (TYT index), EUR 1.2 billion salaries paid
- Private label purchases almost 98% from audited factories
- Information about the country of origin displayed transparently all private-label products
- Advocacy through international networks to promote human rights
- 34 reports to anonymous reporting channel
- Safe products
- Millions of age limit checks, 279 product recalls

- 8,213,300 tCO2e emissions into air (Scopes 1, 2 and 3)
- Waste water
- 107,100 tonnes of waste, 1.47% relative food waste in the supermarket trade, 73% recycling rate in Finland
- 432 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 1,662 million Investments EUR 786 million
- EUR 379 million paid to co-op members in bonuses, covering 78% of households
- Sustainability cooperation totalling EUR 4.3 million

- Functionality of the product range, comprehensive products (number of items) and (digital and data) services, permanently inexpensive prices
- Future-related coaching, research cooperation, new services and innovations
- Approximately 450 products in the *Kotimaista* range

IMPACTS

- We are the biggest 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 waste water emissions
- 2% more waste sent for incineration since 2019, systematic reduction of loss
- Improvement of recycling opportunities, reducing emissions, sustainable consumption and investing
- Ensuring biodiversity 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

*SOK announced on 4 March 2022 that it will cease its business operations in Russia

The 2021 verification report regarding energy efficiency, emissions, waste, recycling rate and food waste

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. We also play an important role in securing the availability and distribution of food products in all situations. The significance of work on security of supply was highlighted when the coronavirus pandemic began in the spring of 2020.

WELL-BEING THROUGH COOPERATIVE ACTIVITIES

JOINT OWNERSHIP AND SHARING OF BENEFITS THROUGH COOPERATIVE ACTIVITIES

Cooperative activities refer to business operations that emphasise both financial profitability and social sustainability.

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

2.5

MILLION

CASH BENEFITS PAID TO CO-OP MEMBERS

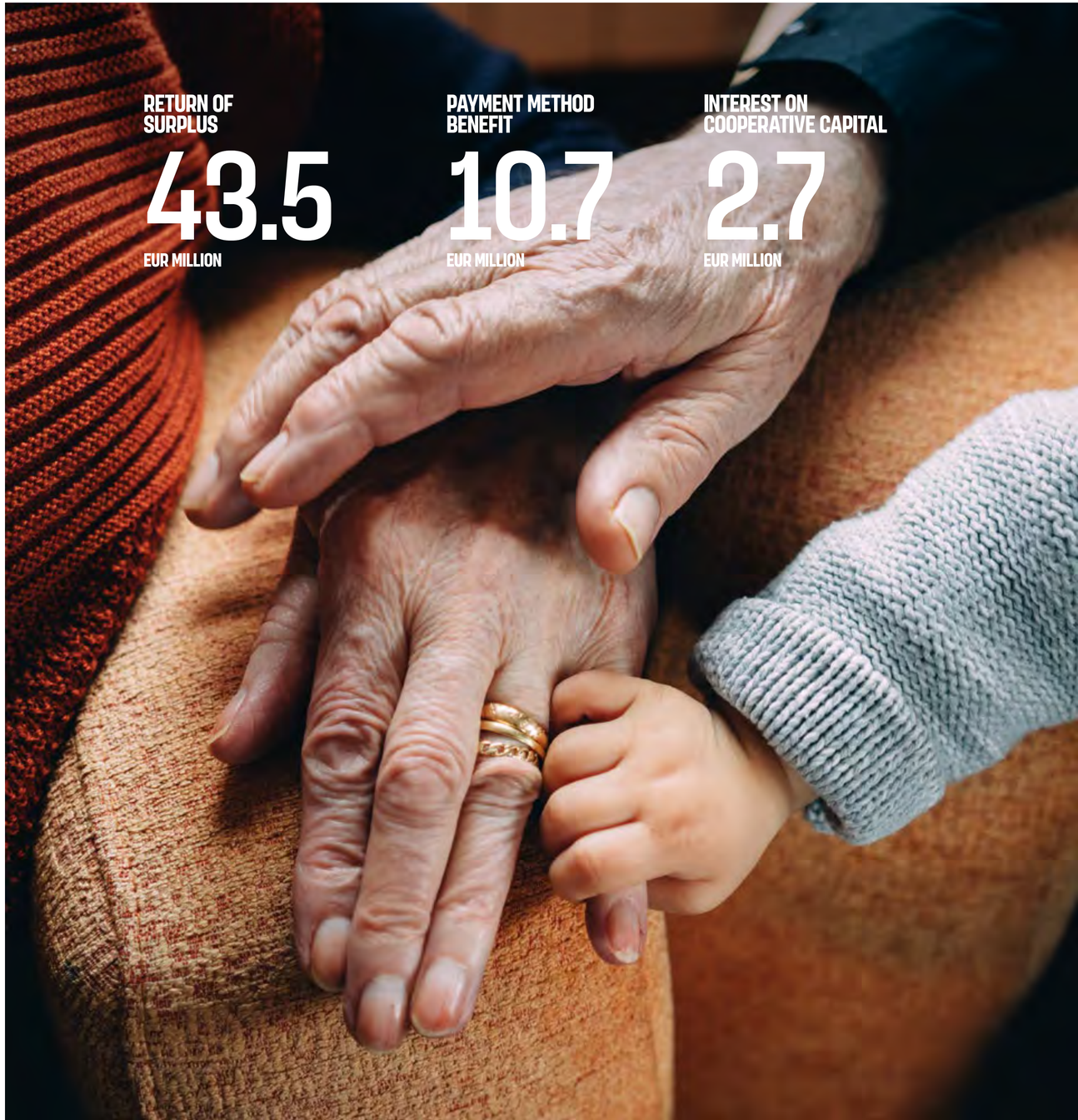
436

EUR MILLION

BONUS

379

EUR MILLION





SECURITY OF SUPPLY ENSURED DURING THE PANDEMIC

The coronavirus pandemic also created havoc in the food sector, as demand shifted from restaurants and from school and workplace canteens to grocery stores in March 2020. As part of the Finnish security of supply system, S Group has participated in ensuring that food, masks, home tests and other grocery products have been available in sufficient quantities despite the exceptional circumstances. The prolonged pandemic has highlighted the importance of Finnish-owned trade in safeguarding security of supply.

Preparing for exceptional situations and the continuity management of the food supply chain are of high standard in Finland. Ever since the 1960s, the trade sector companies have been handling the preparations on a voluntary basis and in close cooperation with the authorities and other actors. Through many of our business areas, we participate in the work of ensuring the supply of groceries and food to the population, financial transactions and fuel distribution in all circumstances.

At S Group, preparing for various disturbances and exceptional situations, as well as ensuring continuity during them, is part of all operations, from procurement to distribution and store activities. We are also working with other companies and authorities to maintain the security of supply of grocery products. We are a member of the Grocery Trade Association, which is involved in Finland's security of supply activities with its member companies through a trade and distribution pool. It is one of the three pools in the national security of supply organisation. Among other things, the trade and distribution pool draws up plans for measures to ensure the prerequisites for the operations of the sector in various situations. The pool also regularly organises training sessions and readiness exercises.

In Finland, the grocery supply is based on a high degree of domestic origin. We are the largest seller of Finnish food, and approximately 80 per cent of the food sold in our grocery stores is produced in Finland. Security of supply is also ensured by our extensive network of stores, which covers the whole of Finland and is open seven days a week. Of the 293 municipalities in mainland Finland, 282 have an S Group grocery store. More than 200 of S Group's grocery shops offer online shopping services. In addition, foodservice wholesales is also important. Its customers include the catering services of hospitals, care institutions, schools and workplaces.

Our food chain needs inputs from abroad, as it is not possible to produce all ingredients required for food products in Finland. Disturbances taking place in Finland must also be prepared for. That is why maintaining the import channels and ensuring the feasibility of imports is necessary.

Grocery shopping stabilised after 2020, and similar spikes in demand were no longer present. For example, the sales of canned goods evened out. However, due to the exceptional situation, there were still temporary challenges in the availability of some products in 2021, too. However, the supply chain functioned, and food and other important groceries did not come close to running out in Finland. Problems with availability were also remedied with replacement products.

The rapidly changing pandemic situation made it difficult to anticipate domestic demand for masks and home tests. However, S Group managed to meet demand and ensure inexpensive prices.

The rapidly spreading omicron variant caused a large spike in demand for home tests, and at the end of December, S Group made an additional shipment of home tests available for sale at Prisma information points through special arrangements. At the information points, customers were provided with instructions in Finnish and Swedish on how to use the home tests, as they were not yet included in the manufacturer's packaging at the time. This enabled us to immediately respond to an urgent situation and customer needs.

As a retail group owned by Finns, it was important for us to ensure that face masks, home tests and disinfectants were available for all citizens at affordable prices. Our professional procurement organisation and its broad international networks played a significant role in this success story. For example, we also reduced the prices of coronavirus home tests as early as mid-December 2021. The temporary VAT reduction for home tests was also immediately accounted for in our pricing. By the end of 2021, more than 700,000 coronavirus home tests were purchased from S Group's stores.

A MAJOR FINNISH TAXPAYER

S Group companies paid a total of nearly EUR 1.7 billion in taxes and payments to the Finnish state and municipalities in 2021. 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 here. 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 2021

Purchases from suppliers of goods and services, EUR million	7,561
Taxes, EUR million	1,662
Personnel remuneration, EUR million	1,226
Investments, EUR million	786
Rewards to co-op members, EUR million	436

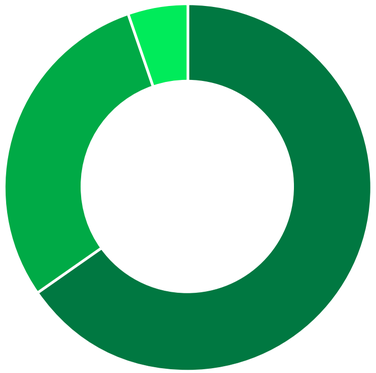


INCOME AND CAPITAL TAXES	EUR MILLION
Corporate income tax	63.5
Property tax	24.2
	87.7

INDIRECT TAXES	EUR MILLION
Remitted value-added tax	295.8
Insurance premium tax	0.9
Electricity tax	22.4
Fuel excise duty	728.1
Beverage excise duty	2.1
Alcohol tax	6
Importation customs duties	5.7
Vehicle tax	27.1
	1,088.1

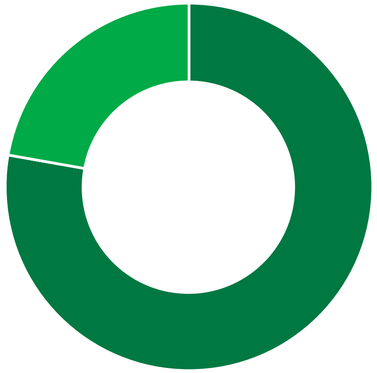
TAX WITHHELD AND EMPLOYER CONTRIBUTIONS	EUR MILLION
Tax withheld on salaries	225.2
Pension insurance payments	211
Sickness and unemployment insurance payments	50
	486.2

From 2021 we will no longer include in our tax footprint deferred items that we do not account for state.



TAX FOOTPRINT IN 2021
EUR 1,662.0 MILLION

Indirect taxes	1,088.1 EUR million
Tax withheld and employer contributions	486.2 EUR million
Income and capital taxes	87.7 EUR million



TAX WITHHELD AND CORPORATE TAXES IN 2021
EUR 288.7 MILLION

Tax withheld	225.2 EUR million
Corporate taxes	63.5 EUR million
Total	**288.7 EUR million**

S GROUP'S TAX FOOTPRINT IN 2021

1,662.0

EUR MILLION

TEN NEW DEFIBRILLATORS IN THE RAUMA REGION

Osuuskauppa Keula and Local-Tapiola West Finland worked together to arrange ten new defibrillators for the Rauma region. The placement of the equipment was planned and implemented together with emergency services to ensure that the equipment supplements the existing defibrillator network as effectively as possible in different municipalities. The new defibrillators were placed at the Kylmäpihlaja and Kuuskajaskari tourist islands, Sale Pyhäranta, Sale Kauttua, ABC Kortela, S-Market Kehätie, S-Market Säkylä, S-Market Äyhö Business Centre, Rauma Amarillo, and the Hinnerjoki School.

DIVERSE ACTIVITIES THROUGH COOPERATION ON RESPONSIBILITY

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

In 2021, we provided almost EUR 4.3 million 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 2021, %

Sports cooperation	67%
Social activities	28%
Donations	9%
Cultural cooperation	5%

SPORTS COOPERATION
67%

SOCIAL ACTIVITIES
28%

DONATIONS
9%

CULTURAL COOPERATION
5%



PIDÄ HUOLTA CHARITY CHALLENGE

The pandemic times have increased the poor well-being and anxiety experienced by young people, which has been reflected easy-to-access mental health services exceeding their capacity on a national level. The Pidä Huolta charity challenge organised by Toivon Kärki ry and MIELI ry collected money for mental health work among young people with the support of over 70 Finnish artists in the autumn of 2021. S Group and LocalTapiola helped to make the challenge a reality and donated a total of 500,000 euros as the initial capital, as well as encouraging all of Finland to take care of our young minds.

S Group's corporate donation consisted of donations from regional cooperatives from around the country, and SOK's donation. The charity challenge was visible at S Group's outlets and channels across Finland during the autumn 2021.

The 1,027,156 euros collected by the charity are directed to MIELI ry's urgent mental health work, the nationally-operating Sekasin chat, which is an easy-to-access discussion service valued by young people. In addition, the funds will be used to support preventive mental health work and the development of mental health skills among young people.

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

We encourage our customers to make healthy and sustainable choices. 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 also promote the carbon-neutral transport of Finnish people.

43 PROMOTING A PLANETARY DIET
47 FINNISH ORIGIN
49 SUSTAINABLE CONSUMPTION SERVICES FOR CUSTOMERS
53 ANIMAL WELFARE
54 TOWARDS CARBON-NEUTRAL TRANSPORT

WE PROMOTE THE FOLLOWING UN SUSTAINABLE DEVELOPMENT GOALS IN PARTICULAR



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.

PROMOTING A PLANETARY DIET

The key idea of a climate-friendly diet is that healthy eating also allows you to act sensibly from the climate point of view. It is important for the choice of food what is available, how easy it is to prepare and what it costs. Our goal is that 65% of the food we sell is plant-based by the end of 2030. We are already close to the goal; in 2021, plant-based food accounted for 59% of sales.

We encourage our customers to adopt an even healthier and more climate-friendly diet with the following actions, for example.

S Group uses the Finnish Food Authority's Nutrition Commitment model. It is an operating model introduced in 2017 for improving the nutritional quality of diets in Finland. At the same time, we support Finnish people in their battle against common diseases. We were the first Finnish company to make a company-specific nutrition commitment. The commitments concern the healthiness of both the products in our selection and the everyday cooking recipes published by Yhteishyvä. In total, we have made 13 nutrition commitments.





WE ENCOURAGE SMART EATING THAT IS GOOD FOR THE HEALTH AND ENVIRONMENT

Our goal is to get people to increase their intake of vegetables by, among other things, expanding the selection of Finnish vegetables, and by attracting attention to seasonal vegetables, fruit and berries in our grocery stores. The sales of vegetables in our grocery stores have increased dramatically in recent years, and sales in 2020 increased further, particularly with remote working and schooling. On the other hand, in 2021, the sales of vegetables decreased in several of the product groups in which the first year of the pandemic had resulted in considerable growth in sales volumes. All in all, the sales of vegetables decreased by 1.4% compared to the previous year.

The seasonal fish concept at S grocery stores highlights the freshest and tastiest fish products of the season. Fish in season is also less expensive. We promote the everyday use of fish by presenting the season's tastiest fish in a prime location, and by providing tips and recipes for preparing the fish. In 2021, the sales of fresh fish did indeed increase by 4% from the previous year.

As a result of the seasonal fish concept, sales of more special species of fish have also increased. Of Finnish species, the demand for burbot, arctic char, perch and pike h increased significantly. In addition to fresh fish, Finns have taken on new kinds of fish products, such as lake fish patties, fingers and balls, and we are constantly looking for interesting and easy fish products for our product range.

We also diversified the salad buffet of all ABC stations. The buffet now includes a daily vegetarian option, and the selection is even more fish- and vegetable-oriented. Every day, around 30,000 people enjoy meals at ABC service stations, meaning that we can have an impact on the diets of a large number of Finns by offering a wide selection of vegetarian meals and vegetables.

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

The S-markets were also involved in the Vegan Challenge in January 2021. The challenge encourages people to experiment with vegetarian food during January. For example, as part of the cooperation, the Vegan Challenge showed on its Facebook page livestreams from our grocery stores with various themes, introduced vegan products from our selection and gave tips for their use. In addition, HOK-Elanto's S-markets display clear and distinctive 'Vege' labels on shelves containing vegan products.

We also believe that people can learn to eat more healthily by monitoring their consumption of vegetables. Our My Purchases service includes a functionality that 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. By using the service, customers can monitor their total consumption of vegetables, as well as their consumption of fruit, berries, root vegetables and vegetables or specific product groups, such as bananas, grapes and kiwi fruit.

We are also thinking about how more sustainable actions. In relation to this, we organised the stakeholder event "More vegetables, less meat – who should have the power and responsibility for change" in October 2021. Before the panel discussion, the participants were provided with information on the recent results of the LoCard research project, which relies on S Group's purchase data on the motivations of consumer choices, for example. S Group aims to help its customers make healthy and environmentally sustainable choices. We held the event because we also want to hear the views of our stakeholders and promote constructive discussion on the role of the food chain in climate work.

LOCARD RESEARCH PROJECT

The kind of food we eat has various effects on health, well-being, the environment and society. The LoCard study of the University of Helsinki and Tampere University yielded new data on the factors that guide consumers in food choices. In the LoCard project, researchers carried out ground-breaking food research by studying S Group's purchase data and co-op members.

The study generated new data on what Finnish adults in different population groups consider important in their daily food choices. In addition, the research shows that in the transition towards a more sustainable and healthier diet, it is important to account for the differences between population groups in choices related to food.

S Group joined the cooperation because we want to enable research that has an impact on society and offers valuable information from the perspective of both public health and food use. We provided data for the purposes of the university research with the consent of our co-op members. The cooperation we engage in with universities does not involve funding or financial support for the research.

ÄSSÄKOKKI INSPIRES CLIMATE-SMART COOKING

In the autumn of 2021, S Group published a new Ässäkokki recipe booklet with the Martha Organization to encourage children, young people and families to pay attention to choices that are smart in respect of themselves and the climate, and to add plenty of seasonal vegetables on their plates.

The Ässäkokki recipes aimed at children 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.

Ässäkokki's easy and climate-smart recipes serve as training materials on courses organised by the Martha Organization and regional cooperatives. Since 2018, S Group and the Martha Organization have held more than 300 food courses for children across Finland. The recipe booklet was also distributed to more than 200,000 families with children between the October issue of Yhteishyvä and published online at yhteishyva.fi/assakokki.

HEALTHIER FOOD FOR CHILDREN

Over the past few years, we have considerably expanded our selection of nutritionally better options for children at our grocery stores. By the end of 2021, we had introduced more than 90 new products, such as meals, snacks and juices for children, when our goal was to add 20 new products by the end of 2020.

Besides developing the selection and adjusting products and recipes, healthy food choices can also be affected through education. 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.

We are also organising free Ässäkokki cooking classes for school-aged children in cooperation with the Martha Organization, a Finnish home economics organisation. During the classes, the children learn everyday food skills and how to cook in accordance with the season. To make up for the courses which reduced due to the coronavirus pandemic, we produced new Ässäkokki videos, which can be freely accessed at Yhteishyva.fi.



WHEN DEVELOPING OUR PRIVATE LABEL PRODUCTS, WE ALWAYS TAKE THE AMOUNT OF SALT, SUGAR AND FAT INTO CONSIDERATION, AIMING FOR AN END RESULT THAT IS AS HEALTHY AS POSSIBLE.

REDUCING THE SALT, SUGAR AND FAT CONTENT OF OUR KOTIMAISTA, RAINBOW AND XTRA PRODUCTS

When developing our private label products, we always 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. By the end of 2021, we had reduced the salt content of 15 products, such as in-store bakery products and salami. Similarly, we have already reduced the sugar content of 58 products when the goal was 30 products. In addition, we have added 31 new naturel products to the product range (including various nut and seed blends, fresh meat products), with the aim of offering products without salt or products with less salt in different product categories.

HEALTHY RECIPES

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

Yhteishyvä's food recipes provide consumers with inspiration and ideas for cooking and baking. Yhteishyvä has submitted seven nutritional commitments in relation to recipes to the Finnish Food Authority. These commitments relate to increasing the use of vegetables and fish, favouring good fats, reducing the use of salt and sugar, and favouring ingredients rich in fibre in the recipes. Yhteishyvä is also committed to increasing the number of climate-friendly recipes. Yhteishyvä was the first media outlet to submit nutritional recommendations regarding its own recipes. It met the criteria for the promises in 2021.

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

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 2021, 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, 09/09/2021 (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 sustainable investment even before joining the initiative. This means that S-Bank and the FIM funds do 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

FINNISH PRODUCTS IN OUR SELECTIONS

We are Finland's largest seller of groceries and Finnish food. Our goal is that 80% of the food we sell is of domestic origin by the end of 2030. More and more consumers are interested in the origin of products. The corona-virus has increased particularly the demand for domestic food as the uncertainty has made many people understand the importance of security of supply and the maintenance of domestic food production. Nearly 78% of the food we sold in the grocery stores in 2021 was produced in Finland.

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

S Group's Kotimaista range includes nearly 450 products of Finnish origin that meet the generally accepted require-ments 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.

We are running campaigns to promote Finnish fish at S Group's grocery stores. As a result of the seasonal fish concept and the more diverse selection of fish, sales of Finnish fish increased by 10% from the previous year.

100%

FINNISH MEAT AT ABC RESTAURANTS

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 2021, we lagged behind the target 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 2021, %

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

SHELF LABELS FOR FINNISH PRODUCTS

The Hyvää Suomesta label is also included in all shelf labels of Finnish products at the S-market grocery stores. Finns seek to favour Finnish food, but verifying the Finnish origin of food products can be complicated. The Hyvää Suomesta label on shelf labels makes it easier for customers to make choices, in addition to strengthening the Finnish food chain.

A FINNISH RECIPE FOR SUCCESS

It usually takes a long time to get a new food product on the shelves, and many challenges need to be overcome along the way. Large companies have the resources for product development and marketing. The Suomalainen Menestysresepti (Finnish Recipe for Success) competition for SMEs in the food sector was held for the third time in 2021. The competition and related television programme looked for new food innovations for the shelves of S Group's shops. The finalists were provided with coaching on product development and packaging design, as well as telling the story of their product and marketing their product. The winners of all previous production seasons became the highest selling new products at S Group stores during the year of their launch. Products from other finalists also found their way onto the shelves of S Group's grocery stores. The competition will continue – we are currently looking for the 2023 recipe for success.

FOOD EDUCATION FOR SCHOOLCHILDREN

The "Trip to the Store" study module developed by S Group and the Finnish Food Information Association teaches schoolchildren everyday food skills and smart consumption in a new way. 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.

The model has received praise from students, teachers, parents and trade staff, and the much-liked food education model also expanded through Ruokavisa quizzes to cover upper comprehensive school in the spring of 2021.

The subject of the Ruokavisa quizzes in 2021 was the Trip to the Store, created jointly by S Group and the Food Information Association. It helps students learn about the route food takes from the perspectives of trade and consumers. The learning material gives students the capabilities to plan a sustainable everyday food regime and to act as responsible consumers in grocery stores. Furthermore, the learning material familiarises the students with the workings of the food trade and online food stores. In 2021, the focus was on the online trade of food products, because it also allowed for teaching in a remote learning situation.

The subject was chosen and planned in cooperation with S Group, but the food education experts from the Finnish Food Information Association were responsible for the content and pedagogic planning of the quiz. S Group financed the quiz and rewarded the winning team.

