

Owned by you

S Group and responsibility 2015

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CEO's Review

Daily convenience from your own store

“The cooperative societies were created to help ordinary people cope better in their daily life. Our history of over a hundred years has taught us that this philosophy is worth applying over and over again. At S Group, we want all our actions to again make daily life easier for our customers – we offer our co-op members unparalleled benefits and convenience from their own store.

The cooperative societies operate locally near their members and create well-being in their own regions. Keeping Finland viable is important to us. Owned by its co-op members, the cooperative society is a Finnish enterprise and will continue to be one.

Responsibility is a permanent cornerstone of our operations. As a Finnish company, we want to offer Finnish products. Last year, the policy of lowered prices enabled us to sell millions of kilograms more of Finnish meat, cheese and bakery products compared to 2014. The ABC restaurants switched to offering 100% Finnish meat. Our sales of local food and food produced near the customer amounts to approximately one billion euros annually. Our outlets across Finland employ 34,000 retail professionals, who help our co-op members make choices that suit their needs at any given time.

The economic situation continues to be challenging in Finland. With our lowered prices policy, we want to support consumers’ purchasing power. It is our core task, to which we have committed in the long term. After implementing our lowered prices policy for slightly over a year, we are happy to announce that the policy has been very well received by our customers. This is indicated by our increased sales volumes and number of customers. The lowered prices policy has made the circulation of products more effective, contributing to reduced food loss. Our food loss decreased by two million kilograms from the previous year.

As a cooperative society, we do not strive to maximise our profit, but our operations must still be financially sound. The 2015 result and continuous streamlining of our operations enable us to continue the lowered prices policy.

Parallel to the lowered prices policy, we offer a product range that is diverse, appropriate and of reliable quality. Our extensive network of outlets brings our services close to customers. Our stores are an easy and convenient one-stop source of any items customers need. We want to offer our customers service with store hours that meet their needs.

Today’s consumer is interested in taking good care of themselves and their well-being. However, they still want products to be affordable. We listened to consumers and introduced the ‘Satokausituotteet’ (Seasonal produce of the month) concept. The concept provides consumers with a more extensive range of vegetables of the season in question, with the best value. Consumers are offered a wealth of additional information, tips and recipes to support the use of vegetables. The seasonal produce increased the sale of vegetables at S Group’s stores by 12 million kilograms from the previous year.

We want to increasingly integrate ethical and responsible operating methods in the everyday activities of all of us. For example, we renewed SOK's ethical principles in 2015. We believe that responsibility grows from action. Together we are more."



Taavi Heikkilä, CEO, SOK

S Group in brief

S Group is a renowned Finnish cooperative group of companies operating in the retail sector. It consists of the SOK Corporation and its subsidiaries as well as 20 regional and eight local cooperatives.



The co-op members own the cooperatives, which in turn own SOK Corporation. SOK produces procurement, expert and support services to cooperatives. SOK is also responsible for the strategic guidance of S Group and the development of the business chains. SOK Corporation comprises SOK and its subsidiaries.

The purpose of S Group's business is to provide co-op members with competitive services and benefits. The group wants to offer diverse services and an extensive network of outlets for co-op members everywhere in Finland. All operations are based on meeting customers' need for services and making everyday life easier through useful services and benefits.

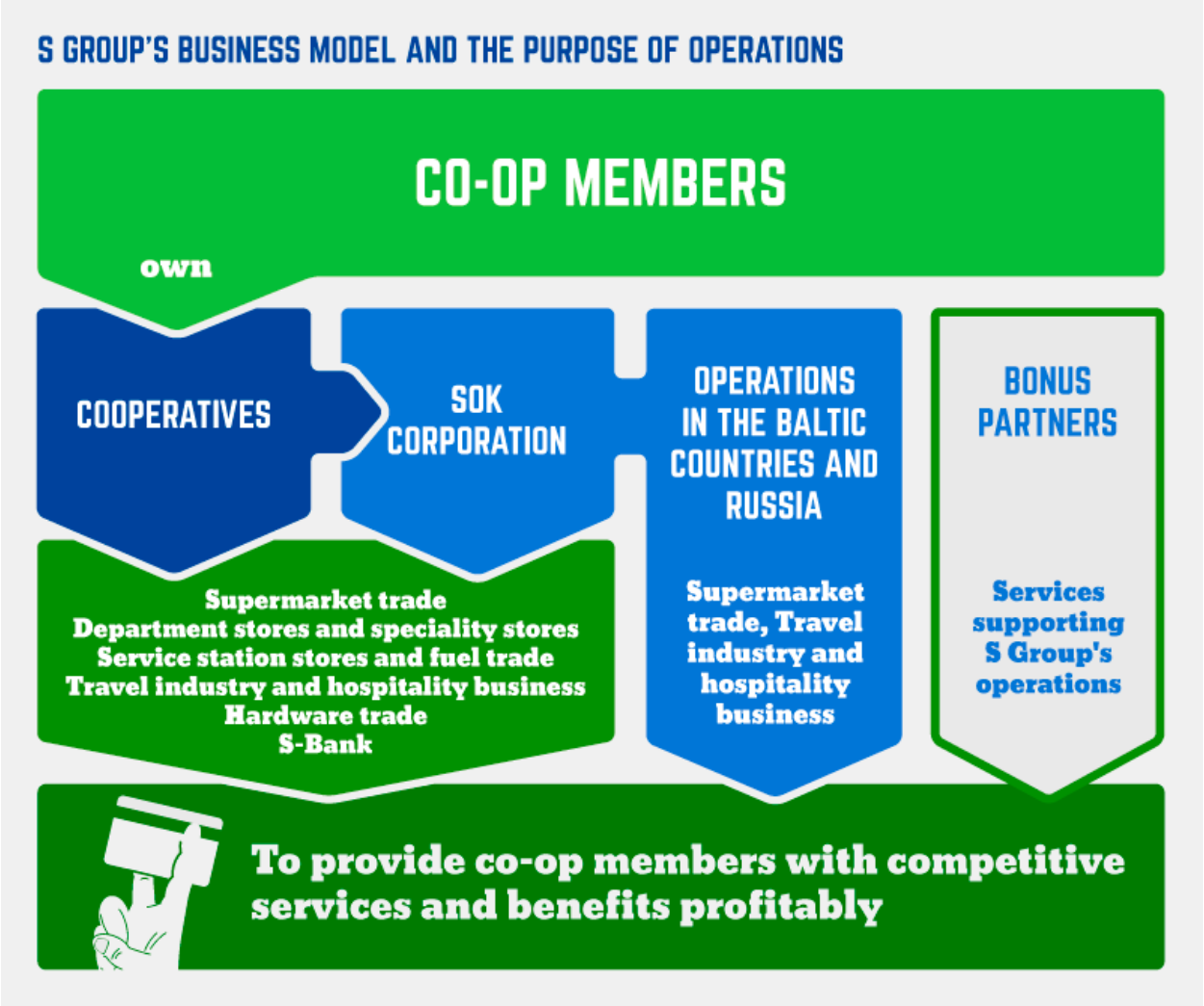
Regional co-operatives



S Group's business model

S Group's key business areas are supermarket trade, department stores and speciality stores, hardware trade, service station store and fuel sales, as well as travel industry and hospitality business. In addition, S-Bank offers banking services to co-op members. Prisma, S-market, Sale, ABC, Sokos Hotels, Rosso and several other S Group outlets are familiar places for Finnish consumers.

In addition to the Finnish market, S Group conducts international operations in Russia and the Baltic countries. There are Prisma stores in Russia, Estonia, Latvia and Lithuania. Sokos Hotels provide services in both St. Petersburg and Tallinn.



Values, vision and strategy

The purpose of S Group's operations is to provide co-op members with competitive services and benefits in a profitable manner. Cooperatives were established more than a hundred years ago to deliver reasonably priced and high-quality products and services for their members, in other words, ordinary Finnish consumers. We are still on this same path.

Our operations are guided by our values, based on responsible cooperative principles:



The retail sector is in the middle of the biggest change in decades. Competition is global in all lines of business, and global selections are also available to Finnish consumers through the web. Digitalisation is also dramatically revolutionising retail. It modifies business models and changes customers' consumption behaviour in an irreversible and unforeseen manner. The Finnish markets have for a long time been the most regulated in Europe, but deregulation is likely in the future. Deregulation will increase competition and choices, which will benefits consumers.

S Group's vision is to be a retail group that offers superior benefits and convenience from your own store by 2020.

Making this vision happen requires a lot of work. S Group must stay firmly abreast of the times but it must also remember its roots and basic ideology: responsible cooperative activities. When developing our services, we must keep our cooperative basic duty clear in mind: making everyday life easier for our co-op members. A cooperative enterprise must also be profitable, but maximising our profit is not needed. Profit is used directly to increase co-op members' benefits and developing our operations.

S Group's most central strategic objectives are improving profitability and increasing customer satisfaction. Responding to future challenges requires that the entire retail group operates in a more competitive, cost-effective, skilled and responsible manner. The company cannot be developed by only cutting costs and streamlining operations. Consumer demands are increasing, and consumers must be offered new services and new methods to purchase and obtain services. Therefore, S Group heavily focuses on the

development of innovative digital and other customer-driven service solutions, also working in cooperation with start-up and growth companies.

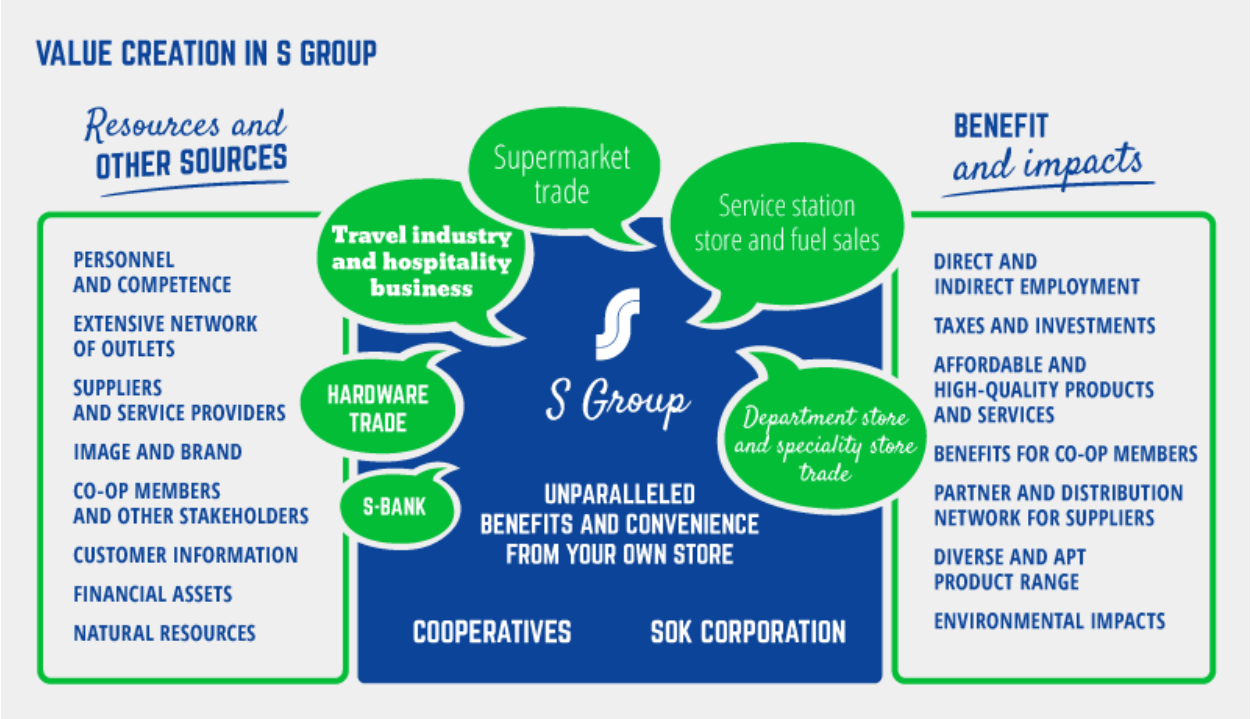
As a cooperative enterprise, S Group wants to be a pioneer in responsibility. In this work, we set objectives and engage in open dialogue with our stakeholders.

Our business operations must adapt to customers' needs. An increasing number of customers make purchases and use services online, and digital services are here to stay. Information essential for using online services, such as price, product and availability information, must be within easy reach of customers, regardless of time and place.

S Group's 20 regional cooperatives are cooperative enterprises owned by their members. Each co-op member owns an equal portion of their own cooperative. We want to cherish and further develop the relationship between the cooperatives and their co-op members.

Value creation in S Group

S Group is an important operator in society as an employer and payer of taxes. Our operations create value for our stakeholders and society.



S Group key figures in 2015

S Group’s key figures in 2015, EUR million	**2015**	2014	2013
S Group’s retail sales (incl. the whole S Group)	**10,804**	11,182	11,353
S Group’s retail sales in Finland	**10,315**	10,599	10,799
S Group’s retail sales in the Baltic countries and Russia	**489**	583	569
Cooperatives’ retail sales	**10,076**	10,373	10,477
S Group’s bonus sales	**9,010**	9,336	9,541
S Group's result*	**304**	274	226
S Group's investments	**559**	526	573
Bonus paid out to co-op members	**343**	361	379
Co-op members	**2,225,506**	2,156,828	2,109,025
Personnel	**37,758**	40,292	41,784
Outlets	**1,632**	1,643	1,642

All sales VAT 0%
**) Result before extraordinary items and taxes*

Business operations

S Group’s key business areas are the supermarket trade, department stores and speciality stores, the hardware trade, service station store and fuel sales, as well as the travel industry and the hospitality business. In addition, S-Bank offers banking services to co-op members. Individual cooperatives conduct automotive trade and agricultural trade.

Sales by business area in 2014, EUR million	**2015**	2014	2013
Supermarket trade*	**7,479**	7,616	7,566
Department stores and speciality stores	**295**	324	338
Hardware trade	**184**	207	241
Service station store and fuel sales	**1,609**	1,774	1,817
Travel industry and hospitality business*	**802**	798	811
Automotive trade and accessories	**309**	301	406
Agricultural trade	**112**	150	162
Other	**15**	12	12
Total	**10,804**	11,182	11353

All sales VAT 0%
**) Including retail sales in neighbouring countries (Russia and the Baltic Countries)*

Supermarket trade

S Group's supermarket trade in Finland consists of five different chains. The service network formed by the chain stores is always planned to meet the diverse needs of the local residents as extensively as possible.



Prisma – quality with affordable prices

- 64 Prisma stores in Finland at the end of 2015.
- Affordable prices guaranteed.
- An extensive range of products, from grilled steaks to coffeemakers.
- Central locations along good transport connections.
- A large and well-functioning store, where the clear presentation of products enables a smooth shopping experience.

S-market – more than just inexpensive

- The largest grocery chain in Finland, with 436 stores at the end of 2015.
- Convenient, fast, high quality, good service. Everything customers need for everyday use and special occasions.
- Each S-market has a unique product range designed to specifically meet the needs of the customer base of the S-market in question.

Sale and Alepa – local stores with service

- 384 stores around Finland at the end of 2015; Alepa stores in the greater Helsinki area.
- A convenient and straightforward store near the home or workplace.
- The stores are open every day from morning till night, some even around the clock.
- The product ranges include familiar fresh products and other daily food items at permanently affordable prices.

Grocery stores at ABC service station stores – for customers on the road

- The grocery trade is conducted under the Sale, Alepa, S-market and ABC-Market brands. At end of 2015, 103 service station stores included a grocery store.
- The most convenient grocery shopping location for customers on the road and local residents alike.
- Long store hours, every day of the year. Open on holidays as well.
- The product range covers all basic everyday items: those for immediate use as well as the most important supplementary items to large grocery purchases.

Operating environment

The downward trend in the Finnish economy has also affected sales in the supermarket trade. Sales in the grocery trade remain traditionally fairly steady even during more challenging economic times, but customers' waning interest in purchasing consumer goods has also had an impact on S Group's supermarket trade sales.

The importance of price as a factor affecting purchase decisions has increased. Economic uncertainty impacts consumer behaviour.

To address this, S Group permanently lowered the prices of selected food items as of January 2015. This was just the first step on a long journey and work on the lower prices policy continues. Lowering prices is not a temporary campaign but a continuing core activity in S Group.

Thanks to lower prices, the amount of food items sold was over 19 million kilograms/litres higher than last year. The majority of the volume growth comes from Finnish products. In addition, customer volumes in the supermarket trade have grown by approximately eight million customers. The lower prices policy has received plenty of media attention and praise from customers.

What's going on?

The objective of S Group's supermarket trade is to provide services in the best possible manner. In this work, we must reconcile two very different worlds: the world of people, interaction and various encounters, and the world of systems.

S Group's supermarket trade wants to know the expected timing of the next economic fluctuation as well as the direction that raw material prices and consumers' inclination to buy will take. Analytics, forecasts and advanced IT will assist in this work.

One of the worksites to improve customer service and the efficiency of the entire Finnish food supply chain is located in Sipoo. A fully automated logistics centre for the grocery trade is being built there. The logistics centre, scheduled to open in 2016, will be the hub for the supply of approximately half of S Group's grocery trade volume.

Good and fair cooperation with Finnish producers, industry and trade will be crucial in the future as well. Eighty per cent of food sold by S Group is already produced in Finland. Local cooperatives are an essential part of their regions, not only as providers of retail services but also as employers, partners and investors. Our regionality is also demonstrated by the local products on the shelves of stores.

The growth of international online trade creates challenges for the consumer goods trade, in particular. The Internet is a huge opportunity for the retail sector. It opens up new opportunities to encounter and serve customers. Bricks-and-mortar will continue to do well in the future as well, as long as they are capable of serving customers in the right way.

S Group's supermarket customers already have the opportunity to interact and influence on the Facebook pages of S-market and Prisma, for example. The Foodie service provides transparent information on all products and prices of the grocery stores. The service is the only one of its kind in Finland. Foodie.fi also offers an online store of food items, available in the Greater Helsinki Area, Tampere, Lahti, Raisio, Oulu, Jyväskylä, Kuopio, Iisalmi, Varkaus and Kokkola.

Highlights in 2015

- The lower prices policy was launched in January.
- Prisma's new clothing brands (e.g. Danskin and Starter) were introduced through an eye-catching campaign in the autumn.
- Seasonal produce was displayed in prime locations in the vegetable sections of Prisma stores and S-markets.

- Preparations were made for the extension of store hours well in advance, and the change was communicated to customers at the end of the year.

S Group's supermarket trade	**2015**	2014	2013
Outlets	**930**	920	908
Retail sales, EUR million (VAT 0%)	**7,479**	7,616	7,566
Market share in the grocery trade (%)	**45.9**	45.7	45.7

In addition to Prisma, S Market, Sale and Alepa chains the Outlet and retail sales figures also include information from other supermarkets and the Prismas in Russia and in the Baltic countries.

Case: Seasonal produce of the month

Prisma stores and S-markets introduced the ‘Seasonal produce of the month’ concept at the beginning of October. S Group highlights selected seasonal produce every month, in other words vegetables, root vegetables, fruit and berries of the season, with the best value. Impressive displays as well as tips and recipes that make it easier to try out new vegetables have motivated Finnish consumers to discover seasonal produce.

Department store and speciality store trade

S Group's department store and speciality store chains include Sokos, Emotion and Marks & Spencer, as well as a few other speciality store trade chains.



Sokos – a department store in the heart of the city

- 19 department stores (incl. the online store) at the end of 2015.
- Sokos department stores are located at the very centres of Finland's major cities.
- Emotion – all about beauty

Emotion – All about beauty

- 34 units at the end of 2015.
- Emotion is Finland's largest chain of beauty and well-being speciality stores, offering a wide selection of leading cosmetics brands, perfumes, haircare products, daily cosmetics, jewellery and health products.

Marks & Spencer

- Six franchising stores at the end of 2015.
- Marks & Spencer is one of the leading retail chains in Great Britain. The selection includes high-quality clothing, homeware and food products. In Finland, Marks & Spencer focuses on fashion for men and women and on select British delicacies.

Operating environment

The key change factors affecting Finnish retail include the population structure, consumer behaviour and advanced technology. Consumers have quickly adopted digital services in their daily lives, and they expect improved customer experiences as a result of the development.

Customers in the department and speciality store trade, in particular, are quality-conscious and critical. At the same time, they lead busy lives and are price-conscious. In addition to expecting reliability and convenience from their retail partner, customers also want a touch of the unexpected.

The period of slow growth has had an impact on S Group's department store and speciality store trade, but the effect has been less concrete than with competitors.

What's going on?

S Group's department store and speciality store trade aims to address the rapid changes in the operating environment in the best possible way. For example, more focus will be placed on understanding customer needs better in the future. In other words, developing new technologies and services will become more customer-driven.

The goal is to ensure that the Prisma and Sokos brands and roles will be as clear as possible to customers in the future. The Sokos department stores are in the process of clarifying their business idea. The objective is to highlight the strengths of Sokos and improve the competitiveness of the product areas. Demand areas have already been streamlined and fine-tuned in order to serve certain target groups better. Currently, the key product areas of Sokos stores are women's and men's clothing, cosmetics and home. The clarified Sokos business idea will be visible to customers in spring 2016 as a renewed marketing image and the arrival of new high-quality brands.

The increased focus in the operations enables better use of space, which allows the stores to complement their own selection with services provided by partners. In 2015, S Group's Marks & Spencer stores continued their expansion across Finland with new stores opened in Tampere, Lappeenranta and Porvoo. The new stores help the retail group improve the quality and appeal of its fashion selection.

Despite the challenging times in the speciality store trade, the Emotion chain has been performing well. In 16 years, the chain has established itself as Finland's leading speciality store for beauty care. Emotion's obvious strengths include professional service and a selection carefully crafted for different customer groups. Therefore, it is no wonder that the results of the chain's customer satisfaction surveys are among the best in S Group.

Higlights in 2015

- The business idea of Sokos was clarified to make it more competitive. The definition of the target customer was elaborated, and the product range, service and store environment were specified.
- Both Sokos and Emotion chains improved their financial performance considerably.
- Marks & Spencer stores opened in Tampere, Lappeenranta and Porvoo.

S Group's Department store and speciality store trade	**2015**	2014	2013
Outlets	**77**	76	78
Retail sales, EUR million (VAT 0%)	**295**	324	338

In addition to Sokos-, Emotion-, Pukumies- and Marks & Spencer chains the figures also include information from other specialty store trade units.

Case: M&S's success stems from service

In 2015, Marks & Spencer achieved the best score in the customer satisfaction survey conducted at S Group's retail stores.

According to chain director **Laura Ruuskanen**, a good service experience is attributable to skilled personnel who are excited about their brand in particular.

– A high-class store environment alone does not bring the M&S story closer to customers. Our personnel are able to describe our brand to customers and explain to them what sets us apart from competition, Ruuskanen says.

The product range of M&S includes plenty of clothes and accessories containing innovations that improve the comfort and appearance of the products. Without the help of staff, the customer might not necessarily be aware of these features. The extensive selection of sizes is also a pleasant surprise to many.

Read more at marksandspencerfinland.fi

Service station store and fuel sales

ABC is Finland's most valued service station brand. It takes care of both customers who are just travelling through and those who live nearby by offering quick, versatile services every day of the year. The services offered by ABC include restaurant services, an extensive grocery store, as well as a diverse fuel selection aimed particularly at motorists and mobile customers.



ABC service stations

- 103 ABC Service station stores around Finland at the end of 2015.
- In addition to a petrol station, ABC service station stores always include a restaurant with a diverse menu and an affordable grocery store.
- ABC service station stores' selection of other services is extensive, including spacious and tidy restrooms, baby changing rooms and kids' play areas, and often also a car wash.

Unmanned ABC stations

- There were 311 unmanned ABC stations around Finland at the end of 2015.
- Unmanned ABC stations are located mainly beside S Group's larger outlets, such as Prisma stores, S-markets and Sale stores.

ABC CarWash

- Most of the ABC CarWash facilities are located at ABC service station stores and unmanned stations, or ABC-Deli and Prisma stores.
- All ABC-CarWash facilities are modern, clean and safe car wash outlets that offer an environmentally friendly way of getting your vehicle clean.

Other service stations

- Regional cooperatives in some localities operate smaller stores with a more limited range of services alongside the ABC fuel dispenser area.

- The ABC-Deli stores are HOK-Elanto's small shops designed specifically for urban environments.
- The ABC-Deli stores are mainly located in the Greater Helsinki Area in connection with unmanned ABC stations.
- The ABC-Deli stores offer a convenient and fast way to buy groceries when stopping to fill up with fuel. Read more at www.abcdeli.fi/

Operating environment

Today's consumer values local experiences, offered by cafés and small shops. This phenomenon is part of a wider trend of people looking for authentic local offerings. Rising trends in terms of food and eating include, in particular, price and quality awareness, speed of service in fast food locations, fresh ingredients, a laid-back atmosphere and seeking new experiences.

Developing business ideas is a way to adapt to the changed operating environment. Approximately 20 of the ABC service station stores will be converted into LähiABC! outlets in accordance with the new business idea in 2016. The locations of the LähiABC! stores vary widely, so their range of products and services is always customised to the local demand. There is more variation in the store hours of the LähiABC! stores compared to ABC service station stores.

Global events impact fuel sales at ABC. The reduction of the world market price of fuel that began at the end of 2014 has been declining ABC's sales for more than a year.

What's going on?

The ABC chain is a great success story. After the strong growth phase of the network, it is time to focus on ensuring the chain's future. Products alone will no longer be sufficient as a factor distinguishing us from competition, but the focus must be on service. The quality of service is an increasingly important factor in the success of the service station store.

The 'Peukutettavan palvelun ABC' project, aiming to provide a level of service that customers are happy to endorse, refers to the most extensive change in the chain's service culture and continuous renewal of the operations. The objective is to improve the service at the level of the entire ABC chain. The service will be provided using a local and personal approach, and ABC's skilled and committed personnel play a key role in this change. The chain's objectives are improved customer loyalty and personnel who are proud of their work.

Responsible work is routine in all operations of the ABC chain. The ABC service station restaurants switched to using meat of solely Finnish origin in both the buffet and in the à la carte portions in autumn 2015. This change boosted sales at ABC restaurants and further improved customer satisfaction.

More than 60 ABC units around Finland provide customers with the option of using a more environmentally friendly EkoFlex E85 fuel, and the number of electric car charging stations has increased. ABC's Smart Diesel contains renewable, Finnish UPM BioVerno diesel. UPM BioVerno is manufactured from tall oil, a by-product of pulp manufacturing, at UPM's biorefinery in Lappeenranta. UPM's BioVerno reduces greenhouse gas emissions (CO_2emissions) considerably, up to 80 per cent compared with fossil diesel. High-quality Smart Diesel suits all diesel engines. It offers plenty of top features, including combustion that

is more complete than that of the traditional grade of diesel, thus lowering the local emissions of the engine.

Highlights in 2015

- ABC switched to using solely meat produced in Finland in its buffet and à la carte portions.
- In February, the selection of coffee at ABC service station stores was complemented by filter coffee from two Finnish roasteries: the light roast Juhla Mokka from Paulig and dark roast Kulta Katriina from Meira.
- The planning of the LähiABC! business idea Introduced in spring 2016 began.

S Group's service station store and fuel sales	**2015**	2014	2013
Outlets	**444**	439	437
Retail sales, EUR million (VAT 0%)	**1,609**	1,774	1,817
Market share in the fuel trade (%)	**29,5**	30	29.6

In addition to ABC Service station stores, ABC unmanned stations and ABC Deli Stores the figures also include information from other service station stores and unmanned stations.

Case: ABC Restaurants

ABC service station store restaurants broke records with the number of meals sold within one year exceeding 10 million for the first time in the chain's history. The patrons' favourite is the buffet, and portions such as beef minute steak and Hawaiian schnitzel, which have been in the selection from the beginning, are among the best sellers on the à la carte menu.

The five best selling portions at ABC restaurants in 2015:

1. Buffet

2. Beef minute steak

3. Hawaiian schnitzel

4. Bonus pan

5. Grandmother's meatballs

Travel industry and hospitality business

Sokos Hotels, Radisson Blu and S Group's restaurants offer diverse and experiential hotel and restaurant services for the varying needs of customers.



Sokos Hotels

- 53 hotels at the end of 2015, of which 48 in Finland, three in St. Petersburg and two in Tallinn.
- Sokos Hotels are owned by the regional cooperatives or Sokotel Oy, and they are always located in city centres or leisure destinations.
- Sokos Hotels is the most responsible hotel operator in Finland (Sustainable Brand Index, 2016).

Radisson Blu Hotels

- Six hotels at the end of 2015, of which four in Greater Helsinki Area, one in Turku and one in Oulu.
- In addition to accommodation, both Radisson Blu Hotels and Sokos Hotels offer versatile conference, restaurant and leisure time services for the diverse needs of customers.

S Group restaurants

- 736 restaurants at the end of 2015. Approximately seven million customers visit S Group's restaurants monthly.
- S Group includes the best-known restaurant chains in Finland, such as Rosso, Amarillo,

Fransmanni, Coffee House and ABC restaurants. Half of S Group's restaurants are chain restaurants.
- The individual restaurants include such well-known and traditional operations as Kappeli and Torni in Helsinki and Masuuni in Tampere.

Operating environment

The development in the travel industry and hospitality business reflects the general economic development. Currently, the Finnish economy is growing extremely slowly, and the reduced purchasing power of households is decreasing Finns' interest in travelling and eating out. Large traveller volumes are not expected from abroad either. The number of Russians tourists, which is important for the hospitality business in Finland in particular, has dropped due to the weakened exchange rate of the rouble. Despite the challenging economic situation, 2015 was a successful year for S Group's travel industry and hospitality business. Sales increased compared to the previous year.

Digital services are developing in leaps and bounds. Ensuring a good experience in digital services plays a very important role in the development of the hotel and restaurant operations. The Sokoshotels.fi online service enables customers to get more information on hotels in advance, as well as a convenient way for making and paying for hotel reservations. The Raflaamo.fi service, launched in 2014, offers convenient one-stop access to the menus and event information of S Group's restaurants. The use of tablet devices as part of the service experience is growing.

What's going on?

Consumption will increasingly focus on the individual, which is why S Group must be able to think outside the box. Services that once offered everything to everyone may no longer offer anything to anybody. A good location alone will no longer be the number one reason for selecting a certain hotel; for example, wireless Internet access will be an equally important reason. Customers seek restaurants that offer experiences and opportunities to spend time with friends and family. Food alone will no longer be the main reason for going to a restaurant.

S Group's travel industry and hospitality business will be developed in a contemporary manner. The Sokos Hotels chain has been divided into the Original, Break and Solo hotel types in order to offer individualised service for everybody. The Solo units are high-quality hotels offering unique experiences. The Break hotels offers joy, time and energy, and the Original units focus on the local touch with warm-hearted service.

Today, service is the most important marketing tool. Service that exceeds expectations ensures customer satisfaction and recommendations to others. Therefore, personnel training in the hotels and restaurants is under continuous scrutiny in order for us to meet customers' wishes and exceed their expectations.

The diversity of the modern consumer creates interesting challenges for the restaurants. The customer selects a different restaurant in different situations. Sometimes healthful and ethically produced food is at the top of the customer's list, whereas other times customers may simply want to pamper themselves in an environment offering experiences. At other times, just getting something to eat quickly might be the main goal.

The modern trends of communality, experiences, ability to surprise and unique character describe the

development business ideas in S Group's restaurants. FoodLab, the shared development incubator of HOK-Elanto and SOK, is a good example of communal development of restaurant food. Fast and convenient eating is increasing while the popularity of fine dining is waning. S Group also responds to consumers' wishes by introducing several casual dining and fast food concepts. Focus will also be placed on increasing opportunities for new and social experiences related to food.

Highlights in 2015

- Sokos Hotels introduced new benefits for co-op members.
- The international Green Key environmental programme was implemented in the hospitality business. At the end of 2015, S Group had as many as 22 Green Key certified hotels.
- The restaurant world of Raision Mylly was renewed. Three completely new concepts (Bacaro Doppio, Tsiken and Qualitano) were opened in the restaurant world, as well as Rosso with a renewed concept.
- The concept of Fransmanni was renewed. The new Frans & les Femmes bistros will open in 2016–2017.

S Gruop's travel industry and hospitality business	**2015**	2014	2013
Outlets	**798**	813	823
Hotels	**62**	63	63
Restaurants	**736**	750	760
Retail sales, EUR million (VAT 0%)	**802**	798	811

In addition to Sokos Hotels and Radisson Blu Hotels the figures also include information from the hotels in Russia and Estonia.

Case: Responsible Sokos Hotels

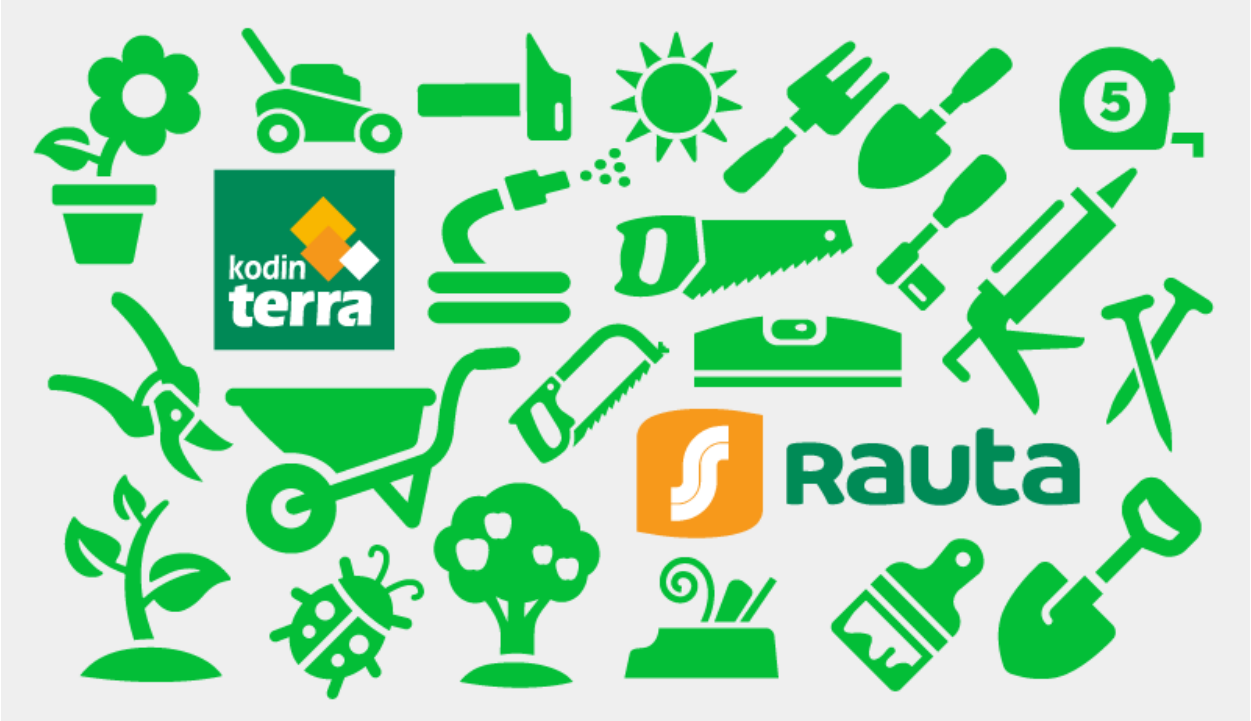
Measuring and reporting acts of responsibility has begun as a result of the new kind of responsibility management at Sokos Hotels. Responsible management has given rise to many acts of charity at Sokos Hotels in Finland, Tallinn and St. Petersburg.

Original Sokos Hotel Kuusamo supports enterprising young people, whereas Original Sokos Hotel Villa in Tampere works in cooperation with a local senior citizen centre. The Sokos Hotels in Jyväskylä support an activity group for low-income families.

The charity campaigns of hotels can be viewed on the websites of Sokos Hotels.

Hardware trade

S Group's hardware trade includes the Kodin Terra and S-Rauta chains, which focus on building, renovation, interior decoration as well as yard and gardening.



Kodin Terra

- 10 outlets around Finland at the end of 2015.
- The product range of Kodin Terra features approximately 35,000 products, with delivery sales offering a selection of another 35,000 products. In addition, it offers a variety of additional services, such as installation, design and transportation assistance.
- Its target group includes both consumers and corporate customers.

S-Rauta

- 13 outlets around Finland at the end of 2015.
- S-Rauta offers an extensive selection of products as well as comprehensive solutions for the needs of renovators and building contractors. In addition, a wide selection of products is available through delivery sales.
- Its target group includes both consumers and corporate customers.

Operating environment

Purchasing power and efficiency are pursued by growing the business volume in the hardware and gardening trade. Methods to grow volume in Finland and internationally comprises acquisitions and the establishment of new stores. On the other hand, large and successful international operators have been

forced to adjust their business operations or to completely withdraw from certain markets.

Due to the weak economic situation, the market has been shrinking in the hardware trade for several years. S Group's hardware trade engages in systematic development work in the challenging market situation.

What's going on?

In 2015, customer service in the hardware trade was developed and the customer experience was improved by increasing personnel's competence in products and services. Customer satisfaction was also improved by developing store layouts.

The development of the multi-channel approach continued as well last year. The Click & Collect service, which raised interest among customers, was diversified by means of implementing an online payment option and other customer suggestions. In the Click & Collect service, the customer orders products online and picks them up at the store. The home delivery of products, included in Kodin Terra's online store service, was welcomed by customers.

The hardware trade has acknowledged the customers' need to have external professionals renovate their homes from start to finish. S Group believes that the demand for the "Do it for me", or turnkey, services will grow and therefore, this service will be one of the development areas in the future.

The product range at hardware stores will contain high-quality products manufactured as ethically as possible. The volume of product complaints has been reduced to half.

Highlights in 2015

- The formerly independent hardware trade unit was merged with the rest of the supermarket trade.
- Cooperation was deepened in S Group's construction supplies procurement.
- Procurement and product range cooperation was launched with international strategic partners.

S Group's hardware trade	**2015**	2014	2013
Outlets	**23**	25	27
Retail sales, EUR million (VAT 0%)	**184**	207	241

The figures include the information from the Kodin Terra and S-Rauta chains.

Case: Eläinmaailma (Pet World)

The Eläinmaailma (Pet World) sections opened at all Kodin Terra stores expanding the range of pet supplies beyond dog and cat food and supplies. Now products are also available for pet rodents, rabbits, fish, horses and other companion animals.

The high-quality pet supply section has enabled Kodin Terra to reach plenty of new customers and the Eläinmaailma concept has raised a lot of interest. Pets are also welcome in Kodin Terra.

In 2015, a significant addition was made in Kodin Terra's dog supplies section when it was the first in Finland to add the Icepeak line to the product range of the chain's stores.

S-Bank

Owned by S Group and the LocalTapiola Group, S-Bank is a Finnish in-store bank with 2.8 million customers. It offers customers extensive services for daily banking, savings, investing and the financing of purchases.



S-Bank's services primarily target the co-op members of S Group and LocalTapiola Group. The purpose of

the operations is to work for a new and deeper kind of co-op membership, and the goal is to provide banking services with unparalleled convenience and usefulness.

The goal has been to make using the services as easy as possible, and S-Bank's extensive service network extending throughout Finland offers convenient service hours to customers. Taking care of daily banking is easy while shopping, since the bank has convenient, long opening hours. S-Bankers assist customers by appointment when more extensive financial matters, such as financing a home, are concerned.

S-Bank's basic banking services, in other words the current account, online bank and the S-Etukortti Visa debit card are free of charge now and continue to be free in the future as well. Withdrawing and depositing cash is possible at the checkouts of more than 1,000 S Group outlets. In addition, convenience is increased in customers' daily lives by the easy-to-use online bank, the S-mobiili application for combined store and bank services, as well as a telephone service.

Operating environment

Digitalisation is a key change factor in the finance sector, just as everywhere else. Various convenient digital services which make customers' lives easier are continuously being developed, and banks must keep abreast of the change in order to meet customer expectations. This is a challenge embraced by S-Bank. It has already addressed it by developing new functions in the S-mobiili application, among other things.

For S-Bank, digitalisation is an opportunity, which helps us provide service solutions that not only benefit the customer but are also cost-effective. While we invest in digital services, we continue to develop our agile network of bricks-and-mortar – we believe that to provide banking services with unparalleled convenience, both are needed.

Prolonged low interest rates affect banks' revenue. Another challenge faced by banks is the fact that a large portion of their costs are fixed, such as system or personnel costs, and influencing them is not possible in the short-term.

What's going on?

S-Bank has been undergoing considerable renewals over the last few years. The merger with LocalTapiola Bank, completed in spring 2014, added secured loans, such as the long-awaited mortgage, to the product range. The acquisition of the share capital of the FIM asset management company expanded the range of investment products. Thus, S-Bank offers its customers an extensive range of banking services for various life situations.

Nevertheless, the new bank has also incorporated the good things from its past in the new operations: S-Banks' services continue to be based on equal and direct relationships with customers. The objective in S-Bank's all operations is convenience. Being able to simplify difficult and complex financial matters and explain them in clear language are among S-Bank's competitive advantages.

To develop convenient and useful services, we need to be familiar with our customers and their daily lives. S-Bank has actively involved customers in building new services. This has become an established, permanent practice.

Highlights in 2015

- S-mobiili is being continuously developed in response to users' specific needs. In January 2015, S-mobiili was supplemented by the Sijoitukset (Investments) section, where users can transfer their bonus to the S-Savings Fund, make an extra one-time subscription and monitor the development of funds. In November, S-mobiili was released as an Apple Watch application. The app can be used to monitor the bonus accumulated from purchases made in the S Group and to check the balance of S-Bank accounts as well as the value of the investment portfolio.

- In November, FIM's customers also received access to mobile services. FIM Mobiili enables customers to monitor their investments easily and in real-time using both a smart phone and Apple Watch. In October, customer service implemented a chat service as per customers' requests. The service can be used for submitting general questions about banking.

- The S-Sijoitusobligaatio introduced in October is a good choice for a customer who is seeking a better yield for their money than provided by the regular term deposit, but who does not want to take the risks involved in direct share investing. Capital protection secures the customer's capital until the maturity date, which is when any yield is also paid.

- In March 2015, customers ranked S-Bank the most responsible bank in Finland in the Sustainable Brand Index, the largest brand study on sustainability in the Nordic countries. In April, S-mobiili and the contactless payment option of the S-Etukortti Visa card also won the Loyalty category of the international Contactless & Mobile Awards. The customer service of S-Bank's credit control was also selected as the best customer service centre in the country in the Customer's Voice competition in April as well. It received the award for the best individual customer service agent as well.

- In the autumn, it was FIM's services that received accolade. In September, FIM Asset Management was selected as the best asset manager in the annual contest organised by World Finance magazine. Also in September, FIM's funds and fund managers received international recognition when Citywire ranked FIM's Hertta Alava the best in an international comparison of fund managers investing in Africa. FIM Fenno and FIM Real received the acclaimed Lipper Fund award as the best-in-class investment funds in a Nordic comparison. In November, FIM Orient Alpha was selected as the best emerging market fund among European hedge funds.

