



KUOHUVIINI  
MOUSSERAANDE VIN  
SPARKLING WINE



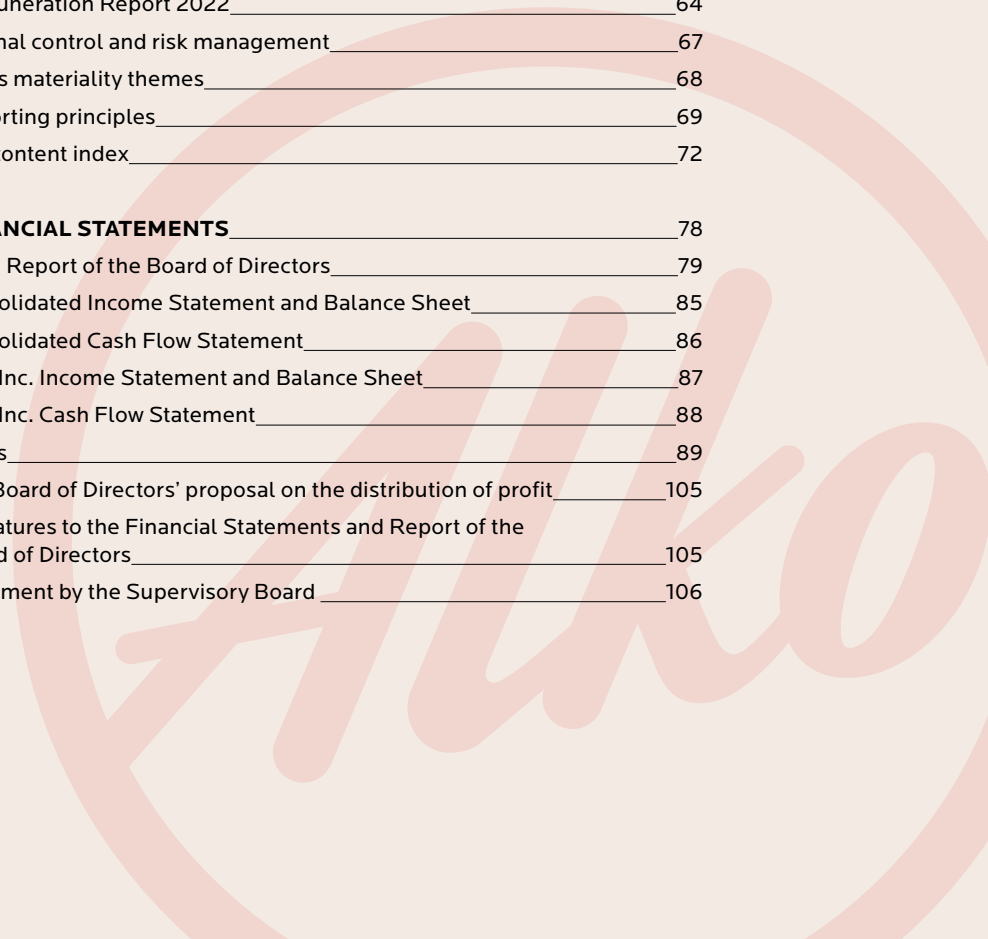
ANNUAL REPORT AND  
SUSTAINABILITY REPORT | 2022



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# ALKO IN BRIEF

- Established 5 April 1932
- Head office in Helsinki
- 100% State-owned

Alko's mission is to sell alcohol responsibly and to serve both our customers and Finland's welfare society as best we can. Our selection of more than 11,000 products brings the whole world to our customers' fingertips.

We encapsulate our purpose in two words: Responsible enjoyment. We are a different kind of store. For us, responsibility is the foundation of everything we do. It also is the justification for both our business and our entire existence. We do not seek to maximise sales, and no one at Alko is rewarded on the basis of sales.

We want to work together to create a responsible food and drink culture. In our day-to-day operations, we are uncompromising in age-limit checks, increase transparency in procurement, ensure product safety, and implement projects that promote wellbeing.

We treat all of our stakeholders equally and transparently and without discrimination. Decisions on the listing, pricing, delisting and in-store display of products are made on impartial and non-discriminatory grounds.

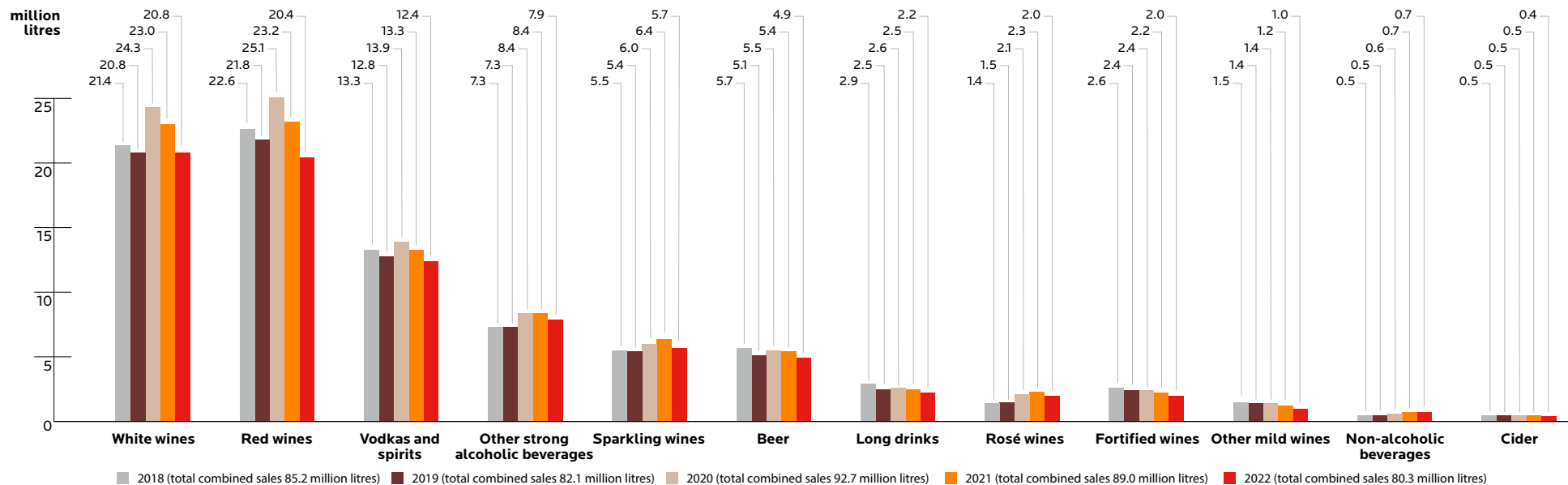
The National Institute for Health and Welfare (THL) conducts an annual survey of the public's *Opinions on alcohol policy*. 62 per cent (61%) of Finns consider the current restrictions imposed by alcohol policy to be suitable or would like to see tighter restrictions.

## KEY FIGURES 2022

Average number of personnel <b>2,436</b> (2,472)	Stores <b>373</b> (368)	Pick-up points <b>134</b> (143)	Million customer visits <b>52.1</b> (55.4)	Products <b>11,650</b>	Beverage suppliers from <b>80</b> different countries	Sales in litres accounted for by Green Choice products* (per cent) <b>52.3</b> (47.2)
Success rate in age-limit mystery shopping <b>97.3</b> (93.6)	Total sales (million litres): <b>80.3</b> (89.0)	Taxable net sales (EUR million) <b>1,187.3</b> (1,290.3)	Profit for the financial year (EUR million) <b>38.4</b> (55.4)	Alcohol tax and VAT from sales (EUR million) <b>884.8</b> (966.0)	Equity ratio (per cent) <b>32.3</b> (37.5)	

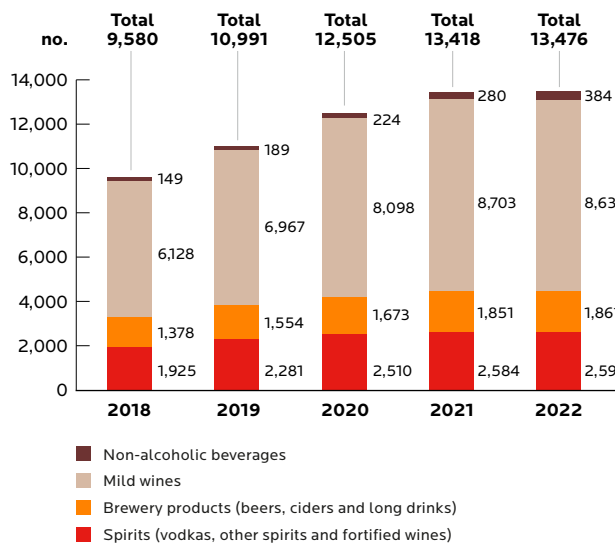
\*Green Choice labelling indicates the producer's commitment to environmental efforts and sustainable development.



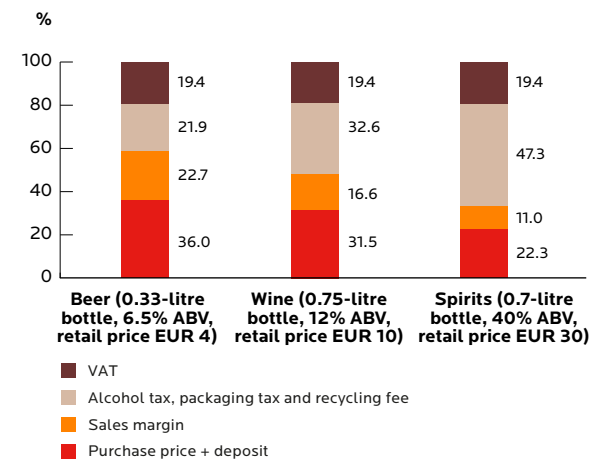


### NUMBER OF PRODUCTS BY PRODUCT GROUP

The figures include all products sold and all bottle and package sizes.



### PRICE FORMATION FOR ALCOHOLIC BEVERAGES (EXAMPLE)





# ALKO BY REGION, 2022

	Employees during the year	Number of stores	Customer visits (million)	Success rate for age-limit checks during test shopping	Alcohol tax and VAT from sales (EUR million)	Change in online order pickups	Percentage of Alko's total sales in litres
1. Uusimaa	1,127	90	16.5	96.9%	255.2	-29.7%	31.8%
2. Southwest Finland	355	32	4.6	97.7%	79.9	-25.0%	9.2%
3. Satakunta	135	16	2.0	92.2%	36.6	-20.5%	3.8%
4. Kanta-Häme	152	13	1.6	100.0%	28.3	-23.1%	3.2%
5. Pirkanmaa	342	32	5.1	95.3%	82.3	-23.3%	9.4%
6. Päijät-Häme	162	17	2.1	100.0%	33.9	-25.7%	3.9%
7. Kymenlaakso	112	11	1.6	97.7%	27.3	-20.3%	3.1%
8. South Karelia	92	9	1.2	100.0%	21.0	-23.0%	2.4%
9. South Savo	124	14	1.4	98.2%	25.4	-19.7%	2.9%
10. North Savo	151	18	2.3	98.6%	40.9	-17.7%	4.5%
11. North Karelia	97	12	1.4	97.9%	25.5	-15.9%	2.7%
12. Central Finland	169	20	2.5	97.5%	42.1	-19.9%	4.7%
13. South Ostrobothnia	115	17	1.6	94.1%	27.8	-13.7%	2.7%
14. Ostrobothnia	110	9	1.2	100.0%	23.0	-16.2%	2.6%
15. Central Ostrobothnia	51	4	0.6	100.0%	10.8	-10.5%	1.1%
16. North Ostrobothnia	241	27	3.3	98.1%	57.6	-18.3%	6.0%
17. Kainuu	59	9	0.8	91.7%	13.7	-7.2%	1.4%
18. Lapland	174	24	2.0	100.0%	39.2	-12.7%	4.0%
19. Åland Islands	25	2	0.2	100.0%	4.2	-20.4%	0.6%
							100.0%



# PRESIDENT AND CEO'S REVIEW

Alko celebrated its 90th anniversary last year. Although we have evolved with the times in tandem with Finnish society, our special mandate has remained the same: the responsible retail sale of alcohol. During our anniversary year, we invested in good and smooth service, and continued to develop our activities. We updated our strategy together with our personnel, customers and other stakeholders. Our strategic goals have remained the same: we want to provide world-class service and be a forerunner in responsibility.

For the fourteenth year in a row, our customers ranked our service as the best in the retail sector in Taloustutkimus' customer service survey. Customers were satisfied with our online shop (NPS\* 80) and customer service centre (NPS 83). We have continued to develop our services in a more omnichannel direction.

As planned, we opened seven stores across Finland and closed two stores. Our comprehensive network extends from Hanko to Nuorgam. Three out of four Finns live within four kilometres of an Alko service point. The online shop offers customers all across Finland an equal opportunity to browse and purchase products from our selection of more than 11,000 products.

Alongside digital coaching and independent study, we also enhanced our personnel's service and product skills through in-person training after a break caused by the coronavirus pandemic. We have invested in employing special groups, and

piloted service assistants at stores in Turku and Tampere. It is vital that all of our personnel experience a sense of wellbeing and belonging in the workplace community.

Our responsibility efforts focused on reducing the harmful effects of alcohol consumption, preventing loneliness, and reducing the climate impacts of our operations. As part of Alko's 90th anniversary, we carried out the Alcohol-free Kiosk tour to highlight both our company's mission and the alcohol-free products in our selection. During the year, we implemented the *Make a habit of a Friday call* campaign, which aims to fight loneliness and encourage Finns to interact. Green Choice products enable our customers to make more responsible choices. They accounted for 52 per cent of sales in terms of litres.

The easing of coronavirus restrictions was reflected in 2022 sales figures. Sales in litres returned to the level of the last pre-pandemic year (2019). On-trade sales of alcohol recovered, and travellers' private imports started to rise again. We sold a total of 80.3 (89.0) million litres of beverages during the year. Our net sales including alcohol tax totalled EUR 1,187.3 (1,290.3) million. Operating profit was EUR 49.9 (67.6) million. Our operating profit was better than in the last pre-pandemic year (2019), when it stood at EUR 40.1 million. The costs/net sales indicator was 25.7 (23.4) per cent. There was a slight increase in personnel costs as a result of, among other things, general salary increases. Increased rents for commercial premises also raised costs. Yet in spite of cost



pressures, other operating expenses remained on par with the previous year.

Throughout its history, Alko has considered it important to evolve in step with the times – and always with a focus on listening to and serving its customers. We want to continue looking to the future and evolving in line with our customers' expectations. I would like to warmly thank our personnel, customers, suppliers and other stakeholders for 2022!

**LEENA LAITINEN**  
President & CEO

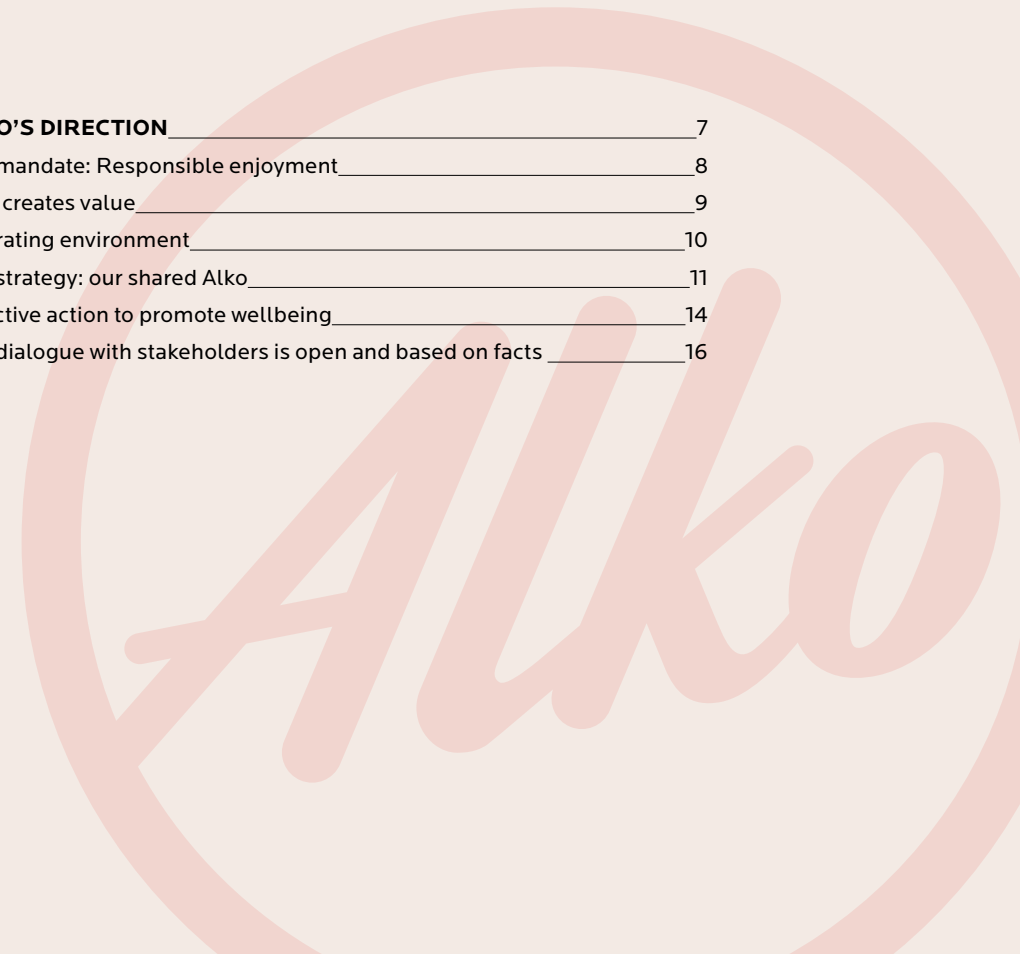
\*NPS: the proportion of customers who would be willing to recommend a service





# ALKO'S DIRECTION

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# OUR MANDATE: RESPONSIBLE ENJOYMENT

Our mandate - to sell alcoholic beverages in a way that prevents harm - is encapsulated in our purpose: "Responsible enjoyment". For us, responsibility is the foundation of everything we do. It also is the justification for both our business and our entire existence. We are creating a responsible food and drink culture, help our customers make good choices, buy and sell products responsibly, and reduce the harmful effects of alcohol consumption.

We talk about responsibility a lot, because that's what our existence and business is based on. Alcohol is not an ordinary commodity, which is why particular attention must be paid to its sale. Alko was established so that the harmful effects of alcohol consumption can be taken into consideration in the retail sale of alcoholic beverages. Total alcohol consumption and its harmful effects go hand in hand: the more that is drunk, the greater the harmful effects. That's why our primary mission is to sell alcohol responsibly, not to maximise sales of alcohol beverages.

The Alcohol Act governs our business with regard to things such as opening hours: our stores are shut on Sundays and public holidays. We do not market individual products or reward our staff on the basis of sales. Political decision-making steers the pricing of alcoholic beverages through taxation. For example, half of the EUR 10 price of a bottle of wine is tax.

We promote the wellbeing of people in Finland, and work with our partners to prevent phenomena such as social exclusion. When selling alcohol, we are uncompromising in our age-limit checks. Our stocking decisions and pricing policy are based on responsibility and the equal treatment of all producers and suppliers.

Alko Inc. is a limited company owned by the Finnish State. Alko is a State instrument for implementing alcohol policy, and its operations are regulated by Parliament through the Alcohol Act. By law, the company has the sole right to engage in the retail sale of beverages containing more than 5.5 per cent alcohol by volume, with the exception of microbrewery beers and Finnish farm wines. The Ministry of Social Affairs and Health is responsible for Alko's ownership steering and the National Supervisory Authority for Welfare and Health Valvira for its supervision.

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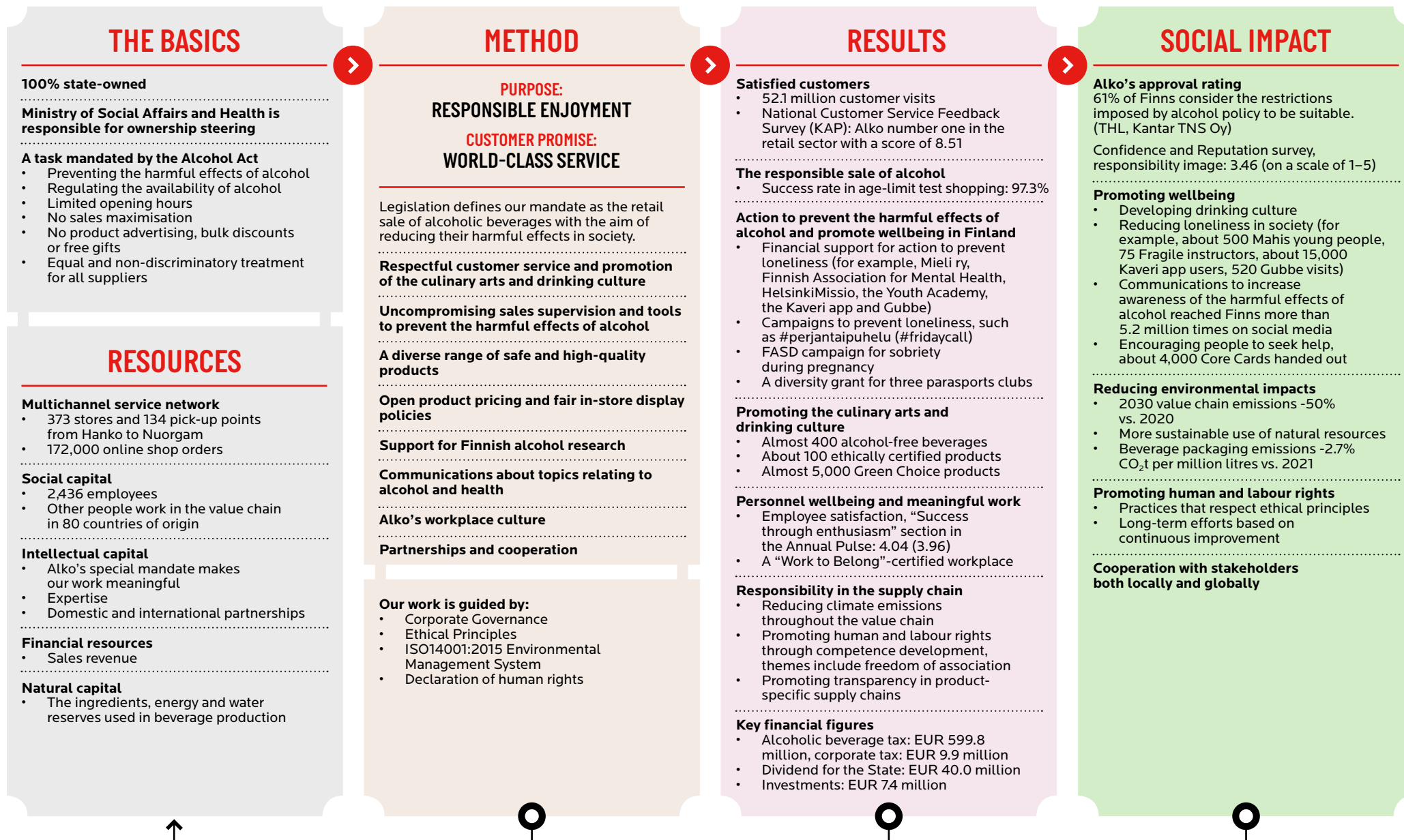
Our primary task is to sell alcohol in a responsible manner.





# ALKO CREATES VALUE

Alko's value creation model illustrates how we create value for our stakeholders and society.



## RESOURCES

**Multichannel service network**

- 373 stores and 134 pick-up points from Hanko to Nuorgam
- 172,000 online shop orders

**Social capital**

- 2,436 employees
- Other people work in the value chain in 80 countries of origin

**Intellectual capital**

- Alko's special mandate makes our work meaningful
- Expertise
- Domestic and international partnerships

**Financial resources**

- Sales revenue

**Natural capital**

- The ingredients, energy and water reserves used in beverage production

# OPERATING ENVIRONMENT

Trends and phenomena that are affecting Alko's activities include the increasingly individual needs of customers, changes in working life, the growing importance of sustainability and wellbeing, the climate crisis, the challenges faced by the welfare society, the trade revolution, digitalisation and inflation.

## INDIVIDUAL CUSTOMER NEEDS

- Customers expect effortless, high-quality, safe and more personalised service in all channels. Almost fifty per cent of Finns are hybrid consumers who make their consumption decisions in different ways in different purchase situations.
- Consumers are still interested in local selections that are tailored to their specific needs.
- The health and wellbeing trend is still going strong, and is being reflected in sober curious lifestyles. That is, people may not give up alcohol completely, but are questioning their own habits.

## CHALLENGES FACED BY THE WELFARE SOCIETY

- The challenges faced by the Finnish welfare society include social exclusion among young people, inequality, loneliness, and the crisis in healthcare and social services.
- A sustainable economy must be based on our planet's ecological carrying capacity.

## CHANGES IN WORKING LIFE

- Different age groups have polarised attitudes and expectations with regard to work.
- In today's workplaces, diversity and equality are the norm.
- Employees are increasingly appreciative of flexibility in both their work and working hours.
- Technology and artificial intelligence are increasingly being used in sectors and tasks that have not previously been considered as technical.

## BUSINESS SUSTAINABILITY AND IMPACT

- Advancements are being made in digitalisation and data utilisation.
- Sales channels are changing and digital services are becoming increasingly important.
- Sustainability-related regulation is increasing.

## CLIMATE CHANGE AND SUSTAINABLE SUPPLY CHAINS

- Companies must reduce their climate emissions, use renewable energy, promote biodiversity, and enable consumers to make more sustainable choices.
- There are increasing requirements for transparency in supply chains.
- Customers need clarity in order to make responsible choices.

## ALCOHOL TAX AND INFLATION

- The alcohol tax rose at the beginning of 2021.
- After two pandemic years, the war in Europe and ensuing energy crisis and inflation are affecting the everyday lives and finances of people in Finland.



# OUR STRATEGY: OUR SHARED ALKO

Alko has a mission that is laid down in law: to sell alcoholic beverages in such a way that we reduce the harmful effects of alcohol. In 2022, we updated our strategy, which is guided by our purpose of ensuring “Responsible enjoyment”, our customer promise of “World-class service” and a way of working that is “Worthy of trust”. We also clarified our four strategic priorities.

Alko’s mission requires us to strengthen our strengths and continuously renew ourselves in tandem with the requirements of our operating environment. Our development and renewal efforts are based on continuous dialogue. At Alko, we are interested in what our customers and other stakeholders expect of our services and activities.

Our updated strategy revolves around our purpose, way of working, customer promise, operational focuses, and corporate culture. Our purpose – “Responsible enjoyment” – is based on our mission as laid down in law, and lets both citizens and society know why Alko exists.

Our strategic focuses, as updated in 2022, are:

- World-class service
- Our shared Alko, suitable for me
- Business on a sustainable footing
- Responsibility is at home at Alko.

The cornerstones of our culture describe how we work at Alko, what characterises us, and what is important to us:

- Team spirit – Together we’re more
- Clarity – Let’s not make this too difficult
- Impact – We do what works



## OUR SHARED ALKO – TOWARDS 100 YEARS

**Customer promise**  
World-class service



**Strategy focuses**

Responsibility is at home at Alko

World-class service

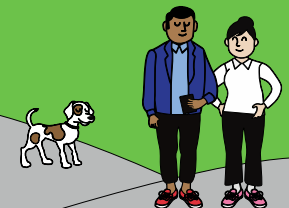
Our shared Alko, suitable for me

Business on a sustainable footing



**Purpose**  
Responsible enjoyment

**Way of working**  
Worthy of trust



**RESPONSIBILITY IS AT HOME AT ALKO**

Responsibility is an integral part of everything we do. We have encapsulated our responsibility efforts into three areas: “community”, “the environment” and “together”.

Alko is a special shop with a unique function prescribed by law: to engage in the responsible sale of alcohol in a way that reduces its harmful effects. We carry out our mission by promoting the wellbeing of people, communities and society as a whole. We are uncompromising in our age-limit checks. Our communications convey the impacts of alcohol on health and wellbeing. With the aid of coaching and dialogue, we ensure that our employees are competent and have the courage to talk about responsibility.

We also encourage our customers to engage in more sustainable consumption for the good of the environment. In order to reduce climate emissions, we work with our partners to develop our operations throughout the value chain – all the way from a beverage’s journey “from field-to-flagon” to the recycling of its packaging. We promote biodiversity and innovate, so as to create sustainable solutions such as packaging with lower environmental impacts.

Yet we cannot achieve our targets alone. We want to take effective action together with our employees and stakeholders. In the future, we will collect sustainability data in a more diverse way and utilise it in both our local and global value chains.

“ Alko is a special shop with a unique function prescribed by law: to engage in the responsible sale of alcohol in a way that reduces its harmful effects.”

### COMMUNITY TAKING CARE OF WELLBEING

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- Close to 100 years of responsible alcohol sales – a unique special mandate
- Action to improve the wellbeing of individuals, communities and society
- Ensuring personnel are competent and have the courage to talk about responsibility

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- **Target: Finns’ support for the alcohol system, Kantar, TNS, THL**

### ENVIRONMENT SUSTAINABLE CONSUMPTION

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- Making responsible choices – reducing emissions (CO<sub>2</sub>)
- Promoting biodiversity
- Innovating and promoting sustainable development in the sector

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- **Target: Climate emissions from the value chain in 2030: -50% compared to 2020**

### TOGETHER ACT AND MAKE A DIFFERENCE

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- Effective actions with Alko employees and stakeholders
- Stronger collection and utilisation of responsibility data in the local and global value chains

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- **Target: ESG index, Confidence and Reputation survey, T-Media Oy**



**WORLD-CLASS SERVICE**

We want to provide our customers with friendly, professional and smooth service regardless of the service channel. In our stores and customer service, there is always an expert present who listens, makes suggestions, and makes customers happy by finding a beverage for every occasion. We are easily approachable and want to provide an excellent service experience.

We offer the whole world in a glass: a diverse and up-to-date selection that suitably combines chain management with a local approach. Our online shop offers a broad selection of more than 11,000 products. Our products are researched and safe. Our customers can influence the selection available at their local store through the Alkotoive request service. An extensive service network and service development in all channels are priorities.

**OUR SHARED ALKO, SUITABLE FOR ME**

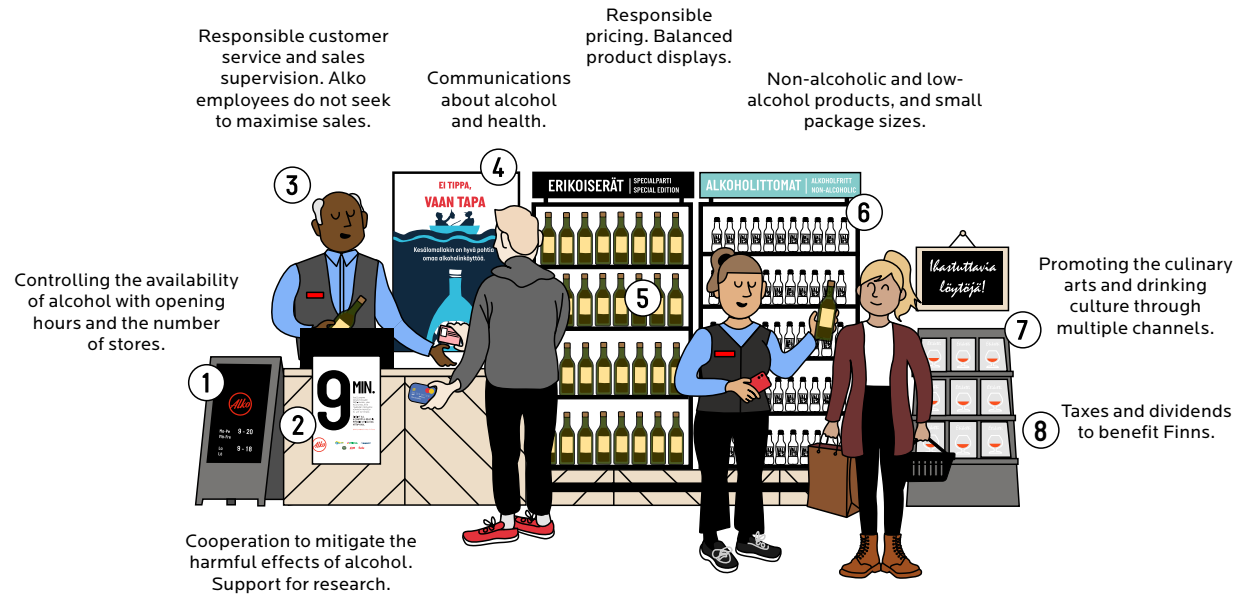
We offer our personnel responsible and meaningful work. We will continue to develop our staff's profound expertise and professional skills. When creating personnel development paths, we take multichannel operations and the needs of target groups into consideration. We aim for continual renewal, and want to be an evolving employer that enables flexible tasks and working models in a diverse workplace community.

**BUSINESS ON A SUSTAINABLE FOOTING**

We develop and streamline our operations in cooperation with our personnel. Standardising and clarifying our practices will enable efficient chain-level ways of working and the automation of background processes. We are investing in the deployment of new user-friendly digital solutions to enhance efficiency and facilitate day-to-day operations. We are developing an even stronger culture of foresight, decision-making, and knowledge and data management.

The alcohol tax, VAT, fees and dividends collected via Alko benefit everyone living in Finland.

**RESPONSIBLE ENJOYMENT**



**STRATEGY HONED TOGETHER WITH PERSONNEL**

In early 2022, we worked on a strategy update both via a digital workshop that was open to all Alko employees and in small regional groups. Management also participated in small group discussions in different regions. Each small group discussed the central themes that had arisen during digital workshops in that region. We also listened to opinions of experts in various fields on changes in our operating environment and customer needs.