THE TRIP TO THE STORE FOOD EDUCATION CONCEPT MAKES IT POSSIBLE TO STRENGTHEN THE NEXT GENERATION'S INTEREST IN AND COMMITMENT TO FOOD.

The Trip to the Store operating model has also attracted international interest, and the concept is being exported to other European countries through WeValueFood, an EU-funded food education project. As part of the project, the effectiveness of the food education model was investigated in a research project led by the University of Helsinki in the autumn of 2020. The results of the survey show that teaching compliant with the Trip to the Store food education concept enhances students' commitment to food. The concept makes it possible to strengthen the next generation's interest in and commitment to food.

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

CALCULATORS IN S-MOBIILI'S MY PURCHASES SERVICE

S-mobiili's My Purchases service offers carbon footprint, Finnish origin and restaurant calculators. It also includes a price comparison tool.

The carbon footprint calculator allows our customers to monitor the climate impacts of their own food basket on a product group-specific basis. The service has been developed in cooperation with experts from Natural Resources Institute Finland and with consumers. Using the carbon footprint calculator, our customers can make comparisons between different product categories and think about ways to influence the carbon footprint of food. The service also allows customers to separately monitor their consumption of vegetables, for example.

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



USING THE CARBON FOOTPRINT AND NUTRITION CALCULATORS OF S-MOBIILI, CONSUMERS CAN ALREADY MONITOR THE CLIMATE AND HEALTH IMPACTS OF THEIR OWN FOOD BASKETS.

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 users of the calculator are particularly interested in the domestic content of meat, dairy products and beverages. Over the last year, the analyses of domestic content data increased the most in the product groups of ready-made food, plant protein products and dry food products.

The Ruokakori 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 sugar and salt. 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. When launched, the nutrition calculator immediately broke the usage records of the My Purchases service and since then, it has been the most popular calculator in the My Purchases service. More than half a million co-op members have indeed already used the nutrition calculator.

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

THE NUTRITION CALCULATOR WILL HELP USERS UNDERSTAND THE NUTRITIONAL VALUE OF THE FOOD THEY BUY AND HELP THEM MAKE HEALTHIER CHOICES.

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.

THE TAILOR GUIDE SERVICE FACILITATES THE ONLINE SHOPPING OF CLOTHES

Sokos offers the Tailor Guide service in its online store with the aim of making it easier for customers to purchase clothes online. In practice, the remote fitting service helps you find products in your size by comparing your measurements with brand-specific size tables. The service has been well received and, in the light of statistics, the service has helped customers to do or ensure their purchases.

The service also aims to impact product returns in online trade, which, besides costs, have an impact on the climate through unnecessary transport emissions, for example. Due to the coronavirus pandemic, purchases from the Sokos online store have grown considerably.

DEPARTMENT OF HIGH-QUALITY SECOND HAND CLOTHING AND OUTFITS OPENED AT SOKOS TAMPERE

The extension of product life cycles is more relevant than ever before. Value-based consumption is emphasised, and as a major operator, S Group has an important role to play in and the responsibility for helping our customers make sustainable choices. The cooperation between Tampere-based Rekki, a pioneering online store of top-end secondhand clothes, and Pirkanmaan Osuuskauppa Cooperative is one of our ways to respond to this. When a secondhand service is brought close to customers' daily lives – in this case, next to a grocery store or visit to a department store – the threshold for utilising its services will be lowered.

As a result of the cooperation, Rekki opened its Rekki Shop-in-shop, where people can buy high-quality second hand clothing and accessories, or take them there for sale – at Sokos Tampere in June 2021. The department has a selection of 300–400 products. All clothing, bags, shoes and accessories are topical and suitable for the season and fashion trends, as well as Sokos' selection and the Sokos product range.

In addition to Sokos, the Prisma stores in Pirkkala and Kaleva house Rekin droppi drop-off points, to which customers can take clothes for sale. From the drop-off point, each products travels to Rekki where its condition is reviewed and it is priced. Each piece of clothing or accessory must pass the exact quality criteria. This can provide a piece of high-quality clothing purchased from Sokos with several additional years, once it finds a new owner through Rekki.

PEEÄSSÄ'S PARKING LOT JUMBLE SALE DAYS

Fit-for-use goods have changed hands at PeeÄssä Cooperative Society's parking lot jumble sales since 2014. The idea began with the personnel when they thought about ways to promote the circular economy together with customers. Today, "Cleaning Day" in spring and autumn is already a small tradition in the Prisma stores of Kuopio and Iisalmi, where customers can sell their goods in the parking lots on flea market days without a separate charge. These have been very popular events, and often there were more people wanting a sales point than there were points available.

Inspired by PeeÄssä's example, we came up with the concept of the Parkkinat event for all of our regional cooperatives and stores. Several cooperatives have already planned to hold their own Parkkinat event during 2022.



SERVICE POINTS FOR BICYCLES AND SPORTS EQUIPMENT AT PRISMA STORES IN KAARI AND RAUMA

Prisma Kaari, located in the Kannelmäki, Helsinki, diversified its range of services in the summer of 2021 by opening a renewed bicycle section complete with a servicing point to meet the increasing demand for cycling equipment.

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. The service started at Prisma Kaari in Kannelmäki also supports the climate strategy of the City of Helsinki, which aims to improve the attractiveness of cycling, while increasing residents' incidental exercise and general well-being.

The service point meets customers' wishes of being able to have bicycles serviced in connection to bicycle purchases. The range of bicycles in the store has grown to more than 250 different models, and the range of supplies has also been supplemented with spare parts and tools. In addition to spare parts, Kaari also has an extensive selection of bicycle helmets and accessories.

In addition to initial and seasonal maintenance, the service point also offers broader overhauls and the sharpening of skates. The store staff also give tips on independent maintenance, and advises customers on the acquisition of necessary tools and spare parts. In addition to a service-based shopping experience, the goal is to extend the bicycles' lifecycle by means of a separate buyer's checklist. In the future, the goal is to provide various additional services, including the seasonal storage of bicycles.

In late 2021, Keula Cooperative Society opened a service point in the Prisma store of Rauma, where customers can have their skates sharpened and profiled and their bicycles equipped with studded tyres for winter. The bicycle servicing should be opened in early 2022, but in any case well in advance of the spring season. The goal is to make daily life easier for customers by bringing the maintenance services to the Prisma centre, where they are close to other services. Customers have wished particularly for repair services and skate sharpening. Bicycle sales at the Prisma store in Rauma are growing rapidly and, thanks to artificial ice, the regular maintenance of skates has become increasingly common even among those who are not active ice skaters.

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.

SINCE LATE 2021, SOKOS HOTELS CUSTOMERS HAVE BEEN ABLE TO OFFSET THE CARBON FOOTPRINT OF THEIR OVERNIGHT STAYS AND BREAKFASTS AT SOKOS HOTELS.

SOKOS HOTELS PROVIDE OPPORTUNITIES FOR OFFSETTING OVERNIGHT STAYS

Since late 2021, Sokos Hotels customers have been able to offset the carbon footprint of their overnight stays and breakfasts at Sokos Hotels. The hotel chain is the first in Finland to offer private customers the opportunity to offset their carbon footprint.

The offsetting is optional, so it is paid separately and will not be added automatically to the room bill. The cost includes average room-specific and breakfast-related emissions. The calculation is based on actual customer volumes from 2019, and the calculations are inspected by third parties.

The room-specific cost of the offsetting is only a few dozens of cents per guest, as the climate work carried out by S Group and the hotels is already accounted for in the background.

The carbon offsetting will be allocated to projects in which carbon already released into the atmosphere is sequestered in forests or soil, for example. The efficiency of carbon sequestering has been scientifically verified and certified. Sokos Hotels' partner in the offsetting is Compensate.

SOKOS HOTELS JOIN SUSTAINABLE TRAVEL FINLAND

The purpose of the Sustainable Travel Finland label granted by Visit Finland and the development programme supporting it is to promote sustainable travel in Finland, communicate in a more harmonised manner about Finland as a country for sustainable travel and make travellers' choices easier. This label is granted when a hotel meets the sustainable development criteria created by Visit Finland, which take into account the ecological, economic, social and cultural sustainability of the hotel. There are currently 12 Sokos Hotels to which the label has been granted and we aim to get the rest on board during 2022 and 2023.

S-BANK IS AMONG THE PIONEERS IN THE SUSTAINABILITY AND IMPACT OF INVESTMENT ACTIVITIES

S-Bank is among the pioneers in the sustainability and impact of investment activities S-Bank strongly believes that we can achieve even better results for our customers by the systematic consideration of sustainability issues in investment operations.

In 2021, three S-Bank Funds began using comparative indices in accordance with the Paris Agreement. The indices which accord with the Paris Agreement have been adapted to the 1.5 degree scenario and include an annual reduction target of 10% in respect of carbon intensity. The comparative indices aim at a minimum of 50% reduction in the carbon intensity over the parent index, focusing companies that set emissions reduction targets and companies with a high readiness for the transition to a low-carbon society. In addition, the indices focus on companies whose business operations produce solutions to environmental and climate problems. In contrast, the indices underweight the biggest emitters of CO2 emissions and companies that are susceptible to climate transition risks.

S-Bank also confirmed its position as the leading operator of the influencing sector in the Nordic countries by introducing the S-Bank Uudistava Maatalous special investment fund, which is the first fund focusing on agriculture in the Nordic countries. It invests its assets primarily in fields and farms located in Finland engaged in regenerative agriculture. The investments are allocated to sites negotiated on by the agricultural entrepreneur in advance, and the entrepreneur has a pre-emptive right to the field to be acquired.

The objective of the fund is to promote the positive climate impacts of agriculture and the environmental sustainability of the operations, as well as to improve the profitability of Finnish agriculture and self-sufficiency in the food supply. With the fund, anyone can take part in the climate effort and help Finnish farmers to succeed in carbon farming and other new rapidly growing forms of agriculture.

S-Bank has an impact on its investments by conducting direct impact discussions with the companies and by continuing to participate in various joint initiatives. S-Bank's Asset Management has participated in CDP's operations for a long time, in addition to which the bank is involved the CDP programme to influence companies that have not responded to CDP's questions and requests to provide their environmental data. Through the programme, S-Bank's Asset Management is provided with important information to support investment decisions. S-Bank is also included in the Science Based Targets initiative.

Further information on S-Bank's sustainable investing is available in S-Bank's annual report.

PODCAST ON SUSTAINABLE INVESTMENT

The first episode of the #RahanVastuu podcast offered by S-Bank was released in November 2021. The podcast discusses topical themes and phenomena related to money, sustainability and investment, as well as their backgrounds, under the lead of industry experts. Its aim is to inspire listeners to think about the impact that money and its use have on a sustainable future, and to bring new perspectives, which are sometimes left in the background in public debate, to the discussion. In addition, the goal is to help members participate in discussion related to sustainability.



ANIMAL WELFARE

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

Photo: Paula Myöhänen/ Yhteishyvä

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

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

With the policy, we have also initiated discussions with agricultural producers and animal rights organisations on the goals and schedule for further improving the welfare of animals. In 2021, we conducted a dialogue on particularly the welfare of chicken and its development with producers, the industry, non-governmental organisations and animal welfare scientists.

We monitored the implementation of well-being requirements with visits to farms and with surveys.

DISCONTINUING THE SALE OF ENRICHED CAGE EGGS

In 2019, we implemented a policy to discontinue to sale of enriched cage eggs in stages by the end of 2026. S Group's hotels and restaurants will discontinue using enriched cage eggs by the end of 2021. The change will be implemented in two stages at S Group's grocery stores: the sale of enriched cage eggs under the Kotimaista brand will be discontinued by the end of 2023, and the sale of other enriched cage eggs will be discontinued gradually by the end of 2026. This policy also concerns S Group's Prisma stores and hotels in Estonia. In 2021, 56% of the eggs sold in our grocery stores and 1% of the eggs used in our restaurants and hotels were enriched cage eggs. At hotels and restaurants, we achieved our target of discontinuing the use of enriched cage eggs by the end of 2021. In a slight deviation to this we did offer a small batch of enriched cage eggs at the beginning of 2021 so as not to waste the enriched cage eggs still in storage. The share of enriched cage eggs in Estonia's Prisma stores and hotels was 85%

WE WILL DISCONTINUE THE SALE OF ENRICHED CAGE EGGS IN STAGES BY THE END OF

2026

OUR HOTELS AND RESTAURANT DISCONTINUED THE USE OF ENRICHED CAGE EGGS AT THE END OF

2021

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.

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

TOWARDS CARBON-NEUTRAL TRANSPORT

S Group aims to build a network of some 1,000 electric car charging stations covering the whole of Finland between 2021 and 2024. The network is called ABC-lataus, and it will serve customers at S Group's ABC stations, supermarkets and hotels. The first ABC-lataus charging stations began service in the spring of 2021, and by the end of the year, 50 of our locations already had ABC-lataus charging stations. These locations contained 200 basic, 118 power and 32 high-power charging stations. The electricity used in the ABC-lataus charging is produced with wind power.

In addition to the ABC-lataus, the electrical charging stations of our partners can be found at more than a hundred S Group outlets or locations. Of our partners' charging stations, 650 are basic charging stations and 421 power or high-power charging stations.





Photo: Lari Lappalainen

FOUR CAR WASHES IN FINLAND HAVE BEEN AWARDED THE SWAN ECOLABEL – HOK-ELANTO ABC PESUKATU HAVE THREE OF THEM

All three ABC Pesukatu car washes of HOK-Elanto – Kaari, Nihtisilta and Porttipuisto – now have the Nordic Swan Ecolabel. The fourth Finnish ecolabel has been awarded to a car wash in Northern Finland. ABC's 13 traditional car wash facilities also use only biodegradable and eco-labelled chemicals.

The car wash ecolabel is based on the reduction of water consumption and chemicals emissions. Additional points are awarded for the use of energy-efficient solutions, for example.

A traditional car wash street uses up to 500 litres of "fresh" water per a single car. In a car wash with the Nordic Swan Ecolabel, the maximum amount of water used is 90 litres of clean water. A good result, however, requires more than 90 litres of water, so the water used is treated by the recycling system.

Heavy metals and oils that become loose when a car is washed can be collected and they end up in the appropriate treatment through separators, and thanks to this they do not burden the sewer network and, therefore, the environment. The water that ends up in drains must also be cleaned.

THE BIOFUEL CONTENT OF FUELS IS INCREASING YEAR BY YEAR

Traffic fuel sales in 2021 increased from the previous year. Petrol sales increased by 4%, diesel sales by 6%, and E85 bioethanol sales by 11%. Although fuel sales increased compared to the previous year, emissions from the use of the fuels remained at the same level as in 2020.

Emissions from the fuel we sell are reduced by increasing the share of biofuel mixed in the fuel. The objective is to gradually increase the share of biofuels mixed in the fuel so that by 2030, the biofuel will account for 30% of the fuel. The use of biofuels resulted in a reduction of 530,000 tonnes of carbon dioxide emissions in 2021 compared to fossil fuels. Of the raw materials of purchased biofuels, some 78% were based on waste or residue. Part of the biowaste used as raw material is collected from our own outlets.

ABC's range of fuels also includes the Eko E85 high-level ethanol blend which reduces the fossil carbon dioxide emissions of cars by up to 80%

NERO DIESEL

Road traffic emissions account for 90% of total transport emissions, which in turn represent a fifth of Finland's total emissions. ABC's aim is to ensure that people can drive more sustainably irrespective of the power source.

In June 2021, the ABC chain began selling the new fossil-free Nero Diesel. It is a diesel fuel made entirely from renewable materials and allows reducing carbon dioxide emissions by up to 90% compared to regular diesel.

Renewable diesel's biggest benefit for the climate lies in the fact that by shifting to renewables, no new fossil-based carbon is released into the atmosphere. In addition, the renewable Nero Diesel supports the circular economy of raw materials, given that it is mainly produced from industrial waste and surplus. The reuse of waste also contributes to a reduction in the amount of greenhouse gas emissions.

FOUR ABC CAR WASHES AND THREE TRADITIONAL UNITS OF TWO WASH FACILITIES HAVE A SYSTEM FOR THE RECYCLING OF TREATED WATER WHERE THE TAP WATER CONSUMPTION CAN BE REDUCED BY 80–90%.

TOWARDS SUSTAINABLE GROWTH – BY RESPECTING NATURAL RESOURCES

57 CLIMATE
70 BIODIVERSITY
75 THE CIRCULAR ECONOMY

We take into account nature and the climate in our choices. Our decisions help preserve different living environments and species. We combat climate change by reducing emissions from our own 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. We are moving towards halving the amount of food waste, and we promote the circular economy. We also offer solutions for sustainable consumption and help our co-op members reduce emissions.

WE PROMOTE THE FOLLOWING UN SUSTAINABLE DEVELOPMENT GOALS IN PARTICULAR



Global warming caused by human activity is one of the largest global crises of our time. Climate change is already having an impact on people and natural environments across the world, and its impacts are also evident in Finland. Urgent action to combat climate change is one of the UN's primary sustainable development goals.

CLIMATE

The Paris Agreement signed in December 2015 aims to limit global warming to 1.5 degrees. To achieve the goal, all parties to the agreement are expected to implement ambitious and stricter measures to reduce emissions, adapt to climate change and increase climate funding. The EU is committed to reducing its greenhouse gas emissions by at least 55% from the 1990 level by 2030. In addition, the EU's goal is to be the first climate-neutral continent by 2050.

The objective of the Fit for 55 legislation package published by the European Commission in July 2021 is to update the EU's energy and climate policy framework to accord with the new emissions target. The package includes a proposal for the revision of emissions trading, covering transport emissions trading, the Energy Efficiency Directive, the Energy Performance of Buildings Directive, the LULUCF Regulation and the Alternative Fuels Infrastructure Directive. The legislative package is still being processed by both the European Parliament and the Council.

Finland is seeking to lead the way in reducing emissions. Finland aims to reduce its emissions by at least 55% by 2030 compared with 1990. Finland also aims to be carbon-neutral by 2035. This is an ambitious goal, and measures are needed to reduce emissions in all sectors. Various sectors have drawn up their own low-carbon maps related to the goal.
S Group has participated in the climate map work of the retail, travel and restaurant sectors as well as agriculture.





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 goals 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 generate emissions.

Our emissions have been calculated in accordance with 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 (Scope 3) emissions from the value chain. 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 the pipes of 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. For this reason, the equipment is monitored closely for any leakages. Scope 2 emissions are indirect greenhouse gas emissions from our own operations, attributable to the production of purchased electricity, district heating and cooling.

Other indirect emissions (Scope 3) 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. Indirect 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 emissions generated by energy production and distribution waste.

S GROUP'S CLIMATE STRATEGY

S Group's objective 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 with 2015. These goals apply to our own operations (Scopes 1 and 2). Regarding our value chain (Scope 3), 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 have set their own Science Based Targets by the end of 2023. Our climate goals 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).

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 goals. 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. 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.

MANAGEMENT OF CLIMATE ISSUES

Sustainability is integrated into S Group's strategy. In line with the mission stated in the strategy 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 goals, key measures and key indicators

WE PRIORITISE THE RISKS AND OPPORTUNITIES WE IDENTIFY AT S GROUP BASED ON THEIR IMPACTS, PROBABILITY AND TIMING, AND THEIR EXPECTED FINANCIAL IMPACTS.

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 goals is reported to SOK's Corporate Management Team, business operations, and support functions and regional cooperatives.

Overall responsibility for sustainability is shared by SOK's Executive Vice President, CMO, and the Director of Corporate Sustainability. S Group's Sustainability unit is responsible for developing sustainability within S Group. Overall responsibility for Task Force is Climate-related Financial Disclosures (TCFD reporting), on the other hand, lies with SOK's Sustainability unit, led by SOK's Director of Corporate Sustainability.

The Sustainability unit is in charge of the strategic development of climate goals and the key indicators, and it guides and monitors the progress of goals. Chain units and cooperatives are responsible for the operational implementation of climate goals in cooperation with the Sustainability unit, SOK Real Estate Services, the subsidiaries and S-Voima.

CLIMATE- AND ENVIRONMENTAL-RELATED RISKS

SOK's Executive Board has confirmed 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 climate-related risks.

We produce the risk management plans on the basis of individual risk assessments. We prioritise the risks and opportunities we identify at S Group 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.

We updated our climate goals at the end of 2020. The update was based on international climate scenarios, the goals of the national climate and energy strategy, as well as sector-specific forecasts.

The emissions from our operations 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 emission-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 equipment. 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) strong warming of climate,
2) increasing digitalisation,
3) extensive pandemics and
4) product category-specific changes (increased use of vegetables, changes in the fuel trade). 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.

TRANSITION RISKS	MANAGEMENT METHODS
RISKS RELATED TO THE POLITICAL OPERATING ENVIRONMENT · The political mindset changes nationally or globally. The current emphasis on mitigating climate change is reduced. · Short-term approach in the regulatory environment weakens companies' confidence in investments. · The economic steering measures fail to support the climate work of companies, affect the availability of raw materials or prevent the use of solutions based on market conditions. · Legislation or the sector's norms do not respond quickly enough to the challenges caused by climate change, which may undermine the operating prerequisites of companies during the transition. · The effects of climate change on trade policy, possible conflicts or global crises (coronavirus, export restrictions).	· Stakeholder engagement, such as active 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. · Development of own operations, reducing carbon intensity also in the value chain. · Proactive operations. Monitoring, assessment and response to changing regulation. · Decentralised procurement.
MARKET RISKS · Measures with regard to national climate goals, such as heating energy, remain unimplemented. Effects on the energy market. · Biodiversity weakens. The availability and costs of raw materials increase as a result of global warming. Changes in people's purchasing power. · The risk of global pandemics increases. Changes in the consumption of products and services. · Consumption habits change more quickly than expected.	· Investments in energy and resource efficiency and renewable electrical power. · Sustainability goals as well as raw material guidelines, taking into account biodiversity and climate impacts. · Development of digitalisation, completely new services. · Monitoring global megatrends, climate scenarios. · Active monitoring of consumption habits and reacting to changes. Promotion of sustainable consumption. · Decentralised procurement.

TRANSITION RISKS	MANAGEMENT METHODS
TECHNOLOGICAL RISKS · Investments in new technologies are delayed by, for example, strict regulation or high prices. · Not all parts of the value chain are ready to make full use of new technologies, so their deployment is less than complete and partially inefficient. The chain does not have enough competence or operators.	· Support for research and development and various projects to utilise new technologies or models. · Value chain cooperation.
REPUTATIONAL RISKS · Stakeholders' expectations increase and may have a negative impact on S Group. · Taking climate change into account in, for example, S-Bank's investments as well as their impact on the company's reputation.	· Open and transparent communication regarding S Group's climate goals and actions. · Active dialogue with non-governmental organisations. · Sustainability guidelines regarding investments. · Sustainability theme funds.

PHYSICAL RISKS	MANAGEMENT METHODS
ACUTE PHYICAL RISKS – EXTREME WEATHER PHENOMENA · Globally: drought or flooding impact the availability and price of raw materials. Extreme weather phenomena may also cause trade policy conflicts, which may have negative effects on procurement. · Nationally: impacts on harvest and energy production, for example. · Impacts of extreme weather phenomena on logistics or the operations of Gigawatti Oy. · Increasing storms may have an indirect impact on logistics and outlets, changes in security of supply and logistics costs.	· Cooperation with suppliers and management of the supply chain, decentralisation of procurement. · No properties are built in flood risk areas. · 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.
CHRONIC PHYSICAL RISKS – A RAPID RISE IN AVERAGE TEMPERATURE · Possible migration and its impacts on the network, services and products. Accumulation of population in certain regions. · The weather is warming faster than expected, compromising the resilience of nature and the company. Permanent changes in the availability of raw materials. The possibility of pandemics increases. · A significant change in the demand for products and services. · The need for cooling of properties will increase – possible impacts on the costs of and investments for outlets.	· Scenario reviews and possible changes in the range of products and services. · The supply chain's ability to adapt and the decentralisation of procurement. · Improving energy efficiency, investments in renewable energy.