Corporate Governance and Management System

S Group is a group of companies consisting of regional cooperatives and the SOK Corporation, which is owned by the regional cooperatives and their subsidiaries. S Group's strategy is set by SOK's Supervisory Board. The Supervisory Board's task is to represent SOK's owners, in other words, the regional cooperatives, and to serve as the Group's forum for reaching agreement on key strategic issues. SOK Corporation's

Corporate Management Team is in charge of preparing the strategy and other proposals to SOK's Executive Board, which introduces them to the Supervisory Board. SOK Corporation's Corporate Management Team is also in charge of SOK Corporation's operative management.

In addition to these bodies, this review introduces supervision in S Group, the S Group-level responsibility programme and the responsibility management model.

SOK Supervisory Board 2015

Matti Pikkarainen
Oulu
(born 1953) D.Th.
dean, Oulu Evangelical Lutheran Federation of Parishes
chairperson 2013–
chairperson of the Supervisory Board of the Osuuskauppa Arina cooperative
member of the Supervisory Board 2004–
outgoing in 2016

Maija-Liisa Lindqvist
Lahti
(born 1951) talousneuvos [Finnish honorary
title]
training coordinator
first vice chairperson 2013–
chairperson of the Supervisory Board of the Osuuskauppa Hämeenmaa cooperative member of the Supervisory Board 1997–
outgoing in 2017

Antti Määttä
Jyväskylä
(born 1966) M.Sc. (B.A.)
managing director of the Osuuskauppa
second vice chairperson 2013–
Keskimaa cooperative
member of the Supervisory Board 2013–

Kimmo Koivisto
Salo
(born 1956) farmer
chairman of the Supervisory Board of the Suur-Seudun Osuuskauppa SSO cooperative
member of the Supervisory Board 2003–2004, 2007–
outgoing in 2016

Hannu Krook
Nurmijärvi
(born 1965) M.Sc. (B.A.)
managing director of the Osuuskauppa Varuboden-Osla Hlg cooperative
member of the Supervisory Board 2013–
outgoing in 2016

Martti Lokka
Mikkeli
(born 1967) managing director, building manager
chairman of the Supervisory Board of the Osuuskauppa Suur-Savo cooperative
member of the Supervisory Board 2014–
outgoing in 2018

Mika Marttila
Rauma
(born 1970) M.Sc. (B.A.)

Hannu Pelkonen
Sotkamo
managing director of the Osuuskauppa Maakunta cooperative
member of the Supervisory Board 2015–
outgoing in 2018

Ilkka Pirskainen
Joensuu
director of joint municipal authority
chairman of the Supervisory Board of the Pohjois-Karjalan Osuuskauppa cooperative
member of the Supervisory Board 2015-
outgoing in 2016

Pekka Ritvanen
Kuopio
(born 1955) M.Sc. (Tech.)
managing director
member of the Board of Directors of the Osuuskauppa Peeässä cooperative
member of the Supervisory Board 2014–
outgoing in 2017

Timo Santavuo
Pori
(born 1960) lawyer, LL.M. with court training

outgoing in 2016

Jorma Bergholm

Helsinki
(born 1954) managing director
Helsingin Työväenyhdistys ry
chairman of the Supervisory Board of the Helsingin Osuuskauppa Elanto cooperative
member of the Supervisory Board 2005–
outgoing in 2017

Timo Hollmén

Kaarina
(born 1950) agrologist
chairman of the Supervisory Board of the Turun Osuuskauppa cooperative
member of the Supervisory Board 2013–
outgoing in 2016

Pentti Hämäläinen

Hamina
(born 1954) lawyer
chairman of the Supervisory Board of the Kymen Seudun Osuuskauppa cooperative
member of the Supervisory Board 2008–
outgoing in 2018

Henrik Karvonen

Kuusamo
(born 1972) managing director of the
Koillismaan Osuuskauppa cooperative
member of the Supervisory Board 2014–
outgoing in 2018

managing director of the Osuuskauppa Keula cooperative
member of the Supervisory Board 2011–
outgoing in 2017

Anne Mäkelä

Kokkola
lawyer, master of law
chairman of the Supervisory Board of the Osuuskauppa KPO cooperative
member of the Supervisory Board 2015–
outgoing in 2017

Ilkka Ojala

Tämpere
(born 1949) M.Sc. (Eng.), M.Sc. (Admin.)
managing director, City of Tampere Tilakeskus department
Chairman of the Supervisory Board of the Pirkanmaan Osuuskauppa cooperative
member of the Supervisory Board 2011–
outgoing in 2017

chairman of the Supervisory Board of the Satakunnan Osuuskauppa cooperative
member of the Supervisory Board 2000–
outgoing in 2018

Mervi Sillanpää-Jaatinen

Lappeenranta
(born 1957) BBA
managing director of the Etelä-Karjalan
Osuuskauppa cooperative
member of the Supervisory Board 2014–
outgoing in 2018

Kimmo Simberg

Seinäjoki
(born 1959) BA (Hospitality Management),
MBA
managing director of the Etelä-Pohjanmaan Osuuskauppa cooperative
member of the Supervisory Board 2004–2005, 2011–
outgoing in 2016

Matti Timonen

Nurmes
(born 1956) farmer
chairman of the Supervisory Board of the Jukolan Osuuskauppa cooperative
member of the Supervisory Board 2011–
outgoing in 2017

Personnel representatives

Ulla Kivilaakso

Helsinki
(born 1970) business college graduate,
diploma in marketing and communications management (MJD)

customer relationship manager
SOK Travel industry chain management
member of the Supervisory Board 2011–
outgoing in 2016

Iiris Merimaa

Helsinki
(born 1962) receptionist
SOK Administrative services and risk management
member of the Supervisory Board 2009–
outgoing in 2016

SOK Executive Board 2015



1. Taavi Heikkilä

(born 1962) CEO, M.Sc. (B.A.)
Member of SOK's Executive Board 2007–2011, 2014–
With S Group 1987–
Chairman of the Board

2. Matti Niemi

(born 1955) M.Sc. (B.A.), managing director

4. Esko Jääskeläinen

(born 1956) M.Sc. (Econ.), managing director
Suur-Seudun Osuuskauppa SSO cooperative
Member of SOK's Executive Board 2011–
With S Group 1980–

6. Timo Mäki-Ullakko

(born 1963) M.Sc. (B.A.), managing director
Pirkanmaan Osuuskauppa cooperative
Member of SOK's Executive Board 2013–
With S Group 1987–

Helsingin Osuuskauppa Elanto cooperative
Member of SOK's Executive Board 2007–
With S Group 1982–
Vice chairman of the Board

3. Heikki Hämäläinen

(born 1966) M.Sc. (B.A.), managing director
Osuuskauppa Suur-Savo cooperative
Member of SOK's Executive Board 2014–
With S Group 1990–

5. Tapio Kankaanpää

(born 1962) M.Sc. (B.A.), managing director
Osuuskauppa PeeÄssä cooperative
Member of SOK's Executive Board 2012–
With S Group 1987–

7. Jouko Vehmas

(born 1956) M.Sc. (Econ.), managing director
Kymen Seudun Osuuskauppa cooperative
Member of SOK's Executive Board 2001-2003, 2014–
With S Group 1980–

SOK Executive Board 2016

SOK's Corporate Management Team 2015



1. Taavi Heikkilä

(born 1962) CEO
M.Sc. (B.A.), Member of SOK's Executive Board 2007–2011, 2014–
With S Group 1987–

4. Seppo Kuitunen

(born 1961) General Counsel Legal Affairs
LL.M, with S Group 2005–

5. Leena Olkkonen

(born 1962) Executive Vice President

6. Jorma Vehviläinen

(born 1967) Executive Vice President
SOK's business trade
M.Sc. (B.A.), with S Group 1991–

7. Veli-Pekka Ääri

(born 1967) Executive Vice

2. Jari Annala

(born 1964) Executive Vice President, CFO
SOK Finance and Administration
M.Sc. (B.A.), with S Group 1989–

SOK Personnel
M.Sc. (B.A.), with S Group 2007–2015

President
Customer Relations, Communications, Marketing and Digital Services
M.Sc., with S Group 2011–

3. Arttu Laine

(born 1970) Executive Vice President
Business operation groups, procurement and logistics
M.Sc. (B.A.), with S Group 1995–

SOK's Corporate Management Team 2016

SOK Corporation's Corporate Governance and Management System

Applicable Rules

SOK is a Finnish cooperative whose decision-making and administration are subject to the provisions of the Cooperatives Act, other regulations concerning the operations of the business areas and SOK's Statutes. The new Cooperatives Act became effective on 1 January 2014. Whether there is a need to amend the Statutes will be assessed during the transition period of the Act. The operations of the subsidiaries are regulated by the Limited Liability Companies Act, among others, and in addition, SOK Corporation's operations are governed by the operating principles, operating policies and investment and approval guidelines confirmed by SOK's Executive Board, as well as the rules of procedure confirmed for different bodies.

The Securities Market Association approved a Corporate Governance Code for listed companies (available at http://cgfinland.fi/) in June 2015. According to the Finland Chamber of Commerce, other nationally significant institutions should also adhere to the Code to the extent possible considering their special characteristics. SOK adheres to the Corporate Governance Code for listed companies to the extent that it is a cooperative form of business and that the Code is relevant considering its special characteristics.

Cooperative Meeting

The Cooperative Meeting is SOK's highest decision-making body. Each cooperative enterprise is eligible to send a maximum of five representatives to the Cooperative Meeting, all of whom have the right to address the meeting, but only one of whom has the right to vote on behalf of the cooperative enterprise. The execution of ownership rights and the voting rights are based on ownership shares and the Cooperative's Statutes.

The task of the Annual Cooperative Meeting is to attend to the matters defined in the Statutes, such as adoption of the financial statements, disposal of profit/loss, granting of release from liability, and the election and remuneration of the Supervisory Board and the auditors. An Extraordinary Cooperative Meeting can be convened when necessary.

Supervisory Board

The Cooperatives Act does not require the setting up of a Supervisory Board, but a Supervisory Board has been set out in SOK's Statutes as part of SOK Corporation's administrative model. The role of the Supervisory Board is to represent the extensive grass-roots membership and to act as a forum on which the Cooperative's joint position on major strategic issues is defined. Its duty is to determine overall policies and to safeguard the members' interests. The Supervisory Board confirms all the main strategic policies of S Group and SOK Corporation, based on a proposal from the Executive Board. Matters concerning the actual operational management are handled by the Cooperative's Executive Board and line management.

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

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

The Supervisory Board has confirmed rules of procedure.

The chairman of the Supervisory Board and the two vice chairmen comprise the Committee of Presiding Officers, which assists the Supervisory Board in carrying out its duties. The Chief Executive Officer attends the meetings of the Committee of Presiding Officers. In addition, the Committee of Presiding Officers takes decisions on, among other things, the CEO's salary and other compensation.

The members of the Committee of Presiding Officers are:

Chairman **Matti Pikkarainen** (born 1953), Cathedral Dean, D. Th.

1st vice-chairperson **Maija-Liisa Lindqvist** (born 1951), talousneuvos [Finnish honorary title], business college graduate

2nd vice-chairman, managing director **Antti Määttä** (born 1966), M. Sc. (Econ.)

The Supervisory Board has established four permanent committees: the Nomination Committee, Compensation Committee, Audit Committee, and Cooperative Committee, all of which have their own rules of procedure.

The Cooperative Meeting elects the members of the Supervisory Board on the basis of candidates put forward by the cooperative enterprises. The Supervisory Board has 12–25 members. A person elected to the Supervisory Board must be a Finnish citizen, a member of a cooperative enterprise and under 65 years

of age. The Cooperative Meeting decides on the remuneration of the chairman, vice-chairmen, and members of the Supervisory Board as well as of the auditors.

The Supervisory Board had 20 members and two personnel representatives in 2015. The Supervisory Board convened six times.

The special compensation for the chairman of the Supervisory Board in 2015 was EUR 4,000 per month, and the vice-chairmen were each paid a compensation of EUR 1,500 per month. The meeting compensation for the chairmen and members of the Supervisory Board in 2015 was EUR 460 for each meeting and per day spent carrying out a specific assignment.

Executive Board

Election and Composition of the Executive Board

According to SOK's Statutes, the Executive Board is composed of the Cooperative's CEO, acting as chairman, and of a minimum of three and a maximum of eight other members. The Supervisory Board elects the members of the Executive Board for a term of one year on the basis of the Nomination Committee's proposal. According to the rules, a person elected to the Supervisory Board must be a Finnish citizen and under 65 years of age. The objective is to ensure sufficient rotation, but, on the other hand, continuity is considered important.

In 2015, SOK's Executive Board had seven members, six of whom were managing directors of cooperative enterprises. SOK's Chief Executive Officer Taavi Heikkilä is the Chairman of the Executive Board.

On its meeting on 26 November 2015, SOK's Supervisory Board elected the following members to the Executive Board for 2016:

Chairman **Taavi Heikkilä** (born 1962), CEO, M.Sc. (Econ.)

Heikki Hämäläinen (born 1966), managing director, M.Sc. (B.A.)

Tapio Kankaanpää (born 1962), managing director, M.Sc. (B.A.)

Hannu Krook (born 1965), managing director, M.Sc. (B.A.)

Timo Mäki-Ullakko (born 1963), managing director, M.Sc. (B.A.)

Vice-Chairman **Matti Niemi** (born 1955), managing director, M.Sc. (B.A.)

Jouko Vehmas (s. 1956), managing director, M.Sc. (Econ.)

Duties of the Executive Board

The Executive Board represents the cooperative society and attends to its administration and the due arrangement of its operations within the framework of SOK Corporation and in compliance with the applicable legislation and rules. The duty of the Executive Board is to prepare strategic decisions for presentation to the Supervisory Board, as well as to decide on competition strategies and the operating

plans of both SOK and its subsidiaries.

In addition, the Executive Board, upon a proposal from the CEO, decides on setting up SOK's Corporate Management Team and on appointing its members and their compensation. The Executive Board appoints a Nomination Working Group, which prepares a proposal on the composition of the Boards of Directors and Business Area Boards of SOK's subsidiaries for decision by the Executive Board. Rules of procedure have been confirmed for the Executive Board.

SOK's Executive Board has not established the committees mentioned in the Corporate Governance Code for listed companies because they have been established by the Supervisory Board.

Meetings of the Executive Board

The Executive Board convenes as required and upon the chairman's invitation, and forms a quorum when more than half of the members are present. The Executive Board regularly evaluates its work and procedures by carrying out a self-assessment once a year.

The Executive Board convened 14 times during 2015, and the members' attendance rate was 98 per cent. The members of the Executive Board were paid a total of EUR 115,200 in remuneration in 2015. The CEO does not receive separate remuneration for his work in the Executive Board. The chairmen of the Supervisory Board are also entitled to attend the meetings of the Executive Board.

CEO

Contrary to the recommendation of the Corporate Governance Code for listed companies, the Chief Executive Officer employed by the cooperative society is the chairman of SOK's Executive Board. Because the CEO is the chairman of the Executive Board, the Supervisory Board appoints the CEO. The duty of the CEO is to manage the operations of the Executive Board and the cooperative society in accordance with legislation, SOK's Statutes, and the decisions of the governing bodies.

CEO **Taavi Heikkilä** was chairman of SOK's Executive Board and CEO, as referred to in the Cooperatives Act. In 2015, SOK's CEO was paid salary, including fringe benefits, to the total amount of EUR 721,840. SOK's CEO had a corporate residence as a fringe benefit, and its taxation value is included in the aforementioned remuneration amount.

SOK's Corporate Management Team

The duties of SOK's Corporate Management Team include assisting the CEO in the management of SOK Corporation and S Group. The Corporate Management Team coordinates and prepares, among other things, the central proposals made to the Executive Board. Such proposals include business strategies, target levels, operating plans and budgets, as well as major investment projects and disposals of S Group and SOK Corporation. In addition, the Corporate Management Team discusses operational matters concerning all of SOK Corporation's areas of responsibility. The retirement age of the members of SOK's Corporate Management Team is 60–63 years, determined in accordance with personal executive contracts.

At the end of the year, the Corporate Management Team had six members, and it convened 23 times in 2015. In 2015, the Corporate Management Team was paid a total of EUR 1,952,458 in salaries and

bonuses. This amount also includes fringe benefits.

Subsidiaries

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

The subsidiary's Board elects the company's managing director, but the election is subject to approval by SOK's Executive Board. The Managing Directors of subsidiaries do not, as a rule, have seats on the Board of Directors of the company in question. The operations of the subsidiaries are regulated by, among others, corporation-wide principles and operating policies decided upon by SOK's Executive Board.

Chain Management

SOK's chain management units are responsible for developing the business area / chains and the value chain and preparing matters to be decided on by SOK's Executive Board. Key responsibilities include the preparation of the competition strategy, chain business idea and annual operating plan. The business chain management units are managed by chain directors, who are included in the responsibility area of Executive Vice Presidents at the Corporate Management Team level. Chain management units are provided inspiration and assistance by business support teams. The teams consist of 4–6 representatives of regional cooperatives' managing directors and representatives of SOK's chain management. An Executive Vice President of SOK serves as the chairperson of the business support teams.

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

The business and service function support teams are not decision-making bodies by nature but are included in the reform of SOK's reinforced management system confirmed in 2014. A member of the SOK Corporate Management Team responsible for the business or support functions in question is in charge of selecting the support team members, and the SOK Executive Board is informed of the selection. The new management model streamlines the authority and responsibilities of the chains and the service business.

Management Bonus Scheme

SOK Corporation's entire personnel in Finland are covered by a bonus scheme. SOK's Executive Board decides on the bonus scheme for the management (the Corporate Management Team), and the Supervisory Board's Committee of Presiding Officers decides on the bonus scheme for the CEO. The bonus scheme for the senior management is based on both short-term and long-term objectives. The maximum level of the Corporate Management Team's short and long-term bonuses corresponds, at a maximum, to the monthly salary of three months at an annual level.

The Supervisory Board has set up a permanent Compensation Committee whose task is to assess and develop the compensation systems and principles for S Group's senior management and to issue recommendations on compensation to SOK's decision-making bodies.

Audit

The Annual Cooperative Meeting elects an auditor to audit the financial statements and consolidated financial statements as well as the accounting records and administration of the cooperative society. The auditor must have the legally required qualifications.

The Annual Cooperative Meeting elected KPMG Oy Ab, Authorised Public Accountants, as SOK's auditor for 2015, with Raija-Leena Hankonen, APA, as the principal auditor.

In 2015, the auditing fees paid by the SOK Corporation companies in Finland, the Baltic countries and Russia amounted to EUR 499,704, and other fees amounted to EUR 188,181.

Internal Control, Internal Audit, and Risk Management

SOK's Executive Board is responsible for duly organising the cooperative's operations and management and for the legality and reliability of the accounting records, financial management, and routine management. In addition, the Chief Executive Officer, SOK's unit directors, and the Boards of Directors of the subsidiaries and their managing directors carry out the management and control of business activities in day-to-day operations within their own areas of responsibility. In February 2012, SOK's Executive Board approved the operating policy for SOK Corporation's internal control.

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

SOK's Executive Board has confirmed a risk management policy for identifying and analysing risks across the Corporation and for defining and determining risk management measures as part of operational planning. The key risks in the Corporation's operations and strategic objectives are identified on the basis of the analyses. The management of SOK Corporation's subsidiaries and units reviews and approves each unit's major risks and the defined risk management measures and is responsible for implementing risk management measures.

Precautions have been taken for property, loss-of-profits and liability damage risks of operations through measures, such as contingency plans and insurance. SOK Corporation's risk management expert organisation directs and develops risk management in S Group and provides support for risk management. SOK's internal audit function assesses the sufficiency and functioning of the risk management processes.

Financial Reporting

SOK Corporation publishes its financial statements in February and its interim report for six months in August. Furthermore, reports on the development of S Group's retail sales are published quarterly. SOK

Corporation’s Annual Report is published at the Annual Cooperative Meeting in April.

Communications

Up-to-date information concerning SOK Corporation and S Group, including bulletins, are available on the Group’s website at www.s-kanava.fi. SOK’s Communications and Community Relations unit is in charge of producing and updating the information.

Responsibility Management

Responsibility in S Group covers all business areas, which is why it is managed jointly with business management at the S Group level. SOK’s Responsibility unit is in charge of the S Group-level development, management and reporting of responsibility. SOK’s Responsibility unit operates as part of SOK’s Business Operation Group, which includes all S Group’s business areas as well as the procurement and logistics companies.

SOK’s Responsibility unit is in charge of strategic goal setting and defines the focus areas of S Group’s responsibility development. The business area-specific responsibility objectives and procedures are defined jointly with the business units, subsidiaries and the Responsibility unit. The Responsibility unit monitors the implementation of the procedures and reports regularly to the Business Operation Group and SOK’s Corporate Management Team on responsibility development. In addition, SOK’s Executive Board approves the S Group-level responsibility principles and programme as well as the strategic policies.

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

S Group's responsibility programme

S Group is a consumer cooperative. Therefore, developing responsible operations means, above all, improving all areas that our co-op members and other important stakeholders consider important.

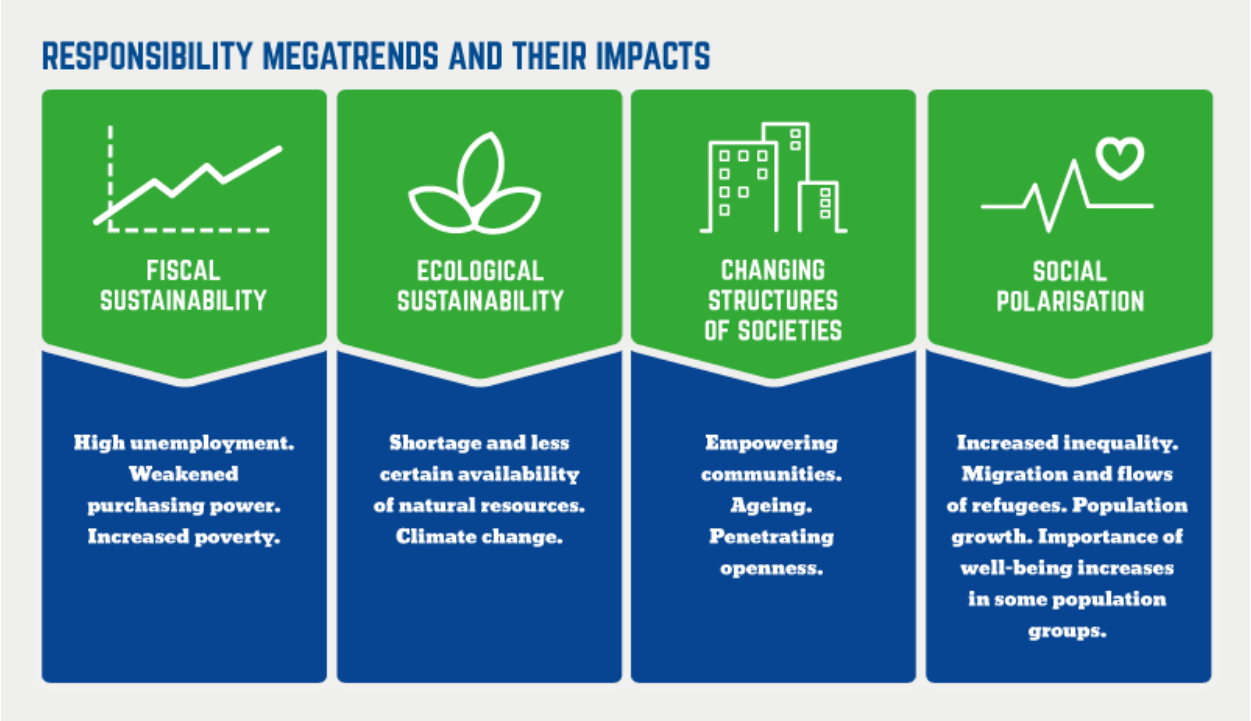
In effect until 2016, S Group’s responsibility programme is built on four themes: well-being through cooperative activities, personnel well-being and motivation, responsible products and services, as well as resource efficiency.



In 2015, we started drawing up a new responsibility programme. The process was initiated by an extensive stakeholder survey. The survey covered stakeholders' expectations and wishes.



Our analysis of the external operating environment also included defining the key megatrends, which affect S Group. We concurrently launched an internal process within S Group, in which we identified and defined matters important to the business areas jointly with them. The new responsibility programme will be completed in spring 2016.



Case: SOK Corporation renewed its Code of Conduct

Our daily operations must meet the ethical expectations set for SOK Corporation by various stakeholders. SOK Corporation renewed its Code of Conduct in 2015. A briefing on the Code of Conduct was organised for stakeholders during the process.

For the Code of Conduct to be a genuine part of our operating culture, online training on the contents of the Code was provided for the Corporation's personnel. In addition, applying the Code in practical situations will be discussed in unit meetings.





Stakeholders

S Group engages in systematic dialogue with its stakeholders. The goal of the dialogue is to disseminate information on S Group, increase mutual understanding and make use of the competence of the stakeholders in the development of our operations.



Systematic stakeholder engagement

S Group's stakeholder engagement is managed in a goal-oriented manner. S Group has defined its key stakeholders and their expectations and impact on S Group. In addition, the forms of stakeholder engagement for each group have been defined.

S Group measures the success of stakeholder engagement on a yearly basis. Stakeholders' images of S Group as a responsible player are surveyed by means of the 'Luottamus ja maine' (Reliability and reputation) survey conducted by T-Media. The survey assesses the overall reputation through eight subject areas: governance, financial administration, management, innovations, interaction, products and services, workplace, and responsibility. In 2015, the public assessed S Group's reputation on a scale of 1 to 5 as good, at 3.56 (2014: 3.43). Responsibility was assessed as fair, at 3.14 (2014: 3.17). In addition, governance, which covers openness and transparency as well as doing the right thing, was assessed as fair, at 3.45 (2014: 3.13).

Openness and transparency

S Group wants to participate in social discussion openly and proactively. Differing views are taken into account and criticism is discussed. We openly answer questions and respond to feedback, whether the questions or feedback come from customers or civic organisations.

S Group is a large Finnish company, and therefore, the media is interested in it. We actively work to offer media representatives opportunities to learn about our operations. In September 2015, an event organised for economic reporters covered such issues as the situation of the retail sector, topical issues in S Group, and digitalisation. SOK's management met editors-in-chief of the largest media in the traditional Christmas get-together in December. In addition, S Group's representatives met reporters from Lännen Media, Taloussanomat, Maaseudun Tulevaisuus, YLE, Helsingin Sanomat and Aamulehti.

The 'Tornin aamu' discussion events are S Group's new concept in stakeholder engagement, intended to raise discussion on central issues in the sector and to listen to stakeholders. The events give a voice to S Group's stakeholders, in particular. The concept offers a forum for both parties: those who have a critical viewpoint to the topic at hand and those whose attitude is positive. Discussion participants invited to the events include stakeholders relevant for each topic, such as representatives of associations, decision-makers, senior officials, the media and experts. In 2015, the topics of the 'Tornin aamu' discussion events included the price of food, regulation in the retail sector, digitalisation, as well as the circular economy.

Advisory Group further accelerates corporate responsibility work

The role of S Group's responsibility Advisory Group, consisting of external experts, is to produce information for S Group on new opportunities, best responsibility practices, and risks in the operating environment risks. In 2015, the Advisory Group convened twice and, among other things, discussed megatrends and the focus areas of S Group's new responsibility programme.

External members of the Advisory Group:

- **Mikael Fogelholm**, Professor for Public Health Nutrition, University of Helsinki
- **Minna Halme**, Professor of Management at the Aalto University School of Business, specialised in responsible business operations
- **Pirkko Harrela**, Executive Vice President, Stakeholder Relations, UPM

- **Aleksi Neuvonen**, futures researcher, the Demos Helsinki think tank
- **Mari Pantsar**, director, 'Resource-wise and carbon-neutral society' theme, Sitra
- **Sirpa Pietikäinen**, member of the European Parliament
- **Liisa Rohweder**, Secretary General, WWF
- **Markus Terho**, Executive Coach, Sustainability, TripleWin
- **Susan Villa**, free expert and writer, human rights issues

Dialogue with decision-makers

S Group conducts on-going dialogue with decision-makers on issues impacting S Group's operations and the development of the service sector. In 2015, S Group met ministers, special advisers of ministers as well as Parliament members interested in S Group's operations.

In March, S Group organised a discussion event concerning ownership jointly with MTK, Teosto, the Association for Finnish Work, and the Finnish Family Firms Association (PL). The same cooperation and themes continued at the SuomiAreena event in Pori in July. In addition, SuomiAreena hosted a Tornin Aamu Goes Pori breakfast event on digitalisation, as well as a local food day jointly with the Satakunnan Osuuskauppa cooperative.

The election panel of S Group and the Service Union United PAM discussed the future of the service sector at the Kauppakeskus Kaari shopping centre in Helsinki in April. A representative from each Parliament party took part in the discussion.

Innovations together with growth companies

In order to be able to renew itself and address the challenges of the changing operating environment of retail, S Group needs new creative ideas, competence and innovative solutions to develop its operations. In 2014–2015, S Group participated in the Corporate Venture programme, which aimed to study and try out new solutions developed by external growth companies and to concurrently provide Finnish start-up companies with tools for development of the business operations and for growth.

The growth companies and start-ups selected to S Group's programme were MobiiliMenu (for easier restaurant dining), Innorange (customer flow measurement and related analytics), as well as Polar Island (new kinds of refrigeration solutions). The solutions created by the selected companies were piloted in a total of five S Group chains and 11 outlets. Through the pilot projects, the companies received authentic user feedback and support for the further development of their ideas from S Group. As a continuation to the programme, S Group launched the S-Lab activities at the beginning of 2016 with the aim to try out and develop new innovative solutions in an agile and user-oriented manner. The S-Lab activities are continuous and make it possible to try out solutions developed both within S Group and externally.

Case: Transforming an industrial site into a community-centred urban oasis

S Group's logistics centre moving from the Kera district in Espoo in the coming years. The plan is to transform the district into a residential area. In the autumn of 2015, S Group challenged creative people, start-up companies, students and researchers to come up with ideas for and envision the area under renewal as part of the Nordic Built Cities Challenge. The Nordic Built Cities Challenge is a competition organised by Nordic Innovations under the auspices of the Nordic Council of Ministers. The Kera district was the only Finnish participant.

The purpose of the competition focusing on Kera is to brainstorm ideas for the district's different stages of development: how to make the transformation interesting, as well as what kinds of services could be provided in the district, from the baseline situation all the way to executing the vision for the Kera district. According to the principles of the circular economy, it is possible to reuse and recycle the S Group logistics centre's existing structures, the district's industrial buildings and related demolition and waste material in future urban development.

The winner of the Finnish competition will be announced in June 2016.

Advocacy organisations for common interests

We collaborate with industry associations and other associations in the development of our industry within the framework allowed by competition legislation.

SOK represents S Group in various advocacy organisations. These organisations supervise the interests of companies in the retail sector in both Finland and the EU. S Group is a member of the Finnish Commerce Federation. In 2015, SOK's CEO and the managing director of the Osuuskauppa Keskimaa were members of its Board of Directors.

SOK is also a member of Finnish Grocery Trade Association PTY, the Tekstiili- ja Muotialat TMA textile and fashion sector organisation, the Finnish Hospitality Association Mara, as well as the Finnish Petroleum Federation. Through various sector organisations, SOK is also involved in the operations of the Confederation of Finnish Industries (EK). SOK is represented on numerous committees and working groups in the aforementioned organisations.

As a cooperative form of business, SOK is a member of Euro Coop, the European Community of Consumer Cooperatives. SOK also has a representative in the organisation's Presidium, Board of Directors and three

working groups. Euro Coop supervises the interests of consumer cooperatives in the European Union.

SOK is also a member of the International Co-operative Alliance (ICA). ICA is an independent non-governmental organisation that serves cooperatives globally. ICA is the world's second largest organisation after the United Nations (UN). SOK's representative supervised the interests of Finnish cooperative activities as a member of ICA's Board of Directors in 2015. SOK also has a representative in ICA's Round Table expert group, which focuses on measuring responsibility and increasing the awareness of and education related to cooperative activities, in particular.

In addition, SOK is a member of the Foreign Trade Association (FTA) as well as the Business Social Compliance Initiative (BSCI) and Business Environment Performance Initiative (BEPI) systems operating under FTA. The objective of the BSCI system is to improve working conditions in countries at risk to the level required by international agreements, and BEPI strives to improve the management of the environmental impact of supply chains. SOK has representation on the FTA Board and in the BSCI's System Committee and a BEPI working group.

S Group in figures

S Group's key figures

Key figures, EUR million	**2015**	2014	2013
S Group’s retail sales (incl. the whole S Group)	**10,804**	11,182	11,353
S Group’s retail sales in Finland	**10,315**	10,599	10,799
S Group’s retail sales in the Baltic countries and Russia	**489**	583	569
Cooperatives’ retail sales	**10,076**	10,373	10,477
S Group’s bonus sales	**9,010**	9,336	9,541
S Group's result before extraordinary items and taxes	**304**	274	226
S Group's operating result	**265**	226	196
S Group's investments	**559**	526	573
Bonus paid out to co-op members	**343**	361	379
Co-op members	**2,222,506**	2,156,828	2,109,025
Personnel	**37,758**	40,292	41,784
Outlets	**1,632**	1,643	1,642
Regional cooperatives	**20**	20	20
Local cooperatives	**8**	8	8

All sales VAT 0%

Financials

SOK Corporation, EUR million	**IFRS 2015**	IFRS 2014	IFRS 2013
Revenue	**7,038**	7,286	7,317
Depreciation and impairment losses	**63**	68	66
Operating profit	**11**	47	-8
Financial income and expenses (+/-)	**2**	4	6
Profit before taxes	**9**	43	-13
Profit for the financial year	**1**	36	-9
Total assets	**1,670**	1,588	1,641
Non-current assets	**680**	649	699
Inventories	**163**	175	190
Current assets	**990**	938	942

Assets held for sale	**0**	3	7
Equity attributable to equity holders of the parent, total	**611**	697	594
Minority interest	**6**	2	1
Provisions	**19**	19	26
Liabilities	**1,054**	979	1,046
Liabilities associated with assets held for sale	**0**	0	4
Interest-bearing liabilities	**158**	110	162
Cash and cash equivalents and short-term investments	**249**	179	158
Net interest-bearing liabilities	**-92**	-68	4

SOK, EUR million	**FAS 2015**	FAS 2014	FAS 2013
Sales*	**6,114**	6,284	7,496
Sales to cooperative societies	**5,722**	5,838	7,114
Operating profit before extraordinary items, appropriations and taxes	**45**	13	48
Profit/loss for the financial year	**41**	12	48

**) Sales excl. VAT*

The S Group's retail sales by business area, EUR million	**2015**	2014	2013
Prisma hypermarkets	**3,336**	3,405	3,377
S markets	**3,177**	3,246	3,252
Sale stores	**617**	611	579
Alepa stores	**346**	345	346
Other supermarket trade	**5**	5	13
Supermarket trade*	**7,479**	7,616	7,566
Sokos department stores	**217**	255	273
Emotion speciality stores	**39**	37	33
Pukumies fashion stores	**19**	22	25
Other consumer goods	**20**	10	7
Department stores and speciality stores	**295**	324	338

ABC service station stores	**783**	850	865
ABC unmanned stations	**643**	704	736
ABC fuel oil service	**32**	40	46
ABC-Deli convenience stores	**50**	74	103
Other service station stores	**97**	101	62
Other unmanned stations	**3**	4	5
Other service station stores and fuel sales	**0.2**	0.2	0.1
Service station stores and fuel sales	**1,608**	1,774	1,817
Travel industry	**285**	274	275
Hospitality business	**517**	524	535
Travel industry and hospitality, total*	**802**	798	811
Kodin Terra and S-Rauta	**184**	207	241
Hardware trade	**184**	207	241
Automotive trade and accessories	**309**	301	406
Agricultural trade	**112**	150	162
Others	**15**	12	12
S Group retail sales total	**10,804**	11,182	11,353

All sales VAT 0%
**) including retail sales in neighbouring countries (Russia and the Baltic countries)*

Outlets

S Group's retail outlets	**2015**	2014	2013
Prisma hypermarkets*	**99**	101	98
S markets	**436**	437	437
Sale stres	**291**	281	274
Alepa stores	**93**	89	87
Other outlets	**11**	12	12
Supermarket trade	**930**	920	908

Sokos department stores*	**19**	19	22
Emotion speciality stores	**34**	35	35
Marks & Spencer	**6**	3	0
Pukumies fashion stores	**9**	10	10
Other speciality stores	**9**	9	11
Department stores and speciality stores	**77**	76	78
ABC service station stores	**103 (103)**	106 (106)	106 (106)
ABC unmanned stations	**103 (311)**	98 (300)	99 (309)
ABC-Deli convenience stores	**9 (9)**	11 (10)	16 (16)
Other service station stores	**21 (18)**	23 (20)	13 (3)
Other unmanned stations	**0 (3)**	0 (3)	0 (3)
Service station stores and fuel trade	**236 (444)**	238 (439)	234 (437)
Sokos Hotels	**53**	52	52
Radisson Blu Hotels	**6**	7	7
Other hotels	**3**	4	4
Hospitality outlets	**239 (736)**	256 (750)	266 (760)
Travel industry and hospitality	**301 (798)**	319 (813)	329 (823)
Kodin Terra*	**11**	11	12
S-Rauta	**13**	14	15
Hardware outlets	**24**	25	27
Automotive trade and accessories	**35**	35	37
Agricultural trade	**13**	14	15
Other outlets	**17**	16	14
S Group total	**1,632**	1,643	1,642

**) The number of outlets includes also the webstores.*
The outlet figures reported in brackets include restaurants, stores or stations connected to other outlets.

Co-op membership

Co-op membership figures	**2015**	2014	2013
Co-op members (persons)	**2,225,506**	2,156,828	2,109,025
New co-op members in 2014	**91,566**	83,825	92,113
Bonus paid to co-op members (EUR, million)	**343**	361	379
Payment method-related benefit (EUR, million)	**6**	6	6
Payment of interest on membership (EUR, million)	**14**	13	13
Return of the surplus (EUR, million)	**21**	22	24
Co-op member benefits in average (EUR/ member)	**173**	189	212

Personnel

Number of personnel	**2015**	2014	2013
S Group	**37,758**	40,292	41,784
Cooperative societies ans subsidiaries	**29,991**	31,424	32,138
SOK Corporation	**7,767**	8,868	9,464
SOK	**1,296**	1,398	1,517

Type of employment and personnel turnover (%)	**2015**	2014	2013
Permanent	**87**	87	86
Fixed-term	**13**	13	14
Full-time	**37**	36	39
Part-time	**63**	64	61
Personnel turnover, permanent employees	**15.9**	24.9*	16.7

**) The increase in personnel turnover is explained by the internal business transfers in the Turun Osuuskauppa cooperative and S-Bank, which resulted in a technical transfer of the entire personnel from one organisation to another.*

Gender distribution (%)	**2015**	2014	2013
Women	**76**	76	73
Men	**24**	24	27

Results of S Group's work community survey*	**2015**	2015 General norm in Finland	2014	2013

Work community index (including all questions)	**72.6**	65.4	71.3	71.7
Dedication index	**76.4**	71.7	75.0	75.3
Commitment index	**71.6**	66.8	70.0	70.7
Management index	**72.7**	63.9	71.5	71.9
Performance index	**70.8**	61.3	69.9	70

**) The results are weighed by the number of respondents.*

Training	**2015**	2014	2013
Training days, Jollas Institute	**1,230**	1,356	1,718
Number of students at Jollas Institute	**12,204**	15,700	19,301
Online training modules carried out	**32,879**	32,972	19,171

Environment

Real property information	2015	2014	2013
Gross area (million gross m^2)	**5.1**	4.8	4.7
Electricity consumption (GWh)	**1,111**	1,140	1,176
Heat consumption (GWh)	**419**	418	418
Water consumption (million m^3)	**2.1**	2.0	1.9
Costs with environmental impact, EUR million*	**156**	163	175

**) The figures include electricity, heating, waste and water costs and the costs of restoring contaminated soil.*

Waste	2015	2014	2013
Total amount of waste generated (tonnes)	**100,000**	102,000	105,000
Reuse/recycling rate (%)	**93**	90	88

Packages	2015	2014	2013
Imported packages to Finnish market (tonnes)	**64,700**	66,500	66,334

The amount of imported packages in 2012–2013 have been revised recalculated.

Environmental risks	2015	2014	2013
Recovery of fuel vapour (pcs)	**296**	287	272
VOC emissions in petrol sales (tonnes)	**671**	698	715
Number of environmental permits and registration notifications for fuel distribution (pcs)	**441**	436	362

Well-being through cooperative activities

Cooperative activities and co-op membership

Cooperative activities mean joint ownership and benefit sharing. The co-op members are the sole owners of S Group's cooperative enterprises.

Cooperative activities refer to business operations that emphasise both financial profitability and social responsibility. Because of the cooperative form of business, the money circulating in the operations of cooperatives benefits the co-op members and ensures regional well-being and vitality. Earnings from the operations are invested for the benefit of the co-op members by developing services and renovating outlets, or distributed to the co-op members in the form of various benefits, such as the Bonus and the

payment method-related benefits.

Co-op membership offers ample benefits

Cooperative membership has three aspects:

My store: All co-op members own an equal share of their cooperative. S Group’s numerous outlets and the products, services and benefits they offer are at co-op members' disposal.

My benefits: The only objective of the cooperative activities is to serve the needs of the co-op members. The extensive network of cooperative outlets provides a one-stop shop for everything you need, at a reasonable price. The co-op members also receive benefits, of which the most important is the Bonus reward for centralising one's purchases.

Our advantage: A cooperative is a Finnish enterprise. Most of the taxes paid by S Group and the advantages gained from procurement and construction remain in the region. In addition, S Group's cooperatives and SOK Corporation together form the largest private employer in Finland.

S Group always reserves the best benefits and advantages for its co-op members.



S Group's Co-op membership key figures	2015	2014	2013
Co-op members (persons)	**2,225,206**	2,156,828	2,109,025
New co-op members in 2014	**91,556**	83,825	92,113
Bonus paid to co-op members (EUR, million)	**343**	361	379
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Case: Co-op member's opportunities to influence

A co-op member is not just a loyal customer: as a member of a cooperative, they can influence how their cooperative operates by casting a vote in the election of the cooperative's Council of Representatives or by presenting themselves as candidates.

The Council of Representatives is a governing body elected by the members of the cooperative from among the membership. It is elected election every four years, and in terms of its decision-making power, the Council is comparable to an Annual General Meeting of a company. The Council adopts the financial statements, decides on the use of the surplus and the release from liability of the CEO, the Executive Board and the Supervisory Board, as well as selects the members of the Supervisory Board and auditors.