Alko's Board of Directors approved the strategy in August, and we began to integrate it into our everyday work at

supervisor days held in September. Making our strategy an active part of our operations will continue in 2023.

**UN'S SUSTAINABLE DEVELOPMENT GOALS**

Alko's strategy promotes the following UN Sustainable Development Goals:

- 3. Good health and wellbeing**
- 8. Decent work and economic growth**
- 12. Responsible consumption**
- 13. Climate action**
- 17. Partnerships for the goals**

[Read more about sustainability management at Alko →](#)

# EFFECTIVE ACTION TO PROMOTE WELLBEING

Preventing the harmful effects of alcohol consumption is Alko's mission and we do this in many ways, such as by supporting Finnish alcohol research and cooperating with organisations and other partners.

Although these projects vary in nature, they all share a common goal – to promote wellbeing in society. We invested about EUR 700,000 in a variety of donations and projects that support wellbeing.

## CONTINUED EFFORTS TO REDUCE LONELINESS

In 2022, we maintained our focus on preventing loneliness in our society by continuing the work we started in 2021. Those who experience loneliness think that they do not have the means to change their situation. Prolonged feelings of loneliness predispose people to substance abuse. In our cooperation projects, we focused on ways to reduce loneliness: tools for prevention, support for self-motivated change, and professional help for those who require it. Our main target group was young adults, and in particular young men.

We continued our partnerships with HelsinkiMissio and Mieli ry, Finnish Association for Mental Health. With Alko's support, HelsinkiMissio was able to launch a new service: Friday Call. Friday Call is a preventative service that aims to reduce long-term and harmful loneliness. Every Friday from 5–7 pm, volunteers

answer phone calls from people who are feeling lonely. [Read more on page 24.](#)

Alko's cooperation with Mieli ry, Finnish Association for Mental Health, focused on lowering the threshold for receiving support for loneliness-related issues. In crisis work, resources have been allocated to providing online help in particular. We also continued our collaboration on communications and expert exchanges with both of these main partners. Exchanges utilised the expertise of both parties, for example, in the production of content for communications. Our loneliness-themed communications appeared in both our own channels and paid media.

We continued our support for the technical development of the Kaveri app. The Kaveri app is a free nationwide service for adults that helps people connect through everyday activities, such as finding a jogging partner. 15,000 Finns have already started using this free service and an average of 30 people download the free app every day. Cooperation will continue in 2023, when the service will be further developed with regard to accessibility in particular.



### COOPERATION PROJECTS SUPPORTED THE WELLBEING OF YOUNG PEOPLE AND PEOPLE WITH DISABILITIES

Other collaborative projects included Mahis activities with the Youth Academy, FASD communications with the Finnish Association on Intellectual and Developmental Disabilities, and rewards for diversity in sports club activities with the Finnish Paralympic Committee.

Mahis is a model for group activities that is based on social reinforcement and promotes inclusion and wellbeing among young people. With support from Alko, the Youth Academy offered Fragile training to 75 youth instructors in 2022. Fragile training develops emotional awareness and body consciousness skills. From 1 to 28 February 2022, 18 groups consisting of a total of 178 young people took part in a friendship-building event, YstäväMahis. Alko's support also funded 56 youth groups containing a total of 488 young people. Mahis group activities provide young people with friends, peer support and a sense of belonging.

Alko has already been partnering with the Finnish Association on Intellectual and Developmental Disabilities since 2015, by opening Alko stores nine minutes later than usual on 9 September to raise awareness about FASD. The spectrum of fetal damage caused by alcohol is referred to using the acronym FASD (fetal alcohol spectrum disorders). In Finland, it is estimated that 600–3,000 children are born with some degree of alcohol-related damage each year. We once again challenged Finland's largest grocery store chains to join the FASD campaign. R-kioski and the S Group responded to Alko's

challenge by starting the sale of alcohol nine minutes later than normal on FASD day and issuing customer communications advocating a sober pregnancy. Alko's communications reached about 500,000 Finns in social media channels.

The Finnish Paralympic Committee and Alko awarded the first Most Equal Club of the Year grants. These grants were awarded in three categories on 3 December, which is the International Day of Persons with Disabilities. Grants worth EUR 1,500 were given to Turunseudun Kenttärheilijät (Equality in competitive sports), Riihimäen Palloseura (Equality in recreational activities) and Okeroisten Ratsastajat (Equality in positions for leaders and instructors). A total of 98 sports clubs applied for the grants.

### WE FUNDED RESEARCH INTO THE HEALTH IMPACTS OF REMOTE WORK

Many workplaces had partly switched to remote working even before the coronavirus crisis. However, the ability to work remotely became a key issue in many organisations during the pandemic. We helped to fund a research project conducted by the Finnish Institute of Occupational Health, which sought to analyse how remote and multi-location work affect wellbeing.

One part of the study is investigating the link between remote working and alcohol consumption. The results indicate that although remote work was not associated with risky alcohol consumption, those who worked remotely were more likely to drink alcohol on several days a week compared to those who did not work remotely.

**9 MIN.**

FASD-päivänä muistutamme, että raskauden aikaiselle alkoholinkäytölle ei ole turvarajaa.

**SIKSI PE 9.9. ALOITAMME ALKOHOLIN MYNNIN 9 MINUUTTIA MYÖHEMMIN.**

[kehitysvammaliitto.fi/fasd](https://kehitysvammaliitto.fi/fasd)



# OUR DIALOGUE WITH STAKEHOLDERS IS OPEN AND BASED ON FACTS

Alko has numerous stakeholders, and we consult them in a variety of ways in order to develop our activities.

These activities are based on supporting social wellbeing, and we engage in continuous dialogue with a variety of stakeholders about our activities and our operating environment. This dialogue aims to inform others about our company's current topics and gain a deeper understanding of our society and the challenges it faces.

Our stakeholders are particularly interested in the implementation of Alko's responsibility-related mandate, the societal impacts of alcohol, and other aspects relating to alcohol consumption both in Finland and abroad. In recent years, a number of stakeholders have become increasingly interested in topics related to the environmental and social sustainability of the alcohol industry.

Our stakeholder cooperation is open, transparent and unbiased, and is based on facts. We use both Finnish and international research data. We are open about who we represent. Our catering for meetings and events is within moderation. We also announce any relevant personal connections, and will excuse ourselves from any situations in which our presence would be deemed problematic.

Alko's stakeholders include our owner, national and local policymakers, our customers and employees, civic organisations, authorities, suppliers, the media and the research community.



## STAKEHOLDERS

STAKEHOLDER	FORMS OF COLLABORATION
<b>Our owner</b>	Continuous dialogue, state ownership steering
<b>Decision makers</b>	Stakeholder events and visits, meetings, press releases and publications, sharing information
<b>Customers</b>	Customer encounters in various channels, collecting both spontaneous and systematic feedback, surveys and studies, communications in various channels, customer events
<b>Alko employees</b>	Recruitment, onboarding, multichannel workplace communications, management practices, surveys and studies
<b>Associations</b>	Partnerships and memberships, collaborative projects
<b>Authorities</b>	Continuous dialogue, memberships, meetings
<b>Goods suppliers</b>	Supplier events, supplier consultations, meetings, continuous dialogue
<b>The media</b>	Press releases, media events, media visits, meetings, interviews, statistics
<b>Research community</b>	Partnerships and memberships, joint projects, donations, thesis opportunities, visits

## DONATIONS AND COLLABORATION IN 2022

	AMOUNT (EUR)
<b>DONATIONS (resolution of the AGM)</b>	
Sekasin project	150,000
Finnish Red Cross (Emergency aid for Ukraine, Crisis Fund)	105,000
Finnish Foundation for Alcohol Studies	90,000
Hotel and Restaurant Museum (museum costs)	25,750
Veikko ja Lahja Hurstin Laupeudentyö ry's Christmas for the homeless (Christmas food)	10,000
Alko-Altian Seniorit ry (operating costs)	7,000
<b>Total</b>	<b>387,750</b>
<b>COOPERATION PROJECTS</b>	
Mieli ry, Finnish Association for Mental Health (loneliness prevention)	100,000
HelsinkiMissio ry (loneliness prevention)	70,000
Superlaiffi Oy (loneliness prevention, Kaveri app)	35,000
Gubbe Sydänystävä Oy (loneliness prevention, elderly people)	30,000
Youth Academy (loneliness prevention, youth work)	20,000
Yhteiskuntapolitiikka magazine (alcohol research)	15,000
Finnish Paralympic Committee (loneliness prevention, diversity in sports club activities)	10,000
Finnish Association on Intellectual and Developmental Disabilities (prevention of alcohol-related harm, FASD)	10,000
Joulupuu campaign (Christmas gifts for those of limited means)	10,000
Helsinki Junior Chamber of Commerce (Police Officer of the Year)	3,500
The Finnish Association for Substance Abuse Prevention EHYT (Core Card, expert work)	3,000
A-Clinic Foundation (Core Card, expert work)	3,000
Federation of Mother and Child Homes and Shelters (Core Card, expert work)	3,000
<b>Total</b>	<b>312,500</b>
<b>Total, donations and collaboration</b>	<b>700,250</b>

# ASSOCIATION MEMBERSHIPS

Alko has representatives in numerous national and international associations and organisations. The most representative are listed here. The key positions of trust held by members of the Board of Directors are given in the Governance section.

## REPRESENTATION IN FINNISH ASSOCIATIONS

**A-Clinic Foundation, Member of the Board:** Maritta Iso-Aho, Executive Vice President, Communications

**Finnish Foundation for Alcohol Studies, Member of the Board:** Ilari Ceder, Public Affairs Manager

**The Regional State Administrative Agency's working group for preventing the harmful effects of intoxicants and promoting of health:** Kimmo Mäkelä, Customer Service Director

**Confederation of Finnish Industries EK, Member of the Finance and Tax Committee:** Anton Westermarck, Executive Vice President, Finance

**The Confederation of Finnish Industries' Legal Affairs Committee:** Compliance Officer Lotta Väisänen

**Helsinki Region Chamber of Commerce, member of the committee for trade and services:** Tatu Vanninen, Customer Service Director

**Hotel and Restaurant Museum Foundation, Member of the Advisory Board:** Marja Aho, Sustainability Manager until Oct 2022, Ilari Ceder, Public Affairs Manager as of Nov 2022

**Hotel and Restaurant Museum Foundation, Member of the Board of Directors:** Sari Karjalainen, Marketing Manager

**Häme Chamber of Commerce, member of the committee for trade:** Pirjo Hirvonen, Customer Service Director

**Central Finland Chamber of Commerce, member of the committee for transport and regional structure:** Mika Kauppinen, Customer Service Director until Sept 2022, Jari Hiekkataipale, Customer Service Director as of Oct 2022

**Lapland Chamber of Commerce, member of the committee for trade and cross-border trade:** Kaija-Leena Kerkelä, Customer Service Director

**Finland's Central Union for Child Welfare, Chair of the Board:** CEO Leena Laitinen

**EU18 subdivision for wine and alcohol matters at the Ministry of Agriculture and Forestry:** Susanna Videnoja, Acting Laboratory Manager

**Pakka working group, Hämeenlinna:** Leila Patoila, Customer Service Manager

**Pakka working group, Kokkola:** Kaija Haldin, Customer Service Manager

**Pakka working group, Lahti:** Pirjo Hirvonen, Customer Service Director

**Pakka working group, Lappenranta:** Harri Hokkanen, Customer Service Manager

**Pakka working group, Oulu:** Kaija-Leena Kerkelä, Customer Service Director

**Pakka working group, Helsinki Region:** Tatu Vanninen, Customer Service Director and Virpi Valtonen, Sustainability Specialist

**Pakka working group, Vaasa:** Seppo Metsola, Customer Service Director

**Pakka working group, Varkaus:** Mika Kauppinen, Customer Service Director until Sept 2022; Jari Hiekkataipale, Customer Service Director as of Oct 2022

**Pakka working group, Southwest Finland:** Juha Laanti, Customer Service Director

**Service Sector Employers PALTA, member of the labour market committee:** Heli Hassinen-Biberger, Executive Vice President, Human Resources

**Suomen Palautuspakkaus Oy, Member of the Board:** Tino Battilana, Supply Chain Manager

**Suomen Lasi Oy, Member of the Board:** Tino Battilana, Supply Chain Manager

**The Finnish Association of Purchasing and Logistics, Member of the SCM Management Team:** Seppo Behm, Forecast and Replenishment Analyst

**Tampere Chamber of Commerce, member of the committee for trade:** Kimmo Mäkelä, Customer Service Director

**Turku Chamber of Commerce, member of the committee for trade and services:** Juha Laanti, Customer Service Director

## REPRESENTATION IN INTERNATIONAL ASSOCIATIONS

**amfori Business Social Compliance Initiative, Chair of Finland's country network:** Marja Aho, Sustainability Manager

Greater impact through cooperation between Nordic alcohol monopolies in the international supply chain

All of the Nordic alcohol monopolies in Finland, Sweden, Norway, Iceland and the Faroe Islands have been tasked by law with the same mandate: to reduce the harmful effects of alcohol consumption. This shared mission has for decades been the impetus for cooperation between the monopolies. Another objective that has been on their shared agenda since 2008 is to increase responsibility both in the supply chain and with regard to products in general.

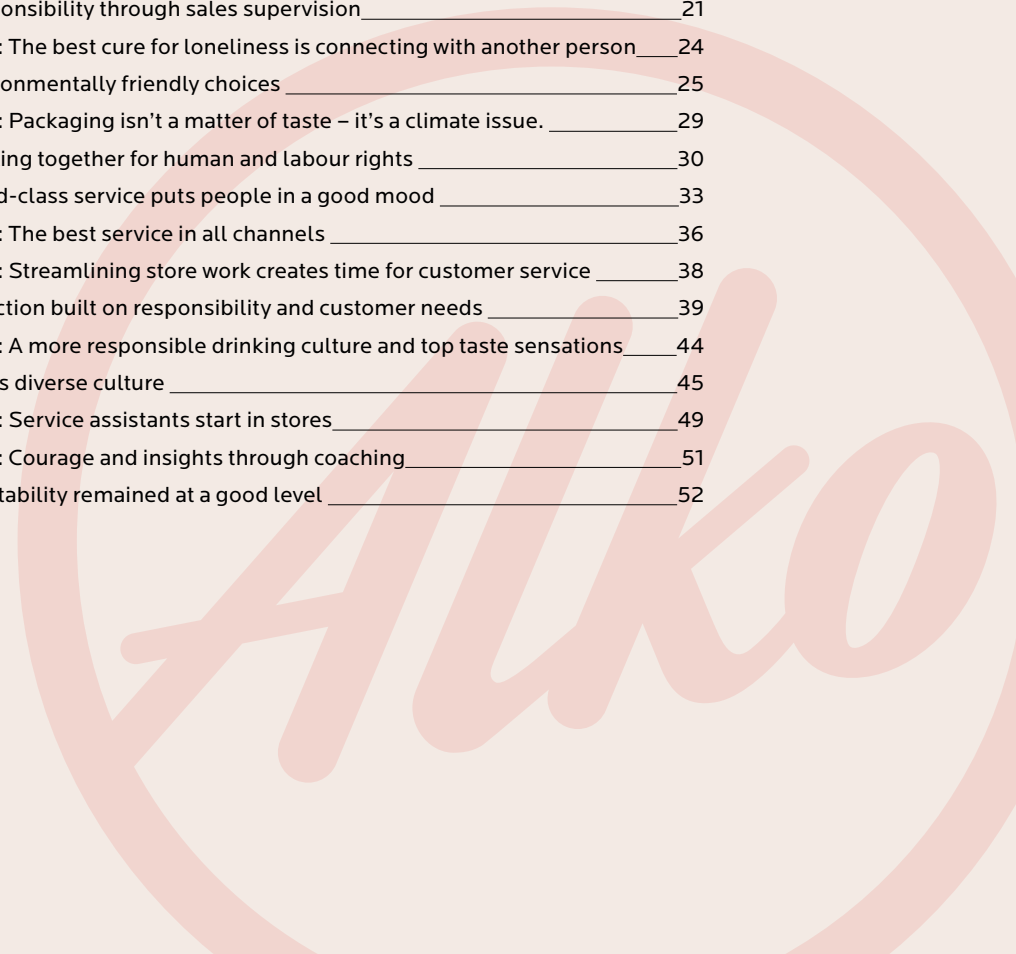
Nordic cooperation is currently being promoted through three working groups: the alcohol policy, social responsibility and environmental responsibility working groups. The CEOs of the monopolies approve the annual action plans for these working groups. Greater impact is achieved with the aid of a common goal for environmental and social responsibility and through communication with international parties in the supply chain. In 2022, roadmaps were published for both [environmental action](#) and [promoting social responsibility in supply chains](#).





# RESPONSIBLE ENJOYMENT

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# 2022 – A YEAR OF RESPONSIBILITY

## JANUARY

Our work to prevent loneliness began in 2021 and also continued throughout 2022. We ran the #perjantaipuhelu #fridaycall awareness campaign.

[→ Read more](#)

We organised a joint Nordic workshop for suppliers on the topic of paying a living wage in the supply chain.

[→ Read more](#)

## FEBRUARY

We drafted a beverage packaging roadmap to support the implementation of our beverage packaging objective. Alko's environmental objective is to halve the climate emissions of beverage packaging by 2030.

[→ Read more](#)

## MARCH

We donated EUR 100,000 to the Finnish Red Cross Disaster Relief Fund to provide humanitarian aid to Ukrainians.

## APRIL

Alko celebrated its 90th birthday on 5 April. Although the world has changed, our special mandate has remained the same: the responsible retail sale of alcohol.

[→ Read more](#)

In honour of the anniversary, 90 employees were given the chance to volunteer during working hours.

## MAY

Our accessibility analysis was completed. Accessible shopping is possible in about three out of four Alko stores.

A sales supervision campaign in social media encouraged young and young-looking people to take the initiative and show their ID when shopping at Alko.

Together with the other Nordic alcohol monopolies, we committed to halving emissions in the value chain by 2030. A climate roadmap was published.

[→ Read more](#)

## JUNE

Our alcohol-free kiosk visited eight locations as part of our 90th anniversary celebrations. Alko wants to develop a responsible drinking culture and respond to changing drinking habits in Finland.

We started an experiment in which wine packaged in cartons is displayed among wine bottles. The aim was to highlight a packaging option with a significantly smaller carbon footprint alongside glass bottles.

## JULY

We donated EUR 150,000 to the Sekasin project, which supports the mental wellbeing of young people and helps them in times of crisis.

Alko was a Pride partner for the fourth time. A group of Alko employees also marched in the Pride parade for the first time.

## AUGUST

We were involved in supporting the launch of HelsinkiMissio's Friday Call service. Volunteers from Alko answered calls in August–December.

## SEPTEMBER

On FASD day, 9 September, Alko stores opened their doors nine minutes later than usual. The campaign aims to raise awareness of the fact that alcohol and pregnancy don't mix.

The campaign "Packaging isn't a matter of taste – it's a climate issue" was visible in Alko stores in September–November. This message was also spread in collaboration with social media influencers.

[→ Read more](#)

## OCTOBER

We took part in the Sustainable Life Event in Helsinki. The event had a lounge where people could learn about different packaging solutions and their climate impacts.

## NOVEMBER

HelsinkiMissio awarded Alko the Work to Belong certificate in recognition of our work to reduce loneliness in the workplace.

We further reduced our electricity consumption by saving energy in areas such as lighting and refrigerators.

Together with the other Nordic alcohol monopolies, Alko committed to realising human rights in international supply chains in line with the targets set for 2030.

[→ Read more](#)

We participated in the traditional Joulupuu campaign by placing collection boxes in 37 stores and making a donation of EUR 10,000.

## DECEMBER

Together with the Finnish Paralympic Committee, we awarded Most Equal Club of the Year grants to sports clubs.

# RESPONSIBILITY THROUGH SALES SUPERVISION

The discontinuation of mask recommendations combined with intervention into sales supervision failures helped us to ensure that the overall target was met. We are uncompromising in our sales supervision, and comply with the agreed rules.

Our goal is to ensure that alcoholic beverages are not sold to minors, anyone who is clearly intoxicated or behaving in a disruptive manner, or anyone who intends to hand over beverages to someone else. We ensure that our targets are achieved by means of mystery shopping carried out by external parties\* and by registering checks of age limits and suspected cases of intoxication and handovers in our POS system. The mystery shopping success rate for age-limit checks improved on the previous year and returned to pre-pandemic levels.



## WHY THIS IS IMPORTANT TO US:

Alcohol is no ordinary commodity. Its consumption causes harmful effects to users' health, finances and personal lives, and also to their loved ones and society as a whole. Alko's mission is to sell alcoholic beverages responsibly.



## OUR APPROACH:

The responsible sale of alcohol means that Alko does not sell alcoholic beverages to minors, anyone who is intoxicated, or anyone who intends to hand over beverages to others. We continuously develop our staff's responsibility expertise. We also offer our customers non-alcoholic alternatives, low-alcohol products and small package sizes. Bulk discounts, giveaways, additional sales or the marketing of individual products are not part of our business practices.



## OUR MAIN OBJECTIVES:

We act in accordance with our purpose of "Responsible enjoyment" and keep our customer promise of "World-class service". We measure our success in checking the ages of young customers with mystery shopping and self-supervision. The 2022 target for in-store age-limit checks was 97 per cent.

\*Alko commissions mystery shopping from a third party to measure its success in age-limit checks for young customers and their experience of service quality. In mystery shopping, test customers who are of legal age shop at stores and pick-up points.



### RESPONSIBLE SALES PRACTICES IN STORES AND AT PICK-UP POINTS

Our goal is to check the IDs of all customers who buy alcoholic beverages and appear to be under the age of 30. Young customers had their ages verified in 97.3 per cent of test visits. This was a significant improvement on 2021 (93.6 per cent) and exceeded the target set for 2022, which was 97 per cent.

Test purchases of alcohol are made all across Finland as part of the anti-substance abuse activities carried out by cities and municipalities in accordance with the Pakka operating model. Test purchases of alcohol and tobacco were made in South Karelia in early 2022 and in Lahti during the autumn. In South Karelia, 153 test purchases were made at a total of 97 different stores in Lappeenranta, Imatra and other municipalities. 8 per cent of these purchases were made in Alko stores. In all of the test purchases at Alko stores, the sales assistant refused to sell the product. A total of 285 test purchases were made at 85 retail outlets in Lahti. 7 per cent of the test purchases were made in Alko stores, and 44 per cent of the sales were refused.

In May and August, the #todistaikäsi (#proveyourage) campaign encouraged young people to take the initiative and show their ID when shopping at Alko. We invested in social media visibility, and particularly in reaching adults under the age of 30. The campaign reached almost 1.5 million Finns through Alko's own social media channels alone.

### INDUCTION ENSURES RESPONSIBLE SALES WORK

Skilled staff play a key role in ensuring the responsible sale of alcohol. On their first day at work, new employees immediately take a test to gain their Sales Supervision Passport, which provides them with the basic skills required to carry out age-limit checks and sales supervision related to suspected cases of intoxication and handovers. All staff take refresher courses to renew their passports at three-year intervals. As skills develop gradually through experience, it is important to engage in practical learning on the job alongside training.

Staff at external pick-up points also receive training in responsible sales practices. When handing over online orders, staff check the identity and age of all customers using an official ID. Mystery shopping is used to measure the success of age-limit checks at pick-up points. The result for 2022 was 87.3 per cent (70.1 per cent in 2021).

Our goal is to ensure that responsible policies are followed in all of our sales channels, which is why we will continue to develop the sales supervision competence of pick-up point staff.

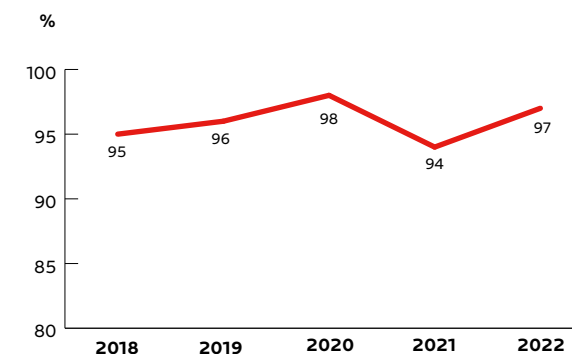
### 4.9 MILLION AGE-LIMIT CHECKS IN 2022

In addition to mystery shopping, our stores' self-supervision plays an important role in responsibility. In Alko stores, age-limit checks and other sales supervision procedures are entered into our POS system. The results are monitored by region, store and salesperson. This monitoring seeks to ensure reliable sales supervision of a uniformly high standard in all of our stores. In 2022, we verified the age of young customers 4.9 million times (5.7 million in 2021) and carried out almost 260,000 (about 300,000) checks of suspected handovers and about 440,000 (about 470,000) checks of suspected intoxication.

## RESPONSIBLE CUSTOMER SERVICE

	2018	2019	2020	2021	2022
Number of age-limit checks (million)	4.6	4.6	5.4	5.7	4.9
Suspected cases of intoxication (thousand)	577	522	511	472	437
Suspected cases of handover (thousand)	359	316	316	299	257
Number of purchase ban agreements	13	22	21	36	42

## STORES' SUCCESS RATE IN MYSTERY SHOPPING TEST VISITS



### PURCHASE BAN AGREEMENT AND CORE CARD

The Core Card and purchase ban agreement are tools for Alko store staff to use when a customer expresses concerns about alcohol use, whether their own or that of a family member or loved one. By signing a purchase ban agreement, customers can voluntarily restrict their ability to buy alcoholic beverages from one or more Alko stores. The initiative to draw up the agreement may come directly from the customer, or from a close family member or a loved one. Purchase ban agreements are always temporary, and can last a maximum of 12 months. A total of 42 agreements were signed in 2022 (36 in 2021), all but one of which were total bans. One agreement limited purchasable products to mild wines only. During the year, two agreements were terminated before the end of the contractual period.

With the aid of a Core Card, customers can be directed to seek out more information or contact an organisation for help. The Core Card was updated in spring 2021. The new Core Card provides contact information for a broader range of organisations. In addition to organisations that provide assistance with substance abuse, there are organisations that offer help with crises and violence, support for those experiencing loneliness, and help with intoxicant use during pregnancy and while nursing. The card is available in stores and has received good feedback from both staff and customers. A total of 3,820 Core Cards were delivered to Alko stores in 2022.

### MOST OF ALKO'S STORES ARE ACCESSIBLE

Alko carried out an accessibility analysis in early 2022 and published the results on 19 May, which is Global Accessibility Awareness Day. This analysis adapted the accessibility evaluation method of the Finnish Association of People with Physical Disabilities to Alko's needs. It focused on assessing the realisation of physical accessibility in stores and was carried out by Alko employees at all stores around Finland.

Approximately 75 per cent of Alko stores were accessible. Customers can check the accessibility of their own store in advance on [Alko's website](#).





# THE BEST CURE FOR LONELINESS IS CONNECTING WITH ANOTHER PERSON

CASE  
2022

In August, HelsinkiMission launched a new phone service for those experiencing loneliness. Alko got involved by funding and launching the service as a continuation to its own "Make a habit of a Friday call" campaign, which started up in 2021.

Alko employees also had the opportunity to do paid volunteer work during Alko's 90th anniversary year. One way in which they volunteered was to answer calls made to the "Make a habit of a Friday call" line and chat with those experiencing loneliness. Everyone who answered calls completed online training and small-group training with a HelsinkiMission expert.

"Loneliness is a major challenge that is also visible in our stores. We see and hear people with very different fates, and some people have a great need to talk. Unfortunately, we don't really have time to chat with people in our stores, and it's not the right place either, so it's great that we got involved in this service," says Service Master **Pirita Matjus**, who volunteered to answer calls herself.

"It's an unfortunate fact that loneliness is common and people just want to chat about everyday things. Loneliness creeps into your thoughts, especially in the evenings and at weekends, and the bottle might be your only friend. But you won't find help on the shelves of our stores – the best help is connection with another person," says Matjus.

Matjus' own experience of the phone calls was that she really felt as if she was helping. "The caller may have been very down at the beginning of the call. I listened and was present. I try to encourage people and let them know that help is available, and that they don't have deal with their problems alone. The caller's tone of voice often changed during the call, and sometimes we even had a laugh together. One caller thanked me and said how nice it was to have this kind of service – and also said that they'd call again."

Alko will continue to finance "Make a habit of a Friday call" in 2023 as well.



Pictured: Pirita Matjus



# WORKING FOR THE ENVIRONMENT

Our mission - the most responsible way to sell alcohol in the world - also includes environmental perspectives.



## WHY THIS IS IMPORTANT TO US:

We will continue to reduce the environmental impacts of our operations to combat the climate crisis and preserve biodiversity in both our own operations and the supply chain. Our customers are also taking an increasing interest in the environmental impact of our products throughout the supply chain.



## OUR APPROACH:

The majority of our climate impacts are generated in our international supply chain, and particularly in beverage production and packaging manufacture. We are working with a variety of beverage industry operators to reduce these climate impacts. The climate roadmap published in late 2022 will steer us towards halving our climate emissions and preventing other harmful impacts on nature.



## OUR MAIN OBJECTIVES:

We have set ambitious targets for our environmental action, and we are working towards them through actions both large and small. By the end of 2030:

- together with the other Nordic alcohol monopolies, we are committed to reducing climate emissions from our operations by 50 per cent compared to 2020
- we will be carbon neutral with respect to our own operations.

The majority of Alko's emissions are generated in the product supply chain, with only about two per cent being direct emissions from Alko's own operations. This is why our climate and environmental action highlights both local and international cooperation with various operators in the sector.

Alko's last climate study was carried out in 2020 in cooperation with Gaia Consulting. According to this study, the greatest proportion of Alko's total emissions (77 per cent) are generated by beverages and their packaging and about a quarter of our climate emissions are generated by packaging. International logistics generates 18 per cent of emissions. Our carbon footprint (149,500 tCO<sub>2</sub>e) is equivalent to the average annual emissions of 14,000 Finns. The 2022 climate study will be completed in spring 2023 and the results will be published on our website.

In 2022, we invested in customer communications relating to beverage packaging. The campaign "Packaging isn't a matter of taste – it's a climate issue" was visible in our stores and communication channels. This theme was also discussed on social media after our collaboration with influencers reached customers in a new way. We also cooperated with educational institutions to carry out research on how we can best help our customers to adopt new types of packaging and partly transition away from traditional glass bottles to alternative packaging. [Read more on page 29.](#)

### ENVIRONMENTAL ROADMAP FROM NORDIC ALCOHOL MONOPOLIES

The Nordic alcohol monopolies in Finland, Sweden, Norway, Iceland and the Faroe Islands have been tasked by law with the same special mandate: to reduce the harmful effects of alcohol consumption. This also applies to environmental harm. The Nordic alcohol monopolies have been taking environmental action for years. Their mission is to be a forerunner in the sustainable development of the alcoholic beverage industry, to encourage and enable responsible solutions in the supply chain, and to help customers make more responsible choices.

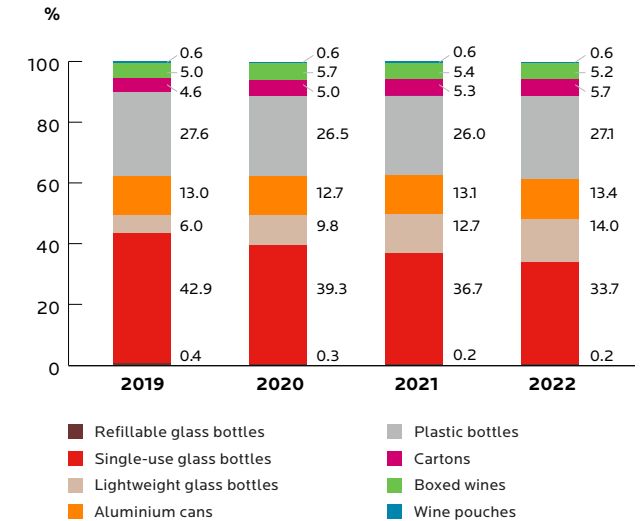
Environmental cooperation moved to the next level in 2022 when the alcohol monopolies published a joint environmental roadmap signed by their CEOs. The environmental roadmap brings together the Nordic monopolies' common mission, objectives and measures in a single document.

In the roadmap, the monopolies commit to reducing their total emissions by 50 per cent and minimising the harmful environmental impacts of their operations. Achieving these objectives will require all parties in the supply chain – producers, goods suppliers and monopolies – to take action. These common goals are a message to the entire sector: the monopolies are taking the climate and environmental crisis seriously, and action must be taken quickly. The environmental roadmap can be found on [Alko's website](#).