OPPORTUNITIES

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 2021, the number of solar panels at our outlets had grown to more than 100,000, 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 waste 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 waste 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'S COMMITMENTS AND GOALS

- We will reduce emissions from our own operations by 90% by the end of 2030 compared with 2015.
- We will improve our energy efficiency by 30% by the end of 2030 compared with 2015.
- We are participating in the action plans for the commerce sector and the hotel and restaurant sector under the national Energy Efficiency Agreement for 2017–2025.
- The electricity we use is emission-free and will be completely renewable by the end of 2030.
- When carrying out repairs, we replace heating systems that use oil and natural gas with systems that use renewable forms of energy, whenever possible.
- We are reducing greenhouse gas emissions caused by refrigerants by replacing old refrigeration appliances with ones that use carbon dioxide.
- We will achieve carbon negativity in our own operations by the end of 2025.
- We encourage our largest goods suppliers and service providers to set their own science-based targets for reducing emissions by the end of 2023.
- Our goal is to reduce emissions from the value chain by 1 million tonnes by the end of 2030 in cooperation with our partners.
- We will reduce emissions from deliveries transported by Inex by 20% by the end of 2025 compared with 2018.
- We are participating in Business for Nature's Call for Action initiative to take biodiversity into account.

ENERGY EFFICIENCY IMPROVEMENT

30%

BY THE END OF 2030
COMPARED TO THE 2015 LEVEL

RENEWABLE ELECTRICITY

100%

OF ALL ELECTRICITY CONSUMPTION
BY THE END OF 2030

EMISSIONS FROM OUR OWN OPERATIONS

-90%

BY THE END OF 2030
COMPARED TO THE 2015 LEVEL

EMISSIONS FROM INEX DELIVERIES

-20%

BY THE END OF 2025
COMPARED TO THE 2018 LEVEL

OUR OWN OPERATIONS WILL BE CARBON-NEGATIVE BY THE END OF

2025

TOWARDS CARBON-NEGATIVE ACTIVITIES AT S GROUP

We are the largest non-industrial consumer of electricity in Finland. Refrigeration equipment as well as 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. We are continuously working to save energy and to use energy more efficiently.

IMPROVING ENERGY EFFICIENCY

We have set an energy efficiency target for S Group for 2030. We are aiming to improve the efficiency of our energy consumption by 30% in comparison to 2015. In 2021, our locations in Finland consumed 259 kWh of energy per gross m², which represents a decrease of nearly 15% compared with 2015. Compared to 2020, our relative energy consumption has remained roughly the same. Since 2010, we have reduced our relative energy consumption by 41%, among other things by renewing refrigeration plants, installing doors for refrigeration equipment, switching to LED lights and installing heat pumps. Our current aim is to improve the overall energy efficiency and cost efficiency at our facilities.

RELATIVE ENERGY CONSUMPTION IN FINLAND

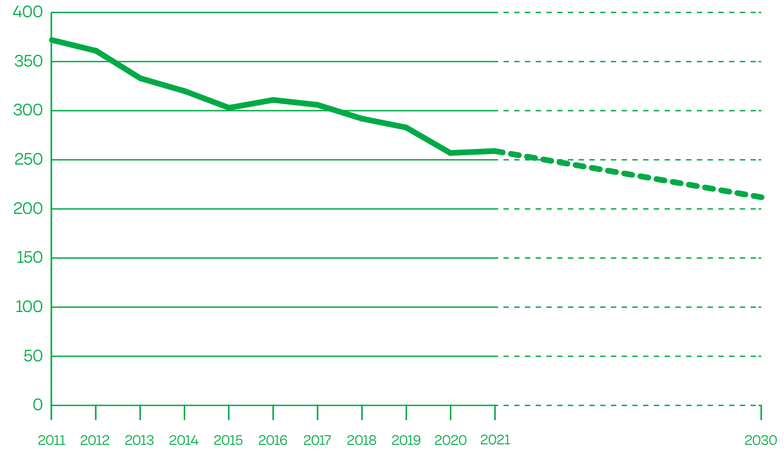
–15%

SINCE 2015

For example, this will in practice involve the comprehensive utilisation of waste heat as far as possible, optimisation of large entities and needs-based use of building systems.

This is now the second agreement period of the national Energy Efficiency Agreements for both the commerce sector and the hotel and restaurant sector to which we are signatories. Energy efficiency agreements are a method chosen by the government and the sectors to meet Finland's international energy efficiency targets.

SPECIFIC ENERGY CONSUMPTION, FINLAND (KWH PER GROSS M²)



SPECIFIC ENERGY CONSUMPTION, FINLAND (KWH PER GROSS M²)

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
372	361	333	320	303	311	306	292	283	257	**259**

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 2021**.

Assurance report on the energy and area data for 2021.

CONSUMPTION AND FLOOR AREAS IN 2021

	2019	2020	2021	TOTAL FOR S GROUP IN 2021
Electricity, Finland, GWh	1,070	1,009	**1,028**	**1,071**
Electricity, neighbouring countries, GWh	44	40	**43**	
Heating and cooling, Finland, GWh	432	405	**413**	**448**
Heating and cooling, neighbouring countries, GWh	30	30	**35**	
Water, Finland, million m³	2.00	1.59	**1.69**	**1.88**
Water, neighbouring countries, million m³	0.25	0.18	**0.19**	
Floor area, Finland, gross m²	5.29	5.49	**5.55**	**5.79**
Floor area, neighbouring countries, gross m²	0.24	0.24	**0.24**	

"Neighbouring countries" refers to Estonia and Russia.

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

Coverage of data for monitoring: electricity 97%, heating 93%, water 91% and gross area 95% of sites.

The calculation principles for energy and area data are provided in an appendix to the **S Group GHG Inventory Report 2021**.

Assurance report on the energy and area data for 2021.

S GROUP'S "ENERGY GENIUS" LOGISTICS CENTRE

The S Group's logistics centre for grocery products in Sipoo was recognised in the Energy Genius of the Year 2021 competition. The logistics centre entered the competition with a project entitled 'Overall energy management of S Group's logistics centre for grocery products'.

The Ministry of Economic Affairs and Employment, the Energy Authority and the state-owned sustainable development company Motiva awarded the prize to three sustainable projects that are examples of solutions that improve energy efficiency and recycle waste energy.

In its criteria for the recognition, the jury emphasised the long-term and diverse work engaged in by S Group's grocery trade logistics centre to improve energy efficiency, remarking that the combined energy efficiency solutions at the largest logistics centre in Finland are a good example of how appropriate energy use can be advanced holistically, one step at a time.

Energy management at the grocery trade's logistics centre is comprehensive, and its energy consumption has been reduced by a variety of means. In terms of heating, for example, the share of energy recycling has been increased to more than 50%, which has reduced the need for heat energy produced by combustion. The logistics centre 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.

In 2020, a 1-megawatt high temperature heat pump using the condensing heat of refrigeration equipment as a heat source was installed in the centre. 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.

In the same year, a snow melting system based on weather forecasts was also brought into use, which helps to adjust the heating in front of the loading docks to suit the conditions and reduces the need for maintenance heating. The innovation reduces heat consumption by 500–1,000 megawatt hours per year, depending on weather conditions.

A lighting renovation is also underway at the logistics centre for grocery products, where the conventional lighting installed during the construction of the logistics centre will be replaced by LED lighting The lighting renovation will both reduce the electricity consumption of lighting and reduce the need for cooling caused by lighting. This will reduce annual electricity consumption by between 3,500–4,000 MWh.

Under normal operating conditions, the logistics centre is already emission-free. For example, in 2020, the share of energy sources generating emissions only amounted to less than one per mille.

In the 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 2021, energy-saving measures of approximately 127 GWh were recorded for the commerce sector; this is nearly 1.5 times the target. By the end of 2021, energy saving measures of 8.5 GWh were recorded for hotels and restaurants, a good 60% 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. The related operating model is followed across S Group, in regional cooperatives and SOK's subsidiaries alike.

HEATING HOMES WITH THE SURPLUS HEAT OF ALEPA STORES

The surplus heat energy generated by the operations of the Alepa store which opened in the new Postipuisto area of Pohjois-Pasila, Helsinki, in the autumn of 2021 benefits both the store and the surrounding residential building. The circulation of the surplus heat is not only an environmental act, but also reduces the property maintenance costs of the residents and the Alepa store.

The new Postipuisto Alepa is located at the street-level foundation of the residential building housing more than a hundred apartments. Instead of being released into the outdoor air, the waste heat generated by the store's operation is directed to heating the building. And in summertime, it is directed in the geothermal heat accumulators which function as the property's energy bank.

The energy solution is a joint project of Alepa, the energy company Helen and Ilmarinen, the property's developer, in which the new property heats and cools carbon neutrally. The property relies on geothermal heat, the waste heat of wastewater and condensing heat generated by the refrigeration equipment of the Alepa store located in the building's foundation. In exchange for the heat, the Alepa store enjoys lower property costs and good condensing conditions for the refrigeration equipment, which has a direct impact on the store's energy consumption and the loads placed on the systems. The benefits are underscored especially during summer heatwaves, when refrigeration equipment is under a lot of pressure.

The development of the two-way energy production and use is part of a larger trend in energy-efficient construction. In the future, the energy production of buildings will come from a variety of sources, which means the increasing use of renewable energy sources and the use of energy previously gone to waste. The housing association of the Alepa store at Munkkinieniemen puistotie in Helsinki also uses the waste heat of the store operating at the building's street level. In Vantaa, HOK-Elanto is currently building the new Alepa Backas, in which the store building is heated with the condenser heat generated by store and stored in the geothermal heat accumulators.

ZERO-EMISSION ELECTRICITY

We consume more than 1% of all electricity used in Finland. In our more than 1,800 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. Since 2019, we have obtained guarantees of renewable origin for all electricity we use, which means that all electricity we use is already produced using exclusively renewable energy sources. In 2021, 50% of the electricity we used was produced by wind, 43% with hydropower and 7% with solar power.

Gigawatti Oy, which is in charge of S Group's wind power production, had a total 35 wind turbines at three wind farms located in Simo, Raahe and Siikainen in 2021. In addition, Finland's largest wind farm will be completed at the Sarvisuo area in Simo, Sea Lapland, during the first half of 2022. The Sarvisuo area will encompass 27 wind turbines, which will significantly increase S Group's renewable electricity production. Following the completion of the Sarvisuo Wind Farm, we are the third largest producer of wind power in Finland. We are planning to increase wind power at Eurajoki and Merikarvia. At the end of 2021, there were more than 100,000 solar panels on the roofs of a good 200 S Group locations. The installation of solar panels will continue in 2022.

Two solar power stations were completed in 2021 next to S Group's logistics centres in Sipoo. This is the first S Group site where the solar panels are located on the ground instead of on the roofs of 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.



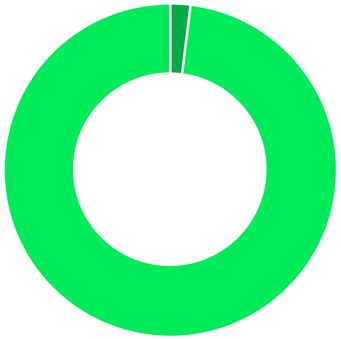
In 2020, we established principles for acquiring guarantees of origin for electricity and continue to follow these principles. The guarantees of origin come from projects where energy is produced with wind, solar and geothermal energy. In addition, hydropower, ocean power, as well as electricity produced using biomass, landfill waste, wastewater treatment plants and biogas that meets the EKOenergy criteria are acceptable. In 2022, we will establish principles for acquiring guarantees of origin for district heat, given that an amendment to legislation made in 2021 also allows for obtaining guarantees of origin for renewable energy.

The use of renewable electrical energy is one of the most significant ways to reduce the carbon dioxide emissions generated by our properties. We are also exploring the opportunity to use renewable forms of energy in all our new construction projects. 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 65 properties, or 4% of all our properties, still use oil or natural gas for heating.

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. According to Finnish Energy, 57% of the district heating energy in Finland in 2021 was produced with renewable energy sources and recovered waste heat, while 43% was produced using fossil fuels.

EMISSIONS FROM OUR OWN OPERATIONS, CO_2 (SCOPE 1 AND 2)

In 2021, emissions from our own operations increased by 5% year-on-year. The emissions have nevertheless already decreased by 69% since 2015, due to improved energy efficiency, refrigeration plants using renewable refrigerants, our own renewable energy investments and the procurement of guarantees of origin for electricity. The emissions generated by our value chain increased by 5% from the 2020 level.



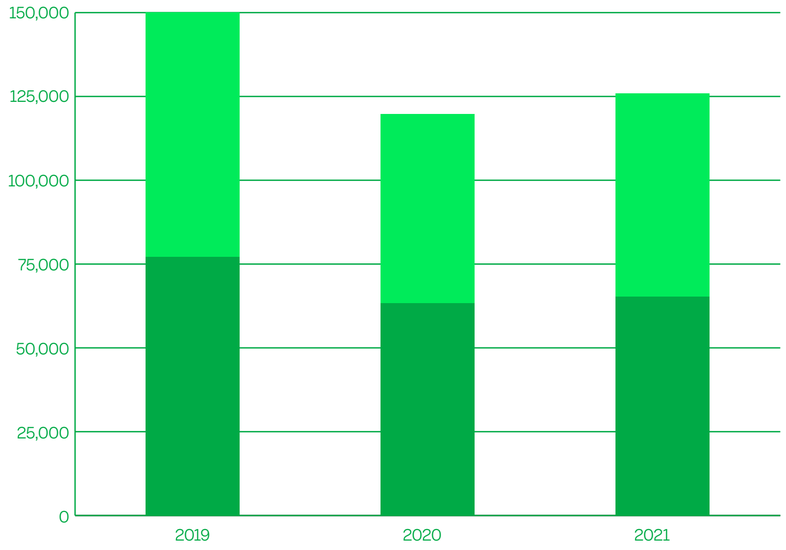
EMISSIONS FROM S GROUP'S OWN OPERATIONS IN 2021, %

Emissions from our own operations (Scope 1 & 2)	2%
Emissions from the value chain (Scope 3)	98%

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

125,800

TCO_2e



The calculation principles for emissions from our own operations are provided in an appendix to the **S Group GHG Inventory Report 2021.**

Assurance report on emissions data for 2021.

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

10.2

TCO_2e PER EUR 1 MILLION OF SALES

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

21.7

TCO_2e PER 1,000 GROSS M^2

EMISSIONS FROM S GROUP'S OWN OPERATIONS IN 2021 (TCO_2e)

Scope 1	65,300
Scope 2	60,500

EMISSIONS FROM S GROUP'S OWN OPERATIONS (TCO_2e)

	2019	2020	2021
DIRECT, SCOPE 1			
Own heating energy production from fossil sources (heating oil and natural gas)	5,700	8,700	**7,500**
Refrigerant leakages	71,400	54,600	**57,800**
INDIRECT, SCOPE 2			
Purchased electricity (market-based)	0	0	**0**
Purchased electricity (location-based)	95,400	71,100	**96,200**
Purchased district heating and cooling (location-based)	72,900	56,400	**60,500**
TOTAL SCOPES 1 AND 2 (procurement-based)	**150,000**	**119,700**	**125,800**
TOTAL SCOPES 1 AND 2 (location-based)	**245,400**	**190,800**	**222,000**

The figures include Finland and the neighbouring countries.

The accounting of organic carbon is being developed and, in the future, the amount of live carbon will also be reported. Organic carbon refers to carbon that becomes sequestrated in organic material by photosynthesis. The term biogenic carbon is also used for organic carbon.

The calculation principles for emissions from our own operations are provided in an appendix to the **S Group GHG Inventory Report 2021**.

Assurance report on emissions data for 2021.

Key factors in reducing emissions from our own operations include improving energy efficiency, increasing the share of renewable energy, minimising refrigerant leakages and replacing old refrigeration equipment with equipment that uses carbon dioxide. By the end of 2021, refrigeration facilities that rely on carbon dioxide and other natural refrigerants had already been installed in 424 outlets. Thanks to wind and solar power production, our emissions decreased by roughly 93,000 tonnes in 2021 compared with the specific emissions in accordance with the residual mix of electricity production in Finland in 2020.

103 CARBON-FREE PROPERTIES

We are making rapid progress in achieving our ambitious climate targets. At the end of 2021, 103 of our outlets had achieved zero emissions. Properties with zero emissions, or carbon-neutral properties, are those that do not increase the amount of greenhouse gas emissions in the atmosphere. 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 achieving this. In addition, our decision to switch exclusively to using renewable electricity has directly affected the emissions from properties.

CARBON-NEGATIVE PROPERTIES

We aim to achieve carbon negativity in our own operations by the end of 2025, but a few sites of ours have already achieved carbon negativity. 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 at a particular site must be low-emission carbon dioxide facilities or similar facilities, and the site must be equipped with LED lighting. Sites with oil or gas heating are currently not accepted under the scope of offsetting.

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

S GROUP IS A LEADER IN CLIMATE WORK AMONG FINNISH COMPANIES

According to an assessment by CDP (the former Carbon Disclosure Project), S Group's climate work continues to be of a forerunner level. In 2021, our climate work received an A- rating in the international CDP assessment.

In 2021, we also participated in the CDP Forest reporting for the second time, receiving a rating of C. In addition, we were the first retail operator in Finland to join the CDP Supply Chain programme. The programme enables companies that supply products or services to report on 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.

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. In 2021, more than 10,000 companies responded to surveys conducted by the CDP on water security and forest issues.

EMISSIONS OF THE VALUE CHAIN, CO_2 (SCOPE 3)

Of our emissions, 98% arise from our value chain, such as the manufacture of the products we sell. In terms of fuel, emissions are generated when products are used in transport. This is why it is important that 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.

S GROUP INCLUDED ON THE FINANCIAL TIMES LIST OF EUROPE'S CLIMATE LEADERS

The financial publication Financial Times listed 300 European companies with the best track record in reducing their climate emissions. S Group's ranking on the list is 41. The list, compiled by Statista on behalf of the Financial Times, compares the emission reductions of European companies between 2014 and 2019. The calculations accounted for the emissions generated by the companies' direct operations and the emissions generated in the production of the energy used by each company. After this, the emissions were proportioned to each company's net sales.

EMISSIONS FROM S GROUP'S VALUE CHAINS (TCO_2e)

	2019	2020	2021
UPSTREAM SCOPE 3			
Purchased products and services	5,395,000	5,040,900	**5,472,600**
Capital assets (buildings)	1,300	10,400	**4,900**
Indirect emissions from purchased energy	35,100	30,700	**30,600**
Product transportation and delivery	99,600	133,400	**140,300**
Waste	18,000	17,400	**18,100**
Business travel	4,000	500	**400**
Commuting	15,900	16,500	**13,800**
DOWNSTREAM SCOPE 3			
Customer traffic	319,000	248,500	**244,500**
Use of products sold	2,411,000	2,218,000	**2,170,300**
Investments	85,000	113,800	**117,800**
TOTAL	**8,383,900**	**7,830,100**	**8,213,300**

The figures include Finland.

For 2019, the emissions from commuting have been adjusted.

The calculation principles for Scope 3 emissions are provided in an appendix to the **S Group GHG Inventory Report 2021**.

Assurance report on emissions data for 2021.

THE BIG DEAL PROGRAMME AND SCIENCE BASED PARTNER EMISSION REDUCTION TARGETS

We launched our Big Deal climate 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 two-thirds of the Big Deal programme's 1,000,000-tonne emission reduction target has been achieved. In 2021, we held a virtual climate event for our Big Deal programme partners.

In addition to the Big Deal programme, we have, as part of our Science Based climate targets, set a goal for two-thirds of our significant goods suppliers (based on purchases) to set their own Science Based emission reduction targets by the end of 2023. By 2021, the target had been set by 68% of the suppliers within the scope of our target.

THE BIG DEAL CLIMATE PROGRAMME: REDUCING EMISSIONS BY

−1,000,000

TONNES IN COOPERATION WITH OUR PARTNERS BY THE END OF 2030 COMPARED WITH 2015

REDUCING TRANSPORTATION EMISSIONS AT INEX

Trade-related freight transport generates 8% of the world's carbon dioxide emissions. The objective of the Inex Partners, responsible for S Group's logistics services, is to reduce the emissions of their transport by one fifth by 2025. The objective is pursued by increasing the smooth flow of logistics, optimising routes and environmentally sustainable fuels.

In international transportation, the goal of Inex Partners is supported by its cooperation with Kuehne + Nagel, for example. Kuehne + Nagel's Net Zero Carbon programme aims to reduce the carbon dioxide emissions of all of the company's transport and logistics services on a global scale. Kuehne + Nagel International achieved its carbon-neutrality target in its own operations in 2020.

Inex Partners has already achieved carbon neutrality in terms of maritime logistics with Kuehne + Nagel, and the work will be continued to reduce carbon emissions in other modes of transport as well, both globally and locally.



THE CARBON LOAD OF TRAIN PIZZAS IS A THIRD LIGHTER

Inex Partners initiated the rail transport of the Rainbow pizzas produced by Italpizza at the beginning of April 2021, once the logistics company Schenker was able to provide thermotrailer rail transport from Italy to Travemünde, Germany, for a competitive price. From there, they are transported to Finland by cargo ship. The shift from trucks to rail freight has cut the carbon emissions of the pizza transports by a third.

While dry goods have been transported by rail from Italy for some twenty years by now, the use of thermotrailers in the importation of frozen pizzas is now testing how well this mode of transport works with products more sensitive to delays. S Group receives one or two thermotrailers full of Italpizza's frozen pizzas a week. This means that, when counted as consumer packages, the number of pizzas imported during a good six-month period amounts to nearly 1.5 million.

The pilot project concerning the importation of the frozen pizzas will continue for a year before any new expansions.

WE OFFSET THE EMISSIONS FROM OUR BUSINESS TRAVEL FLIGHTS

We are offsetting the climate emissions from our employees' business flights for the third year running. In 2021, 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 2021, the Covid-19 pandemic continued to have a strong impact on flights made by our employees. In 2021, our employees made 1,174 business flights, flying a total distance of just over 890,000 million kilometres, which generated climate emissions of 135 tonnes of carbon dioxide. The air mileages and emissions amounted to nearly 90% less than before the pandemic in 2019.

E-INSTITUTE FOR REGENERATIVE AGRICULTURE

The e-institute for regenerative agriculture is a joint project of Reaktori and the Baltic Sea Action Group (BSAG), based on BSAG's Carbon Action platform, and the work done with it by researchers, farmers and food chain operators. S Group serves as a partner in the e-institute as part of the Carbon Action project and support for carbon farming. 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. The free online course offers 60 hours of education and practical tools to be applied at farms. Regenerative agriculture is an important means by which to mitigate climate change. Soil in good condition will sequestrate carbon, and is also more productive when cultivated. This creates a positive cycle for mitigating climate change.

FUTURE-RELATED COACHING FOR FOOD PRODUCERS

Offered jointly by S Group and ProAgria, the Training for the Future coaching programme provides farmers and business owners with information about consumption trends, as well as support for strategy work and climate entrepreneurship. The goal is to provide the participants with various ways to plan and develop their business operations in line with future needs. As a result of the coronavirus pandemic, the coaching switched to webinars.