S Group's social influence

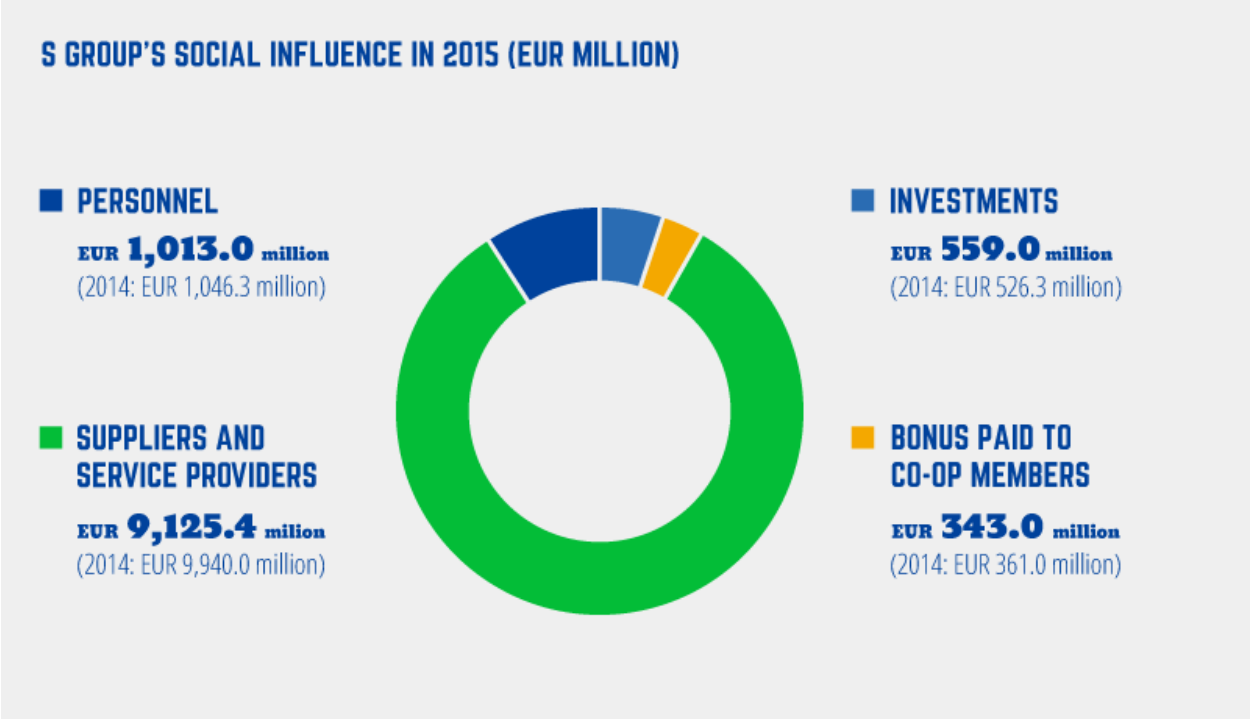
S Group and the cooperatives create well-being regionally in many ways. Cooperatives are significant employers, and local purchases and investments generate economic well-being throughout the country.

The cooperative nature of business is visible to co-op members in many ways. One of the basic ideas of cooperative activities is to provide co-op members with financial rewards. In addition to economic well-

being, social and environmental well-being play an important role in cooperative activities.

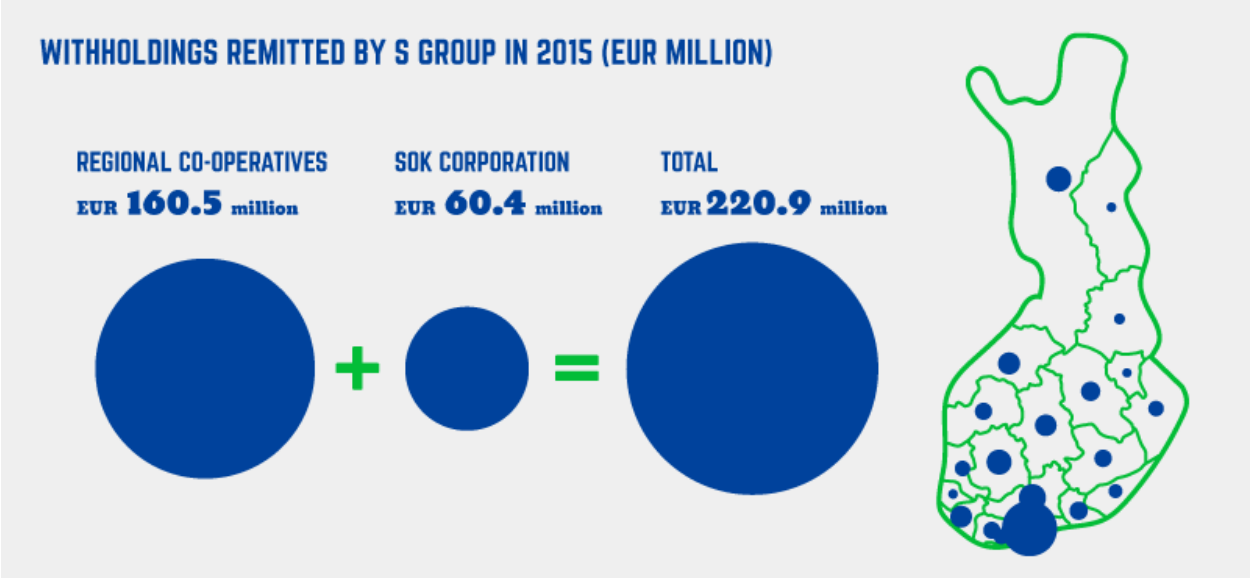
Cooperative activities are firmly based on principles and values. In terms of responsibility, the most essential cooperative values are honesty, openness, social responsibility and caring for others. These values are realised in S Group's daily activities in outlets and offices and through various forms of co-operation. Equality is emphasised in cooperative activities, because each member owns an equal share of the cooperative and, thus, each member has equal opportunities to have influence.

Regional economic well-being is generated, among other things, by selling products by local producers and using the services of local companies in construction projects, for example. In 2015, S Group invested nearly EUR 559 million in building new outlets and renovating and expanding existing ones. The cash flows divided between significant shareholders are shown in the figure below.



Creating well-being locally

Cooperatives are important regional employers. As an employer of more than 34,000 people, S Group's indirect impact on the tax revenue of the state of Finland is considerable. Although the chain operations are managed nationally, S Group consists of 20 independent regional cooperatives, eight local cooperatives and SOK Corporation. Therefore, tax revenue generated by S Group is primarily distributed regionally. In particular, tax withholding from salaries and the corporate tax paid by S Group are, to a large extent, accumulated by municipalities. The tax revenue is used to finance services offered by society in each cooperative's region. The figure below shows the accumulation of tax withholdings in the cooperatives' regions.



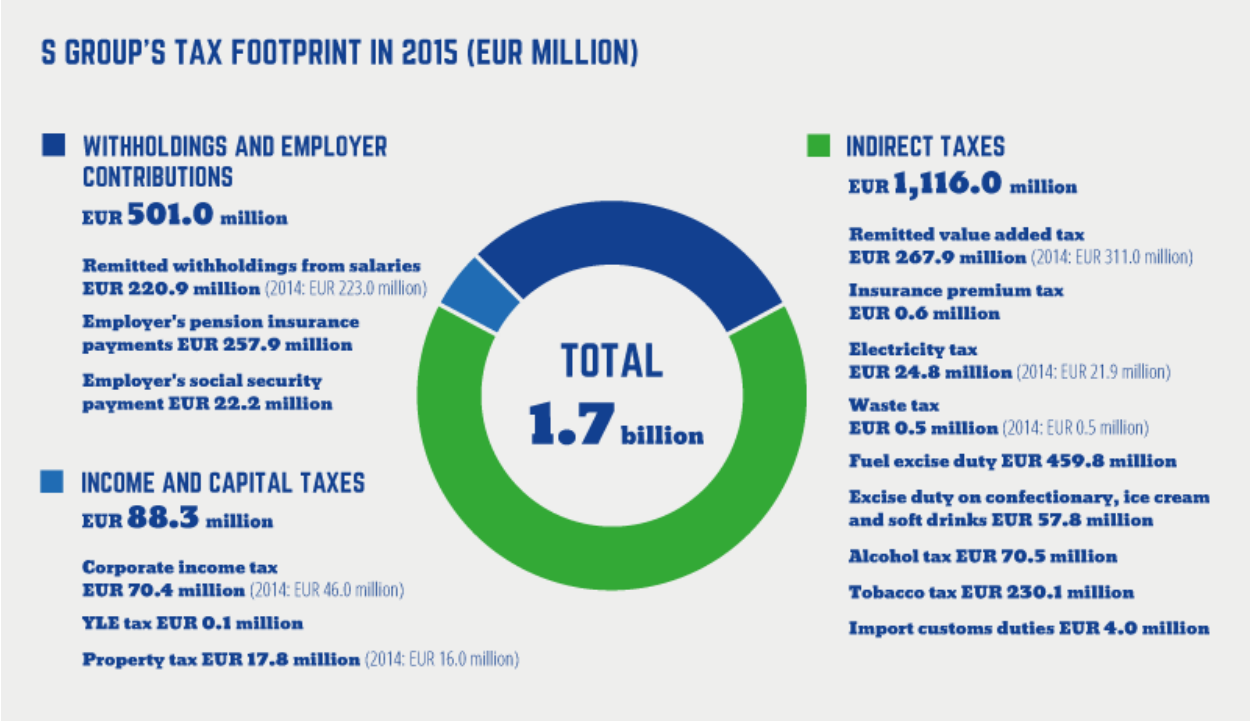
S Group's tax footprint

The tax footprint refers to the income accrued by society from taxes and tax-like payments remitted by a company on its operations. S Group's tax footprint describes taxes remitted to the state of Finland and the municipalities in 2015. In addition to direct and indirect taxes, S Group's tax footprint includes the tax-like payments related to the personnel and the tax withholdings from the employees' salaries. In addition to the remittances included in the tax footprint, S Group has paid local taxes on the operations of the companies in Estonia, Latvia, Lithuania and Russia in accordance with the regulations of each country.

In the recent years, the focus of taxation has shifted from income taxes towards indirect taxes. Indirect taxes include value added tax and various excise duties, such as alcohol, tobacco and confectionary taxes, as well as fuel tax. Value added tax is a common consumption tax ultimately paid by the consumers of goods and services, that is, mostly households. S Group remits value added tax to the state as a company selling goods and services. The 2015 tax footprint only includes the value added tax portion remitted to the state by S Group. Excise duties are consumption taxes included in the price of the product, which are levied from product manufacturers, producers, importers or wholesale. Excise duties are included in many products sold by S Group, such as alcohol tax, sweets tax, tobacco tax, fuel tax and environmental taxes presented below.

The total amount of the taxes and tax-like payments included in S Group's tax footprint totalled approximately EUR 1,705.3 million in 2015. Individual comparison figures for 2014 have been provided next to the corresponding 2015 figures to the extent that they have been reported in the previous year.

In addition to the taxes described in the tax footprint, S Group also pays the following taxes and fees: transfer tax, lottery tax, tax at source, vehicle tax and car tax, which are not included in the figure.



National and regional responsibility cooperation

S Group's responsibility cooperation includes culture, sports, social activities and various donations. In 2015, the amount of financial support given totalled approximately EUR 5 million, of which 50 per cent was allocated to sports, 25 per cent to social activities, and the rest to culture and various donations.

S Group has been one of the principal partners of the Finnish Red Cross (SPR) since 2003. The theme of cooperation is Everyday safety ('Arjen turvallisuus'), and S Group wants to bring SPR's important work closer to co-op members, their families and its personnel. For example, SOK and S-Bank participated in the Blood Service's Blood Group campaign in 2015. In the campaign, employees could donate blood on company time. S Group provided extensive support to SPR during the refugee crisis by donating goods, for example. S Group also takes part in the Operation Hunger Day and the Red Cross Week and offers SPR visibility in S Group's media and outlets.

The Mannerheim League for Child Welfare (MLL) has been S Group's nationwide partner since 2004. With the help of S Group, MLL has developed models to support parenting, including Internet and telephone services. In recent years, S Group has been sponsoring the Hyvä alku koulutielle ('Good start for school') campaign. It reaches nearly 65,000 parents of first-graders and provides families with important information on child well-being. Last year, approximately 51,018 'Hyvä alku koulutielle' letters were handed out to schoolchildren in the campaign. The letters included S Group's brochure on snacks and other daily tips, among others. S Group also supports MLL's online work with the young, aiming to reduce bullying.

S Group has been the main partner of the Children's Day Foundation for several years, and a new agreement was signed for the next three-year period at the beginning of 2016. The purpose of the operations of the Children's Day Foundation is to collect funds for child welfare work in Finland by means of maintaining and developing the Linnanmäki Amusement Park. A record amount of EUR 4.1 million from Linnanmäki's 2015 profit was donated to child welfare work through the founders of the Children's Day Foundation (Barnavårdsföreningen i Finland, the Federation of Mother and Child Homes and Shelters,

Central Union for Child Welfare, Mannerheim League for Child Welfare, Parasta Lapsille ry, and Save the Children). The amount of donations accumulated over the years is over EUR 100 million. In addition to providing financial support, S Group sells Linnanmäki wristbands in its outlets. Our cooperation enables Linnanmäki to provide visitors with the attraction buddy service. An attraction buddy accompanies a child on rides if there are no grown-ups in the child's party who could join the child on the ride, for example.

Cooperation with the Ice Skating Tour campaign of the Finnish Speed Skating Association produced more than 65 events in different parts of Finland, attracting approximately 41,000 skaters. The event is free of charge, and the Finnish Speed Skating Association loans skates to those participants who do not have their own gear. The event is the largest sports event of the winter for the public in many communities.

With a donation of EUR 1 million, S Group is one of the founding funders of the new Children's Hospital to be built in Helsinki, serving the whole of Finland. In addition to the donation, S Group has invited all of its two million co-op members to take part in fund-raising.

In 2015, the traditional EUR 25,000 Christmas donation by SOK's Supervisory Board was primarily directed to projects which helped children and the young cope with various life changes either in Finland or in crisis areas. A portion of the amount was directed to in-country support for children who had had to abandon their homes, as well as to support family and support person activities assisting families with children in Finland. A significant portion of the support was also directed to projects supporting environmental protection or environmental education.

The Fransmanni restaurants continued the Ruokalistalla hyvät tavat ('Good manners on the menu') project, launched in 2011. The project emphasises the importance of shared family meals for the well-being of the family. In addition, the project aims to increase interest among children in cuisine and remind them of the importance of good manners. Another objective is to help 10–12-year-old schoolchildren to become the next generation of well-behaving young. Each Fransmanni restaurant is designated a class of students in an area school every year, and the restaurant personnel coach the class in good manners. In addition, the Fransmanni restaurants hand out project booklets, which offer information and tips on good manners to everyone.

S Group supports the protection of the Baltic Sea through WWF's Operation Mermaid project. S Group donates five cents from each make-up and skin care product sold in S Group's own We Care Icon line to the project supporting the Baltic Sea.

Responsibility co-operation is also carried out regionally, and the regional cooperatives extensively support local activities. The Kannustajat ('Supporters') concept is a way for the cooperatives to provide transparent support for the hobbies and activities of children and the young. Co-op members can join as supporters and influence the target and amount of the support the cooperative pays. The Bonus accumulated by the supporter co-op members is combined, and the cooperatives pay a certain percentage of the total amount to the participating associations. The higher the number of supporters and the larger the amount of Bonuses they accumulate, the bigger the support amount can grow. The support amount does not reduce the co-op members' Bonuses, since the amount is paid by the cooperatives. In 2015, the cooperatives participating in the Supporters concept were Osuuskauppa KPO, Osuuskauppa Suur-Savo, Osuuskauppa Arina, Satakunnan Osuuskauppa, Osuuskauppa Keula, Suur-Seudun Osuuskauppa, Turun Osuuskauppa and Pirkanmaan Osuuskauppa.

Case: Ässäkenttä fields get children and the young moving

S Group and the Football Association of Finland have been supporting sports activities for children and the young through the multi-purpose field programme. The programme promotes the building of local sports field, or Ässäkenttä fields, in different parts of Finland.

The Ässäkenttä fields are fenced 21x12-metre areas with artificial turf and football and handball goals at the ends. In addition, outside the fenced area there are poles for a volleyball net and a basketball hoop at a height suitable for junior players.

The first Ässäkenttä field was inaugurated in Mäntsälä in 2011, and since then, a total of 46 Ässäkenttä fields have been built and taken into use, of which 10 in 2015. The objective of the nationwide program is to build a total of 100 Ässäkenttä fields, significantly motivating children and the young to exercise more. These fields, built in schoolyards, are within the reach of all families in the area, since using them requires no reservations and incurs no fees.

Personnel well-being and motivation

The personnel's own store with a spirit of fair play

In 2015, S Group took concrete action that benefits co-op members directly, in the spirit of Finnish cooperative activities, by implementing an extensive lower prices policy. In S Group, the core of the cooperative spirit – joint efforts for the common good – also extends to HR work, where the phrase 'The personnel's own store with a spirit of fair play' encapsulates the employer's promise.

The purpose of HR work is to ensure a skilled and dedicated personnel, who fulfil S Group's customer promise and drives its success. Success is the goal of HR work in every customer encounter. The principles of S Group's HR work set the stage for HR work throughout S Group. S Group's management and supervisors as well as HR professionals follow the principles on all choices and decisions concerning HR work and personnel.

As employees assume more and more responsibility for their own well-being and working ability, they are provided the support, methods and tools to accomplish these, such as help in giving up smoking or making other lifestyle changes. Supervisors are coached in good people management, and HR processes are developed to allow supervisors to spend more time in their work as their employees' closest supervisor.

Continuous learning and renewal by personnel are supported by diversely using methods of competence development and by promoting internal mobility of personnel.

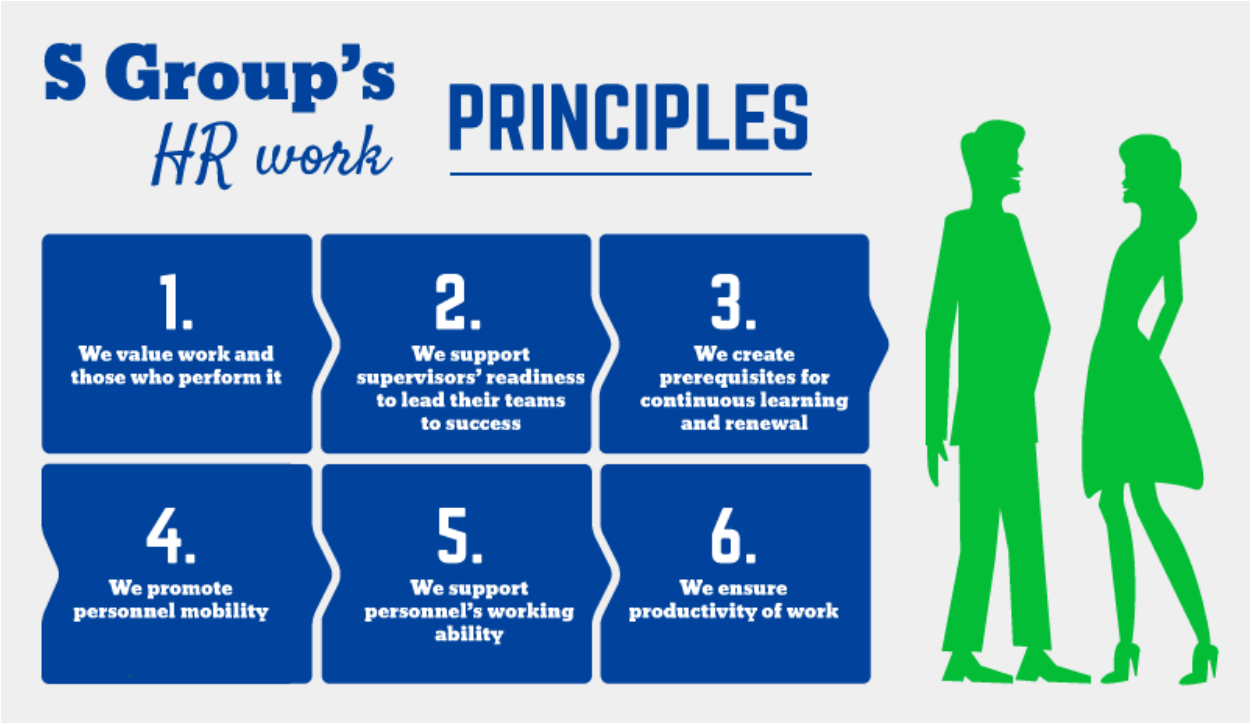
Skilled and dedicated personnel ensure success in every customer encounter

S Group's HR work principles were aligned with the updated Group strategy in 2015. The starting point of the principles is the purpose and values of S Group's operations, as well as the mission statement defined in S Group's strategy and the competition strategies of the business operations.

The objective of S Group's HR work is to have skilled and dedicated personnel who value their work, each other and themselves and work for the best of the company they own and succeed in every customer encounter.

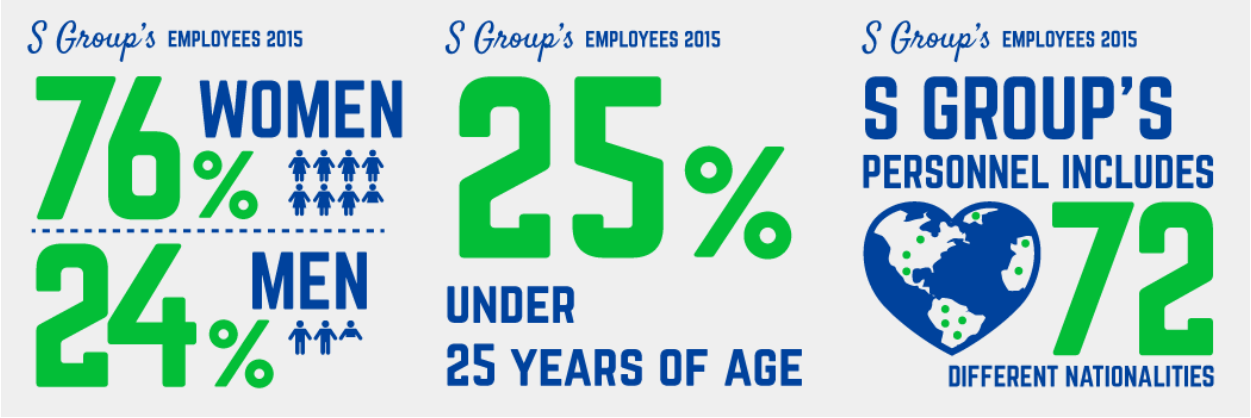
A positive customer experience makes the customer encounter positive. The personnel are given increased freedom to act to the best of their ability and competence in order to create positive customer encounters.

Every S Group employee is also a co-op member. The purpose of our work is to generate benefits for co-op members and succeed in every customer encounter. This means that we generate benefits and positive customer encounters for each other as well, as customers and also as colleagues and a work community.



S Group as an employer

S Group is one of Finland's largest employers. In 2015, S Group had nearly 38,000 professionals from different sectors on its payroll in Finland and its neighbouring countries. Of them, approximately 3,900 work in the Baltic countries and Russia.



Approximately 80% of S Group's employees work in sales and service positions in the group's main lines of business, in other words in supermarkets and service station stores as well as the hospitality business.

The way to make purchases has now changed permanently through digitalisation, but interaction between people and customer service provided by skilled professionals continue to be the main part of the retail sector value chain. In S Group, face-to-face customer encounters are still considered one of the key factors of competitive advantage in the service sector.

S Group ensures competitiveness and work productivity in a number of ways. In everyday operations, the measures translate into continuous development to ensure that the value generated by the hours worked is higher than the costs they generate. Only work performed in a profitable manner secures the existence of companies and ensures retention of jobs.

Responsibility for the employees

Nearly twenty different collective agreements create the foundation for HR work carried out in S Group's companies. Compliance with collective agreements is ensured by means of centralised expertise of the labour market and active cooperation between HR professionals.

S Group's social influence in the labour market aims to continuously improve the employment opportunities in the sector.

One important focus area in the labour market is increasing flexibility in work that extends across the sector boundaries of collective agreements. This will open up opportunities to increase the working hours offered to part-time personnel.

In 2015, another issue with social importance was the status of employees called to work on an as-needed

basis, when employee organisations brought to the fore so-called zero hour contracts. In these contracts, the employee's weekly hours in the employment agreement are zero, and the employer does not commit to offering the employee any work hours, but the employee is always obliged to accept any hours offered.

S Group does not sign zero hour contracts with employees called to work on an as-needed basis. S Group companies enter into a framework agreement with employees called to work on an as-needed basis. The agreement defines the general terms and conditions of the upcoming shifts and work periods. Each work shift is a separate, fixed-term employment relationship containing the hours to be worked, which the employee does not need to accept if it does not suit their situation at that moment. Between the fixed-term employment relationships, the employee is also entitled to receive unemployment benefits, unlike an employee with a zero hour contract.

From the employer's point of view, employees called to work on an as-needed basis are an important buffer against fluctuating customer volumes. They are also an important reserve in terms of personnel coping and life management, which the employer can tap into to better take into account the varying life situations and needs of all employees.

The challenging market situation that has prevailed for several years has also affected S Group's HR work. In order to maintain the profitability of business operations and to retain as many jobs as possible, statutory labour negotiations were inevitable in 2015 as well. Personnel reductions still had to be made, but through active HR work, S Group has managed to keep redundancies to a minimum. Several terminations could be revoked completely, or the person affected could be moved to another suitable position during their period of notice as a result of competence surveys. The changing rhythm of business has also provided opportunities to rehire those S Group employees whose employment relationship had already been terminated due to economic and production reasons.

Case: A new kind of partnership model

In 2015, S Group also implemented a new kind of partnership model in order to secure jobs. In the model, S Group's logistics company Inex Partners Oy and the logistics company Suomen Transval Group Oy signed a cooperation agreement at the beginning of the year. The agreement secured opportunities for Inex employees to work in logistics also after S Group's new, highly automated grocery logistics centre being built in Sipoo is commissioned in 2018.
The agreement created a cooperation model in which Transval, as Inex's partner, took the responsibility for the warehouse operations of the Kilo logistics centre to be closed by 2018. At the same time, the majority of personnel at the Kilo logistics centre were transferred to Transval.

Employee tools for ensuring working ability

Employee working ability is monitored all the way from the beginning of the employment relationship by means of a working ability management model and related operating methods. In this way, the employer is prepared to offer appropriate support to employees when their own actions are not sufficient for maintaining their working ability. Immediate supervisors play a key role in this. They are present in employees' daily life and, through their own action, can help employees maintain and improve their physical and psychological coping.

In this work, the supervisors are supported by the early support operating models, which can be implemented right away when the supervisor notices changes in their subordinate's working ability or coping. The supervisors are supported in providing early support by the occupational health service systems as well as the HR and occupational health professionals in each company.

Naturally, employees themselves are in the best position to continuously assess their own well-being and coping at work. The employer's role is to support the personnel's independent opportunities to maintain their physical condition and mental well-being, and S Group offers support by a variety of ways. A smoke-free workplace is one way to encourage employees to adopt healthier lifestyles. More than half of S Group's regional cooperatives are already smoke-free. In addition, employers offer exercise cards or vouchers, arrange cooperation with external partners or organise individual events, for example. The support may also consist of little everyday things: the work community is given space to do something together for the common good, and this encourages and motivates employees to create a better work atmosphere.

Case: POSIS – Positive feedback

SOK Media's POSIS feedback campaign started with individual positive feedback given by co-workers to each other in 2014, but it evolved into POSIS feedback in 2015. POSIS refers to positive feedback that one can send to a co-worker anonymously. It is an easy way to brighten a co-worker's day, express thanks for a job well done or a joyful attitude. The POSIS feedback given is also sent to the supervisor of the co-worker in question.

For example, during the POSIS campaign positive feedback was given over four hundred times in one week in December 2015. POSIS has helped spread joy, work motivation, team spirit and positive feelings like wildfire.

From the first job into a career – retail sector opens doors to working life

S Group is committed to increasing the employability skills of young people and improving their opportunities to enter working life. Therefore, S Group's cooperatives promote the retail sector among sixth graders in Finland through the nationwide Me & My City project organised by the Economic Information Office TAT. In the project city, schoolchildren work in a variety of occupations and learn about the functioning of society. They also get to gain insight into retail as an employee and as a customer.

Pupils in secondary schools as well as students of upper secondary schools and vocational institutions have opportunities to learn about S Group through, among others, the Operation a Day's Work (ODW) project, the Tutustu ja tienaa ('Learn and earn') programme, as well as in summer jobs. This also provides them with the all-important first job, where they can increase their working life skills, such as encountering other people, scheduling the daily activities and following instructions at work. Working for S Group offers them valuable experience in all duties that constitute the daily activities in retail.

In order to increase the overall appeal of the retail sector, S Group has made a Society's Commitment to Sustainability: a promise to help young people grow into retail sector professionals. S Group companies introduce the young not only to employer and job duties, but also to working life in general. This includes all operating methods and practices that promote the readiness of young people to become members of the working community and society.



S Group is one of the partners in the nationwide 'Vastuullinen kesäduuni' (Responsible summer job) campaign, in which employers commit to the principles of good summer employment: communicating summer job opportunities and assisting in the application process; making a written employment contract; offering a meaningful job with reasonable pay; providing guidance, induction and instruction on the ground rules of the workplace; treating young people as equals in the workplace; as well as giving verbal feedback and a written certificate of employment at the end of the employment relationship.

Students in institutes of higher education often seek summer or part-time employment in S Group companies during their studies and also want to continue their employment relationship after graduating. The path to more demanding specialist positions may also open up through the S-trainee coaching programme, established in 2014. A higher education degree is mandatory for eligibility, and the programme integrates theoretical instruction with practical work. During the coaching process, trainees learn about the cooperative activities as a form of business as well as S Group's strategy and the various business areas within S Group. They grow their business competence by working in various S Group outlets and integrate

their newly acquired knowledge and skills in personal project work.



The many forms of working

In S Group, the intention is to enable all employees to earn their primary income by working for the Group, if they so wish. Although the majority of employees still value full-time work, the popularity of part-time work has increased among young people under 25 years of age and those in the last years of their work career, in particular. Among these age groups, it is common to sign an agreement whereby the employee is called to work on an as-needed basis, and accepting work depends on the employee's life situation, among others.

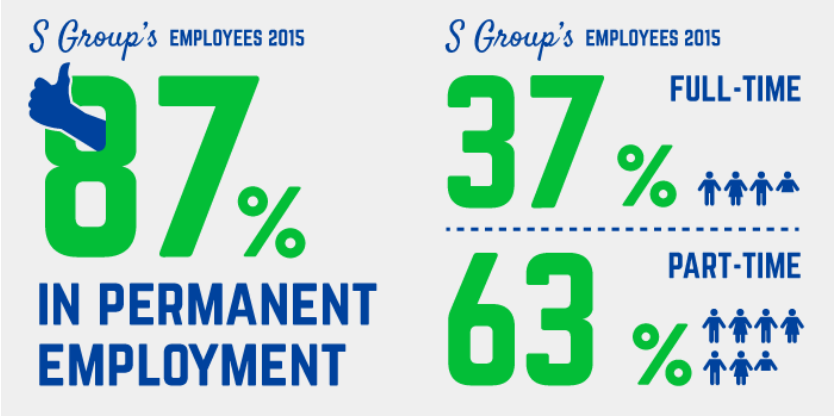
Using employees who work part-time or are called to work on an as-needed basis also enables the employer to provide all employees with more flexibility: when the number of employees is sufficient, individual work shift requests can be taken into consideration better. This improves the personnel's overall well-being and the employer's ability to ensure work-life balance for employees. In 2015, the rate of employees working part-time, either by their own request or due to business fluctuations in their units, was 63 per cent.

HR operating models and tools are being developed continuously to enable part-time employees to increase their working hours and to perform different duties and work at different outlets, if they so wish. For example, the work time of more than half of part-time employees in the supermarket sector is 80 per cent of the work time of full-time employees, as a minimum. Through advanced tools, employees can acquire additional hours as widely as possible within their employer company.

S Group first offers additional work to their own part-time employees. The Tempus system sends a text

message concerning available additional shifts to those employees, who the shift system shows as available to accept additional shifts. The system was used very efficiently in 2015: 6.5 million offers of additional work were sent during the year.

The majority of S Group companies use personnel's own Dooris system, which is intended as a tool for employees to easily inform their supervisors of their desired shifts and willingness to accept additional work, as well as to take care of other employment-related matters. In 2015, the Dooris Mobiili application was implemented as a convenient way for employees to check their shifts, available additional work offers and open job opportunities using their mobile phone.



Multiple skills as employees' assets

Employees are required to have increasingly diverse vocational skills due to the development of S Group's business areas and the needs of customers. The personnel have opportunities to learn new things through diverse job duties and internal mobility. The training offering of the Jollas Institute, S Group's own learning and coaching centre, is also a source of professional development. In 2015, approximately 12,200 S Group employees attended training provided by Jollas over more than 1,200 training days. The versatile online training offering of Jollas was also used actively: in 2015, approximately 33,000 online training modules were completed, and the modules have been developed for added motivation and more efficient learning.

It is self-evident that skilled employees are a cornerstone of S Group's business. Multiple skills of employees drive S Group's opportunities to provide employees with long, permanent employment relationships and an opportunity to earn their primary income at S Group, if they so wish. The personnel are encouraged to venture boldly outside their comfort zones and to expand their own competence.

Diverse vocational competence offer benefits to the employees themselves as well: extensive and in-depth competence offers employees improved opportunities to both receive additional work and increase their salary level. The increased versatility of competence also boosts the employee's personal position in the labour market and offers wider horizons for career advancement.

For S Group to be able to provide income for its employees, the Group continuously offers them opportunities to switch between lines of business. Good opportunities for this have been provided, in particular, by the ABC service station stores, where both retail and restaurant competence is needed at the same outlet.

By increasing their skills in a variety of duties, employees are able to work competently at several outlets across the company, and this improves their opportunities to obtain work shifts during all times they want

to work. For example, one of the objectives of the centralised work shift planning is to make use of the competence of employees across different outlets. By appropriately sizing the input of the outlet's own employees in terms of as many duties or outlets as possible, personnel expenses can be kept under control.

A readiness to take on a variety to duties lessens both the physical and mental strain of the job. The importance of diverse competence and varied duties in maintaining a positive attitude, motivation, enthusiasm and working ability cannot be overlooked.

A safe working environment

A safe working and service environment is a fundamental right of our personnel and customers. S Group ensures a safe working and service environment through accident prevention and identification and avoidance of various hazardous and close-call situations. Continual improvement of the personnel's safety awareness and the regular reviewing of work-related risks are important means of prevention.

Occupational safety management is part of risk management and well-being at work in S Group. At the S Group level, occupational safety is managed by means of shared objectives and indicators, as well as operating instructions and tools. Each S Group company bears responsibility for arranging occupational safety in compliance with the responsibility objectives. S Group works in active co-operation with accident insurance companies in order to deploy the best practices within the sector.

Since 2004, S Group has been implementing Safety Passport (Turvapassi) training courses together with the Finnish Red Cross to improve the safety skills of its personnel. The training provides S Group employees with skills ranging from first aid and preliminary fire extinguishing to handling encounters with threatening customers.

Provision of training to improve the personnel's safety skills	2015	2014	2013
Safety passport training taken by (persons)	**2,632**	2,883	2,700
First aid training taken by (persons)	**363**	590	330

A total of 29,621 S Group employees have taken the Safety Passport training (2014: 26,989), and the First Aid refresher training was completed by a total of 3,016 employees (2014: 2,653). In addition to the Safety Passport, the personnel's safety awareness is improved through S Group's own internal training events and online learning materials aimed at personnel.

In addition to safety training provided for personnel, S Group's largest units (such as the Prisma stores and hotels) arrange regular exit drills to prepare for emergencies, such as fires.

The most common accidents at work involve strains on upper limbs, slips and trips or wounds and other superficial injuries. Occupational diseases are rare.

Accidents at work	**2015**	2014	2013
Total number of accidents	**1,056**	1,966*	2,576
Accident frequency / one million hours worked	**33**	36	38
Share of accidents in the workplace (%)	**81**	82	81
Share of accidents on the way to and from work (%)	**19**	18	19
The share of serious accidents (those that cause an absence of more than 30 days) of all accidents (%)	**3,8**	4,8**	3,7

**) The accident calculation method has been changed for 2014. In the previous years, we reported all accidents regardless of their severity. The 2014 figure only includes accidents at work in S Group which resulted in an absence or a compensation of a minimum of EUR 100.*
***) The share of serious accidents in all accidents at work is calculated the number of accidents at work resulting in absence of more than 30 days / the total number of accidents. The change in the accident calculation method also affects the number of serious accidents so that the number is not comparable with the 2013 figures. Compared to 2013, the number of serious accidents decreased by one case.*

The safety of S Group outlets is monitored through self-assessment and external audits. A total of 902 S Group outlets (2014: 844) carry the Turvasuojattu ('Security guarded') label issued by the Finnish Commerce Federation. In order to earn the label, the outlet must pass all the 34 listed requirements. The requirements are related to fire, crime, personnel and outlet safety as well as information security. In addition, insurance companies audit the safety of all S Group outlets every three years.

Responsible products and services

Responsible procurement

S Group has been working to develop the sustainability of products and procurement for several years. The procurement operations contain several responsibility policies. These include the principle of non-discrimination, product-specific quality requirements and respecting the rights at work and human rights in purchases from risk countries.

S Group's suppliers and service providers

A total of 89 per cent of S Group's purchases concentrate on Finland. In 2015, a total of more than 20,000 suppliers and service providers supplied products and services to S Group.

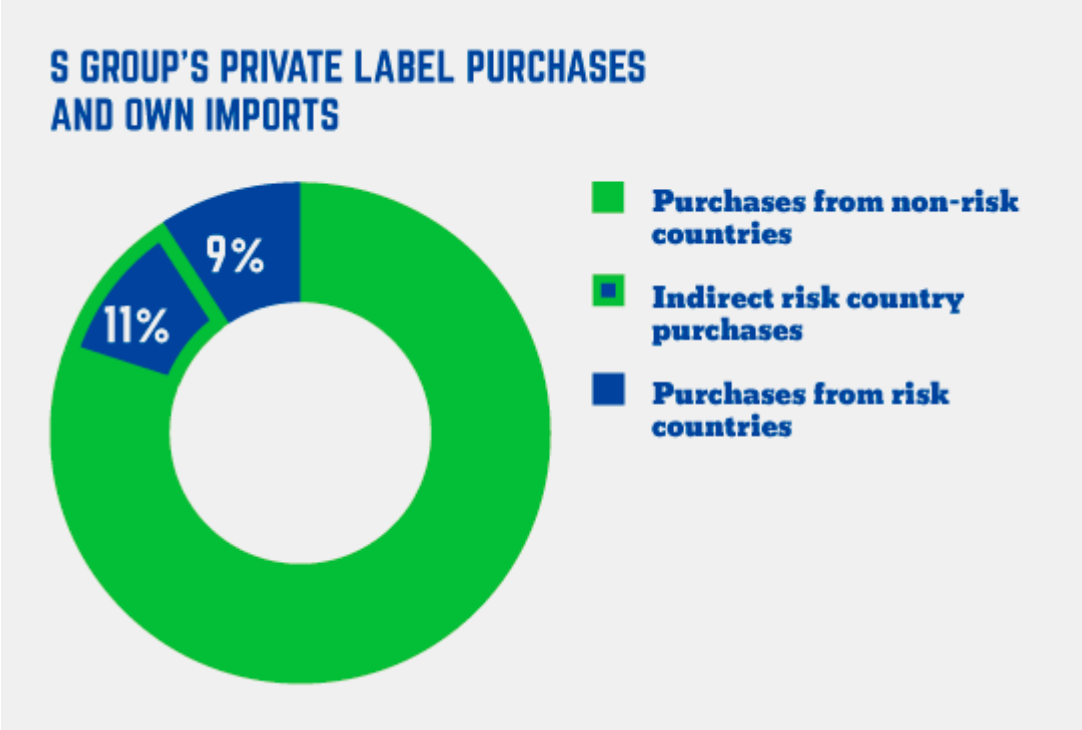
Vuosi	% of total procurement
Finland	88.8
The Netherlands	2.6
Germany	1.4
Sweden	1.2
Spain	1.1
Denmark	1.1
Italy	0.8
Belgium	0.5
Hongkong	0.3
France	0.3

S Group also has suppliers in countries considered risk countries in terms of social responsibility. Direct purchases from suppliers located in risk countries account for 0.8 per cent of all S Group procurement.

S Group's private labels and own imports

The share of private labels and own imports in purchases of products sold in S Group is approximately 20 per cent.

Nine per cent of the purchases of private labels and own imports are direct purchases from suppliers in risk countries. In addition to direct purchases from risk countries, some of the products supplied by Finnish or European suppliers are manufactured in or the raw materials of such products are produced in risk countries. Such indirect risk country products account for 11 per cent of S Group's own labels and own imports. The share of risk country manufacturing varies considerably depending on the product category. For example, the share of risk country manufacturing is higher in textile products and consumer goods than in food products.



Responsibility and product safety in procurement practices

Ensuring responsibility and product safety are integrated in the procurement of private labels all the way from the beginning of the process. The first stage is to determine the suppliers who have the capability to manufacture the required product. This stage involves the verification of the product manufacturing location and other information provided by the supplier on the products and production, as well as certification and auditing documents. These measures aim to determine the supplier's capability to manufacture the product to our expectations.

Our procurement contracts require that production, including raw material production, complies with the legislative requirements and collective labour agreements, respects human rights and complies with the international minimum labour standards.

The realisation of responsibility in the supply chain is monitored by means of objective audits carried out by a third party. In addition to external audits, we conduct our own responsibility audits and on-site visits to supplier facilities. These visits provide first-hand information on the manufacturing conditions and offer us an opportunity to discuss our expectations and the supplier's performance with the supplier in question.

In 2015, S Group conducted an extensive survey among suppliers concerning the origin of their products and their practices to ensure responsible production. It was a continuation of a similar survey carried out in 2013. Based on the survey, the awareness among suppliers of the origin of and social risks associated with products has increased. However, there is room for improvement in the entire supply chain in terms of ensuring the responsibility of production.

In 2015, a model for monitoring the responsibility of indirect risk country purchases and product ingredients was developed and improved.

Origin and traceability of products

Product traceability and knowing the origin of products are important to our customers. S Group wants to know its supply chain well in order to identify related risks and opportunities and develop the responsibility of production. This requires investment in the traceability of products and, consequentially, in long-term improvement of transparency in production chains. Customers increasingly value domestic food production and local food. S Group's grocery trade responded to customers' wishes for more affordable and easy to purchase Finnish food by introducing the new Kotimaista ('Finnish origin') product line.



Disclosing the country of origin

It is important for S Group that the origin of products is disclosed to the customer as transparently and conveniently as possible. Therefore, the packaging of foodstuffs in S Group's Rainbow, Kotimaista and X-tra lines provides information on not only the country of manufacture but also the country of origin of the product's main raw material.

The information on the country of manufacture is also included on the packaging or care instructions of private label consumer goods, such as household textiles and clothes.

Transparency has also been increased in the country of origin labels of products originating from Israel. A product being sold in S Group is labelled as originating from Israel only if it was produced or grown in the area of Israel defined by the UN.