Alko is a founding member in both the monopolies' Nordic environmental team and the Sustainable Wine Roundtable. The latter is a coalition that brings international beverage-sector operators together and aims to create standardised sustainability practices within the industry. [Read more on the coalition's website.](#)

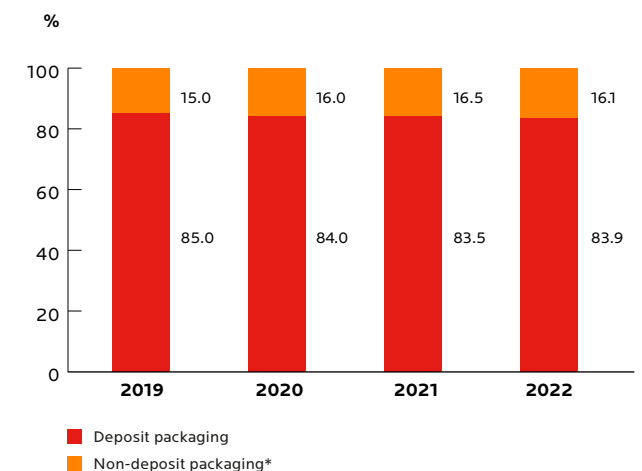
### TYPES OF BEVERAGE PACKAGES SOLD

The percentage of Alko's total sales accounted for by each type of beverage packaging by sales unit



### PROPORTION OF DEPOSIT/NON-DEPOSIT PACKAGES SOLD

The percentage of Alko's total sales accounted for by deposit and non-deposit beverage packages by sales unit



\*Non-deposit glass and plastic bottles, non-deposit aluminium cans, cartons, boxed wines, wine pouches and other non-deposit packaging

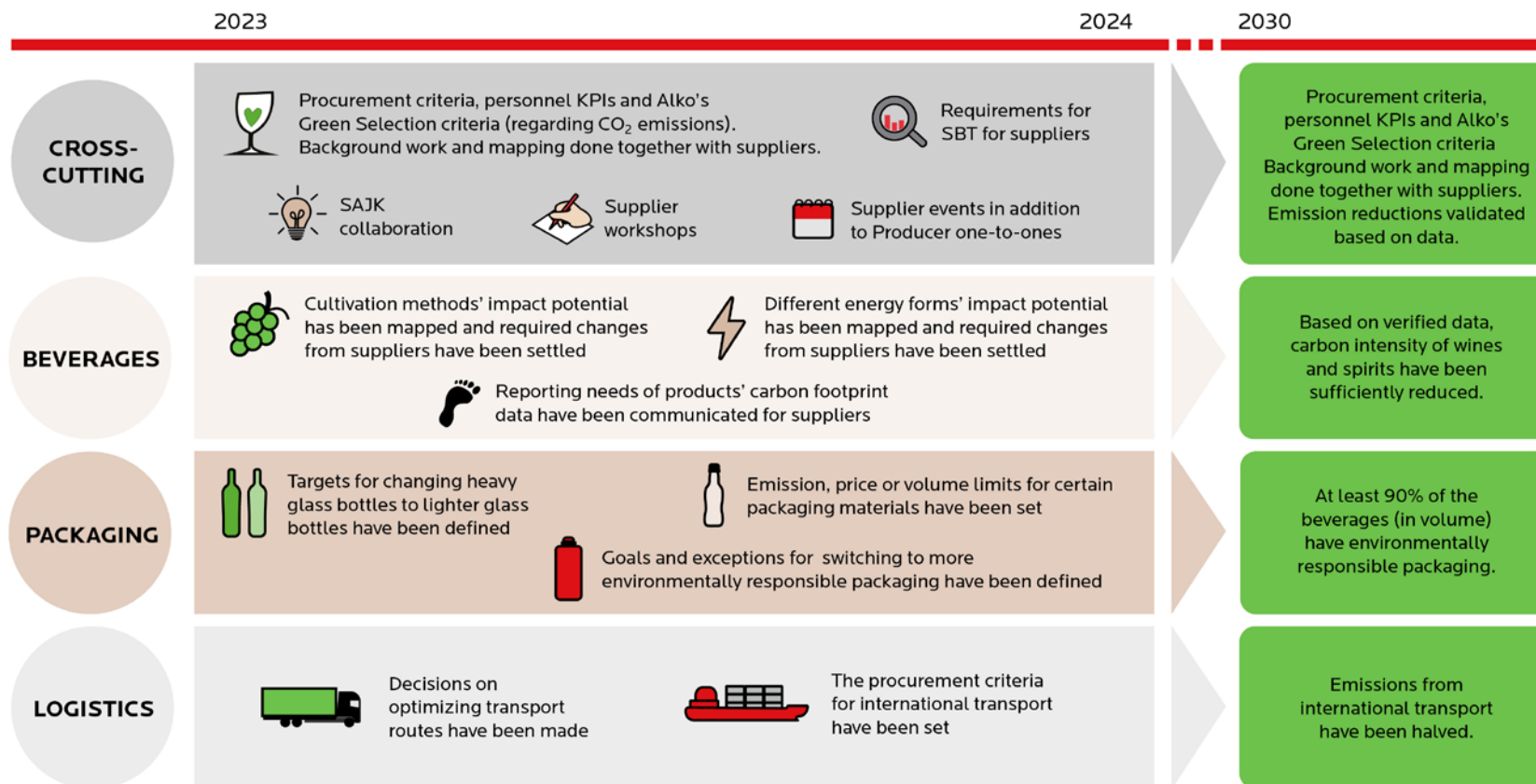
**CLIMATE ROADMAP STEERS STAKEHOLDER COOPERATION**

We published a climate roadmap for our suppliers in late 2022. It will steer us in our preparations for EU ESRS sustainability reporting and help us achieve our 2030 climate targets. The roadmap contains measures to tackle the largest sources of emissions in the supply chain: beverage production, packaging and international logistics.

In order to draw up the roadmap, we worked with Gaia Consulting to analyse which elements of our climate emissions need to be reduced in order to achieve the 2030 targets. The goal we set in 2021 – of halving beverage packaging emissions – will not be enough on its own. We will need both targeted and cross-sectional measures that apply to parties throughout Alko's value chain, from producers to customers.

We sold a total of 109.9 million beverage packages in 2022 (115.3 million in 2021). The proportion of sold packages accounted for by standard-weight glass bottles has been declining since 2018, while the proportion of lightweight glass bottles has been rising. The proportion of sales accounted for by bag-in-box wines fell slightly on 2021, but a slight increase was seen in sales of cartons. 83.9 per cent of sold packages (2021: 83.5%) were deposit packages.

**ALKO'S CLIMATE ROADMAP MEASURES 2023**



In order to draw up the roadmap, we worked with Gaia Consulting to analyse which elements of our climate emissions need to be reduced in order to achieve the 2030 targets.



**LOGISTICS EMISSIONS**

Alko's goal is to be carbon neutral in terms of its own operations by 2030. The emissions generated by our own operations account for about two per cent of our total emissions. Our environmental action is steered by our certified ISO 14001 environmental management system, which covers all of our stores and offices.

We continued to engage in proactive cooperation with our domestic transport partners during the year. By expanding the windows for store deliveries, we were able to reduce the number of kilometres driven in Uusimaa by 20,000 and in Satakunta by 18,000. This development work will continue in 2023. Electronic vehicles were introduced for store deliveries in Tampere city centre, and this concept will be expanded in 2023.

We also pay constant attention to product packaging practices in our logistics. In 2022, we introduced new FSC-certified packaging for online shop orders. This certificate ensures that the material used in the packaging comes from responsibly produced timber. We are also working to reduce the amount of packaging waste. In 2022, we introduced regional recycling models that reduce transport distances. A total of 3,221 tons of cardboard packaging waste and 72 tons of pallet plastic waste were generated in 2022.

In 2022, Alko's own imports totalled 1.42 million litres (1.34 million litres in 2021), that is, about two per cent of our total annual sales in litres. Emissions from our import service totalled 393 tCO<sub>2</sub> (458 tCO<sub>2</sub> in 2021). Products from European countries are delivered by truck. Sea freight is used for products from Asia, South and North America, and Australia. Air freight is only used in individual cases.

There has been a decrease in the recycling of bag-in-box wines via Alko stores, as the new Waste Act has improved opportunities for recycling different types of waste. During the year, customers brought 10.4 tons of inner bags to these collection points for utilisation in the manufacture of recycled fuel.

**GREATER ELECTRICITY SAVINGS IN STORES**

The whole world was hit by an energy crisis in 2022. As electricity consumption constitutes a significant source of emissions in our domestic operations, Alko drew up its own electricity saving programme to save energy and prepare for power outages. Although energy-saving measures have been carried out throughout the store network for a long time, the programme brought some new elements: we turn off store lights and electrical appliances overnight whenever possible, and have stopped using refrigerators for the time being. When necessary, we have made agreements with property owners to lower our in-store temperatures.

We refurbished 23 stores in 2022. In conjunction with these refurbishments, we are renewing store lighting with energy-efficient LED technology. We also assess space efficiency. Our electricity consumption totalled 10.6 GWh in 2022, which equates to 107.3 kWh per square metre of store floor area. Electricity consumption fell by 4.3 per cent on 2021.

	2020	2021	2022
Inner bags collected, tons	16.7	12.9	10.4
Cardboard packaging waste, tons	3,816	3,800	3,221
Plastic packaging waste, tons	86	86	72



# PACKAGING ISN'T A MATTER OF TASTE – IT'S A CLIMATE ISSUE.

CASE  
2022

Beverage packing materials have a significant climate impact. Alko has determined the carbon footprint of the most common packaging in its selection, such as glass, plastic, cardboard and cans. Glass bottles generate the most emissions and greatest climate impacts per litre of beverage, while boxed wines generate the smallest.

When it comes to climate impacts, the weight and size of packaging are decisive criteria. The environmentally friendly packaging in Alko's selection can be identified by a Green Choice symbol.

"For example, the lower climate impacts of PET plastic bottles are a result of less energy being required to manufacture the packaging. The glass manufacturing process requires very high temperatures of up to 1,600 °C, which consumes a lot of energy," says **Senni Simola**, a sustainable development specialist at Alko.

Alko is committed to halving its beverage packaging-related emissions by 2030. The packaging in Alko's selection is being developed in collaboration with suppliers, and customers are also being encouraged to make more environmentally friendly choices.

Purchasing decisions are based on habits and culture, and Alko is working to change them by raising awareness, both

alone and with customers. The campaign "Packaging isn't a matter of taste – it's a climate issue" was visible in Alko stores in September–November. Awareness was also created in collaboration with social media influencers.

Based on surveys commissioned by Alko and the results of collaboration with educational institutions, concerns about beverage quality are one of the obstacles to switching to more environmentally friendly packaging.

"Packaging does not affect the taste of a beverage. The majority of beverages are bought to be consumed fairly soon after purchase. If you don't intend to store wine for long periods, all packaging is the same in terms of taste and shelf life. A glass bottle is best for wines that need to be stored for a long time, but even then a thinner and therefore lighter-weight glass bottle will suffice."

The range of products sold in alternative packaging is still fairly limited, and is influenced by demand. "Through our own climate action, we're aiming to increase the amount of alternative packaging in our selection in the future. In particular, the Climate Roadmap published in late 2022 is helping to steer our range of packaging in a more environmentally friendly direction," says Simola.

[Read more about Alko's carbon footprint →](#)



Pictured: Senni Simola



# WORKING TOGETHER FOR HUMAN AND LABOUR RIGHTS

We are committed to realising human rights and improving working conditions in our supply chain in order to minimise the negative impacts of our business.



## WHY THIS IS IMPORTANT TO US:

We want to support consumers in making more responsible purchase decisions. We want to shoulder our responsibility and promote the wellbeing of both the environment and people working in product supply chains. We are continually developing our selection on a more sustainable basis from both an ethical and environmental standpoint.



## OUR APPROACH:

We are committed to upholding all international declarations of human rights in our activities. We comply with the UN guiding principles on business and human rights due diligence. We are a member of the international organisation amfori BSCI, and our operating model is based on [amfori's Code of Conduct](#). In accordance with the principle of due diligence, we want to ensure that our supply chain operates in accordance with this code. Cooperation with suppliers, producers and other stakeholders plays a key role in this work.



## OUR MAIN OBJECTIVES:

We updated our responsibility strategy in 2022. The Nordic alcohol monopolies also adopted joint long-term roadmaps to promote ethical practices and ensure their implementation. Our goal is to improve the transparency of supply chains and the traceability of ingredients, and to ensure that products from areas with high human rights risks will be certified or otherwise verified by 2030.



Legislation will place increasing demands on corporate social responsibility over the next few years. [Alko's terms and conditions of purchase](#) were updated in 2022 to better meet future responsibility requirements. In accordance with these updated terms and conditions, new responsibility criteria may be set for products already listed in our selection. When it comes to the UN guiding principles on business and human rights due diligence, we are requiring even stricter compliance from our suppliers in their own supply chains. Alko supports suppliers in their responsibility efforts.

#### MORE TRACEABILITY IN SUPPLY CHAINS

The first step in the due diligence process is to map out product supply chains: information about the origin of a product is the foundation for sustainable business development. Without this information, we cannot control, prevent or take corrective measures with regard to potentially harmful human rights violations or environmental impacts during production. Alko's goal is to have one-hundred-percent traceability in the supply chain – all the way down to main ingredients – by 2030.

#### RESPONSIBILITY TRAINING FOR PARTNERS

After a break of a couple of years, we were able to organise in-person supplier events and training. Four supplier events were held during the year. We organised three separate workshops for suppliers on the climate impacts of packaging, our revamped Green Choice concept, changes to our [listing procedure](#) with regard to responsible procurement, and amfori's new Code of Conduct.

We carried out competence development measures for our supply chains in Europe and North and South America. As in 2021, we continued to provide Italian producers with training on topics such as responsible workforce procurement.

The training was implemented by Stronger Together and Equalitas. We likewise continued to train rum producers in collaboration with Bonsucro and La Isla. Eight training sessions were held for Italian producers and farms, and three for rum producers.

#### FOLLOW-UP MEASURES IN SOUTH AMERICA AND CALIFORNIA

Although the responsibility action taken during the year focused on competence development, we have also commissioned follow-up measures. These are third-party audits that are carried out as either full amfori audits or sustainability visits. The visits aim to ensure ethical practices in the supply chain, and to increase our competence and knowledge at producer, regional and country level to support the development of future measures. To identify high-risk areas, we use amfori's list of high-risk countries, Maplecroft's indices, and research reports on the sector.

The pandemic was still having a visible effect in many areas in spring 2022, and opportunities for carrying out audits were limited in numerous places. Auditor availability also posed challenges in the most high-risk areas. In 2022, we carried out amfori producer audits in Argentina. We also launched sustainability visits in California, which continued into January 2023. The final report was published in early 2023.

In addition to our own measures, we also aim to increase the number of certified or third-party verified products in our selection. Certification takes into account important general perspectives relating to occupational health and safety, fair pay, freedom of association, human and labour rights, and ethical business practices. Alko helps to make this certification visible to customers with the aid of its Green Choice and Ethical concepts, thereby making it easier for customers to make more responsible choices.





### ROADMAPS PROVIDE A DIRECTION FOR NORDIC COLLABORATION

The Nordic alcohol monopolies have long been cooperating on responsibility and sustainability issues. Our goal is to be a forerunner in responsibility and promote best practices in human rights throughout the sector. In 2022, our Nordic working groups honed a [Human rights due diligence roadmap](#) that will provide guidelines for cooperation over the coming years.

“A living wage” is one of the main themes of Nordic collaboration. During the year, we engaged in stakeholder dialogue both at a joint webinar held in January 2022 and with producers in October 2022. Reasonable compensation for work is both one of Alko's operating principles and one of the principles in amfori's revised Code of Conduct. Achieving results will require many years of work and commitment from all operators in the supply chain.

Our initial objective is to understand the distribution of value within the supply chain, as well as the roles and responsibilities of each party in the chain. This work is only just beginning. In collaboration with the Fair Trade Association, Alko commissioned a report on living wages in South Africa. The report was completed in January 2023. The next step is to carry out a pilot to determine why minimum wage legislation continues to be the main driver for wage levels in the sector. Alko will lead the project, which will be carried out in cooperation with international experts.

### COOPERATION WITH TRADE ORGANISATIONS TO REALISE WORKERS' RIGHTS

We began cooperating with the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) in 2020, and this collaboration continued in 2022.

Our cooperation aims to ensure that there is a mechanism in place for making complaints in the agricultural sector in the event that the ethical principles required by Alko and its suppliers are not implemented in practice. It will take time to get this up and running, as corporate collaboration is still a new concept in the global organisational field. Cooperation has already been put into practice in Italy and South Africa. The first collaborative events involving local organisations will be held in spring 2023, in both countries of origin and Finland. Our goal is to create a workable complaints mechanism.

“

The Nordic alcohol monopolies have long been cooperating on responsibility and sustainability issues.



# WORLD-CLASS SERVICE PUTS PEOPLE IN A GOOD MOOD

We want our customers to feel that they are receiving excellent personalised service at Alko. Our personnel's profound knowledge of food and drink is the icing on the cake. During the year, we focused on streamlining store work and background processes, which freed up more time for valuable customer service.



## WHY THIS IS IMPORTANT TO US:

Alko's mission already requires us to provide world-class service. Responsibility is a key element of a good customer experience. Alko is a different kind of store – a specialty store that we all indirectly own together.



## OUR APPROACH:

We are continuously developing our staff's responsibility competence, and help our customers to make more responsible choices. We actively communicate themes related to alcohol and health, and are building a responsible food and drink culture. We help our customers to choose the most suitable option for different situations. We treat all of our customers as individuals with individual needs. We take a comprehensive approach to developing our customer experience.



## OUR MAIN OBJECTIVES:

Our goal is to provide world-class customer service in all of our channels. We engage in genuine interactions with our customers according to their style and pace. Our customers receive knowledgeable and cheerful service.



Alko is known for the professionalism and friendliness of its personnel. A positive emotional experience plays a key role in creating an excellent customer experience. We want our customers to leave in a good mood when they shop with us – both in Alko stores and in our digital channels. Customers can pick up on a motivated sales assistant's relaxed and positive attitude.

According to customer feedback, we have succeeded in providing world-class service to our customers at stores and pick-up points, in our online shop and through our other digital channels. According to Taloustutkimus Oy's national customer satisfaction survey, Alko was still number one in the retail sector with an average score of 8.51. Alko also took second place in the customer experience category of the Data & Marketing Association of Finland's 2022 survey.

Our online shop customers were also satisfied, with a full-year NPS of 80.2 (76.5) for the online shop and 83.0 (81.0) for customer service. The figures show a significant improvement on the previous year. These results are a great indication of what we are capable of at Alko in terms of world-class service.

### SMOOTH STORE WORK FREES UP MORE TIME FOR CUSTOMER SERVICE

During the year, we focused on streamlining our store operations. Through brainstorming with store staff, we found several major and minor tasks and routines that could be enhanced to free up more time for customer encounters. Our motivation was to improve the employee experience, as a number of time-consuming tasks could be streamlined with the help of, for example, digitalisation.

In one of our streamlining measures, some Alko stores introduced card-only registers that only accepted card payments. Speeding up the payment process makes for a smoother shopping experience. Other streamlining measures included simplifying the work stages required in receiving and delivering online shop orders. Further streamlining will be done over the coming years. [Read more on page 38.](#)

“  
A positive emotional experience plays a key role in creating an excellent customer experience.”





**DIGITALISATION IS PART OF EVERYTHING WE DO**

We want to provide a seamless customer experience across all our channels. We provide customer service at Alko stores and pick-up points, in our online shop and mobile app, and via our customer service centre. Our online shop and app have firmly established themselves as shopping channels alongside Alko stores. A variety of digital tools also support our in-store staff in their work and customer service. Alko's investment in digitalisation was recognised in BearingPoint's 2022 Digital Leaders study, in which Alko took fourth place.

Our online shop offers customers all across Finland an equal opportunity to browse and buy from Alko's entire selection of more than 11,000 products whenever it best suits them. Orders can be placed through the website or mobile app, and can be picked up from an Alko store or pick-up point at a convenient time. Several small improvements were made to the online shop during the year, such as enhanced product search and filtering functions. Technical improvements also made for a smoother shopping experience. We succeeded in increasing awareness of Alko's online shop, and order volumes are now higher than in pre-pandemic years. The online shop had 243,000 registered customers at the end of 2022.

Thanks to the Alko app, everyone can now have Alko in their pocket. The mobile app enables you to browse Alko's selection, order products, save personal tasting notes, or chat with our customer service. Orders placed through the Alko app accounted for 13.5 per cent of all online orders. The app had been downloaded about 232,000 times by the end of 2022.



Customers' wishes are reflected in our service and selection.

We continuously develop our operations by listening to and working with our customers. How do our customers rate us?

**Checkout emotion meter**

How would you describe your feelings about shopping with us today? Delighted and satisfied: 95.8% (94.5)

**Customer satisfaction with the online shop**

NPS: 80.2 (76.5)

**Satisfaction with customer service**

NPS: 83.0 (81.0)

**National Customer Service Feedback Survey (KAP)**

Alko was number one in the retail sector with a score of 8.51 (8.55). Compared to others, Alko's strengths were speedy shopping and its friendly and expert service.

**Mystery shopping service indicator**

Acknowledging customers on arrival: 83.6% (84.3)  
Service atmosphere: 88.2% (91.8)

**Selection satisfaction survey:**

8.56 (8.57)





# THE BEST SERVICE IN ALL CHANNELS

CASE  
2022

We launched our All-channel Customer Relationship project in 2022. In line with Alko's strategy, this project will make customer service more channel-independent. We are also creating services to support the use of multiple service channels, so that our customer experience will always be seamless and personalised – no matter how customers shop with us.

“When shopping at brick-and-mortar stores, Alko customers can use mobile services to check any product reviews they've made or see which products they've previously purchased from the online shop. If necessary, personnel will provide guidance on how to use the services,” says Development Manager **Varpu Roponen**.

“Everything starts with our customers and their needs: customers choose the time and channels that are best for them, and we provide a personalised service experience. In the future, this could mean things such as personalised communications and services that facilitate product selection.”

Alko customers are already happy to use multiple channels. For example, they will check product information and prices in advance using the Alko app, even if they intend to shop

in-store. We will take these habits into consideration when developing our multichannel shopping services. Customers can already make their own notes in our mobile app, which makes it easier to remember their favourite drinks for various occasions.

A new service was developed in 2022: gift cards that can be purchased both online and in-store, and which can be used in all Alko channels. Gift cards will be introduced in 2023. Until now, gift cards have only been available in stores and have to be purchased as a physical gift.

The opportunities afforded by digitalisation, coupled with a global trend for personalised service, were two of the reasons why we decided to switch to a multichannel approach.

“Our customers also expect increasingly personalised service. In the future, our aim is to have the same information about customers, products and current stocks available at all customer interfaces, so that channel-independent service can be provided. This is our all-channel approach. In our development work, we're closely monitoring the needs and wishes of our customers without compromising on responsibility,” says Roponen.



Pictured: Varpu Roponen



### SERVICE NETWORK DEVELOPED TO MEET CUSTOMER NEEDS

At the end of the year, Alko had a network of 373 stores all across Finland. In smaller municipalities, it is supplemented by a service network of 139 pick-up points for online shop orders. Pick-up points are local Alko partners who are authorised to hand over online shop orders of alcoholic beverages during Alko opening hours.

We refurbished 23 stores in line with our new concept during the year, and 60 per cent of all Alko stores had been refurbished by the end of the year. Our store overhaul seeks to update and refresh the overall look and feel of Alko stores, and to make shopping easier with the aid of displays and other improvements.

During the year, we expanded our network by opening seven new stores in Masku, Vantaa, Helsinki, Kuopio, Porvoo, Vaasa and Hämeenlinna. Our aim is to have a comprehensive nationwide service network to ensure that all customers have a store nearby. We closed our stores in Itä-Pasila and in the Sokos department store in downtown Helsinki.

Customers made 52.1 million visits to our stores during the year (55.4 million in 2021) and our customer service centre received a total of about 80,000 customer contacts (84,600 in 2021). Alko's customer service also provides assistance via chat, phone and email.

We engage in active dialogue with our customers. We listen carefully to their feedback. We make use of our customer panel in the development of Alko's service. The Advisors panel has about 5,400 members.



# STREAMLINING STORE WORK CREATES TIME FOR CUSTOMER SERVICE

CASE  
2022

We are constantly striving to streamline store work. During 2022, we collected and implemented ideas through a streamlining project in which personnel were highly involved. Various measures have been taken to streamline work in areas such as cash register practices, managing incoming goods flows and using the online shop.

In spring 2022, we tested card-only cash registers, that is, registers without cash. On the basis of positive feedback, we introduced card-only registers at all Alko stores during the autumn. The percentage of customers who pay in cash is less than 25 per cent, depending on the store and region. Naturally, customers can still pay in cash at Alko stores.

“Card-only registers have been well-received by customers. Speeding up the payment process has made shopping faster. It also makes life easier for personnel, as there is less cash to count. And it’s easy to open an additional card-only register at busy times,” says Retail Director **Tuula Sillanmäki**, who is responsible for development and the customer experience in Alko’s service network.

During the year, we also streamlined work stages related to ordering, receiving deliveries and performing inventories. Development measures related to picking up online shop orders both improved the customer experience and made life easier for staff.

Upgrades have also been made to the tools used by personnel, and the results will be reflected in various ways, such as the faster receipt and handover of online shop orders to customers.

By streamlining store work, we are aiming to make life easier for personnel, to free up time for customer service, and to boost efficiency.

“This will also be reflected in our customers, as emotions are contagious – when staff can work smoothly and effortlessly, they will have more time for customers, which will in turn lead to a better customer experience. Satisfied staff are a prerequisite for world-class customer service,” says Sillanmäki.





# SELECTION BUILT ON RESPONSIBILITY AND CUSTOMER NEEDS

Our top-quality selection of more than 11,000 products is designed with responsibility, product safety and customer requests in mind. Product availability has remained at a good level in spite of challenges in global supply chains.



## WHY THIS IS IMPORTANT TO US:

In addition to customer service, our world-class selection is an essential element of Alko's customer experience. Customers' needs are continually changing and developing. Ensuring the diversity of our selection, a customer-oriented approach, and the responsibility, safety and high quality of our products are the cornerstones of our work in this area.



## OUR APPROACH:

We take a customer-oriented approach to planning our selection and listen to our customers' needs and requests. Alko's selection is put together by a team of passionate professionals who closely follow trends, phenomena and social changes both in Finland and abroad. Store-specific selections are based on a combination of chain management in accordance with customer demand and local decisions made by the stores themselves. Decisions on the stocking, pricing and display of products are made in an impartial and non-discriminatory manner. Alko's entire selection is available nationwide via our online shop.



## OUR MAIN OBJECTIVES:

We want to offer our customers a comprehensive and high-quality selection of safe products. We engage in close cooperation with our suppliers, and seek to offer them a functional sales channel. We foster responsibility and high quality.



As in previous years, customer satisfaction with our selection remained high with a score of 8.56 out of ten (8.57 in 2021). When asked separately about various types of beverages, the score for wines stood at a record high of 8.82.\*

These results tell us that we have successfully listened to our customers, and have also been able to delight them with new products. Alko's selection is renewed every year with the addition of thousands of products. A single store will stock an average of 1,100 products. Local selections vary according to demand and store size.

### PRICES ROSE MODERATELY, AVAILABILITY REMAINED GOOD

The sales prices of Alko products rose moderately during the year by an average of 2.3 per cent for the selection as a whole. We have worked with our suppliers to maintain good product availability in spite of supply chain challenges caused by the coronavirus pandemic and Russia's military action against Ukraine. Like many other sectors, the beverage industry has been plagued by logistics challenges and a shortage of packaging materials, which may impact the availability of beverages in the long term.

Climate change is also causing changes in the industry. Extreme weather phenomena are becoming more commonplace as the average global temperature rises. This will have implications for agriculture, and some existing wine-growing regions are in danger of becoming uncultivable. Changes in the climate and conditions in primary production will also be reflected in our selection.

Russia's war against Ukraine has already been reflected in Alko's selection: Alko suspended the sale of Russian alcohol products in February, and these products were completely removed from our selection in September.

### SUSTAINABLE CHOICES INCREASINGLY POPULAR

Alko's customers are increasingly choosing beverages with more environmentally responsible packaging. The lighter and more recyclable the packaging, the smaller its climate impacts. Cartons and wine pouches are examples of packaging that is more sustainable than standard-weight glass bottles.

At Alko, you can also buy high-quality products in environmentally responsible packaging: packaging isn't a matter of taste – it's a climate issue. In our cooperation with suppliers, we aim to steer the development of beverage product packaging towards low-emission and easily recyclable alternatives. We hope that customer demand will also strengthen these trends. [Read more on page 29.](#)

Green Choice and Ethical products account for a growing proportion of our selection. Two-thirds of the products sold in 2022 were packaged in environmentally responsible packaging.

Our customers are also interested in small package sizes – and we have increased the number of such packages in recent years. As a responsible operator, we want to offer small package sizes in all product groups.

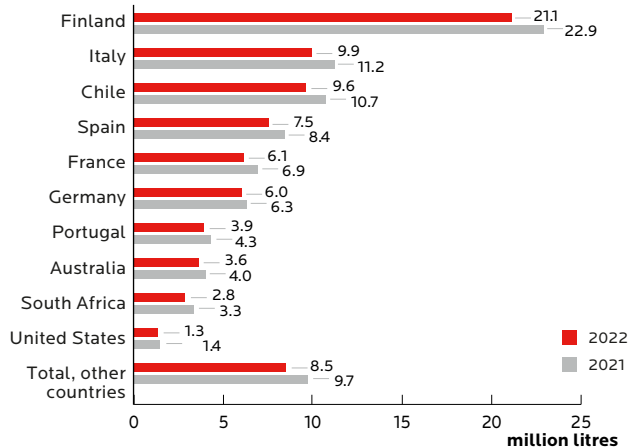
### THANKS TO THE WELLBEING TREND, THERE IS A GROWING SELECTION OF NON-ALCOHOLIC AND LOW-ALCOHOL BEVERAGES

The health and wellbeing megatrend is increasing people's interest in non-alcoholic and low-alcohol beverages, and they are being chosen as alternatives for situations in which alcoholic beverages are also consumed. People are not necessarily becoming teetotal, but are increasingly choosing non-alcoholic options and questioning their own habits. Compared to the previous year, the sale of non-alcoholic beverages decreased by about one per cent in 2022.

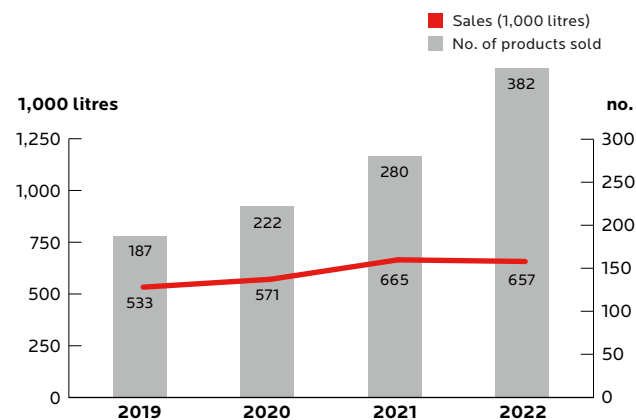


Methods for manufacturing non-alcoholic beverages have improved, and so has product quality. When it comes to non-alcoholic beverages that support wellbeing, people are looking for serious alternatives with flavours for the mature palate.

### SALES BY COUNTRY OF ORIGIN



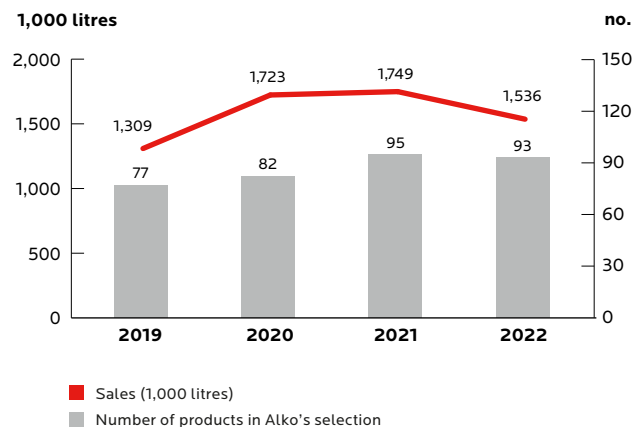
### ALCOHOL-FREE PRODUCTS – SALES TREND AND NUMBER OF PRODUCTS



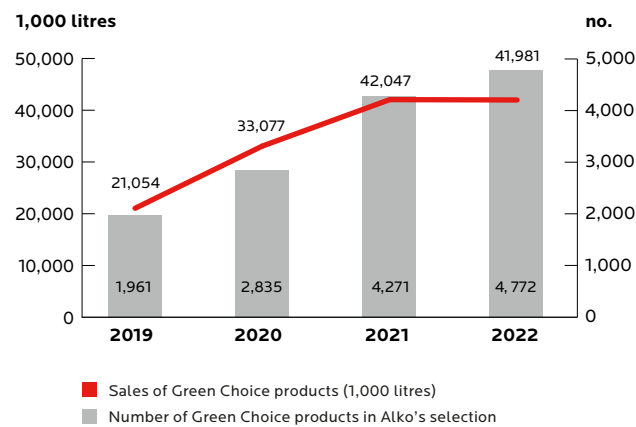
The Alkotoive e-service celebrated its second anniversary in September 2022. By requesting products through Alkotoive, customers can influence the selection at their local Alko store. We were able to fulfil about 37 per cent of these requests and get the product on our shelves.



### ETHICALLY CERTIFIED PRODUCTS – SALES TREND AND NUMBER OF PRODUCTS



### GREEN CHOICE PRODUCTS – SALES TREND AND NUMBER OF PRODUCTS\*



\*Alko's Green Choice labelling indicates the producer's commitment to environmental efforts and sustainable development. Green Choice labels are used to mark products that are natural wines, biodynamic, certified for sustainable development, carbon neutral, organic, vegan or packaged in environmentally responsible packaging.



**THE LISTING AND PRICING OF PRODUCTS IS BASED ON LEGISLATION AND GUIDELINES.**

The products sold at Alko are acquired through an open and impartial public selection procedure. We fulfil our customers' needs and requests with a comprehensive general selection that forms the backbone of our in-store range. The general selection is then supplemented with seasonal products and special and limited editions. Suppliers can also offer their products freely and free-of-charge via Alko's sale-to-order selection. In 2022, about 2,600 new items were added to Alko's selection of more than 11,000 products.