S GROUP SUPPORTS RESEARCH INTO SOIL CARBON SEQUESTRATION

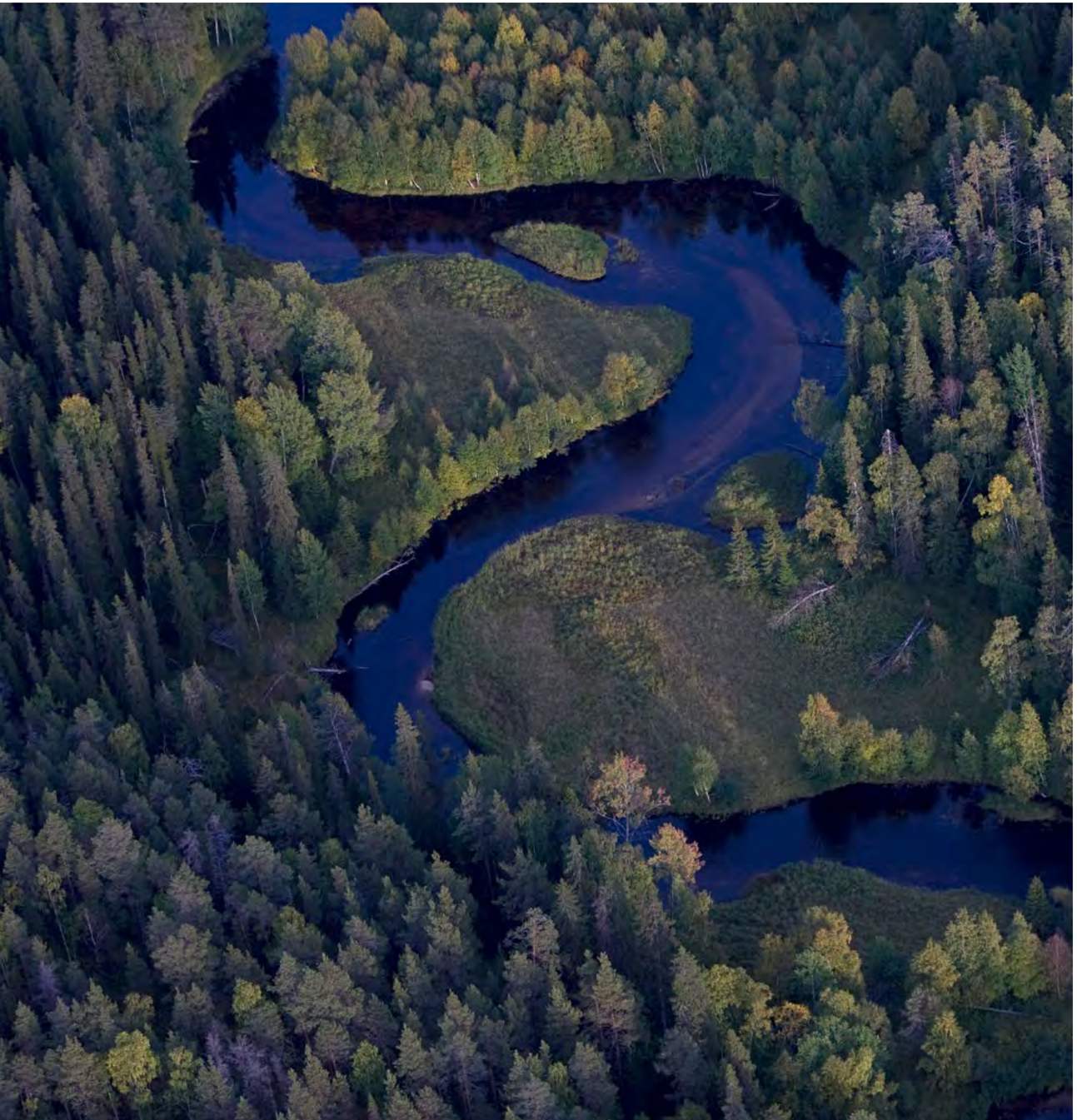
In 2021, we continued to support the Carbon Action project, which promotes carbon farming in Finland. In the work coordinated by the Baltic Sea Action Group, researchers from the University of Helsinki are collecting new information about the deeper layers of fields and their ability to sequestrate carbon from the atmosphere. The goal is to mitigate climate change. The funding is being used to investigate the current carbon storage in the soil at 30 Carbon Action farms located around Finland. The data is used for modelling carbon storage and for developing the verification of the change in storage. The project also aims for the storage of carbon in soil to be used as a form of carbon offsetting, in which case it would be financially beneficial for farmers. However, this requires high-quality basic research investigating the storage of carbon under different conditions.

S GROUP JOINED THE INTERNATIONAL CALL ON CARBON INITIATIVE

In 2021, S Group joined the international Call on Carbon initiative, which aims to accelerate climate investments and the adoption of efficient carbon dioxide pricing.

WE HAVE INVITED CONSUMERS TO PARTICIPATE IN PRO-CLIMATE WORK. YOU CAN FIND THE SOLUTIONS AND SERVICES WE OFFER FOR THE PURPOSE OF REDUCING THEIR CLIMATE IMPACT IN THE "TOWARDS SUSTAINABLE CONSUMPTION" SECTION.

The initiative – launched by the Finnish Climate Leadership Coalition, the Swedish Haga Initiative and Norwegian Skift Business Climate Leaders – has already been signed by more than 145 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. The purpose of the tools is to enable a cost-effective investment path for achieving carbon neutrality targets.



Biodiversity plays a key role in food production, access to clean water and the well-being of people and organisms. Therefore, the loss of biodiversity is also a major threat to humankind and the environment.

BIODIVERSITY

The EU Biodiversity Strategy aims to halt the loss of biodiversity by 2030. In addition, the goal is for biodiversity to start to recover. The strategy includes 17 objectives, such as increasing the protection areas, restoring waterways and international cooperation.

The Fifteenth meeting of the Conference of the Parties (COP 15) to the UN's Convention on Biological Diversity will be held in China in the spring of 2022. The aim is to create a new framework for halting the loss of biodiversity and for the recovery of biodiversity.

Our aim is to ensure 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.

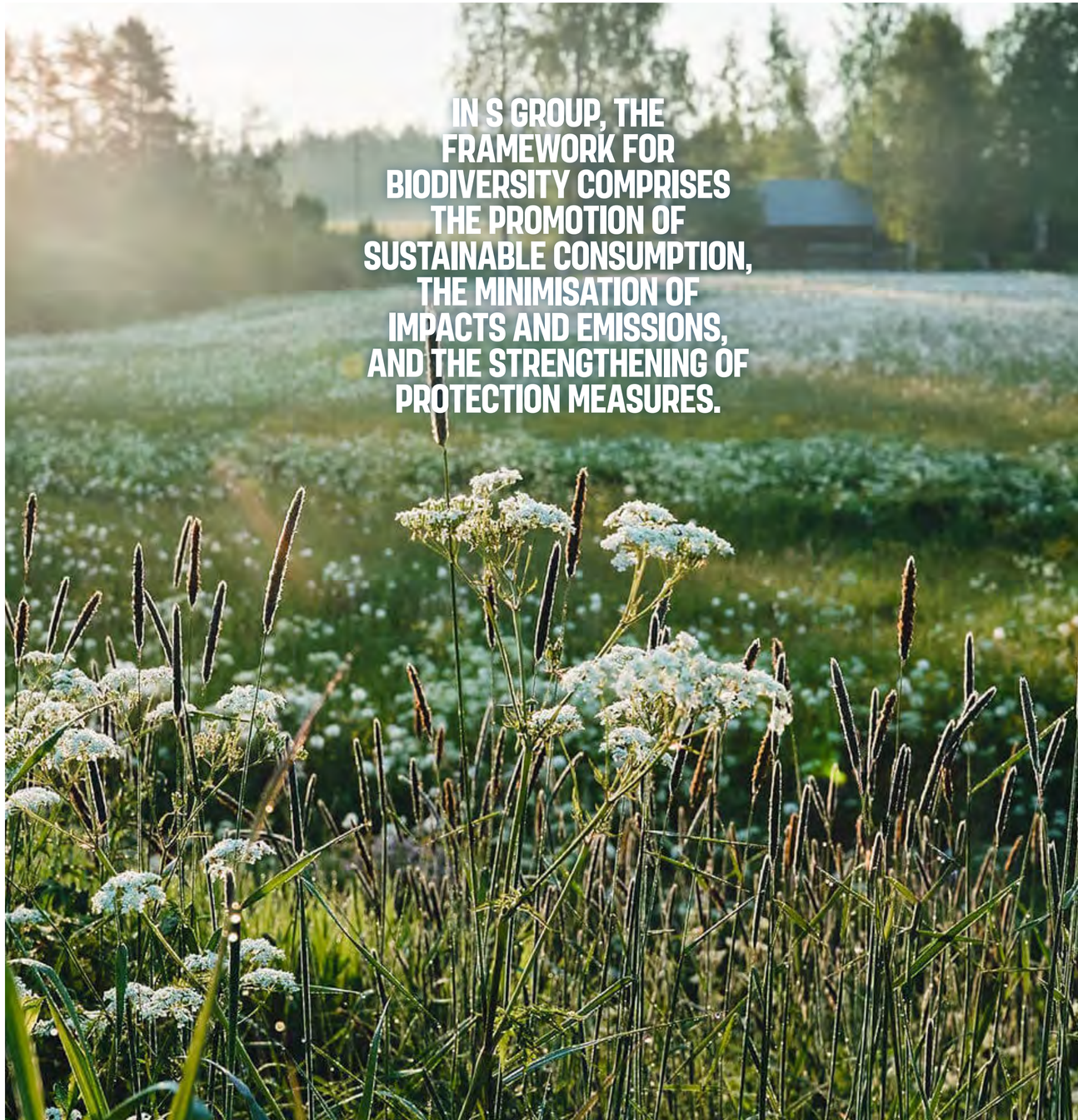
Finland is committed to eradicating invasive alien species within its territory and/or prevent them from spreading. S Group is also involved in combating invasive alien species by, among other things, removing any rugosa roses found in our parking areas.

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. Our practical measures include the establishment of our own fish guidelines and deforestation guidelines and, as part of it, guidelines on raw materials critical in terms of deforestation. We have also placed a strong emphasis on reducing food waste and promoting climate-smart eating and carbon farming.

Our biodiversity work also entails the development of water sustainability. We have monitored the development of water consumption in our own operations for a long time now and have taken measures to reduce the consumption. In addition to our own operations, it is important to identify the impact of our value chain. We have started surveying water risks in our sourcing and this work will continue in 2022.

With regard to our network of outlets, it is important to conduct environmental surveying before initiating and to ensure the minimisation of impacts during construction and the early stages of operations.

Prior to the start of the construction work of the logistics centre for the grocery trade located 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.



KEY THEMES RELATED TO S GROUP'S BIODIVERSITY

STRENGTHENING PROTECTION MEASURES

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

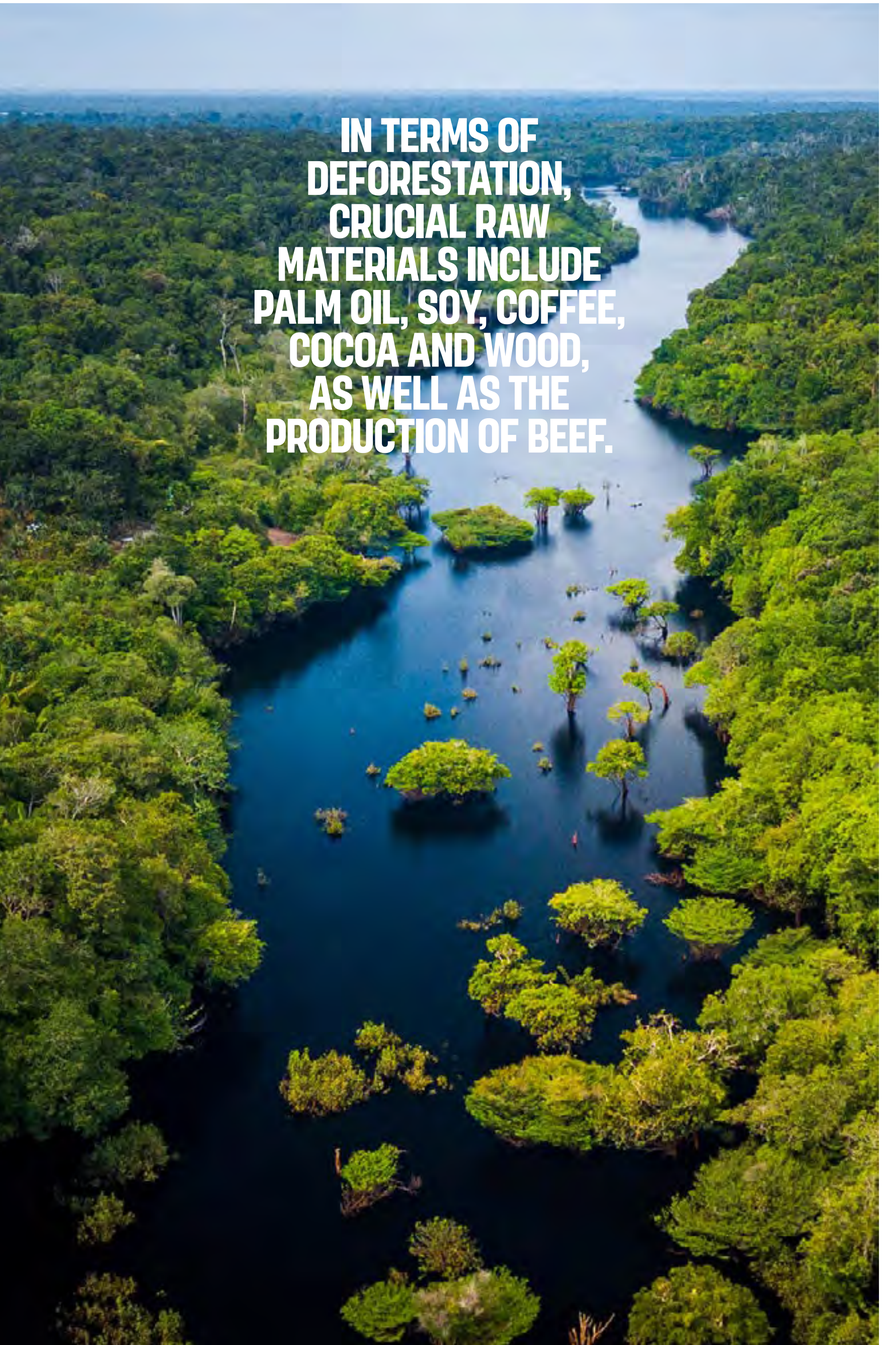


PROMOTING SUSTAINABLE CONSUMPTION

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

MINIMISING IMPACTS AND EMISSIONS

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



S GROUP WILL IDENTIFY ITS HARMFUL IMPACT ON NATURE IN COOPERATION WITH RESEARCHERS

S Group is having its impact on nature studied in a pioneering project. Our nature footprint, or any harmful impact that our operations have on biodiversity, are being studied by JYU. Wisdom, the School of Resource Wisdom at the University of Jyväskylä. The method's development work is financed jointly by S Group and Sitra.

The harmful impact that the value chain, such as the purchases of products and services, have on nature is currently challenging to identify. A large part of the damage that Finnish consumption does to nature is transferred beyond Finland's borders to different parts of the globe through sourcing.

The purpose of the joint research project is indeed to develop tools for assessing the harmful impact that companies and organisations have on nature. The holistic model for calculating an organisation's harmful impact on nature provides an increasingly broad opportunity for setting environmental targets alongside climate targets. 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.

S GROUP PARTICIPATES IN BUSINESS FOR NATURE'S CALL FOR ACTION INITIATIVE

Together with more than 1,000 businesses, S Group participates in Business for Nature's Call for Action initiative. The initiative concerns biodiversity and combines business and organisations, and prompts organisations to take action already during this decade to stop the disappearance of animal and plant species. Climate change is one of the greatest threats 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.

S GROUP'S DEFORESTATION GUIDELINES RESTRICT PURCHASES FROM RISK AREAS

The world's forests are being felled uncontrollably and illegally, especially in South America and Southeast Asia. Deforestation decreases carbon sinks around the world, which accelerates climate change. We are committed to combating deforestation and supporting the sustainable use of forests.

Our deforestation guidelines are part of the objectives of our sustainability programme for strengthening biodiversity. The guidelines are based on the identification of raw materials central to deforestation and related objectives and regional restrictions concerning sustainable production. The key principle of our deforestation guidelines is that we do not increase deforestation through our own actions. In practice, this means that several high-risk raw materials will be avoided and regional procurement restrictions will be introduced.

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

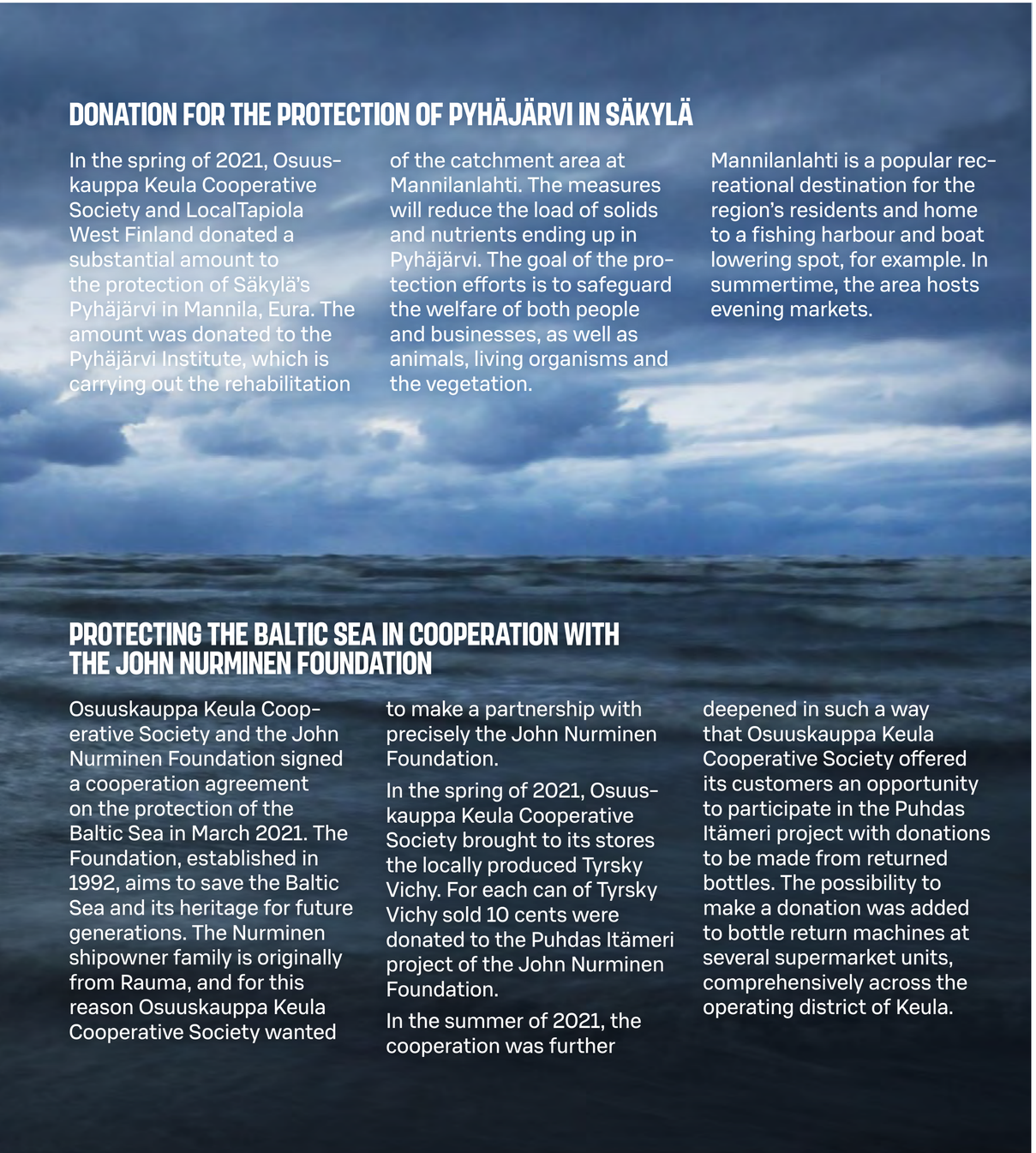
We review our deforestation guidelines regularly, monitor how deforestation progresses, and update the guidelines if necessary.

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

WOOD AND PAPER GUIDELINES

For the consumer packages used in our private-label products, food markets and restaurants, our private-label grocery products and tissue papers used in restaurants and hotels, our goal is to use wood that is either recycled fibre or FSC or PEFC certified material or the packaging has been awarded the Swan ecolabel or the EU Ecolabel by then end of 2023.

We promote the use of certified wood-based raw material in our consumer goods and consumer packaging. By the end of 2025, the wood-based raw material we use in the fibre-based packaging of our private-label consumer goods and our private-label wood and paper products will be either FSC or PEFC certified or the product will have the Swan ecolabel or the EU Ecolabel. Alternatively, we may use consumer packaging made from



DONATION FOR THE PROTECTION OF PYHÄJÄRVI IN SÄKYLÄ

In the spring of 2021, Osuuskauppa Keula Cooperative Society and LocalTapiola West Finland donated a substantial amount to the protection of Säkylä's Pyhäjärvi in Mannila, Eura. The amount was donated to the Pyhäjärvi Institute, which is carrying out the rehabilitation of the catchment area at Mannilanlahti. The measures will reduce the load of solids and nutrients ending up in Pyhäjärvi. The goal of the protection efforts is to safeguard the welfare of both people and businesses, as well as animals, living organisms and the vegetation.

Mannilanlahti is a popular recreational destination for the region's residents and home to a fishing harbour and boat lowering spot, for example. In summertime, the area hosts evening markets.

PROTECTING THE BALTIC SEA IN COOPERATION WITH THE JOHN NURMINEN FOUNDATION

Osuuskauppa Keula Cooperative Society and the John Nurminen Foundation signed a cooperation agreement on the protection of the Baltic Sea in March 2021. The Foundation, established in 1992, aims to save the Baltic Sea and its heritage for future generations. The Nurminen shipowner family is originally from Rauma, and for this reason Osuuskauppa Keula Cooperative Society wanted to make a partnership with precisely the John Nurminen Foundation.

In the spring of 2021, Osuuskauppa Keula Cooperative Society brought to its stores the locally produced Tyrsky Vichy. For each can of Tyrsky Vichy sold 10 cents were donated to the Puhdas Itämeri project of the John Nurminen Foundation.

In the summer of 2021, the cooperation was further deepened in such a way that Osuuskauppa Keula Cooperative Society offered its customers an opportunity to participate in the Puhdas Itämeri project with donations to be made from returned bottles. The possibility to make a donation was added to bottle return machines at several supermarket units, comprehensively across the operating district of Keula.

recycled fibre. These guidelines apply to the whole product range concerning wood and sawn timber used in construction.

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

BEEF

We try not to purchase 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 SUSTAINABLE SOY

Deforestation is threatening biodiversity in many areas. For example, soy is one of the significant raw materials 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 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 sustainability 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. Instead, 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. Overall, 83% of the soy we used in 2021 was certified.

THE WE CARE ICON COSMETICS RANGE CONSIDERS NATURE AND WILDLIFE

Sokos' own We Care Icon line of cosmetics actively supports the conservation work of WWF Finland. Since 2010, five cents of each We Care Icon cosmetics product sold has been donated to WWF's conservation work. The donations accumulated so far total more than EUR 130,000. The money has supported, among other things, the Baltic Sea conservation efforts and the successful breeding of the Saimaa ringed seal.

The We Care Icon range has been designed to not burden nature and wildlife unnecessarily. The cosmetics in the range are sold without cartons, avoiding the production of 2.5 million cardboard packages while doing so. In addition, the cosmetics label aims to be entirely vegan by the end of 2022.

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

THE CIRCULAR ECONOMY

The reference framework of legislation contributes to the transition towards the circular economy. The European Union has set stricter targets for recycling, and is aiming to increase the recycling rate of municipal waste to 55% by 2035. In the spring of 2019, the European Parliament adopted a directive concerning disposable plastic products. The directive aims to limit and reduce the use of plastic in packaging. A set of waste regulations is being prepared that also takes into account the new recycling rate targets for various packaging materials.