Valuing the Finnish origin

The products in S Group’s own Kotimaista line always meet the requirements of the Hyvää Suomesta label and the Sirkkalehti label for the Finnish origin of products and are produced in Finland. At the end of the year, the product line included 268 products.

The ABC service station restaurants switched to using meat of solely Finnish origin in autumn 2015. The first step, taken in mid-September, included switching to solely Finnish meat products in the buffet, and by November, the meat selection on the à la carte menu was of Finnish origin. Nearly 96 per cent of the fresh meat sold in S Group's grocery stores is also of Finnish origin.



The product ranges of S Group's grocery stores, restaurants and ABC service station stores also include hundreds of food items made from Finnish ingredients which are identified by the Hyvää Suomesta label.

Local products increasing in importance

Local products are an increasingly important part of the product ranges of the S Group grocery stores. A local product can find its way into S Group’s product range through three different routes. A small local producer can be directly in contact with an outlet. As demand grows, the product can be included in the product range in all of the cooperative's outlets. If the production volumes are high enough, the product may expand to S Group's nationwide selections.

The best availability of local products is found in fresh items, such as vegetables and bread. A total of more than 400 bakeries supply their products to S Group grocery stores. Some cooperatives have already implemented their own local food labelling and put together displays to make it easier for customers to find local food items. Local products are also visible in the selections of many restaurants and ABC service station stores, as well as at the breakfast buffet of the Sokos Hotels.

Case: Satakunnan Osuuskauppa cooperative advocates local food

In recent years, the interest in local food has increased in the region of Satakunnan Osuuskauppa cooperative as well; customers increasingly often select food produced locally. To make it easier for customers to find local food in the stores, the cooperative introduced the Aitoa ruokaa Satakunnasta ('Local food from the Satakunta region') fork logo in 2011.

Last year, 80 per cent of the food sales in the Satakunnan Osuuskauppa cooperative came from Finnish products, and the share of local food was approximately 17 per cent. The cooperative's product range included local food from approximately 100 local producers or manufacturers. The share of local food in the total food sales of Satakunnan Osuuskauppa was more than EUR 33 million, which is a remarkable amount for entrepreneurs in the Satakunta region.

In order to promote the region's local food and to bring jobs and well-being to the region, Satakunnan Osuuskauppa organised, now for the second time, a campaign named Satakuntalainen joulu ('Christmas in the Satakunta style') in its grocery stores in November–December. In the campaign, the cooperative provided a campaign brand to local food products, and 5 cents per each product sold was donated to charity. The campaign products were available in all Satakunnan Osuuskauppa grocery stores.

Monitoring production chains

S Group has worked for many years to improve the working conditions in production chains. The monitoring of suppliers focuses, in particular, on countries with the greatest risks of labour and human rights violations. Such risk countries in terms of social responsibility include several countries in Africa, Asia, South and Middle America as well as certain European countries.



Respecting human rights in the supply chains

In its ethical principles, SOK Corporation is committed to respecting human rights. In addition, the key elements of the UN's Guiding Principles for Businesses and Human Rights are incorporated in the BSCI principles, to which S Group is committed.

S Group carries out human rights risk assessment related to purchases by assessing suppliers' social responsibility practices through regular supplier surveys, country-specific risk-country classification as well as BSCI and equivalent audits. The audit process also includes corrective measures which are monitored in terms of realisation.

In 2015, S Group was an active participant in round table working groups lead by the Ministry of Employment and the Economy and the Ministry for Foreign Affairs. These groups work to clarify and guide the national implementation of the UN's Guiding Principles on Business and Human Rights in companies. As a result of this work, SOK and a group of grocery trade companies, non-governmental organisations and authorities compiled a shared view on the implementation of UN's Guiding Principles on Business and Human Rights in the grocery procurement chains.

Monitoring working conditions in risk countries

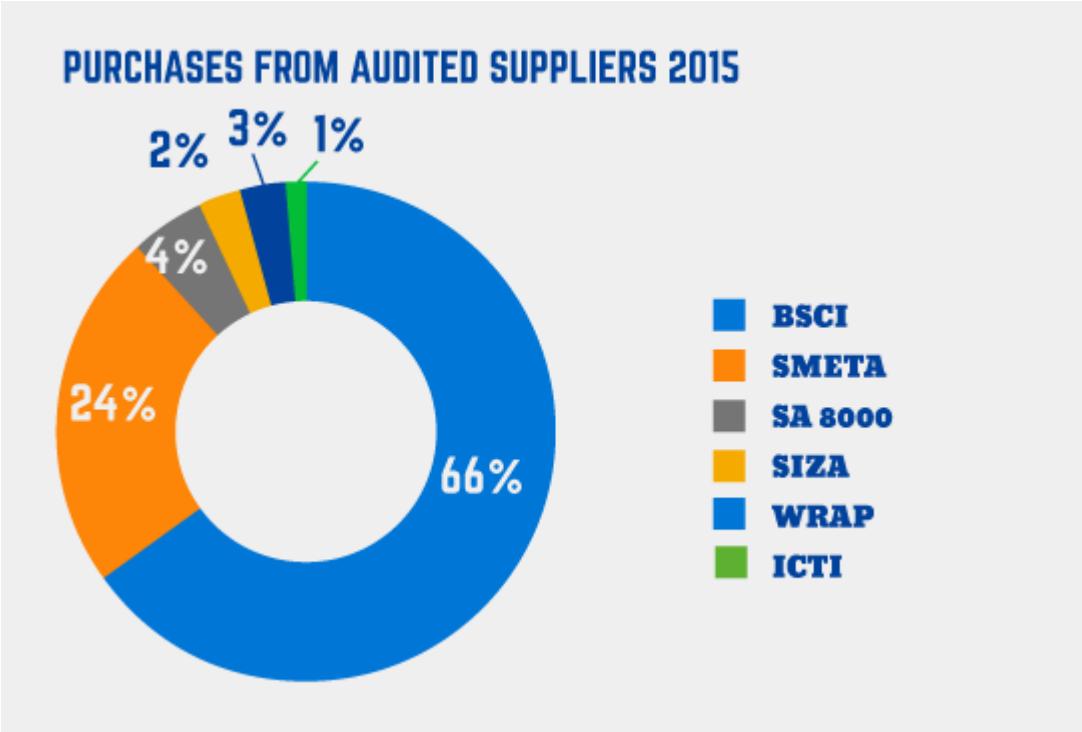
S Group pays special attention to monitoring working conditions in risk countries. S Group applies the Business Social Compliance Initiative (BSCI) system in and uses the Supplier Ethical Data Exchange (Sedex) database for monitoring social responsibility. S Group also accepts other similar third-party social responsibility audits and certifications. Factories are also monitored by means of annual audits conducted by S Group's cooperation partner.

BSCI members commit to complying with the operating principles of the initiative and promote them in their own procurement.



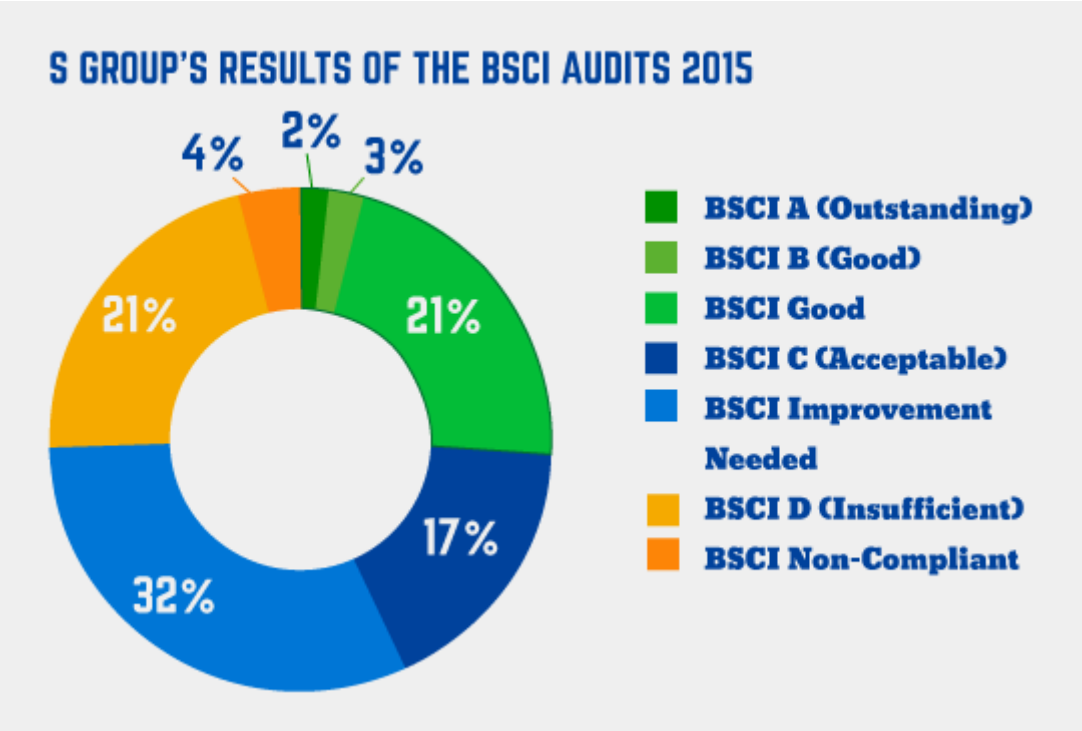
In the BSCI system, independent auditors inspect production plants to ensure that the criteria of the system are met in practice. Among other things, audits cover work time practices, verify that workers have proper protective equipment for performing work safely and that workers receive, at a minimum, the statutory minimum wage of the country in question.

Eighty-two per cent of S Group's direct purchases of private label products and own imports from risk countries come from suppliers audited through BSCI or a corresponding auditing model.

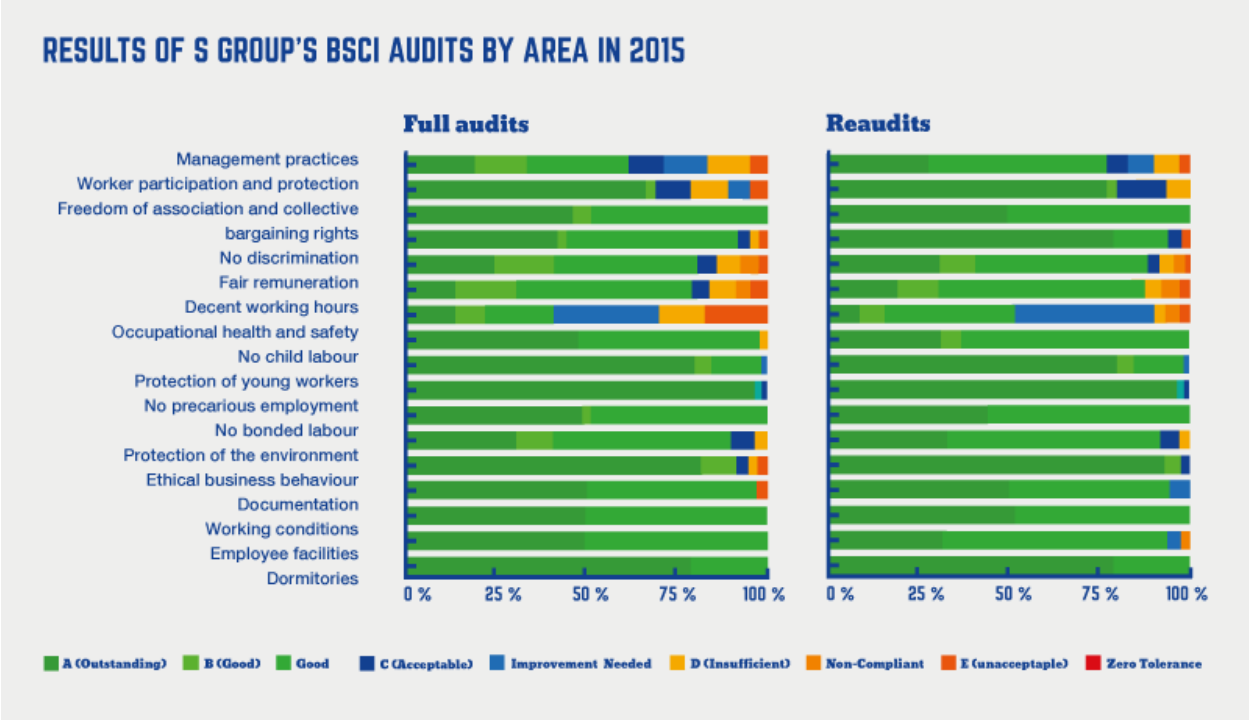


In 2015, the BSCI auditing model was reformed, and both the new and old auditing model were used in parallel in the audits. The rating scales of the renewed and old auditing model differ from each other. The

figure below provides the results of audits performed with both the new and the old auditing model.



As a rule, the areas covered in the BSCI audits of S Group's suppliers have been approved without complaints. However, the areas in need of the most development include the managing practices of social responsibility, worker participation, work time, pay, occupational safety and occupational health. S Group reviews all audit reports, and the deviations observed are discussed in detail with the supplier in question. A plan is drawn up for the corrective measures to be taken, and the adherence to the plan is monitored through a new audit.



Case: A pilot project with Thai suppliers

S Group invited a group of tuna suppliers from Thailand to join a pilot project coordinated by BSCI, with the aim of seeking solutions to problems involving the working conditions of migrant workers. The suppliers were provided with training on the BSCI Code of Conduct and assisted in identifying areas of improvement in their own operating methods. After the corrective measures have been taken, an independent BSCI audit will be performed to verify the situation.

Case: Sandblasting of jeans not permitted

S Group does not permit the use of the dangerous sandblasting method in the manufacturing of denim products sold under S Group's private labels. Manual sandblasting of textiles with insufficient protective equipment is hazardous.

Ensuring the welfare of animals

In 2015, S Group carried out farm animal welfare audits at slaughterhouses. The audits were performed by veterinarians specialising in farm animals. By the beginning of 2016, 22 slaughterhouses were audited.

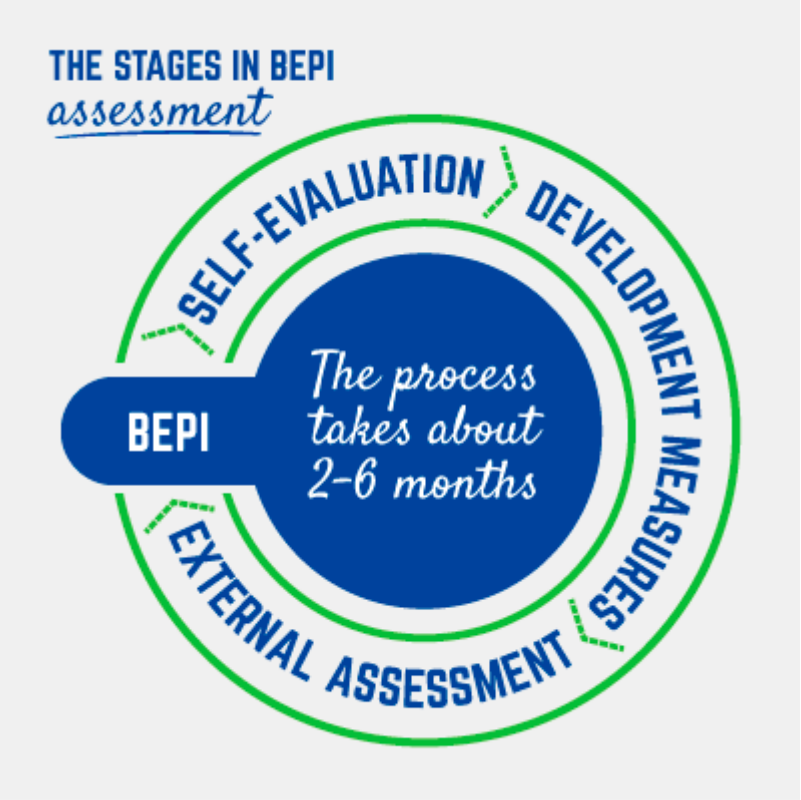
As a rule, the treatment of animals was appropriate at the slaughterhouses. The slaughterhouses had extensive animal welfare plans in place and personnel had the required qualification certificates. All slaughterhouses required to have a designated person in charge of welfare matters had one. The aspects identified in the audits as the most challenging were holding the animals at the slaughterhouse before slaughter and transporting them to be slaughtered. There was also room for improvement in the bookkeeping of slaughterhouses.

Animal welfare monitoring will also continue in 2016.

Assessing the environmental impact of product manufacture

In summer 2015, S Group joined the Business Environmental Performance Initiative (BEPI) programme. BEPI is a program by the Foreign Trade Association (FTA) for assessing and developing the environmental impacts of production plants. In the BEPI programme, the production plant is given guidance, for example, in the management of environmental matters, improving the effectiveness of energy and water usage, proper handling of waste and effluents, as well as reduction of emissions.

S Group has participated in developing the BEPI programme since 2012. Some S Group suppliers have already been trained in the programme. The next step is to elaborate the plans to implement BEPI.



Responsible raw materials

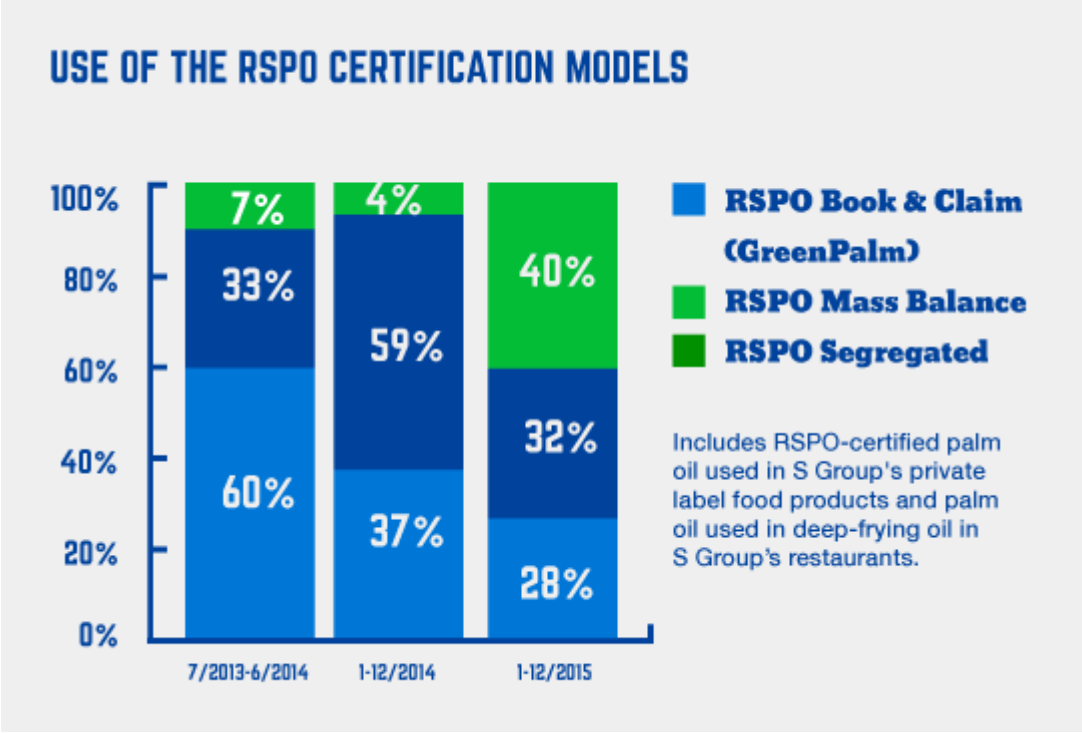
Products and raw materials which have environmental labels and certifications, as well as systems which improve raw material production play an important role in developing the responsibility of the raw materials of products. S Group systematically develops its range of eco-labelled and certified products. Customers' expectations and wishes and, on the other hand, their actual buying behaviour impact the composition of the product range.



Sustainably produced palm oil

SOK has been a member of the Roundtable for Sustainable Palm Oil (RSPO) since 2011. RSPO's criteria for palm oil plantations include conservation of biodiversity and improvement of operations by ethical and ecological standards.

Overall, 97 per cent of palm oil used in S Group's private label food products and palm oil used in deep-frying in restaurants (2014: 62 percent) is RSPO certified. The goal is to increase the share of certified palm oil to one hundred per cent and to increase the use to traceable palm oil.



S Group was the best Finnish retail company in the international Palm Oil Buyer's Scorecard ranking, which WWF carried out in the autumn of 2013, scoring 11 out of 12 points. The international Palm Oil Buyer's Scorecard ranking assesses companies based on the responsibility of their palm oil procurement chain.

Fish policy guides procurement and product range

S Group's fish product procurement adheres to S Group's fish policy based on the species endangerment classification, WWF's seafood guide, recommendations of the Marine Conservation Society, as well as research data by the Natural Resources Institute Finland. The policy applies to S Group's centralised procurement and purchasing by the cooperatives in both S Group's grocery stores and restaurants.

The basic principle is to not accept in the product range fish from fish stocks that are endangered, jeopardised or subject to over-fishing, and the origin of fish must always be known. Furthermore, S Group also does not approve of the use of environmentally harmful fishing methods, such as fishing with dynamite or toxic substances. Separate criteria concerning the fishing area or method have been set for many fish species, such as a prohibition of bottom trawling.

The fulfilment of S Group's fish policy requirements is ensured when purchasing products by determining the fish species and its origin. Fish products are procured both centrally and locally. S Group encourages local procurement, since we want to offer our customers a fish selection which is as diverse and fresh as possible. Local procurement increases the range of Finnish species, such as pike-perch, perch, whitefish and vendace, in S Group's grocery stores and restaurants.

The product ranges of S Group's grocery stores include 53 MSC certified products, of which 18 are private label products. In the frozen fish and shellfish category, the sales of MSC certified products accounted for 25 per cent of the total sales in the product category (2014: 18 per cent).

Extensive range of certified products

We want to offer our customers an opportunity to make choices based on their own values by making available products with environmental and sustainability certificates. For example, the product ranges of grocery stores, consumer goods trade and restaurants all include organic, Fair Trade and products as well as products with environmental labels. FSC certified products are favoured in private label products made of tropical timber. In addition, our product range contains PEFC certified wood products.

Numerous products awarded the Nordic Swan eco-label and EU eco-label are available in the product ranges of all S Group business areas. An environmental label has been awarded to 107 of S Group's private label products (2014: 94). For example, all Rainbow baby care products have been awarded the Swan eco-label.

A pending standard for sustainable production of cocoa

An international standard to help ensure the sustainability and traceability of cocoa has been long awaited for in the European cocoa and chocolate industry. The international standardisation organisations ISO (International Organization for Standardization) and CEN (European Committee for Standardization) began preparing a standard for sustainable and traceable cocoa in 2012.

S Group is a member in the monitoring group for sustainable and traceable cocoa, established by the

Finnish Standards Association SFS. The group monitors and influences the content of the standard being drawn up.

Demand for organic products still growing

Demand for organic products has been rising in recent years, which is why S Group has actively developed the selection of organic products in grocery stores, hotels, restaurants and department stores.

S Group's grocery product range includes approximately 3,200 different organic products (). In 2015, S Group grew the quantity of organic options in vegetables, juices and biscuits. The sales of organic products increased by 7.4 per cent in S Group's grocery trade compared to the previous year, accounting for 1.9 per cent of the total sales of food products. S Group accounted for 48.6 per cent of consumers' organic product purchases in Finland (2014: 46.4 per cent, Nielsen Homescan). This means that S Group is the largest retailer of organic products in Finland.

S Group is one of the founding members of the Pro Luomu organic product association, and a representative of SOK chairs the association's Board.

Case: Organic chicken available in stores

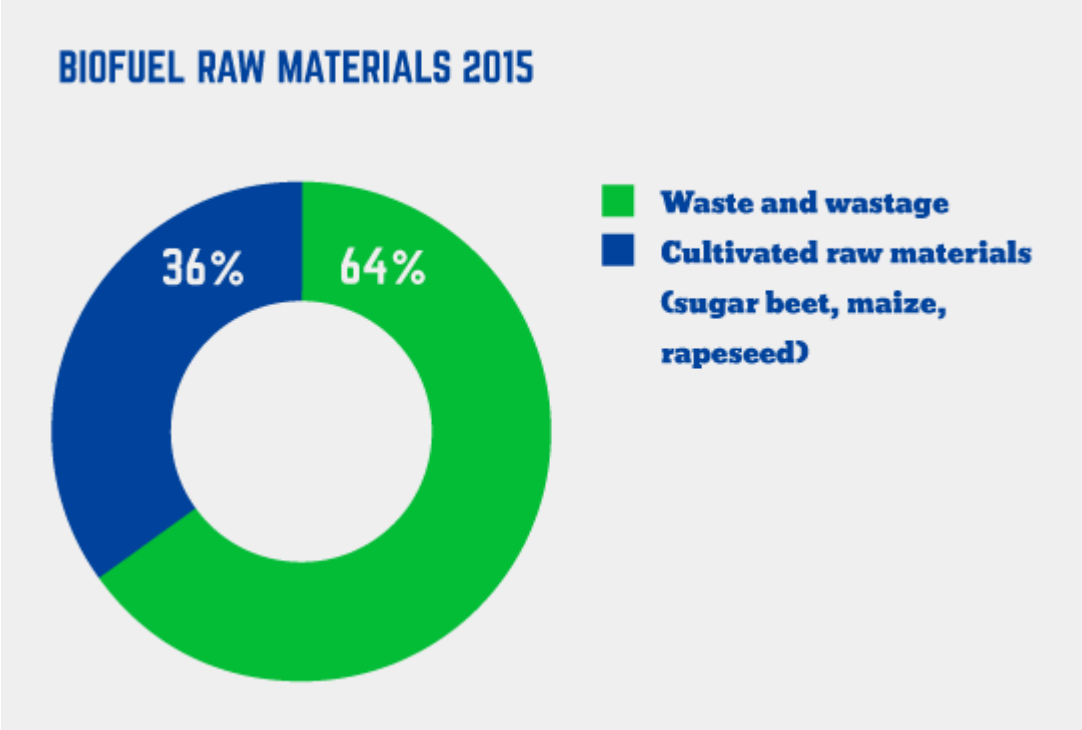
S Group has addressed consumers wishes concerning better availability of organically grown meat by including organic chicken products in the product range. Cooperation with L'Uomu Nokka was launched in September 2014, and in 2015, the amount of organically grown chicken reached approximately 50,000 kg. The increase in sales has been considerable and the higher demand has also continuously decreased product loss.

The production of organic chicken is in many ways different from regular broiler chicken husbandry. The birds are fed organic-grade feed, supplemented with fodder. The hall is larger in size, more natural light enters the hall from the windows and the birds have regular access to outdoors. The time organically raised broiler chickens are allowed to grow is 50 per cent longer than that of chickens raised under conventional conditions.

Biofuel from waste and sawdust

S Group's fuel supplier to the ABC service stations is North European Oil Trade Oy (NEOT). NEOT is the world's only wholesaler of traffic fuel which offers the E85 fuel grade. The ethanol in this grade is produced completely from raw materials derived from the non-food supply chain.

In biofuel procurement, NEOT aims to continuously increase the share of biofuels derived from waste and food waste as well as generated outside the food supply chain. In 2015, the distribution obligation was raised from six to eight per cent, and in order to meet it, 64 per cent (2014: 65 per cent) of NEOT's biofuels were produced from raw materials derived from waste and food waste, such as organic waste in food production. However, compared to the previous year, the quantity of waste and food waste for raw material increased by more than 40 per cent. Raw palm oil was not used at all (2014: 0 per cent).



S Group invested in the production of Finnish biofuels by building a Cellunolix® bioethanol plant in Kajaani. It will be the world's first plant that produces commercial bioethanol from sawdust. The plant construction is commissioned by North European Bio Tech Oy (NEB), owned by SOK and St1, and production is scheduled to begin at the end of 2016. Ethanol produced in Kajaani will be used as a biocomponent in the regular petrol sold at ABC stations. It will also be used for making the Finnish EkoFlex E85 biofuel suitable for flexifuel vehicles.

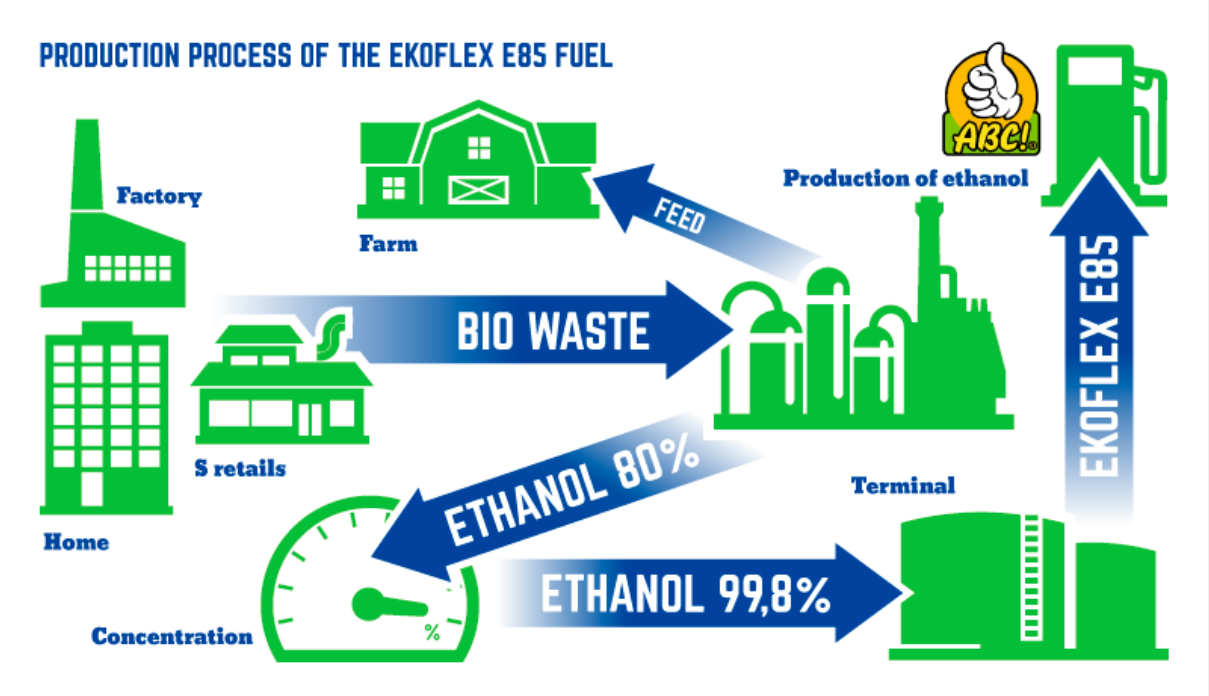
Case: Finnish biofuel EkoFlex E85

The EkoFlex E85 fuel, sold at ABC stations, is a Finnish innovation developed for the Finnish climate. It contains 80–85 per cent of bio ethanol, which is produced from organic waste from the domestic food industry and grocery trade. Therefore, production does not compete with food production for arable land.

The production of bio ethanol uses, for example, such bread waste from stores that cannot be donated to charity.

The ABC chain has 66 (2014: 59) EkoFlex E85 refuelling points across Finland. The EkoFlex E85 fuel has been awarded the Key Flag label as recognition of Finnish work.

The carbon dioxide emissions of EkoFlex E85 during its life cycle are up to 80 per cent lower than those of fossil fuel. Animal feed for agriculture is the by-product of the waste and food waste-based ethanol production. Ethanol with a concentration of approximately 80 per cent produced from organic waste in production facilities is concentrated to 99.8 per cent in a concentration facility and then mixed with petrol. The final product contains 15–20 per cent of petrol components.



In 2015, the ABC chain introduced the UPM Bio-Verno diesel, sold as part of ABC's Smart Diesel, parallel to EkoFlex E85. The raw material of UPM Bio-Verno is tall oil, a by-product of pulp manufacturing, which primarily comes from the company's own pulp mills in Finland.

Environmentally friendly packaging materials and alternatives to plastic bags

The environmental impacts of the packaging of S Group's private label food products are assessed by means of a calculation tool. The tool facilitates the comparison of alternative packaging materials by taking into account the packaging material, weight, recyclability and the package's carbon dioxide emissions.

In 2015, a new kind of fibre-based packaging was tested for fish products, to replace the traditional Styrofoam boxes. Based on the test, the fibre-based box functions well in the logistics chain and is also more environmentally friendly.

The product packaging of S Group's own cosmetics label We Care Icon is designed to minimise the amount of packaging material used in the product itself and transportation. PVC plastic is not used in the packaging, and the products are not placed in separate cardboard boxes for transportation. The We Care

Icon cosmetics are manufactured in Central Europe.

S Group aims to increase the share of recycled material in plastic bags. The share of recycled materials in the plastic bags sold at S Group's grocery stores varies, but on average, it was 59 percent.

Reusable multi-purpose bags with varying decorative patterns are available as an alternative to plastic bags. The number of reusable bags sold in S Group's grocery stores was 1.1 million (2014: 980,000), and sales grew by more than 5 per cent from the previous year.

In addition to regular small plastic bags for fruit and vegetables, biodegradable bags are available to consumers. Biodegradable bags accounted for 3.7 per cent of all fruit and vegetable bags.

Product safety

The safety of the products in the product range is ensured on a daily basis in S Group. The quality of products is evaluated even before the products are accepted into the product range, and daily self-monitoring measures ensure that the products are safe for customers.



Researched products

The quality and safety of private label products are monitored continuously by means of self-control samples and by monitoring customer feedback. Self-control takes into account the product's sensory quality, use properties, packaging labels and chemical and microbiological quality.

The safety of food products is ensured by means of product safety certifications and audits in accordance with the Global Food Safety Initiative (GFSI). Product safety audits cover the supplier's self-control system regarding, among other things, how product quality is ensured during the manufacturing process from raw materials all the way to the end products. Deviations detected through self-control or audits are corrected in cooperation with the supplier.

In 2015, SOK's test kitchen inspected a total of 6,099 food samples (2014: 4,960). The safety of consumer

goods is also verified before they are accepted into the product range. In 2015, a total of 688 (2014: 304) product samples in the private label range and in own imports were inspected.

Products that are already included in the product range are tested in accordance with an annual risk-based self-control plan. For example, meat and fish products are tested many times per year, whereas non-food items are tested slightly less frequently. In 2015, inspections carried out on private label products already in the product range covered a total of 1,518 food product batches (2014: 1,812). In the consumer goods trade, products from a total of 708 product batches (2014: 675).

Daily self-monitoring measures in outlets

All S Group grocery stores and restaurants carry out self-control measures. The quality and freshness of products are monitored, and if for some reason quality is compromised, the affected product is removed from the shelf. In addition, storage temperatures and the tidiness of the facilities, for example, are regularly monitored in accordance with the self-control plan.

S Group's grocery stores use a self-control databank system, in which the authorities can review the self-control entries of individual stores directly.

Case: Oiva audits in S Group outlets

The Finnish Food Safety Authority Evira coordinates the inspections carried out in accordance with the Oiva system at locations where foodstuffs are sold or served. The inspections cover, among other things, the temperature management of food items, store cleanliness and personnel performance.

In 2015, a total of 637 Oiva inspections were carried out at S Group grocery stores and ABC markets.

The result of the Oiva inspections in S Group's grocery stores in 2015 was excellent or good in 97.3% of the cases and a need for corrective measures was identified in 2.7% of the inspections. None of the S Group grocery stores received a poor score in the Oiva inspections.

An Oiva inspection was conducted at 131 ABC restaurants in 2015. Corrective measures were needed in four stores, and one received a poor score.



Whenever the Oiva face flashes a wide smile, consumers can rest assured that food safety is at a good level. The Oiva reports are available at www.oivahymy.fi and are on display at every outlet inspected (available only in Finnish anf Swedish).

Operating models for possible product defects

Removing defective products from the market is an aspect of ensuring product quality and safety. Therefore, S Group continuously makes sure that the shared alarm systems and operating models, agreed and practised together with our suppliers for implementing recalls or stopping products at warehouses function in a proven and fast manner.

The entire personnel, from the warehouse to the store, participate in the product quality assurance if a recall is necessary. Seamless cooperation and good operating instructions are important in these situations. In 2015, there were 162 product recalls in S Group's grocery stores (2014: 172) and 82 consumer goods recalls (2014: 93).

A product recall from consumers is carried out whenever there is reason to suspect that the product can be hazardous to consumers' health. All EU countries apply the same principle. In 2015, S Group's grocery trade had to conduct 36 product recalls extending all the way to consumers (2014: 22) and there were 4 consumer goods recalls (2014: 0).

Responsibility of services

The responsibility of S Group's services is continuously developed in order to take the needs of different customers into consideration even better. For example, in hotels special focus is placed on allergen-free materials and the environmental impact of operations.



S Group hotels join the Green Key environmental programme

In 2015, an international Green Key eco-label for hotels was awarded to 21 S Group hotels. A hotel which has been awarded the Green Key label is, among others, committed to raising environmental awareness among personnel and guests, improving the effectiveness of energy and water consumption, as well as reducing the environmental burden caused by the hospitality operations. The label is based on the environmental criteria designed for the hospitality business. The label holder will adhere to the criteria and report on their follow-up. The programme involves both personnel and guests to act in an environmentally conscious manner. The Original Sokos Hotel Viru in Tallinn has held the Green Key label since 2002. The goal is for all S Group hotels to receive the eco-label by the end of 2017.



Allergen-free hotels

Sokos Hotels is the first hospitality company in Finland to receive the right to use the Allergy Label from the Allergy and Asthma Federation. The label has been awarded to 36 Sokos Hotels (2014: 34).The goal is for all hotels of the chain to receive the label in Finland in the upcoming years.

Sokos Hotels and the Allergy and Asthma Federation have been working together for many years in order to reduce the allergenic properties in the quality of indoor air, surface and interior decoration materials, and cleaning methods and agents.





Groups with special needs

Menus written in Braille are available for visually impaired customers in Rosso and Fransmanni restaurants. The goal is to provide the same kind of services to the visually impaired than to other customers. The menus are provided in co-operation with the Finnish Federation of the Visually Impaired.

Accessibility is included in all stages of store design. Accessibility is taken into consideration already in construction planning by assessing how easy it is to access the store as well as the location of outdoor passages and parking areas, among other things. Inside the stores, safety is ensured by a number of measures, such as the right kind of lighting, furniture and PA solutions as well as by making sure that there are no obstacles in the aisles or checkout areas.

S Group's grocery stores have developed safety and accessibility even further than the requirements of the statutory regulations. Among other things, attention is paid on a clear and accessible display of products as well as easy-to-read signs and price information. Easy to reach personnel are also important to customers who need assistance. For example, the Prisma stores have customer phone stations available for customers to conveniently contact a sales assistant.

The range of gluten-free products is receiving special focus in both S Group stores and restaurants. The price label on the edge of the shelf indicates whether the product is gluten- and/or lactose-free.

Cars powered by electricity and natural gas

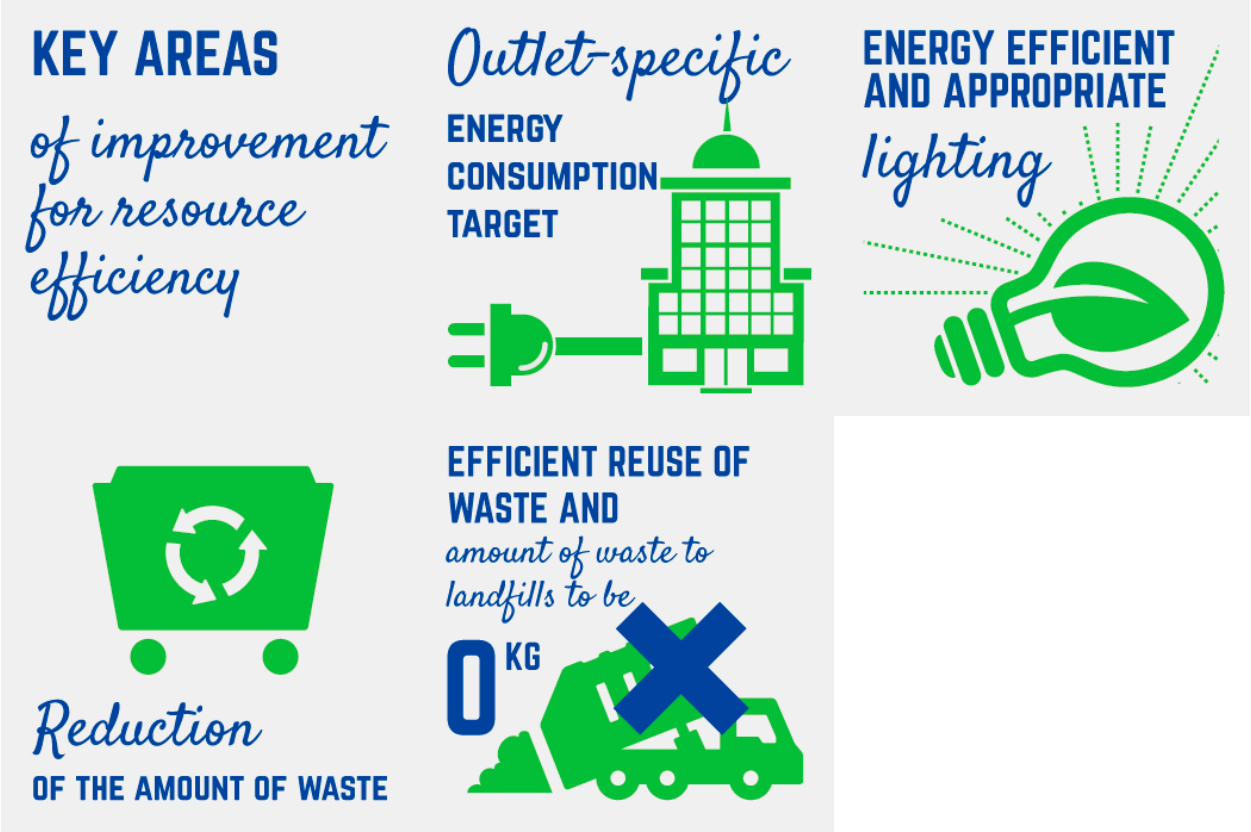
The network of electric car charging stations is rapidly expanding. Currently, there are charging stations in connection with 35 S Group outlets (2014: 27). By providing a public charging possibility for drivers of electric cars, S Group supports the development of emission-free traffic and helps lower the threshold for using an electric vehicle.

There are also three gas refuelling stations in connection with ABC stations.