Decisions on the listing, pricing, delisting and in-store display of products are made on impartial and non-discriminatory grounds. The listing and pricing of products is based on legislation and public guidelines. Products containing more than 5.5 per cent alcohol by volume are priced in accordance with the fixed coefficients set for each product group, and these coefficients are openly available to our suppliers.

.....

One of Alko's responsibility goals is to reduce beverage waste. In 2022, our beverage waste was equivalent to 0.26 per cent of Alko's sales in litres. One way of reducing beverage waste is to sell products whose packaging is damaged, but whose contents are still in perfect condition. These packages are marked with a "Damaged packaging" collar.

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**QUALITY IS NO ACCIDENT**

Every product that goes on sale in Alko's general selection or as a special edition has passed a stringent screening process that gives us a good understanding of our products. Product evaluation enables us to ensure the safety and high quality of our products and meet customer needs. The safety and flawless quality of the products in our general selection received an excellent full-year average score of 9.14 in a selection satisfaction survey.\*

Products chosen during Alko's calls for new products undergo a two-step assessment: several specialists conduct a sensory evaluation and laboratory tests are also carried out, mainly by Alko's Alcohol Control Laboratory (ACL). In addition to testing new products, we also test any alterations in existing products, such as changes of vintage. We tested 9,310 new product samples in 2021, which was slightly less than in the previous year (9,577).

We also characterise products during sensory evaluations. Where applicable, beverages are defined according to taste style. Their flavours and bouquets are described, and they are given suitable symbols for accompanying food. Our customers can see these characterisations on the product cards displayed on store shelves, and this helps them to pair beverages with food.

[Read more about Alko's quality control →](#)

\*Dagmar Drive Oy in May and August–September 2022 (N=1,563).





**OUR LABORATORY – A SEAL OF QUALITY**

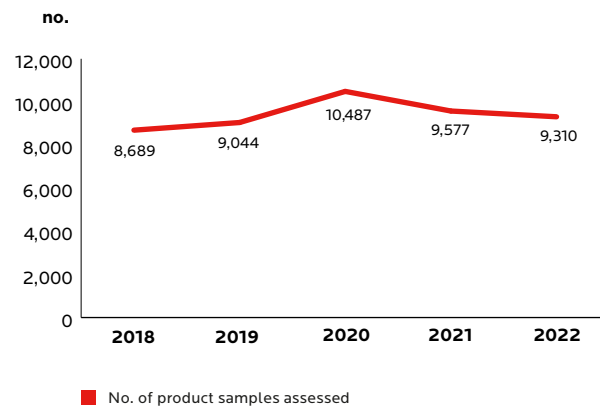
For more than 80 years, the Alcohol Control Laboratory (ACL) has been ensuring that the products sold at Alko meet quality and regulatory requirements. In addition to studying the products sold at Alko, we also offer the ACL's services to other operators in the sector as an independent laboratory.

In our laboratory, we are continually enhancing our analysis methods to meet not only our own needs, but also those of the authorities and beverage producers and importers. The ACL's team of experts examines about 3,500 samples a year, carrying out a total of more than 60,000 analyses.

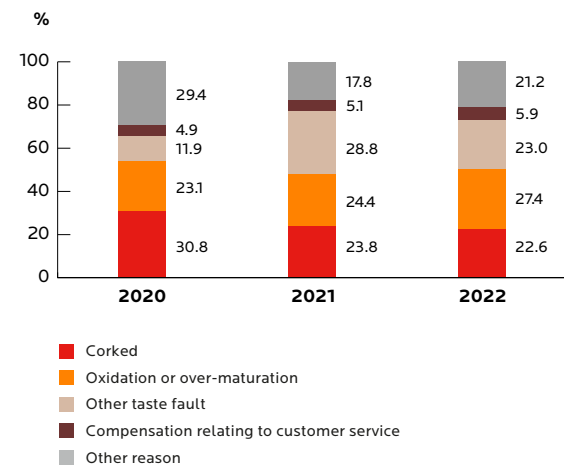
The products in Alko's general selection are analysed by the ACL before ending up on store shelves. The analysis seeks to supplement the product selection process and ensure that the products are flawless in quality and comply with legislation. The ACL analyses the alcohol content of an alcoholic beverage to ensure that it matches the ABV indicated on the label. It may also analyse characteristics such as the bitterness of beers, sugar content of wines and the amount of sulphur used as a wine preservative.

[Read more about the ACL →](#)

**ASSESSING PRODUCT SAMPLES OF BEVERAGES OFFERED FOR ALKO'S SELECTION**



**REASONS FOR PRODUCT RETURNS**



# A MORE RESPONSIBLE DRINKING CULTURE AND TOP TASTE SENSATIONS

CASE  
2022

The first alcohol-free products entered Alko's selection in the 1960s. Things have moved forwards in leaps and bounds since then: manufacturing methods have evolved and product quality has improved. Serious non-alcoholic alternatives for pairing with all kinds of foods have entered the market. Soda is no longer the only alcohol-free option. Today, Alko's selection contains more than 300 carefully selected alcohol-free products – and they are already outselling cider.

We want to develop a more responsible drinking culture and introduce a broad range of high-quality, alcohol-free products to suit adult tastes. We are continually developing our selection on the basis of demand and customer requests, closely following trends but always putting quality first. Alko's alcohol-free range has been carefully and professionally selected using the same accurate screening process that is used for the alcoholic beverages in our selection.



## ALKO'S ALCOHOL-FREE RANGE IS A RESPONSE TO CUSTOMER REQUESTS

**1932** The only alcohol-free product in the first Alko stores was a paper bag.

**1975** The first Finnish sparkling wine was added to our selection.

**1992** Two alcohol-free beers were added to our selection.

**2015** Alko launched a new concept for non-alcoholic beverages. This request came from customers who were looking for high-quality, alcohol-free alternatives at Alko as well. The new concept was well received and sales of alcohol-free beverages have continued to grow steadily ever since.

**2019** Väivesi, Alko's own lightly carbonated water, was introduced. The associated message – "drink water in between" – is a reminder that maintaining a good fluid balance is important for wellbeing.

**2022** In honour of its 90th anniversary, Alko launched 543210 – an alcohol-free, sparkling beverage flavoured with cranberry and sweetgrass that is ideal for celebratory toasts. The series of numbers refers to the date and time when the first Alko stores opened: 5 April 1932 at 10 am.

**1967** The first alcohol-free beverages were added to Alko's selection: two alcohol-free wines and two sparkling wines.

**1982** Alko's price list stated that: "Some of your guests may, for some reason, not drink alcohol. Remember to stock up on some good alcohol-free drinks for parties and socialising." Alko's selection included about a dozen alcohol-free products.

**2004** The first alcohol-free cider was added to our selection.

**2017** Alko launched the first of its own mocktails, that is, alcohol-free cocktails. During our Summer of Freshness tour in 2017 and 2018, people were able to taste the mocktails that were launched for Alko's 85th anniversary.

**2021** "Ystävän glögi" was launched for the winter season. This lingonberry and redcurrant-flavoured non-alcoholic "mulled wine" is made from high-quality Finnish ingredients in cooperation with a small producer.

**2022** Our alcohol-free kiosk started doing the rounds, selling non-alcoholic beverages. Alko wants to develop a responsible drinking culture and respond to changing drinking habits in Finland. This modern way of engaging in debate about responsibility was favourably received by customers.



# ALKO'S DIVERSE CULTURE

During the year, we made progress towards an even more diverse culture. Our goal is to create a workplace that is suitable for everyone – more equal and more equitable. We continued to develop our personnel's competence, which is an essential aspect of world-class service.



## WHY THIS IS IMPORTANT TO US:

We want our personnel to feel happy and healthy, and enjoy their work. Enthusiasm and success are important elements in our personnel's wellbeing. We offer our personnel modern opportunities for personal competence development.



## OUR APPROACH:

The expertise of Alko staff enables the responsible sale of alcohol and world-class customer service. We develop our personnel's competence with the aid of training, coaching, on-the-job learning, knowledge sharing and learning with colleagues. We encourage them to continuously develop their competence on a voluntary basis, and also to identify and share their own competence. We are always enhancing occupational safety, and proactively tackle any issues relating to wellbeing and working capacity.



## OUR MAIN OBJECTIVES:

We want to be the most attractive employer in the Finnish service sector. We are proud of our personnel's expertise, and our successes are achieved by working together. We are placing an even greater focus on promoting equality and diversity in the workplace. We make sure that our staff have a safe working environment. The cornerstones of our culture – working together, clarity and impact – are reflected in our everyday work.





Equality, non-discrimination and respect for diversity are key elements of our HR management and operating culture. Our work is guided by Alko's diversity plan, whose themes include non-discriminatory recruitment, equal pay, a good work-life balance, and a safe workplace.

For us, a diverse workplace means treating everyone equally regardless of their age, gender, educational background, sexual orientation, cultural background or religion. Different abilities, experiences and competences are a resource for us as a community, and we must be able to utilise them.

Taking diversity into account has been a core element of our work for years, but we were able to make significant steps forward in 2022. Our diversity team met regularly during the year to plan and implement measures to strengthen diversity.

Our aim is to increase understanding by influencing even subconscious attitudes through communication, open discussion and a variety of training and coaching sessions. Alko has zero tolerance for discrimination, inappropriate behaviour and harassment. Personnel are encouraged to raise even the smallest issues as early as possible.

The workwear collections used in our stores are not gender-based. Everyone can choose work clothes that are to their liking. The message of our Christmas recruitment campaign – "A job to suit you" – was that anyone applying to us can be themselves and wear the uniform of an Alko expert with confidence. Alko experts are not cast from a single mould.

Some of our stores hired service assistants during the year. They belong to special groups that face difficulties in finding employment, and work part-time to assist with in-store tasks such as shelving and cleaning. A trial was carried out at six stores, and the results will be used to decide whether or not to continue with this concept. [Read more on page 49.](#)

Alko was a Pride partner for the fourth time. We want to support change towards greater equality and diversity in both the workplace and the world. A group of Alko employees also marched in the Pride parade for the first time.



**Different abilities, experiences and competences are a resource for us as a community, and we must be able to utilise them.**



### EMPLOYEES HAVE THEIR SAY IN OUR STRATEGY

Alko updated its strategy in the autumn. We gathered building blocks for this update through strategic working groups, workshops and meetings, and the voting results of a strategy survey of all employees. Our goal was to involve all Alko staff in the creation of our new strategy.

Gamification was used to bring our strategy to life. Each team played one round of our digital strategy game during 2022, and will continue with further rounds in 2023. The most important element of the strategy game is thinking things through together and exchanging ideas with your teammates.

### LESSONS IN PRODUCT EXPERTISE AND MANAGEMENT

Competence development is an important factor in Alko's world-class customer service and product expertise. A

total of five days of training were offered to every Alko employee in 2022. Inspiring and topical learning continued in accordance with the competence development model introduced in 2021. Our training takes different ways of learning into account, and is tailored to the needs of salespeople with different levels of expertise. Training sessions delve into the world of wines, spirits and beers, combining food and drink, world-class customer service, and sustainability perspectives.

The two-year leadership coaching that we launched in 2021 continued in 2022. All of Alko's 180 supervisors will complete the coaching. With this coaching for supervisors, we are seeking to further deepen Alko's good leadership culture. At Alko, people lead people – our culture is about interacting with each other and having discussions.

During the year, leadership coaching moved on to more in-depth optional modules that each supervisor selected on the basis of their own development needs. Themes have included coaching and responsible leadership, inspiration and inclusion, and leadership that promotes agility and efficiency. Those taking the leadership coaching have gained new tools for world-class leadership and have dared to challenge themselves. The insights and lessons learned have been put into practice.

We also launched *Alko Expert* coaching. Through this training, we deepen the skills that every specialist can utilise in their work. We began with three coaching programmes whose themes were communications, diversity and workplace interaction, and strengthening business acumen. 158 Alko experts participated in the coaching during 2022, and it will continue in 2023.





### WELLBEING AT WORK THEMES ARE LONELINESS AND MENTAL HEALTH

Everyone should be seen and heard in a communal working culture. Alko is involved in HelsinkiMissio's *Work to Belong* programme, which seeks to promote a sense of solidarity and fight loneliness in the workplace. The programme focuses on both workplace structures and attitudes and thought patterns that are harmful on an individual level. As part of the *Work to Belong* programme, we organised *I Am Enough* workshops for Alko employees under 30. These peer-to-peer workshops dealt with topics related to self-compassion.

HelsinkiMissio awarded its *Work to Belong* certificate to Alko in 2022. This certificate is awarded to companies and organisations that commit to reducing and preventing loneliness at their own workplaces.

We also launched active discussion of mental health themes at our workplaces. We want to lower the threshold for discussing mental health and strengthen our culture of genuine encounters and caring. Our goal is to make Alko employees aware of the mental health services and other support that is available to them. Supervisors have also been offered support for mental health issues in working capacity management.

An increase was seen in the use of low-threshold occupational wellbeing services during the year, and we were able to reduce absences related to mental health. In 2022, Mieli ry, Finnish Association for Mental Health named Alko as a *Hyvän Mielen Työpaikka* (a workplace that seeks to improve working life). It was awarded to Alko for a second time in recognition of our continuous efforts to promote mental health.

During the year, both store and office staff received guidance on ergonomic working methods and were offered a variety of tools to promote good ergonomics. Absences related to the musculoskeletal system also decreased during the year.

### ALKO EMPLOYEES DID VOLUNTARY WORK

As part of Alko's 90th anniversary, 90 Alko employees did voluntary work during working hours. Alko employees answered calls to HelsinkiMissio's Friday Call and Aamukorva telephone services. A team of Alko employees also took part in the Finnish Red Cross' Operation Hunger Day as collectors.

We want to lower the threshold for discussing mental health issues and strengthen our culture of genuine encounters and caring.



### RESPONSIBLE COMPENSATION FOR STAFF

Alko's monetary compensation consists of a basic salary, personnel benefits and a strategy incentive scheme that covers all personnel. Personnel receive incentives for achieving the key objectives in Alko's strategy. Remuneration is not based on sales growth or the company's financial result, but on the strategic objectives derived from the company's special mandate.

A new Government Resolution on State Ownership Policy concerning remuneration was issued on 8 April 2020 and entered into force at Alko at the beginning of 2021. The resolution lays down remuneration guidelines for special assignment companies, and Alko's incentive scheme was updated on the basis of these guidelines. You can read more about incentives on [page 65](#).

Incentives are based on the company's selected strategic objectives and their indicators. The strategy incentive earned by staff in 2022 may be a maximum of 6–16 per cent of their annual salary, and a maximum of 30 per cent of annual salary for senior management and the CEO. The Board of Directors will decide on the Personnel Committee's proposal on the strategy incentive scheme, indicators, objectives and incentives to be paid to the CEO, management and staff.

Remuneration is not based on sales growth or the company's financial result, but on the strategic objectives derived from the company's special mandate.



# SERVICE ASSISTANTS START IN STORES

CASE  
2022

Alko is recruiting service assistants for its stores as part of its diversity development. The first service assistants started in October 2022. Stores from the capital city region, Turku and Tampere are involved in the first phase. Six people have already been recruited, and our aim is to expand the concept during 2023.

Part-time service assistants support customer service by helping with tasks such as stocking shelves, cleaning, and unloading deliveries. Service assistants belong to special groups that would otherwise find it difficult to find employment. They have been recruited in cooperation with local municipal actors, and a coach from the government's job creation initiative has been involved in the process and has also been providing help with onboarding.

Providing employment for special groups is a concrete example of promoting diversity, which is part of Alko's strategy.

"We want to be a responsible employer and do our part in supporting wellbeing and equality throughout society," says Customer Service Director **Juha Laanti**.

"This is a win-win situation: people who experience difficulties in finding employment get the job they want and we get new colleagues."

Service Assistant **Jussi Kolattu** from Turku says that he's settled in well despite some initial nervousness. He enjoys working at Alko and with customers.

"I work hard and there's been plenty to do. The customers are kind and my workmates are really nice. I get along with everyone," says Kolattu.

According to Kolattu, other positive aspects of his job include sufficient onboarding and the fact that he doesn't feel rushed at work, even though there's plenty to do. He initially found it challenging to find the right places for products, but says that you learn by doing.

In addition to the service assistants themselves, we have also received positive feedback from their employment coaches, colleagues and supervisors. A more diverse workplace community brings numerous benefits.

"New people have livened up the teams with their positive energy, and have brought an extra sense of meaningfulness to our work. They've also made our everyday work easier on a practical level. When service assistants help out by stocking shelves, it frees up more time for our sales assistants to provide world-class customer service," says Laanti.

Pictured: Jussi Kolattu



**PERSONNEL IN FIGURES**

	2020	2021	2022
The result for the <i>Success through enthusiasm</i> section of Alko's Annual Pulse (the <i>Personnel Motivation Index</i> prior to 2021)	3.86	3.96	4.04
Voluntary turnover	12.0%	15.8%	18.6%
Total absences due to sickness	4.6%	4.7%	5.2%
Accidents at work	80	49	91
Retirement age (retirement pensions)	60.8	60.8	61.6
No. of employees per supervisor (stores) – all	16.0	16.7	15.4
No. of employees per supervisor (stores) – permanent	14.1	14.4	13.7
Person work years	1,937	1,957	2,105
No. of permanent contracts at year-end	2,197	2,166	2,195
Average number of employees with permanent contracts during the year	2,196	2,211	2,199
Average number of employees with fixed-term contracts during the year	249	256	229
Average number of leased employees during the year	176	152	166

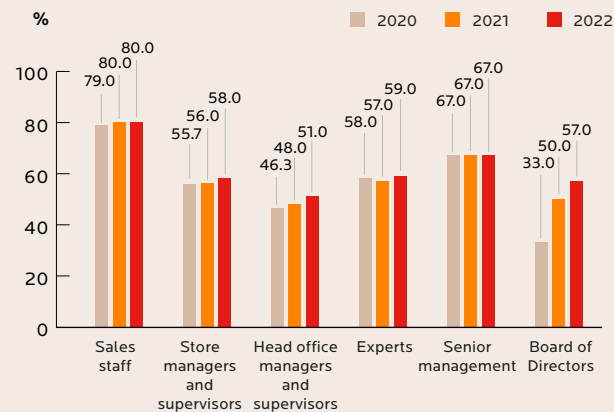
**PERSONNEL BY AREA**

	2021	2022
<b>Permanent (%)</b>		
Northern Finland	12	12
Western Finland	14	14
Southwest Finland	13	13
Eastern Finland	15	15
Southern Finland	15	16
Capital city region	22	22
Head office	8	8
<b>Fixed-term (%)</b>		
Northern Finland	15	16
Western Finland	17	15
Southwest Finland	21	22
Eastern Finland	19	19
Southern Finland	16	15
Capital city region	11	11
Head office	2	2

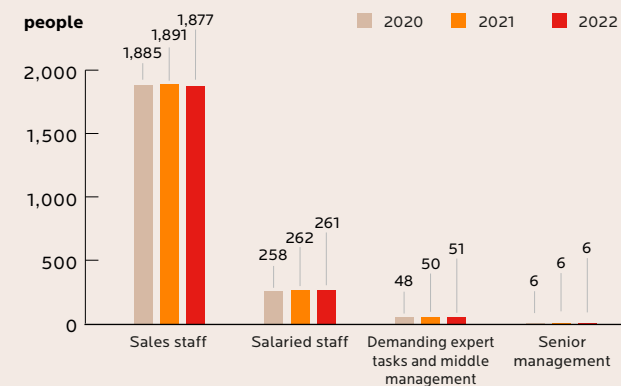
**AGE DISTRIBUTION OF PERSONNEL, %**

%	18–25	26–35 years	36–45 years	46–55	56 and over
Regional offices	0.0	6.0	31.0	25.0	38.0
Stores	25.0	25.0	18.0	17.0	15.0
Head office	2.0	14.0	45.0	27.0	12.0
Total	23.0	25.0	20.0	18.0	14.0

**PROPORTION OF WOMEN BY TYPE OF POSITION**



**NO. OF PERSONNEL BY PERSONNEL GROUP, PERMANENT CONTRACTS**





# COURAGE AND INSIGHTS THROUGH COACHING

CASE  
2022

Alko has always invested in both personal and personnel development. We have now introduced coaching – “a thinking partnership” – alongside traditional leadership training. Coaching is a productive way to provide help and guidance, as it leads to fast and effective results.

The coachee gets the chance to stop and think about their leadership and behaviour. The coach's tasks vary. For example, they might be helping an expert to master their new role after becoming a supervisor.

“Coaching is a flexible way of working on individual development needs. It always starts from the person and their own strengths and situation,” says HR coach **Susanna Stolzmann**. “Coaching is always goal-oriented and needs-driven as well.”

“Coaching revolves around a person's own thoughts and actions, and how their behaviour can affect others,” says Stolzmann. She says that coaching is suitable for everyone who is keen to develop and able to examine their own behaviour with a critical eye.

The coach does not give any advice or answers, or make any assumptions. Instead, they challenge the coachee to think and may even ask self-evident questions. The coachee will have to process the issue or situation at hand themselves, which often leads to insights and new perspectives. In addition to insights,

coachees will get a better understanding of themselves and gain courage.

Typical coaching themes include mastering a new role, time management, challenging supervisory situations, developing as a supervisor, how to handle change situations, and broadening one's own perspective. Coaching is also carried out in teams or small groups of experts or supervisors.

“The best thing about my role is that it can generate added value for people or teams, and ultimately the company as a whole. It's great that Alko has invested in coaching, as it's been proven to be effective and produces results one person at a time – and even more aptly than training or seminars,” says Stolzmann.

One of the people coached by Stolzmann said that they were initially sceptical about coaching, but then started to look forward to the sessions and later even missed them. Another said that they felt inspired by the coaching, even though the coach had challenged them.

“My task is to listen to, activate and challenge the coachee to consider an issue or situation from different perspectives, so that they can gain insights and find answers.”

Coaching has been favourably received at Alko. About 40 Alko employees were coached by Stolzmann during the year.



Pictured: Susanna Stolzmann



# PROFITABILITY REMAINED AT A GOOD LEVEL

We recognise that our activities have a broad economic impact on our stakeholders and society as a whole. Alko's profitability remained at a good level in spite of a decline in sales.



## WHY THIS IS IMPORTANT TO US:

We want to meet our stakeholders' needs and fulfil our social obligations. Only a financially sustainable company can do this. As a state-owned company, we feel that it is particularly important for Alko's business to be financially responsible.



## OUR APPROACH:

Alko operates openly and honestly. We make sure that our core functions support the realisation of our financial responsibility. We also develop our processes continuously to ensure the financial sustainability of our business. All developments take future customer needs into account, as investing in them also supports financially sustainable business.

We systematically identify and seize opportunities to streamline both our in-store and support functions. Efficient practices also help us to adapt to our changing operating environment.



## OUR MAIN OBJECTIVES:

We want to ensure that our business remains financially sustainable in the future as well. We safeguard our competitiveness by enhancing our operational efficiency, developing our personnel's competence, understanding changing customer needs and investing in digital services. Development also enables us to strengthen our ability to react to unexpected changes in our operating environment.



The biggest change affecting Alko's business in 2022 was the lifting of coronavirus restrictions at the beginning of March, after which sales of alcohol were more evenly distributed across all sales channels in addition to Alko. This also had an impact on Alko's sales. According to our estimates, on-trade sales grew significantly on 2021 and travellers' private imports also started to increase on the previous year.

When planning our operations, we had assumed that the restrictions would be lifted during the spring and were therefore well prepared for the evolving situation. We regularly updated our short- and longer-term sales and profit forecasts, and were able to react quickly to any deviations. We responded to declining sales with accurate cost controls, thereby ensuring that our profitability remained good.

**INCREASED OPERATIONAL EFFICIENCY**

As in the previous year, we continued with our smooth work theme and sought increased efficiency in store background processes in particular, such as ordering and receiving products. Reducing the time used on background tasks freed up resources for customer service.

One major development project was the renewal of our external sales reporting, which has enabled us to provide more comprehensive and user-friendly information about sales and trends on [our website](#). We also renewed our recruitment and onboarding processes to improve the jobseeker experience. We made considerable investments in cybersecurity and risk management, and introduced new tools and operating models. The introduction of new cash registers and workstations also created smoother work flows.

We regularly enhance our financial forecasting processes, and this has helped us to maintain greater efficiency and profitability. We invested EUR 3.4 million in the refurbishment of our store network during 2022.

**SIGNIFICANT TAX REVENUES FOR SOCIETY**

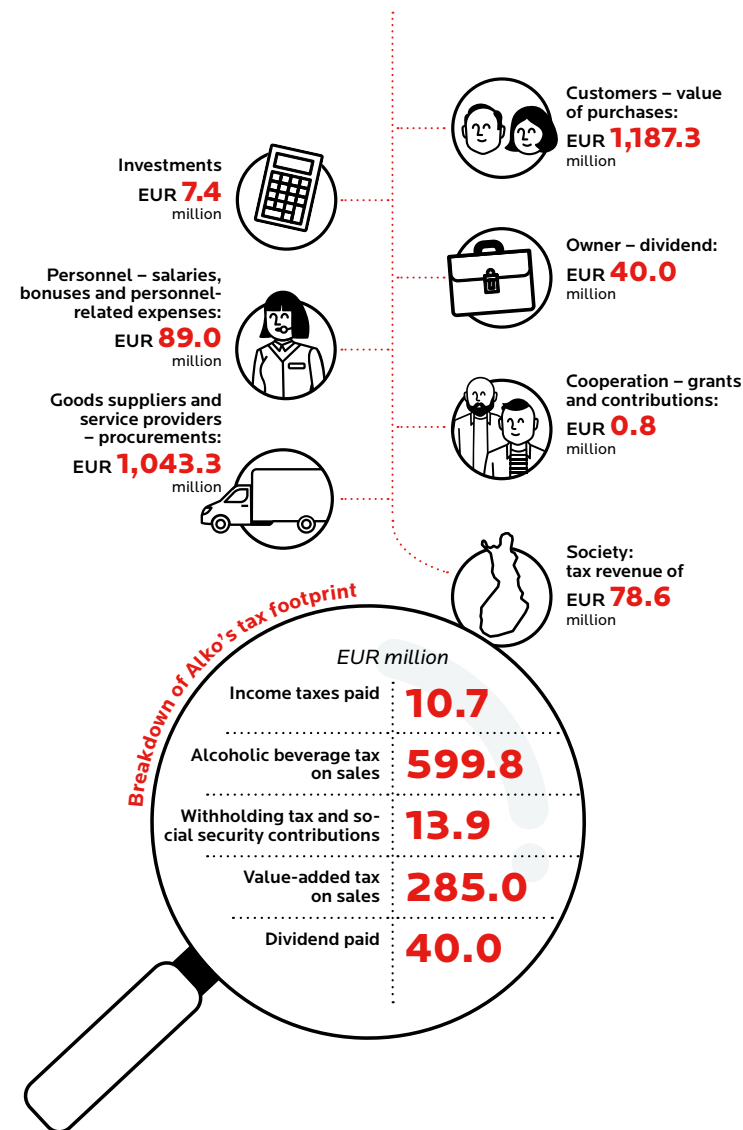
Alko's business operations accrue tax revenue for society. Our tax affairs are headed by the Executive Vice President, Finance, who reports to the Board of Directors and its Auditing Committee. In situations subject to interpretation, tax consultation services can be purchased from an external tax expert or the tax authorities can be requested to provide an advance decision. Alko does not engage in tax planning or channel its funds into foreign accounts, but instead pays taxes on all its earnings and product sales in accordance with Finnish law.

Alko's business operations accrue considerable tax revenue for society. In 2022, sales generated EUR 599.8 (656.3) million in revenue from alcohol tax and EUR 285 (309.7) million in VAT. Our suppliers pay the majority of the alcoholic beverage tax on products sold by Alko directly to the state.

Salaries and fees paid to personnel, including associated expenses, totalled EUR 89.0 million. Short sickness absences increased significantly during the first half of the year, which in turn increased personnel costs. Similarly, a rise in pension indexes required significant provisions for old supplementary pensions. Alko paid a total of EUR 10.7 (13.9) million in corporate tax.

Alko cooperates with several associations and organisations. The impact of these grants and contributions on full-year profit came to EUR 0.8 (0.9) million. Alko did not give grants or subsidies to political parties. Collaboration is primarily based on joint projects whose objectives are specified in cooperation agreements and action plans. Alko's Annual General Meeting decides on the recipients and maximum sum of Alko's annual donations.

**ECONOMIC ADDED VALUE RECEIVED BY VARIOUS STAKEHOLDERS FROM ALKO'S OPERATIONS IN 2022**

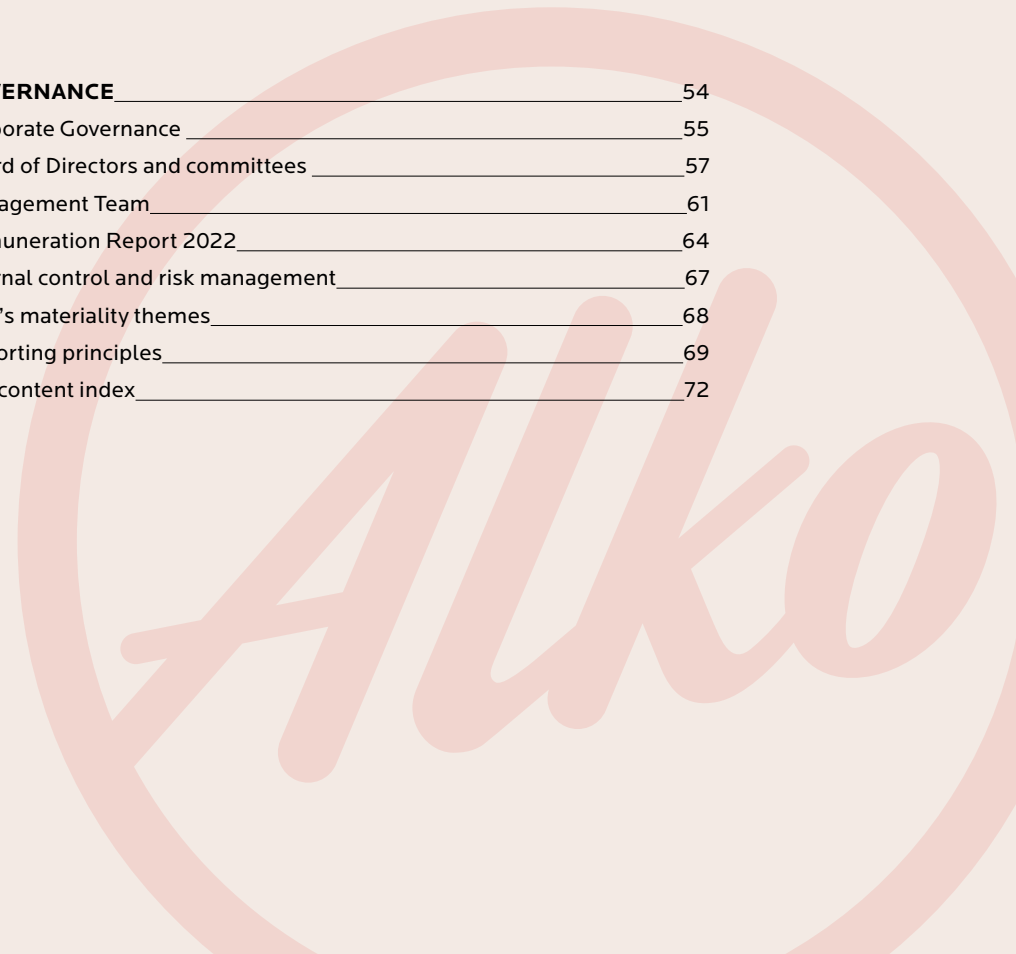






# GOVERNANCE

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# CORPORATE GOVERNANCE

Alko Inc. is a limited company owned by the Finnish State. Alko Inc.'s business activities are based on the Alcohol Act [1102/2017], the Government Decree on Implementation of the Alcohol Act [151/2018], the Decree of the Ministry of Social Affairs and Health on Enforcement of the Alcohol Act [158/2018], the Companies Act [624/2006], and Alko Inc.'s Articles of Association.

## OWNERSHIP AND CORPORATE GOVERNANCE

According to the Alcohol Act, Alko Inc.'s mandate is to undertake, with certain exceptions, the retail trade of alcoholic beverages prescribed exclusively for it, while aiming to reduce the adverse effects of alcohol consumption on those who consume it, other people and society as a whole.

Due to the special mandate assigned to Alko Inc., the Ministry of Social Affairs and Health is responsible for the ownership, steering and supervision of Alko Inc. Alko Inc. does not seek to make a profit or to compete with private companies. In accordance with its mandate, its mission is to reduce the harmful health and social impacts caused by alcohol.

The Ministry of Social Affairs and Health adheres to the Ownership Steering Act (1368/2007) and cooperates with the Ownership Steering Department of the Prime Minister's Office. Alko's [Corporate Governance principles](#) are available on the company's website.