At the turn of the year, a proposal was published for the 2020–2021 strategic programme for promoting the circular economy, aimed at specifying the necessary measures to promote the circular economy and to create a systemic change. In turn, the national plastics roadmap proposes measures to promote the sustainable use of plastic. On the other hand, awareness of sustainability is also increasing among consumers, and they expect companies to implement measures to promote the sustainable use of natural resources.

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.





S GROUP'S COMMITMENTS AND GOALS

> We will recycle 80% of our waste as materials or new products by the end of 2025.

> Our goal is to halve food waste by 2030.

> The material efficiency commitment for the food industry seeks to reduce the environmental impacts of food production, distribution and consumption.

> Our plastics policy provides a framework for the use of plastic and its reduction in our own operations.

> The national plastic bag commitment 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 New Plastics Economy Global Commitment seeks to reduce the unnecessary use of plastic, develop reusable packaging and increase the efficiency of recycling.

RAW MATERIALS INTO CIRCULATION

The amount of waste we generate in Finland represents around 3% of all municipal waste generated in Finland. In 2021, our total amount of waste, including in the neighbouring countries, was 107,100 tonnes. The amount of hazardous waste generated was approximately 500 tonnes, while there were 3,700 tonnes of liquid waste. Most of the waste generated by our operations is paperboard, paper and organic waste, as well as energy waste and waste to be incinerated. In 2021, most (73%) of the waste we generated in Finland was taken to be reused as materials or energy. Our goal is to recycle 80% of our waste as materials or new products by the end of 2025.

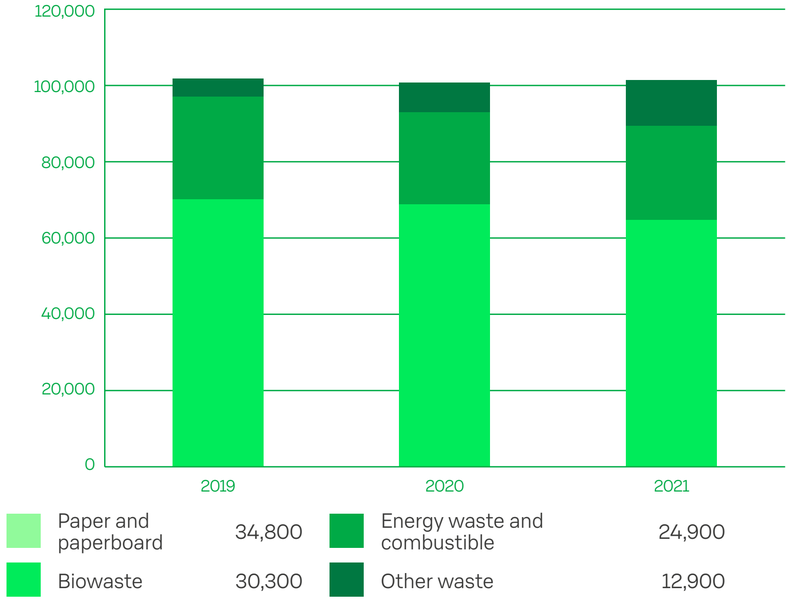
We continued to utilise the bread waste generated in our stores for the production of Eko E85 fuel sold at ABC service stations. Last year, we delivered bread waste for the production of approximately 1,200 tonnes of ethanol. The Eko E85 bioethanol produced from food waste and side streams from the food industry contains 15–20% petrol, and feed for agriculture and water are produced as by-products in the process. Eko E85 fuel reduces the fossil carbon dioxide 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)

	2019	2020	2021
Paper and paperboard	36,900	36,400	**34,800**
Biowaste	33,700	32,800	**30,300**
Energy waste and combustible waste	27,000	24,300	**24,900**
Plastic	1,600	1,500	**3,100**
Metal	1,900	1,600	**1,400**
Glass	700	700	**700**
Other solid waste	4,900	4,100	**7,700**
TOTAL SOLID WASTE	**106,700**	**101,400**	**102,900**
Hazardous waste	500	500	**500**
Liquid waste	4,400	3,600	**3,700**
ALL WASTE IN TOTAL	**111,600**	**105,500**	**107,100**

The waste data covers 83 per cent of the locations.
The figures include Finland and the neighbouring countries.
Assurance report on the waste figures for 2021.

S GROUP'S SOLID WASTE, TONNES



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

	2019	2020	2021
Material recycling	42	45	**42**
Reuse for energy	27	25	**27**
Reuse of biowaste	31	30	**31**
Landfill processing	0.02	0.01	**0.09**

The figures do not include the neighbouring countries (Russia, Estonia).

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

Assurance report on the waste figures for 2021.

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 2021, there were Rinki recycling stations at 432 stores. Of these recycling stations, 267 had collection points for plastic, in addition to glass, paperboard and metal. In turn, some of our Kodin Terra stores accept small pieces of impregnated wood waste from households.

In addition, 290 Rinki recycling stations have collection points for clothing. Refundable beverage containers, as well as batteries and waste electrical and electronic equipment, can be returned to our locations. The number of plastic bottles returned in 2021 increased by 10% and the number of cans by 1.5% from the previous year. The amount of portable accumulators and batteries returned to our outlets increased by nearly 4% from 2020. More than half of the portable accumulators and batteries returned in Finland are collected through our outlets. Customers can return old, unused nail polish to some stores of the Sokos and Emotion chains.

RECYCLING POINTS AND RECYCLED QUANTITIES

	2019	2020	2021
Number of recycling stations	427	428	**432**
Returned recyclable plastic bottles, million pcs	221	245	**272**
Returned recyclable glass bottles, million pcs	51	53	**53**
Returned aluminium cans, million pcs	617	663	**673**
Returned portable accumulators and batteries, tonnes	635	599	**621**

OPPORTUNITY TO DIRECT THE EUROS FROM RETURNED BOTTLES TO CHARITY

The customers of Keskimaa Cooperative Society's 25 stores have the opportunity to direct the euros from returned bottles and cans to charity. Each store participating in the donation effort has 1–3 local recipients for the donations at a time. In 2021, the amount of donations raised through the returned bottles came to EUR 23,391.20.

PACKAGING

We promote sustainable packaging – such as the recycling and reuse of packaging and the use of recycled raw materials – with our own goals. Through the international New Plastics Economy Global Commitment launched by the Ellen MacArthur Foundation and the UN, we have also 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.

In 2021, we complemented our existing commitments with a new plastic reduction target. The goal is to reduce the amount of virgin plastic by 20% in the grocery trade's private label packaging and plastic bags by the end of 2025, compared to 2018. S Group's private labels include the Rainbow and Kotimaista labels.

AVOIDING UNNECESSARY PLASTIC AND IMPROVING THE RECYCLABILITY IN OUR PRIVATE LABEL PRODUCTS

Developing the packaging of private label products is a continuous effort at S Group. Among other things, we aim to increase the use of recycled materials, improve the recyclability of packaging and reduce the amount of plastic used in the packaging. We have continued to reduce the amount of packaging plastic in private label products whenever a product's quality and shelf life allow for it. In 2021, plastic was reduced in the packaging of more than 60 private label products. At an annual level, these changes cut the use of plastic by tens of tonnes. We have been able to reduce an amount of plastic equal to more than a million plastic bags at an annual level from the packaging of S Group's private label frozen vegetables and berries alone by replacing the plastic packaging with paper and paperboard packaging. Recycled

plastic is already used instead of conventional virgin plastic in the packaging of approximately 70 of our private label products.

Recycled plastic is particularly well-suited for daily consumer goods packaging. All Rainbow laundry detergent packaging today, for example, contain recycled plastic. The packaging of cottons and nappies, for example, also contain a significant amount of recycled plastic. Standard plastic in packaging is also being replaced by bio-based plastic, which is currently found in the product packaging of nearly 40 of our private labels. In 2021, for example, the frozen blueberries and lingonberries of the Kotimaista label got new packaging made largely from bio-based plastic. At an annual level, this small change alone replaces nearly 5,000 kilos of virgin plastic.

Recycled plastic is also used in juice packaging, and the smoothies and juice bottles of the Mehustamo range, for example, are made mostly from recycled plastic. In addition, all of the juice bottles have a bottle deposit, bringing in more than 30,000 kilos for reuse every year.

The packaging of all S Group's private-label products can be sorted for recycling. Clear sorting instructions can be found in almost all of our private label packaging to make it increasingly easy for customers to sort packaging into recycling. Approximately 92% of the grocery trade's private label products can be used for recycling. From the perspective of being fit for recycling, the most challenging materials are the multi-layer plastics or other composite materials of food packaging in which the existing packaging solution plays an important role in ensuring the product's quality and shelf life and preventing wastage, while highly recyclable materials that could replace them are not necessarily available.

Our plastics guidelines, with its concrete goals and actions to promote the sustainable use of plastic, was announced in the spring of 2018. Together with our partners and customers, we are contributing to the recycling of plastic and helping to prevent litter. Further information on our plastics guidelines is available at S-ryhmä.fi.

SALES OF SOKOS' PLASTIC BAGS CONTINUED TO DECLINE

The grocery trade sold 147 million plastic bags and the sales volume increased slightly from the previous year. Although the volume of recycled raw materials used in plastic bags remained roughly at the 2020 level and stood at 89%, the share of recycled raw material has increased considerably since 2019. In 2019, recycled raw material accounted for 63%. The sales of paper bags (down 1%) and biodegradable carrier bags (down 8%) continued to decrease.

WE AIM TO INCREASE THE USE OF RECYCLED MATERIALS, IMPROVE THE RECYCLABILITY OF PACKAGING AND REDUCE THE AMOUNT OF PLASTIC USED IN THE PACKAGING.

The changes in the sales of shopping bags have been considerable in recent years. The factor with the greatest influence on purchasing behaviour with regard to bags was Sokos' plastic bags becoming subject to a charge. In 2021, fewer than 38,000 plastic bags were sold at Sokos, down more than 80% year-on-year. Correspondingly, the sales volume of reusable bags has increased by more than 40% compared to 2020. However, the sales of reusable bags are fairly low, as fewer than 4,000 were sold at Sokos stores in 2021.

Sokos has been testing paper fabric bags developed by Paptic Oy. The bags are made from FSC-certified wood fibres. Although the material is paper-like, it repels water and is more flexible than in traditional paper bags. The bag can be used several times and once it is disposed of it can be recycled as paper or paperboard.

OLD WORKING CLOTHES OF S GROUP HOTELS FIND NEW LIFE AS RECYCLED FIBRE

The hotels in the Sokos Hotels chain and restaurants operating in connection with them have initiated a pilot project on the recycling of used working clothes with the workwear company Touchpoint Oy. Its aim is to collect working clothes that are no longer in use for the production of recycled fibre that can be used as raw material for new products.

The purpose of the TouchPoint and the Sokos Hotels chain's pilot project is to identify materials suitable for recycling and to create new, internal operating models for S Group that enable the recycling textiles on a broader scale, encompassing the group's other business areas. Meira Nova, S Group's wholesaler providing services to the group's restaurants and hotels, is a key player in the pilot project.

INCREASING NUMBER OF PACKAGES CIRCULATING IN LOGISTICS

The importance of return logistics has increased in recent years, even in terms of material efficiency. The re-use of packaging has indeed increased significantly in our logistics, too. In addition to conventional wooden pallets and trolleys, we use more and more plastic boxes for fruit and vegetables in our logistics, which has in particular reduced the volume of cardboard waste at our stores. The use of the reusable IFCO fruit and vegetable boxes increased by 6% compared to 2020, and more than 17 million reusable boxes circulated in our supply chain for fruit and vegetables during 2021.

Today, our return logistics cover plastic and paperboard fractions, as well as bottles and cans. The newest products added to our recycling logistics include flower buckets and candy boxes. The collection of flower buckets started at HOK-Elanto outlets, which use 100,000 buckets annually. As the collection of flower buckets expands and the candy boxes are included in the recycling logistics, an increasing amount of plastic raw material will enter circulation and become available for the production of new products. Currently, the amount of plastic accumulated from flower buckets a year totals approximately 90 tonnes. In 2021, approximately 1,300 tonnes of cardboard and plastic, and more than 20,000 tonnes of return bottles and cans, were collected through recycling logistics. We will continue to survey recyclable plastic fractions and aim to increase their recycling logistics.

IN 2021, APPROXIMATELY 1,300 TONNES OF CARDBOARD AND PLASTIC, AND MORE THAN 20,000 TONNES OF RETURN BOTTLES AND CANS, WERE COLLECTED THROUGH RECYCLING LOGISTICS.

S GROUP AIMS TO HALVE FOOD WASTE

We aim to halve food waste by 2030. The new objective is in line with the UN Sustainable Development Goals.

THE AMOUNT OF FOOD WASTE OF STORES ROSE AFTER AN EXCEPTIONAL YEAR

The wastage of S Group's grocery stores in 2021 was 1.47%, whereas it was 1.4% in the previous year. The relative food waste increased by 4% from the previous year. Due to the corona-virus pandemic, 2020 was a very exceptional year also in terms of wastage. The food waste in 2021 exceeded that in the previous year by 1,418 tonnes. Food waste has decreased by 18% since 2014.

What are referred to as red-la-belled products at stores are one of the visible methods of food waste management. In 2021, our grocery stores sold a total of some 87 million red-labelled products (discounted at 30% or 60%). The popularity of additional evening discounts is particularly evident in smaller stores, such as Alepa stores, where the practice began five years ago. The nationwide evening-specific discount practice, on the other hand, turned four in the autumn of 2021. Usable food is also donated to charity, and S Group has some 400 food aid partners. Food donations are also carried out at outlets in Estonia and Russia. (As of 4 March 2022, SOK has decided to close all business operations in Russia). In addition to donations, as many as 11 cooperatives already use fruit vegetable boxes and bags.

FOOD WASTE AT OUR STORES IN FINLAND HAS DECREASED BY

18%

SINCE 2014



A MARKET'S "GOODIE" BOX SAVES THE VEGETABLES AND BREAD FROM GOING TO WASTE – "A SURE-FIRE HIT"

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

HOK-Elanto's 64 S-market stores operating in the metropolitan area and the Uusimaa region sells "goodie" boxes in which they collect fruit and vegetables or bakery products that have reached their best-before dates that would otherwise go to waste. The EUR 2 goodies boxes are a welcome addition to the range of means by which to reduce food waste. The day's setting is always slightly different, with numbers also varying according to the season.

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

S Group aims to move towards halving food waste by 2030. In stores, the fight against food waste is a daily effort, and we also want to encourage our customers to pay attention to food waste.

The goodie boxes and bags have been a real hit. The stores in the region of the Varuboden-Osla Cooperative were the first to begin applying the concept back in 2017, and it is now applied one form or another in the region of 11 regional cooperatives.



PANIMOYHTIÖ X'S WASTE BEER IN COOPERATION WITH KESKIMAA

In the summer of 2021, an ecological summer beer, Beer Cycled white IPA, the production of which relied on surplus bread and orange peels, was brought to the restaurants and stores of the Keskimaa Cooperative Society. The summer beer was developed by the Jyväskylä-based microbrewery Panimoyhtiö X. Beer Cycled is a special beer whose production made use of the unsold bread of the Prisma store in Seppälä and the orange peels accumulated from the Mehustamo juice extractor. One 800-litre batch of beer reduced the Prisma store's bread loss by more than 40 kilos and the volume of biowaste by 15–20 kilos of orange peel.

Photo: Erkka Lyytikkä

RESTAURANTS' WASTAGE ON A DECLINING TREND

In 2021, total wastage at S Group restaurants was 1.35%, having been 1.87% in the previous year. We managed to reduce wastage, and get the higher food waste which were contributed to by the restriction measures and lock-downs which hit the industry in 2020 as well as the fluctuations in volume, which were difficult to predict, under control.

We aim to continuously seek and develop new ways to reduce wastage at our restaurants. One of the most recent means for doing so is the cooperation between the Sokos S-market and the adjacent Happy Farmer restaurant family in Helsinki which aims to minimise food waste. It involves collecting products from the S-market that are at risk of going to waste and using them as raw materials in the Happy Farmer kitchen. These materials are used to produce parts of restaurant meals, as well as whole meals. At the same time, total wastage in the value chain will decrease.

NEARLY 100,000 MEALS SAVED THROUGH THE RESQ CLUB

Despite the difficult year, we managed to save nearly 100,000 meals through S Group's restaurants and ABC, and simultaneously avoid nearly 245 tonnes of CO_2 emissions in 2021. The food rescue service ResQ Club was utilised by 137 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.

S Group's stores, restaurants and ABC participated in the national "Rakasta joka murua" campaign, which encouraged everyone to reduce food waste and sort organic waste. The campaign also highlights the importance of people's choices in reducing food waste.

BIOVAAKA REDUCES FOOD WASTE AT THE BUFFET IN KOUVOLA

S Group's restaurants have been paying attention to the volume of food waste for a long time now. The measurement and monitoring of food waste is usually carried out manually alongside other restaurant work. In the autumn of 2021, we sought a new level of efficiency for food waste minimisation from technology when the Pizza & Buffa restaurant in Kouvola began testing a tracking system developed by Biovaaka Oy.

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.

At Pizza & Buffa, one of the scales involved is located at the return point of dishes, where the patrons empty any leftovers on their plates. The second unit is located at the back of the kitchen and weighs the biowaste generated during the kitchen work.

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. The system does not, however, give feedback based on all food waste on the plate. Rather, a particular figure of food waste has been entered into the system which takes into account any inedible items left on the plate, such as bones and peels.

The first test weeks were enough to show that the Biovaaka system provides a new kind of perspective to food waste management. In addition to more detailed information, it has freed the staff's time, allowing them to focus on other tasks.

Pizza & Buffa's customers have been very interested in the pilot project and pleased about being encouraged to consume more responsibly.

TOWARDS AN EQUAL WORLD – BY REMOVING INEQUALITY

82 HUMAN RIGHTS AT S GROUP
86 RESPONSIBLE PROCUREMENT
94 ENSURING THE SAFETY
98 DATA PROTECTION
100 PERSONNEL WELL-BEING
105 DIVERSITY

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.

WE PROMOTE THE FOLLOWING UN SUSTAINABLE DEVELOPMENT GOALS IN PARTICULAR



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.

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 2021, the index was 80.1 (2020: 79.6) on a scale of 0–100.



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 responsibility initiative UN Global Compact, promoting equality and diversity.

MANAGEMENT OF MATTERS RELATED TO HUMAN RIGHTS

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

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

ASSESSMENT OF RISKS RELATED TO HUMAN RIGHTS

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

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.

IN THE ASSESSMENT OF HUMAN RIGHTS IMPACTS, WE HAVE IDENTIFIED THE GROUPS ON WHOSE HUMAN RIGHTS S GROUP MAY HAVE DIRECT OR INDIRECT IMPACTS.

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 IMPACT

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. As the coronavirus pandemic persisted, we continued to apply enhanced measures to ensure the health security of our personnel and customers. In the autumn of 2021, S Group restaurants committed to the use of Covid-19 certificates.

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 IMPACT

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 have areas with elevated levels of human rights risks.



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.

S Group joined the Bangladesh Accord in 2020 and, following its end, the new International Accord initiative (International Accord for Health and Safety in the Textile and Garment Industry) in the autumn of 2021. Regular fire and building safety 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 and building safety of the factories. All Bangladeshi factories producing clothes for the S Group are included in the Accord process.

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 amfori. 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 drew 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.

ANONYMOUS WHISTLEBLOWING CHANNEL

In 2019, S Group established 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. To ensure anonymity, the whistleblowing channel is managed by an external partner, WhistleB. The reporting process is encrypted, and all reports are processed confidentially.

In 2021, a total of 34 reports were submitted to S Group's whistleblowing channel. The reports were mainly related to HR issues, occupational health and safety or activities contrary to guidelines and instructions. A significant part of the reports (13) were reports which did not fall under the scope of the whistleblowing channel (customer feedback-like). There were no reports during the year that would have led to official investigations.

The cases reported through the channel are processed by SOK Risk Management in cooperation with key people in various organisations of S Group in a manner that ensures impartiality. On the basis of reports received through the whistleblowing channel, it was decided that a clarification of instructions and ground rules and their review with the employees was in order.

In addition to S Group's whistleblowing channel, stakeholders can report unfair trading practices via the channel provided by the Board of Trading Practices in the Food Supply Chain and via the channel provided by amfori, through which any violations of human rights within the supply chains of amfori's members can be reported.

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

SUPPORT FOR DEFENDERS OF HUMAN RIGHTS

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

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

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

THE RIGHT TO A CLEAN, SAFE ENVIRONMENT SHOULD BE A HUMAN RIGHT

In the autumn of 2021, S Group and a group of other companies appealed 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 any particular region, which is why it should be recognised as a human right. The UN Human Rights Council approved the initiative in the autumn of 2021.

EMPLOYMENT OF 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. Aalto University students 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 possibilities for making the students' worthy investigation available to other companies as well are currently under consideration.

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 sustainability.

RESPONSIBLE PROCUREMENT

In responsible procurement, it is essential to agree on expectations regarding sustainability 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 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 a risk assessment tool for raw materials and other sources providing information about specific countries and raw materials. In addition, we conduct regular surveys among all our suppliers on social sustainability practices and the origin of products.

We require third-party factory audits to be carried out for suppliers of private-label products whose products are manufactured in countries with a high risk level in terms of social sustainability or contain raw materials procured from high-risk countries.

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



WE ARE COMMITTED TO THE PRINCIPLES OF GOOD BUSINESS PRACTICE, WHICH AIM TO ENSURE FAIR RULES IN THE TRADE RELATIONS BETWEEN THE OPERATORS IN THE FOOD SUPPLY CHAIN.

PRINCIPLES OF GOOD BUSINESS PRACTICES

We are committed to the principles of good business practice, 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 agreed between the EU Commission and the EU organisations within the food supply chain in 2011. 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. If the Board detects non-compliance, it may intervene by issuing recommendations concerning good business practice, for example. 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	88.1%
The Netherlands	2.2%
Sweden	1.9%
Spain	1.3%
Denmark	1.0%
Germany	0.9%
China	0.9%
Italy	0.7%
Belgium	0.4%
Poland	0.3%

*includes S Group's goods and service procurement in Finland.

Does not include fuel purchases.

S GROUP'S TEN LARGEST RISK COUNTRIES OF PROCUREMENT*

COUNTRY	% OF TOTAL PROCUREMENT	% OF RISK COUNTRY PURCHASES
China	0.87%	69.2%
Turkey	0.08%	6.6%
Bangladesh	0.07%	5.3%
Thailand	0.04%	2.9%
India	0.04%	2.8%
Vietnam	0.03%	2.7%
South Africa	0.03%	2.2%
Indonesia	0.02%	1.8%
Egypt	0.02%	1.6%
Pakistan	0.02%	1.6%

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

Assurance report on procurement from risk countries in 2021.

HUMAN RIGHTS ASSESSMENT IN PROCUREMENT

PURCHASES FROM RISK COUNTRIES

S Group purchases products for private labels and its own imports from several countries. Some 690 of the factories manufacturing the products are located in a high-risk country. The share of direct purchases from risk countries accounts for 1% of S Group's goods and service procurement (including operations in Finland, excluding fuel procurement). Our principle is that direct purchases from risk countries are only made from suppliers audited by a third party. In 2021, BSCI audits were conducted at the factories of 483 S Group suppliers (2020: 538). 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 sustainability of our private label procurement in Italy and other Mediterranean countries to the initial production of fresh fruit and vegetable products.

The raw materials of some products originate from high-risk countries, even when production of the product itself takes place in a low-risk country, such as within the EU. For our private-label food products, we track the production location of the main raw material. If the product or its main raw material is produced in a high-risk country, we require that a third-party audit or certification be conducted to ensure sustainability. Our goal is that the places in which the main raw materials of S Group's private-label food products in high-risk countries are produced will be included under the scope of third-party verification by the end of 2025. We are making progress in terms of our target one product group at a time. A few years ago we started this work in respect of our private label coffee, tea and cocoa and the target in relation to them has been achieved. In 2021, we continued this work in respect of frozen fruit and berries, as well as products containing coconut and vanilla.