Resource efficiency

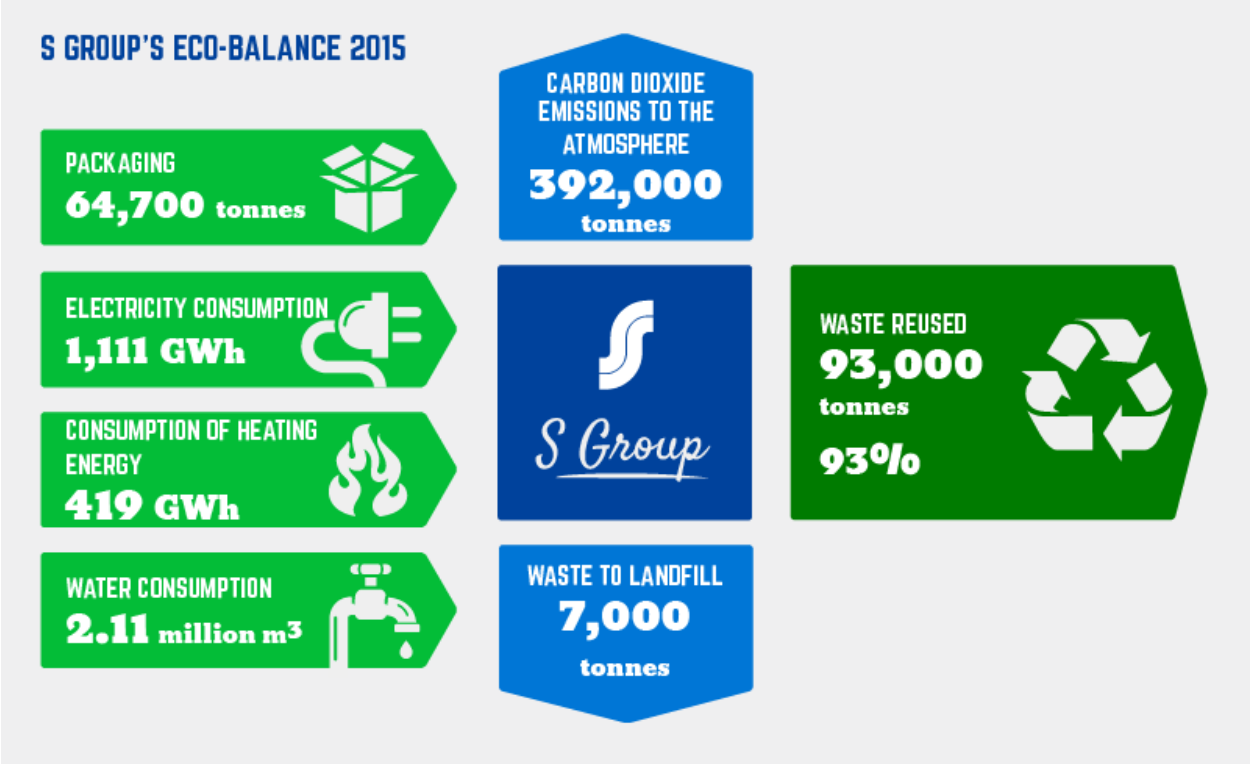
Towards improved resource efficiency

S Group has an extensive and comprehensive network of outlets, which is why its energy consumption is high and it generates plenty of waste. Therefore, the conscious use of resources is the foundation of all operations. S Group contributes to sustainable development by paying special attention to the energy efficiency of its operations, renewable forms of energy, reduction of waste, and efficient reuse of waste.



S Group's Eco-balance

The eco-balance describes the material and energy flows in S Group's operations in Finland as the use of materials and environmental impacts. These flows are described and covered in greater detail throughout this Resource efficiency section.



Energy savings and energy-efficiency

By investing in the energy-efficiency of our own operations and renewable forms of energy, and by supporting co-op members in saving energy, S Group wants to do our share to impact global mega trends, such as climate change. Our stakeholders also expect us to use energy sensibly and to invest in renewable forms of energy.

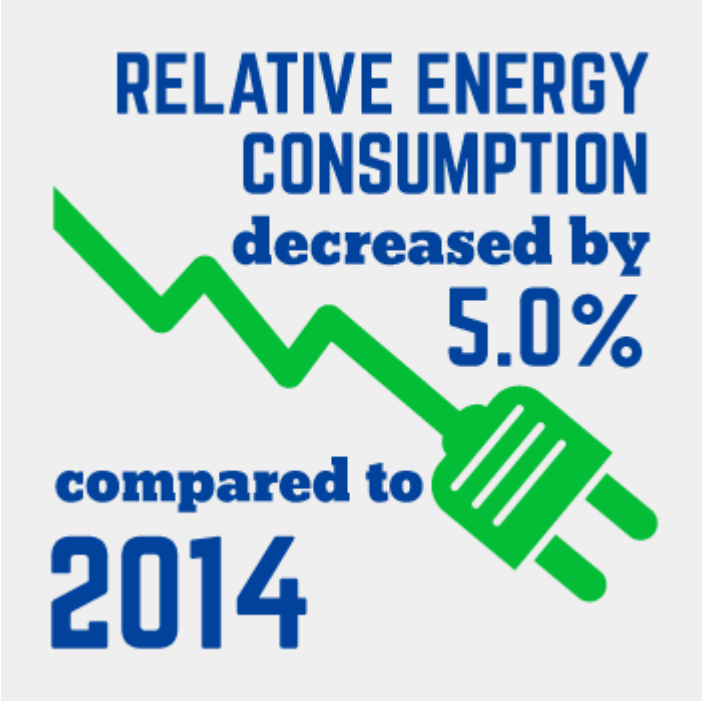
S Group's efforts to save energy and improve the efficiency of energy use are continuous. The most important measures are developing cost monitoring and setting concrete objectives concerning the use of energy. S Group is committed to promoting the objectives of "Finland 2050", the Society's Commitment to Sustainable Development. One of S Group's related commitments for action concerns the improvement of energy efficiency. The goal is to define an individual target for energy consumption for each S Group outlet by the end of 2016 and to monitor the consumption rate. S Group also commits to generating 50 per cent of the electricity we use by our own wind power in 2016.

S Group has also signed energy efficiency agreements concerning the retail sector, travel industry and hospitality business, as well as the sales of traffic and heating fuels. It is committed to the sector's shared energy savings objective of nine percent by 2016, compared to the 2005 level.

Energy savings are based on consumption monitoring

S Group has been continuously increasing the efficiency of the use of energy. In 2015, the measured total consumption of electricity and heat in S Group outlets was 1,530 gigawatt hours (2014: 1,557 GWh). The

relative consumption of energy in 2015 was 303 kilowatt hours per gross square metre (2014: 319 kWh/gross m^2), meaning the relative energy consumption decreased by 5 per cent over the course of the year.

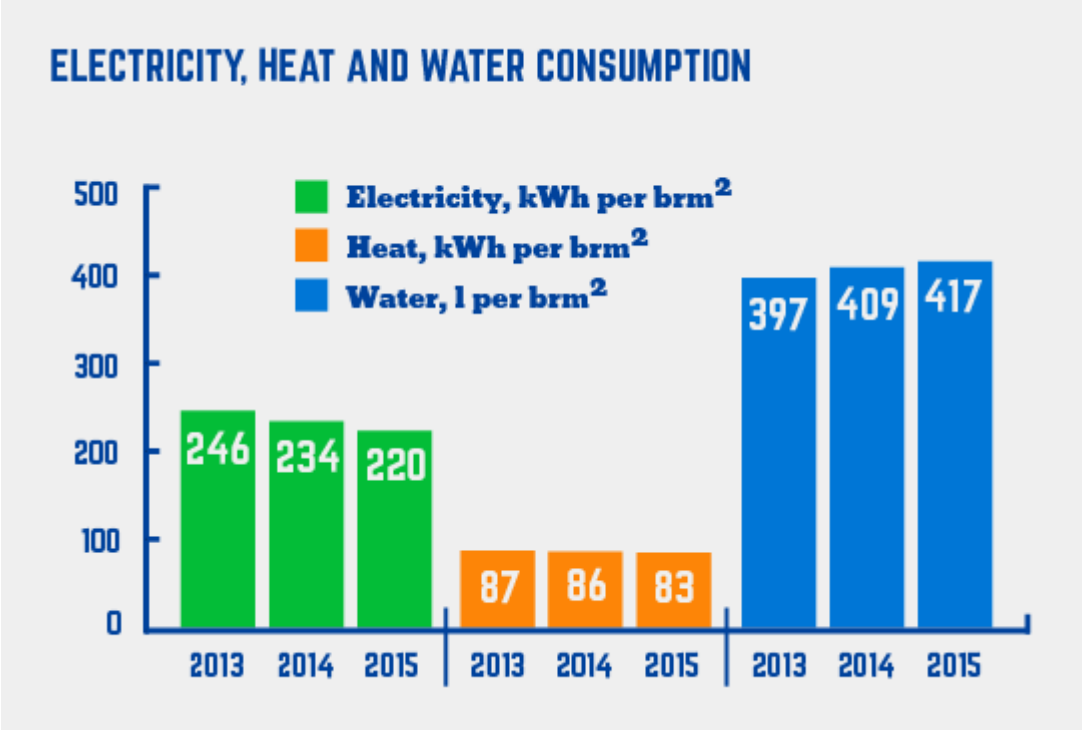


In 2015, S Group monitored energy consumption in a total area of 5.05 million gross square metres (2014: 4.88 million gross m^2). The increase in the area is partly due to the new grocery trade logistics centre in Sipoo and the Solo Sokos Hotel Torni in Tampere. The area has decreased in other outlets.

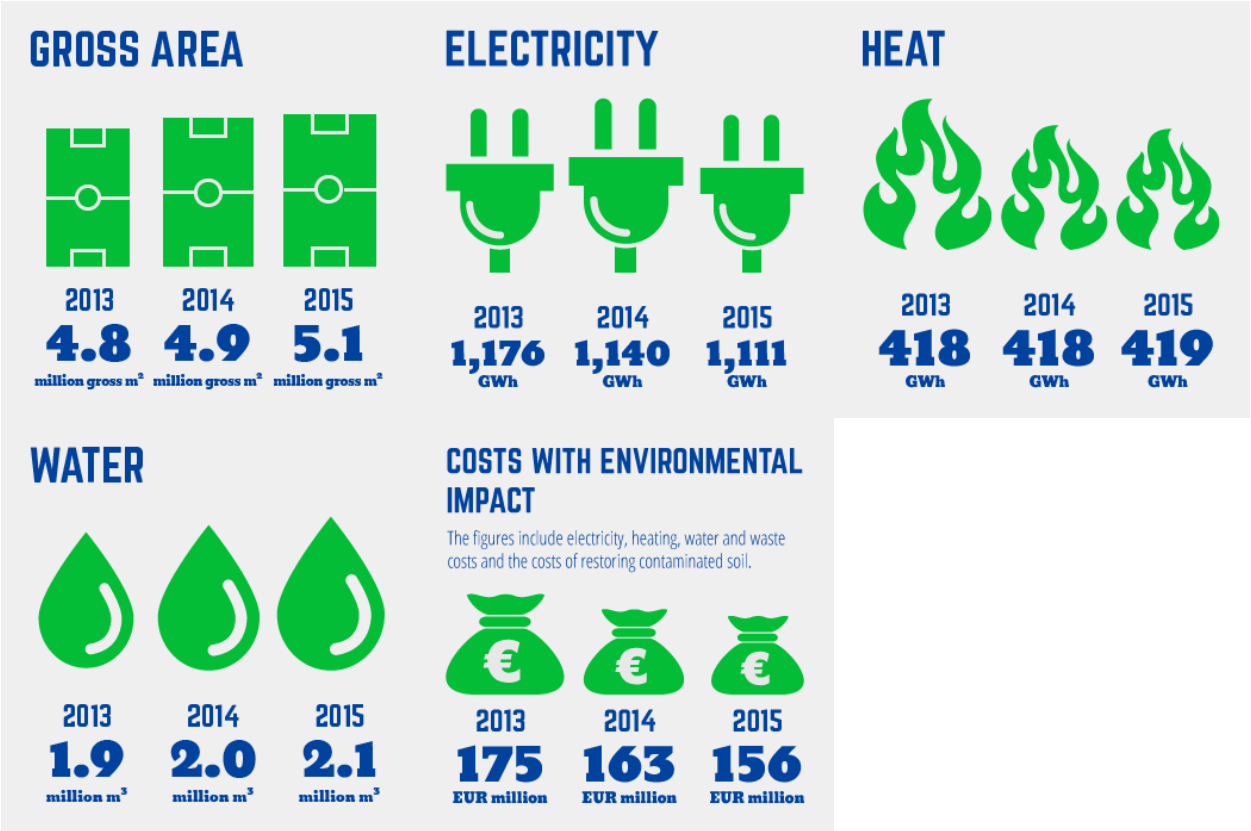
S Group's total electricity consumption in 2015 amounted to approximately 1,111 GWh (2014: 1,140 GWh). This equals the electricity consumed by 140,000 average households in Finland. The results of the measures to improve energy efficiency are beginning to show, and electricity consumption has reduced slightly over two per cent compared to the previous year.

The weather-corrected consumption of heating energy (district heat, geothermal heat and natural gas) was approximately 419 GWh in 2015 (2014: 418 GWh), remaining approximately at the previous year’s level.

In 2015, water consumption amounted to approximately 2.11 million cubic metres (2014: approximately 1.99 million m^3), showing an increase of approximately 6 per cent compared to the previous year.



The reported figures are based on data measured and reported by building or residence. The coverage and reliability of the reported information in different areas have improved from the previous year.



Monitoring of energy consumption and managing energy play

a central role

S Group takes energy-efficiency into consideration both in daily activities and when building new outlets and renovating existing ones. In practice, the consumption of electricity, heat and water in nearly all outlets is monitored as the building's total consumption. In addition, individual metering is used in the monitoring of consumption in the key systems consuming energy – such as food retail refrigeration.

S Group monitors and compares outlets within the same chain. The comparison evaluates the specific consumption (kWh/m2) of outlets with the specific consumption of other equivalent targets. The management of energy efficiency measures is being streamlined in S Group by integrating measures with energy impact in the outlets' annual repair plans. With scheduled measures, the budgeting of property costs, forecasting future investment needs and prioritising the order of implementing the measures are easier. Above all, this makes it possible to set a realistic objective for the use and acquisition of energy in the coming years.

Surveying the measures at the more than 1,600 S Group outlets is monitored and controlled by means of RAG status rating reports. Currently, up to 400 outlets have detailed maintenance plans in place, and approximately 750 measures with energy impact requiring investments have been planned for them for the coming years. Streamlining opportunities of 10–15 per cent can already be seen in the energy consumption of a typical cooperative for the coming years.

S Group's goal is to define an outlet-specific energy consumption target for each outlet. Currently, the target has been defined for 20 per cent of outlets.

Case: Annual repair plans at the Osuuskauppa Maakunta cooperative

Annual repair plans were drawn up for all outlets at the Osuuskauppa Maakunta cooperative in summer 2015. The plan also provided an overview of whether a more extensive renewal of technology or store development would make most sense. It makes sense to schedule building repairs and technology renewal to take place concurrently with functional renewals, such as business development or refrigeration system overhauls. In terms of refrigeration systems, the plan at most outlets is to switch to carbon dioxide refrigerant, which means that the entire system, including the appliances, will be replaced. It is also important to identify the repair and renewal needs of the cooperative society as a whole, as well as the available resources for carrying out the required repairs and development.

Concurrently with drawing up the repair plan, a foundation was laid for setting the energy consumption target, and a plan was also made for carrying out energy savings investments. The known measures are already providing energy savings of 15–20 per cent.

Finnish renewable energy highlighted in energy procurement

S Group is committed to generating 50 per cent of the electricity we use by our own wind power by the end of 2016.

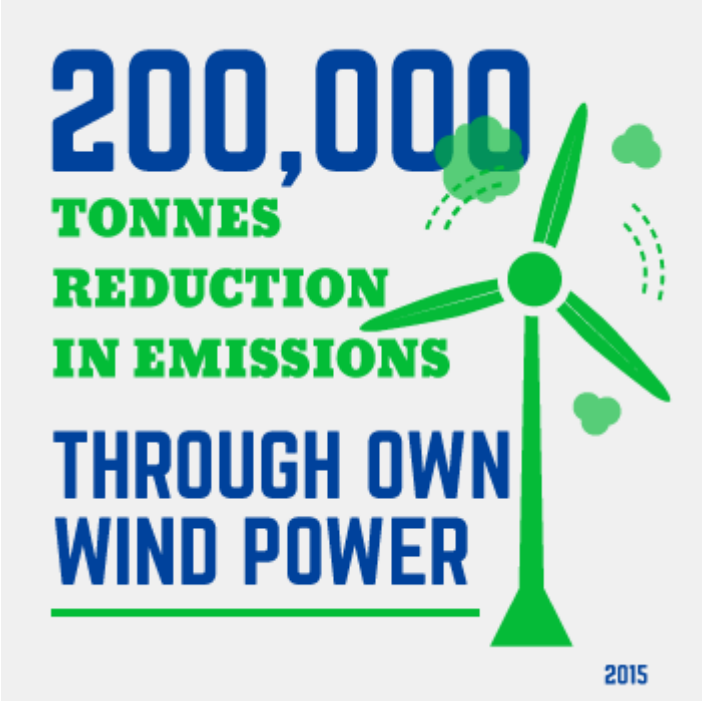


As a whole, S Group's electricity consumption is high: our 1,600 plus outlets consume more than one per cent of the total electricity consumed in Finland. This makes us one of the ten largest non-industrial consumers of electricity in Finland. Electricity procurement in S Group is handled by S-Voima Oy. Its mission is to improve the competitiveness of S Group's operations by means of affordably priced electricity.

TuuliWatti Oy, founded in 2009, is an associate company specialising in the production of industrial wind power. It is owned by the energy company St1 Nordic Oy and S-Voima Oy with equal shares. TuuliWatti Oy is the leading wind power provider and pioneer in Finland, focusing on the latest technology in its operations. The company develops and constructs wind farms, aiming to build considerable wind power capacity in different parts of Finland in the near future.

TuuliWatti Oy had 84 wind turbines in operation at the end of 2015. The total of new wind turbines built on 2015 was 27. In addition, 47 new wind turbines are being constructed and will be completed in 2016 and 2017. Once the plans are realised, the production volume will account for approximately 24 per cent of the wind power objective outlined by the Finnish government in its climate and energy strategy for 2020 and for the electricity supply needed by approximately 650,000 apartments.

S Group has made considerable investments in wind power projects. In 2015, S Group's own wind power accounted for slightly over one third (2014: 19.2 per cent) of the Group's electricity procurement.


200,000
TONNES
REDUCTION
IN EMISSIONS
THROUGH OWN
WIND POWER
2015

Case: Flexible electricity consumption

In addition to energy savings, intelligent management of energy in buildings also facilitates the operations of the grid and helps maintain the power balance of the electrical system. This flexibility in electricity usage refers to moving the moment electricity is consumed and/or changing electricity consumption momentarily. Thus, electricity consumption, instead of electricity production, is used as the adjusting force.

The objective is to make the building detect how much higher or lower its electricity consumption can be adjusted over a certain period of time. When several buildings in S Group adjust their electricity consumption simultaneously, the adjustable capacity and, therefore, the impact on the maintenance of the electrical system also increase. This demand-side management makes it possible to even out the load of networks and also reduce the electricity bill of the buildings participating in the adjustment. The adjustment measures are automatic, and the changes in the conditions are not visible to customers and personnel.

At the beginning of 2015, systems for automatically adjusting electricity-consuming equipment in accordance with the grid load were installed in seven Prisma stores and two S-Markets of the Osuuskauppa Hämeenmaa and Pirkanmaan Osuuskauppa cooperatives. The intention was to determine if supermarkets could participate in the management of the grid's power balance by switching equipment off during peak consumption and, on the other hand, to consume more electricity when production exceeds demand.

In addition, S Group participates in a research project by VTT, in which new methods are being developed to manage the momentary power balance between production and consumption in the grid. The research project is being piloted by S Group's grocery trade logistics centre being built in Sipoo, as well as the new S-Market of the Osuuskauppa Arina in Oulu.

Optimising electricity consumption in accordance with both the price of electricity and the grid capacity is one example of how S Group uses energy in a conscious manner, promoting well-being and sustainable development. As a significant producer of renewable and weather-dependent energy, we are also responsible for reducing the adjustment need generated by our own production.

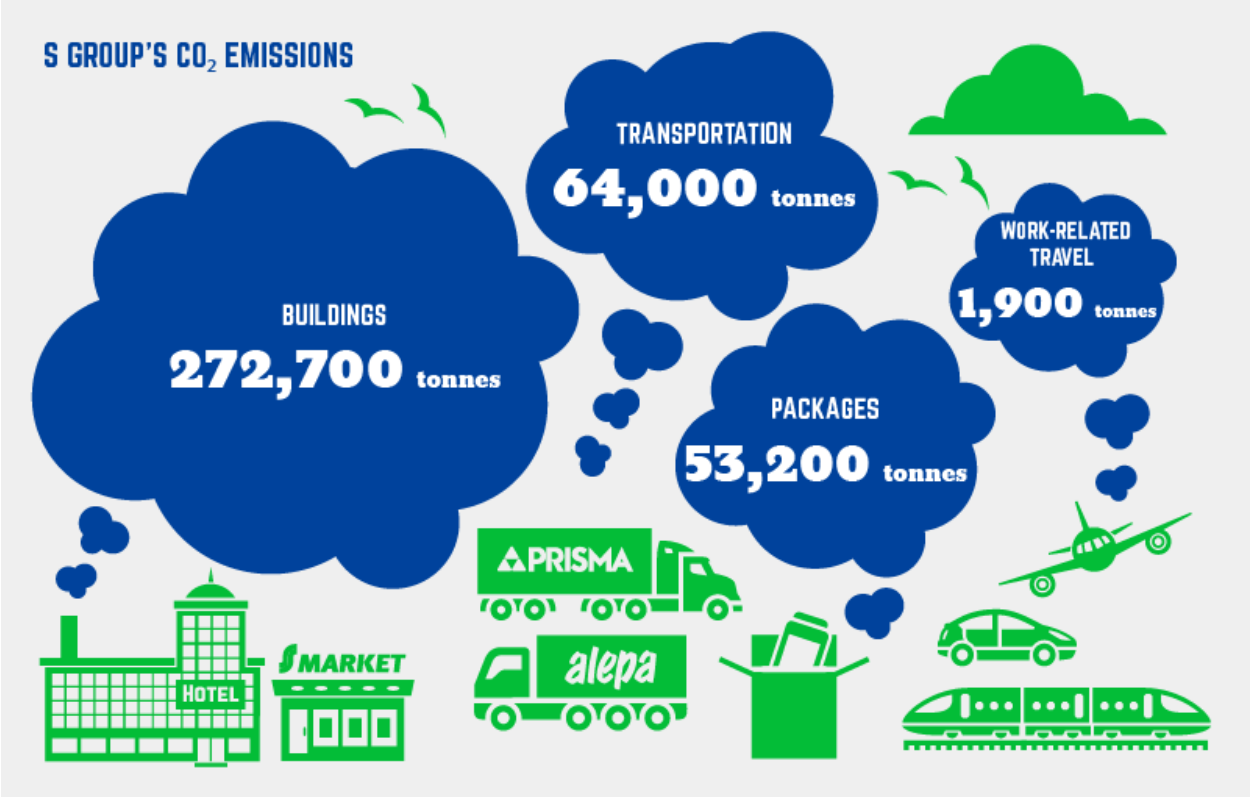
Monitoring and managing emissions

The prevention and systematic reduction of emissions into the soil and atmosphere are an important part of S Group's environmental responsibility.

S Group's operations generate greenhouse gas emissions, in particular, into the atmosphere but also produce volatile organic compounds, or VOCs. Fuel distribution may include a risk of soil and ground water pollution.

S Group's carbon dioxide emissions

The carbon dioxide emissions generated by S Group's operations include those from the production of energy consumed by buildings as well as carbon dioxide emissions generated by both domestic transports and import as well as work-related travel.



The carbon dioxide emissions generated by electricity and heating production totalled 272,700 tonnes in 2015 (in 2014: 313,000 tonnes). The emission factors used in the calculations vary year by year depending on the energy production profile used in Finland. Since the majority of energy used by S Group is purchased, S Group cannot fully influence the emissions of its own energy consumption. Nevertheless, S Group invests considerably in building its own wind power and, therefore, the volume of these emissions decreases continuously.

The most important environmental impacts of logistics include the energy consumption of transport and its emissions into the atmosphere. Inex Partners Oy, S Group's procurement and logistics company for groceries and consumer goods, and Meira Nova Oy, the procurement and logistics company for hotels, restaurants and staff cafeterias, require that transport companies commit to continuous improvement of their operations in order to reduce the environmental impact. The efforts to take the environmental impacts of transports into consideration include selecting optimal routes, carrying full loads, making use of return logistics and using fleet that meets the modern environmental requirements. The emissions in transports are calculated based on the tonnage transported and fuel consumption data, using emission coefficients from the LIPASTO traffic exhaust emissions and energy consumption calculation system of VTT Technical

Research Centre of Finland.

Transports	Inex Partners	Meira Nova
Domestic transports total (tonnes)	31,000	3,970
Domestic transports (kg per transported tonne)	12.7	33.8
International transports total (tonnes)	29,000	-
International transports (kg per transported tonne)	161	-

The reduction in the emissions of Inex Partners' domestic transports is attributable to the improved reliability of calculations, and the total amount of emissions in international transports has been confirmed by means of coverage calculation. Over 90 per cent of the drivers of both domestic and international contract partners have taken training in economical driving, and approximately half of the contract partners have a certified environmental system in place.

The volume details of transports within Meira Nova's contract management have been specified. Therefore, the emissions data for 2014 have also been specified. Ninety-nine per cent of the drivers of Meira Nova's contract partners have taken training in economical driving. Ninety per cent of Meira Nova's contract partners have a certified environmental system in place.
In 2015, the carbon dioxide emissions from S Group's packages amounted to 53,200 tonnes (2014: 55,160 tonnes). The carbon dioxide emission calculations of packages are based on S Group's official statistics on packaging and on a report by the Copenhagen Resource Institute on the emissions over the life cycle of packages.

In 2015, carbon dioxide emissions generated by air travel related to S Group personnel's work travel totalled slightly over 1,300 tonnes (2014: 1,400 tonnes). The reduction in the emissions is attributable to the partners' fleet. The number of kilometres travelled by train per person in 2015 was approximately 2,318,300 (2014: 2,356,900).

SOK Corporation had 254 company cars in 2015, and the amount of carbon dioxide emissions generated by them was 601 tonnes (2014: 689 tonnes). SOK Corporations' company car acquisition guidelines set the maximum emissions limit at 170 g CO_2/km. Although the maximum emissions limit has remained the same, the average actual emissions have declined slightly: 124 g CO_2/km (2014: 130 CO_2/km).

Measures to reduce carbon dioxide emissions

Wind power is one way to reduce the carbon dioxide emissions of S Group's properties. In addition, the possibility to use renewable forms of energy is investigated in S Group's all new construction projects. When renovating units, heating systems can also be replaced with more efficient and more environmentally friendly systems. For example, old oil heating systems have been replaced with systems using district heat or geothermal heat.

A new grocery trade logistics centre is being built next to the consumer goods logistics centre in Sipoo, Southern Finland. The new centre will be taken into use in stages in 2016–2018. The energy system of the new logistics centre is based on reusing the condensing heat from refrigeration in heating and on utilising

geothermal heat and bioenergy in the same manner as in the consumer goods logistics centre. The heating and refrigeration energy produced for the logistics centre will be completely carbon dioxide neutral.

In work-related travel, efforts to reduce emissions include using tele- and videoconferencing instead of travelling, whenever possible. At the end, S Group had 74 units of videoconferencing equipment in use, available in nearly all cooperatives and SOK. In 2015, more than 8,200 hours of videoconferences were held, and meetings through an instant messaging application totalled over 5,500 hours. Virtual meetings have helped reduce travelling and facilitated contacts with Russia and the Baltic countries, in particular.

Case: Overall efficiency of transports improved considerably thanks to the Eco Truck

The Kilon Osuus-Auto transport company, which handles S Group's food product transports between Espoo and Lahti, has participated in the reduction of carbon dioxide emissions of road traffic. In summer 2015, Kilon Osuus-Auto commissioned the first HCT, or High Capacity Transport, articulated lorry.

The articulated lorry can be called an Eco Truck, since its capacity is up to 30 per cent higher than that of the conventional modular combination. Kilon Osuus-Auto’s Eco Truck is a remarkable 32 metres long. In Inex Partners Oy's transports, the Eco Truck has considerably improved the overall efficiency of transports, since the number of articulated vehicles operating between Espoo and Lahti alone has decreased by 250. The greatest environmental impacts of logistics are generated by transports, which is why Eco Trucks provide all parties throughout the goods transport chain with called-for environmental effectiveness and cost efficiency.

So far, Kilon Osuus-Auto’s Eco Truck has racked up over a hundred thousand kilometres. Carbon dioxide reductions will not be achieved by means of new fleet alone, but the drivers’ driving habits also play an important role.

ABC works to minimise environmental risks

At the end of 2015, all 441 of S Group's fuel distribution stations were included in the information systems of the environmental authorities. ABC pays special attention to the technology and monitoring of the fuel dispenser areas. The condition of all S Group's fuel dispenser areas is inspected regularly. A station manager responsible for monitoring has been assigned for each fuel dispenser area. The station managers receive regular training in their work. In addition, the fuel dispenser technology is constantly being developed to ensure safety and functioning.

Petrol releases volatile organic compounds (VOC) into the atmosphere. Recovering petroleum vapours

generated when filling the petroleum tanks at the stations has been carried out for a long time. In addition, new and renovated filling stations are equipped with systems that recover petrol vapours released when refuelling vehicles. At the end of 2015, 67 per cent of ABC stations had such recovery systems in place (2014: 66 per cent). Recovering petrol vapours limits VOC emissions. This has the greatest impact on air quality in densely populated centres and at filling stations where the volume of petrol sales is high. The calculated VOC emissions caused by S Group's petrol sales in 2015 totalled 671 tonnes (2014: 698 tonnes).

Waste management and recycling services offered to customers

Reducing the amount of waste and reusing waste efficiently are key aspects of minimising S Group's environmental burden. S Group wants to do its part in minimising the amount of waste that ends up in landfills and in reusing waste either as material or energy as effectively as possible.

The objective of the Waste Act is to prevent waste generation and promote the reuse of products, increase recycling and reuse of waste as well as reduce the amount of waste that ends up in landfills. S Group has defined the key areas of improvement for material efficiency, and they are paid special attention to. The first goal is to reduce the amount of waste generated. Efforts to accomplish this include chain-specific guidelines and extensive outlet-specific monitoring of waste data. Another central objective is to sort the generated waste effectively for reuse.

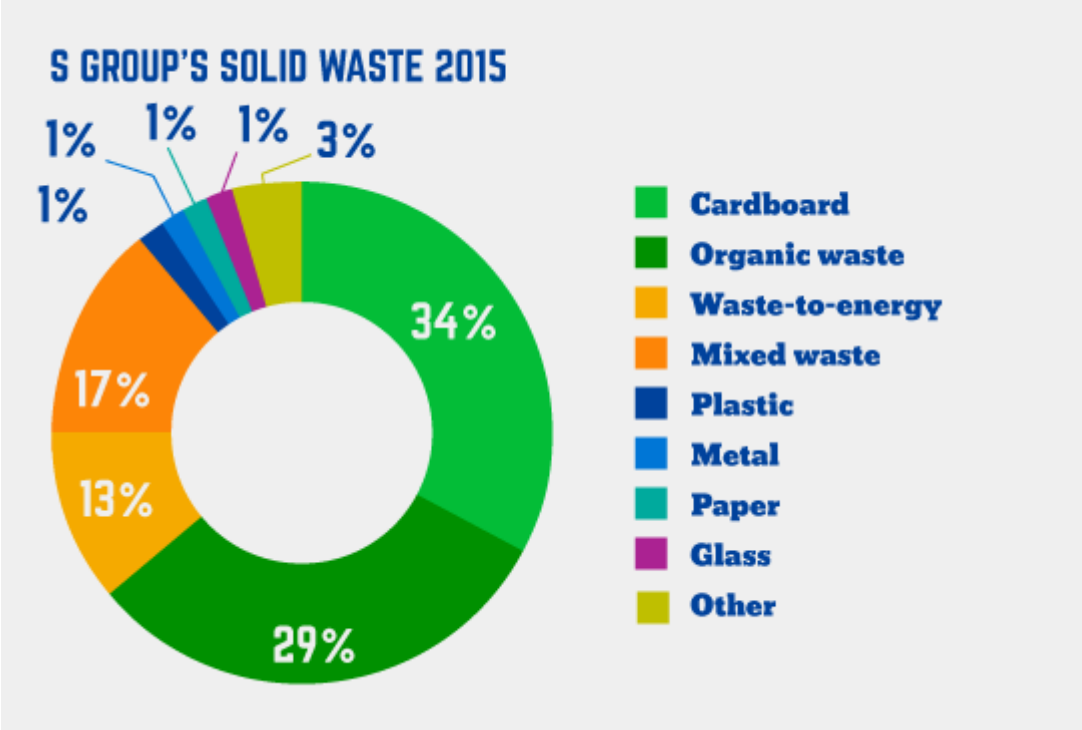
Primarily, waste is sorted for reuse by material, and if this is not feasible, the waste is used for energy. In this way, we minimise the amount of waste that ends up in landfills. In addition to the environmental impacts, every kilogram of waste that is not generated also reduces waste management expenses.

Less waste through effective use

In 2015, S Group generated approximately 103,000 tonnes of waste in Finland (2014:102,000 tonnes). In other words, the total amount of waste generated grew slightly. To a large extent, this is due to increased accuracy of reporting.

The waste generated included approximately 100,000 tonnes of solid, or regular, waste and hazardous waste, and about 3,000 tonnes of liquid waste, such as waste from grease traps and sand traps, as well as septic tank sludge.

Organic waste, cardboard, energy waste as well as landfill and combustible waste account for the largest quantities of waste generated in S Group's operations. Municipal waste includes both waste to landfills and combustible waste. The amount of organic waste decreased slightly compared to 2014, and the amount of cardboard has remained at the same level. The amount of waste-to-energy decreased by approximately 20 per cent.



S Group has succeeded in reducing the amount of waste to landfills by nearly a third compared to 2014. Correspondingly, the combustible portion of mixed waste has increased by a third.



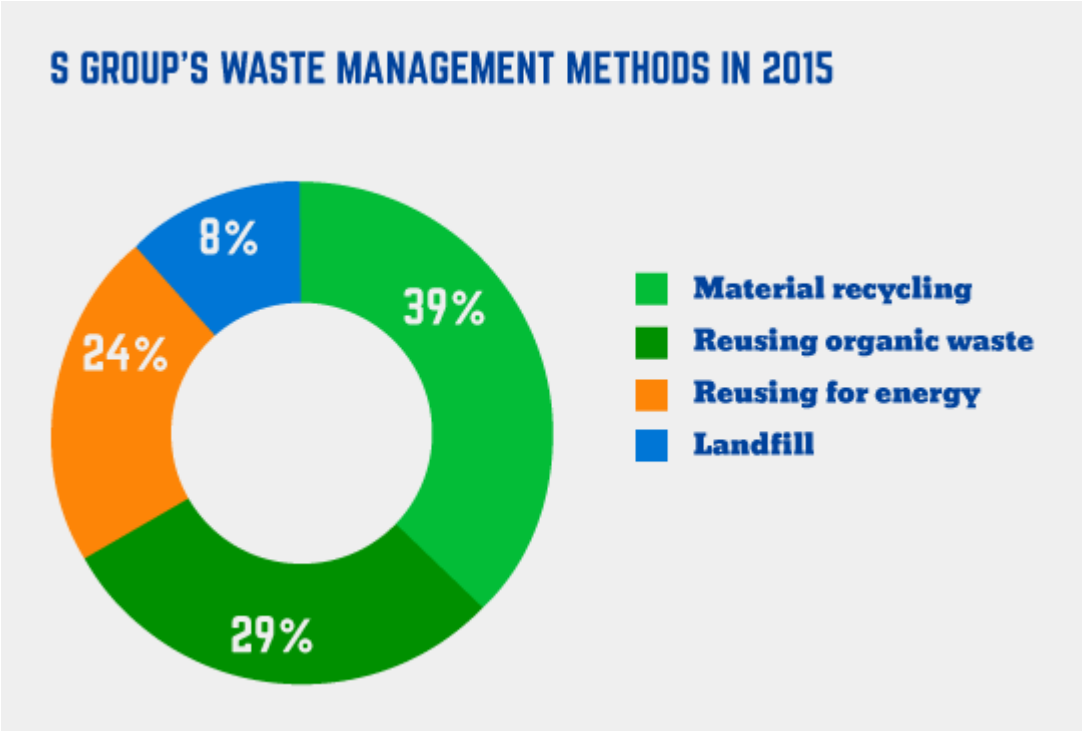
S Group's objective is to reuse the generated waste effectively. Grocery stores have been instructed to sort waste more effectively and to increase the share of reused waste by means of contracts with waste management companies. The aim is to reuse waste grease as energy, and food loss is reduced by increasingly donating food items to charity, instead of disposing of them in organic waste. As part of the Green Key work, hotels have improved their instructions and sort waste more effectively.

S Group's reuse/recycling rate of waste, or the share of waste directed to reuse in the total amount of waste, increased to 93 per cent (2014: 90 per cent). The reuse/recycling rate was calculated by subtracting

the amount of waste to landfills from the total amount of waste. S Group's objective was to reduce the amount of waste to landfills to zero by 2016. This goal was quite not reached, but the direction is right: only 7 per cent of S Group's waste is taken to landfills.



Nearly 40 per cent of waste is directed to materials reuse. In practice, all organic waste is used for biogasification, composting and the production of bioethanol, depending on the geographical location. Approximately one quarter of the waste generated is reused for energy.



The reliability of reporting of waste management methods has improved from the previous year.

Case: Minimising food loss

In S Group's grocery stores, food loss is managed by means of systematic operations and cooperation – throughout the supply chain.

Loss is managed through systematic management of orders, deliveries, transports and inventories. This ensures the freshness of products and just-in-time, synchronised supplementing orders as well as deliveries to stores. Good packaging design also plays a significant role in reducing food waste. Packaging protects products, and the quality of the products must remain good throughout the chain, despite long transportation distances and handling in warehouses and stores.

The stores have an important role in minimising loss. Daily activities include receipt inspections of goods arriving at the store, shelving, verification of the freshness and date labels of products, as well as marking products reaching their 'Sell by' date with discount stickers. In 2015, S Group stores implemented a special tool to better monitor loss at the store and the causes of loss.

Work carried out at the warehouse also contributes to the minimisation of loss. When goods are delivered from the warehouse to the store on time, the store will have more time to sell them. With these measures, it has been possible to reduce losses generated in stores. In 2015, the ratio of food wastage to food sales was 1.67 per cent in S Group's grocery stores. The corresponding figure was 1.79 per cent in 2014 and 1.80 per cent in 2013. Thus, food loss is a declining trend, slowly but surely. The reported percentage also includes food items donated to charity through cooperation partners. In 2015, the total amount of loss generated was 32.4 million kilograms.

All cooperatives participated in the survey carried out in 2014 concerning food loss items suitable for donation to charity. The survey was repeated in 2015. The survey showed, among other things, that items generating the most food loss suitable for donation include fresh bread, fruit and vegetables. At the end of 2015, S Group's stores had a total of nearly 300 cooperation partners specialised in food aid, which receive donations directly from stores or S Group's logistics centres.

Most of S Group's larger markets frequently donate food items to charity. Some of the small stores have also built a functioning model of doing charity work. Each S Group grocery store has an agreement in place with their charity partners, which ensures that the operations truly target people in need of food aid and adhere to the food safety guidelines. Thus, donating expiring food to charity is continuously increasing, as new cooperation partners join our network.
No matter how well loss is managed, food waste is inevitable. The biggest reason for a food item ending up as waste in a store is that it does not meet the criteria of charity donation, in other words, it is no longer suitable for consumption. In addition, in small localities, the shortage of charity providers and difficulty in organising functioning deliveries of the collected items to distribution locations hinder charity work. In many small units, the amount of food loss is also so small that organising separate pick-ups make no sense.

Case: Return logistics of plastic waste at Alepa stores

Plastic is a light-weight material, and measured in kilograms it does not represent the most significant waste fraction. However, the volume of clear plastic compressed tightly in bags returned to Alepa stores is 3–8 bags per week. Due to the relatively low small amount of plastic as well as space constraints, the majority of Alepa stores do not have the capacity to bale plastic. A solution has been sought, and as of summer 2015, clear plastic from 86 Alepa stores has been sent to Inex for reuse with the return logistics. Inex compresses the plastic into large bales, which are further sent to be processed into plastic granules. They can be used to manufacture new plastic products. In 2015, a total of 42 tonnes of plastic were collected from the Alepa stores. This accounts for approximately 3 per cent of plastic waste recovered by S Group.

Case: An exhibition of waste generated during an overnight stay at a hotel

Original Sokos Hotel Vaakuna in Pori is one of S Group's Green Key certified hotels. The certificate application process included determining what kind of waste is generated by an overnight stay of one person at the hotel and what happens to the waste, among other things. The results showed, for example, that as much as 247 kg of food waste is generated at the breakfast at the Vaakuna solely by uneaten food left on plates. Per one person, this means 116 grams, or an amount equalling one banana or four small sausages, of leftover food.

In addition to this survey, the hotel also organised an environmental exhibition to illustrate the issue with concrete examples.

Diverse recycling opportunities

S Group offers customers opportunities to recycle waste. It is important to recycle as high a proportion of household waste as possible.

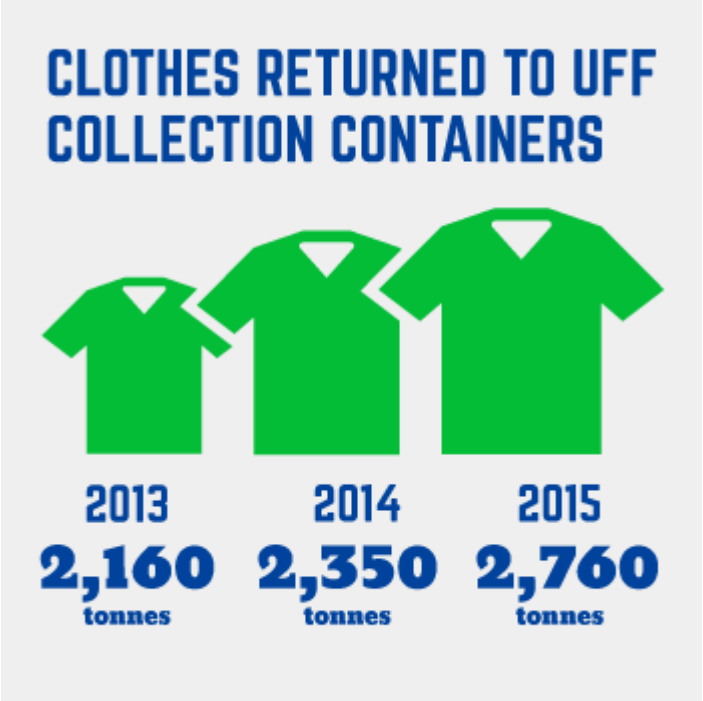
In 2015, there were 332 recycling stations in or next to S Group outlets (2014: 263). The recycling stations accept cardboard, cartonboard and liquid packaging board, paper, glass and metal containers and textiles, among others.



Many outlets offer a recycling station for bottles and cans, where refundable and non-refundable bottles and cans may be returned for reuse as materials.