## ETHICAL PRINCIPLES

Openness and transparency are the basis for all of Alko Inc.'s operations. Our Ethical Principles guide every Alko employee's ethical and responsibility-related activities

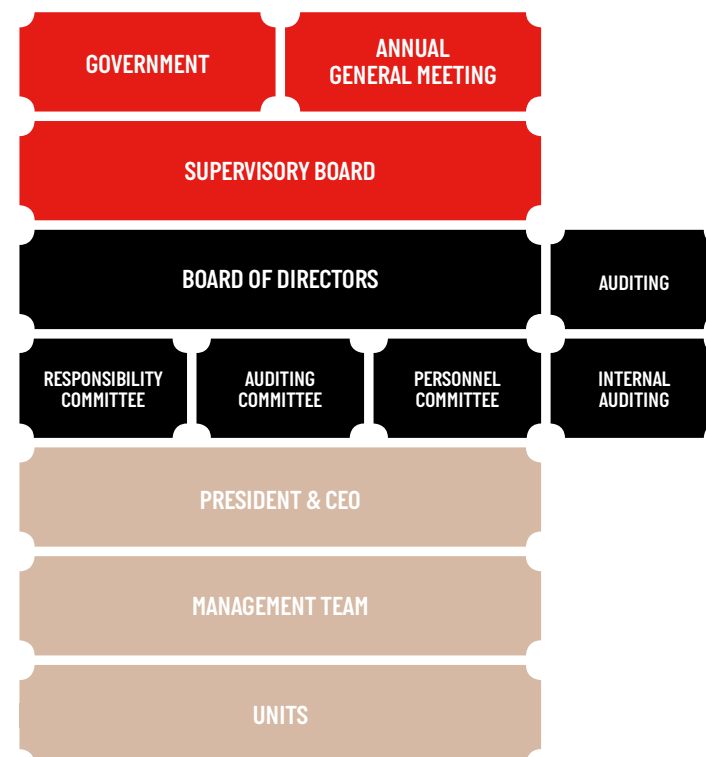
in accordance with the company's values and principles. The key principles are integrity and legality, responsibility, a functional workplace community, transparency and equality, and a customer-oriented approach.

We have created an online training course on our Ethical Principles, and the results are registered in the HR system. The Ethical Principles are also included in the company's induction programme. Any changes to these principles are approved by the Board of Directors.

In accordance with our ethical principles, Alko personnel may not accept or give any direct or indirect gifts or benefits that could be considered to be bribery or corruption, attempts to exert inappropriate influence, or contrary to the principles of equity. Alko Inc. requires all personnel to comply with the Ethical Principles and promote their realisation.

Alko's Whistleblowing channel provides another avenue for promoting responsible corporate culture. This channel can be used to report (anonymously if desired) any suspected violations of the law, official regulations, Alko's Ethical Principles or the amfori BSCI Code of Conduct. During 2022, there were no corruption-related legal cases in which Alko Inc. was the defendant.

## ALKO'S ORGANISATION



## AGM AND SUPERVISORY BOARD

### ANNUAL GENERAL MEETING

Alko Inc.'s Annual General Meeting must take place once a year before the end of June. The Ministry of Social Affairs and Health appoints a representative to the Annual General Meeting. The Annual General Meeting decides, in accordance with the Companies Act, on such matters as adoption of the financial statements, profit distribution, exemption from liability, the fees of members of the Supervisory Board, the election and fees of members of the Board of Directors, the election and fees of the auditors, and on whether to amend the Articles of Association. According to the Government Resolution on State Ownership Policy issued on 8 April 2020, state-owned companies must report the following to the Annual General Meeting: climate targets and any measures taken towards achieving them, and the achievement of significant social responsibility objectives and the measures taken towards achieving them. They must also describe their remuneration policy and justify any performance-related incentives that have been paid.

Alko Inc.'s Board of Directors elects to convene the Annual General Meeting. Notice of the meeting and its agenda are sent at least one week prior to the meeting.

### SUPERVISORY BOARD

Alko Inc.'s Supervisory Board consists of twelve members, which the Government appoints for four calendar years at a time. The Government also appoints the Chair and the Vice-Chair. The Supervisory Board's tasks are defined in the Alcohol Act and Alko Inc.'s Articles of Association.

The Supervisory Board's tasks are:

- to ensure that the company's affairs and administration are handled according to sound business principles, with an eye to profitability, and to ensure compliance with legislation, the provisions of the Articles of Association, the decisions of the Annual General Meeting and other approved instructions,
- to give instructions to the Board of Directors in far-reaching matters of fundamental importance
- to monitor alcohol-related trends both in Finland and abroad and, on the basis of this, to issue general guidelines on how to develop the alcohol company's operations
- to ratify an action plan to reduce the harmful effects of alcohol (as specified in Section 1 of the Alcohol Act), and to issue a report on the company's retail sales (as specified in Section 24 of the Alcohol Act) and the measures taken to reduce the harmful effects referred to in the aforementioned Section 1
- to give the Annual General Meeting a statement concerning the company's financial statements and auditors' report.

Alko Inc.'s Supervisory Board for the 2020–2023 term consists of Arja Juvonen (Chair) and Hannakaisa Heikkinen (Vice-Chair) and, as members, Outi Alanko-Kahiluoto, Kim Berg, Petri Honkonen, Pauli Kiuru, Ari Koponen, Mats Löfström, Jari Myllykoski, Tom Packalén, Sari Sarkomaa and Tuula Väättäin. MP Jari Myllykoski requested to be released from his duties as a member of the Supervisory Board on 20 August 2021. On 24 August 2021, the Ministry of Social Affairs and Health appointed MP Aino-Kaisa Pekonen to replace Myllykoski for the remainder of his term of office. MP Petri Honkonen requested to be released from his duties as a member of the Supervisory Board on 21 April 2022. On 2 June 2022, the Ministry of Social Affairs and Health appointed MP Hannu Hoskonen to replace Honkonen for the remainder of his term of office.

Director Jari Keinänen has been representing the Ministry of Social Affairs and Health on the Supervisory Board. Representation of the Ministry of Social Affairs and Health on the Supervisory Board is decreed by Section 24 of the Alcohol Act. In addition, in accordance with the Government Resolution on State Ownership Policy given on 8 April 2020, personnel representatives participate in meetings of the Supervisory Board. The Supervisory Board convened five times in 2022.

# BOARD OF DIRECTORS AND COMMITTEES

The Board of Directors' task is to manage the company and its operations in an appropriate manner in accordance with legislation and the company's Articles of Association, the decisions of the Annual General Meeting, and the instructions issued by the Supervisory Board.

The Annual General Meeting elects the Chair and Vice-Chair of the Board plus a minimum of three and a maximum of six members. The composition of the Board takes the requirements placed on the company's activities into account. Some of its elected members work in leadership or managerial positions in sectors such as alcohol policy, wellbeing at work, and social and healthcare policy.

Prospective Board members must have the required competence, sufficient and diverse expertise, and complementary experience and knowledge of the sector.

Both men and women are represented on the Board. The term of office for Board members lasts from their election until the end of the following Annual General Meeting. Two personnel representatives take part in the meetings without the right to vote. The Board of Directors is convened at the invitation of the Chair or Vice-Chair of the Board. The principles adhered to by the Board of Directors in their work are contained in the Board's approved rules of procedure.

## The key tasks of the Board of Directors include:

- to direct and oversee the company in accordance with the decisions of the Annual General Meeting, the Companies Act and Alko's Articles of Association
- to direct and oversee the company in accordance with alcohol-related statutes
- to approve the company's strategy
- to approve the annual budget and oversee its realisation

- to approve significant investments and the acquisition and sale of real-estate shares
- to approve the principles of internal monitoring and supervise their implementation and adequacy
- to approve risk management principles
- to approve the internal audit directive and the annual plan
- to supervise the independence and work of the auditors
- to prepare a proposal on the election of the auditors for the Annual General Meeting
- to review and approve the financial statements, annual report and half-year report
- to decide on the company's organisational structure and management system
- to appoint the President & CEO, Deputy CEO and other members of the Management Team, and to relieve them of their duties
- to decide on the salaries and other benefits of the President & CEO and other members of the Management Team
- to approve an incentive scheme for management and personnel
- to decide on strategic HR policies as part of the company's overall strategy
- to consider the results of the company's personnel surveys
- to approve the company's corporate governance and rules of procedure for the Board of Directors and its committees, and to review their contents annually
- to consider reports from Board committees
- to consider matters presented by Board members or the President & CEO
- to address issues related to regulatory control.

On 6 May 2022, the Annual General Meeting elected Laura Raitio as Chair of Alko's Board of Directors and Markku Tervahauta as Vice-Chair. Mikko Forsell, Kirsi Paakkari, Pekka Perttula and Ulrika Romantschuk were elected as Members of the Board. The Annual General Meeting also elected Kirsi Varhila as Vice Chair as of 1 June 2022, at which point Markku Tervahauta continued as a Member of the Board. The previous Board consisted of Harri Sailas (Chair), Markku Tervahauta (Vice-Chair), Kirsi Paakkari, Pekka Perttula, Laura Raitio and Ulrika Romantschuk. Personnel representatives Riina Väntsi (Chair, Alkoholialan Toimihenkilöt ry) and Sini Heikkinen (Chair, ALV Union) attend the Board of Directors' meetings without the right to vote. Antti Turunen (Chair, ALV Union) replaced Sini Heikkinen as of 5 July 2022.

The Board of Directors met eight times during the year. The members of the Board of Directors are independent of the company, and the majority are independent of the company's owner. Markku Tervahauta is Director General of the National Institute for Health and Welfare and Kirsi Varhila is the Director of Satakunta Wellbeing Services County. Alko's President & CEO Leena Laitinen attends Board meetings, along with the Executive Vice President, Finance (Anton Westermarck) and Legal Counsel (Jonna Björklund) as Secretary.



## COMMITTEES OF THE BOARD OF DIRECTORS

Alko's Board of Directors has three committees: the Auditing, Personnel and Responsibility Committees. The Board appointed the current chairs and members of these committees at its meeting on 12 May 2022. The Board has established rules of procedure for each committee, and these include its key tasks and principles.

### AUDITING COMMITTEE

It is the Auditing Committee's task to assist the company's Board of Directors in ensuring that the company's accounting and financial administration is appropriately arranged, and that internal control, risk management, auditing and internal auditing are arranged in compliance with legislation, regulations and the policies approved by the company's Board of Directors.

The committee consists of a minimum of three and a maximum of five members of the Board of Directors. The committee's Chair must have adequate knowledge of accounting practices. The Auditing Committee meets five or six times a year.

The Auditing Committee consists of Mikko Forsell (Chair) and members Kirsi Paakkari and Ulrika Romantschuk. The President & CEO (Leena Laitinen) and the Executive Vice President, Finance (Anton Westermarck) act as the committee's presiding officers, while the Head of Internal Audit (Sirrku Karjalainen) acts as secretary for the committee. The Compliance Officer, Lotta Väisänen, also attends meetings.

### PERSONNEL COMMITTEE

The Personnel Committee assists the Board of Directors in supervising and preparing the company's personnel policies and practices, and in organisational development. It also assists the Board in all tasks related to remuneration schemes and employment relationships.

The committee consists of at least three members of the Board of Directors. The Personnel Committee convenes approximately four times a year.

The Personnel Committee consists of Laura Raitio (Chair) and members Markku Tervahauta, Kirsi Paakkari and (as of 1 June 2022) Kirsi Varhila. The Committee's presiding officer is Leena Laitinen (President & CEO) and its secretary is Heli Hassinen-Biberger (Executive Vice President, Human Resources).

### RESPONSIBILITY COMMITTEE

The Responsibility Committee assists and supports the company's Board of Directors and senior management in an advisory role in order to achieve social and health policy objectives in accordance with the Alcohol Act and to attain the company's other strategic targets for responsibility.

The committee consists of three or four members of the Board of Directors. Experts from the Ministry of Social Affairs and Health also attend committee meetings when necessary. The Responsibility Committee convenes four or five times a year.

The Responsibility Committee consists of Ulrika Romantschuk (Chair), Pekka Perttula and Markku Tervahauta. Ismo Tuominen (Ministry of Social Affairs and Health) attends by invitation as an expert. Leena Laitinen (President & CEO) is the Committee's presiding officer and Maritta Iso-Aho (Executive Vice President, Communications) is its secretary.

# MEMBERS OF THE BOARD OF DIRECTORS



## LAURA RAITIO

b. 1962  
 Chair of the Board, Chair of the Personnel Committee  
 Licentiate in Technology  
 Member of the Board since 2021,  
 Chair since 6 May 2022

### Positions of trust:

Raute Corporation, Chair of the Board (Member 2017–,  
 Chair 2019–)  
 Suominen Corporation, Board Member (2015–)  
 Solidium Oy, Board Member (2019–)  
 The Helsinki Deaconess Institute Foundation,  
 Chair of the Board (2018–)  
 Heltti Oy, Board Member (2020–)  
 Boardman Oy, Chair of the Board (2019–)  
 Securities Market Association, Board Member (2019–)  
 Unikie Oy, Board Member (2022–)



## KIRSI VARHILA

b. 1961  
 Vice-Chair of the Board  
 Master of Political Science  
 Director, Satakunta Wellbeing Services County  
 Member of the Board 2014–2019, and again as  
 of 1 June 2022

### Positions of trust:

Maakuntien tilakeskus Oy, Board Member (2023–)  
 HYVIL Oy, temporary Board Member (1 Dec 2022–)



## MIKKO FORSELL

b. 1974  
 Member of the Board, Chair of the Audit Committee  
 Master of Science (Technology),  
 Master of Science (Economics)  
 Verkkokauppa.com Oy, CFO  
 Member of the Board since 2022

### Positions of trust:

Haka Wood Oy, Board Member (2018–)



## KIRSI PAAKKARI

b. 1963  
 Member of the Board  
 Master of Science (Economics)  
 Kalevala Jewelry, Managing Director  
 Member of the Board since 2018

### Positions of trust:

Chair of the Cultural Foundation  
 of Kalevala Jewelry (2019–)  
 Member of the Board of the Employers' Association  
 of Goldsmiths (2019–)



**PEKKA PERTTULA**

b. 1960  
 Member of the Board  
 Doctor of Political Science  
 Member of the Board since 2018

**Positions of trust:**

Maahenki Oy, Chair of the Board (2019–)  
 Foundation of the Joint Agricultural Committee,  
 Board Member (1995–)  
 Alli Paasikivi Foundation, Chair of the Board  
 (Member 2014–, Chair 2022–)



**ULRIKA ROMANTSCHUK**

b. 1966  
 Member of the Board,  
 Chair of the Responsibility Committee  
 Bachelor of Political Science  
 Nordea Bank PLC, member of the Group  
 Leadership Team, Head of Brand,  
 Communications and Marketing  
 Member of the Board since 2017

**Positions of trust:**

Circus Helsinki, Chair of the Board (2014–)



**MARKKU TERVAHAUTA**

b. 1962  
 Vice-Chair of the Board (1 Oct 2019–31 May 2022),  
 Board Member as of 1 June 2022  
 Doctor of Medical Science  
 Director General, National Institute  
 for Health and Welfare  
 Member of the Board since 2019

**Positions of trust:**

The Helsinki Deaconess Institute Foundation,  
 Member of the Board of Trustees (2019–)  
 University of Tampere's Advisory Board on working  
 life connections (2020–)  
 Kela's Advisory Board, Member (1 July 2020–31  
 June 2023)  
 National Nutrition Council of Finland (VRN), Chair  
 (9 November 2020–8 November 2023)  
 Advisory Board for Public Health, Division for  
 assessing and monitoring health and wellbeing policy,  
 Chair (1 September 2020–31 July 2023)  
 IANPHI (The International Association of National  
 Public Health Institutes),  
 Executive Board Member (2021–)  
 THL Foundation, Chair of the Board (2021–)



**ANTTI TURUNEN**

b. 1974  
 Personnel representative as of 5 July 2022  
 Salesperson  
 Vice-Chair of the ALV Union (2019–2022),  
 Chair as of 27 Nov 2022

**Positions of trust:**

Regional employee representative for the Helsinki  
 Metropolitan Area, 2021–2024



**RIINA VÄNTSI**

b. 1973  
 Personnel representative  
 Service Manager  
 Chair of Alkoholialan Toimihenkilöt ry

**Positions of trust:**

Trade Union PRO, Member of the Representative  
 Assembly (2021–2024)  
 Trade Union PRO, Deputy Member of the Board  
 of the Unemployment Fund (2021–2024)



# MANAGEMENT TEAM

The Management Team assists the President & CEO in leading the company and achieving its strategic and operational objectives.

## MANAGEMENT TEAM

Alko's Board of Directors appoints the President & CEO, the President & CEO's deputy, and the other members of the Management Team. The Management Team assists the President & CEO in leading the company and achieving its strategic and operational objectives. The Team also prepares the company's strategy and budget, and any other matters that need to be presented to the Board of Directors. The task of the Management Team is to monitor financial performance, business operations and the implementation of operational decisions.

The following were members of the company's Management Team in 2022: Leena Laitinen (President & CEO), Kari Pennanen (Deputy CEO and Executive Vice President, Stores and Facilities), Maritta Iso-Aho (Executive Vice President, Communications), Heli Hassinen-Biberger (Executive Vice President, Human Resources), Anu Koskinen (Executive Vice President, Assortment and Procurement), and Anton Westermarck (Executive Vice President, Finance). The Management Team meets regularly, on average twice a month.

All the members of the company's Management Team and any other persons who have been authorised to represent the company have fully declared their commitments. On the basis of these declarations, all of the aforementioned members and representatives are independent of the company's stakeholders.

## PRESIDENT & CEO

It is the task of the President & CEO to manage the company's business operations in accordance with legislation, the company's Articles of Association, and the instructions issued by the Board of Directors. The CEO also ensures that decisions taken by the Annual General Meeting, Supervisory Board, and Board of Directors are carried out. A deputy CEO has been appointed.

The terms and conditions of the President & CEO's service are specified in a written service contract approved by the Board of Directors. The CEO's pension benefits are determined in line with the Employees Pensions Act (TyEL). The period of notice for termination of the President & CEO's service contract is six months.



# MANAGEMENT TEAM MEMBERS, 31 DEC 2022



## LEENA LAITINEN

b. 1970  
 Master of Science (Economics)  
 President & CEO  
 Joined Alko in 2017

### Principal employment history:

Snellman Group, CEO (2013–2017)  
 SOK, Executive Vice President, Consumer Goods (2009–2013)  
 SOK, Prisma, Chain Director (2007–2009)  
 SOK, Managing Director, Estonia (2006–2007)  
 SOK, AS Prisma Peremarket, Managing Director, Estonia (2004–2006)  
 Keskimaa OSK, Prisma Manager (2000–2004)  
 Osuuskauppa PeeÄssä, Prisma Manager (1997–2000)  
 Osuuskauppa PeeÄssä, Customer Service Manager (1996–1997)

### Current positions of trust:

Ilmarinen Mutual Pension Insurance Company, Board Member (2018–)  
 Service Sector Employers PALTA, Member of the Electoral Committee (2022–)  
 Suomen Viljava Oy, Chair of the Board (Member 2021–, Chair 2022–)  
 Atria Plc, Board Member (2021–)  
 Finland's Central Union for Child Welfare, Chair of the Board (2022–)  
 Children's Day Foundation, Chair of the Delegation (2022–)



## HELI HASSINEN-BIBERGER

b. 1970  
 MA, MBA  
 Executive Vice President, Human Resources  
 Joined Alko in 2019

### Principal employment history:

Realia Group Oy, Vice President, Human Resources (2016–2019)  
 Nissan Europe SAS, HR Director (2005–2016)  
 ISS Palvelut: Service Manager and Resource Manager (1998–2005)  
 Oy Aurinkomatkat Ab, Customer Service Manager (1994–1998)

### Current positions of trust:

Service Sector Employers PALTA, Member of the Labour Market Committee (2020–2022)



## MARITTA ISO-AHO

b. 1964  
 Master of Administrative Sciences, eMBA  
 Executive Vice President, Communications  
 Joined Alko in 2008

### Principal employment history:

Eurest Finland Oy, Chief Operating Officer (2007–2008)  
 Silta Oy, Director of Sales and Marketing (2006–2007)  
 Fazer Amica Oy, Director of Marketing and Vice Managing Director (2004–2006)  
 Confederation of Finnish Industries, Economic Policy Officer (2002–2004)  
 Amica Ravintolat Oy, Administrative Manager, Administrator, Head of Development (1994–2002)  
 Kulinaari Ravintolat Oy, Administrator (1990–1993)

### Current positions of trust:

Katri Antell Oy, Board Member (2011–)  
 A-Clinic Foundation, Board Member (2009–)  
 A-Clinic Ltd, Board Member (2022–)

# MANAGEMENT TEAM MEMBERS, 31 DEC 2022



## ANU KOSKINEN

b. 1972

Master of Science (Economics)

Executive Vice President, Assortment and Procurement

Joined Alko in 2020

### Principal employment history:

Oy Transmeri Ab, Director (2016–2020)

Lumene Oy, Director, Skincare Business (2013–2016)

Lumene Oy, Head of Product Portfolio (2011–2013)

GlaxoSmithKline Oy, Business Manager (2010–2011)

L'Oréal Finland Oy, Marketing Manager (2007–2010)

L'Oréal Finland Oy, Sales Director (2003–2007)

L'Oréal Finland Oy, Marketing Manager (2000–2003)

L'Oréal Finland Oy, Product Manager (1998–2000)

Procter & Gamble Finland Oy, Product Specialist (1997–1998)

### Current positions of trust:

-



## KARI PENNANEN

b. 1964

Master of Social Sciences, eMBA, Certified Real Estate Manager

Executive Vice President, Stores, Online and Customer Experience

Joined Alko in 1989

### Principal employment history:

Alko Inc., District Manager (1997–2003)

Alko Inc., Shop Manager (1992–1997)

Alko Inc, Supervisor Preparation Trainer (1989–1991)

Kesko Corporation, Marketing Consultant (1988–1989)

### Current positions of trust:

Kiinteistö Oy Arkadiantalo, Board Member (2020–)



## ANTON WESTERMARCK

b. 1968

Master of Science (Economics)

Executive Vice President, Finance, IT and Supply Chain

Joined Alko in 2014

### Principal employment history:

Oy Gustav Paulig Ab, Finance Director (2012–2014)

Novo Nordisk, Regional Finance Director (2006–2012)

Novo Nordisk, Controlling Manager (2002–2006)

Novo Nordisk, Business Development Director (2002)

Siemens Building Technologies, Finance & Admin Manager (1999–2002)

France Telecom/Global One, Country Controller (1995–1999)

ISS Servisystem Oy, Finance Manager (1993–1995)

ISS Servisystem Oy, Financial Assistant (1991–1993)

### Current positions of trust:

Kiinteistö Oy Arkadiantalo, Chair of the Board (2014–)

Leijona Catering Oy, Board Member and Chair of the Auditing Committee (2018–)

Confederation of Finnish Industries EK,

Finance and Tax Committee member (2019)



# REMUNERATION REPORT 2022

## SUPERVISORY BOARD

The 2022 Annual General Meeting decided on the following fees for members who were present at Supervisory Board meetings:

- Chair of the Supervisory Board EUR 1,000 per meeting
- Vice-Chair of the Supervisory Board EUR 800 per meeting
- Member of the Supervisory Board EUR 700 per meeting

The Supervisory Board convened five times in 2022.

## BOARD OF DIRECTORS

The 2022 Annual General Meeting decided on the following fees for members of the Board of Directors:

- Chair of the Board EUR 2,750 per month
- Vice-Chair of the Board EUR 1,300 per month
- Member of the Board EUR 1,100 per month

In addition, an attendance fee of EUR 600 per meeting was paid to all Board members who attended Board meetings and an attendance fee of EUR 600 per meeting was paid to all committee members who attended Board Committee meetings.

The Board of Directors convened eight times in 2022. The committees convened a total of 14 times.

Fees for 2022 are reported in accordance with the number of meetings held during the year. Meetings of the Board of Directors – attendance rates and fees paid:

Member of the Supervisory Board	Attendance at meetings, %	Fees, EUR	Member of the Board	Attendance at Board meetings, %	Monthly fees, EUR	Board meeting fees, EUR	Committee meeting fees, EUR	Fees in total, EUR
Arja Juvonen, Chair	100%	5,000	Harri Sailas, Chair until 6 May 2022	100%	11,655	1,200	1,200	14,055
Hannakaisa Heikkinen, Vice-Chair	80%	3,200	Laura Raitio, member until 5 May 2022, Chair as of 6 May 2022	100%	26,007	4,800	4,200	35,007
Outi Alanko-Kahiluoto, member	100%	3,500	Markku Tervahauta, Vice-Chair until 31 May 2022, member as of 1 June 2022	100%	14,200	4,800	4,200	23,200
Kim Berg, member	100%	3,500	Kirsi Varhila, Vice-Chair as of 1 June 2022	80%	9,100	2,400	1,200	12,700
Petri Honkonen, member until 28 April 2022	100%	700	Mikko Forsell, member as of 6 May 2022	100%	8,591	3,600	2,400	14,591
Hannu Hoskonen, member as of 2 June 2022	75%	2,100	Kirsi Paakkari, member	88%	13,200	4,200	4,200	21,600
Pauli Kiuru, member	100%	3,500	Pekka Perttula, member	100%	13,200	4,800	2,400	20,400
Ari Koponen, member	100%	3,500	Ulrika Romantschuk, member	88%	13,200	4,200	6,000	23,400
Mats Löfström, member	100%	3,500						
Tom Packalén, member	80%	2,800	Total		109,153	30,000	25,800	164,953
Aino-Kaisa Pekonen, member	100%	3,500						
Sari Sarkomaa, member	100%	3,500						
Tuula Väätäinen, member	100%	3,500						
Total		41,800						

## THE ASPECTS AND INDICATORS OF THE STRATEGY INCENTIVE SCHEME (STI) FOR THE CEO, MANAGEMENT TEAM AND STAFF, 2021–2022

Strategic priority	Indicators
<b>World-class service –</b> Leading the way in customer experience Weighting 30–40%	Brand Index, YouGov, continual measurement National Customer Service Feedback Survey (KAP), Taloustutkimus Oy, twice a year, scale of 1–10 Online shop's NPS, continual measurement Selection satisfaction, Dagmar Drive, twice a year, scale of 1–10
<b>Don't let a drop become an ocean –</b> A pioneer in responsibility Weighting 20–50%	Confidence & Reputation survey (reputation, responsibility and stakeholder indices), T-Media Oy, 3 times a year, scale of 1–5 Mystery shopping (responsibility), Palveluplus Oy, 4 measurements per store
<b>Success through enthusiasm –</b> The most desirable employer in the service sector Weighting 10–40%	Unit-specific strategic objectives
<b>Agile and efficient –</b> Has economic impact Weighting 10–15%	Costs/net sales Customers/pwh

### REMUNERATION FOR THE CEO, MANAGEMENT TEAM AND PERSONNEL

Alko's monetary compensation consists of a basic salary, personnel benefits and a strategy incentive scheme that covers all personnel. Personnel receive incentives for achieving the key objectives in Alko's strategy. Remuneration is not based on sales growth or the company's financial result, but on the strategic objectives derived from the company's mission.

Strategic incentives comply with the Government Resolution of 8 April 2020. Incentives are based on the company's strategic objectives and their indicators. The 2021 and 2022 strategy incentives for staff were a maximum of 6–16 per cent of their annual salary (depending on their job description),

and a maximum of 30 per cent of annual salary for senior management and the CEO. The strategy incentive for 2021 was paid to staff and management in spring 2022, and the strategy incentive for 2022 will be paid in spring 2023. The Board of Directors will decide on the Personnel Committee's proposal on the strategy incentive scheme, indicators, objectives and incentives to be paid to the CEO, management and staff.

In addition to the short-term strategy incentive scheme (STI), the CEO and Management Team also had long-term incentive schemes (LTI) in 2019–2021 and 2020–2022. The long-term incentive schemes ended on 31 December 2020 in accordance with the Government Resolution on State Ownership Policy

of 8 April 2020. The indicators for the long-term incentive scheme were Taloustutkimus Oy's National Customer Service Feedback Survey (KAP) and the reputation index in T-media Oy's Confidence & Reputation survey. These indicators have not been simultaneously set as indicators for the CEO and Management Team's STIs.

Incentives totalling EUR 2.28 (4.51) million were paid to personnel and management in 2022, which accounted for 3.2 (6.3) per cent of personnel costs.

# REMUNERATION PAID TO THE PRESIDENT & CEO AND THE MANAGEMENT TEAM IN 2022

## SALARIES AND WAGES

	Total salary, including benefits in kind, EUR			Short-term incentive (STI), EUR			Long-term incentive (LTI), EUR*		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
President & CEO	340,617	347,792	353,193	64,000	86,244	15,401	-	53,998	28,064
Other members of the Management Team	888,656	850,850	836,763	163,006	185,329	58,748	-	81,766	49,985
Total	1,229,273	1,198,642	1,189,956	227,006	271,573	74,149	-	135,764	78,049

\*LTI schemes ended on 31 Dec 2020. The last incentives for LTI schemes will be paid in 2023.

## PENSIONS AND NOTICE PERIODS

	Retirement age	Pension benefits	Period of notice
President & CEO	Retirement age in line with earnings-related pension scheme legislation (TyEL)	Pension in line with earnings-related pension scheme legislation (TyEL)	By the President & CEO 6 months, and by the company 6 months
Other members of the Management Team	One member 61 years  One member: Retirement age is in line with earnings-related pension scheme legislation Three members: Retirement age in line with earnings-related pension scheme legislation (TyEL)	Pension equivalent to 66% of annual wages  TyEL insurance and additional pension based on 10% of annual salary Pension in line with earnings-related pension scheme legislation (TyEL)	By Management Team Member 3 months and by the company 4–6 months

## ANNUAL PAYMENTS OF ADDITIONAL PENSIONS

	2020, EUR	2021, EUR	2022, EUR
President & CEO	-	-	-
Other members of the Management Team	92,256	109,078	118,955
Total	92,256	109,078	118,955

\* Does not include potential refunds



# INTERNAL CONTROL AND RISK MANAGEMENT

We employ effective internal controls and risk management to prepare for both strategic and operational risks.

## CONTROL

The Ministry of Social Affairs and Health supervises compliance with the Alcohol Act and the rules and regulations issued under it. The National Supervisory Authority for Welfare and Health (Valvira) makes an annual report to the European Commission on the extent to which Alko Inc., as the holder of the sole right to sales of alcoholic beverages in Finland, has observed the required impartiality and transparency in its relations with suppliers. This report also takes account of a statement made by the Finnish Competition Authority. The National Supervisory Authority for Welfare and Health Valvira supervises the alcohol company's retail sales. In issues concerning Alko's decisions on the stocking, destocking and pricing of alcoholic beverages, appeals may be made to Valvira, the Administrative Court and the Supreme Administrative Court.

The Management Team is responsible for internal control at Alko. Alko's internal control system seeks to ensure the appropriate organisation of operations, efficiency, reliable financial and operative reporting, and compliance with regulations and operating principles.

## RISK MANAGEMENT

Alko's Board of Directors approves the company's risk management policy and monitors that risk management measures are adequate and effective. The President & CEO is, with the assistance of the Management Team, responsible for risk management policy and its enforcement, and also for ensuring that risk management is appropriately arranged. Alko's risk management is based on systematically and proactively analysing and managing the threats and opportunities related to its activities. These risks are classified as strategic and operational risks.

The Management Team regularly assesses risks that may impact on its future development and profitability. Named persons are then assigned to manage these risks by defining preventative measures and ensuring their implementation.

## THE MOST CRITICAL RISKS

- A change in Alko's position as a result of alcohol legislation
- A weakening in Alko's service, so that it no longer meets customer needs
- operational responsibility: selling alcohol to minors or intoxicated people in violation of the principles of responsible customer service, environmental and social responsibility risks in the alcoholic beverage supply chain
- personnel availability and competence development
- Alko's special mandate is not clear to consumers and stakeholders
- business interruptions caused by disruptions in ICT services and cybercrime
- rising costs and weakened financial performance due to the global economic situation

The company's reporting is based on Finnish Accounting Standards (FAS) and accounting guidelines and financial rules governing internal reporting. Alko's Finance Unit is responsible for the financial reporting process and the development of its supervision practices, and also for ensuring compliance with financial reporting legislation and regulations. The Executive Vice President, Finance reports on the company's financial results and forecasts at meetings of the Auditing Committee and Board of Directors.

## COMPLIANCE OFFICER

The Compliance Officer works with management and the company's internal control, business and support functions to ensure that Alko operates in accordance with both the law and its internal guidelines. It is the Compliance Officer's task to coordinate, develop and monitor the risk management system. It is also the Compliance Officer's responsibility to analyse and monitor the overall risk picture and bring any required measures to management's attention for discussion and decision-making. The Compliance Office ensures that both the Board of Directors and operative management receive comprehensive and clear reports about risks. The Compliance Officer makes reports on their activities and observations to both the Management Team and Audit Committee.

## INTERNAL AUDITING

The internal audit evaluates the company's risk management, operational standards, management processes, and the adequacy and effectiveness of its internal controls in accordance with the operating principles approved by the Board of Directors. Internal auditing is an independent function that administratively falls under the authority of the President & CEO and reports to the Board of Directors.

## AUDITING

The company has one auditor, which must be a firm of authorised public accountants approved by the Central Chamber of Commerce in Finland. The auditor's term of office is one financial year and the auditor's work ends upon completion of the next Annual General Meeting following its election. In spring 2022, the Annual General Meeting elected PricewaterhouseCoopers Oy, a firm of Authorised Public Accountants, as the company's auditor with Tiina Puukkoniemi, Authorised Public Accountant, as chief auditor.

## Auditor

Tiina Puukkoniemi  
b. 1982  
Chief Auditor, Authorised Public Accountant,  
PricewaterhouseCoopers Oy

# ALKO'S MATERIALITY THEMES

The materiality analysis seeks to identify the most important aspects of responsibility from the perspective of Alko and its stakeholders. Taking stakeholders' expectations into consideration is an important element of both our management system and drawing up our strategy and action plans. We engage in continuous dialogue with our stakeholders and strive to incorporate any changes in their expectations into our operations. We actively monitor any changes occurring in our operating environment. Alko also engages in dialogue not only with organisations but also with customers, personnel, suppliers, political decision-makers and the media. In addition to suppliers, a significant role is played by companies, organisations, associations and other influential parties who operate either directly or indirectly in the international supply chain. For example, local associations in the beverage industry are important partners in terms of the effectiveness of our activities.