SERVICE PURCHASES

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.

INCREASED VISIBILITY OVER PRODUCTION CHAINS FOR CLOTHES AND FOOTWEAR

S Group has investigated the supply chain behind the factories manufacturing its imported and private-label clothing and footwear. The objective is to identify suppliers at the second level of the supply chain (i.e. suppliers of materials used for the products) and the sustainability verification requirements and practices set by our suppliers for their own partners. The questionnaire was sent to 50 suppliers, of which 33 responded.

OUR GOAL IS THAT THE PLACES IN WHICH THE MAIN RAW MATERIALS OF S GROUP'S PRIVATE-LABEL FOOD PRODUCTS IN HIGH-RISK COUNTRIES ARE PRODUCED WILL BE INCLUDED UNDER THE SCOPE OF THIRD-PARTY VERIFICATION BY THE END OF 2025.

The respondents, i.e. our Tier 1 suppliers (suppliers with whom we have direct contractual relationship) reported approximately 400 as the total number of their own direct suppliers of materials (i.e. Tier 2 actors) and named 145 of them. This means that we did not obtain information from anywhere near all material suppliers.

The report illustrated the vast extent of the network involved in the supply chain. It also demonstrated what a difficult and slow process the surveying and verification of complex, long and constantly changing value chains is.

Transparency and sustainability practices are implemented in the value chains hand in hand, step by step. The expectations and practices are agreed upon in agreements, but these agreements do not reach all the way through the chains. They are only concluded between two actors. The report indicated that 79% of Tier 1 suppliers had imposed sustainability requirements on their own partners (Tier 2). Of the respondents, 91% also monitored the fulfilment of the requirements by various means. This means that the expectations were passed down the chain, but not completely.

Our suppliers found that their possibilities to influence working conditions and human rights further up the supply chain were challenging, but many of them nevertheless observed good practices. Dialogue and third-party verification backup systems were considered to be the most important tools.

THE SURVEY HELPED TO ILLUSTRATE HOW EXTENSIVE THE NETWORK OF OPERATORS INVOLVED IN THE SUPPLY CHAIN OF INDIVIDUAL PRODUCTS IS, AND HOW VAST THE NUMBER OF EMPLOYEES IS.

HUMAN RIGHTS REQUIRE COMMON RULES

S Group is in favour of regulating by legislation the obligation of due diligence 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 legislated at the EU level and apply to everyone. We have promoted this in cooperation with our stakeholders in the #ykkösketjuun campaign, among other things. S Group has, for its part, advanced the initiative in the European Parliament, for example, by participating in stakeholder hearings and by means of communication.

AUDITS – FACTORY INSPECTIONS BY THIRD PARTIES

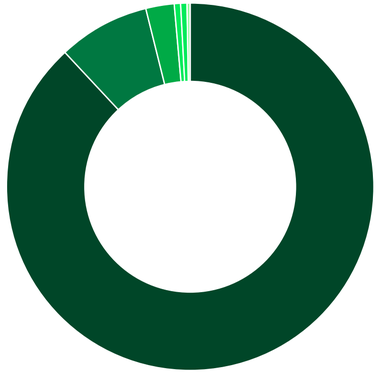
When monitoring our goods suppliers, we pay special attention to countries with the most significant risk of labour and human rights violations. According to the amfori BSCI, such high-risk countries include several countries in Africa, Asia and South and Central America, as well as certain European countries. Our private-label purchases and own importing from high-risk countries are made from audited suppliers.

Audits refer to factory inspections, such as amfori BSCI audits or equivalent third-party audits. In the audits, independent auditors inspect production plants to ensure that the criteria for the system are being met in practice.

The audits cover, among other things, working time and occupational safety practices, as well as the payment of the statutory minimum wage. Nearly 98% of factories manufacturing S Group's private labels and own imports products in high-risk countries had been audited at the end of 2021. By the end of the year, about 2% of the production factories were of the kind in which the necessary monitoring audit had not been carried out or whose auditing system had not been approved by S Group. The method for calculating risk country audits was changed in 2021, so the figure is not comparable to the previous year. 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.

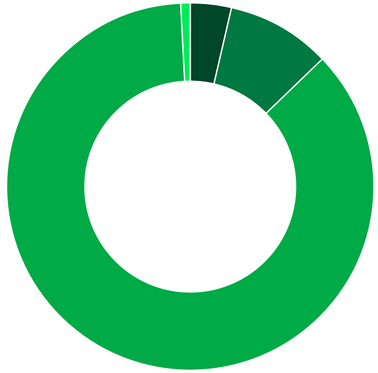
The coronavirus pandemic has caused a great deal of action in many producer countries and procurement chains to ensure the observance of national restrictions, safety of employees and continuity of operations. We seek to engage in dialogue with suppliers in order to understand the situation, but also in order to allow our partners to work in peace in the rapidly changing situation.

Restrictions also hindered the implementation of audits locally. Due to the restrictions, access to factories and moving around in them has been limited in many places. This was also the most significant individual reason for the delay of monitoring audits in 2021.



PURCHASES FROM AUDITED SUPPLIERS 2021, %

amfori BSCI	88.1%
SMETA	8.0%
SA 8000	2.5%
WRAP	0.7%
ICTI	0.5%
GLOBAL GAP Grasp	0.2%



RESULTS OF S GROUP'S BSCI AUDITS IN 2021

BSCI A (Outstanding)	3.7%
BSCI B (Good)	9.3%
BSCI C (Acceptable)	86.4%
BSCI D (Insufficient)	0.7%

AUDIT SCORES

In 2021, the most significant development needs detected during the amfori BSCI audits were related to management and working time practices and safety at work.

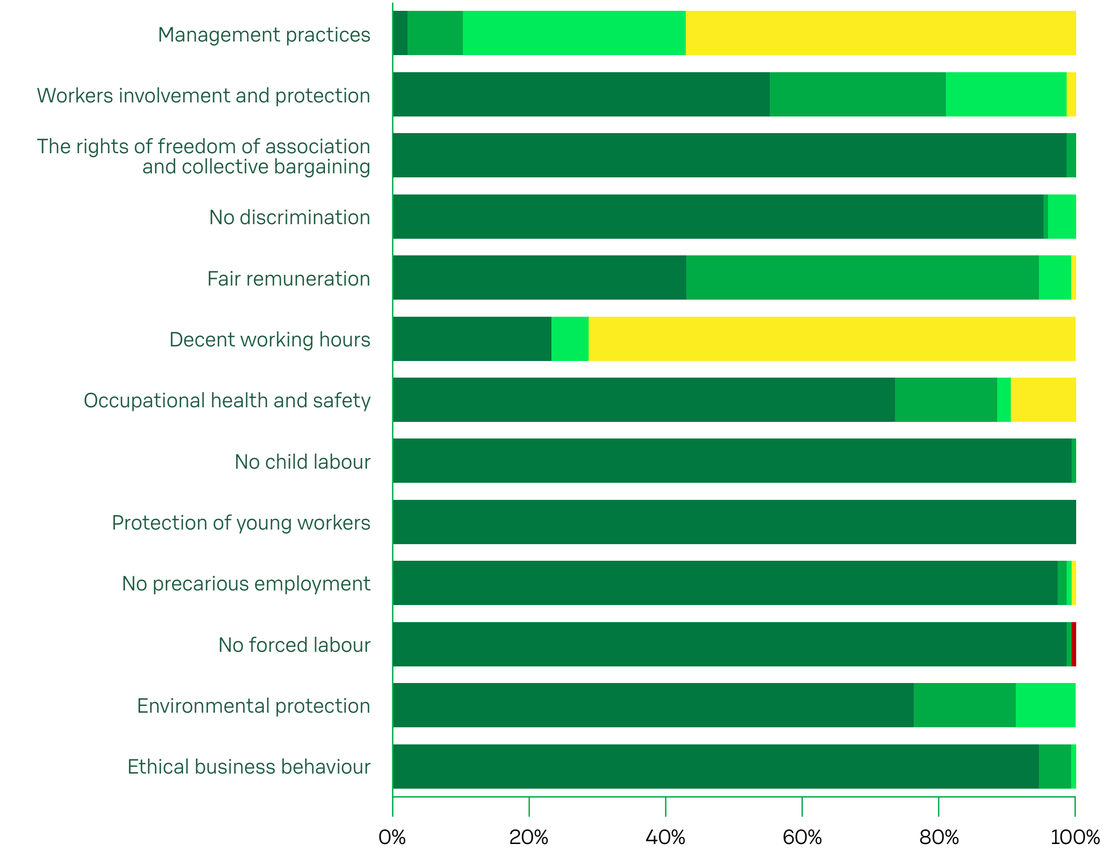
If the audit score is low, the factory will draw up a plan for corrective measures. A new audit will be performed to monitor compliance with the plan. Cooperation with the partner will not be discontinued, as doing so would not help the workers' situation at the factories and on the farms. Cooperation is the best way to improve operations. 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.

There were no Zero Tolerance observations in the 2021 audits – that is, observations of child labour, forced labour or bribery, or safety defects resulting in immediate danger.

RESULTS OF BSCI AUDITS BY AREA IN 2021

FULL AUDITS IN 2021



FOLLOW-UP AUDITS IN 2021



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

CERTIFIED PRODUCTS

CHOICES BASED ON VALUES

GUIDELINES AND TARGET	SITUATION IN 2021
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 (2020: 100%) and 100% of the relevant product items (2020: 100%) was/were 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 (2020: 100%) and 100% of the relevant product items (2020: 100%) was/were certified at the end of the year. In S Group restaurants, 100% of the sales volume of coffee (2020: 99%) and 100% of the relevant product items (2020: 100%) 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 guidelines, which are mainly based on fish guides from WWF Finland and WWF Sweden. 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 guidelines are updated every two years, most recently in December 2020. 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 selections of our grocery stores included 197 (2020: 140) MSC-certified products. A total of 68 (2020:18) 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. S Group's hotels and restaurants will discontinue using enriched cage eggs by the end of 2021. The change will be implemented in two stages at S Group's grocery stores: the sale of enriched cage eggs under the Kotimaista brand will be discontinued by the end of 2023, and the sale of other enriched cage eggs will be discontinued gradually by the end of 2026. This policy also concerns S Group's Prisma stores and hotels in Estonia.	At the end of the year, 56% of the eggs sold at S Group's grocery stores (2019: 59%) were enriched cage eggs. Less than 1% of the eggs used at S Group restaurants and hotels (2020: 50%). Enriched cage eggs accounted for 85% of eggs in Estonia's Prisma stores and hotels (2020: 88%).

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

AT THE END OF 2021,

100%

OF THE SALES VOLUME OF S GROUP'S PRIVATE-LABEL COCOA AND CHOCOLATE WAS CERTIFIED

GUIDELINES AND TARGET	SITUATION IN 2021
PALM OIL S Group's goal is to only use certified palm oil traceable to palm oil plantations in private-label products and in deep-frying oil in restaurants by the end of 2021. S Group has been a member of the Roundtable on Sustainable Palm Oil (RSPO) since 2011. RSPO's criteria for palm oil plantations include the conservation of biodiversity and the improvement of operations through ethical and ecological standards.	The certification rate of the palm oil used in S Group's private-label food products and in deep-frying oil in restaurants was 100% at the end of 2021 (2020: 100%). The share of traceable RSPO Segregated palm oil was 97.5% (2020: 95%).
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 Fairtrade International or the Better Cotton Initiative (BCI). The use of cotton produced in the Xinjiang region in China, in Uzbekistan, or in Turkmenistan is not permitted unless it is BC- or Fairtrade-certified.	At the end of 2021, 29% of the cotton used in S Group's private-label and own import products was responsibly produced (2020: 17%). Of this, 52% was organic cotton (GOTS- or OCS-certified), 48% BCI cotton and 1% Fairtrade cotton.
SOY Our goal is that soy from high-risk countries that is used as an ingredient in our private-label products, as well as soy feed from high-risk countries that is used in the production chains of animal-based ingredients (meat, fish, dairy, eggs) for our private-label products, will be certified by the end of 2021. Soy from high-risk countries that is used in meals served in our restaurants and cafés, as well as soy feed from high-risk countries that is used in the production chains of animal-based ingredients (meat, fish, dairy, eggs) for the meals, will also be certified by the end of 2021. Responsible soy certificates include Round Table on Responsible Soy (RTRS) and ProTerra.	Of the soy from high-risk origin used in S Group's products as raw material or as animal feed in the production chains of animal-based products, 83% is certified (2020: 70%)**. Of this, 89% was RTRS-certified and 11% Pro Terra-certified. Of the soy used, 99.8% (2020: 99.8%) is soy used as feed for animal-based products. Of all soy used, 89% is of risk origin (2020: 50%). ***
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, for example.	100% sales volume of S Group's private label tea (2020: 100%) and 100% of the relevant product items (2020: 100%) was/were certified at the end of the year. In S Group restaurants, 100% of the sales volume of tea (2020: 87%) and 89% of the relevant product items (2020: 73%) was/were certified at the end of the year.

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

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

AT THE END OF 2021,

100%

OF THE SALES VOLUME OF S GROUP'S PRIVATE-LABEL TEA WAS CERTIFIED

THE NUMBER OF FISH COUNTERS WITH SUSTAINABILITY CERTIFICATION GREW MANIFOLD IN S GROUP

S Group aims to help its customers make healthy and environmentally sustainable choices. Fish play an important role in a climate-friendly diet.

All procurement of fish products in the cooperative group is guided by a fish policy that supports more sustainable fishing. Promoting the sustainable use of fish in turn contributes to the sustainable use of natural resources and the safeguarding of biodiversity.

The fish counters of the Food Market Herkku stores were the first among S Group's grocery stores to be awarded with MSC and ASC certification. The MSC and ASC certifications, which promote sustainable fishing and aquaculture, have since rapidly expanded to the fish counters of the Prisma and S-market chains.

In 2020 and 2021, a total of 68 fish counters in Prisma and S-market grocery stores were awarded MSC- or ASC-certificates.

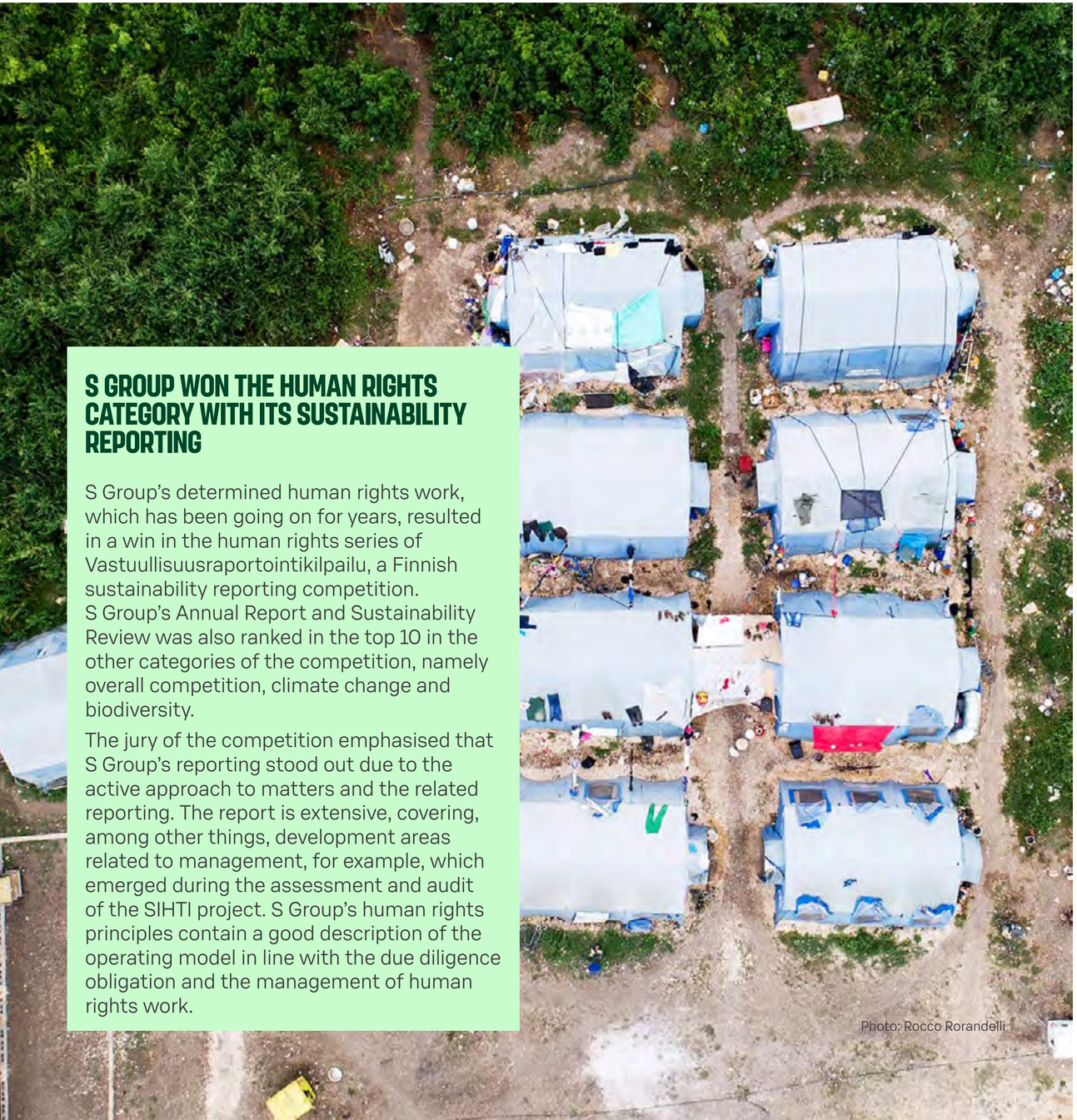


Photo: Rocco Rorandelli

S GROUP WON THE HUMAN RIGHTS CATEGORY WITH ITS SUSTAINABILITY REPORTING

S Group's determined human rights work, which has been going on for years, resulted in a win in the human rights series of Vastuullisuusraportointikilpailu, a Finnish sustainability reporting competition. S Group's Annual Report and Sustainability Review was also ranked in the top 10 in the other categories of the competition, namely overall competition, climate change and biodiversity.

The jury of the competition emphasised that S Group's reporting stood out due to the active approach to matters and the related reporting. The report is extensive, covering, among other things, development areas related to management, for example, which emerged during the assessment and audit of the SIHTI project. S Group's human rights principles contain a good description of the operating model in line with the due diligence obligation and the management of human rights work.

RADICAL TRANSPARENCY FOR SUPPLY CHAINS

At the beginning of 2019, we published the first Radical transparency study on the production of Italian canned tomatoes. The survey was conducted by the non-governmental organisation Oxfam.

The study was a pilot project for a new research model that we have developed to supplement traditional audit work. The purpose of the new model is to identify typical and current human rights issues, and their root causes in particular, in our key production regions or potential sourcing areas. This enables us to identify measures and procedures to minimise typical challenges. An external partner familiar with the target area will conduct the survey. The tool has been developed in cooperation with non-governmental organisations and other stakeholders.

Italy was selected because, rather than being a traditional high-risk country, it is an EU country with recent reports of poor working conditions for employees with immigrant backgrounds.

In the production of tinned tomatoes, key human rights issues are related to primary production – that is, tomato farms. These farms have a high number of employees with immigrant backgrounds, who are in a very vulnerable position in the labour market.

We have discussed the results with our goods suppliers and paid several visits to tomato farms in Southern Italy. Our goods suppliers have started using mechanical harvesting, which is less labour-intensive and requires skilled employees. This has been found to clearly reduce risks at the farms and improve the position of employees. Our goods suppliers have also enhanced the monitoring of tomato farms. We will continue our goal-oriented cooperation with our suppliers of tinned tomato products to ensure that the primary production of these products is fully covered by third-party verification.

Our largest goods suppliers quickly established anonymous whistleblowing channels where farm employees can report any instances of malpractice and poor working conditions. Every employee has also been personally informed of the whistleblowing channel with documents distributed among them.

We expanded our monitoring of social sustainability regarding our private-label products in Italy and other Mediterranean countries to cover the primary production of fresh fruit and vegetable products. According to a review carried out by random sampling, at the end of 2020, third-party assurance covered 86% of the initial producers of these products.

Following the review, we joined the Fresh Produce working group of the Ethical Trading Initiative in Italy. The group seeks to find solutions to problems that migrant workers face in the agricultural sector in Italy. We also continued in the working group in 2021.

We have also promoted the results of the study in our international networks, as well as communicating them to political decision-makers, for example. Cooperation is key in addressing problems and finding sustainable solutions.

At the end of 2021, we launched the following project regarding the textile sector. It focuses on women's and children's rights. The project, to be carried out in Bangladesh, is expected to be completed during 2022.

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

ENSURING THE SAFETY OF OUR CUSTOMERS AND EMPLOYEES

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

The coronavirus pandemic, which has continued as of the spring of 2020, has had an effect on the work of every S Group employee in 2021 as well. Our primary duty has been to guarantee a safe working and service environment for our staff and our customers. We have continued to apply the health security measures aiming to prevent the spread of the coronavirus, and to ensure that our personnel remain healthy and that it is safe to visit our outlets. We are following official guidelines and recommendations closely.

Our personnel always use face masks at work when the regional disease situation so requires. We remind our customers of good retail practices, such as observation of safety distances and face mask recommendations on information screens, posters and audio announcements. We have continued the extended opening



Photo: Antti Haataja

hours of stores to avoid congestion, and we have increased our investment in the online store. In all of our restaurants and hotels, we adhere to enhanced hygiene to ensure health security. At restaurants, for instance, we ensure that safe distancing in the positioning of seats and each seat is cleaned after every customer. Hotel rooms are cleaned with particular efficiency.

Furthermore, our personnel have been provided with detailed instructions for hygiene measures, and we have extended the self-notification practice in case of absences due to illness from three days to 5–7 days. In terms of office work, we have focused on remote working.

A SAFE WORKING AND SERVICE ENVIRONMENT IS A FUNDAMENTAL RIGHT

The safety of facilities is maintained and improved through regular training for employees, as well as through safety drills and thorough induction, among other means. We have a wide selection of online courses for our employees. The hazards and risks in our facilities are regularly assessed, and safety aspects are considered in the planning and design of our outlets. We also carry out safety walkthroughs at outlets to observe the safety aspects of each outlet and improve the personnel's readiness to operate in various situations.

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

We have a centralised safety information management system, S-Turva, 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. Safety work at our outlets and locations is supported with technical security solutions, such as camera surveillance and access control, and by using various security services, such as guarding, shop assistants with security training, and security monitoring.

In addition, S Group's own security services company, Reila Palvelut Oy, provides security solutions for our outlets and locations. The operations were launched in 2019, and they are currently concentrated in the Helsinki metropolitan area. 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.

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

OCCUPATIONAL ACCIDENTS

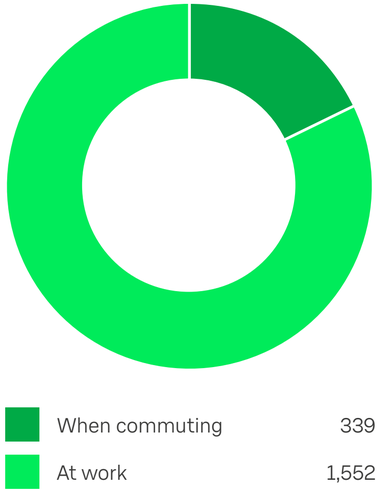


OCCUPATIONAL ACCIDENTS	2019	2020	2021
Occupational accident frequency[1)]	35	37	**38**
Share of serious accidents of all accidents, %[2)]	5.6	5.9	**5.6**

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

2) The share of serious accidents of all accidents at work is calculated as follows: the number of accidents at work resulting in an absence of more than 30 days divided by the total number of accidents.

LOCATIONS OF ACCIDENTS IN 2021





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 2021, we audited the product safety of 26 (2020: 29) food product suppliers. The coronavirus situation clearly limited the possibilities for carrying out product safety audits.