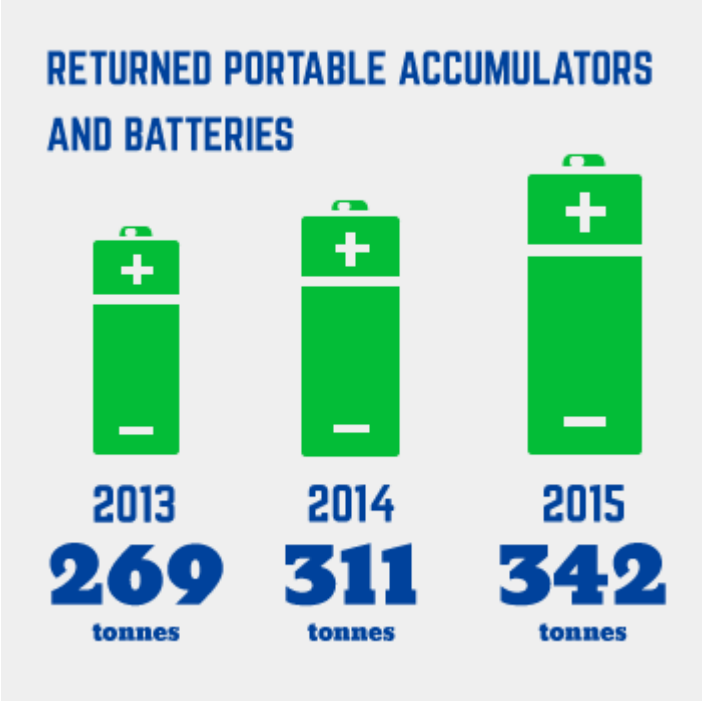


The majority of textile waste generated in Finland ends up in landfills after use. The most effective way to recycle old textiles is to deliver them to clothes collection points. A large quantity of clothes is also collected at the recycling stations in connection with S Group outlets.



In accordance with the new Waste Act, retail outlets on 1 May 2013 started accepting decommissioned electrical devices and electronics. Such items include, for example, refrigeration appliances, coffeemakers, mobile phones and all lightbulbs, with the exception of halogen bulbs and incandescent bulbs. Decommissioned electrical devices and electronics are collected at all S Group grocery stores larger than 1,000 square metres. In 2015, the amount of decommissioned electrical devices and electronics recycled through S Group stores totalled more than 376 tonnes (2014: 456 tonnes). In all, slightly over 2,4 million kilograms were collected through stores in 2015 (2014: 900,000 kg), of which S Group accounted for approximately 16 per cent.

Customers may return portable accumulators and batteries to all S Group outlets that sell them. Thus, the red return box has become familiar to many customers: the quantity of portable accumulators and batteries returned to S Group outlets has increased continuously.



Responsibility reporting

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

Being a leader in responsibility requires systematic management. To do this, comprehensive and reliable monitoring information is needed on a number of key indicators. External reporting should also be transparent. In 2015, we focused particularly on the assessment of the extent and reliability of key indicator information at the S Group level.

The review applies the G4 reporting guidelines of the Global Reporting Initiative (GRI), taking into consideration the cooperative structure of S Group.

The S Group-level review looks at the policies made at the S Group level and their implementation, as well as key indicators and measures in Finland. An exception is the financial figures, which also include the operations in the Baltic countries and Russia. As legally independent businesses, the cooperatives also report their own operations in their annual reports and on their websites. This review has not been verified by an external party.

GRI Index 2015

The table shows which pages in the Owned by you – S Group and responsibility 2015 web pages make reference to the GRI guidelines. The references help you find more detailed information easily on S Group's responsibility work in 2015. The review does not contain those GRI figures separately which are included in employers' statutory obligations or collective labour agreements in Finland.

Responsibility strategy and analysis

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1	Statement from the CEO	CEO's Review
2	Key impacts, risks, and opportunities	S Group's responsibility programme

Organisational profile

Section	GRI content	Page
3–9, 13–14	S Group: size, business and ownership	S Group in brief
10	Employees	Personnel
12	S Group’s supply chain	S Group's suppliers and service providers
15–16	External principles and initiatives and membership of associations	Advocacy organisations for common interests

Identified material aspects and boundary

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Stakeholder engagement

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24–27	S Group’s stakeholders and engagement	Stakeholders

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Ethics and integrity

Section	GRI content	Page
56	Values and codes of ethics	Values, vision and strategy Case: SOK Corporation renewed its Code of Conduct

Responsibility management

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DMA	Responsible products and services	Responsible procurement Monitoring production chains
DMA	Resource efficiency	Towards improved resource efficiency
DMA	Personnel motivation, well-being and safety	Personnel well-being and motivation

Economic responsibility

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EC7	Development and impact of infrastructure investments	National and regional responsibility cooperation
EC8	Indirect economic impacts	S Group's social influence
EC9	Proportion of spending on local suppliers at significant locations of operation	S Group's suppliers and service providers Origin and traceability of products

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EN21	Other significant air emissions	Environment ABC works to minimise environmental risks
EN23	Waste by type and disposal method	Environment Waste management and recycling services offered to customers
EN27	Mitigation of environmental impacts of products and services	Biofuel from waste and sawdust
EN28	Reclaimed products and their packaging materials	Environmentally friendly packaging materials and alternatives to plastic bags Diverse recycling opportunities
EN30	Environmental impacts of transporting products, materials and workforce	S Group's carbon dioxide emissions
EN32	Suppliers screened using environmental criteria	Responsibility and product safety in procurement practices Assessing the environmental impact of product manufacture
EN33	Significant negative environmental impacts in the supply chain and actions taken	Assessing the environmental impact of product manufacture Responsible raw materials

Labour practices and decent work

Section	GRI content	Page
LA1	New employee hires and employee turnover	Personnel
LA6	Injuries, occupational diseases, lost days absenteeism and fatalities	A safe working environment
LA9	Training	Personnel A safe working environment
LA10	Programs for skills management and lifelong learning	Multiple skills as employees' assets From the first job into a career – retail sector opens doors to working life
LA14	Suppliers screened using labor practices criteria	Responsibility and product safety in procurement practices Monitoring production chains
LA15	Significant negative impacts for labor practices in the supply chain and actions taken	Monitoring working conditions in risk countries
LA16	Grievances about labor practices	Case: A pilot project with Thai suppliers

Human rights

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PR3	Type of product and service information required	Responsible raw materials Researched products Responsibility of services
PR5	Surveys measuring customer satisfaction	Systematic stakeholder engagement
PR6	Sale of banned or disputed products	Disclosing the country of origin

Financial statements

The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent cooperative's balance sheet, income statement, cash flow statement and notes to the financial statements.



SOK Corporation´s 2015

Financial Statements 1.1.–31.12.2015

SOK Corporation's Financial Statements 2015

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Executive board report on operations

Development of the operating environments

Economic development continued to be weak in Finland in 2015. Economic growth was close to zero – lower than in competitor countries – and there was no clear turn for the better in this trend. Our country's economy has experienced – and will continue to experience for a long time – difficulties amid the great structural transition.

Finnish exports continued to decline and have decreased further over the past few years than the export of any other developed country. In particular, jobs in the industry have rapidly reduced, and the number of both long-term unemployed and those without jobs due to structural unemployment is growing. Our employment rate is clearly lower than that of other Nordic countries. Private consumption has remained low despite inflation being non-existent.

The weak economic development was reflected in commerce. Net sales in retail and its largest sector, the grocery trade, decreased from the previous year. The decrease in net sales in the grocery trade was mainly due to lower prices. Only sales growth in the retail of sports equipment and home electronics was more substantial.

Financial development

SOK's operations

SOK is the parent company of SOK Corporation. In accordance with its statutes, SOK is the central organisation of S Group, promoting and developing the operations of the cooperatives and other organisations belonging to S Group, and managing and supervising the Group's overall resources for maximum efficiency while also monitoring the operations and seeing to the interests of S Group and its segments.

SOK is responsible for S Group's overall strategic management. Its tasks are to provide S Group companies with services in chain management, co-op membership and marketing, as well as other support services and development activities related to these services and other activities of S Group. Services central to S Group's operations also include procurement and assortment services.

Through its subsidiaries conducting business operations, SOK offers a wide spectrum of services to its co-op members in S Group. Furthermore, through its subsidiaries, SOK engages in the supermarket trade and the travel industry and hospitality business in the Baltic area and St Petersburg.

SOK Corporation's financial development 1 January–31 December 2015

The net sales from SOK Corporation's continuing operations between 1 January–31 December 2015 totalled EUR 7,038.4 million, down by 3.4 per cent from the previous year. SOK Corporation's operating profit was EUR 11.1 million (EUR 43.1 million). The weaker result was mainly due to the combination merger of S-Bank and LocalTapiola Bank in the comparison year, which had a positive effect of EUR 32 million on the result, recognised in other operating income. In addition, the impact of SOK's efficiency improvement programme is reflected in both net sales and operating profit. By cutting costs, SOK Corporation has participated in the savings programme implemented throughout S Group, and by reducing the service fees charged from the regional cooperatives, it has contributed towards funding the price reductions introduced during the financial period. International operations accounted for 6.9 per cent of net sales, or EUR 488.5 million.

SOK Corporation's continuing operations	**2015**	**2014**	**2013**
Net sales, EUR million	7 038	7 286	7 317
Operating profit, EUR million	11.1	43.1	-7.9
Operating profit, % of net sales	0.2	0.6	-0.1
SOK Corporation			
Return on equity, %	0.1	5.5	0.8
Equity ratio, %	37.0	38.3	36.3

SOK Corporation's net sales and operating result by business area (segment)

SOK Corporation's net sales and operating result are divided into retail and wholesale business areas in accordance with operational monitoring. In addition, the operating result of the banking operations is listed under operational monitoring.

	Net sales EUR million	+/- % prev. year	Operating result, EUR million	Change, EUR million
Supermarket trade	447.5	-16.8	-27.3	-3.4
Travel industry and hospitality business	258.6	4.0	+18.9	+8.4
Procurement and service business	6 412.0	-2.8	+1.6	+0.3
Real estate business	68.8	-0.6	+13.9	-0.1
Result from banking			+5.6	-0.2
Elimination for the retail and wholesale and other items	-152.3	-4.0	2.9	+2.9
SOK Corporation total	7 034.6	-3.4	+15.6	+8.0

Funding

SOK Corporation's financial situation was excellent throughout the year. SOK Corporation's interest-bearing net liabilities amounted to EUR -79.3 million at the end of December (EUR -68.4 million) and gearing was -12.9 per cent (-11.2 per cent). SOK Corporation's equity ratio was 37.0 per cent (38.3 per cent).

At the end of December, SOK Corporation's liquid assets amounted to EUR 249.9 million (EUR 178.8 million). In addition, the Group had a long-term, undrawn binding credit facility of EUR 120.0 million (EUR 180.0 million).

Investments and divestments

SOK Corporation's non-current asset procurement totalled EUR 48.2 million in 2015 (EUR 68.6 million). In Finland, investments were made in IT systems, the travel industry and hospitality business, and real estate. In St. Petersburg and the Baltic area, investments were made in the supermarket trade, travel industry and hospitality business and the acquisition of a shopping centre property in Lithuania.

The divestments of non-current assets amounted to EUR 25.1 million (EUR 13.9 million). Divestments consisted mainly of the sale of Hankkija Oy´s shares and repayments of equity investments in associated companies.

Personnel

SOK Corporation's average number of personnel, converted to full-time equivalents, was 7,778 people during the financial period (2014: 8,232; 2013: 9,099).

At the end of 2015, SOK Corporation's number of personnel was 7,183, of whom 1,298 (18 per cent) were employed by SOK and 5,885 (82 per cent) by the subsidiaries. The number of personnel decreased by 1,685 persons (19 per cent) compared to the corresponding period in the previous year. The total number of employees working abroad was 3,385 (47 per cent).

During the year, the decrease in the number of personnel was attributable to the personnel reductions at SOK and its subsidiaries, as well as personnel changes in the neighbouring countries and in logistics.

Development of the business areas

Supermarket trade

The supermarket trade includes the business operations in Estonia, Latvia, Lithuania and Russia. In Estonia, SOK Corporation has five Prisma stores in Tallinn, two stores in Tartu and one in Narva. The off-licence at the Port of Tallinn was closed down in February. SOK Corporation has five Prisma stores in Riga, Latvia. In Lithuania, it has two Prisma stores in Vilnius and two in Kaunas. The number of Prisma stores in St. Petersburg is 17; two loss-making stores were closed, one in May and another in August.

Net sales from the supermarket trade totalled EUR 447.5 million. Net sales decreased by 16.8 per cent year-on-year, primarily because of lower net sales in Russia, which were mainly due to a weaker Russian rouble. The operating profit of the supermarket trade was slightly weaker than in the previous year.

Investments made in the supermarket trade totalled EUR 2.0 million and were mostly related to the replacement of equipment. Of these investments, EUR 1.7 million targeted the Baltic area and approximately EUR 0.3 million St. Petersburg.

Travel industry and hospitality business

In 2015, SOK Corporation travel industry and hospitality business was conducted by Sokotel Oy in Finland, AS Sokotel in Estonia, and OOO Sokotel in Russia.

Due to the general economic uncertainty, the demand situation continued to be challenging in both the accommodation and restaurant markets. In 2015, Sokotel Oy's revenue was EUR 217.7 million, showing an increase of 6.0 per cent from the previous year. Part of growth was attributable to Solo Sokos Hotel Torni Tampere, opened at the end of 2014, with net sales exceeding expectations. The operations of Break Sokos Hotel Caribia were divested in October. Sokotel Oy's operating profit improved considerably from 2014, due to the successful execution of the productivity programme.

The net sales of AS Sokotel, engaging in the travel industry and hospitality business through two units in Tallinn, increased by 2.0 per cent from the previous year, to EUR 17.9 million. AS Sokotel's operating profit was weaker than in the previous year due to the continued investments in the development of the units.

In St. Petersburg, SOK Corporation's travel industry and hospitality business is conducted by OOO Sokotel. There are three Sokos Hotels in St. Petersburg. The company's revenue totalled EUR 23.0 million, representing a decrease of 10.4 per cent. In the local currency, the net sales increased by 18.6 percent. Net sales improved due to growth in local demand in particular. OOO Sokotel's operating profit was better than in the previous year, despite the increased cost level resulting from the weaker exchange rate of the rouble.

In 2015, the investments by the travel industry and hospitality business totalled EUR 4.0 million. Of this amount, investments in Finland accounted for EUR 2.1 million, in Russia EUR 0.2 million, and in Estonia EUR 1.7 million. The investments consisted mainly of hotel unit renovations.

Procurement and service business

The procurement and service business comprises procurement services for groceries and consumer goods provided by SOK's procurement operations, logistics services provided by Inex Partners Oy, procurement and logistics services provided by Meira Nova Oy in the HoReCa business, and other services provided by SOK and its subsidiaries primarily for the S Group units. Net sales generated by other services provided to S Group's units include chain fees and management service income.

The net sales from the procurement and service business were EUR 6,412.0 million, showing a decrease of 2.8 per cent from the previous year. In accordance with the new operating model, the operating profit of the procurement and service business was better than in the previous year, amounting to EUR 1.6 million.

The investments made by the procurement and service business totalled EUR 15.8 million in 2015. The investments were primarily IT system purchases.

Real estate business

Net sales from the real estate business consist of rental and property service income from properties owned by SOK Corporation. Net sales from the real estate business, EUR 68.8 million, and the operating profit remained at the previous year's level. The investments in the real estate business totalled EUR 25.8 million in 2015. Of the investments, EUR 20.6 million targeted S-ryhmän Logistiikkakeskukset Oy, which is building a new grocery logistics centre in Sipoo.

Development of associated companies and joint ventures

Among the associated companies engaging in business operations within SOK Corporation, the most significant is S-Bank Ltd, which operates in the banking sector.

S-Bank Group's most significant events during the year were related to the earlier merger with LocalTapiola Bank and the acquisition of the majority holding in FIM and the subsequent integration of the existing systems and operating processes.

As part of the integration, FIM Bank Ltd. relinquished its credit institution licence in February and continued operations as FIM Sijoituspalvelut Oy, an investment service company.

FIM's renewed online service, which provided S-Bank's banking services to FIM's customers, was implemented in June. At the end of October, the services for customers of the former LocalTapiola Bank were integrated with S-Bank's systems.

S-Bank's goal is to build Finland's best digital banking service experience, and S-Bank's strategy was specified in terms of digital services in 2015. In addition to the extensive personnel training programme, the organisational structure of S-Bank was reformed to support digital development work and digital business in the statutory labour negotiations carried out in November–December.

At the end of 2015, S-Bank had more than 2.8 million customers, and they had 1.8 million international payment cards issued by S-Bank. Banking IDs for using the electronic services had been issued to 1.6 million customers.

At the end of the year, S-Bank's total funds on deposit were EUR 4,112.0 million (EUR 4,057.2 million) and total lending was EUR 2,831.1 million (EUR 2,571.1 million).

S-Bank Group's operating result was EUR 16.6 million (EUR 14.6 million), of which the adjusted result corresponding to SOK Corporation's shareholding (37.5 per cent) was EUR 5.6 million.

The fuel procurement company North European Oil Trade's group net sales were approximately EUR 4,300 million. Net sales decreased from the previous year due to the decline in the world market price of oil. By contrast, the Group's operations conducted by NEOT grew in size with the inclusion of the operations in Norway. North European Oil Trade Oy's profit for the financial period remained at last year's level and amounted to EUR 0.4 million. SOK's holding in the company is 50.77 per cent. Due to the shared controlling interest based on the shareholding agreement, the company is treated as a joint venture using the equity method.

In addition to S-Bank and North European Oil Trade Oy, other significant SOK Corporation associated companies and joint ventures include Russian and Baltics Retail Properties Ky, a property fund company investing in the Prisma stores in St. Petersburg and the Baltic area; Finnfrost Oy, an associated company of SOK's subsidiary Inex Partners Oy that provides frozen goods procurement and logistics services; Kauppakeskus Mylly Oy in Raisio; and the inter-Nordic procurement company Coop Trading A/S.

The total impact of SOK Corporation's associated companies and joint ventures on SOK Corporation's result was EUR 8.0 million (EUR 7.7 million).

Changes in the group structure

Changes during the period

Divestments and discontinued operations

Sokotel Oy sold the operations of Sokos Hotel Caribia to Holiday Club Resorts Oy in October.

SOK Group's internal reorganisations

OOO Real Estate 1 and OOO Real Estate 2 were merged into OOO Otel Plus in April.

Management and future outlook

SOK's management and auditors

Taavi Heikkilä was Chairman of SOK's Executive Board in 2015. In addition to the CEO, the Executive Board in 2015 consisted of the following members: Managing Director Harri Koponen, Managing Director Esko Jääskeläinen, Managing Director Tapio Kankaanpää, Managing Director Timo Mäki-Ullakko, Managing Director Matti Niemi, and Managing Director Jouko Vehmas. Managing Director Matti Niemi was the Vice-Chairman of the Executive Board.

The auditor in the financial year 2015 was KPMG Oy Ab, authorised public accountants, with APA Raija-Leena Hankonen as the principal auditor.

SOK's Supervisory Board appointed the following persons to SOK's Executive Board for the one-year term beginning on 1 January 2016: Managing Director Matti Niemi (Vice-Chairman), Managing Director Heikki Hämäläinen, Managing Director Tapio Kankaanpää, Managing Director Hannu Krook, Managing Director Timo Mäki-Ullakko and Managing Director Jouko Vehmas. SOK's Chief Executive Officer Taavi Heikkilä is the Chairman of the Executive Board.

SOK's CEO is assisted by SOK's Corporate Management Team in the management of SOK Corporation and S Group. In 2015, the Corporate Management Team consisted of Arttu Laine, Deputy CEO of SOK, Executive Vice President, S Group Chain Management, Procurement and Logistics; Jari Annala, CFO, SOK Finance and Administration; Leena Olkkonen, Executive Vice President, SOK Human Resources; Jorma Vehviläinen, Executive Vice President, SOK Consumer Goods; and Veli-Pekka Ääri, Executive Vice President, SOK Customer Relationships, Information and Digital Services. Seppo Kuitunen, General Counsel, worked as secretary to the Corporate Management Team. Leena Olkkonen resigned from the Corporate Management Team at the end of the year. As of the beginning of 2016, Executive Vice President Susa Nikula is responsible for Human Resources in the Corporate Management Team.

Risks and uncertainties

SOK Corporation has a Board-approved risk management policy, which is based on S Group's shared risk management principles. SOK Corporation's risk management policy describes the purpose, objectives, key implementation methods and responsibilities of the Group's risk management. Within SOK Corporation, risk management is implemented continuously and throughout the management process. Risks are reviewed in a comprehensive manner considering strategic, financial, operative, and loss or damage risks. Through risk management procedures, SOK and its subsidiaries aim to anticipate and control risk factors that affect their ability to reach their goals, and use the potential related to risks in their business operations.

SOK Corporation's near-term risks are related to ensuring the competitiveness and profitability of operations in Finland, Russia and the Baltic countries in the current uncertain economic situation. By means of its development projects, SOK must support the entire S Group in maintaining profitability in the grocery trade, improving the performance of the consumer goods trade and ensuring sufficient business volumes for profitability. In addition, SOK still pays attention to the monitoring and management of risks related to changes in regulation. In terms of the regulatory changes, the most central recent risks are the liberalisation of the opening hours of stores and the EU's new Data Protection Regulation. The start-up of the new grocery trade logistics centre is associated with considerable operative risks, which are being minimised by means of extensive risk management measures. The central uncertainties in SOK's own operations are associated with ensuring the profitability of the operations of Prisma stores in Latvia, Lithuania and St. Petersburg.

SOK Corporation's funding and management of finance risks are centralised within SOK's Treasury unit. The Group has a finance and funding policy confirmed by the SOK Executive Board that defines the principles of managing financing risks and the permissible maximum amounts for financing risks. In addition, numerical targets have been set for the different areas of financing in order to ensure that financing is sufficient, balanced, and affordable under all circumstances. The management of financing risks is described in greater detail in the Notes to the Financial Statements.

Environmental risks associated with SOK Corporation's business operations have been identified and analysed by business area. The most significant environmental considerations and related measures are described in S Group's Annual Report, which will be published at www.vuosikatsaus.s-ryhma.fi in the spring of 2016.

Outlook for the current year

The development of the general economic situation in Finland and its neighbouring countries is a significant factor for the success of SOK Corporation's operations. The weak development of consumers' purchasing power in Finland and the low expectations concerning the Russian economy will create challenges in 2016 as well.

As a result of the efficiency measures carried out and ongoing in the business operations, particularly focusing on the travel industry and hospitality business and the supermarket trade, the results of SOK Corporation's operations are expected to improve from last year's level, despite the challenging market situation. The result for the travel industry and hospitality business in Finland will be burdened by the investments that will be larger in 2016 than in the previous year.

The most significant risks in the procurement and services business in the coming years are associated with the new grocery logistics centre in Sipoo. Smooth start of the operations in Sipoo and the controlled shutdown of the old logistics centre in Espoo gradually in 2016–2018 are important for the procurement and service business.

In the supermarket trade, the further development and streamlining of the network and its associated operations have been successful. However, the unstable economic situation in Russia had a powerful impact in 2015 and continues to lower expectations this year. Despite the weak outlook of the Russian economy, the result of the supermarket trade as a whole is expected to continue its improvement compared to the previous year due to the streamlining measures.

As a whole, the operational result in the neighbouring countries is forecast to remain negative due to the economic situation in Russia, but to develop positively compared to 2015. All business areas considered, SOK Corporation's operating result is expected to be positive in 2016, just as it was in 2015, and to improve slightly from the past year.

Executive Board's proposal on the distribution of SOK's distributable surplus

SOK's distributable surplus is EUR 566,796,759.91, of which the surplus for the financial year is EUR 41,231,467.87. The Executive Board proposes that EUR 5,627,135.14 be paid as interest on cooperative capital and that EUR 188,864.70 be paid as interest on supplementary cooperative capital, and that EUR 50,000.00 be transferred to the Supervisory Board's contingency fund, and that EUR 35,365,468.03 be left on the surplus account for the previous financial years.

No significant changes have occurred in SOK's financial position since the end of the financial period. SOK's liquidity is good and the proposed distribution of surplus does not endanger SOK's solvency, in the view of the Executive Board.

Helsinki, 10 February 2016

SOK
CORPORATION

Executive Board

Consolidated financial statements, IFRS

Consolidated income statement, IFRS

EUR million	Note	1.1.-31.12.2015	1.1.-31.12.2014
Continuing operations:			
Revenue	(4)	7 038.4	7 285.5
Other operating income		2.0	34.8
Materials and services	(5)	-6 336.9	-6 564.6
Employee benefit expenses	(6)	-258.8	-283.9
Depreciation and impairment losses		-62.8	-68.3
	(7)		
Other operating expenses	(16)	-378.5	-367.9
Share of results of associated companies and joint ventures (+/-)		7.7	7.5
Operating profit (-loss)	(9)	**11.1**	**43.1**
Financial income and expenses (+/-)	(16)	-2.1	-3.7
Share of results of associated companies and joint ventures (+/-)		0.3	0.2
Profit before taxes		**9.4**	**39.7**
	(11)		
Income taxes (+/-)		-8.8	-7.0
Result for the financial year from continuing operations		**0.6**	**32.6**
	(2)		
Result for the period from discontinued operations			**0.4**
Result for the financial year		**0.6**	**33.1**
Attributable to:			
Owners of the parent		3.3	33.6
Share of non-controlling interests		-2.6	-0.5
		0.6	33.1

Statement of other comprehensive income

EUR million	1.1.-31.12.2015	1.1.-31.12.2014
Result for the financial year	0.6	33.1
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	-2.9	-12.5
Exchange differences on loans to foreign subsidiaries classified as net investments.	0.5	-3.1
Cashflow hedges	-1.0	-2.1
Comprehensive income items of associated companies and joint ventures	-5.4	-10.1
Items that will not be reclassified subsequently to profit or loss		
Actuarial gains/losses	-0.4	-0.2
Other comprehensive income for the financial year. net of tax	-9.2	-28.0
Total comprehensive income for the financial year	**-8.6**	**5.1**
Total comprehensive income for the financial year attributable to:		
Owners of the parent	-6.0	5.6
Share of non-controlling interests	-2.6	-0.5
	-8.6	5.1

Consolidated statement of financial position, IFRS

EUR million	Note	12.31.2015	12.31.2014
ASSETS			
Non-current assets			
Property. plant and equipment	(12)	318.0	266.2
Investment properties	(13)	34.8	38.7
Intangible assets	(14)	57.9	64.0
Interests in associated companies and joint ventures	(16)	161.8	162.2
Non-current financial assets	(17)	78.2	82.3
Deferred tax assets	(18)	29.1	32.6
Non-current assets. total		**679.8**	**645.9**
Current assets			
Inventories	(19)	163.2	174.8
Trade receivables and other current non-interest-bearing receivables	(20)	544.9	565.9
Current interest-bearing receivables	(21)	32.7	18.8
Cash and cash equivalents	(22)	249.4	177.1
Current assets. total		**990.3**	**936.6**
assets held for sale	(2)	0.0	4.0
Assets. total		**1 670.1**	**1 586.5**
EQUITY AND LIABILITIES			
Equity			
Cooperative capital	(23)	172.0	169.4
Restricted reserves	(23)	19.6	25.7
Retained earnings		419.1	409.4
Equity attributable to the the owners of the parent		**610.7**	**604.5**
Non-controlling interests		**5.8**	**2.0**
Equity. total		**616.5**	**606.5**
Non-current liabilities			
Supplementary cooperative capital	(24)	12.8	12.8
Non-current interest-bearing liabilities	(25)	131.3	87.8
Non-current non-interest-bearing liabilities	(26)	28.4	30.7
Provisions	(28)	11.2	14.4
Deferred tax liabilities	(18)	12.2	15.7
Non-current liabilities. total		**195.8**	**161.4**
Current liabilities			
Current interest-bearing liabilities	(25)	26.6	16.7
Current non-interest-bearing liabilities	(26)	113.7	113.5
Trade payables	(26)	705.2	683.6
Provisions	(28)	7.6	3.5
Tax liabilities for the financial year		4.6	0.1
Current liabilities. total		**857.7**	**817.4**
Liabilities associated with assets held for sale	(2)	0.0	1.3
Equity and liabilities. total		**1 670.1**	**1 586.5**

Consolidated statement of cash flows, IFRS

EUR million	Note / Reference	1.1.-31.12.2015	1.1.-31.12.2014
BUSINESS OPERATIONS			
Operating result from continuing and discontinued operations		11.1	45.4
Adjustments to operating result	(A)	26.2	35.2
Change in working capital	(B)	54.8	65.2
Cash flow from business operations before financing and taxes		92.1	145.8
Increase (-) / decrease (+) in current receivables	(20)	0.1	0.4
Interest paid and other financial expenses	(9)	-17.5	-49.6
Interest received and other financial income	(9)	29.7	14.8
Dividends received from business operations	(9)	0.1	0.1
Income taxes paid	(11)	-3.2	0.2
Cash flow from business operations		**101.4**	**111.6**
INVESTMENTS			
Acquired shares in subsidiaries net of acquired cash	(2)		-12.0
Divested shares in subsidiaries net of cash held by subsidiary	(3)		4.0
Investments in tangible assets	(12)	-34.5	-33.2
Investments in intangible assets	(12)	-13.7	-23.5
Sale of other fixed assets	(12)	25.1	9.9
Change in other long-term investments	(12)	-8.8	14.2
Dividends received from investments	(9)	0.7	6.0
Cash flow from investing activities		**-31.1**	**-34.4**
FINANCING			
Proceeds from new long-term liabilities	(25)	1.5	14.9
Repayment of long-term liabilities	(25)	-0.2	
Increase (+) / decrease (-) in short-term liabilities	(26)	-0.5	-28.2
Interest paid	(9)	-3.8	-2.1
Interest received	(9)	1.6	1.2
Increase in cooperative capital	(23)	2.6	6.0
Interest paid on the cooperative capital	(24)	-0.2	-0.2
Cash flow from financing		**1.1**	**-50.7**
Increase / Decrease in cash and cash equivalents		**71.4**	**26.5**
Cash and cash equivalents at the beginning of the year	(23)	**178.8**	**157.7**
Foreign exchange rate effect on cash and cash equivalents		**-0.8**	**-5.3**
Increase / Decrease in cash and cash equivalents		**71.4**	**26.5**
Cash and cash equivalents at the end of the year	(23)	**249.4**	**178.8**
Adjustments to operating profit	(A)		
Gains from the sale of fixed assets		-0.2	-1.2
Depreciation and impairment losses		62.8	68.3
Other non-cash income and expenses		-36.4	-32.0
		26.2	35.2
Change in working capital	(B)		
Change in trade and other receivables		20.5	34.3
Change in inventories		11.6	7.1
Change in non-interest-bearing liabilities		22.7	23.8
		54.8	65.2

The loan period of short term loans is less than 3 months.
The cash flow statement includes the cash flows from both continuing and discontinued operations.

Consolidated statement of changes in equity, IFRS

EUR million	Equity attributable to the owners of the parent								
	Cooperative capital	Fair value reserve	Reserve fund	Supervisory Board's Disposal fund	Translation differences	Retained earnings	Total	Non-controlling interests	**Equity, total**
Equity									
1 Jan 2014	**163.4**	**16.9**	**18.5**	**0.1**	**-2.6**	**397.6**	**593.8**	**0.8**	**594.6**
Total comprehensive income		-9.7			-18.1	33.6	5.8	-0.5	5.3
Increase in cooperative capital	6.0						6.0		6.0
Acquisition of the share of non-controlling interest							0.0	1.7	1.7
Other changes				-0.0		-1.1	-1.2		-1.2
31 Dec 2014	**169.4**	**7.2**	**18.5**	**0.0**	**-20.6**	**430.0**	**604.5**	**2.0**	**606.5**
Total comprehensive income		-6.1			-2.8	3.3	-5.6	-2.6	-8.2
Increase in cooperative capital	2.6						2.6		2.6
Change of non-controlling interests. which did not result in a change in the controlling interest						9.7	9.7	6.5	16.1
Other changes				0.0		-0.4	-0.4		-0.4
31 Dec 2015	**172.0**	**1.1**	**18.5**	**0.0**	**-23.4**	**442.5**	**610.7**	**5.8**	**616.5**

Notes to the consolidated financial statements

Company information

In accordance with SOK's Statutes, the name 'SOK Corporation' is used for the SOK Group. SOK Corporation comprises Suomen Osuuskauppojen Keskuskunta (SOK) and its subsidiaries. SOK is domiciled in Helsinki and its registered address is Fleminginkatu 34, 00510 Helsinki.

SOK's purpose is to create competitive advantage for S Group's businesses. SOK implements its operational objective by developing and guiding S Group's strategies, value chain, and chain operations in co-operation with the cooperative enterprises. SOK produces the shared, competitiveness-enhancing services S Group requires and engages in profitably growing operations in Finland and its neighbouring countries, with the aim of creating synergies and added economic value for S Group's products.

A copy of the consolidated financial statements is available at http://www.s-kanava.fi.

Accounting policies for consolidated financial statements

Accounting basis

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ('IFRS'), and the IAS and IFRS standards and SIC and IFRIC interpretations in force on 31 December 2015 have been applied in preparing them. 'International Financial Reporting Standards' refer to the standards and interpretations thereof approved for application in the EU in accordance with the procedure stipulated in the Finnish Accounting Act and related regulations in the EU directive (EC) N:o 1606/2002.

The financial statements information is presented in millions of euro and is based on original acquisition costs unless indicated otherwise in the accounting policies below.

All figures in the tables of the financial statements have been rounded off, which is why the total of the individual figures may differ from the sum presented. The key ratios have been calculated with exact values.

S-Bank prepares its consolidated financial statements in accordance with the Finnish Accounting Standards (FAS). During the consolidation of S-Bank Group's result with SOK Corporation's consolidated financial statements (IFRS), the necessary adjustments to IFRS have been made, of which the most significant is the bank's goodwill amortization adjustment.

New and amended standards and interpretations adopted in the 2015 financial period

The amendments to IAS 19 *Employee Benefits* and the Annual Improvements to IFRS standards (cycles 2010–2012 and 2011–2013) adopted in 2015 have not had material effects on the consolidated financial statements.

Use of estimates

The preparation of the financial statements in compliance with IFRS calls for the making of estimates and for judgement in applying accounting policies. The estimates are based on management's best judgement on the balance sheet date, but it is possible that the actual outcome will differ from the estimates used. Any changes to estimates and assumptions are recognised in the financial period during which the estimate or assumption is corrected.

The main uncertainties in respect of estimates and assumptions concerning the future that cause a risk of significant changes to the carrying values of assets and liabilities in the subsequent financial period concern the determination of the fair value of assets acquired in business combinations and financial instruments which are classified as level three, impairment testing, as well as deferred tax assets and provisions.

In significant reorganisations, the Corporation has used an external advisor when evaluating the fair values of tangible and intangible assets, and comparisons with the market prices of equivalent assets have been made in the valuation of such assets. Additional information on business combinations is available in Note 3 Acquisitions and establishments of new companies.

Impairment testing is carried out annually on goodwill and possible intangible assets in progress. In addition to these, impairment testing is carried out on unprofitable foreign operations.

The recoverable monetary amount from the operations of a business entity subject to impairment testing is based on value in use calculations or on the fair value less expenses incurred by sales. Value in use has been calculated on the basis of forecast discounted cash flows. Impairment testing on goodwill is described in greater detail in Note 15, Impairment testing.

Assumptions and key uncertainties related to determining the fair value of financial instruments are described in Note 27, Fair values of financial assets and liabilities. Additional information on deferred tax liabilities and provisions are provided in Notes 18 Deferred taxes and 28 Provisions.

Principles of consolidation

The consolidated financial statements include the parent cooperative and all subsidiaries in which the parent cooperative has controlling interest. Controlling interest is generated when the Corporation has the right to control the principles of the company's finances and operations in order to gain benefits from its operations. In addition to Finland, the parent cooperative has subsidiaries in Russia, Estonia, Latvia, and Lithuania.

Acquired subsidiaries are consolidated using the purchase method, according to which all the identifiable assets and liabilities of the acquired company are measured at fair value on the date of acquisition. Goodwill is recognised in the amount by which the combined amount of the consideration given, the share of

non-controlling shareholders in the acquired company and the share owned previously exceed the fair value of the acquired net assets. Costs related to the acquisition, excluding borrowing costs, are recognised as expenses.

Joint ventures in which SOK Corporation exercises shared control and associated companies in which the Corporation holds 20–50 per cent of the votes and in which the Corporation has significant influence but does not exercise control have been consolidated using the equity method. The share in accordance with the Corporation's holding of the changes recognised in other comprehensive income items has been recognised in the Corporation's other comprehensive income items. If the Corporation's share of an associate company's or joint venture's losses exceeds the carrying amount of the investment, the investment is entered in the balance sheet at zero value and losses in excess of this amount are not taken into account unless the Corporation has obligations towards the associated companies or joint ventures. The share of the profits of an associated company or joint venture that has been acquired for investment purposes is presented below operating profit, before financial income and expenses. The profit or loss of associated companies and joint ventures serving the Corporation's ordinary operations is, however, presented before the final operating profit.

Companies acquired or established during the financial year have been consolidated from the date of acquisition or establishment. Divested subsidiaries as well as associated companies and joint ventures have been consolidated in the consolidated financial statements up to the date on which the controlling interest, shared controlling interest or significant influence ends. The changes in the parent company's holding in a subsidiary which do not result in losing the controlling interest are treated as transactions concerning shareholders' equity.

Intra-Group transactions, receivables, liabilities, unrealised margins, and internal distribution of profits have been eliminated in the consolidated financial statements. Profit or loss for the financial period as well as the comprehensive income for the financial period have been distributed to the shareholders of the parent company and non-controlling shareholders. The share of non-controlling shareholders is presented as a separate item in the Corporation's shareholders' equity.

Mutual real-estate companies are consolidated (those assets and liabilities the shareholder is responsible for) line by line as joint operation in proportion to the Corporation's shareholding.

Items denominated in foreign currency

The consolidated financial statements are presented in the euro, which is the functional and presentation currency of SOK Corporation's parent cooperative. The figures concerning the result and financial position of foreign Group companies have been originally given in the currency of each company's operating environment.

Transactions in foreign currency have been recognised at the exchange rate on the date of the transaction. Foreign currency monetary items at the end of the financial year have been translated into euro at the exchange rate quoted by the European Central Bank on the closing day of the financial year and the exchange rate differences have been recognised through profit and loss. Non-monetary items have been translated at the rate on the date of the transaction.

Exchange rate differences arising from the valuation of trade receivables are recognised in revenue, and exchange rate differences arising from the valuation of trade payables are recognised in expenses above the operating profit. The exchange gains and losses of receivables belonging to other financial items in the balance sheet are recognised in financial income and, correspondingly, those belonging to other liabilities, in financial expenses.

The income statements of foreign subsidiaries are translated into euro at the average rate of the financial period, and the balance sheets at the rate on the balance sheet date. An exchange rate difference arising from translating the income statement items and other comprehensive income items according to the average rate and translating balance sheet items according to the balance sheet date and, similarly, a translation difference due to exchange rate changes in the elimination of the subsidiaries' acquisition cost and in shareholders' equity, have been recognised as a separate item in other comprehensive income items. When a foreign subsidiary, associated company or joint venture is divested, the cumulated translation difference is recognised as part of capital gain or loss through profit and loss.

Exchange rate differences in loans granted to foreign subsidiaries have been treated as other comprehensive income items as far as their repayment is not probable in the foreseeable future.

Financial assets and liabilities

Financial assets are included in the following balance sheet items: non-current financial assets, trade receivables and other current non-interest-bearing receivables, current interest-bearing receivables, current investments and cash and cash equivalents.

Non-current financial assets consist of shares, capital loan receivables, other long-term loan receivables and long-term trade receivables Trade receivables and other current non-interest-bearing receivables, which are included in financial assets, comprise trade receivables, derivative receivables, and accrued income in respect of financial items. Current interest-bearing receivables comprise short-term loan receivables and other short-term receivables Cash and cash equivalents consist of cash in hand and very liquid receivables from credit institutions.

Financial liabilities are included in the following balance sheet items: supplementary share capital, non-current interest-bearing liabilities, non-current non-interest-bearing liabilities, current interest-bearing liabilities, current non-interest-bearing liabilities, and trade payables.

Supplementary share capital is treated as a liability because, in accordance with its terms and conditions, the cooperative bears an obligation to return the capital on demand. Non-current interest-bearing liabilities consist of liabilities to cooperative enterprises and others, as well as finance lease liabilities. Non-current, non-interest-bearing liabilities, which are included in financial liabilities, comprise the regional cooperative enterprises' funds that have been invested in SOK Corporation's cash-counting service. Trade payables consist of current trade payables. Current interest-bearing liabilities consist of current liabilities to others, as well as current finance lease liabilities. Current non-interest-bearing liabilities, which are included in financial liabilities, comprise derivative liabilities as well as accruals and deferred income related to financial items.

SOK Corporation applies a settlement-date practice in recognising financial assets and liabilities in the balance sheet. Financial assets and liabilities that will not be later measured at fair value through profit and loss are initially measured at fair value plus the immediate acquisition costs.

Financial assets and liabilities are classified as financial assets or liabilities measured at fair value through profit and loss, financial assets held to maturity, available-for-sale financial assets, loans and other receivables, and other financial liabilities. Financial assets and liabilities are measured at fair value or amortised cost using the effective interest method in accordance with their classification.

The fair value of a financial instrument is determined on the basis of prices quoted in active markets or by using measurement methods that are generally applied in the markets. Financial assets and liabilities to be measured at fair value include interest rate swaps, the fair value of which has been determined by discounting future cash flows from the present value using the market interest rates on the balance sheet date. The fair value of interest rate options is determined on the basis of the Black-Scholes pricing model. The fair value of forward exchange contracts, interest rate swaps, and foreign exchange agreements has been calculated by discounting future cash flows from the present value and translating the foreign currency amounts thus obtained into euro using the foreign exchange rates quoted by the ECB on the balance sheet date. Financial assets and liabilities at fair value have been measured using average rates.

The fair value of a financial instrument is determined on the basis of prices quoted in active markets or by using measurement methods that are generally applied in the markets. The fair value of interest rate swaps has been determined by discounting future cash flows to the present by using the market rates of the balance sheet date. The fair value of interest rate and currency swaps has been calculated by discounting future cash flows to present and subsequently converting the resulting currency amounts to euros by using the exchange rates listed by the ECB on the balance sheet date. The counterparty's quoted price has been used in the valuation of interest rate options. The fair value of currency forwards has been calculated by measuring the forward contracts at the forward rate of the balance sheet date. Electricity derivatives are measured at the fair value by using the market quotations of the balance sheet date. Financial assets and liabilities at fair value have been measured using average rates.

Derivative contracts in which hedge accounting is not applied are recognised in financial assets and liabilities to be measured at fair value through profit and loss. Financial assets or liabilities recognised at fair value through profit and loss are measured at the market price of the closing date. The change in fair value is entered in the income statement in such a manner that the difference between the value on the balance sheet date of the financial instruments recognised at fair value in the income statement and the carrying value on the previous balance sheet is entered as the income or expense for the period. If the financial instrument recognised at fair value was acquired during the financial period, the difference between the value of the financial instrument on the balance sheet date and its acquisition cost is entered as the income or expense for the period.