## ALKO'S MATERIALITY ASSESSMENT UPDATED IN 2021

In 2021, Alko updated its materiality themes to serve as background material for a strategy update that will begin in 2022. The materiality themes were determined on the basis of an online survey targeted at stakeholders (n=2,167) and an analysis of the operating environment. They were defined in cooperation with Nordic 4sight Communities Oy. The material aspects of Alko's responsibility efforts are described in the [materiality matrix on page 69](#).

Our material aspect management follows Alko's responsibility management model. Alko sets clear annual targets for both responsible operations and their development. The responsibility working group handles the development projects and measures relating to responsibility. The Management Team reviews responsibility issues that are of key relevance to the strategy and action plan. The leader of each business unit and support function bears responsibility for operational management. Alko's Board of Directors regularly reviews the key responsibility measures that are prepared by the Board's Responsibility Committee. The Supervisory Board approves the annual plan for responsibility measures and presents a report on the actions carried out during the previous year. The President & CEO reports on the implementation of the responsibility plan to Alko's General Meeting. The AGM decides on the maximum amount of donations to be granted by the company.

The assessment identified the following material aspects for Alko:

1. Prevention of the harmful effects of alcohol
2. Responsibility for the supply chain
3. Corporate social responsibility reporting
4. Climate change
5. Personnel's sustainability and responsibility expertise
6. Personnel equality
7. Alko's partnerships

In addition to these identified materialities, the report also contains other information about sustainable development that is of interest to Alko's stakeholders. The aspect boundaries for the identified materialities were assessed with regard to their financial, social and environmental impact on Alko's value chain.

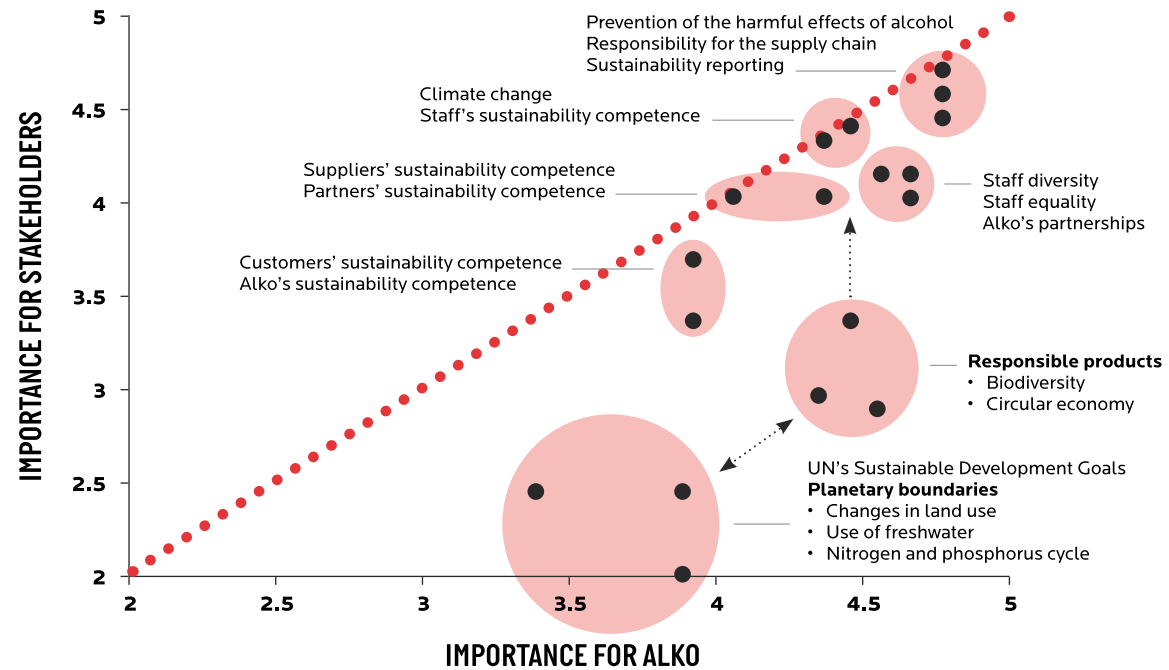
Material aspects	Aspect boundary
Prevention of the harmful effects of alcohol	Alko, society
Responsibility for the supply chain	Alko, supply chain
Corporate social responsibility reporting	Alko, supply chain
Climate change	Alko, supply chain
Personnel's sustainability and responsibility expertise	Alko, supply chain
Personnel equality	Alko, supply chain
Alko's partnerships	Alko, society, supply chain

# REPORTING PRINCIPLES

Alko has published an annual report in accordance with international Global Reporting Initiative (GRI) Standards since 2004. As the GRI reporting guidelines changed on 1 January 2023, we will be reporting in accordance with these GRI Standards from 2022 onwards. Alko also complies with the Ministry of Health and Social Affairs' ownership steering strategy; the Government Resolution on State Ownership Policy (8 April 2020); the Non-Financial Reporting Directive; and the Guidelines for the Reporting of the Country-Specific Taxes of Majority State-Owned Companies (2014). The report is published in Finnish and English, and is only available as a PDF. The report has not been externally assured.

## ASPECT BOUNDARIES

The Alko Group consists of Alko Inc. (the parent company) and three subsidiaries (joint-stock property companies) that are specified in the Notes to the Financial Statements. The information presented in the report is based on statements made in support of the company's operational activities and the figures from the audited accounts and financial statements. The report covers all of Alko's operations. The information on economic responsibility is based on Alko's financial reports, accounts and adopted financial statements. The indicators for social responsibility are drawn from HR systems, payroll systems, service providers and accounts. The figures for environmental responsibility are largely drawn from our own systems and service providers. Personnel figures are calculated according to the Accountancy Board's general guidelines for the preparation of annual reports. The Corporate Governance section adheres to the applicable sections of the Finnish Corporate Governance Code. The financial statements were prepared in accordance with Finnish Accounting Standards (FAS).



The materiality matrix describes the most material themes in Alko's responsibility efforts from the perspective of both stakeholders and Alko itself.

## CALCULATION PRINCIPLES FOR ALKO'S CORPORATE RESPONSIBILITY INDICATORS

### Own aspect: climate friendly packaging materials, material efficiency and recycling

Alko's indicator of sales of packages is the percentage of sales accounted for by different package types and materials. The quantities of beverage packages sold by Alko are obtained from Alko's Data Platform using the Power BI reporting system, which provides sales statistics by package type.

### Own aspect: carbon dioxide emissions from beverage packaging

The indicator for carbon dioxide emissions from beverage packaging is tons per million litres of beverages sold (tCO<sub>2</sub>/million litres of beverages sold). The quantities of beverage packages sold by Alko are obtained from Alko's Data

Platform using the Power BI reporting system, which provides sales statistics by package type. Emissions from beverage packaging are calculated using the climate analysis tool created for Alko by Gaia Consulting.

### Own aspect: supporting informed purchase decisions

Environmental product information (aka Green Choice labelling) is based on information from Alko's product management system: natural wine, biodynamic, carbon neutral, certification of sustainable development, organic, vegan, and environmentally responsible packaging. Sales and statistics for these products are reported using the Power BI reporting system, which retrieves data from Alko's Data Platform. The indicators are the percentage of the overall selection accounted for by Green Choice labelled products, in terms of both the number of products and sales in litres, and their percentage of total sales volumes.



### ELECTRICITY CONSUMPTION IN STORES AND AT HEAD OFFICE

Data on electricity consumption is automatically received from the electricity vendor or property system, or is calculated retrospectively using invoices in the property management system (Granlund Manager). Consumption data is not available for all properties (fewer than ten stores), as the lessor either does not invoice for electricity consumed or charges for it as a fixed monthly sum with the rent. Missing consumption data has been estimated using the average electricity consumption per metre squared for the type of store in question multiplied by the area of the store. Emissions from electricity consumption are calculated using the climate analysis tool that was created for Alko by Gaia Consulting.

### CARBON DIOXIDE EMISSIONS FROM IMPORTS

These figures are obtained by collating data from the emission reports supplied by our import partners.

### CARBON DIOXIDE EMISSIONS FROM DOMESTIC DISTRIBUTION TO STORES

These figures are obtained by collating data from the emissions reports supplied by the transport companies that Alko uses.

### PACKAGING WASTE

Data for this indicator (packaging materials collected from Alko stores with return transports) is compiled from the Power BI system by outputting all store warehouse events (returns) for packaging materials treated as separate products. The volumes of each packaging material returned are added up and multiplied by the assumed weight (the three last numbers of the product number), and the figures for each material are added together. The company only reports on materials that are collected with return transport from stores and then sent for recycling. Any materials recycled via properties or otherwise are not included in the figures.

### CHECKS OF AGE LIMITS AND SUSPECTED CASES OF INTOXICATION AND HANDOVERS OF ALCOHOLIC BEVERAGES

Each time a salesperson checks whether the customer is legally allowed to buy alcohol, they enter the check in the POS system with a shortcut key. This information is stored in Alko's Data Platform and is reported on using the Power BI reporting system.

### MYSTERY SHOPPING

Alko measures the annual success of age-limit checks using mystery shopping, in which age-limit supervision is tested with visits by test customers aged 18–23.

### MEASURES TO ENSURE RESPONSIBLE PROCUREMENT

Alko monitors compliance with ethical operating principles in the supply chain with the aid of amfori BSCI audits and other third-party sustainability visits. Data on audit results is collected from amfori BSCI's database. In order to formulate an overview of the situation, Alko receives reports on other visits made by external parties in accordance with the agreed principles, usually as a combination of site-specific reports and region-specific summaries. The figures for training, workshops or other similar forms of cooperation are obtained from Alko's own systems, service providers and partners.

### REPORT STAKEHOLDERS

The major target groups for the report are Alko's personnel, customers, partners, owner and goods suppliers, and the authorities and media.

### REPORTING PERIOD AND CONTACT INFORMATION

This report presents the results of our corporate social responsibility efforts in 2022. Our report for 2021 was published in March 2022. For additional information, contact Alko's communications unit: Virpi Valtonen, Sustainability Specialist ([virpi.valtonen@alko.fi](mailto:virpi.valtonen@alko.fi)) or Emilia Jantunen, Communications Specialist ([emilia.jantunen@alko.fi](mailto:emilia.jantunen@alko.fi)).

# MANAGING MATERIAL ASPECTS OF RESPONSIBILITY

Responsibility aspect	Impacts on the environment, economy and people	Policies and commitments	Measures and impacts	Links
<b>Prevention of the harmful effects of alcohol</b>	Preventing the harmful effects of alcohol, promoting a responsible drinking culture in accordance with Alko's statutory special mandate	The Alcohol Act, Alko's strategy, responsibility action plan	Championing wellbeing through collaborative projects, uncompromising sales supervision, donations to alcohol research, communications that promote a responsible drinking culture, an anti-substance abuse programme for Alko staff	<a href="#">Social role</a> <a href="#">Harmful effects of alcohol in daily life</a> <a href="#">Alcohol and health</a>
<b>Realising human and labour rights in the supply chain</b>	Human rights management, human rights assessments	Alko's strategy, responsibility action plan, amfori BSCI membership and the amfori Code of Conduct, declaration of human rights, UN guiding principles on business and human rights due diligence, NAM HRDD roadmap, operating model for responsible procurement	Operating model for responsible procurement, competence development measures in the supply chain (such as responsibility training), follow-up measures in the supply chain, Nordic HRDD cooperation, and other stakeholder cooperation with, for example, trade organisations	
<b>Personnel diversity and equality</b>	Health, wellbeing and competence	Alko's strategy, HR policy, Alko's Ethical Principles	Occupational health and safety, competence management, diversity programme, personnel surveys, diversity working group and survey, service assistants, accessibility analysis (including head office)	<a href="#">Accessibility</a>
<b>Climate change</b>	Climate study: Beverage packaging, beverage production and international logistics account for a significant proportion of climate emissions in the entire value chain	NAM commitment to environmental responsibility, environmental policy	Beverage packaging roadmap, Alko's ISO 14 001 environmental management system, Green Choice products, climate roadmap	<a href="#">Environmental responsibility</a> <a href="#">Beverage packaging roadmap</a> <a href="#">Green Choice</a>
<b>Financial responsibility and good governance</b>	Financial sustainability	Corporate Governance, ethical principles, risk management	Strategy, good governance, Financial Statements, ethical principles as part of onboarding and online training in ethical principles	<a href="#">Ethical Principles</a> <a href="#">Corporate Governance</a>
<b>Corporate social responsibility reporting</b>	Openness and transparency of operations	GRI, Governance Code	Continuous reporting to the Board of Directors, annual reporting	
<b>Enabling customers to make responsible choices</b>	Enabling customers to make responsible choices	The Alcohol Act, Alko's strategy, selection strategy	Selection of non-alcoholic beverages, selection of different package sizes, Green Choice and Ethical concepts in product communications, product information	<a href="#">Green Choice products</a> <a href="#">Ethical symbol</a>

# GRI INDEX 2022

Statement on the application of GRI Standards: Alko Inc. has reported on the information specified in this GRI content index for the period 1 January–31 December 2022 in accordance with GRI Standards. GR 1 Applying the reporting principles: GRI 1: Reporting principles 2021

Key figure	GRI content	Location	Additional information	Version
	<b>GRI 2: General disclosures</b>			<b>2021</b>
2-1	Organisational details	<a href="#">Alko in brief</a>		
2-2	Entities included in the organisation's sustainability reporting	<a href="#">Reporting principles</a>		
2-3	Reporting period, frequency and contact point	<a href="#">Reporting principles</a>		
2-4	Restatements of information		No significant changes. Any adjustments have been reported in conjunction with the tables.	
2-5	External assurance		The sustainability information contained in the report has not been verified by an independent external party. The quality and reliability of corporate responsibility information is monitored with internal controls and reporting processes. Alko is preparing to verify its sustainability information in accordance with future EU reporting requirements.	
2-6	Activities, value chain and other business relationships	<a href="#">Alko creates value</a> , <a href="#">Operating environment</a> , <a href="#">Effective action to promote wellbeing</a>	Alko's supply chain consists of thousands of operators on different continents. In addition to beverage suppliers, it contains producers, farmers, cooperatives, industry associations and other organisations and stakeholders. Of the almost 900 beverage suppliers who operate through Alko, 263 are domestic and 600 are international. Beverages are usually purchased through beverage suppliers, but Alko also imports some beverages itself. Supply chains extend from the store shelf all the way to primary production in the production chain. Partnerships with a variety of parties support Alko's mission and strategic targets. No significant changes occurred in the company's operations, value chain or partner network during the year. More information about Alko's supply chain.	
2-7	Employees		Average number of personnel during the year: 2,436. Average number of employees with permanent contracts during 2022: 2,199. Women 1,693 (77%), men 506 (23%). Average number of employees with fixed-term contracts during 2022: 229. Women 181 (79%), men 48 (21%). 43 people (women 77%, men 23%) had employment contracts with variable working hours (aka zero-hour contracts) in the period 1 January–28 February 2022. No employees have been on zero-hour contracts since 1 March 2022. There were no significant changes in the number of employees during 2022.	
2-8	Workers who are not employees		In addition to its own personnel, Alko's operations are supported by other people in a variety of positions. A total of 166 people (women 77%, men 23%) did work for Alko in 2022. These people worked in a variety of positions within the store network and in supporting tasks for development projects.	
2-9	Governance structure and composition	<a href="#">Corporate Governance</a> , <a href="#">Board of Directors and committees</a> , <a href="#">Members of the Board of Directors</a>		
2-10	Nomination and selection of the highest governance body	<a href="#">Board of Directors and committees</a>	The Annual General Meeting elects the Chair and Vice-Chair of the Board plus a minimum of three and a maximum of six members. The composition of the Board is prepared by the Ministry responsible for the company's ownership steering. The election of the Board members adheres to the guidelines of the Government Resolution on State Ownership Policy, which also include compliance with equality objectives and the diversity of the Board of Directors. The composition of the Board takes the requirements placed on the company's activities into account. Some of its elected members work in leadership or managerial positions in sectors such as alcohol policy, wellbeing at work, and social and healthcare policy. Prospective Board members must have the required competence, sufficient and diverse expertise, and complementary experience and knowledge of the sector. Both genders are represented on the Board. The term of office for Board members lasts from their election until the end of the following Annual General Meeting. Two personnel representatives take part in the meetings without the right to vote. The Board of Directors is convened at the invitation of the Chair or Vice-Chair of the Board. The principles adhered to by the Board of Directors in their work are contained in the Board's approved rules of procedure.	
2-11	Chair of the highest governance body		The Chair of the Board of Directors is not a member of senior management.	



Key figure	GRI content	Location	Additional information	Version
2-12	Role of the highest governance body in overseeing the management of impacts	<a href="#">Internal control and risk management, Board of Directors and committees</a>	<p>The Responsibility Committee of Alko's Board assists and supports the company's Board of Directors and senior management in an advisory role in order to achieve social and health policy objectives in accordance with the Alcohol Act and to attain the company's other strategic targets for responsibility.</p> <p>Alko's Board of Directors approves the company's risk management policy and monitors that risk management measures are adequate and effective. The Board of Directors examines sustainability impacts as part of its supervisory role. The Board of Directors' duties and corporate governance are described in more detail in Alko's <a href="#">Corporate Governance 2022</a>.</p>	
2-13	Delegation of responsibility for managing impacts	<a href="#">Alko's materiality themes, Corporate Governance, Board of Directors and committees</a>	<p>The responsibility working group handles the development projects and measures relating to responsibility. The Management Team reviews responsibility issues that are of key relevance to the strategy and action plan. The leader of each business unit and support function bears responsibility for operational management. Alko's Board of Directors regularly reviews the key responsibility measures that are prepared by the Board's Responsibility Committee. The Supervisory Board approves the annual plan for responsibility measures and presents a report on the actions carried out during the previous year. The President &amp; CEO reports on the responsibility actions at Alko's Annual General Meeting. According to the Government Resolution on State Ownership Policy issued on 8 April 2020, state-owned companies must report the following to the Annual General Meeting: climate targets and any measures taken towards achieving them, and the achievement of other quantifiable social responsibility objectives.</p>	
2-14	Role of the highest governance body in sustainability reporting	<a href="#">Corporate Governance, Board of Directors and committees</a>	<p>Alko's Board of Directors regularly discusses key responsibility measures, such as the most important aspects of responsibility as identified by the Board's Responsibility Committee on the basis of the materiality analysis. The Supervisory Board approves the annual plan for responsibility measures and presents a report on the actions carried out during the previous year. The President &amp; CEO reports on the implementation of the responsibility plan to Alko's General Meeting. Alko's Board of Directors approves Alko's ethical principles (and any amendments to them), the Financial Statements, the Report of the Board of Directors, and the half-year report. The Annual Report contains information about Alko's most significant impacts on the environment, economy and people, as well as information about its responsibility efforts and responsibility management. Half-year reports cover progress in responsibility work.</p>	
2-15	Conflicts of interest	<a href="#">Corporate Governance</a>	<p>Alko has ethical principles for preventing conflicts of interest. All employees and all members of Alko's Board of Directors and Management Team must comply with these principles. The interests of Board and Management Team members are reviewed every six months.</p>	
2-16	Communication of critical concerns	<a href="#">Corporate Governance</a>	<p>Alko's Whistleblowing channel provides another avenue for promoting responsible corporate culture. All reports of suspected misconduct that are made through the whistleblowing channel are reported to the Board of Directors' Audit Committee. The Audit Committee handles all cases regardless of their criticality. None of the cases reported via the whistleblowing channel in 2022 were classified as critical. The internal audit also evaluates the company's risk management, operational standards, management processes, and the adequacy and effectiveness of its internal controls in accordance with the operating principles approved by the Board of Directors. Internal auditing is an independent function that administratively falls under the authority of the President &amp; CEO and reports to the Board of Directors.</p>	
2-17	Collective knowledge of the highest governance body		<p>In addition to regularly discussing responsibility measures, the Board of Directors is provided with periodic reviews of the material aspects of Alko's responsibility work. The Board also discusses responsibility topics at more informal meetings. The criteria for appointing members of the Board of Directors is described in Alko's <a href="#">Corporate Governance 2022</a>.</p>	
2-18	Evaluation of the performance of the highest governance body		<p>Regular discussion of responsibility measures is one of the duties of Alko's Board of Directors. Every year, the Board assesses the independence of its members, evaluates the effectiveness of its activities and procedures, and judges its success in accomplishing its task. The duties of Alko's Board of Directors are described in more detail in the company's <a href="#">Corporate Governance 2022</a>.</p>	
2-19	Remuneration policies	<a href="#">Remuneration Report, Alko's diverse culture</a>	<p>Alko's monetary compensation consists of a basic salary, personnel benefits and a strategy incentive scheme that covers all personnel. Personnel receive incentives for achieving the key objectives in Alko's strategy. The strategic incentive scheme has targets related to responsibility. According to the Government Resolution on State Ownership Policy given on 8 April 2020, state-owned companies must describe their remuneration policy to the Annual General Meeting and justify any performance-related incentives that have been paid.</p>	
2-20	Process to determine remuneration	<a href="#">Remuneration report</a>	<p>No external remuneration consultants have been used to determine remuneration.</p>	
2-22	Statement on sustainable development strategy	<a href="#">President and CEO's review, Our strategy: Our shared Alko</a>		

Key figure	GRI content	Location	Additional information	Version
2-23	Policy commitments	<a href="#">Working together for human and labour rights, Managing material aspects of responsibility</a>	Alko is committed to all international declarations of human rights and complies with the UN guiding principles on business and human rights due diligence. Alko is a member of the international organisation amfori BSCI, and the company's operating model is based on amfori's Code of Conduct.  These ethical principles are operating principles that guide all Alko personnel in accordance with the current values and principles for responsible operations that have been approved by Alko's management. They cover the entire company, from store level right up to senior management, and everyone must comply with and promote these principles on a practical level. The Ethical Principles are available on <a href="#">Alko's website</a> .	
2-24	Embedding policy commitments	<a href="#">Working together for human and labour rights, Managing material aspects of responsibility</a>		
2-25	Processes to remediate negative impacts		Alko Inc. is a limited company owned by the Finnish State. Alko is a State instrument for implementing alcohol policy, and its operations are regulated by Parliament through the Alcohol Act. The Ministry of Social Affairs and Health is responsible for Alko's ownership steering. Responsibility for its external supervision lies with the National Supervisory Authority for Welfare and Health Valvira, the Finnish Competition and Consumer Authority, and the Regional State Administrative Agency. Valvira also reports to the EU Commission.	
2-26	Mechanisms for seeking advice and raising concerns	<a href="#">Corporate Governance</a>		
2-27	Compliance with laws and regulations		No legal sanctions were placed on Alko's operations during 2022.  On 30 November 2022, the Parliamentary Ombudsman issued a verdict on a case in which the Appellant had requested the ombudsman to investigate Alko Inc.'s conduct concerning the company's lack of information in Swedish. The Ministry of Social Affairs and Health was asked to announce the measures to be taken by 28 February 2023, such as considering any legislative measures required to clarify the regulation of the alcohol company's public administrative tasks in the Alcohol Act.	
2-28	Membership associations	<a href="#">Dialogue with our stakeholders is open and based on facts</a>		
2-29	Approach to stakeholder engagement	<a href="#">Dialogue with our stakeholders is open and based on facts</a>		
2-30	Collective bargaining agreements		Alko adheres to two collective agreements: The collective agreement for store personnel signed by the ALV Union and Service Sector Employers PALTA, and the collective agreement for salaried personnel signed by Alkoholialan Toimihenkilöt ry and Service Sector Employers PALTA. Alko adheres to these collective agreements in all employment contracts, except those in which a person's terms and conditions of employment have been agreed on using an executive employment contract. 99.8% of Alko employees are covered by collective agreements.	
<b>GRI 3: Material topics</b>				<b>2021</b>
3-1	Process to determine material topics	<a href="#">Alko's materiality themes, Reporting principles</a>		
3-2	List of material topics	<a href="#">Alko's materiality themes, Reporting principles</a>		
<b>ECONOMIC TOPICS</b>				
<b>GRI 201: Economic performance</b>				<b>2016</b>
3-3	Management of material topics	<a href="#">Managing material aspects of responsibility</a>		
201-1	Direct economic value generated and distributed	<a href="#">Profitability remained at a good level</a>		
201-2	Financial implications and other risks and opportunities due to climate change	<a href="#">Internal control and risk management, Environmentally friendly choices</a>	Risks and opportunities have not been reported in terms of monetary estimates or actual figures.	
201-4	Financial assistance received from government		Alko does not receive financial assistance. Alko is owned by the Finnish government.	
<b>GRI 203: Indirect economic impacts</b>				<b>2016</b>
3-3	Management of material topics	<a href="#">Managing material aspects of responsibility</a>		
203-2	Significant indirect economic impacts	<a href="#">Profitability remained at a good level</a>		

Key figure	GRI content	Location	Additional information	Version
	<b>GRI 205: Anti-corruption</b>			<b>2016</b>
3-3	Management of material topics	<a href="#">Managing material aspects of responsibility</a>		
205-2	Communication and training about anti-corruption policies and procedures	<a href="#">Corporate Governance</a>		
205-3	Confirmed incidents of corruption and actions taken	<a href="#">Corporate Governance</a>		
	<b>GRI 206: Anti-competitive behaviour</b>			<b>2016</b>
3-3	Management of material topics	<a href="#">Managing material aspects of responsibility</a>		
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices		In 2022, there were no legal actions, fines or other consequences arising from competition regulations.	
<b>ENVIRONMENTAL IMPACTS</b>				
Own aspect: climate friendly packaging materials, material efficiency and recycling	Own aspect: climate friendly packaging materials, material efficiency and recycling	<a href="#">Environmentally friendly choices</a>		
Own aspect: carbon dioxide emissions from beverage packaging	Own aspect: carbon dioxide emissions from beverage packaging	<a href="#">Environmentally friendly choices</a>		
Own aspect: supporting informed purchase decisions	Own aspect: supporting informed purchase decisions	<a href="#">Alko in brief, Selection built on responsibility and customer needs, Environmentally friendly choices</a>		
	<b>GRI 302: Energy</b>			<b>2016</b>
3-3	Management of material topics	<a href="#">Managing material aspects of responsibility</a>		
302-1	Energy consumption within the organisation	<a href="#">Environmentally friendly choices</a>		
	<b>GRI 305: Emissions</b>			<b>2016</b>
3-3	Management of material topics	<a href="#">Managing material aspects of responsibility</a>		
305-2	Energy indirect (Scope 2) GHG emissions	<a href="#">Environmentally friendly choices, Reporting principles</a>		
	<b>GRI 306: Waste</b>			<b>2020</b>
3-3	Management of material topics	<a href="#">Managing material aspects of responsibility</a>		
306-1	Waste generation and significant waste-related impacts	<a href="#">Environmentally friendly choices, Reporting principles</a>		
306-2	Management of significant waste-related impacts	<a href="#">Environmentally friendly choices, Reporting principles</a>		
306-3	Waste generated	<a href="#">Environmentally friendly choices, Reporting principles</a>		
<b>SOCIAL IMPACTS</b>				
Own aspect: The responsible retail sale of alcohol	Own aspect: The responsible retail sale of alcohol	<a href="#">Responsibility through sales supervision</a>		



Key figure	GRI content	Location	Additional information	Version
	<b>GRI 401: Employment</b>			<b>2016</b>
3-3	Management of material topics	<a href="#">Managing material aspects of responsibility</a>		
401-1	New employee hires and employee turnover	<a href="#">Alko's diverse culture</a>	Turnover 2022: 18.6%	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<a href="#">Alko's diverse culture</a>	The type of employment contract has no effect on how employee benefits are determined.	
	<b>GRI 402: Labour/management relations</b>			<b>2016</b>
3-3	Management of material topics	<a href="#">Managing material aspects of responsibility</a>		
402-1	Minimum notice periods regarding operational changes	<a href="#">Alko's diverse culture</a>	Change negotiations on employee reductions comply with the minimum notification period (five days) and negotiation period (14 days/six weeks) specified in the Cooperation Act. The cooperation agreements are attached to both collective agreements. They specify the purpose and objectives of the cooperation to be complied with at Alko and the parties involved. The cooperation agreements also specify the regulations governing the consultative committee. Alko's consultative committee comprises both employer representatives and representatives from both personnel organisations.	
	<b>GRI 403: Occupational health and safety</b>			<b>2018</b>
3-3	Management of material topics	<a href="#">Managing material aspects of responsibility</a>		
403-1	Occupational health and safety management system	<a href="#">Alko's diverse culture</a>	All employees are covered by an occupational safety organisation. We comply with the Occupational Health and Safety Act and the Occupational Healthcare Act.	
403-2	Hazard identification, risk assessment, and incident investigation	<a href="#">Alko's diverse culture</a>	Each Alko location assesses occupational safety risks on a quarterly basis as set out in the annual calendar. Any deficiencies identified during risk assessment are assigned to a supervisor who is responsible for development measures to eliminate occupational safety hazards and to develop occupational safety. Carrying out risk assessments is part of the employee induction programme. Workplace accidents reported by the business locations are investigated by the occupational protection organisation. Accidents that occur during work commutes are not investigated – it is more challenging to influence them, as we cannot affect the environment outside our own locations.	
403-3	Occupational health services	<a href="#">Alko's diverse culture</a>	Alko's occupational healthcare services have been organised at a national level and cover all personnel. Occupational healthcare plays an important role in preventing and combating health hazards caused by work and working conditions, and in promoting and protecting employees' health, safety and working capacity. Occupational healthcare conducts regular workplace surveys.	
403-4	Worker participation, consultation, and communication on occupational health and safety	<a href="#">Alko's diverse culture</a>	The collective agreement includes an occupational safety agreement. Alko has a company-level occupational safety committee that includes representatives of personnel groups. Composition: 4 representatives of waged staff/salespeople, 2 representatives of salaried staff, 2 representatives of the employer.	
403-5	Worker training on occupational health and safety	<a href="#">Alko's diverse culture</a>	Employees are given induction in occupational health and safety issues. In addition, all employees receive safety training and online training on topics related to health and working capacity. Regular training on working capacity management is also organised for supervisors. Subcontractors are responsible for this with regard to their own employees in cooperation with Alko.	
403-6	Promotion of worker health	<a href="#">Alko's diverse culture</a>	In addition to statutory occupational healthcare, Alko provides extensive occupational healthcare services, medical treatment, specialised medical treatment and wellbeing services.	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<a href="#">Working together for human and labour rights</a>	Alko's goods suppliers commit to Alko's responsibility requirements by approving amfori BSCI's Code of Conduct and the principle of due diligence contained therein.	
403-8	Workers covered by an occupational health and safety management system	<a href="#">Alko's diverse culture</a>	Everyone working for Alko is covered by its occupational health and safety management system.	
	<b>GRI 404: Training and education</b>			<b>2016</b>
3-3	Management of material topics	<a href="#">Managing material aspects of responsibility</a>		
404-1	Average hours of training per year per employee	<a href="#">Alko's diverse culture</a>	Average hours of training per employee in 2022: 29.9 hours. This information cannot currently be reported by gender or role. We are enhancing our reporting to address this issue.	
404-2	Programmes for upgrading employee skills and transition assistance programmes	<a href="#">Alko's diverse culture</a>	Coaching is provided as required during transitions, and supervisors are offered support for managing transitions. No significant transitions occurred in 2022. The company does not have transition training programmes for retirement.	
404-3	Percentage of employees receiving regular performance and career development reviews	<a href="#">Alko's diverse culture</a>	Target and competence discussions are held regularly at Alko, 1–2 times a year. All personnel take part in these discussions.	