PRODUCT TESTING AND SELF-MONITORING

We regularly test product samples before releasing the product for sale. In 2021, we examined a total of 8,516 product samples (2020: 8,140). The samples were mainly related to the product development of our private labels.

As part of self-monitoring, we took 5,044 samples of our private-label and import products (2020: 4,224). 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 2021, we investigated 335 samples for plant protection residues. Of the samples tested, 26 (6.4%) 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.

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 2021, we implemented 279 product recalls (2020: 265) of which 56 concerned our private-label products (2020: 44). Erroneous product labelling due to problems in packaging or other reasons not associated with product safety were the most common reasons for the recalls (30% of all product recalls) carried out during the year.

If a product at one of our stores is deemed to be defective in a way that poses a risk to consumers' health or safety, the product recall is communicated to consumers. The number of public recalls made during the year was 60 (2020: 50). Six of these concerned S Group's private-label products (2020: 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 2021, a total of 572 Oiva inspections were conducted at S Group's stores, and 231 Oiva inspections were conducted in Group's restaurants and other catering facilities. Of the results of Oiva inspections conducted at S Group stores, 72% were excellent (2020: 73%), 25% good (2020: 23%) and 3% in need of correction (2020: 4%). None of S Group's stores received a poor result in the Oiva inspections.

Of the serving locations, 52% received excellent (2020: 55%) and 40% good (2020: 38%) results, while in 9%, something to be corrected was found (2020: 7%). 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.

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 2021, our cash register workers checked the age of more than 20 million customers who bought alcoholic beverages (2020: 16.7 million) and more than 13.6 customers who bought tobacco (2020: 11.3 million) customers. Based on these checks, we refused to sell alcoholic beverages in 20,506 cases (2020: 18,442) and tobacco products in 11,721 cases (2020: 12,439).





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.

The data protection principles support the needs, profitability and continuity of S Group's business operations. We use customer data to develop services that benefit the customers the most. In 2021, we introduced, among other things, S-kaupat.fi, which offers a new and modern online store platform for the cooperatives. We also introduced a new digital service for joining up to become a co-op member, in which basic banking services can also be opened.

Data protection is managed by means of a centralised model in S Group, where SOK controls data protection activities at the S Group level. Carefully thought-out, clear and common operating methods for personal data processing across S Group are a prerequisite for our credibility as a responsible operator.

In 2021, data liability was promoted in S Group's operations by, for example, introducing a new maturity assessment model for data protection. A data protection development programme will be initiated for 2022–2023 on the basis of the observations.

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 2.4 million members. When including all individuals in co-op member households and other customers, registered customers number more than 4.3 million. We also process the personal data of our roughly 40,000 employees and more than 180,000 job applicants.

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

Our customers and employees have presented S Group with requests related to their personal data and have exercised their rights in 2021 as follows:

- In 2021, 6,046 customers reviewed their data in S Group's co-op member and customer register. Of these individuals, 98.9% did so in the form of self-services in Oma S-kanava.
- A total of 85 data requests were submitted to various data controllers within S Group using an online form.
- A total of 30 requests to erase personal data were submitted to S Group's data controllers.
- Personal purchase data and consumption habits can also be viewed in the My Purchases service.
- Co-op members and their household members can manage and update some of their personal data via Oma S-kanava or by contacting the relevant data controller.

To ensure that the data protection and information security requirements are appropriately taken into account in our operations, we conducted around 150 privacy protection and information security assessments concerning the S Group's projects, initiatives and modifications in 2021. More comprehensive data protection impact assessments are carried out in connection to customers joining the digital service, for example. These impact assessments are conducted in cooperation with S-Bank.

Some 37,000 S Group employees processing personal data in their work completed the annual basic data protection training. In addition, we provided our employees working in expert and customer service positions with advanced data protection training.





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

PERSONNEL WELL-BEING

S Group has a shared set of well-being indicators, including key indicators for job satisfaction, the quality of supervisory work and perceived working capacity, as well as for disability. Group-level management promises are also in place: I dare, I appreciate and I do. Management promises are aimed at ensuring that everyone has good local leadership and at developing the retail group's leadership culture, and an indicator, the management promise index, was developed for this purpose.

The most significant annual indicator of job satisfaction is our workplace community survey (TYT), which all employees are invited to participate in. The survey identifies and monitors factors related to each employee's work and performance, as well as factors related to their units and the company. The survey consists of several indices, which are used to measure various aspects of job satisfaction. Our annual target is a result that exceeds the general norm in Finland by at least five points.

Despite all the challenges in the work of S Group employees resulting from the second year of the coronavirus situation, the TYT result remained high across S Group in 2021, being 75.8. Our employees are clearly more satisfied with their jobs than the average in Finland, and in 2021 we exceeded the norm by 7.2 points. In turn, the management promise index, which describes the work of people's immediate supervisor, their trust in their immediate supervisor, and good relations with their immediate supervisor, was 77.4. The index describes good management, which is indeed a strength in S Group, given that we exceeded the norm significantly in 2021, by 6.5 units.

The results show that the appreciation of work in the trade and service industries has increased with the crisis, and people find their work more meaningful. Crisis management and supervisory work were also successful during the challenging year. In addition, S Group companies were able to implement agile and flexible arrangements such as offering work for hotel and restaurant staff in the retail trade operations, where the need for workforce increased quickly.

RESULTS OF S GROUP'S WORK COMMUNITY SURVEY (SCALE 0–100)	2019	2020	2021	GENERAL STANDARD IN FINLAND 2021
TYT index (including all questions)*	73.4	76.3	**75.8**	68.6
Dedication index	76.9	79.6	**78.9**	74.8
Sitoutumisindeksi	73.7	77.6	**77.0**	71.8
Leadership index	73.5	75.8	**75.6**	66.9
Performance index	70.6	73.2	**72.6**	62.8
Ethics index	77.9	79.6	**80.1**	–
Average score for the question: "The daily operations of our unit comply with the principles and values of our company" (Scale 1–4)	3.44	3.49	**3.48**	3.21
Leadership promise index	75.8	77.4	**77.4**	70.9

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

FLEXIBLE WORK

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

TYPE OF EMPLOYMENT, %	2019	2020	2021
Permanent	90	90	**90**
Fixed-term	10	10	**10**
Full-time	36	40	**39**
Part-time	64	60	**61**

TURNOVER OF PERMANENT EMPLOYEES, %	2020	2021
Turnover, %	15.1	**19.9**
Women, %	14.7	**19.5**
Men, %	16.3	**21.2**

The figures do not include the data of Inex Partners. Employee turnover percentages by gender are reported for the first time regarding 2021, and the 2020 figure has been calculated retrospectively. Older data is not available.

S GROUP AMONG FINLAND'S MOST INSPIRING WORKPLACES

S Group received special thanks for the responsibly handled Covid-19 time in the annual employees' workplace community surveys. The excellent community spirit is evident in the great results in the various categories of Eezy Flow's "Finland's most inspiring workplaces" contest. Six S Group companies reached Top 3 places.

In the category of large companies (over 1,000 people), our cooperative societies took a triple win, with Suur-Savo Cooperative Society taking home the top prize, as it did the year before last. The cooperative society is praised by its personnel for an uncomplicated spirit for getting things done and for the equitable appreciation of everyone's contribution. The work is carried out with common sense, a big heart and a sense of humour yet purposefully. The concrete care for the staff is reflected in the comprehensive occupational healthcare services and ePassi benefits, for example. During the Covid-19 period, employees have been incentivised with a separate bonus.

KPO Cooperative Society came in second and PeeÄssä Cooperative Society third in the category of large companies. The biggest climber in the category was Turku Cooperative Society.

The category of medium-sized companies (150–1,000 people) was won by Maakunta Cooperative Society, while the second place went to Varuboden-Osla Handelslag Cooperative Society. North European Oil Trade Oy (NEOT) of S Group came in second in the category of small organisations (fewer than 150 people).

In addition, all 19 regional cooperatives were recognised with an honorary citation given that they reached at least the result of AA Hyvä (good) in the workplace community surveys. The regional cooperatives are entitled to use the "Finland's most inspiring workplaces" honorary citation.

All results of the "Finland's most inspiring workplaces" contest: **www.innostavimmat.fi/in-english**

MENTAL HEALTH WORK AT S GROUP

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

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

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

The drawn-out pandemic has increased mental health issues for various reasons. It has weakened people's sense of security and increased concern for the health of people's closest friends and family. As social contacts decreased, people may have experienced loneliness. In addition, work/life balance may have put a strain on coping, especially in the parents of kindergarten and school-aged children. These challenges have been visible as an increase in mental health issues, and the response requires constant dialogue among the workplace community in the workplace.

The Support for the Mind model has contributed to promoting dialogue and well-being in the workplace. As the pandemic and restrictions start to ease, it is important to maintain the open dialogue, so that fatigue following the prolonged period of stress does not hit people too hard. The impact of these symptoms can be reduced by means of the Support for the Mind model's tools, which support the employees in challenging situations.



S GROUP'S MENTAL HEALTH WORK RECOGNISED IN 2021

Throughout the spring, the work carried out for the mental health and well-being of S Group personnel was a candidate for recognition in Oikotie's Responsible Employer campaign, under the category Työelämän vastuullisuusteko 2021. The candidates consisted of 10 companies and their various acts of sustainability. S Group won by popular vote and the Support for the Mind case was elected the responsible act of the year in working life (Työelämän vastuullisuusteko 2021).

THE MODIFIED WORK MODEL INCREASES EQUALITY AT S-BANK

Trade Union Pro recognised S-Bank with the equality prize of the year for noteworthy practical measures aiming to ensure equality and gender equality. Praise was given, among other things, to the model of modified work, which aims to ease the return to work, for example, after illness and support coping at work if an employee encounters a challenge related to personal life.

With the equality recognition, Pro wants reward and highlight good practices in the workplace. In the modified work model employed at S-Bank, the attention shifts from working disability and sick leaves to the remaining working capacity and the tasks the employee is still able to perform. An employee and a supervisor may also agree on modified work without occupational healthcare when there is no need for a medical assessment. The employee is entitled to a full-time salary for the duration of the modified work. It is essential for the success of modified work that supervisors and colleagues take a positive view of people with a partial disability and value their contribution.

DRAWN-OUT PANDEMIC HAS ALSO HAD AN IMPACT ON THE GROWTH IN SICK LEAVE DAYS

As part of the early support model, S Group employs the principles of modified work which were introduced before the pandemic began. The goal is to modify employees' job descriptions to suit their working capacity whenever necessary in order to prevent sickness absences and to maintain employees' working capacity. The modification of work has played a particularly important role during the pandemic from the perspective of workforce availability and the smoothness of work, given that, in addition to working capacity, there has been a strong need to ensure the health security of employees and customers.

The drawn-out pandemic and the resulting side effects, such as the lack of social contacts, the decline in physical activity, rapidly changing challenges in the reconciliation of work and family life, and, partly as a result of the above, increased fatigue are also evident in the number of S Group's sick leave days in 2021. Overall, the number of days of sick leave increased by 9.5% in S Group from the previous year. The challenges of coping and prolonged perseverance are reflected in both mental health and physical symptoms. Mental health days increased by 30.1%, while sick leave days related to musculoskeletal diseases increased by 14.5%. However, the number of sick leave days caused by respiratory tract infections continued to decline for the second year in a row due to the significantly improved hygiene attributable to the coronavirus pandemic. In 2021, the decrease was 11.1% year-on-year.

We aim to support unit supervisors in their work, which is currently under a great deal of pressure. We also aim to provide employees with the necessary flexibility and encourage the use of various support services, such as occupational healthcare services. With the help of the S-ergo project, we in turn try to prevent musculoskeletal disorders and the resulting disabilities at an early stage.

S-ERGO

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

The goals of the three-year S-ergo project launched in 2020 are to:

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

EVALUATING THE PHYSICAL LOAD FACTORS OF WORK WITH SMART CLOTHING

In the autumn of 2021, S-market Maunula measured physical load factors and the workloads of employees with smart clothing. The goal was to investigate the total burden on the work of salespersons during the workday by examining the portion of static work during work stages and breaks, as well as the relative burden placed on the respiratory and circulation organs.

According to the study, the work stages that put the most pressure on muscle groups included the unloading and shelving of meat loads, dairy products and frozen products. These work stages include a lot of lifting to different heights, stocking and shelving. Although the weight itself of the products is often low, the weight of the boxes and crates may vary widely.

The results of the survey were compared with the recommendations of Finnish and international reference data values for recommendations concerning overall loads, and the salespersons were provided with a physiotherapist's personal feedback on their workloads. In addition, they received instructions on how to improve their work ergonomics. The results will be used in the planning of each store's work processes and furniture and goods logistics. We also review the use and functionality of various auxiliary tools and work gloves.

At S Group, ensuring work ergonomics is seen as a continuous operation, and attention is paid to people's physical activity and the planning phase of work and to induction processes. In 2021, we looked at work ergonomics by, among other things, analysing how footwear and outfits at work affect ergonomics and working, how to take ergonomics into account in the planning of operations and facilities and in logistics chains, as well as how healthy work ergonomics can be implemented in work shift planning.



FUNCTIONAL AND ELEGANT WORKWEAR FOR 30,000 S GROUP EMPLOYEES

The new uniforms of S Group's supermarkets staffs were included in the S Group-level development program for workplace ergonomics, or S-ergo, where the focus is on health and safety at work. The main goal is to promote well-being at work and coping.

The personnel was given a chance to influence the project from the very beginning in terms of the work outfits needed at the tills, Ruokatori and various tasks within the departments. Attention was paid especially to details that facilitate working, such as numerous pockets and the functionality of knee padding. The correct size of clothes was also paid attention to, since correct sizes allow for sufficiently broad and correct working moves. They also make garments breathable in the right way.

The end result is that employees can now pieces of clothing according to their needs and preferences, composing an outfit that pleases them and is functional. The clothes are made partly from recycled materials, and the materials are durable, dirt-resistant, breathable and flexible.

The first workwear deliveries were made to the Prisma stores and S-markets in late 2021.

Photo: Anssi Vuohelainen

ERGONOMICS AT S GROUP HOTELS

In late summer 2021, we commissioned a review of ergonomics at two of our hotels: Tampereen Sokos Hotel Torni and Radisson Blu Seaside in Helsinki.

The purpose was to map the current state of the workplace ergonomics, find the factors that impede smooth working and increase the burden of employees, and to identify any development measures and recommendations.

The review covered the dimensions of fixed workstations, such as reception desk and bar counters, the adjustability and space planning of the kitchen tops, the handling of glasses and plates, and general design practices. The results of the review are used in updating the building method guidelines, instructions for engineering firms and drawing up investment instructions in connection with new construction and renovations. The data can also be used to develop teams' working methods and processes, for example, during occupational health surveys.

RESEARCH AND DEVELOPMENT PROJECT FOR THE DEVELOPMENT OF WORKING HOURS IN THE RETAIL SECTOR

The Finnish Institute of Occupational Health's Research and development project for the development of working hours in the retail sector studied the working hours in the retail sector and their link to the workers' well-being. The material consisted of the working hours data of 8,000 employees employed by three of S Group's regional cooperatives (HOK-Elanto, Keskimaa and PeeÄssä) in 2018–2020. The study itself was published in late summer 2021.

The project studied the prevalence of various working hours, correlations with sick leave data, and individual variations based on age, employment data and gender. This was the first study of its kind conducted at this scale, and it discovered that the stress related to working hours is fairly well under control, and that sufficient recovery time is possible even after the deregulation of store opening hours, which has caused effects such as increased night-time work. A good shift plan accounts for the different needs of the workplace community and individuals, the business and the customers and aims to reconcile them as effectively as possible. In addition, efforts must be made to prepare for various exceptions, such as employee sickness or customer flow.

The study provided S Group with useful information from the viewpoint of various employee groups and shifts, and the challenges of optimal work planning, which is helpful in the continuous development of shift planning that promotes well-being and health. S Group will develop work shift planning on the basis of the findings in both S Group companies and business area chain management, so as to ensure the well-being of our personnel in the future, too. An S Group-level recommendation aiming to support shift planning was prepared on the basis of the study.



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

WE PROMOTE DIVERSITY AND EQUALITY

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

The reference framework describing S Group's diversity promotion was completed in 2020 and we began to pay increased attention to the diversity of our teams and workplace communities. Among other measures, we launched a diversity project at SOK which entailed the commissioning of various studies and the analysis of their results. Together with our employee representatives, we prepared a diversity plan to describe and develop a diverse SOK. We have also tried to raise awareness of diversity and related phenomena through various training events.

In 2021, we held two training talks on diversity in recruitment for S Group's recruitment officers. We also carried out consistent work on job applications and illustrations, and began to draw up recruitment ads in English. In addition, we have highlighted diversity at

SOK with the help of various employer image videos, thereby pursuing visibility among foreign job applicants, for example. With regard to recruitment, our main principle has always been that, when filling open tasks, we always recruit the best person for the job, regardless of age, gender, cultural background, life situation or other factors that do not affect the competence and performance of the employee. We have also tried anonymous recruitment and ended up leaving out questions regarding age from our job applications.

Even though we have only recently started to talk about the management of diversity, we have even earlier sought to take into account the role of different population groups and people groups with individual actions at S Group. We have abandoned the two-gender perspective, for example in our co-op member surveys and in the personal data system we use. We have thought about the use of religious symbols, and we provide scarfs as part of workwear. We have been on the side of sexual and gender minorities in Helsinki Pride for the past four years. We also employ people of 74 different nationalities.

S Group's companies prepare annual plans concerning personnel, training, equality and the equal treatment of employees. The personnel and training plan is prepared in order to maintain and develop employees' vocational 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 aims to promote the equal treatment of employees with different backgrounds, prevent discrimination and improve the legal protection of individuals who experience discrimination.

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

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

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

S Group 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. There has been a particular order for working life skills acquired through self-learning during the exceptional year marked by the coronavirus pandemic.

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 recap the basic skills of working life, such as looking after 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. According to our Young Minds at Work studies, 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 Duuni Passport. The Harkka Passport is intended for TET and Tutustu ja tienaa trainees, and it can be found at s-ryhmä.fi.

In 2021, we were again one of the main partners of the Responsible Summer Job campaign. Even though the summer was the second exceptional summer job season due to the coronavirus pandemic, S Group was nevertheless able to offer summer jobs to approximately 14,000 young people in shops, restaurants, hotels, service stations, and the Sipoo logistics centre. The number of our “Tutustu ja tienaa” trainees was also nearly at a pre-pandemic level. In some cooperatives, the number of summer employees and trainees was even significantly higher than in the previous years.


Photo: Pasi Tiitola

EMPLOYING YOUNG PEOPLE WHO NEED SPECIAL SUPPORT

For a long time now, the Pirkanmaan Cooperative Society has employed employees who need special support, such as persons with an intellectual disability, persons with visual impairment or impaired hearing, partially disabled persons and persons in mental health rehabilitation. The objective is to match the job and the employee and for years now, the people at Pirkanmaa have been thinking about job descriptions from new perspectives – whether this could be a job for a person who needs special support, so that my colleague could free time for other duties. The tasks are offered according to the skills and interests of the person requiring special support. The currently longest-standing employment relationship of this kind started at the turn of the millennium. The actual project involving the employment of persons with special needs at the cooperative was kicked off in 2017.

In 2021, Pirkanmaa Cooperative Society employed 42 persons with special needs, the majority of whom were young people. Of them, 18 were in a permanent employment relationship. The cooperative has also created employment paths for young people in cooperation with specialised training institutes and offered several short working periods and opportunities for summer jobs for students. There are currently 25 outlets or locations which employ persons who are in need of special support. Based on the data of FAIDD – The Finnish Association on Intellectual and Developmental Disabilities, Pirkanmaa Cooperative Society employs 5% of all working age persons with an intellectual disability in Finland.

EMPLOYEE DIVERSITY

74

NATIONALITIES

36

AVERAGE AGE OF EMPLOYEES

AGE IS JUST A NUMBER

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

PERSONNEL AGE DISTRIBUTION	2019	2020	2021
Share of employees aged under 25 (%)	22.3	26.0	**25.5**
Share of employees aged over 50 (%)	18.2	21.0	**20.9**
Share of employees aged 50–59 (%)	16	16.7	**16.6**
Share of employees aged 60 or more (%)	3.9	4.1	**4.3**



COMMITMENT TO THE PRINCIPLES OF WOMEN'S EMPOWERMENT

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

By signing the commitment, we are supporting the objective of the principles to promote equality in working life and extensively support the realisation of inclusion and diversity. As part of our commitment to these principles, we participated in the WEPs Activator capacity-building programme in 2021, coordinated by UN Women and amfori, an organisation for the promotion and development of social sustainability 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	2019	2020	2021
Share of women among board members (%)	22	22.2	**22.2**
Share of women among Corporate Management Team members (%)	14.3	14.3	**33.3** (1
Share of women in supervisory positions (%) (2	51.4	50.6	**52.0**

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

2) The figures reported in 2019 and 2020 do not include Inex, Meira Nova or neighbouring areas. The figure for 2021 does not include Inex or neighbouring areas.

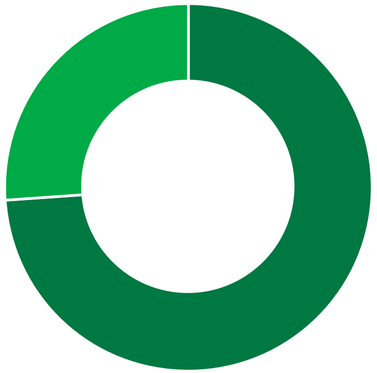
S GROUP	2019	2020	2021
Share of women among board members (%)	35.0	31.3	**32.7**
Share of women among Corporate Management Team members (%)	10.8	29.6 (1	**33.3**
Share of women in supervisory positions (%) (2	57.6	58.2	**59**

1) The way the figure is reported and the data is collected changed as of 2020, due to which the figure is not comparable with 2019.

2) The figures reported in 2019 and 2020 do not include Inex, Meira Nova or neighbouring areas. The figure for 2021 does not include Inex or neighbouring areas.

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

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



GENDER DISTRIBUTION OF S GROUP EMPLOYEES IN 2021, %

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



Photo: Ninna Lindström/Yhteishyvä

INTRODUCING IMMIGRANTS TO FINNISH HOME COOKING

As a cooperative, we want to contribute to a functional everyday life for everyone. In the autumn of 2021, S Group and the Uusimaa Martha Organization held **an online course on Finnish home cooking for immigrants**.

The course was based on the participants' wishes. Immigrant families with children needed tips particularly on how they could learn to prepare traditional Finnish food of the kind served at schools and kindergartens, for example. In addition, finding the necessary food products and spices in Finnish stores can be challenging if the labels usually contain information only in Finnish and Swedish. The online course also covered seasonal foods, nutrition issues and practical matters related to the storage of food products.

WE ALSO WORK TO PROMOTE DIVERSITY THROUGH COMMUNICATIONS AND MARKETING.

COMMUNICATION AND ADVERTISING TO PROMOTE DIVERSITY

We also work to promote diversity through communications and marketing. For example, Prisma's 'Fashion belongs to everyone' slogan is promoted by models of different ages, appearance and size. In its outdoor advertising campaign, the Prisma store in the Tripla shopping centre used the eight most commonly spoken languages in Helsinki when announcing that it is now open: Finnish, Swedish, Somali, Chinese, English, Estonian, Russian and Spanish. The purpose was to welcome people to Prisma, a store for all city residents.



S Group's external reporting and communication are primarily developed in line with the expectations of co-op members, employees and other stakeholders.

DESCRIPTION OF THE ANNUAL REVIEW AND SUSTAINABILITY REVIEW

S Group's leadership in sustainability requires systematic management. Comprehensive and reliable monitoring information is needed about a number of key indicators for this purpose. External reporting should also be transparent.

S Group has reported its operations annually by applying the sustainable development reporting standard produced by the Global Reporting Initiative (GRI) since 2012. However, the cooperative structure of S Group is also taken into account in the reporting.