The changes in the fair value of derivatives have been recognised through profit or loss, with the exception of hedge accounting. Realised and non-realised gains and losses from derivative contracts made in order to hedge sales and trade receivables are recognised in sales income. Realised and non-realised gains and losses from derivative contracts made in order to hedge other receivables are recognised in financial income. Realised and non-realised gains and losses from derivative contracts made in order to hedge purchases and trade payables are recognised in purchases. The majority of electricity derivatives were transferred to S-Voima Oy in 2010. In connection with this, some electricity derivatives remained with SOK and were transferred to S-Voima Oy through contracts with opposite items. The electricity derivatives are measured at fair value but their net effect on earnings is zero.

Held-to-maturity investments include debt securities and other non-derivative financial assets that are connected to fixed or determinable payments and mature on a certain date. SOK Corporation did not have held-to-maturity investments in 2014 or 2015.

The items recognised in available-for-sale financial assets are debt securities and other domestic and foreign securities and participations that are not classified as financial assets at fair value through profit and loss, investments held to maturity, or loans and other receivables. Financial assets available for sale are measured at

fair value. The fair value of publicly traded investments is defined on the basis of their market values. The change in fair value is recorded in equity in the fair value reserve through other comprehensive income items. When the financial instrument is sold, the cumulative change in fair value cumulated in equity, together with accrued interest and capital gains or losses, is recognised in the income statement as a change in classification. Investments that are not publicly quoted are measured at cost if their fair values cannot be reliably determined.

Loans and other receivables include such financial assets unquoted on an active financial market, for which the payments are fixed or determinable and which do not belong to financial assets measured at fair value through profit and loss, financial assets held to maturity, or available-for-sale financial assets. This category also includes investments in S-Bank's debenture loans. The transaction costs of liabilities and receivables are included in the amortised acquisition cost calculated using the effective interest method and amortised through profit and loss for the term-to-maturity of the receivable. After the initial recognition, liabilities and receivables are measured at amortised acquisition cost using the effective interest method.

An item belonging to other financial liabilities is recognised in the balance sheet at its nominal value when its fair value at the time of its entry corresponds to the nominal value. If the debt capital received is less or more than the nominal value of the liability, the debt is measured at the amount that has been received for it. The amount recognised as expense or income for the financial period from the difference between the nominal value of the debt and cost of debt is amortised and recognised as an increase or decrease in the cost of debt. The difference between the nominal value and cost, or a fee or other expense that is associated with the debt and is included in the interest expense related to the debt, is amortised using the effective interest method as an expense for the term-to-maturity of the debt. Other financial liabilities are measured at the amortised cost on the balance sheet date using the effective interest method.

Hedge accounting

The Group applies hedge accounting according to IFRS to some of the currency derivatives used for hedging Group goods purchases. In these, only the exchange rate risk is being hedged. The hedge accounting model used is cash flow hedging.

The Corporation has derivative contracts outside of hedge accounting which, according to the Corporation's financial policy, are effective economic hedging instruments but to which hedge accounting in accordance with the IAS 39 standard is not applied.

Impairment of financial assets

At the end of the reporting period, the Corporation assesses whether there is any objective evidence that the value of items other than those classified as financial assets at fair value through profit and loss are impaired. Objective evidence is considered to be, for example, a customer's delay in payment, insolvency or bankruptcy, reorganisation or consolidation of debt, as well as a major change in the credit rating. If there is objective evidence of impairment, an impairment loss is recorded.

The amount of an impairment loss on financial assets recorded at amortised cost is determined as the difference between the carrying amount of the asset and the present value of estimated future cash flows from the asset, including the fair value of any collateral. The discount rate applied is the original effective interest rate of the receivable. The difference is recognised as an impairment loss in the income statement, and the accrual of interest is continued on the lowered balance at the original effective interest rate of the contract.

If the amount of an impairment loss subsequently decreases and the change can be attributed to an event that has taken place after the recognition of the impairment loss, the impairment loss is reversed through profit and loss.

When there is objective evidence of the impairment of debt securities or shares included in available-for-sale financial assets, the cumulative loss that was recognised in equity is recognised in the income statement as an impairment loss. The impairment loss of a share that is not publicly quoted is determined as being the difference between the carrying amount and the present value of estimated future cash flows discounted at the market yield of a similar item on the reporting date. If the fair value of notes or bonds classified as available-for-sale later increases and the increase can be objectively related to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and recognised through profit and loss. If the fair value of a share later increases, the increase in value is recognised in equity through other comprehensive income items.

Principles of income recognition

SOK Corporation's revenue consists of invoicing related to the cooperative enterprises' goods procurement, joint service business operated by SOK in a centralised manner and retail by SOK's subsidiaries. Sales to the cooperative enterprises are invoiced sales. Retail is mainly cash or credit card sales.

The sales of goods and services are included in revenue. In calculating revenue, sales gains are stated less items such as bonus

discounts granted to co-op members from centralised purchases and other discounts, value added tax and foreign exchange differences on sales.

Revenue from the sales of goods is recognised when the significant risks, benefits and control related to the ownership of goods have been transferred to the buyer and it is probable that the Corporation will gain the economic benefit related to the sales. As a rule, income from the sales of goods is recognised at the moment the goods are relinquished. Income from services is recognised when the service has been rendered and gaining economic benefit from the rendered service is probable.

Government grants

Grants received from the government or another party are recognised in the income statement when the costs relating to the object of the grant are recorded as an expense. Grants related to the acquisition of tangible and intangible assets are deducted from the carrying amounts of the said commodities. Such grants are recognised as income over the economic life of the asset.

Other operating income

Items presented as other operating income are gains other than those related to the actual sales of goods and services, such as sales gains on fixed assets; capital gains on divestments; damages income and grants received as well as subsidies not granted for funding a certain investment or for participating in a certain expense.

Employee benefit expenses

Pension plans are classified as defined-benefit and defined-contribution plans. Fixed premiums are paid to separate companies under defined-contribution plans without a legal or constructive obligation to make additional contributions, if the recipient cannot pay the pension benefits in question. All plans that do not fulfil these conditions are defined-benefit plans.

Payments made for defined-contribution plans are recognised as expenses in the income statement in the financial period in which they are incurred. Costs arising from defined benefit pensions plans are recorded as an expense for the persons' time in employment, based on calculations made by qualified actuaries. Liabilities or receivables following from defined benefit plans are recognised in the balance sheet at the liability's present value less the pension plan's fair value on the closing date. Items related to re-determining the net liability of the benefit plan are recognised in other comprehensive income items for the financial period when they are generated.

Expenses based on past performance are recognised through profit and loss in the earlier of the following: when the arrangement is changed or reduced, or when the related reorganisation costs or expenses related to the termination of employment are recognised. Based on the duration of their employment relationships, personnel accumulate seniority and age benefits. A seniority and age provision is recognised in the seniority and age benefit.

Operating profit

Operating profit is generated when other operating income is added to revenue, and when purchases of materials, supplies and goods during the financial period; external services; expenses, depreciation and amortization and possible impairments caused by employee benefits; and other operating expenses are deducted from revenue, and when the result of associated companies and joint ventures serving the Corporation's actual operations is added to or deducted from it. All income statement items other than those mentioned above are presented below operating profit.

Foreign exchange differences and changes in the fair value of derivatives are included in operating profit if they arise from items connected to business operations; otherwise they are recognised in financial income and expenses.

Income taxes

Income taxes in the profit and loss statement include current taxes for the financial period, adjustments of prior year taxes, and changes in deferred taxes. The tax effect of items directly recognised in equity or items in the statement of comprehensive income is nevertheless recognised in the said items. Income tax for the period is calculated using the tax rate in effect in each country on the balance sheet date.

Deferred tax liabilities and assets are recognised on the temporary differences between the carrying amount and tax base of assets and liabilities. No deferred tax liabilities have been calculated on goodwill to the extent that goodwill is not tax deductible. The main temporary differences arise from the differences between the carrying amounts and tax bases of property, plant and equipment, and investment properties (finance leases, depreciation difference, intra-group margins, and gains on the sale of assets), from measurement at fair value and from unutilised tax losses. No deferred tax liability is recognised for undistributed earnings of foreign subsidiaries if profit distribution is not probable in the foreseeable future. Deferred taxes are calculated with the tax rates in effect on the balance sheet date and, if the tax rates change, with the tax rates that have in practice been approved by the ending date of the reporting period.

The deferred tax liability is included in the consolidated balance sheet in its entirety, with the exception of the aforementioned undistributed earnings of subsidiaries, and any deferred tax asset to the extent that it is probable that future taxable profits

will be available against which the asset can be utilised, and the recognition prerequisites are assessed on each closing date of the reporting period.

Goodwill and other intangible assets

The goodwill arising from business combinations constitutes the difference between the consideration given measured at fair value and the identifiable net assets acquired, which are measured at fair value, at the time of acquisition. Goodwill is not amortised but is annually tested for impairment. Goodwill is allocated to the cash-generating units. The goodwill of associated companies and joint ventures is included in the acquisition cost of the investment.

Other intangible assets include, for example, software licences and copyrights. Other intangible assets are measured at cost and amortised over their estimated economic lives on a straight-line basis. SOK Corporation does not have such intangible assets, apart from goodwill, which have an indefinite economic life.

The depreciation periods of other intangible assets are:

	Years
Software licence fees	3 to 5
Other intangible assets	3 to 10

Property, plant and equipment

Property, plant and equipment are measured at acquisition cost less accumulated depreciation and any impairment losses.

Straight-line depreciation is recorded on property, plant, and equipment in accordance with each item's economic life. Land areas are not depreciated.

The depreciation periods for property, plant, and equipment are:

	Years
Buildings	15 to 35
Lightweight structures and equipment in buildings	5 to 15
Office and warehouse equipment	5 to 10
Warehouse, maintenance, and production machinery	5 to 10
Restaurant and hotel equipment	3 to 10
In-store equipment	3 to 7
Motor vehicles and servers	3 to 5
Renovations of premises	3 to 10

Depreciation on items of property, plant, and equipment is discontinued when the item is classified as held for sale. Gains from the sale or decommissioning of property, plant, and equipment are recognised in other operating income or expenses.

Impairment losses

The carrying amounts of asset items belonging to property, plant, and equipment are assessed annually to determine whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable monetary amount of the asset is determined. The recoverable amount is estimated annually on the following assets, regardless of whether there are indications of impairment or not: goodwill, intangible assets in progress, and intangible assets with an indefinite economic life. An impairment loss is recognised if the carrying amount of the asset or cash-generating unit is greater than its recoverable amount. Impairment losses are recognised in the income statement.

An impairment loss on a cash-generating unit is first allocated as a reduction of the goodwill of the cash-generating unit and thereafter to reduce the carrying amounts of the unit's other assets on a proportionate basis.

The recoverable amount is defined as the higher of fair value less cost to sell and value in use. In determining value in use, estimated future cash flows are discounted to their present value based on discount interest rates reflecting the average cost of capital before tax on the cash-generating unit.

A previously recognised impairment loss is reversed if the assumptions used in estimating the recoverable amount change. An impairment loss is reversed to an amount not greater than the carrying amount of the asset (less depreciation or amortisation) would have been if an impairment loss had not been recorded in previous years. An impairment loss recognised for goodwill is not reversed.

Leases

Leases that substantially transfer all the risks and rewards incidental to ownership of an asset are classified within SOK Corporation as finance leases. Where assets are acquired under a finance lease, the lower of the asset's fair value or the present value of future lease payments is recognised at the inception of the lease in property, plant, and equipment or in investment properties in the balance sheet (details of investment properties are given below) and the obligations under the lease are recognised in interest-bearing liabilities. Lease payments are split between interest expenses and a reduction in lease liabilities. The interest expense is recognised in the income statement during the lease period so as to produce an equal rate of interest on the remaining balance of the liability. Depreciation is recognised and any impairment losses are recognised on assets obtained by a finance lease. Items of property, plant, and equipment are depreciated according to the Corporation's depreciation periods, or if shorter, the lease term.

Leases where substantially all of the risks and rewards incidental to ownership are borne by the lessor are classified as operating leases. Lease payments received or paid on the basis of other leases are recognised as income or expense in the income statement on a straight-line basis over the lease period.

If a finance lease arises as the result of a sale and leaseback agreement, any gain on the sale is recorded as a liability in the balance sheet and is recognised as income during the lease period. Any loss on the sale is immediately recorded in the income statement.

Investment property

Investment properties are properties that are in use in operations outside SOK Corporation's mainline operations and which the Corporation primarily holds in order to obtain rental income and/or an appreciation in the asset value. Investment properties are measured at cost less accumulated depreciation and any impairment losses in accordance with the same principles that are applied to real estate belonging to property, plant, and equipment. Properties classified as investment properties include both owned properties and properties where the operations have been sold but the lease agreement remains with the Corporation. Rental income from investment properties is recognised in revenue.

Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined using the FIFO method or the weighted average cost method, and includes all the direct expenses incurred in acquiring materials and goods. In ordinary operations, the net realisable value is the estimated selling price less the estimated cost to complete the product and the necessary selling expenses.

Cooperative interest and dividends payable

Cooperative capital interest and dividends paid by SOK Corporation are recognised as a decrease in equity in the period during which the owners approved the cooperative capital interest or dividend for payment. The interest on supplementary cooperative capital is recognised as an interest expense.

Cooperative capital and supplementary cooperative capital

Cooperative capital consists of the combined amount of the cooperative enterprises' share payments to SOK Corporation. The number of each cooperative enterprise's shares is determined based on the number of members and annual purchases in the said cooperative enterprise.

The supplementary cooperative capital consists of the combined amount of voluntary investments made by cooperative enterprises to SOK Corporation. Since the cooperative enterprises are entitled to reimbursement of their supplementary share payments in a manner and according to the prerequisites stipulated in the Cooperatives Act and SOK's Statutes, supplementary cooperative capital is handled in liabilities.

Provisions

A provision is recognised when SOK Corporation has a legal or constructive obligation as the result of a past event, when it is probable that a payment obligation will be realised, and the amount of the obligation can be reliably estimated. Compensation that can be obtained from a third party in connection with the obligation is recognised in the balance sheet as a receivable when it is certain in practice. The amounts of provisions are estimated on every balance sheet date and are adjusted to correspond to the best estimate on the reporting date.

Provisions can be set up for underutilised premises, warranty provisions, and restructuring of operations, for example.

Assets held for sale and discontinued operations

An asset that is part of a plan of sale or a disposal group is classified as an asset held for sale when the recoverable amount primarily comes from the sale of the asset and not from its continuous use. An asset or group of assets classified as held for sale is measured at the lower of its carrying amount or fair value less estimated selling costs. Assets held for sale and the associated liabilities are presented in the balance sheet separately from assets and liabilities connected with continuing operations from the date on which they have been classified as held for sale. Information for the year of comparison is not reclassified.

A discontinued operation is a separate, significant function that has been disposed of (or has been permanently removed from use) or is classified as held for sale. The profit or loss from discontinued operations is presented in the income statement on a separate line after the result from continuing operations. The income statement information for the year of comparison is adjusted accordingly.

Amendments to standards and interpretations published by IASB taking effect later

The Corporation will apply the standard IFRS 9 *Financial Instruments* as of its effective date (effective as 1 January 2018; not approved by the EU). The IFRS 9 standard will replace the current IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 comprises revised principles for the classification and valuation of financial assets and liabilities, and the rules concerning hedging have been revised. In the new standard, financial assets are valued either at amortised cost or at fair value after the initial recognition, depending on the business model of the company's management of financial assets and the agreement-based cash flows of financial assets. Equity investments are recognised at fair value after the initial recognition. As for financial liabilities, the rules concerning classification and valuation remain primarily the same. The Corporation estimates that the implementation of the standard may have some impact on future consolidated financial statements.

The standard IRFS 15 Revenue from Contracts with Customers (effective as of 1 January 2018; not approved by the EU) establishes a five-step model that will apply to recognising revenue earned from customer contracts; the new standard replaces the current IAS 18 and IAS 11 standards and their interpretations. Sales can be recorded over time or at a certain point in time, and the key criterion is transfer of control. In addition, the standard increases the number of notes to be presented. The standard is expected to have some impact on future consolidated financial statements.

Other standards and interpretations published and taking effect later, as well as amendments to them, are not, according to a preliminary assessment, significant to the Corporation.

1. Segment information

For reporting to top management, SOK Corporation's operations are divided into five business segments. The segments are based on business areas. In 2014, the automotive trade and accessories were classified as discontinued operations. In the 2014 and 2015 Financial Statements, automotive trade and accessories has been classified as discontinued operations and due to its low significance, it has been presented in the 'Internal items and other' category.

SOK Corporation's segments to be reported are

Supermarket trade
SOK Corporation carries on supermarket trade in the Baltic countries and Russia via its subsidiaries. AS Prisma Peremarket has five hypermarkets in Tallinn, one in Narva and two in Tartu. A/S Prisma Latvija has five hypermarkets in Riga. UAB Prisma LT has two hypermarket in Vilnius, the capital of Lithuania, and and two Prisma units in Kaunas. OOO Prisma has eleven supermarkets and six hypermarkets in St. Petersburg. In 2014 one new supermarket and one new hypermarket were opened. In 2015 two supermarkets were closed.

Tourism and hospitality business
SOK Corporation's tourism and hospitality business is carried on by Sokotel Oy in Finland, AS Sokotel in Estonia and OOO Sokotel in Russia. SOK Corporation's hotels operate under the brands Sokos Hotels and Radisson Blu Hotels. In Finland, Sokotel Oy operates 16 Sokos hotels and 5 Radisson Blu hotels. Visitors to Tallinn are warmly received at the Original Sokos Hotel Viru and Solo Sokos Hotel Estoria, with their wide choice of restaurants. OOO Sokotel has three Sokos Hotel chain hotels in St. Petersburg, one of which is a spa hotel.

Real estate business
The real estate business was separated from the procurement and service business and established as an independent business area in 2014. The rev-enue from the real estate business consists of rental and property service in-come from properties owned by SOK Corporation. SOK Property Functions sell property services to the entire S Group.

Procurement and Services Business
Inex Partners Oy offers logistics services for grocery, consumer goods and speciality goods supplied to the retail chains. Meira Nova Oy provides purchasing and logistics services for groceries supplied to locations in the HoReCa sector.

The aim of the service functions provided by SOK Corporation is to develop operational models and processes that generate the maximum added value for the S Group's businesses. The service units develop and maintain business models that increase the competitiveness of the entire S Group, and produce cost-effective services for the S Group. The joint service functions cover all the S Group's service functions that can be organised centrally to yield cost savings and/or a qualitative improvement in operations.

Banking
S-Bank's mission is to provide competitive basic banking services for the S-Group's customer-owners. The supermarket bank will strengthen customer loyalty whilst achieving savings in operating costs. S-Bank Group's result SOK Corporation's share of the consolidated result of the S-Bank Group is reported as banking operations. is reported as banking operations.

Segment reporting principles within SOK Corporation and reconciliation with the IFRS financial statements

The items to be included in the reporting to SOK Corporation's top management are revenue, operating result, operational result, investments, divestments and working capital. Management reporting is based on Finnish accounting legislation and on the principles of management accounting. Each segment is reported with intra-segment items eliminated. For example, revenue from the Procurement and services business has been stated eliminating the revenue between the companies in the Procurement and services business segment. Revenue in management reporting is reconciled with the IFRS revenue for continuing operations in the accounts. Financial accounting revenue for both continuing and discontinued operations is external revenue from which all of SOK Corporation's internal items have been eliminated. The differences between management reporting and financial accounting revenue are not material.

In calculating the operating result, valuations in accordance with Finnish accounting legislation are used. The income and expenses according to the matching principle are allocated to the segment. Reconciliation of the operating result with the result before taxes from continuing operations in compliance with IFRS shows those items which fall outside the operational result. These are, among others, financial income and expenses, gains and losses on the sale of property, plant and equipment as well as non-recurring costs from discontinuing operations..

In SOK Corporation's management reporting, assets are not allocated or reported on, except for working capital.

2015 EUR million	Supermarket trade	Travel industry and hospitality business	Procurement and services business	Real estate business	Banking	Internal eliminations and other	Management reporting, total
Revenue	**447.5**	**258.6**	**6 412.0**	**68.8**		**-152.3**	**7 034.6**
Operating result	**-27.3**	**18.9**	**1.6**	**13.9**	**5.6**	**2.9**	**15.6**
Investments	**2.0**	**4.0**	**15.8**	**25.8**		**0.5**	**48.1**
Divestments	**0.6**	**0.0**	**22.8**	**1.7**		**-0.5**	**24.6**
Working capital	**-3.1**	**2.2**	**-33.1**			**-2.5**	**-36.5**
Reconciliation of the revenue							
Management reporting revenue to be reported				7 034.6			
Eliminations				3.8			
Revenue from continuing operations IFRS				7 038.4			
Reconciliation of the result							
Operating result of the segments to be reported				15.6			
Items excluded from the operating result within SOK Corporation:							
Financial income and expenses				1.3			
Gains and losses on the sale of property. plant and equipment				12.5			
Other operating income and expenses				-3.1			
Changes in provisions				-3.2			
Valuation gains and losses on derivatives				-0.8			
Impairment losses on tangible and intangible assets				-4.4			
Other adjustments				-8.5			
Profit before taxes from continuing operations IFRS				9.4			
Additional data at SOK Corporation level. external income							
Finland				6 547.7			
Foreign				490.7			
Revenue. total				7 038.4			
Supermarket trade				447.5			
Travel industry and hospitality business				262.4			
Procurement and services business				6 259.6			
Real estate business				69.0			
Revenue. total				7 038.4			
Additional information at SOK Corporation level. fixed assets							
Finland				347.5			
Foreign				63.3			
Fixed assets. total				410.8			

2014 EUR million	Supermarket trade	Travel industry and hospitality business	Procurement and services business	Real estate business	Banking	Internal eliminations and other	Management reporting, total
Revenue	**537.7**	**248.7**	**6 585.0**	**69.4**		**-158.7**	**7 282.1**
Operating result	**-24.0**	**10.5**	**1.6**	**14.0**	**5.9**	**-0.4**	**7.6**
Investments	**13.3**	**6.2**	**28.2**	**20.9**		**0.1**	**68.6**
Divestments	**0.1**	**0.0**	**7.5**	**6.2**		**0.1**	**13.9**
Working capital	**1.2**	**5.3**	**36.3**			**-1.2**	**41.6**
Reconciliation of the revenue							
Management reporting revenue to be reported				7 282.1			
Revenue from discontinued operations				-0.4			
Eliminations				3.8			
Revenue from continuing operations IFRS				7 285.5			
Reconciliation of the result							
Operating result of the segments to be reported				7.6			
Items excluded from the operating result within SOK Corporation:							
Financial income and expenses				-0.0			
Gains and losses on the sale of property. plant and equipment				1.2			
Other operating income and expenses				32.6			
Changes in provisions				2.2			
Valuation gains and losses on derivatives				0.7			
Result before taxes for the period from discontinued operations				-2.6			
Impairment losses on tangible and intangible assets				-6.2			
Other adjustments				4.3			
Profit before taxes from continuing operations IFRS				39.7			
Additional data at SOK Corporation level. external income							
Finland				6 701.6			
Foreign				583.9			
Revenue. total				7 285.5			
Supermarket trade				537.7			
Travel industry and hospitality business				252.5			
Procurement and services business				6 426.0			
Real estate business				69.4			
Revenue. total				7 285.5			
Additional information at SOK Corporation level. fixed assets							
Finland				291.3			
Foreign				77.5			
Fixed assets. total				368.8			

2. Discontinued operations

Intra group transactions have been eliminated from the presented figures except for cash flows of discontinued operations in which they are included.

SOK Corporation has no discontinued operations. The remaining amounts associated with SOK Corporation's automotive trade and accessories which were presented as discontinued operations during previous year have been returned to continuing operations as the amounts are small and immaterial for the groups total figures.

The result of the discontinued operations included in the consolidated income statement was as follows:

EUR million	2015	2014
Revenue		0.4
Other operating income		0.3
Materials and services		-0.4
Employee benefits expenses		-0.4
Depreciation and impairment losses		-0.0
Other operating expenses		2.3
Operating profit		**2.2**
Financial income and expenses		0.4
Result before taxes		**2.6**
Income taxes		-2.2
Result for the period		**0.4**
Owners of the parent		0.4
Share of non-controlling interests		0.0
Result for the period from discontinued operations		**0.4**

Cash flows of the discontinued operations were following:

Cash flow	
Cash flow from business operations	1.0
Cash flow from investments	0.1
Cash flow from financing	-1.0
Cash flow, total	**0.0**

The effect of the disposal on the Group's financial position

EUR million	2015	2014
Tangible and intangible assets		0.0
Non-current financial assets		0.0
Deferred tax assets		0.8
Inventories		0.0
Trade receivables and other current non-interest-bearing receivables		1.5
Current interest-bearing receivables		0.0
Cash and cash equivalents		1.7
Provisions		-1.1
Current interest-bearing liabilities		0.0
Current non-interest-bearing liabilities		-0.2
Assets and liabilities, total		**2.8**
Cash payment		0.0
Net cash disposed of with the discontinued operation		0.0
Cash flow effect		**0.0**

3. Acquisitions and establishments of new companies

No companies were acquired or established during financial year 2015.

4. Other operating income

EUR million	2015	2014
Gains on sale of property, plant and equipment	0.5	1.9
Government grants	0.0	0.1
Other income	1.5	32.8
Total	**2.0**	**34.8**

5. Employee benefit expenses

EUR million	2015	2014
Salaries and remuneration	207.6	229.1
Pension expenses, defined contribution plan	34.6	37.7
Pension expenses, defined-benefit plan	0.2	0.4
Other personnel expenses	16.4	16.7
Total	**258.8**	**283.9**

Average number of personnel by segment	**2015**	**2014**
Supermarket trade	3 097	3 409
Tourism and hospitality business	1 716	1 755
Procurement and services business	3 474	4 010
Total	**8 287**	**9 203**

The average number of personnel by segment has been calculated as the average number of personnel at the end of each quarter including both continuing and discontinued operations.

Pensions

Description of the Group's pension plans

The statutory pension security for the personnel of the Group companies in Finland has been arranged through a Finnish pension insurance company. The statutory employment pension security is a defined-benefit plan. The Group's foreign subsidiaries have various defined-benefit plans, which comply with the national rules and policies of each country in question. Members of the Group's top management have a supplementary defined-benefit pension plan through a pension insurance company. During the financial period, five persons covered by the supplementary pension insurance have retired.

Defined-benefit pension plans

EUR million	2015	2014
The defined-benefit pension expense in the income statement is determined as follows		
Expenses based on the work performance in the financial period	0.2	0.4
Net interest expenses	0.0	0.0
Total pension and interest expenses in the income statement	**0.2**	**0.4**
Impact of defined-benefit pensions recognised through other comprehensive income items		
Experience adjustments	-0.3	-0.2
Changes in economic actuarial assumptions	-0.2	-0.6
Total impact recognised through other comprehensive income items	**-0.4**	**-0.8**
Persons included in management's supplementary defined-benefit pension insurance	11	16
Items presented in the balance sheet		
Current value of fund obligations	5.9	9.6
Current value of assets included in the plan	-5.1	-8.2
Net liability	**0.9**	**1.4**

Changes of the pension obligations		
Obligations included in the plan at the beginning of the financial period	9.6	7.4
Expenses based on the work performance in the financial period	0.4	0.4
Interest expense	0.1	0.1
Changes in actuarial assumptions	0.4	1.8
Fulfilled obligations	-4.6	-0.2
Obligations included in the plan at the end of the financial period	**5.9**	**9.6**
Changes in the plan assets		
Fair values of the assets included in the plan at the beginning of the financial period	8.2	5.2
Interest income	0.1	0.1
Plan premiums in the financial period	1.2	2.0
Changes in actuarial assumptions	-0.0	1.0
Fulfilled obligations	-4.4	-0.1
Fair values of the assets included in the plan at the end of the financial period	**5.1**	**8.2**

Division of assets included in the plan by asset group

The plan assets have been invested in insurance contracts administered by LocalTapiola Mutual Pension Insurance Company.

Key actuarial assumptions in the defined-benefit plans		
Discount rate	1.10%	0.90%
Annual salary increase assumption	2.10%	3.30%
Inflation	0.90%	1.70%

Sensitivity analysis

The sensitivity analysis describes how much a change in actuarial assumptions would impact the net liability. The sensitivity analysis describes the impact of a change in a certain assumption when there are no changes in other assumptions. The impacts have been calculated using the same calculation methods as those used in calculating the net pension liability in the balance sheet.

	Change in pension liability, EUR	**Change in plan assets, EUR**	**Change in pension liability, %**	**Change in plan assets, %**
Actuarial assumption				
A 0.5 percentage point change in the discount rate	-0.4	-0.3	-7%	-5%
A 0.5 percentage point change in the annual salary increase assumption	0.1		2%	0%

6. Depreciation and impairment

EUR million	2015	2014
Depreciation		
Property, plant and equipment		
Buildings and structures	13.8	13.9
Machinery and equipment	20.2	22.0
Other property, plant and equipment	0.1	0.1
Intangible assets		
Other intangible assets	20.7	22.3
Investment properties	3.5	3.8
Total	**58.4**	**62.0**
Impairment		
Property, plant and equipment		
Land and water areas	0.1	
Buildings and structures	0.2	0.0
Machinery and equipment	0.3	0.1
Other tangible assets		0.0
Intangible assets		
Other intangible assets	3.6	6.1
Other impairments		
Impairments of current assets	0.1	
Total	**4.4**	**6.2**

The impairments of intangible assets consisted in their entirety of decommissioned information systems.

Depreciation and impairment, total	**62.8**	**68.3**

7. Other operating expenses

EUR million	2015	2014
Rental expenses	140.8	133.3
Marketing expenses	7.4	5.3
Administrative expenses	18.6	22.9
Equipment and supplies	142.3	135.0
Property maintenance expenses	43.6	49.1
Other business expenses	25.8	22.4
Total	**378.5**	**367.9**

8. Auditor's fees

EUR million	2015	2014
Audit fees	0.5	0.5
Auditors' statements	0.0	0.0
Tax consulting	0.0	0.0
Other services	0.2	0.1
Total	**0.7**	**0.6**

9. Financial income and expenses

EUR million	2015	2014
Financial income		
Interest income from loans and receivables	1.6	1.2
Dividend income from available-for-sale investments	0.6	1.1
Gains on derivatives held for trading	2.3	23.2
Other financial income	3.1	11.3
Total	**7.7**	**36.7**
Financial expenses		
Interest expenses on financial liabilities measured at amortised cost	3.8	6.3
Expenses on derivatives held for trading	1.4	3.1
Other financial expenses	4.5	31.1
Total	**9.7**	**40.4**
Financial income and expenses, total	**-2.1**	**-3.7**

10. Financial instrument items recognised in the income statement

EUR million	2015	2014
In other operating income		
Capital gain on available-for-sale investments	-0.1	1.1
In purchases of materials and services		
Net exchange differences on liabilities measured at amortised cost	-0.6	-0.5
Net expenses for derivatives held for trading	4.7	1.9
In financial income and expenses		
Dividend yields from available-for-sale investments	0.6	1.1
		4.8
Interest income on loans and receivables	5.1	5.3
Net exchange differences on loans and receivables	-2.8	-24.5
Item transferred from equity in hedge accounting	1.0	1.1
Net income from derivatives held for trading	-0.2	15.2
Interest expenses on financial liabilities measured at amortised cost	-4.6	-6.5
Net exchange differences on liabilities measured at amortised cost	-0.2	-0.3
Total	**3.0**	**-1.1**

Summary by IAS 39 category:	**2015**	**2014**
Loans and receivables	2.3	-19.2
Available-for-sale investments	0.6	7.1
Investments and derivatives held for trading	4.5	17.1
Hedge accounting derivatives	1.0	1.1
Liabilities measured at amortised cost	-5.3	-7.3
Total	**3.0**	**-1.1**

Only SOK Corporation's external items are stated as income, expenses, gains and losses.

Net expenses from derivatives held for trading, which has been recognised in purchases of materials and services, consists of derivatives that have been taken out to hedge purchases but to which hedge accounting has not been applied.

The expenses for liabilites measured at amortised cost also include guarantee commission expenses.

11. Income taxes

EUR million	2015	2014
Current tax	-7.7	-0.1
Taxes for previous financial years	0.0	-0.0
Changes in deferred taxes	-1.1	-6.9
Total	**-8.8**	**-7.0**

Reconciliation statement between tax expense in the income statement and taxes calculated at the valid Corporation's tax rate in Finland:

EUR million	2015	2014
Profit before taxes	9.4	39.7
Taxes at parent company's tax rate	-1.9	-7.9
Effect of different tax rates in foreign subsidiaries	0.9	0.9
Effect of tax-free income	-0.7	-1.6
Effect of non-deductible expenses	2.3	2.2
Share of results of associated companies and joint ventures net of tax	-8.0	-7.7
Other items	-1.4	7.0
Taxes in the income statement	**-8.8**	**-7.0**

Taxes related to other comprehensive income items

EUR million	Before tax	Tax effect	After tax
Cashflow hedges	-1.3	0.3	-1.0
Defined-benefit pension plans	-0.4	0.1	-0.4
	-1.8	0.4	-1.4

EUR million	Before tax	Tax effect	After tax
Cashflow hedges	-2.7	0.5	-2.1
Defined-benefit pension plans	-0.8	0.6	-0.2
	-3.5	1.1	-2.4

12. Property, plant and equipment

2015 EUR million	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Construction in progress and advance payments	Total
Acquisition cost						
Acquisition cost, 1 Jan	7.7	331.9	165.9	2.8	0.9	509.2
Translation differences	-0.0	-4.9	-3.6		-0.0	-8.6
Increases		87.1	3.1	0.8	7.0	98.0
Decreases		-2.7	-11.2			-13.9
Transfers between items	1.4	-4.1	3.1	0.0	-3.9	-3.4
Acquisition cost, 31 Dec	**9.1**	**407.2**	**157.3**	**3.6**	**4.0**	**581.3**
Accumulated depreciation						
Accumulated depreciation, 1 Jan	-0.2	-147.2	-94.8	-0.9		-243.0
Translation differences		1.0	1.9			2.9
Accumulated depreciation on deducted and transferred items		3.8	10.5			14.3
Depreciation for the period		-17.3	-19.6	-0.1		-36.9
Impairment losses		-0.2	-0.3			-0.5
Accumulated depreciation, 31 Dec	**-0.2**	**-159.9**	**-102.2**	**-1.0**	**0.0**	**-263.3**
Carrying amount, 1 Jan 2015	**7.5**	**184.7**	**71.1**	**2.0**	**0.9**	**266.2**
Carrying amount, 31 Dec 2015	**9.0**	**247.3**	**55.1**	**2.7**	**4.0**	**318.0**

Assets under a finance lease are included in the cost of property, plant and equipment as follows:

31 Dec 2015 EUR million	Buildings and structures	Machinery and equipment		Total
Acquisition cost	170.9	14.9		185.8
Accumulated depreciation	-70.4	-7.0		-77.4
Carrying amount	100.5	7.9		108.4

2014 EUR million	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Construction in progress and advance payments	Total
Acquisition cost						
Acquisition cost, 1 Jan	9.8	343.2	181.9	2.1	1.9	538.9
Translation differences	-0.7	-28.5	-24.0		-0.8	-53.9
Increases		19.7	10.4	0.7	10.9	41.6
Decreases	-1.0	-5.5	-10.3	-0.0		-16.8
Transfers between items	-0.4	3.0	7.8	0.0	-11.0	-0.7
Acquisition cost, 31 Dec	**7.7**	**331.9**	**165.9**	**2.8**	**0.9**	**509.2**

Accumulated depreciation						
Accumulated depreciation, 1 Jan	-0.2	-139.0	-95.1	-0.8		-235.0
Translation differences		4.8	10.3			15.1
Accumulated depreciation on deducted and transferred items		3.8	10.3			14.1
Depreciation for the period		-16.8	-20.2	-0.1		-37.0
Impairment losses		-0.0	-0.1			-0.2
Accumulated depreciation, 31 Dec	**-0.2**	**-147.2**	**-94.8**	**-0.9**	**0.0**	**-243.0**
Carrying amount, 1 Jan 2014	**9.6**	**204.3**	**86.8**	**1.3**	**1.9**	**303.9**
Carrying amount, 31 Dec 2014	**7.5**	**184.7**	**71.1**	**2.0**	**0.9**	**266.2**

Assets under a finance lease are included in the cost of property, plant and equipment as follows:

31 Dec 2014 EUR million	**Buildings and structures**	**Machinery and equipment**	**Total**
Acquisition cost	86.6	17.9	104.4
Accumulated depreciation	-67.0	-7.4	-74.4
Carrying amount	19.5	10.4	30.0

13. Investment properties

	2015	**2014**
Acquisition cost, 1 Jan	89.2	86.7
Increases	0.1	
Decreases	-2.0	
Transfers between items	3.3	2.5
Acquisition cost, 31 Dec	**90.7**	**89.2**
Accumulated depreciation, 1 Jan.	-50.5	-45.7
Accumulated depreciation on deducted and transferred items	-1.0	-1.0
Depreciation for the period	-4.2	-3.8
Impairment losses	-0.1	
Accumulated depreciation, 31 Dec	**-55.8**	**-50.5**
Carrying amount, 1 Jan	**38.7**	**40.9**
Carrying amount, 31 Dec	**34.8**	**38.7**
Fair value *	**106.3**	**111.9**

Investment properties are classified onto level 3 in fair value hierarchy. Assets and liabilities that are included on hierarchy level 3 have their fair value based on input data which is not based on observable market data.

Fair values of investment properties are based on either assessments made by external specialists or on companys own assessments. The values of self assessed investment properties are based on market value which is determined based on realised sales transactions before the assessment date and the existing market situation. Fair value has been assessed semiannually for financial reporting.

* Investment properties include four spa hotels acquired through financing leases where the operations have been sold but the lease agreement remains with the Corporation. The fair value of these properties cannot be reliably determined since Holiday Club's lease agreements and sales information are not available to Group. The carrying values of the properties amounted to a total of EUR 14.2 million in SOK Group's balance sheet on 31 December 2015 (EUR 16.9 million). The fair value of these properties is not included in the above presented fair value.

14. Intangible assets

2015 EUR million	Goodwill	Other intangible rights	Construction in progress and advance payments	Total
Acquisition cost				
Acquisition cost, 1 Jan	14.1	157.4	11.9	183.4
Translation differences		-0.2		-0.2
Increases		2.6	11.1	13.7
Decreases		-15.7		-15.7
Transfers between items		14.5	-14.4	0.1
Acquisition cost, 31 Dec	**14.1**	**158.7**	**8.6**	**181.4**
Accumulated amortization				
Accumulated amortisation and impairment, 1 Jan 2015	-5.8	-113.6		-119.4
Translation differences		0.1		0.1
Accumulated depreciation on deducted and transferred items		15.7		15.7
Impairment losses		-3.6		-3.6
Depreciation for the period		-16.2		-16.2
Accumulated amortisation, 31 Dec 2015	**-5.8**	**-117.6**		**-123.4**
Carrying amount, 1 Jan 2015	**8.3**	**43.8**	**11.9**	**64.0**
Carrying amount, 31 Dec 2015	**8.3**	**41.0**	**8.6**	**57.9**

2014 EUR million	Goodwill	Other intangible rights	Construction in progress and advance payments	Total
Acquisition cost				
Acquisition cost, 1 Jan	14.0	148.7	16.2	178.9
Translation differences	0.1	-0.9		-0.8
Increases	0.0	16.6	19.7	36.3
Decreases		-29.2	-0.0	-29.2
Transfers between items		22.2	-24.0	-1.9
Acquisition cost, 31 Dec	**14.1**	**157.4**	**11.9**	**183.4**
Accumulated amortisation				
Accumulated amortisation and impairment, 1 Jan	-5.8	-109.8		-115.6
Translation differences	-0.0	0.5		0.5
Accumulated depreciation on deducted and transferred items		20.0		20.0
Impairment losses		-6.1		-6.1
Depreciation for the period		-18.2		-18.2
Accumulated amortization, 31 Dec	**-5.8**	**-113.6**		**-119.4**
Carrying amount, 1 Jan 2014	**8.2**	**38.9**	**16.2**	**63.3**
Carrying amount, 31 Dec 2014	**8.3**	**43.8**	**11.9**	**64.0**

15. Impairment testing of goodwill

Goodwill has been allocated to SOK Corporation's cash-generating units or to groups of cash-generating units as follows:

EUR million	2015	Discount rate, % 2015	2014	Discount rate, % 2014
Sokos Hotels chain	7.4	8.2	7.4	6.9
LB Kiel Tampere Ab / Kiinteistö Oy Hotelli Tammer	0.8		0.8	
Total	**8.2**		**8.2**	

Apart from goodwill, SOK Corporation does not have other intangible assets with an indefinite economic life.

SOK Corporation's cash-generating units are defined for the level below the business segment. As a rule, a cash-generating unit is a legal company. For the Travel industry and hospitality business, goodwill is monitored and tested at the chain level.

The goodwill testing of Sokos Hotel Tammer is based on the fair value of the property located in Tampere, less sales costs.
The fair value defined in 2013 has been compared to the total amount of the balance sheet value of the real estate company and the total amount of Group items on the property.
The fair value clearly exceeds the company's balance sheet value in the Group in the Financial Statements 2014 and 2015.

Impairment losses
In the 2014–2015 financial statements no impairment losses of goodwill were recognised.

Testing and sensitivity analysis
In impairment testing, the recoverable amount for the business is based on value-in-use calculations. Value in use has been calculated on the basis of estimated discounted cash flows. The projected cash flows are based on financial plans which have been approved by management and cover a five-year-period. The cash flows after this period have been extrapolated using a 2% growth rate which, according to the estimate, does not exceed the long-term actual growth rate of the business areas. The discount rate applied is the weighted average cost of capital (WACC) that is determined by sector and by country, taking into account the special risks associated with the unit. The required return is based on the average capital structure for the sector and a sector-specific beta.

The main variables in impairment testing are the discount rate, the EBITDA margin (%) as well as the growth rate after the five-year forecasting period. In assessing the goodwill of the Sokos Hotels chain, a possible foreseeable change in any of the key variables does not lead to a situation that would result in the need to recognise an impairment loss.

16. Shares in associated companies and joint ventures

EUR million	2015	2014
Carrying amount, 1 Jan	162.2	130.8
Share of result for the period	8.0	7.7
Dividends received	-0.2	-0.2
Increases/decreases	-7.9	26.3
Translation differences	-0.4	-2.5
Carrying amount, 31 Dec	**161.8**	**162.2**

Most significant associated companies

Among the associated companies engaging in business operations within SOK Corporation, the most significant is S-Bank Ltd., which operates in the banking sector and belongs to S Group. S-Bank provides the members of the cooperative enterprises with services in daily banking, and its product range consists of current accounts and savings accounts, funds and asset management services, consumer credits and secured loans, international credit or debit cards as well as an online bank and a mobile bank.