Key figure	GRI content	Location	Additional information	Version
	<b>GRI 405: Diversity and equal opportunity</b>			<b>2016</b>
3-3 Management of material topics	3-3 Management of material topics	<a href="#">Managing material aspects of responsibility</a>		
405-1 Diversity of governance bodies and employees	405-1 Diversity of governance bodies and employees	<a href="#">Alko's diverse culture, Board of Directors and committees, Management Team</a>	The diversity of personnel groups is shown in the <a href="#">Personnel in figures</a> section of the Annual Report.	
405-2 Ratio of basic salary and remuneration of women to men	405-2 Ratio of basic salary and remuneration of women to men		Basic salaries for store staff are determined in accordance with the salary tables contained in the applicable collective agreement. The remuneration system for store staff is skill-based, and Alko compensates staff for both demonstrable expertise and competence development. The competence assessment process is an integral part of the remuneration system, and every salesperson's competence is assessed annually. Basic salaries for employees in expert and supervisory positions are determined on the basis of position-specific competence requirements, actual competence and performance. The HAY System's classifications and contractual salary grades are applied to office staff. The classification factors are divided into know-how, accountability and problem-solving. Store group supervisors are covered by a contractual salary system in which their minimum salary is determined on the basis of the store group's net sales and customer numbers. Alko conducted a salary analysis as part of our diversity plan (2021, next analysis in 2023), and determined the basic salary level for men and women working in the same position or comparable positions (tasks within the same competence classification). The grounds for remuneration are the same, regardless of gender. The salary analysis did not detect any differences in the remuneration paid to employees working in the same or comparable positions.	
	<b>GRI 406: Non-discrimination</b>			<b>2016</b>
3-3	Management of material topics	<a href="#">Managing material aspects of responsibility</a>		
406-1	Incidents of discrimination and corrective actions taken		No reported cases in 2022.	
	<b>GRI 407: Freedom of association and collective bargaining</b>			<b>2016</b>
3-3	Management of material topics	<a href="#">Managing material aspects of responsibility</a>		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	<a href="#">Working together for human and labour rights</a>		
	<b>GRI 414: Supplier social assessment</b>			<b>2016</b>
3-3	Management of material topics	<a href="#">Managing material aspects of responsibility</a>		
414-1	New suppliers that were screened using social criteria	<a href="#">Working together for human and labour rights</a>	All of Alko's product suppliers sign a Code of Conduct when they offer products for the selection. Suppliers and producers of beverages in Alko's general selection are subject to assessment. More detailed information about the supply chain is collected and assessed, and operations are monitored in high-risk areas. Producers are audited on the basis of risks. The company has not kept any statistics on the percentage accounted for by new suppliers with respect to these risks.	
	<b>GRI 415: Public policy</b>			<b>2016</b>
3-3	Management of material topics	<a href="#">Managing material aspects of responsibility</a>		
415-1	Political contributions	<a href="#">Profitability remained at a good level</a>		
	<b>GRI 416: Customer health and safety</b>			<b>2016</b>
3-3	Management of material topics	<a href="#">Managing material aspects of responsibility</a>		
416-1	Assessment of the health and safety impacts of product and service categories	<a href="#">Selection built on responsibility and customer needs</a>	Products in the general and seasonal selections and large special editions undergo sensory evaluation. All products must be laboratory tested before being included in the selection. In the case of the general and seasonal selections, this testing is always performed at Alko's own laboratory. In addition, product quality is monitored with a risk-based quality control programme and customer feedback	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		There were no public consumer recalls of products in 2022.	
	<b>GRI 417: Marketing and labelling</b>			<b>2016</b>
3-3	Management of material topics	<a href="#">Managing material aspects of responsibility</a>		
417-1	Requirements for product and service information and labelling		A total of 1,863 label mark inspections were performed (2021: 2,027).	



# FINANCIAL STATEMENTS

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# 2022 REPORT OF THE BOARD OF DIRECTORS

In accordance with the Nordic welfare model, Alko has two aims: to prevent and reduce the harmful effects of alcohol on society, and to enable people to enjoy beverages in a responsible manner.

Alko's strategy was updated in 2022. According to the new "Our shared Alko" strategy, the company's operations are steered by its purpose ("Responsible enjoyment"), its customer promise ("World-class customer service") and its way of working ("Worthy of trust"). Alko's strategic focuses:

- World-class service
- Our shared Alko, suitable for me
- Business on a sustainable footing
- Responsibility is at home at Alko.

Strategy implementation began with the supervisor days held in September, and will continue through key objectives in 2023.

In order to ensure operational efficiency, Alko has continued to enhance its processes, its business forecasting and the effectiveness of its measures. Particular attention has been paid to background processes in stores, such as the receipt of goods and how cash is handled. These measures ensured that cost increases remained moderate in spite of the cost pressures brought by inflation.

Finns support Alko and its responsible mission to be of service to both customers and Finland's welfare society. 61 per cent (2021: 61%) of Finns consider the restrictions imposed by alcohol policy to be suitable or would like to see tighter restrictions, while 29 (29) per cent would like to relax the restrictions. Women are in favour of stricter restrictions than men. 72 (67) per cent of respondents do not want to see wines in grocery stores if that would also mean that spirits could be sold in grocery stores. 81 (81) per cent of Finns think Alko has been highly or quite successful in its customer service. When it comes to responsibility, 81 (81) per cent are of the opinion that the company has achieved its objectives very or quite well. This information comes from Kantar TNS Oy and the National Institute for Health and Welfare's annual Alcohol Gallup survey, which has been carried out since 1984. The survey was completed in February 2023.

The easing of coronavirus restrictions was reflected in Alko's 2022 sales figures. Sales volumes returned to the level of the last pre-pandemic year (2019). On-trade sales of alcohol recovered, and travellers' private imports started to rise again.

Alko's net sales including alcohol tax totalled EUR 1,187.3 (1,290.3) million. Net sales excluding alcohol tax were EUR 587.3 (634.0) million. Alko's personnel costs totalled 89.0 (86.1) million euros. Fixed costs totalled EUR 150.8 (148.4)

million, and they rose by 1.6 per cent on the previous year. Other operating expenses were EUR 0.1 million less than in the previous year. Operating profit totalled EUR 49.9 (67.6) million, representing 4.2 (5.2) per cent of net sales including alcohol tax.

Financial income and expenses totalled EUR -1.6 (1.7) million in 2022. Profit for the financial year was EUR 38.4 (55.4) million. The balance sheet total came to EUR 272.2 (291.9) million. The equity ratio came to 32.3 (37.5) per cent. The company's total investments amounted to EUR 7.4 (5.1) million. Investments mainly focused on strategic projects and developing the Alko store network. The company continued to invest in the development of its omnichannel customer service.

## KEY FIGURES

	2020	2021	2022
Net sales (EUR million)	1,296.7	1,290.3	<b>1,187.3</b>
Net sales excluding alcohol tax (EUR million)	640.6	634.0	<b>587.3</b>
Operating profit (EUR million)	64.8	67.6	<b>49.9</b>
Income tax on ordinary operations (EUR million)	-12.9	-13.9	<b>-9.9</b>
Profit for financial year (EUR million)	50.9	55.4	<b>38.4</b>
Income from ordinary operations (EUR million)	50.9	55.4	<b>38.4</b>
Dividend (proposal 2022) (EUR million)	60.0	60.0	<b>40.0</b>
Return on equity (%)	49.2	49.6	<b>39.0</b>
Equity ratio (%)	36.8	37.5	<b>32.3</b>
Balance sheet total (EUR million)	310.0	291.9	<b>272.2</b>
Gross investments in fixed assets (EUR million)	6.1	5.1	<b>7.4</b>
Average number of personnel during the financial year	2,454	2,472	<b>2,436</b>

### Taxation and prices

Alcohol taxes remained largely unchanged in 2022. The only change was in the taxation of beers of less than 3.5% ABV. The retail sales prices of Alko's entire selection increased moderately by only about two per cent. Goods suppliers had the opportunity to change their prices in April, July and October.

The alcohol tax, VAT, fees, corporation tax and dividends collected via Alko benefit everyone in Finland. A total of EUR 885 million in revenue from alcohol tax and VAT was accrued for the State in 2022.

### WORLD-CLASS SERVICE

Alko continued to develop its service network and digital customer experience with the aim of providing even smoother omnichannel service. In 2022, Alko's service network consisted of 373 (368) stores, 134 (143) pick-up points, the online shop and the mobile app.

During the year, new stores were opened in Tiirö (Hämeenlinna), Liisanlehto (Vaasa), Porvoo Old Town, Kolmisoppi (Kuopio), Masku, Katajanokka (Helsinki) and Hakunila (Vantaa). Two stores in Helsinki were closed: the Itä-Pasila store in May and the one in Sokos department store at the end of the year.

A total of 52.1 (55.4) million customers shopped at Alko. At the end of the year, the online shop had a total of 243,000 (210,000) registered customers and the mobile app had 232,000 (180,000) users. Online shop orders fell by 23 per cent on the previous year due to the lifting of coronavirus restrictions. Through Alkotoive, customers can request a product – either from Alko's selection or otherwise – to be stocked by a specific store. 31,000 requests were made during 2022, of which about 37 per cent were fulfilled.

Alko's service quality is measured with the National Customer Service Feedback Survey (KAP) carried out by Taloustutkimus.

In the survey, Alko received the best score in the Finnish retail sector for the fourteenth year in a row with an average score of 8.51 (target 1st place, previous year 1st place with an 8.55 average). Alko ranked second among all service companies, behind the library.

In the Data & Marketing Association of Finland's 2022 survey, customers ranked Alko's customer experience as the second best in Finland. The customer satisfaction NPS for the online shop rose to 80.1 (target 77.0, previous year 76.5). The customer service centre received a total of 80,000 (85,000) customer contacts in 2022.

### The world in a glass

Alko's selection featured drinks from 80 (79) countries. The company bought beverages from 919 (863) suppliers. Alko's sales in litres were generated by 13,476 (13,400) products in 2022. Stores carry an average selection of 1,100 products. The smallest Alko store has 340 products and the largest 3,500 products.

We list new products for sale on a weekly basis. Including seasonal products and special editions, 648 (671) new products were introduced to the general selection in 2022. 1,589 (1,874) new products were added to the sale-to-order selection. Alko's selection had 382 (280) non-alcoholic beverages at the end of the year.

We measure customer satisfaction with Alko's selection twice a year using a Selection Satisfaction Survey (carried out by Dagmar Drive). Selection satisfaction was high, with a score of 8.56 out of 10 (target 8.57, 2021 score 8.57).

## RESPONSIBILITY IS AT HOME AT ALKO

In line with its mandate, responsibility is the focal point of Alko's strategy. Responsibility is assured in decision-making and the daily work of all Alko employees.

Responsibility focused on measures to prevent the harmful effects of alcohol and reduce climate emissions. Alko engages in active dialogue with its stakeholders and continuously develops its activities on the basis of feedback.

### Responsibility management

Alko's responsibility measures cover all of the company's activities in three areas:

- Community – taking care of wellbeing
- Environment – sustainable consumption
- Together – act and make a difference

Alko sets clear annual targets for both responsible operations and their development. The responsibility working group handles the development projects and measures relating to responsibility. The Management Team reviews responsibility issues that are of key relevance to the strategy and action plan. Operative management is the responsibility of each head of unit.

Alko's Board of Directors regularly reviews the key responsibility measures that are prepared by the Board's Responsibility Committee. The Supervisory Board approves the annual plan for responsibility measures and presents a report on the actions carried out during the previous year. The President & CEO reports on the responsibility actions at Alko's Annual General Meeting. The AGM also decides on the maximum amount of donations to be granted by the company. Alko engages in close international cooperation in environmental issues and both the traceability and ethicality of the supply chain with the alcohol monopolies of Sweden, Norway, Iceland and the Faroe Islands.

Alko's responsibility performance is measured using the score generated by T-Media Oy's Confidence and Reputation survey. Favourable developments were seen in our responsibility image (average of three measurements = 3.46), which exceeded the target (target 3.42, 2021 score 3.42, on a scale of 1–5).

### Community – taking care of wellbeing

Our main responsibility theme was loneliness prevention, which we launched in 2021. This theme focused on tools for preventing loneliness, supporting self-motivated change and professional help for those who require it. Once again, our main partners were HelsinkiMissio and MIELI Mental Health Finland. Alko's support enabled MIELI to obtain more human resources for its Crisis helpline, while HelsinkiMissio launched a new Friday Call service aimed at reducing loneliness. We donated EUR 150,000 to Sekasin chat, which supports young people's mental wellbeing. Alko was also involved in HelsinkiMissio's *Work to Belong* programme, which seeks to promote a sense of solidarity and prevent loneliness in the workplace.

Our long-term cooperation with Mahis helps to promote wellbeing and inclusion among young people. Alko's support enabled the Youth Academy to provide group activities for more than 650 young people and offer emotional awareness and body consciousness training to 75 youth instructors.

Alko has already been partnering with the Finnish Association on Intellectual and Developmental Disabilities since 2015, by opening Alko stores nine minutes later than usual on 9 September to raise awareness about FASD (fetal alcohol spectrum disorders). FASD communications reached about 500,000 Finns in social media channels. The Finnish Paralympic Committee and Alko awarded the first Most

Equal Club of the Year grants on the International Day of Persons with Disabilities.

### Uncompromisingly responsible customer service

Checking age limits, suspected cases of intoxication and suspected handovers of alcohol to minors form part of Alko's responsible customer service and are a tangible means of preventing the harmful effects of alcohol at the individual level. 4.9 (5.7) million Alko customers showed proof of their legal age in stores. 0.4 (0.5) million checks of suspected intoxication and 0.3 (0.3) million checks of suspected handovers were also carried out.

The quality of age-limit checks is verified using Mystery Shopping commissioned from an external operator. In Mystery Shopping, young people of legal age make test purchases from stores and pick-up points. The success rate in age-limit checks in stores improved on 2021, standing at 97.3% compared to 93.6%. The result at pick-up points also improved: 87.3% compared to 70.1%. The improvements were due to a reduction in face mask usage and revisions to internal guidelines.

Almost 4,000 Core Cards were handed out in Alko stores. The Core Card lists a number of organisations that provide help with substance abuse problems; dealing with crises, violence and loneliness; and substance abuse problems during pregnancy and early parenthood. Core Cards are an important tool for Alko store personnel when a customer raises concerns about either their own alcohol use or that of a friend or family member.



## ENVIRONMENT – SUSTAINABLE CONSUMPTION

Alko updated its environmental policy, and also the objectives and measures for its own operations in its ISO 14 001 environmental management system. In addition to Alko's own operations, our environmental policy now places a greater emphasis on reducing climate emissions from the entire value chain. The international value chain accounts for a significant proportion of emissions, as 98 per cent of Alko's climate emissions are indirectly caused by its global and local value chains. Only 2 per cent are direct emissions from the company's own operations.

According to Alko's study, the company's value chain caused about 143,000 tons of greenhouse gas emissions (tCO<sub>2</sub>e), which is equivalent to the average annual emissions of 14,000 Finnish people. The most significant sources of emissions are beverage production and the cultivation of ingredients (53%), packaging (24%) and international transport (18%).

Alko and the other Nordic monopolies adopted a joint environmental roadmap. Their mission is to be a forerunner in the sustainable development of the alcoholic beverage industry, to encourage and enable supply chain operators to take responsible action, and to inspire customers to make more responsible choices. In addition to their previously approved goal of halving packaging emissions, their target is to halve the climate emissions of the entire value chain by 2030.

In accordance with the policy adopted in 2018, Alko's target is to halve the climate emissions from beverage packaging by 2030. A significant proportion of packaging emissions are caused by standard-weight glass bottles. In January–February and September–October, stores communicated the significance of beverage packaging in a product's carbon footprint. The carbon footprint of beverage packaging decreased by 2.7 per cent in terms of tons of CO<sub>2</sub> per million litres of beverages sold.

Alko's Green Choice labelling indicates the producer's commitment to environmental efforts and sustainable development. Green Choice products accounted for about 52 per cent of sales in litres. We have started to renew the labelling of our Green Choice and Ethical products. The update aims to increase the effectiveness of this labelling and to clarify how the customer is making a more responsible product choice.

## RESPECTING HUMAN RIGHTS

Alko is committed to respecting all internationally recognised human rights. Beverage suppliers commit to amfori BSCI's Code of Conduct for the supply chain, which is based on international agreements and commitments. Statutory responsibility requirements will increase over the coming years. Our purchase terms and conditions were updated to meet future requirements. For example, suppliers must exercise due diligence in their own supply chains, and new responsibility criteria can be set for products already listed in our selection. Alko aims to have a transparent supply chain for ingredients by 2030. In order to achieve these goals, we are engaging in close cooperation with suppliers through workshops and coaching.

Together with the other Nordic alcohol monopolies, Alko adopted a roadmap to guide human rights action. Our joint mission is to be a forerunner in sustainability in the alcohol industry, to protect and respect human rights in supply chains, and to achieve favourable developments in the working conditions of employees in the supply chain.

The *Living Wage* project was launched in collaboration with the other Nordic alcohol monopolies. This long-term project seeks to promote the payment of a living wage throughout the supply chain. To support the project, a study was commissioned on agricultural production costs, minimum wages and living wages. The results indicated a need to increase open data and gain a deeper understanding of existing value creation models. Living wages, workers' rights and working conditions were

also investigated in South Africa in collaboration with Fairtrade Finland. Although the statutory minimum wage was being paid on the farms included in the survey, a living wage is not yet being paid.

We continued our cooperation with the International Union of Food and Allied Workers (IUF), which started in 2020. It aims to promote workers' labour rights and to ensure that there is a mechanism in place for making complaints in the event that ethical principles are not implemented in practice. Our cooperation expanded from South Africa to Italy and the Caribbean.

## ETHICAL PRINCIPLES

Alko has Ethical Principles that have been approved by the Board of Directors and were completely updated in 2019. Competition law guidelines were added to our ethical principles in 2022. All personnel have completed online training in Alko's Ethical Principles. Our ethical principles guide each and every employee in accordance with the current values and principles for responsible operations that have been approved by the company's management. The ethical principles are discussed and approved by the company's Board of Directors on an annual basis.

In accordance with Alko's ethical principles, personnel may not accept or give any direct or indirect gifts or benefits that could be considered as bribery or corruption. Alko requires every employee to comply with and promote its ethical principles. In 2021, we introduced a whistleblowing channel in accordance with the EU Whistleblower Protection Directive.

In order to safeguard equality in our cooperation with suppliers, a set of rules has been drawn up for dealings between procurement personnel and suppliers, and likewise for dealings between stores and suppliers. During 2022, there were no ongoing legal cases or investigations into non-competitive behaviour involving Alko.

### OUR SHARED ALKO, SUITABLE FOR ME

Our updated strategy was published at the autumn Supervisor Days, and its implementation began. Competence development is an important factor in Alko's world-class customer service, product expertise and responsibility. A total of five days of training were offered to every Alko employee during the year.

After the pandemic, in-person service and product training resumed alongside a broad range of Teams and online coaching. During the year, we launched *Alko Expert* coaching on themes such as communications, diversity and workplace interaction, and strengthening business acumen. The leadership coaching we began in 2021 also continued in 2022. This coaching seeks to further deepen Alko's good leadership culture.

Alko had an average of 2,436 (2,472) employees in 2022. About 400 seasonal workers are hired on fixed-term contracts during the summer and Christmas seasons, and many of them stay on to become permanent employees. In early 2022, we introduced a new recruitment system and updated our onboarding process and materials.

Equality, non-discrimination and respect for diversity are key elements of our HR management and operating culture. We recruited service assistants to help with shelving tasks. These employees belong to special groups that face difficulties in finding employment. Favourable experiences mean that we will be recruiting more service assistants in 2023.

Alko makes outlays on personnel wellbeing and the prevention of working capacity risks – occupational healthcare and safety are an important aspect of this. 2022 also included some negotiations on collective agreements, which were conducted in good spirit with personnel representatives.

Alko's strategic incentive scheme uses targets and indicators for responsibility, customers, personnel and efficiency to

guide employees to successfully implement Alko's strategy through teamwork. Incentives are not based on sales growth or the company's financial result. A total of EUR 2.3 (4.5) million in incentives was paid, which accounted for 3.2 (6.3) per cent of personnel costs.

### SHARES AND SHAREHOLDERS

Alko Inc. has one series of shares (10,000,000 shares). The Government owns Alko's entire share capital.

### GOVERNANCE

Alko's Annual General Meeting elected Laura Raitio as Chair of Alko's Board of Directors and Markku Tervahauta as Vice-Chair. Mikko Forsell, Kirsi Paakkari, Pekka Perttula and Ulrika Romantschuk were elected as Members of the Board. The Annual General Meeting also elected Kirsi Varhila as Vice-Chair as of 1 June 2022, at which point Markku Tervahauta continued as a Member of the Board.

Personnel representatives Riina Väntsi (Chair, Alkoholialian Toimihenkilöt ry) and Sini Heikkinen (Chair, ALV Union) attend the Board of Directors' meetings without the right to vote. Antti Turunen (Chair, ALV Union) replaced Sini Heikkinen as of 5 July 2022.

The Board of Directors has three committees, namely the Audit, Personnel and Responsibility Committees. Pricewaterhouse Coopers Oy, a firm of Authorised Public Accountants, was appointed as the company's auditor. Authorised Public Accountant Enel Sintonen was chief auditor until 1 October 2022, when Authorised Public Accountant Tiina Puukkoniemi took over.

The taxonomy assessment criteria that have been published by the EU Commission to date do not include the retail sector. Alko's operations did not, therefore, fall within the scope of the taxonomy classification system in 2022.

### RISK MANAGEMENT

Alko's Board of Directors approves the company's risk management policy and monitors that risk management measures are adequate and effective. The President & CEO is, with the assistance of the Management Team, responsible for risk management policy and its enforcement, and also for ensuring that risk management is appropriately arranged. Alko's risk management is based on systematically and proactively analysing and managing the threats and opportunities related to its activities. These risks are classified as strategic and operational risks. The Compliance Officer is responsible for analysing and monitoring the company's overall risk map, and for raising any necessary measures for discussion by management.

The Management Team regularly assesses risks that may impact on its future development and profitability. Units assess operational risks in their own areas of responsibility in accordance with the annual calendar for risk management. When risk assessments are performed, named persons are assigned to manage these risks by defining preventative measures and ensuring their implementation.

The most critical risks are:

- A change in Alko's position as a result of alcohol legislation
- A weakening in Alko's service, so that it no longer meets customer needs
- Operational responsibility: selling alcohol to minors or intoxicated people in violation of the principles of responsible customer service, environmental and social responsibility risks in the alcoholic beverage supply chain.
- Personnel availability and competence development
- Alko's special mandate is not clear to consumers and stakeholders
- business interruptions caused by disruptions in ICT services and cybercrime
- Rising costs and weakened financial performance due to the global economic situation

### EVENTS AFTER THE END OF THE FINANCIAL PERIOD

No significant events deviating from ordinary business operations have occurred after the end of the financial period.

### OUTLOOK FOR 2023

Sales of alcoholic beverages in litres are expected to fall on the previous year. This decrease is an ongoing consequence of the lifting of the coronavirus restrictions that were still in force in early 2022.

Uncertainty in the global situation and with regard to inflation pose challenges for forecasting. Salary increases and suppliers' price increases put pressure on rising operating costs. In order to ensure operational efficiency, we are continually enhancing our processes, our business forecasting and the effectiveness of our measures.

Alko is implementing measures in line with its updated strategy. Operating profit is expected to fall on 2022.

### THE BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFITS

The Board proposes that EUR 200,603.44 be transferred from the other equity fund to the unrestricted equity fund to cover the costs of improving wellbeing at work.

The parent company's distributable funds at 31 December 2022 totalled EUR 70,743,205.64 (EUR 91,686,733.92), of which EUR 38,425,284.51 (EUR 55,405,875.63) is profit for the financial year.

The Board proposes that the company's distributable funds be used as follows:

• distributed as a dividend	EUR 40,000,000.00
• retained under equity	EUR 30,743,205.64
	<hr/>
	EUR 70,743,205.64

No substantial changes have occurred in the company's financial position since the end of the financial year. Alko's liquidity is good and, in the Board's opinion, will not be jeopardised by the proposed distribution of profits.



# INCOME STATEMENT AND BALANCE SHEET

## ALKO GROUP

INCOME STATEMENT, FAS*	MEUR	Note	1 Jan-31 Dec 2022	1 Jan-31 Dec 2021
<b>NET SALES</b>			1,187.4	1,290.4
Other operating income		2.1	2.3	1.9
Materials and services		2.2	-988.9	-1,076.3
Personnel costs		2.4	-89.0	-86.1
Depreciation and write-downs		2.6	-9.6	-8.3
Other operating expenses		2.8	-54.4	-54.0
<b>OPERATING PROFIT</b>			<b>47.8</b>	<b>67.6</b>
Financial income and expenses		2.9, 2.10	-1.6	1.7
<b>PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES</b>			<b>46.2</b>	<b>69.4</b>
Income taxes		2.11	-9.5	-13.8
<b>PROFIT/LOSS FOR FINANCIAL YEAR</b>			<b>36.7</b>	<b>55.5</b>

\* FAS = Finnish Accounting Standards

BALANCE SHEET, FAS	MEUR	Note	31 Dec 2022	31 Dec 2021
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Intangible assets		3.1, 3.4	3.8	3.3
Tangible assets		3.2, 3.5	39.3	42.0
Investments		3.3, 3.6	3.0	3.0
<b>NON-CURRENT ASSETS</b>			<b>46.2</b>	<b>48.4</b>
<b>CURRENT ASSETS</b>				
Inventories		4.3	73.7	78.8
Non-current receivables		4.4	0.1	0.1
Deferred tax assets			1.1	1.0
Current receivables		4.6	18.5	12.5
Cash and cash equivalents		4.1	134.1	154.7
<b>CURRENT ASSETS</b>			<b>227.5</b>	<b>247.1</b>
<b>ASSETS</b>			<b>273.7</b>	<b>295.5</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
<b>SHAREHOLDERS' EQUITY</b>				
Share capital			16.8	16.8
Other funds			0.2	0.8
Retained profit			34.4	38.3
Profit/loss for financial year			36.7	55.5
<b>SHAREHOLDERS' EQUITY</b>		5.1	<b>88.2</b>	<b>111.4</b>
<b>OBLIGATORY PROVISIONS</b>		6.1	<b>0.0</b>	<b>0.0</b>
<b>LIABILITIES</b>				
Non-current non-interest-bearing liabilities		7.1	0.0	0.0
Deferred tax liability			1.0	1.4
Current non-interest-bearing liabilities		7.3	184.5	182.6
<b>LIABILITIES</b>			<b>185.5</b>	<b>184.0</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			<b>273.7</b>	<b>295.5</b>

# CASH FLOW STATEMENT

## ALKO GROUP

CASH FLOW STATEMENT, FAS	MEUR	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021	CASH FLOW STATEMENT, FAS	MEUR	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
<b>CASH FLOW FROM OPERATIONS</b>				<b>CASH FLOW FROM INVESTMENTS</b>			
Profit/loss for financial year		36.7	55.5	Investments in tangible and intangible assets		-7.5	-5.7
<b>ADJUSTMENTS</b>				Income from the surrender of tangible and intangible assets		0.1	0.0
Depreciation and write-downs		9.6	8.3	Acquisition of subsidiaries		0.0	0.0
Capital gains (-) and losses (+) on non-current assets		-0.1	0.0	Divested shares in associated companies		0.0	0.0
Financial income and expenses		1.6	-1.7	Other investments		0.0	0.0
Income taxes		9.5	13.8	Income from the surrender of other investments		0.0	0.0
Other adjustments		-1.0	-0.3	<b>CASH FLOW FROM INVESTMENTS</b>		<b>-7.4</b>	<b>-5.7</b>
Cash flow before change in working capital		56.3	75.6	<b>CASH FLOW FROM FINANCIAL OPERATIONS</b>			
<b>CHANGE IN WORKING CAPITAL</b>				Dividends paid		-60.0	-60.0
Increase(-)/decrease(+) in inventories		5.0	1.6	<b>CASH FLOW FROM FINANCIAL OPERATIONS</b>		<b>-60.0</b>	<b>-60.0</b>
Increase (-) /decrease (+) in current non-interest-bearing accounts receivable		-6.0	1.4	<b>CHANGE IN FINANCIAL POSITION</b>			
Increase (+) /decrease (-) in current non-interest-bearing liabilities		2.7	-14.3	Financial resources at the beginning of the year		154.7	168.1
Change in provisions		0.0	0.0	Change in financial position		-20.5	-13.5
Cash flow from operations before financial items and taxes		58.0	64.4	Financial resources at the end of the year		134.1	154.7
Interest paid on operations		-0.5	0.0				
Dividends received from operations		0.0	0.0				
Interest received from operations		0.2	1.8				
Other financial items from operations		0.0	0.0				
Direct taxes paid		-10.7	-13.9				
<b>CASH FLOW FROM OPERATIONS</b>		<b>46.9</b>	<b>52.3</b>				

# INCOME STATEMENT AND BALANCE SHEET

## ALKO INC.

INCOME STATEMENT, FAS* MEUR	Note	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
<b>NET SALES</b>		1,187.3	1,290.3
Other operating income	2.1	2.3	1.9
Materials and services	2.2	-988.9	-1,076.3
Personnel costs	2.4	-89.0	-86.1
Depreciation and write-downs	2.6	-7.4	-7.7
Other operating expenses	2.8	-54.5	-54.6
<b>OPERATING PROFIT</b>		<b>49.9</b>	<b>67.6</b>
Financial income and expenses	2.9, 2.10	-1.6	1.7
<b>PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES</b>		<b>48.3</b>	<b>69.3</b>
Income taxes	2.11	-9.9	-13.9
<b>PROFIT/LOSS FOR FINANCIAL YEAR</b>		<b>38.4</b>	<b>55.4</b>

\* FAS = Finnish Accounting Standards

BALANCE SHEET, FAS MEUR	Note	31 Dec 2022	31 Dec 2021
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	3.1, 3.4	3.8	3.3
Tangible assets	3.2, 3.5	11.9	12.4
Investments	3.3, 3.6	30.2	30.2
<b>NON-CURRENT ASSETS</b>		<b>45.9</b>	<b>45.8</b>
<b>CURRENT ASSETS</b>			
Inventories	4.3	73.7	78.8
Non-current receivables	4.4	0.1	0.1
Current receivables	4.6	18.5	12.5
Cash and cash equivalents	4.1	134.0	154.7
<b>CURRENT ASSETS</b>		<b>226.3</b>	<b>246.0</b>
<b>ASSETS</b>		<b>272.2</b>	<b>291.9</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		16.8	16.8
Other funds		0.2	0.8
Retained profit		32.3	36.3
Profit/loss for financial year		38.4	55.4
<b>SHAREHOLDERS' EQUITY</b>	5.1	<b>87.8</b>	<b>109.3</b>
<b>OBLIGATORY PROVISIONS</b>	6.1	<b>0.0</b>	<b>0.0</b>
<b>LIABILITIES</b>			
Non-current non-interest-bearing liabilities	7.1	0.0	0.0
Current non-interest-bearing liabilities	7.2, 7.3	184.4	182.5
<b>LIABILITIES</b>		<b>184.5</b>	<b>182.5</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>272.2</b>	<b>291.9</b>



# CASH FLOW STATEMENT

## ALKO INC.

CASH FLOW STATEMENT, FAS	MEUR	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021	CASH FLOW STATEMENT, FAS	MEUR	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
<b>CASH FLOW FROM OPERATIONS</b>				<b>CASH FLOW FROM INVESTMENTS</b>			
Profit/loss for financial year		38.4	55.4	Investments in tangible and intangible assets		-7.4	-5.1
<b>ADJUSTMENTS</b>				Income from the surrender of tangible and intangible assets		0.1	0.0
Depreciation and write-downs		7.4	7.7	Divested shares in associated companies		0.0	0.0
Capital gains (-) and losses (+) on non-current assets		-0.1	0.0	Other investments		0.0	0.0
Financial income and expenses		1.6	-1.7	Income from the surrender of other investments		0.0	0.0
Income taxes		9.9	13.9	<b>CASH FLOW FROM INVESTMENTS</b>		<b>-7.4</b>	<b>-5.1</b>
Other adjustments		-1.0	-0.3	<b>CASH FLOW FROM FINANCIAL OPERATIONS</b>			
Cash flow before change in working capital		56.2	75.0	Dividends paid		-60.0	-60.0
<b>CHANGE IN WORKING CAPITAL</b>				<b>CASH FLOW FROM FINANCIAL OPERATIONS</b>		<b>-60.0</b>	<b>-60.0</b>
Increase(-)/decrease(+) in inventories		5.0	1.6	<b>CHANGE IN FINANCIAL POSITION</b>			
Increase (-) /decrease (+) in current non-interest-bearing accounts receivable		-6.0	1.4	Financial resources at the beginning of the year		154.7	167.4
Increase (+) /decrease (-) in current non-interest-bearing liabilities		2.7	-13.6	Change in financial position		-20.6	-12.7
Change in provisions		0.0	0.0	Financial resources at the end of the year		134.0	154.7
Cash flow from operations before financial items and taxes		57.8	64.5				
Interest paid on operations		-0.5	0.0				
Dividends received from operations		0.0	0.0				
Interest received from operations		0.2	1.8				
Other financial items from operations		0.0	0.0				
Direct taxes paid		-10.7	-13.9				
<b>CASH FLOW FROM OPERATIONS</b>		<b>46.7</b>	<b>52.4</b>				

# 1 NOTES TO THE ACCOUNTING PRINCIPLES USED IN THE CONSOLIDATED FINANCIAL STATEMENTS

## SCOPE OF THE CONSOLIDATED STATEMENT AND ACCOUNTING PRINCIPLES

The Alko Group consists of the parent company Alko Oy (Business ID: 1505551-4) and three subsidiaries in the form of real estate companies. Puolangan Keskus (50.48%), Raahen Asemakatu 12 (57.9%) and Kiinteistö Oy Arkadiantalo (100%).

The Consolidated Financial Statements include Kiinteistö Oy Arkadiantalo. Other subsidiaries have no material effect in the result or the financial position.

## INTERNAL SHAREHOLDINGS

The Consolidated Financial Statements have been prepared using the purchase method. Depreciation is carried out according to the depreciation plan for non-current assets.

## INTER-COMPANY TRANSACTIONS AND MARGINS

Intra-Group transactions, unrealised margins on internal deliveries, internal receivables and payables, as well as internal profits, are eliminated.

## MINORITY INTERESTS

There are no minority interests.

## COMPARABILITY OF THE FINANCIAL STATEMENTS

The financial statements are comparable.

## VALUATION PRINCIPLES

### Net sales

Net sales include excise taxes.

### Fixed asset valuation

Fixed assets are stated at cost minus planned depreciation. Planned depreciation has been calculated on a straight-line basis over the useful life of the item in question. Depreciation begins from the month when the item was first used. The depreciation plan is the same as in the previous year.

Depreciation periods:	Years
Buildings	25–40
Structures	20
Machinery and equipment	5
Transport equipment	5
Computer hardware	3
Computer software	3–5
Renovation of store premises	5

### Valuation of inventories

Inventories have been valued at their average acquisition price. Store inventories include excise duty. The central warehouse in Voutila, Vantaa is excise duty free.

### Valuation of financial assets

Financial securities are valued at historical cost or, if lower, at the likely price of surrender.