The review provides information about the policies prepared and implemented at Group level, as well as about key targets and measures. As legally independent businesses, the cooperatives also report their own operations in their annual reports and on their websites.

The greenhouse gas emissions presented in the report (Scopes 1, 2 and 3), the areas, energy consumption, details of waste and food waste, the total number of BSCI audits as well as purchases from risk countries have been verified by an external party.



GRI Content index

102 – GENERAL DISCLOSURES

			PAGE(S) IN THE REPORT
ORGANIZATIONAL PROFILE			
102	1–7	S Group: operations, operating countries, ownership and size	4–8
102	8	Information on employees and other workers	8; 101
102	9	Supply chain	47–48; 87
102	10	Significant changes to the organization and its supply chain	12–15
102	11	Precautionary Principle or approach	71; 83
102	12	External initiatives	32; 46; 52; 62; 69; 73; 76; 82; 109
102	13	Membership of associations	35
STRATEGY			
102	14	CEO's review	9
102	15	Key impacts, risks, and opportunities	10; 36; 42–43; 59–61; 75; 70–71; 82–83; 86; 94; 98; 100; 105
ETHICS AND INTEGRITY			
102	16	Values, principles, standards, and norms of behavior	31; 37; 82; 85; 87; 98
102	17	Mechanisms for advice and concerns about ethics	85

			PAGE(S) IN THE REPORT
GOVERNANCE			
102	18	Governance structure	5; 22
102	19–20	Delegating authority and executive-level responsibilities	20–22; 26
102	22	Composition of the highest governance body and its committees	16–18
102	23	Chair of the highest governance body	16; 18
102	24	Nominating and selecting the highest governance body	21; 23; 27
102	25	Conflicts of interest	21; 23; 26–27
102	28	Evaluating the highest governance body's performance	26–27
102	29–31	Identifying and managing economic, environmental, and social impacts and risks	30; 58–59; 83
102	35	Remuneration policies	S-ryhmä.fi
102	36	Process for determining remuneration	24; S-ryhmä.fi
STAKEHOLDER ENGAGEMENT			
102	40	S Group's main stakeholder groups	34–35
102	43	Approach to stakeholder engagement	33–35
102	44	Key topics and concerns raised	33–35
REPORTING PRACTICE			
102	45	Entities included in the consolidated financial statements	5; 111
102	46–47	Defining the report content and material topics	32; 111
102	48–49	Restatements of information and changes in reporting	Changes reported in connection with the data
102	50	Reporting period	Year 2021
102	54–55	GRI-reporting	112–114
102	56	External assurance	123

103 – MANAGEMENT APPROACH

			PAGE(S) IN THE REPORT
103	2	Management approach	31–32; 58–59; 83; 100; 105–106

200 – ECONOMIC

			PAGE(S) IN THE REPORT
ECONOMIC PERFORMANCE			
201	1	Direct economic value generated and distributed	7-8; 37; 39
201	2	Financial implications and other risks and opportunities due to climate change	59-61
INDIRECT ECONOMIC IMPACT			
203	1	Infrastructure investments and services supported	13; 41; 54
203	2	Significant indirect economic impacts	37-38

			PAGE(S) IN THE REPORT
PROCUREMENT PRACTICES			
204	1	Proportion of spending on local suppliers	38; 47-48; 87
ANTI-CORRUPTION			
205	2	Communication and training about anti-corruption policies and procedures	85
TAX			
207	1	Approach to tax	39
207	4	Country-by-country tax reporting	39-40

300 – ENVIRONMENTAL

			PAGE(S) IN THE REPORT
MATERIALS			
301	3	Reclaimed products and their packaging materials	50; 77-78
ENERGY			
302	1	Energy consumption within the organization	63
302	3	Energy intensity	63
302	4	Reduction of energy consumption	63-64
WATER AND EFFLUENTS			
303	1	Interactions with water as a shared resource	71
303	2	Management of water discharge-related impacts	55
303	5	Water consumption	63
BIODIVERSITY			
304	2	Impacts of activities, products, and services on biodiversity	70-74; 91-92; 96
304	3	Habitats protected or restored	74

			PAGE(S) IN THE REPORT
EMISSIONS			
305	1	Direct (Scope 1) GHG emissions	66-67
305	2	Energy indirect (Scope 2) GHG emissions	66-67
305	3	Other indirect (Scope 3) GHG emissions	68
305	5	Reduction of GHG emissions	55; 58; 61; 65-67
WASTE			
306	1	Waste generation and significant waste-related impacts	76-80
306	2	Management of significant waste-related impacts	76-80
306	3	Waste generated	76
306	4	Waste diverted from disposal	77
306	5	Waste directed to disposal	77
SUPPLIER ENVIRONMENTAL ASSESSMENT			
308	1	Suppliers that were screened using environmental criteria	86; 89-90

400 – SOCIAL

			PAGE(S) IN THE REPORT
EMPLOYMENT			
401	1	New employee hires and employee turnover	101
OCCUPATIONAL HEALTH AND SAFETY			
403	2	Hazard identification, risk assessment, and incident investigation	95; 103
403	3	Occupational health services	95; 102-103
403	4	Worker participation, consultation, and communication on occupational health and safety	95; 103-104
403	5	Worker training on occupational health and safety	95
403	6	Promotion of worker health	95; 102-104
403	7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	84; 89-90
403	9	Work-related injuries	95; 103
DIVERSITY AND EQUAL OPPORTUNITY			
405	1	Diversity of governance bodies and employees	108-109
NON-DISCRIMINATION			
406	1	Incidents of discrimination and corrective actions taken	83; 106
CHILD LABOR			
408	1	Operations and suppliers at significant risk for incidents of child labor	83
FORCED AND COMPULSORY LABOR			
409	1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	83; 85

			PAGE(S) IN THE REPORT
HUMAN RIGHTS ASSESSMENT			
412	1	Operations that have been subject to human rights reviews or impact assessments	83-84; 88; 93
LOCAL COMMUNITIES			
413	1	Operations with local impact assessments, and development programs	93
SUPPLIER SOCIAL ASSESSMENT			
414	1	New suppliers that were screened using social criteria	86; 89-90
414	2	Negative social impacts in the supply chain and actions taken	88-89; 93
CUSTOMER HEALTH AND SAFETY			
416	1	Assessment of the health and safety impacts of product and service categories	43-46; 96
MARKETING AND LABELING			
417	3	Incidents of non-compliance concerning marketing communications	87
CUSTOMER PRIVACY			
418	1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	98-99

S Group GHG Inventory Report 2021 21.3.2022

Part 1: Descriptive information

Descriptive information	Company response
Company name	SOK Corporation (reporting S Group data) S Group is a Finnish cooperative group of companies operating in the retail and service sector. S Group comprises the cooperatives and SOK Corporation along with its subsidiaries employing around 40,000 people with retail sales total of €12.3 billion. The co-op members own the cooperatives, which in turn own SOK Corporation. SOK produces procurement, expert and support services to cooperatives. SOK is also responsible for the strategic guidance of S Group and the development of the business chains. SOK Corporation comprises SOK and its subsidiaries. The purpose of S Group's business is to provide co-op members with competitive services and benefits. The group wants to offer diverse services and an extensive network of around 1,900 outlets for co-op members in Finland, Estonia and Russia.
Description of the company	S Group's key business areas are • supermarket trade, • department stores and speciality stores, • hardware trade, • 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, Estonia and Russia. 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 (33 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	01/01/2021–31/12/2021

Descriptive information	Company response
A list of scope 3 activities included in the report	The following categories, adapting the GHG Protocol, are included in S Group's Scope 3 GHG emissions inventory: Category 1: Purchased goods and services • Purchased goods for resale including daily food, non-food, consumer goods for grocery stores, restaurants and hotels, and fuel sold at petrol stations and indirect purchases (machines and equipment) • Purchased indirect services Category 2: Capital goods • New constructed buildings Category 3: Fuel- and energy-related activities (not included in Scope 1 and 2) • Upstream emissions from purchased fuels, electricity and heat. In Finland upstream emissions from renewable electricity and nuclear are excluded. • Transmission and distribution losses from purchased electricity and heat Category 4: Upstream transportation and distribution • Outsourced contract operators for retail, food service and fuel logistics Category 5: Waste generated in operations Category 6: Business travel • Business flights and emissions from leased cars Category 7: Employee commuting Category 9: Downstream transportation and distribution • Customer transportation to and from outlets Category 11: Use of sold products • GHG emissions from the use/combustion of fuel sold Category 15: Investments • GHG emissions from direct investments by S Group associated company S Bank's (S Bank ownership 100%) subsidiary FIM.
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 104 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	65,300
Scope 2: Indirect emissions from the use of purchased electricity, steam, heating, and cooling	Location based electricity: 96,200 Market based electricity: 0 Heating & cooling: 60,500
Upstream scope 3 emissions	
Category 1: Purchased goods and services	5,472,600
Category 2: Capital goods	4,900
Category 3: Fuel- and energy-related activities (not included in scope 1 or scope 2)	30,600
Category 4: Upstream transportation and distribution	140,300
Category 5: Waste generated in operations	18,100
Category 6: Business travel	400
Category 7: Employee commuting	13,800
Category 8: Upstream leased assets	N/A
Other	N/A
Downstream scope 3 emissions	
Category 9: Downstream transportation and distribution	244,500
Category 10: Processing of sold products	N/A
Category 11: Use of sold products	2,170,300
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	117,800
Other	N/A

Part 3: Description of methodologies and data used

Scope	Methodologies used to calculate or measure emissions, providing a reference or link to any calculation tools used
Scope 1	Activity data: • Oil: kWh of heat produced with oil as measured and registered in the S Group real estate system. • Gas: kWh of heat produced with gas as measured and registered in the S Group real estate system. • Refrigerant leaks: kg of substance as reported fill-ups of the equipment by the service provider for each co-op and company • Self-produced wind power (S-Voima/GigaWatti): cancelled Certificates of Origin for S-Voima based on the share of ownership of S Group co-ops and companies. Emission factors: • Oil: Statistics Finland Fuel Classification 2022: https://www.stat.fi/tup/khkinv/khkaasut_polttoaineluokitus.html • Gas: Statistics Finland Fuel Classification 2022: https://www.stat.fi/tup/khkinv/khkaasut_polttoaineluokitus.html • Refrigerant leaks: The Finnish Environment Institutes publication: https://helda.helsinki.fi/handle/10138/155617, https://www.linde-gas.fi/fi/products_ren/refrigerants/hfo_gases/r452a/index.html (R452A), https://www.agas.com/eu/products-services/products-refrigerants/hfc/r453a-rs-70/ (R453A), https://darment.fi/kylmaaine/r407a/ (R407A) and https://darment.fi/kylmaaine/r448a/ (R448A)
Scope 2	Activity data: • Electricity: consumption data in kWh based on the S Group real estate system and S-Voima electricity purchases • Heat: consumption data in kWh based on the S Group real estate system, electricity consumption used for heat pumps included in electricity metering • Cooling: consumption data in kWh based on the S Group real estate system Emission factors: Finland • Electricity (S-Voima/GigaWatti wind power is categorized in scope 1): 0 • Electricity (other, market-based): Renewable electricity guarantees of origin were used. • Electricity (location-based): Finland average electricity energy mix, 3-year average: 131 kg CO_2/MWh; https://www.motiva.fi/ratkaisut/energiankaytto_suomessa/co2-laskentaohje_energiankulutuksen_hiilidioksidipaastojen_laskentaan/co2-paastokertoimet • District heat: same emissions factor for both market and location based: Statistic Finland district heat segregated production average emissions factor: 148 kg CO_2/MWh; https://www.motiva.fi/ratkaisut/energiankaytto_suomessa/co2-laskentaohje_energiankulutuksen_hiilidioksidipaastojen_laskentaan/co2-paastokertoimet • Cooling: real estates located in Helsinki region, thus emissions factor in 2020 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 2020 from local service provider used, 0 kg CO_2/MWh; https://www.sahkolaitos.fi/lampoa-ja-viileytta/jaahdytysratkaisut/alkupera/ • Cooling: real estates located in Turku region, thus emissions factor in 2020 from local service provider used, 0 kg CO_2/MWh; https://www.turkuenergia.fi/taloyhtiot-ja-isannoitsijat/lammitys-ja-jaahdytys/jaahdytysratkaisut-taloyhtioille/kaukojaahdytys-taloyhtioille/ • Cooling: real estates located in Espoo region, thus emissions factor in 2020 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 2020; 547 g CO_2/kWh, same factor used for heat; https://elering.ee/en/residual-mix • District heat: Estonia proportional allocation, 86 kg/MWh; https://smartenergysystems.eu/wp-content/uploads/2021/10/0037.pdf Russia: • Electricity and heat combined intensity emissions factor in Russia in 2017, 179,6 g/kWh; https://www.iea.org/data-and-statistics/data-product/co2-emissions-from-fuel-combustion-highlights#highlights

Scope and category	Description of the types and sources of data used to calculate emissions	Description of the methodologies, allocation methods, and assumptions used to calculate emissions	% of emissions calculated using data obtained from suppliers or value chain partners
Upstream scope 3 emissions			
Category 1: Purchased goods and services	Activity data (primary data): Calculations based on volumes (kg/l) sold by category (majority of daily food and non-food items) and spend (euros) by category (consumer goods and services). Emission factors (secondary data): Lifecycle emissions factors were taken from different sources including: SYKE 2019: https://helda.helsinki.fi/bitstream/handle/10138/300737/SYKEra_15_2019_korjattu_26_02_2020.pdf?sequence=4&isAllowed=y LUKE 2016: Summary of the chosen methodologies and practices to produce GHGE-estimates for an average European diet Luke 2019: Product group specific carbon foot print calculations based on SOK's data and the scientific articles. For fuel: well-to-tank emissions factor was calculated based on the lifecycle emissions factors provided by S Group fuel trade partner NEOT and by deducting the combustion emissions factors based on LIPASTO fuel mix emissions factors 2017: http://lipasto.vtt.fi/yksikkopaastot/tunnusluvut/tunnusluvuttie.htm	Coverage: All divisions in Finland. Method: Average lifetime GHG emissions factors were acquired for product categories from different sources. Activity data used in the calculation was 1) the physical mass (kg) or volume (liters) of the products sold during the fiscal year, or where physical volume was not available, the emission factors were used for each 2) euro of the "basic price"/purchase price of the product as indicated in an input-output model including the environmental impacts. The lifetime emissions of products were not split between cradle to gate and gate-to-end-of-life due to limited split LCA data availability for the sources used. Scope 1–2 emissions were not deducted from the category due to limited data availability on the retail/storage share of the category specific LCA factors so the category contains approx. 5 % double counting risk for this reason. Exception was made for the most significant individual product - fuel, for which the use-phase/tank-to-wheel emissions we're excluded from category 1 and are presented in category 11. Thus category 1 only includes the estimated well-to-tank share of the fuel life-cycle CO_2 emissions. The calculation methodology and sources used contain significant amount of uncertainties and can thus only be used as a very high level estimate of the climate impact of products and services purchased by S Group in 2021.	12% (well-to-tank emissions factor for fuel)
Category 2: Capital goods	Activity data: constructed square meters of new buildings. Emissions factors: Kurnitski 2012: emission factor for construction and materials (excluding energy use during life-cycle) https://www.puuinfo.fi/sites/default/files/content/info/puurakentamisen-roadshow-2012-luentoaineistot/4_2012-03-21_Kurnitski-Hiilijalanj%C3%A4lki_0.pdf	Coverage: Finland Method: Calculations are based on area of constructed buildings in Finland in 2021 and emission factors for construction per square meter regarding building emissions from materials and construction with the assumption that all new buildings are made with concrete.	0%
Category 3: Fuel- and energy-related activities (not included in scope 1 or scope 2)	Activity data: energy and fuel consumption in kWh as collected from the group and co-op energy meters. Emissions factors: Defra WTT and T&D emissions factors for fuels, electricity and heat: https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021	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 2020 as 2021 mix was not yet available at the time of reporting.	0%

Scope and category	Description of the types and sources of data used to calculate emissions	Description of the methodologies, allocation methods, and assumptions used to calculate emissions	% of emissions calculated using data obtained from suppliers or value chain partners
Category 4: Upstream transportation and distribution	Activity data: logistics partner's reported mileage Emissions factors: LIPASTO fossil fuel emissions factors 2016: http://lipasto.vtt.fi/yksikkopaastot/tunnusluvut/tunnusluvuttie.htm	Coverage: Finland, business units: grocery, consumer goods, restaurants and hospitality and fuel trade Calculations are based on contracted logistics partners' reported mileage and related GHG emissions. Includes domestic and inbound transportation for Inex Partners, Meira Nova and North European Oil Trade by the contracted partners. 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. Excludes transportation directly from food suppliers to outlets.	100%
Category 5: Waste generated in operations	Activity data: waste amounts in tonnes by type of waste. Emissions factors: HSY / Natural Interest: WWF Finland's Climate Calculator. http://www.ilmastolaskuri.fi	Coverage: all countries Method: waste per type (tonnes) multiplied with the respective emissions factor.	100%
Category 6: Business travel	Activity data: mileage and fuel used Emissions factors: 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) Calculation made for SOK Corporation's leased cars and employees business travel by plane. Data and emission calculations provided by service partners	100%
Category 7: Employee commuting	Activity data: S Group employees in Finland estimated average distance to their workplace (km) multiplied by annual average estimated working days. Emissions factors: Emissions factors for local transportation: WWF Climate Calculator (based on LIPASTO database): www.ilmastolaskuri.fi Emission factors for cars: https://liikennefakta.fi/fi/ymparisto/henkiloautot/hiilidioksidipaastot Transportation methods: Helsinki: KSV, Helsinkiläisten liikkumistottumukset 2019: https://www.hel.fi/static/liitteet/kaupunkiymparisto/julkaisut/julkaisut/julkaisu-05-20.pdf HSL Liikkumistapatutkimus 2018: https://www.hsl.fi/sites/default/files/hsl_julkaisu_9_2019_netti.pdf Liikenneviraston Henkilöliikennetutkimus 2016: https://julkaisut.vayla.fi/pdf8/lti_2018-01_henkiloliikennetutkimus_2016_web.pdf	Coverage: Finland Method: Calculation made based on 2021 data for S Group employees in Finland, who have the "employee" information linked to their S Group loyalty card. Average work commute distance estimated based on the average distance between the employee's postal code and their respective workplace. The mode of transport was estimated based on a national Transportation study stating the share of different modes of transport in different size towns/communities. Average mileage and modes of transport was then multiplied with the average annual working days. Part-time employees annual working days were estimated based on their average weekly working hours. It is acknowledged, that there is a possible overlap with scope 3 category 11 emissions where employees purchase fuel for their commute from S Group service stations however, the share of such overlap is difficult to estimate accurately. The calculation methodology and sources used contain significant amount of uncertainties and can thus only be used as a very high level estimate of the climate impact of S Group employees work commute.	0%

Scope and category	Description of the types and sources of data used to calculate emissions	Description of the methodologies, allocation methods, and assumptions used to calculate emissions	% of emissions calculated using data obtained from suppliers or value chain partners
Downstream scope 3 emissions			
Category 8: Upstream leased assets	Not relevant		
Category 9: Downstream transportation and distribution	Emissions factors: Emissions factors for local transportation: WWF Climate Calculator (based on LIPASTO database): www.ilmastolaskuri.fi Emission factors for cars: https://liikennefakta.fi/fi/ymparisto/henkiloautot/hiilidioksidipaastot Transportation methods: KSV, Helsinkiläisten liikkumistottumukset 2019: https://www.hel.fi/static/liitteet/kaupunkiymparisto/julkaisut/julkaisut/julkaisu-05-20.pdf HSL Liikkumistapatutkimus 2018: https://www.hsl.fi/sites/default/files/hsl_julkaisu_9_2019_netti.pdf https://www.liikennevirasto.fi/documents/20473/434710/Esite_HLT2016_ENGLANTI.pdf/3d811186-db02-4680-bba4-63732c6d9f33	Coverage: loyal customer transportation to and from outlets in Finland, approx. 80% of customer visits by loyal customers. Method: Calculation made based on the S Group customer loyalty card holders' annual visits to S Group outlets multiplied by the average distance between the card holders hometown/commune (based on postal codes) and the closest S Group outlet weighted by the nr of visits and taking into account the town/area specific transportation methods. Employee visits deducted based on the assumption that they visit the outlets on their way from work. Ways of transportation obtained from national and regional transportation surveys. It is acknowledged, that there is a possible overlap with scope 3 category 11 emissions if customers purchase fuel for their vehicles from S Group service stations however, the share of such overlap is difficult to estimate accurately. The calculation methodology and sources used contain significant amount of uncertainties and can thus only be used as a very high level estimate of the climate impact of S Group customers visits to S Group outlets.	0%
Category 11: Use of sold products	Activity data: volume of fuel (liters) sold to end customers in 2021. Emission factors: TTW emissions factors provided by S Group fuel sourcing company NEOT based on actual fossil to bio mixes in 2021. Fossil fuel combustion factors from VTT LIPASTO database 2016.	Coverage: Finland. Method: volume of fuel sold to end customers multiplied with the relevant combustion emissions factor by fuel type.	100%
Category 13: Downstream leased assets	Not relevant		
Category 15: Investments	Data used: MSCI data from those direct shares and bonds	Emissions allocation per investment/fund to S Group/FIM based on the share of ownership.	100%

KPMG Oy Ab
Töölönlahdenkatu 3 A
PO Box 1037
00101 HELSINKI
FINLAND
Telephone 020 760 3000
www.kpmg.fi

Independent Assurance Report to the Management of The Central Finnish Cooperative Society

This document is an English translation of the Finnish report

We have been engaged by the Management of The Central Finnish Cooperative Society (hereafter "SOK") to provide limited assurance on greenhouse gas data and other selected sustainability indicators presented in S Group's Annual and Responsibility Report 2021 (hereafter "Selected Sustainability Information") for the year ended 31 Dec 2021.

The Selected Sustainability Information consists of the following indicators:

- Energy consumption from direct and indirect (Scope 1 and 2 equivalent) sources
- Specific energy consumption
- Direct CO_2 emissions (Scope 1): fuel consumption, refrigerant leakages
- Indirect CO_2 emissions (Scope 2): electricity, district heating, district cooling
- Most significant other indirect CO_2 emissions (Scope 3): purchased goods and services, capital assets (buildings), indirect emissions from purchased energy, product transportation and delivery, waste, business travel, commuting, customer traffic, use of sold products, and investments
- Emission intensities
- Property area and properties' energy and emissions efficiency per square meters
- Amount of waste, breakdown of waste fractions and reuse percentages
- Relative food waste
- 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. GRI Sustainability Reporting Standards, and the information and assertions contained within it. 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 require that we plan and perform the engagement to obtain limited assurance about whether the Selected Sustainability Information is free from material misstatement.

KPMG Oy Ab applies International Standard on Quality Control ISQC 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants IESBA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Procedures performed

A limited assurance engagement on Selected Sustainability Information consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Selected Sustainability Information, and applying analytical and other evidence gathering procedures, as appropriate. In the engagement, we have performed the following procedures, among others:

- Interviewed the members of SOK's senior management and relevant staff responsible for providing the Selected Sustainability Information;
- Assessed the application of the GRI Sustainability Reporting Standards reporting principles in the presentation of the Selected Sustainability Information;
- Assessed data management processes, information systems and working methods used to gather and consolidate the Selected Sustainability Information;
- Reviewed the presented Selected Sustainability Information and assessed its quality and reporting boundary definitions and;
- Assessed of the Selected Sustainability Information's data accuracy and completeness through a review of the original documents and systems on a sample basis.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Inherent limitations

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. Therefore fraud, error or non-compliance may occur and not be detected. Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and estimating such data.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the information subject to the assurance engagement is not prepared, in all material respects, in line with the GRI Sustainability Reporting Standards.

Helsinki, 22 March 2022

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.

Business ID 1805485-9
Domicile Helsinki