### Items denominated in foreign currencies

Any receivables and liabilities denominated in foreign currencies are converted into euros at the rate on the last day of the financial year.

## 2 NOTES TO THE INCOME STATEMENT, FAS

MEUR	ALKO GROUP		ALKO INC.	
	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
<b>2.1 OTHER OPERATING INCOME</b>				
Rental income	1.5	1.2	1.5	1.2
Other operating income	0.8	0.8	0.8	0.8
Profit on the sale of fixed assets	0.0	0.0	0.0	0.0
Total other operating income	2.3	1.9	2.3	1.9
<b>2.2 MATERIALS AND SERVICES</b>				
Purchases during the financial period	-979.1	-1,068.9	-979.1	-1,068.9
Increase/decrease in inventories	-4.8	-1.2	-4.8	-1.2
Materials, consumables and supplies	-983.9	-1,070.2	-983.9	-1,070.2
Outsourced services	-4.9	-6.1	-4.9	-6.1
Total materials and services	-988.9	-1,076.3	-988.9	-1,076.3
<b>2.3 AVERAGE NUMBER OF PERSONNEL DURING THE FINANCIAL YEAR</b>				
	2,436	2,472	2,436	2,472
<b>2.4 PERSONNEL COSTS</b>				
Wages, salaries and remuneration	-72.1	-71.1	-72.1	-71.1
Pension expenses	-14.2	-12.3	-14.2	-12.3
Other personnel-related expenses	-2.7	-2.7	-2.7	-2.7
Total personnel costs	-89.0	-86.1	-89.0	-86.1

Alko personnel whose employment contract started before 31 December 1991 are covered by the supplementary pension system. Their retirement age varies between 58 and 63, and their pension is 66% of the retirement salary.

On 31 December 2022, the OP-Life group pension insurance taken out by the parent company had an additional insurance fund of EUR 15.7 million (EUR 15.4 million). The parent company is obliged to take out insurance to cover annual increases in supplementary pensions in accordance with TyEL indexes. The additional insurance fund is used to prepare for future increases. Contributions made to the additional insurance fund are treated as personnel expenses in the year of payment. EUR 2.0 (0.0) million was paid into the fund during the 2022 financial year.

MEUR	ALKO GROUP		ALKO INC.	
	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
<b>2.5 SALARIES, REMUNERATION AND BENEFITS PAID TO MANAGEMENT</b>				
President & CEO	0.4	0.5	0.4	0.5
Members of the Board of Directors	0.2	0.1	0.2	0.1
Supervisory Board wages, salaries and remuneration	0.1	0.0	0.1	0.0
Total salaries, remuneration and benefits paid to Management	0.6	0.7	0.6	0.7
Incentive bonuses are included in salaries on an accrual basis.				
<b>2.6 DEPRECIATION AND WRITE-DOWNS</b>				
Depreciation according to plan	-9.6	-8.3	-7.3	-7.7
Depreciation according to plan on non-current assets and goodwill	-9.6	-8.3	-7.3	-7.7
Reversed impairment on non-current asset items	-0.1	0.0	-0.1	0.0
Total depreciation and write-downs	-9.6	-8.3	-7.4	-7.7
<b>2.7 AUDITOR'S FEES</b>				
KPMG Oy Ab until 6 May 2022				
Auditing	0.0	0.0	0.0	0.0
Other fees	0.0	0.1	0.0	0.1
Total auditor's fees	0.0	0.1	0.0	0.1
PricewaterhouseCoopers Oy as of 6 May 2022				
Auditing	0.1	0.0	0.1	0.0
Other fees	0.0	0.0	0.0	0.0
Total auditor's fees	0.1	0.0	0.1	0.0



MEUR	ALKO GROUP		ALKO INC.	
	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
<b>2.8 OTHER OPERATING EXPENSES</b>				
Rents	-20.6	-19.8	-21.4	-21.1
Voluntary personnel-related expenses	-2.6	-2.3	-2.6	-2.3
Capital losses on non-current assets	0.0	0.0	0.0	0.0
Support given	-0.4	0.0	-0.4	0.0
Energy	-1.5	-1.3	-1.2	-1.2
Work outfits and equipment	-1.8	-2.3	-1.8	-2.3
Construction and repair services	-0.9	-0.8	-0.8	-0.7
IT services	-11.5	-11.7	-11.5	-11.7
Other outsourced services	-5.0	-5.3	-5.0	-5.3
Communications and marketing	-3.1	-3.4	-3.1	-3.4
Telecommunications	-1.0	-0.9	-1.0	-0.9
Credit card commissions and cash handling	-4.4	-4.7	-4.4	-4.7
Other expenses	-1.5	-1.3	-1.2	-0.9
<b>Total other operating expenses</b>	<b>-54.4</b>	<b>-54.0</b>	<b>-54.5</b>	<b>-54.6</b>
<b>FINANCIAL INCOME AND EXPENSES</b>				
<b>2.9 FINANCIAL INCOME</b>				
Dividends from others	0.0	0.0	0.0	0.0
Income from holdings	0.0	0.0	0.0	0.0
Other interest and financial income from others	0.2	1.6	0.2	1.6
<b>Other financial income</b>	<b>0.2</b>	<b>1.6</b>	<b>0.2</b>	<b>1.6</b>
<b>Total financial income</b>	<b>0.2</b>	<b>1.6</b>	<b>0.2</b>	<b>1.6</b>

MEUR	ALKO GROUP		ALKO INC.	
	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
<b>2.10 FINANCIAL EXPENSES</b>				
Impairment on investments in non-current assets	0.0	0.0	0.0	0.0
Other financial expenses	-1.7	0.2	-1.7	0.2
<b>Total other interest and financial expenses</b>	<b>-1.7</b>	<b>0.2</b>	<b>-1.7</b>	<b>0.2</b>
<b>Total financial expenses</b>	<b>-1.7</b>	<b>0.2</b>	<b>-1.7</b>	<b>0.2</b>
<b>Total financial income and expenses</b>	<b>-1.6</b>	<b>1.7</b>	<b>-1.6</b>	<b>1.7</b>
Profit/loss from exchange rates	0.0	0.0	0.0	0.0
<b>Total profit/loss from exchange rates</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>2.11 DIRECT TAXES</b>				
Income tax on operations	-9.9	-13.9	-9.9	-13.9
Changes in deferred tax liabilities and assets	0.4	0.1	0.0	0.0
<b>Income tax on operations</b>	<b>-9.5</b>	<b>-13.8</b>	<b>-9.9</b>	<b>-13.9</b>

# NOTES TO THE BALANCE SHEET

## 3 NON-CURRENT ASSETS

MEUR	ALKO GROUP		ALKO INC.	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
<b>3.1 INTANGIBLE ASSETS</b>				
Other capitalised expenditures	2.4	2.6	2.4	2.6
Advance payments on intangible assets	1.4	0.7	1.4	0.7
Total intangible assets	3.8	3.3	3.8	3.3
<b>3.2 TANGIBLE ASSETS</b>				
Land and water areas	13.9	13.9	0.0	0.0
Buildings and structures	13.5	15.8	0.0	0.0
Machinery and equipment	11.9	12.3	11.9	12.3
Other tangible assets	0.0	0.0	0.0	0.0
Advance payments for ongoing acquisitions	0.0	0.0	0.0	0.0
Total tangible assets	39.3	42.0	11.9	12.4
<b>3.3 INVESTMENTS</b>				
Holdings in Group companies	0.1	0.1	27.2	27.2
Holdings in associated companies	0.6	0.6	0.6	0.6
Other shares and holdings	2.3	2.4	2.3	2.4
Total investments	3.0	3.0	30.2	30.2
Total non-current assets	46.2	48.4	45.9	45.8

## 3.4 INTANGIBLE ASSETS

### ALKO GROUP

INTANGIBLE ASSETS 2021	MEUR	Other capitalised expenditures	Advance payments	Total
Acquisition cost, 1 January		30.9	0.2	31.1
Increase		0.1	1.3	1.4
Decrease				0.0
Transfers between items		0.8	-0.8	0.0
Acquisition cost, 31 December		31.8	0.7	32.5
Accumulated depreciation, 1 January		-26.9		-26.9
Accumulated depreciation on decreases and transfers		0.0		0.0
Depreciation for the financial year		-2.3		-2.3
Accumulated depreciation, 31 December		-29.2		-29.2
<b>Book value, 31 December</b>		<b>2.6</b>	<b>0.7</b>	<b>3.3</b>

INTANGIBLE ASSETS 2022	MEUR	Other capitalised expenditures	Advance payments	Total
Acquisition cost, 1 January		31.8	0.7	32.5
Increase		0.1	2.2	2.3
Decrease		-2.5		-2.5
Transfers between items		1.5	-1.5	0.0
Acquisition cost, 31 December		30.9	1.4	32.3
Accumulated depreciation, 1 January		-29.2		-29.2
Accumulated depreciation on decreases and transfers		2.5		2.5
Depreciation for the financial year		-1.8		-1.8
Accumulated depreciation, 31 December		-28.5		-28.5
<b>Book value, 31 December</b>		<b>2.4</b>	<b>1.4</b>	<b>3.8</b>

### ALKO INC.

INTANGIBLE ASSETS 2021	MEUR	Other capitalised expenditures	Advance payments	Total
Acquisition cost, 1 January		30.9	0.2	31.1
Increase		0.1	1.3	1.4
Decrease				0.0
Transfers between items		0.8	-0.8	0.0
Acquisition cost, 31 December		31.8	0.7	32.5
Accumulated depreciation, 1 January		-26.9		-26.9
Accumulated depreciation on decreases and transfers		0.0		0.0
Depreciation for the financial year		-2.3		-2.3
Accumulated depreciation, 31 December		-29.2		-29.2
<b>Book value, 31 December</b>		<b>2.6</b>	<b>0.7</b>	<b>3.3</b>

INTANGIBLE ASSETS 2022	MEUR	Other capitalised expenditures	Advance payments	Total
Acquisition cost, 1 January		31.8	0.7	32.5
Increase		0.1	2.2	2.3
Decrease		-2.5		-2.5
Transfers between items		1.5	-1.5	0.0
Acquisition cost, 31 December		30.9	1.4	32.3
Accumulated depreciation, 1 January		-29.2		-29.2
Accumulated depreciation on decreases and transfers		2.5		2.5
Depreciation for the financial year		-1.8		-1.8
Accumulated depreciation, 31 December		-28.5		-28.5
<b>Book value, 31 December</b>		<b>2.4</b>	<b>1.4</b>	<b>3.8</b>



## 3.5 TANGIBLE ASSETS

### ALKO GROUP

TANGIBLE ASSETS 2021	MEUR	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Total
Acquisition cost, 1 January		13.9	18.2	94.0	0.0	126.1
Increase			0.6	3.7		4.3
Decrease						0.0
Advance payments						0.0
Transfers between items						0.0
Acquisition cost, 31 December		13.9	18.8	97.7	0.0	130.4
Accumulated depreciation and write-downs, 1 Jan		0.0	-2.4	-80.0	0.0	-82.4
Accumulated depreciation on decreases and transfers						0.0
Depreciation for the financial year			-0.6	-5.4		-6.0
Write-downs for the financial year				0.0		0.0
Accumulated depreciation and write-downs, 31 Dec		0.0	-3.0	-85.4	0.0	-88.4
<b>Book value, 31 December</b>		<b>13.9</b>	<b>15.8</b>	<b>12.3</b>	<b>0.0</b>	<b>42.0</b>
TANGIBLE ASSETS 2022	MEUR	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Total
Acquisition cost, 1 January		13.9	18.8	97.7	0.0	130.4
Increase			0.0	5.2		5.2
Decrease				-39.1		-39.1
Advance payments						0.0
Transfers between items			0.0			0.0
Acquisition cost, 31 December		13.9	18.8	63.8	0.0	96.5
Accumulated depreciation and write-downs, 1 Jan		0.0	-3.0	-85.4	0.0	-88.4
Accumulated depreciation on decreases and transfers				39.1		39.1
Depreciation for the financial year			-2.3	-5.5		-7.8
Write-downs for the financial year				-0.1		-0.1
Accumulated depreciation and write-downs, 31 Dec		0.0	-5.3	-51.9	0.0	-57.1
<b>Book value, 31 December</b>		<b>13.9</b>	<b>13.5</b>	<b>11.9</b>	<b>0.0</b>	<b>39.3</b>

## ALKO INC.

TANGIBLE ASSETS 2021	MEUR	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Total
Acquisition cost, 1 January		0.0	0.1	94.0	0.0	94.1
Increase				3.7		3.7
Decrease						0.0
Transfers between items						0.0
Acquisition cost, 31 December		0.0	0.1	97.7	0.0	97.8
Accumulated depreciation and write-downs, 1 Jan		0.0	-0.1	-80.0	0.0	-80.1
Accumulated depreciation on decreases and transfers						0.0
Depreciation for the financial year				-5.4		-5.4
Write-downs for the financial year				0.0		0.0
Accumulated depreciation and write-downs, 31 Dec		0.0	-0.1	-85.4	0.0	-85.4
<b>Book value, 31 December</b>		<b>0.0</b>	<b>0.0</b>	<b>12.3</b>	<b>0.0</b>	<b>12.4</b>

TANGIBLE ASSETS 2022	MEUR	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Total
Acquisition cost, 1 January		0.0	0.1	97.7	0.0	97.8
Increase				5.2		5.2
Decrease				-39.1		-39.1
Transfers between items						0.0
Acquisition cost, 31 December		0.0	0.1	63.8	0.0	63.9
Accumulated depreciation and write-downs, 1 Jan		0.0	-0.1	-85.4	0.0	-85.4
Accumulated depreciation on decreases and transfers				39.1		39.1
Depreciation for the financial year				-5.5		-5.5
Write-downs for the financial year				-0.1		-0.1
Accumulated depreciation and write-downs, 31 Dec		0.0	-0.1	-51.9	0.0	-51.9
<b>Book value, 31 December</b>		<b>0.0</b>	<b>0.0</b>	<b>11.9</b>	<b>0.0</b>	<b>11.9</b>

## 3.6 INVESTMENTS

### ALKO GROUP

INVESTMENTS 2021	MEUR	Holdings in Group companies	Holdings in associated companies	Other shares and holdings	Total
Acquisition cost, 1 January		0.9	1.9	3.2	6.0
Increase					0.0
Decrease					0.0
Acquisition cost, 31 December		0.9	1.9	3.2	6.0
Accumulated write-downs and capital adjustments, 1 January		-0.8	-1.3	-0.8	-2.9
Accumulated write-downs on decreases and transfers					0.0
Accumulated depreciation					0.0
Accumulated depreciation, 31 December		-0.8	-1.3	-0.8	-2.9
<b>Book value, 31 December</b>		<b>0.1</b>	<b>0.6</b>	<b>2.4</b>	<b>3.0</b>

INVESTMENTS 2022	MEUR	Holdings in Group companies	Holdings in associated companies	Other shares and holdings	Total
Acquisition cost, 1 January		0.9	1.9	3.2	6.0
Increase				0.0	0.0
Decrease		-0.5		-0.1	-0.6
Acquisition cost, 31 December		0.4	1.9	3.0	5.3
Accumulated write-downs and capital adjustments, 1 January		-0.8	-1.3	-0.8	-2.9
Accumulated write-downs on decreases and transfers		0.5		0.1	0.6
Accumulated depreciation					0.0
Accumulated depreciation, 31 December		-0.3	-1.3	-0.7	-2.3
<b>Book value, 31 December</b>		<b>0.1</b>	<b>0.6</b>	<b>2.3</b>	<b>3.0</b>

## ALKO INC.

INVESTMENTS 2021	MEUR	Holdings in Group companies	Holdings in associated companies	Other shares and holdings	Total
Acquisition cost, 1 January		28.0	1.9	3.2	33.1
Increase					0.0
Decrease					0.0
Acquisition cost, 31 December		28.0	1.9	3.2	33.1
Accumulated write-downs and capital adjustments, 1 January		-0.8	-1.3	-0.8	-2.9
Accumulated write-downs on decreases and transfers					0.0
Accumulated depreciation					0.0
Accumulated depreciation, 31 December		-0.8	-1.3	-0.8	-2.9
<b>Book value, 31 December</b>		<b>27.2</b>	<b>0.6</b>	<b>2.4</b>	<b>30.2</b>

INVESTMENTS 2022	MEUR	Holdings in Group companies	Holdings in associated companies	Other shares and holdings	Total
Acquisition cost, 1 January		28.0	1.9	3.2	33.1
Increase				0.0	0.0
Decrease		-0.5		-0.1	-0.6
Acquisition cost, 31 December		27.5	1.9	3.0	32.4
Accumulated write-downs and capital adjustments, 1 January		-0.8	-1.3	-0.8	-2.9
Accumulated write-downs on decreases and transfers		0.5		0.1	0.6
Accumulated depreciation					0.0
Accumulated depreciation, 31 December		-0.3	-1.3	-0.7	-2.3
<b>Book value, 31 December</b>		<b>27.2</b>	<b>0.6</b>	<b>2.3</b>	<b>30.2</b>



## 3.7 SHARES

### ALKO INC.

	Parent company holding (%)	Percentage of shareholders' equity (EUR 1,000)	Shareholders' equity (EUR)	Amount (no.)	Nominal value (EUR/share)	Nominal value of shares/holdings, 31 Dec 2022 (EUR 1,000, total)	Book value, 31 Dec 2022 (EUR 1,000)	Profit/loss according to the latest financial statements (EUR 1,000)
<b>HOLDINGS IN GROUP COMPANIES</b>								
Kiinteistö Oy Arkadiantalo, Helsinki	100.00						27,141	
Kiinteistö Oy Puolangan Keskus, Puolanka	50.48	187	370,284.49	275	56.00	15	10	2
Kiinteistö Oy Raahen Asemakatu 12, Raahе	57.90	251	433,508.43	14,476	17.00	246	80	-3
<b>TOTAL HOLDINGS IN GROUP COMPANIES</b>		<b>438</b>					<b>27,231</b>	
<b>HOLDINGS IN PARTICIPATING INTEREST COMPANIES</b>								
Kiinteistö Oy Enon Kauppakeskus, Eno	37.00	170	460,320.89	259	5.05	1	14	0
Asunto Oy Juvan Myllynkerä, Juva	31.50	130	412,199.66	3,150	0.25	1	35	2
Kaavin Yrittäjätalo Oy, Kaavi	23.20	69	295,891.11	348	16.82	6	10	-5
Kiinteistö Oy Kaivolankulma, Puumala	36.37	125	343,966.79	2,515	67.28	169	8	2
Kiinteistö Oy Kannuksen Torinkulma, Kannus	46.03	329	713,879.73	2,900	1.68	5	60	0
Kiinteistö Oy Mantsintie 1-3, Ilomantsi	28.19	113	399,802.82	311	50.46	16	10	7
Kiinteistö Oy Nilsianportti, Nilsia	31.49	446	1,415,030.62	1,606	16.82	27	80	0
Asunto-osakeyhtiö Pieksälä, Pieksämäki	26.82	197	733,480.67	54,800	1.68	92	15	0
Kiinteistö Oy Saarijärven Paavonaukio, Saarijärvi	29.58	233	786,350.83	392	168.19	66	35	0
Asunto Oy Sandelsinkatu 4, Helsinki	24.85	46	186,652.55	6,835	0.34	2	251	78
Kiinteistö Oy Savitaipaleen Torinkulma, Savitaipale	23.00	187	815,159.59	2,300	0.34	1	20	6
Kiinteistö Oy Urpala, Rantasalmi	36.88	293	794,927.54	2,950	0.34	1	35	0
Kiinteistö Oy Äänekosken Torikatu 5, Äänekoski	36.29	314	864,289.89	450	16.82	8	15	4
<b>TOTAL HOLDINGS IN PARTICIPATING INTEREST COMPANIES</b>		<b>2,651</b>					<b>588</b>	

## ALKO INC.

	Parent company holding (%)	Percentage of shareholders' equity (EUR 1,000)	Shareholders' equity (EUR)	Amount (no.)	Nominal value (EUR/share)	Nominal value of shares/holdings, 31 Dec 2022 (EUR 1,000, total)	Book value, 31 Dec 2022 (EUR 1,000)	Profit/loss according to the latest financial statements (EUR 1,000)
<b>OTHER SHARES AND HOLDINGS</b>								
Asunto Oy Helsinginkatu 15, Helsinki	15.32			1,532	1.68	3	369	
Kiinteistö Oy Karakeskus, Kouvola	4.60			5,013	0.17	1	7	
Kiinteistö Oy Keritori, Kerimäki	9.76			332	1.68	1	20	
Kiinteistö Oy Kolarin Ylläs Chalets VII				122			244	
Kontulan Ostoskeskus Oy, Helsinki	9.46			745	68.62	51	300	
Asunto Oy Nilsin Tahkokuuri Chalets B				1,805			178	
Kiinteistö Oulun Kirkkokatu 14, Oulu	1.43			500	16.82	8	17	
Kiinteistö Oy Pyhäsalmen Liiketalo, Pyhäsalmi	16.00			288	1.68	0	50	
Savonlinnan Linja-autoasema Oy, Savonlinna	10.47			1,540	168.19	259	40	
Tahko Golf Club Aoy, A 597							9	
Tahko Golf Club Aoy, A 1044							9	
Asunto Oy Vuorimiehenkatu 33, Helsinki	15.41			4,445	16.82	75	228	
Vierumäki Golf Garden Oy							488	
Vierumäki Golf Garden Oy							38	
Vierumäki Chalets							298	
Suomen Luotto-osuuskunta				1			0	
Suomen Palautuspakkaus Oy	12.50			150			25	
Palpa							8	
Suomen Pakkaustuottajat Oy				13,200	0.10	1	1	
Other non-itemised shares and holdings (in telephone companies)							3	
<b>TOTAL OTHER SHARES AND HOLDINGS</b>							<b>2,334</b>	
<b>TOTAL SHARES</b>							<b>30,153</b>	

## 4 CURRENT ASSETS

MEUR	ALKO GROUP		ALKO INC.	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
<b>4.1 CASH AND CASH EQUIVALENTS</b>				
Store cash registers	10.2	9.0	10.2	9.0
Bonds	3.9	4.0	3.9	4.0
Funds	53.3	129.6	53.3	129.6
Bank accounts	66.7	12.0	66.6	12.0
Total cash and cash equivalents	134.1	154.7	134.0	154.7
<b>4.2 DIFFERENCE IN THE MARKET AND BOOK VALUES OF BONDS</b>				
Market value of financial securities	3.9	4.1	3.9	4.1
Book value of financial securities	3.9	4.0	3.9	4.0
Difference	0.0	0.1	0.0	0.1
<b>4.3 INVENTORIES</b>				
Finished products and goods	73.4	78.2	73.4	78.2
Advance payments on inventories	0.3	0.5	0.3	0.5
Total inventories	73.7	78.8	73.7	78.8
<b>4.4 OTHER NON-CURRENT RECEIVABLES</b>				
Other	0.1	0.1	0.1	0.1
Total other non-current receivables	0.1	0.1	0.1	0.1

MEUR	ALKO GROUP		ALKO INC.	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
<b>4.5 CURRENT RECEIVABLES FROM GROUP COMPANIES</b>				
Current accounts receivable			0.0	0.0
Current prepaid expenses and accrued income			0.0	0.0
Total current receivables from Group companies			0.0	0.0
<b>4.6 CURRENT RECEIVABLES</b>				
Accounts receivable	174	11.5	174	11.5
Current prepaid expenses and accrued income (from others)	1.1	0.9	1.1	0.9
Other	0.0	0.0	0.0	0.0
Total current receivables	18.5	12.5	18.5	12.5
<b>CURRENT RECEIVABLES</b>	<b>18.5</b>	<b>12.5</b>	<b>18.5</b>	<b>12.5</b>
<b>4.7 MAJOR ITEMS IN PREPAID EXPENSES AND ACCRUED INCOME</b>				
Income tax receivables	0.0	0.0	0.0	0.0
KELA compensation for occupational health care	0.6	0.6	0.6	0.6
Interest receivables	0.0	0.0	0.0	0.0
License and maintenance fees for next year	0.4	0.2	0.4	0.2
Other prepaid expenses and accrued income	0.1	0.1	0.1	0.1
Total	1.1	0.9	1.1	0.9

## 5 SHAREHOLDERS' EQUITY

### 5.1 STATEMENT OF CHANGE IN SHAREHOLDERS' EQUITY

#### ALKO GROUP

CHANGE IN SHAREHOLDERS' EQUITY 2021 MEUR	Share capital	Other funds	Profit funds	Total
<b>EQUITY, 1 JAN</b>	16.8	0.8	98.3	115.9
Distribution of dividend			-60.0	-60.0
Transfers between items, fund for wellbeing at work				0.0
Profit for financial year			55.5	55.5
<b>TOTAL EQUITY, 31 DEC</b>	<b>16.8</b>	<b>0.8</b>	<b>93.8</b>	<b>111.4</b>

CHANGE IN SHAREHOLDERS' EQUITY 2022 MEUR	Share capital	Other funds	Profit funds	Total
<b>EQUITY, 1 JAN</b>	16.8	0.8	93.8	111.4
Distribution of dividend			-60.0	-60.0
Transfers between items, fund for wellbeing at work		-0.6	0.6	0.0
Profit for financial year			36.7	36.7
<b>TOTAL EQUITY, 31 DEC</b>	<b>16.8</b>	<b>0.2</b>	<b>71.1</b>	<b>88.2</b>

#### ALKO INC.

CHANGE IN SHAREHOLDERS' EQUITY 2021 MEUR	Share capital	Other funds	Profit funds	Total
<b>EQUITY, 1 JAN</b>	16.8	0.8	96.3	113.9
Distribution of dividend			-60.0	-60.0
Transfers between items, fund for wellbeing at work				0.0
Profit for financial year			55.4	55.4
<b>TOTAL EQUITY, 31 DEC</b>	<b>16.8</b>	<b>0.8</b>	<b>91.7</b>	<b>109.3</b>

CHANGE IN SHAREHOLDERS' EQUITY 2022 MEUR	Share capital	Other funds	Profit funds	Total
<b>EQUITY, 1 JAN</b>	16.8	0.8	91.7	109.3
Distribution of dividend			-60.0	-60.0
Transfers between items, fund for wellbeing at work		-0.6	0.6	0.0
Profit for financial year			38.4	38.4
<b>TOTAL EQUITY, 31 DEC</b>	<b>16.8</b>	<b>0.2</b>	<b>70.7</b>	<b>87.8</b>

Alko Inc. has one series of shares (10,000,000 shares).

### 5.2 DISTRIBUTABLE EARNINGS

MEUR	ALKO GROUP		ALKO INC.	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Retained profit			31.7	36.3
Profit/loss for financial year			38.4	55.4
Transfer from other funds			0.6	0.0
Total adjustments			0.6	0.0
<b>Distributable earnings</b>			<b>70.7</b>	<b>91.7</b>



## 6 OBLIGATORY PROVISIONS

MEUR	ALKO GROUP		ALKO INC.	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
<b>6.1 OBLIGATORY PROVISIONS</b>				
Rent liability for vacant premises	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0

## 7. LIABILITIES

MEUR	ALKO GROUP		ALKO INC.	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
<b>7.1 NON-CURRENT NON-INTEREST-BEARING LIABILITIES</b>				
Other non-interest-bearing non-current payables	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0
<b>7.2 CURRENT LIABILITIES TO GROUP COMPANIES</b>				
Accounts payable to Group companies			0.0	0.0
Accounts payable to Group companies			0.0	0.0
			0.0	0.0
<b>7.3 CURRENT LIABILITIES</b>				
Accounts payable	149.1	147.7	149.1	147.7
Accrued expenses and deferred income	19.8	20.7	19.8	20.7
Other liabilities	15.3	14.0	15.3	14.0
Advances received	0.2	0.2	0.2	0.2
Total	184.5	182.6	184.4	182.5
<b>CURRENT LIABILITIES</b>	184.5	182.6	184.4	182.5
<b>7.4 MAJOR ITEMS IN ACCRUED EXPENSES AND DEFERRED INCOME</b>				
Accrual of salaries, including social insurance costs	16.4	16.7	16.4	16.7
Accrual of employer insurance contributions	0.7	0.5	0.7	0.5
Employees Pensions Act (TyEL) debt	1.5	1.4	1.5	1.4
Accrual of income tax	0.1	0.9	0.1	0.9
Accrual of bank charges and credit card commissions	0.6	0.5	0.6	0.5
Deliveries from abroad	0.2	0.4	0.2	0.4
Invoices to be recognised in next financial period	0.2	0.1	0.2	0.1
Other current accrued expenses and deferred income	0.2	0.0	0.2	0.0
Total	19.8	20.7	19.8	20.7

## 8 OTHER NOTES

Securities given, contingencies and other liabilities

Other securities given

MEUR	ALKO GROUP		ALKO INC.	
	2022	2021	2022	2021
<b>8.1 LEASING LIABILITIES</b>				
Payable the following year	0.8	0.5	0.8	0.5
Payable later	1.2	0.3	1.2	0.3
Total	2.0	0.8	2.0	0.8
<b>8.2 RENT LIABILITIES</b>				
Payable the following year	14.3	14.2	14.3	14.2
Payable later	0.6	0.9	0.6	0.9
Total	15.0	15.1	15.0	15.1

# KEY FIGURES

	ALKO GROUP					ALKO INC.				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Net sales (EUR million)	1,187.4	1,290.4	1,296.8	1,144.1	1,153.7	1,187.3	1,290.3	1,296.7	1,144.0	1,153.6
Operating profit (EUR million)	47.8	67.6	65.0	40.7	46.0	49.9	67.6	64.8	40.1	46.0
Percentage of net sales (%)	4.0	5.2	5.0	3.6	4.0	4.2	5.2	5.0	3.5	4.0
Profit before appropriations and taxes (EUR million)	46.2	69.4	64.0	40.7	46.4	48.3	69.3	63.8	40.0	46.4
Percentage of net sales (%)	3.9	5.4	4.9	3.6	4.0	4.1	5.4	4.9	3.5	4.0
Return on equity (%)	36.8	48.8	48.6	35.0	41.4	39.0	49.6	49.2	34.6	41.8
Return on investment (%)	45.7	60.3	61.2	43.5	51.1	49.0	62.1	62.1	44.0	52.3
Equity ratio (%)	32.2	37.7	36.9	35.7	34.9	32.3	37.5	36.8	35.5	34.8
Current ratio	1.2	1.3	1.3	1.2	1.2	1.2	1.3	1.3	1.2	1.2
Gross investments in fixed assets (EUR million)	7.5	5.7	6.8	8.4	10.5	7.4	5.1	6.1	7.6	10.1
Percentage of net sales (%)	0.6	0.4	0.5	0.7	0.9	0.6	0.4	0.5	0.7	0.9
Average number of personnel during the financial year	2,436	2,472	2,454	2,466	2,452	2,436	2,472	2,454	2,466	2,452

## FORMULAS FOR THE KEY FIGURES

Return on equity (%)	$\frac{(\text{Profit before appropriations and taxes} - \text{income tax on ordinary operations})}{\text{Equity (average*)}} \times 100$
Return on investment (%)	$\frac{(\text{Profit before appropriations and taxes} + \text{financial expenses for current liabilities})}{\text{Balance sheet total (average*)} - \text{non-interest-bearing liabilities (average*)}} \times 100$
Equity ratio (%)	$\frac{\text{Shareholders' equity}}{\text{Balance sheet total} - \text{advances received}} \times 100$
Current ratio	$\frac{\text{Inventories} + \text{Financial assets}}{\text{Current liabilities}}$

\* Average figures have been calculated as averages for the beginning and end of the period.

# THE BOARD OF DIRECTORS' PROPOSAL ON THE DISTRIBUTION OF PROFIT

The Board proposes that EUR 200,603.44 be transferred from the other equity fund to the unrestricted equity fund to cover the costs of improving wellbeing at work.

The parent company's distributable funds at 31 December 2022 totalled EUR 70,743,205.64 (EUR 91,686,733.92), of which EUR 38,425,284.51 (EUR 55,405,875.63) is profit for the financial year.

The Board proposes that the company's distributable funds be used as follows:

• distributed as a dividend	EUR 40,000,000.00
• retained under equity	EUR 30,743,205.64
	<u>EUR 70,743,205.64</u>

No substantial changes have occurred in the company's financial position since the end of the financial year. Alko's liquidity is good and, in the Board's opinion, will not be jeopardised by the proposed distribution of profits.

# SIGNATURES TO THE FINANCIAL STATEMENTS AND REPORT OF THE BOARD OF DIRECTORS

Helsinki, 22 March 2023  
Board of Directors

Laura Raitio  
Chair

Kirsi Varhila

Mikko Forsell

Kirsi Paakkari

Pekka Perttula

Ulrika Romantschuk

Markku Tervahauta

Leena Laitinen  
President & CEO

## AUDITOR'S REPORT

A report has been given today on the audit carried out.

Helsinki, 22 March 2023

PricewaterhouseCoopers Oy  
Firm of Authorised Public Accountants

Tiina Puukkoniemi  
Authorised Public Accountant



# STATEMENT BY THE SUPERVISORY BOARD

The Supervisory Board of Alko Inc. has studied the company's financial statements and auditors' report for 2022 and proposes to the 2023 Annual General Meeting that the company's income statement and balance sheet for the 2022 financial year be approved. The Supervisory Board supports the Board of Directors' proposal for disposal of the profits.

Helsinki, 24 March 2023

Arja Juvonen

Hannakaisa Heikkinen

Outi Alanko-Kahiluoto

Kim Berg

Petri Honkonen

Pauli Kiuru

Ari Koponen

Mats Löfström

Tom Packalénn

Aino-Kaisa Pekonen

Sari Sarkomaa

Tuula Väätäinen



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