Russian and Baltics Retail Properties Ky is a property fund company investing in Prisma stores in St. Petersburg and the Baltic area.
On the closing date, the company managed three Prisma properties in the St. Petersburg area in Russia and one in Estonia.

Financial information summary of the essential associated companies	S-Pankki Oy		Russian and Baltics Retail Properties Ky	
EUR million	2015	2014	2015	2014
Current assets	1 040.9	880.9	2.8	4.9
Non-current assets, total	3 732.5	3 883.9	39.1	42.8
Current liabilities	4 343.8	4 288.8	1.1	2.2
Non-current liabilities	34.0	80.2	33.9	35.9
Revenue [1]	72.1	70.1	7.0	6.3
Result for the financial year	15.0	15.7	0.7	-4.4
Other comprehensive income for the financial year	-5.1	-7.6	-0.4	-2.5
Reconciliation of the associated company's financial information with the balance sheet value recognised by the Group				
Net assets of the associated company	395.6	395.8	6.9	9.6
Group ownership, %	38%	38%	20%	20%
Group's share of the net assets	148.4	148.4	1.4	1.9
Other adjustments	-4.5	-5.1		
Associated company's balance sheet value in the consolidated balance sheet	143.9	143.3	1.4	1.9

Other associated companies

2015 EUR million	Assets	Liabilities	Revenue	Result	Share holding %
Finnfrost Oy	47.9	43.8	446.4	0.1	50.0 %
Coop Trading A/S	12.4	2.3	11.7	0.0	25.0 %
Others	4.9	0.2	0.6	0.0	

2014 EUR million	Assets	Liabilities	Revenue	Result	Share holding %
Finnfrost Oy	46.5	42.4	446.8	0.2	50.0 %
Coop Trading A/S	20.8	2.9	12.3	0.0	25.0 %
Others	4.9	0.1	1.1	0.0	

[1] S-Bank Ltd's net interest income has been presented as revenue.

Most significant joint ventures

North European Oil Trade Oy (NEOT) is a fuel procurement company jointly owned by SOK Corporation and St1 Nordic Oy. NEOT's task is to procure and deliver fuel to its owners at an as competitive a price as possible.

	North European Oil Trade Oy	
EUR million	2015	2014
Current assets	481.5	452.2
Cash and cash equivalents included in current assets	45.7	50.5
Non-current assets, total	6.7	11.3
Current liabilities	450.4	455.5
Financial liabilities included in current liabilities	223.0	194.3
Non-current liabilities	29.8	
Revenue	4 146.0	4 931.9
Depreciation	6.8	7.8
Interest and financial income	2.7	3.0
Interest and financial expenses	4.6	5.4
Income tax expense (+) or income (-)	0.1	0.2
Result for the financial year	0.2	0.6
Other comprehensive income for the financial year		
Dividends received from the joint venture during the financial period	0.1	0.1
Reconciliation of the joint ventures financial information with the balance sheet value recognised by the Group		
Net assets of the joint venture	8.0	8.0
Group ownership, %	51%	51%
Group's share of the net assets	4.1	4.1
Other adjustments	4.0	3.8
Joint ventures balance sheet value in the consolidated balance sheet	8.1	7.9

Other joint ventures **2015** EUR million	Assets	Liabilities	Revenue	Result	Share holding %
North European BioTech Oy					50.0 %
Kauppakeskus Mylly Oy	137.9	117.5	15.3	3.8	50.0 %

Other joint ventures **2014** EUR million	Assets	Liabilities	Revenue	Result	Share holding %
North European BioTech Oy	13.8	11.3		-0.5	50.0 %
Kauppakeskus Mylly Oy	109.5	92.9	15.6	4.9	50.0 %

North European BioTech Oy has been consolidated using figures of 31 December 2014 financial statement as the figures of 31 December 2015 are not available.

SOK Corporation owns 50.8 per cent of North European Oil Trade Oy. SOK Corporation executes shared controlling interest in the company with ST1, based on the shareholder agreement, so the company is treated as a joint venture.

All associated companies and joint ventures of the SOK Corporation are unlisted.

S-Bank, Russian and Baltics Retail Properties and Kauppakeskus Mylly were consolidated as Groups.

17. Non-current financial assets

Available-for-sale financial assets **EUR million**	2015	2014
Shares and participations		
Carrying amount, 1 Jan	9.0	12.0
Increases	21.5	1.9
Decreases	-0.7	-4.9
Carrying amount, 31 Dec	**29.8**	**9.0**

Shares and participations include shares in unlisted companies. Unlisted shares are stated at cost if their fair values cannot be obtained reliably.

Loans and receivables **EUR million**	2015	2014
Receivables from associated companies	37.5	21.5
Capital loan receivables from others	0.6	0.6
Non-current loan receivables	7.2	14.4
Other non-current receivables	3.1	36.7
Loans and other receivables total	**48.4**	**73.3**
Non-current financial assets, total	**78.2**	**82.3**

18. Deferred taxes

Changes in deferred taxes in 2015

Deferred tax assets

EUR million	1 Jan 2015	Recognised in the income statement	Recognised in equity	Items recognised in the statement of comprehensive income	Foreign exchange differences	Businesses acquired/ divested	Groupings	Discontinued operations	31 Dec 2015
Confirmed losses	18.9	-1.2							17.7
Provisions and impairment losses	3.6	0.2							3.8
Internal margin on inventories and property, plant and equipment	1.8	-0.0							1.8
Finance lease liabilities	6.6	-3.6							3.0
Other items	1.7	1.0	-0.0	-0.1	0.1				2.7
Total	**32.6**	**-3.6**	**-0.0**	**-0.1**	**0.1**	**0.0**		**0.0**	**29.1**

Deferred tax liabilities

EUR million									
Cumulative depreciation difference	4.4	-0.3							4.1
Business combinations	0.8								0.8
Fair value reserve	0.3			-0.3					0.0
Retained earnings of Estonian companies							5.1		5.1
Other items	10.2	-2.9			-0.0		-5.1		2.2
Total	**15.7**	**-3.2**	**0.0**	**-0.3**	**-0.0**	**0.0**			**12.2**

Changes in deferred taxes in 2014

Deferred tax assets

EUR million	1 Jan 2014	Recognised in the income statement	Recognised in equity	Items recognised in the statement of comprehensive income	Foreign exchange differences	Businesses acquired/ divested	Groupings	Discontinued operations	31 Dec 2014
Confirmed losses	22.7	-5.1				0.0		1.3	18.9
Provisions and impairment losses	4.8	-1.5						0.3	3.6
Internal margin on inventories and property, plant and equipment	2.0	-0.1							1.8
Finance lease liabilities	5.8	-0.8					1.6		6.6
Other items	3.4	0.2	-0.2	-0.6	0.4		-1.6	0.1	1.7
Total	**38.7**	**-7.4**	**-0.2**	**-0.6**	**0.4**	**0.0**		**1.7**	**32.6**

Deferred tax liabilities

EUR million									
Cumulative depreciation difference	4.5	-0.1							4.4
Business combinations	2.8					0.0	-2.0		0.8
Fair value reserve	0.8			-0.5					0.3
Other items	6.2	2.1			-0.1		2.0		10.2
Total	**14.3**	**2.0**		**-0.5**	**-0.1**	**0.0**	**0.0**		**15.7**

On 31 December 2015, the Group had EUR 11.0 million (EUR 7.1 million on 31 December 2014) of confirmed losses, for which no deferred tax assets have been recognised, since it is not likely that the Group will accrue taxable income against which the losses could be utilised before the losses expire.

19. Inventories

EUR million	2015	2014
Raw materials and consumables	2.2	2.3
Supplies	160.8	172.4
Other inventories	0.2	0.2
Total	**163.2**	**174.8**

20. Trade receivables and other current non-interest-bearing receivables

EUR million	2015	2014
Trade receivables	504.5	505.1
Non-interest-bearing loan and other receivables	5.5	8.0
Derivative assets	6.5	25.5
Prepayments and accrued income in financial items	0.1	0.4
Other prepayments and accrued income	28.2	27.0
Trade receivables and other current non-interest-bearing receivables, total	**544.9**	**565.9**

21. Current interest-bearing receivables

EUR million	2015	2014
Receivable from sale of fixed assets	32.7	18.8
Current interest-bearing receivables, total	**32.7**	**18.8**

22. Cash and cash equivalents

EUR million	2015	2014
Cash on hand and deposits	249.4	177.1

23. Equity

EUR million	2015	2014
Cooperative capital, 1 Jan	169.4	163.4
Cooperative contributions paid	2.6	6.0
Cooperative capital, 31 Dec	**172.0**	**169.4**

Cooperative capital consists of the cooperative contributions paid to Suomen Osuuskauppojen Keskusosuuskunta (SOK) for participations in the cooperative enterprises. The number of participations in a cooperative enterprise is determined on the basis of the number of the members and annual purchases of the cooperative enterprises.

Restricted reserves

Fair value reserve
The fair value reserve includes changes in the fair values of derivative instruments used to hedge available-for-sale investments and cash flow as well as a share of change in S-Bank's fair value reserve. Value of the reserve is EUR 1.1 million on 31 Dec 2015 (EUR 7.2 million on 31 Dec 2014). The share of S-Bank's fair value reserve is EUR 1.0 million on 31 December 2015 (EUR 6.0 million on 31 December 2014).

Reserve fund
The reserve fund comprises the portion of non-restricted equity that can be transferred under the cooperative's statutes. Value of the fund is EUR 18.5 million on 31 Dec 2015 (EUR 18.5 million on 31 Dec 2014).

Supervisory Board's Disposal fund
The Supervisory Board decides on the use of its disposal fund. Value of the fund is EUR 0.0 million on 31 Dec 2015 (EUR 0.0 million on 31 Dec 2014).

24. Supplementary cooperative capital

EUR million	2015	2014
Non-current supplementary cooperative capital	12.8	12.8

Supplementary cooperative capital consists of voluntary investments in Suomen Osuuskauppojen Keskusosuuskunta (SOK) made by the cooperative enterprises. The cooperative enterprises have the right to have their supplementary cooperative capital contributions returned in the manner and subject to the conditions prescribed in the Cooperatives Act and SOK's statutes.

25. Interest-bearing liabilities

Non-current interest-bearing liabilities

EUR million	2015	2014
Finance lease liabilities	124.4	66.1
Other non-current interest-bearing liabilities	6.9	21.8
Non-current interest-bearing liabilities, total	**131.3**	**87.8**

Current interest-bearing liabilities

EUR million	2015	2014
Finance lease liabilities	26.4	16.0
Other current interest-bearing liabilities	0.2	0.7
Current interest-bearing liabilities, total	**26.6**	**16.7**

Finance lease liabilities

EUR million	2015	2014
Finance lease liabilities – total amount of minimum lease payments		
In one year	32.4	19.5
In one to five years	67.1	54.7
Over five years	101.2	21.6
Minimum lease payments, total	**200.7**	**95.8**
Finance lease liabilities – present value of minimum lease payments		
In one year	26.4	16.0
In one to five years	48.9	46.5
Over five years	75.5	19.5
Present value of minimum lease payments, total	**150.7**	**82.1**
Accrued financial expenses	**50.0**	**13.7**
Lease payments from subleases	**31.1**	**24.6**

Finance lease agreements consist primarily of lease agreements on properties.

26. Non-interest-bearing liabilities

EUR million	2015	2014
Non-current non-interest-bearing liabilities	33.8	30.7
Non-current non-interest-bearing liabilities, total	**33.8**	**30.7**
Trade payables, total	**705.2**	**683.6**
Advances received	1.7	1.4
Current liabilities	14.0	19.6
Derivative financial instruments	5.8	8.0
Accruals and deferred income	92.1	84.4
Current non-interest bearing liabilities, total	**113.7**	**113.5**
Material items included in current accruals and deferred income		
Personnel expenses	47.0	52.6
Financing items	0.2	0.8
Others	45.0	30.9
Current accruals and deferred income, total	**92.1**	**84.4**

27. Fair values of financial assets and liabilities

EUR million	Note	Financial assets and liabilities at fair value through profit and loss	Loans and receivables	Available-for-sale financial assets	Hedge accounting derivatives	Liabilities to be measured at amortised cost	**Carrying amount 2015**	**Fair value 2015**
Financial assets								
Non-current financial assets	(17)							
Shares and participations				1.6			1.6	1.6
Loan receivables			45.3				45.3	51.7
Non-interest-bearing loan receivables			3.1				3.1	2.7
Trade receivables and other current non-interest-bearing receivables	(20)							
Trade receivables			505.5				505.5	505.5
Other non-interest bearing receivables			0.9				0.9	0.9
Prepayments and accrued income in financial items			0.8				0.8	0.8
Derivatives assets		6.1			0.4		6.5	6.5
Cash and cash equivalents	(22)							
Cash in hand and deposits			249.9				249.9	249.9
Financial assets, total		**6.1**	**838.3**	**1.6**	**0.4**		**846.5**	**852.5**
Financial liabilities								
Supplementary cooperative capital	(24)					12.8	12.8	12.8
Non-current interest-bearing liabilities	(25)							
Trade payables						0.0	0.0	0.0
Interest-bearing loans from others						1.5	1.5	1.5
Finance lease liabilities						124.4	124.4	133.0
Non-current non-interest-bearing liabilities	(26)							
Cash counting service						23.3	23.3	23.3
Other non-interest-bearing liabilities						0.9	0.9	0.9
Current interest-bearing liabilities	(25)							
Interest-bearing loans from others						0.0	0.0	0.0
Finance lease liabilities						26.4	26.4	32.5
Current non-interest-bearing liabilities	(26)							
Accruals and deferred income in financial items						0.2	0.2	0.2
Derivatives liabilities		5.8			0.0		5.8	5.8
Trade payables	(26)					705.2	705.2	705.2
Financial liabilities, total		**5.8**			**0.0**	**894.6**	**900.4**	**915.2**

The fair value of supplementary cooperative capital, EUR 12.8 million (2014: 12.8 million) cannot be determined reliably.

EUR million	Note	Financial assets and liabilities at fair value through profit and loss	Loans and receivables	Available-for-sale financial assets	Hedge accounting derivatives	Liabilities to be measured at amortised cost	**Carrying amount 2014**	**Fair value 2014**
Financial assets								
Non-current financial assets	(17)							
Shares and participations				2.3			2.3	2.3
Loan receivables			36.5				36.5	38.9
Non-interest-bearing loan receivables			36.6				36.6	36.4
Trade receivables and other current non-interest-bearing receivables	(20)							
Trade receivables			507.5				507.5	507.5
Loan receivables			0.6				0.6	0.6
Prepayments and accrued income in financial items			0.4				0.4	0.4
Derivatives assets		24.4			1.1		25.5	25.5
Current interest-bearing receivables	(21)							
Other receivables							18.7	18.7
Cash and cash equivalents	(22)							
Cash in hand and deposits			**178.8**				**178.8**	**178.8**
Financial assets, total		24.4	760.4	2.3	1.1		807.0	809.1
Financial liabilities								
Supplementary cooperative capital	(24)					12.8	12.8	12.8
Non-current interest-bearing liabilities	(25)							
Trade payables						0.0	0.0	0.0
Interest-bearing loans from others						14.9	14.9	16.3
Finance lease liabilities						66.1	66.1	71.8
Non-current non-interest-bearing liabilities	(26)							
Cash counting service						25.5	25.5	25.5
Other non-interest-bearing liabilities						0.2	0.2	0.2
Current interest-bearing liabilities	(25)							
Interest-bearing loans from others						0.7	0.7	0.7
Finance lease liabilities						16.0	16.0	19.4
Current non-interest-bearing liabilities	(26)							
Accruals and deferred income in financial items						0.8	0.8	0.8
Derivatives liabilities		8.0			0.0		8.0	8.0
Trade payables	(26)					683.6	683.6	683.6
Financial liabilities, total		**8.0**			**0.0**	**820.6**	**828.7**	**839.2**

The fair value hierarchy

EUR million	Note	Fair Value 2015	Level 1	Level 2	Level 3
Assets measured at fair value					
Non-current financial assets	(17)				
Shares and participations		1.6			1.6
Loan receivables		51.7		51.7	
Non-interest-bearing loan receivables		2.7		2.7	
Other current non-interest-bearing receivables	(20)				
Loan receivables		0.9		0.9	
Derivatives assets		6.5	5.5	1.0	
Current interest-bearing receivables	(21)				
Other receivables		32.7		32.7	
Total		**96.2**	**5.5**	**89.1**	**1.6**
Liabilities measured at fair value					
Supplementary cooperative capital	(24)	12.8		12.8	
Non-current interest-bearing liabilities	(25)				
Interest-bearing loans from others		1.5		1.5	
Finance lease liabilities		133.0		133.0	
Non-current non-interest-bearing liabilities	(26)				
Cash counting service		23.3		23.3	
Other non-interest-bearing liabilities		0.9		0.9	
Current interest-bearing liabilities	(25)				
Interest-bearing loans from others		0.0		0.0	
Finance lease liabilities		32.5		32.5	
Current non-interest-bearing liabilities	(26)				
Derivatives liabilities		5.8	5.5	0.3	
Total		**209.7**	**5.5**	**204.2**	**0.0**

The fair value hierarchy level to which an item measured at fair value has been classified in its entirety is determined based on the lowest level inputs that are significant for the entire item in question, measured at fair value. The significance of the input has been estimated in its entirety in relation to the item in question measured at fair value. The moment of transfers between different levels of the fair value hierarchy is determined by the end of the review period.

Fair values on hierarchy level 1 are based on the quoted prices of completely identical asset items or liabilities in an active market. The Group has used valuations by Nasdaq OMX Stockholm as pricing sources in determining the fair value of these instruments.

The fair values of level 2 instruments are to a significant extent based on inputs other than quoted prices included in level 1. However they are based on information that is observable for the said asset item either directly or indirectly. In determining the fair value of these instruments, the Group uses generally accepted valuation models in which the input is to a significant extent based on verifiable market information.

The fair values of level 3 instruments are based on inputs concerning the asset item or liability which is not based on verifiable market information.

The holdings in Suomen Luotto-osuuskunta cooperative are presented in level 3 due to inaccuracies in the measurement of the fair value. The fair value of the holdings, EUR 0.1 million (2014: EUR 0.8 million) is based on Suomen Luotto-osuuskunta cooperative's preliminary plan regarding the distribution of funds in 2015. In addition to the aforementioned, level 3 also includes EUR 1.6 million of unquoted shares (2014: 1.5 million), for which the fair value cannot be determined and investment properties EUR 174.7 million (2013: 178.3 million), their fair value determined primarily by means of appraisal approach. Unquoted shares and holdings presented on level 3 were realised in 2015 at the acquisition cost of EUR 0.0 million.

Movements of items in Level 3 measured at fair value on recurring basis in the balance sheet

EUR million	**2015**
Opening balance, 1 Jan	5.1
Sales	-0.0
Reduction of fair value of holdings in Suomen-Osuuskunta	-0.7
Changes in the fair value of assets and liabilities held for sale	-2.8
Closing balance, 31 Dec	1.6

The fair value hierarchy

EUR million	Note	Fair Value 2014	Level 1	Level 2	Level 3
Assets measured at fair value					
Non-current financial assets	(17)				
Shares and participations		2.3			2.3
Loan receivables		38.9		38.9	
Non-interest-bearing loan receivables		36.4		36.4	
Other current non-interest-bearing receivables	(20)				
Derivatives assets		25.5	4.9	20.5	
Current interest-bearing receivables	(21)				
Other receivables		18.7		18.7	
Total		**121.9**	**4.9**	**114.6**	**2.3**
Liabilities measured at fair value					
Supplementary cooperative capital	(24)	12.8		12.8	
Non-current interest-bearing liabilities	(25)				
Interest-bearing loans from others		16.3		16.3	
Finance lease liabilities		71.8		71.8	
Non-current non-interest-bearing liabilities	(26)				
Cash counting service		25.5		25.5	
Other non-interest-bearing liabilities		0.2		0.2	
Current interest-bearing liabilities	(25)				
Interest-bearing loans from others		0.7		0.7	
Finance lease liabilities		19.4		19.4	
Current non-interest-bearing liabilities	(26)				
Derivatives liabilities		8.0	4.9	3.1	
Liabilities associated with assets held for sale		1.3			1.3
Total		**156.0**	**4.9**	**149.8**	**1.3**

Movements of items in Level 3 measured at fair value on recurring basis in the balance sheet

EUR million	2014
Opening balance, 1 Jan	10.2
Sales	-0.1
Reduction of fair value of holdings in Suomen-Osuuskunta	-4.8
Changes in the fair value of assets and liabilities held for sale	-0.2
Closing balance, 31 Dec	5.1

28. Provisions

EUR million	Unprofitable lease agreements	Maintenance provisions of leased facilities	Other provisions	Other changer *)	Total
Provisions, 1 Jan 2015	15.4	1.4	1.0	1.1	19.0
Increases in provisions	4.8	0.0	0.4		5.2
Provisions used	-2.1	-0.3	-0.6	-0.5	-3.4
Reversals of unused provisions	-1.6	-0.3		-0.0	-2.0
Provisions, 31 Dec 2015	**16.4**	**0.9**	**0.9**	**0.6**	**18.8**
Breakdown of provisions					
Non-current	11.2				
Current	7.6				

*) Provisions of SOK Autokauppa that were presented as discontinued operations during previous year have been returned to continuing operations as the remaining amounts are immaterial compared to group figures.

EUR million	Unprofitable lease agreements	Maintenance provisions of leased facilities	Other provisions	Total
Provisions, 1 Jan 2014	21.3	1.7	0.8	23.9
Increases in provisions	0.9		0.8	1.7
Provisions used	-3.1	-0.3	-0.6	-3.9
Reversals of unused provisions	-3.7	-0.0		-3.7
Provisions, 31 Dec 2014	**15.4**	**1.4**	**1.0**	**17.9**
Breakdown of provisions				
Non-current	14.4			
Current	3.5			

29. Operating leases

Group as lessee

The Corporation has leased hotel, store and warehouse facilities with lease agreements that cannot be cancelled.
The duration of the leases is, as a rule, 3 to 15 years. Most of the leases can be extended at the market price after the lease period ends.

Minimum lease payments on non-cancellable operating leases:

EUR million	2015	2014
In one year	131.1	142.9
In one to five years	439.0	520.8
Over five years	372.0	486.1
Total	**942.1**	**1 149.8**

Group as lessor

Minimum lease payments on non-cancellable operating leases:

EUR million	2015	2014
In one year	12.3	13.3
In one to five years	11.6	10.6
Over five years	7.3	0.7
Total	**31.1**	**24.6**

30. Management of financial and commodity price risks

The management of finance and financial risks has been centralised within SOK's Treasury unit. SOK Corporation has a Finance and treasury policy as well as risk management instructions that are established by SOK's Executive Board. These define the principles of managing financial risks and the permissible maximum amounts for financial risks. In addition, numerical targets have been set for the different subareas of financing with the aim of being able to ensure the sufficiency, balance and affordability of financing in all conditions.

Derivatives are used mainly to hedge SOK Corporation's financial risks and the price risks of commodities. Trading in derivatives for other than hedging purposes is done only within the risk limits approved by SOK's Executive Board.

CREDIT RISK

A credit risk is a risk that an agreement counterparty fails to fulfil their payment obligation to SOK Corporation or that a change in the counterparty's creditworthiness affects the market value of the financial instruments it has issued. A credit risk is generated on the moment when a transaction has been completed or an agreement has been entered into, or a decision thereof has been made, containing a risk that SOK Corporation will fail to collect its receivables.

The majority of SOK Corporation's credit risk is related to financial market agreements and trade receivables. SOK Corporation's liquidity is invested in money and currency markets in a productive manner but avoiding unnecessary risks.

Investment activities and trading in derivatives are carried on only with the counterparties approved by SOK's Executive Board and within the framework of the limit approved by the Executive Board.

The management of credit risks associated with commercial operations is part of the daily operations of the business areas.
Maximum amount of credit risk for financial assets

EUR million	Note	2015	2014
Non-current financial assets	(17)		
Loan receivables		45.3	36.5
Non-interest-bearing loan receivables		3.1	36.6
Trade receivables and other current non-interest-bearing receivables	(20)		
Trade receivables		505.5	507.5
Other non-interest bearing receivables		0.9	0.6
Prepayments and accrued income in financial items		0.8	0.4
Derivatives assets		6.5	25.5
Current interest-bearing receivables	(21)		
Other receivables		32.7	18.7
Cash and cash equivalents	(23)	249.9	178.8
Off-balance sheet liabilities	(33)		
Nominal value of warranty liabilities		101.9	149.0
Total		**946.7**	**953.6**

Derivatives assets comprise the positive market values in the accounting of agreements.

Guarantee commitments which increase SOK Corporation's credit risk are presented in Note 33. The guarantee liabilities include guarantees that are not likely to realise made on behalf of companies belonging to S Group.

Items reducing the credit risk

The value of real securities received as counter-guarantees for collaterals given on behalf of the cooperative enterprises was EUR 3.0 million (2014: EUR 3.0 million).

SOK Corporation used credit insurance to reduce the credit risk of trade receivables. The value of the insured trade receivables was 4.8 million, for which the maximum compensation is EUR 3.8 million per insurance period.

In addition, SOK Corporation has received rental guaranty deposits in the form of both bank guaranties and cash to a value of EUR 1.2 million (2014: 1.3 million).

Ageing of loan and trade receivables

EUR million	Note	**2015**	Of which not reduced in value or due at the balance sheet date	Of which not reduced in value at the balance sheet date, but having fallen due in the following periods: 1-30 days	31-90 days	over 90 days	Impairment losses recorded in the financial period
Loan receivables							
due in less than one year	(21)	32.7	32.7				
due in over one year	(17)	48.4	48.4				
Trade receivables							
due in less than one year	(20)	505.5	498.2	5.5	0.7	1.2	
due in over one year	(17)						
Total		**586.7**	**579.3**	**5.5**	**0.7**	**1.2**	

Ageing of loan and trade receivables

EUR million	Note	**2014**	Of which not reduced in value or due at the balance sheet date	Of which not reduced in value at the balance sheet date, but having fallen due in the following periods: 1-30 days	31-90 days	over 90 days	Impairment losses recorded in the financial period
Loan receivables							
due in less than one year	(21)	19.3	19.3				
due in over one year	(17)	73.2	73.2				
Trade receivables							
due in less than one year	(20)	507.5	499.0	5.7	1.0	0.8	
due in over one year	(17)						
Total		**599.9**	**591.4**	**5.7**	**1.0**	**0.8**	

Reconciliation of the credit loss accounts

EUR million	2015	2014
Realised credit losses	0.3	0.4
Returned credit losses	-0.1	-0.1
Closing balance, 31 Dec	**0.3**	**0.3**

Credit losses are due to trade receivables that did not have collateral.

Quality analysis of debt securities

EUR million	Note	**2015** Value	Share of receivables	**2014** Value	Share of receivables
Junior loans	(17)	24.0	100.0 %	16.0	100.0 %
Total		**24.0**	**100.0 %**	**16.0**	**100.0 %**

Debt securities by credit rating [1]

EUR million	Note	**2015** Value	Share of receivables	**2014** Value	Share of receivables
Unclassified, S-Bank	(17)	24.0	100.0 %	16.0	100.0 %
Total		**24.0**	**100.0 %**	**16.0**	**100.0 %**

[1] The S&P rating has primarily been used. If the S&P rating has not been available, a corresponding Moody's or Fitch rating has been used.

Risk concentrations

Geographical distribution of receivables 2015

EUR million	Finland	Nordic countries	Other EU countries	Other countries
Loan receivables	47.5		0.0	0.9
Other receivables	32.7			
Trade receivables	500.3	0.5	3.8	0.9
Other non-interest bearing receivables			0.2	0.7
Cash and cash equivalents	235.5	2.1	9.5	2.8
Other items	7.3			
Total	**823.4**	**2.7**	**13.5**	**5.3**

Geographical distribution of receivables 2014

EUR million	Finland	Nordic countries	Other EU countries	Other countries
Loan receivables	72.8		0.0	0.9
Receivables sold to a finance company	18.7			
Trade receivables	502.0	0.7	3.5	1.3
Cash and cash equivalents	160.0	9.3	3.2	6.3
Other items	25.9			
Total	**779.4**	**10.0**	**6.8**	**8.4**

Risk concentrations are presented in the tables only for SOK Corporation's external items.

LIQUIDITY RISK

Liquidity risk is a risk that the liquid assets and unused credit facilities of SOK and its subsidiaries are not sufficient to meet the operational needs or that arranging the liquidity needed causes high additional expenses.

SOK Corporation's liquidity risk is managed by keeping the cash reserve at a level that secures the Corporation's liquidity in unexpected situations as well. The liquidity risk may be realised in situations, where SOK is subjected to unexpected and direct payment obligations or the payments of SOK's receivables are delayed due to IT system disruptions, for example.

The cash reserve takes into consideration and includes liquid assets tradeable on the secondary market as well as such available bank account funds in Finland or abroad that are available on the same day. In addition to the available funds, unused account limits are also taken into consideration. The targeted size of the cash reserve is one hundred million euros.

SOK endeavours also to minimise liquidity and refinancing risks by maintaining a balanced maturity distribution for its loans.

SOK Corporation has concluded agreements on committed credit facilities to an amount of EUR 120 million (2014: EUR 180 million). The credit facilities have not been secured by collateral. The committed credit facilities will fall due in 2017. The committed credit limit in use in 2014 amounted to an average of EUR 0.0 (0.0) million. In accounting, a loan taken out from long-term credit facilities is handled as a non-current liability. SOK Corporation did not have any debt taken out from committed credit facilities on the balance sheet date.

The terms and conditions SOK's overdraft facilities contain covenants. The financial covenants used in all overdraft facilities agreements are equity ratio and the gross margin / net interest rates key figure. The covenant terms and conditions were not breached in the financial year.

In addition, the SOK Corporation has an EUR 250 million commercial paper programme of which an average of EUR 2.7 (7.8) million was in use.

Maturity analysis of SOK Corporation's agreement-based cash flows from financial liabilities and derivative contracts

EUR million	Note	2015	Agreement-based cash flows (*)	On demand	Less than 3 mon.	3–12 mon.	1–2 yr	2–5 yr	over 5 yr
Non-derivative financial assets									
Supplementary cooperative capital	(24)	12,8	13,3			0,2	0,0	0,1	13,1
Non-current interest-bearing liabilities	(25)								
Trade payables		0,0	0,0				0,0		
Interest-bearing loans to others		1,5	1,5		0,0	0,0	0,0	1,5	
Finance lease liabilities		124,4	125,0				15,4	34,0	75,5
Non-current non-interest-bearing liabilities	(26)								
Cash counting service		23,3	23,3	23,3					
Other non-interest-bearig liabilities		0,9	0,9				0,9		
Current interest-bearing liabilities	(25)								
Interest-bearing loans from others		0,0	0,0			0,0			
Finance lease liabilities		26,4	26,7		4,6	22,1			
Trade payables	(26)	705,2	705,2		699,6	5,7			
Off-balance liabilities									
Nominal value of guarantee liabilities		101,9	101,9	101,9					
Non-derivative financial assets, total		**996.3**	**997.9**	**125.1**	**704.2**	**28.1**	**16.3**	**35.6**	**88.6**
Derivatives liabilities									
Derivatives included in hedge accounting	(22, 26)	0.0	0.0			0.0			
Currency derivatives		0.3	0.2		0.1	0.1			
Interest rate derivatives		0.2	0.2			0.2	0.1		
Commodity derivatives		5.5	3.7		0.2	0.6	0.9	1.9	
Derivatives assets									
Derivatives included in hedge accounting	(20, 22)	0.4	0.1		0.2	-0.0			
Currency derivatives		0.4	0.3		0.2	0.1			
Interest rate derivatives		0.2	0.2			0.2	0.1		
Commodity derivatives		5.5	3.7		0.2	0.6	0.9	1.9	
Net derivatives liabilites, total		**-0.5**	**-0.2**		**-0.3**	**0.1**	**0.0**	**0.0**	
Total		**995.8**	**997.7**	**125.1**	**703.9**	**28.1**	**16.3**	**35.6**	**88.6**

*) Expence on financial liabilities + / return on financial assets +

EUR million	Note	2014	Agreement-based cash flows (*)	On demand	Less than 3 mon.	3–12 mon.	1–2 yr	2–5 yr	over 5 yr
Non-derivative financial assets									
Supplementary cooperative capital	(24)	12.8	13.5			0.2	0.0	0.2	13.0
Non-current interest-bearing liabilities	(25)								
Trade payables		0.0	0.0				0.0		
Interest-bearing loans to others		14.9	15.6			0.0	15.6		
Finance lease liabilities		66.1	76.3				17.2	37.5	21.6
Non-current non-interest-bearing liabilities	(26)								
Cash counting service		25.5	25.5	25.5					
Other non-interest-bearig liabilities		0.2	0.2				0.2		
Current interest-bearing liabilities	(25)								
Interest-bearing loans from others		0.7	0.7		0.6	0.2			
Finance lease liabilities		16.0	19.5		5.0	14.5			
Trade payables	(26)	683.6	683.6		683.3	0.3			
Off-balance liabilities									
Nominal value of guarantee liabilities		149.0	149.0	149.0					
Non-derivative financial assets, total		**968.7**	**983.9**	**174.5**	**688.9**	**15.1**	**33.0**	**37.7**	**34.7**
Derivatives liabilities	(22, 26)								
Derivatives included in hedge accounting		0.0	0.0			0.0			
Currency derivatives		1.7	1.3		1.3	0.0			
Interest rate derivatives		2.6	2.6		0.4	1.2	0.5	0.4	
Commodity derivatives		4.9	4.9			0.9	1.0	3.0	
Derivatives assets	(20, 22)								
Derivatives included in hedge accounting		1.0	1.0		0.8	0.2			
Currency derivatives		18.4	16.1		10.5	5.7			
Interest rate derivatives		1.4	1.4		0.4	1.0	0.0	0.0	
Commodity derivatives		4.9	4.9			0.9	1.0	3.0	
Net derivatives liabilites, total		**-16.6**	**-14.7**	**0.0**	**-9.9**	**-5.7**	**0.5**	**0.4**	**0.0**
Total		**952.1**	**969.2**	**174.5**	**679.0**	**9.4**	**33.5**	**38.1**	**34.7**

*) Expence on financial liabilities + / return on financial assets +

All the instruments in effect on 31 December 2014 and their agreement-based principal amounts and interest are given in the table. Items in foreign currency have been translated into euro, applying the ECB fixing rate on the balance sheet date. Floating-rate interest payments on financial liabilities have been defined applying the sufficient yield curve quotations at the balance sheet date. Financial liabilities for which repayment can be claimed before the due date have been presented in a period during which repayment can be made at the earliest.

For derivatives, the net cash flows of each agreement have been presented in the table. For interest rate swaps, the net cash flows of each agreement are shown. Future floating-rate cash flows have been defined applying the quotations at the balance sheet date. For currency derivatives, the net cash flows of each agreement have been presented. The cash flows presented for electricity derivatives are the fair value at the balance sheet date in the maturity corresponding to the due date.

Supplementary Cooperative Capital

Supplementary cooperative capital is a cooperative enterprise's voluntary investment in the cooperative enterprise. Of the aggregate amount of supplementary cooperative contributions corresponding to the supplementary cooperative shares issued, the amount paid to the cooperative enterprise at any given time constitutes the supplementary cooperative capital. The cooperative enterprise has the right to reduce the number of its additional cooperative shares by notifying the Executive Board of the cooperative enterprise thereof in writing. The reduction in the supplementary cooperative shares and the refund of the supplementary cooperative contributions corresponding to them is carried out in accordance with the provisions of the Cooperatives Act and in the manner and subject to the terms of SOK's statutes.

The supplementary cooperative capital contribution is refunded to the cooperative enterprise at a time decided by the Executive Board of the cooperative enterprise, which can be no earlier than six months after the close of the financial period during which a demand for reduction in the supplementary cooperative shares and refund of the supplementary contributions has been presented to the cooperative society and no later than within five years and six months of such demand, counting from the beginning of the next calendar year. The equity to be used for the refund and the amount of the supplementary cooperative contribution to be returned are calculated on the basis of the financial statements to be prepared for the financial period preceding the date of the refund, in accordance with the provisions of the Cooperatives Act.

INTEREST RATE RISK

The interest rate risk means an uncertainty in SOK Corporation's cash flow, result and balance sheet caused by changes in market rates. In principle, the interest rate risk is minimised when the average interest rate tying period of SOK Corporation's interest-bearing items neutralises the sensitivity of the operational activities to the changes in the interest rates.

SOK Corporation's goal in the management of the interest rate risk is to reduce or eliminate the negative effect of the change in market rates on the Corporation's cash flows, result and balance sheet, nevertheless taking the costs of hedging into account.

SOK Finance is in charge of the management of SOK Corporation's interest rate risk in a centralised manner. SOK Corporation's interest rate risk is monitored through the ALM cost centre, which depicts the entire Group's interest rate risk. ALM's interest rate risk position is the net of the Corporation's external and internal interest instruments.

The interest rate risk of SOK Corporation's subsidiaries is managed by financing investments and operational activities in a manner that minimises the interest rate risk of the business operations. When determining the interest rate tying period of the Corporation's internal loans, the repayment and depreciation periods of the investments are taken into consideration. The interest rate tying period is adjusted to match the investment or operational activity by using the Corporation's internal interest derivatives, if needed.

A linear change of one percentage point in market rates must not cause an increase in the net financial expenses that would exceed one per cent of the planned gross margin in euro for each year. The ALM interest rate risk position is monitored over a five-year planning period, and the target of the aforementioned indicator must be met during the first three years of the planning period.

Interest rate sensitivity analysis

The table shows the interest rate sensitivity of SOK Corporation's interest-bearing net liabilities as well as derivatives receivables and liabilities. The effect of a one percentage point change in the interest rate on SOK Corporation's income statement and equity on the balance sheet date is presented as sensitivity. Other variables are assumed to remain constant.

The effect on the income statement and equity is shown without the effect of taxes.

		Position		Effect on the income statement		Effect on equity	
2015		exposed		1 percentage	1 percentage	1 percentage	1 percentage
EUR million	Note	to risk	Duration	point rise	point fall	point rise	point fall
Interest-bearing receivables	(17, 21)						
EUR		111.1	0.2	2.0	-2.0		
Derivatives assets and liabilities	(20, 26)						
EUR		-36.9	0.2	0.1	-0.1	0.0	0.0
USD		30.7	0.2	-0.1	0.1		
RUB		0.1	0.0	-0.0	0.0		
Other currencies		4.0	0.1	-0.0	0.0		
Interest-bearing liabilities	(25)						
EUR		1.5	0.0	-0.0	0.0		
Total		**110.5**		**2.0**	**-2.0**	**0.0**	**0.0**

2014 EUR million	Note	Position exposed to risk	Duration	Effect on the income statement 1 percentage point rise	 1 percentage point fall	Effect on equity 1 percentage point rise	 1 percentage point fall
Interest-bearing receivables	(17, 21)						
EUR		35.3	0.3	0.2	-0.2		
Derivatives assets and liabilities	(20, 26)						
EUR		49.7	0.7	-0.1	0.1	0.6	-0.6
USD		22.8	0.0	-0.0	0.0		
RUB		12.0	0.5	0.1	-0.1		
Other currencies		11.5	0.2	-0.0	0.0		
Interest-bearing liabilities	(25)						
EUR		16.0	0.5	-0.1	0.1		
Total		**147.4**		**0.1**	**-0.1**	**0.6**	**-0.6**

The interest rate sensitivity of derivative assets and liabilities is reported as an impact of one percentage point change in the interest rate on the fair value of the derivative. The interest rate sensitivity of short-term investments measured at fair value is reported as the impact of one percentage point change in the interest rate on the fair value and interest cash flows during the next 12 months. The interest rate sensitivity of other interest-bearing receivables and liabilities is reported as the impact of one percentage point change in the interest rate on the interest cash flows during the next 12 months. The calculation assumes that the balance sheet amount will remain the same for the next 12 months.

Cash flow hedging is applied to the interest rate risk of derivatives affecting equity.

The time until the next re-pricing in years is given as the duration.

Interest cash flow risk and hedge accounting

SOK Corporation applies hedge accounting to derivatives hedging highly probable future purchases. The hedge accounting model used is cash flow hedge. The purpose of hedge accounting is to hedge against the currency risk in currency-denominated purchases.

Hedge accounting is applied to derivatives which are effective for the risk being hedged and meet the conditions set for hedge accounting in the IAS 39 standard. For hedging is used only forward exchange contracts. The hedging relationship between the hedging derivative and the hedged item as well as the risk management objectives related to hedging are documented when the hedging begins.

The efficiency of the hedge is assessed at the beginning of the hedging relationship and during the hedge so that the hedge is extremely efficient throughout. A hedge is considered efficient when the change in the cash flows of the hedge instrument eliminates 80 to 125% of the change in the cash flows of the hedged agreement or position.

The efficient portion of hedging is recognised in the fair value reserve.

Fair values of the electricity derivatives used as hedge instruments

EUR million	2015	2014
Derivatives liabilities		
Forward exchange contracts	0.0	0.0
Total	**0.0**	**0.0**
Derivatives receivables		
Forward exchange contracts	0.4	1.1
Total	**0.4**	**1.1**

In interest rate and currency swaps, hedge accounting is only applied to the interest cash flow risk of the derivative. Gains and losses from currency risks are recognised directly in the income statement.

Changes recognised in Group equity from cash flow hedge

EUR million	2015	2014
Opening balance, 1 Jan	1.0	1.1
Profits and losses from valuing at fair value	0.4	1.0
Amount included in the income statement	-1.0	-1.1
Closing balance, 31 Dec	**0.4**	**1.0**

Items recognised in equity are shown without the effect of taxes.
Changes in value recognised in equity are recognised in the income statement in the period during which the hedged cash flows are recognised in the income statement, the derivative matures or the hedge accounting prerequisites are no longer met.

CURRENCY RISK

SOK Corporation's revenue still comes mainly from Finland.
A currency risk means an uncertainty in SOK Corporation's cash flow, result and balance sheet caused by changes in exchange rates. The size of SOK Corporation's and its subsidiaries' currency risk is viewed by currency. The objective is to minimise the uncertainty caused by the currency risk of an open position, nevertheless taking the hedging costs into account.

SOK Finance is in charge of the management of SOK Corporation's currency risk in a centralised manner. SOK Corporation's currency risk is monitored through the ALM cost centre, which depicts the entire Group's currency risk. ALM position risk may not exceed EUR 10 million when the exchange rate changes by 10 per cent. The SOK unit or subsidiary entering into an agreement is responsible for the transaction risks. Significant transaction risks are primarily hedged with the derivatives.

Subsidiaries' currency risk is reduced by financing the operations of the companies in the same currency as the application of funds as well as by means of derivatives. The translation risk associated with the invested equity financing in foreign subsidiaries is reduced by hedging the capitals to the extent that a 20 per cent exchange rate changes would cause a decline of more than 1.0 percentage points in SOK Corporation's equity ratio. The same applies to the holding which the companies plan to return to Finland after more than four years. The holding which the companies plan to return to Finland during the next four years is considered in full.

Currency sensitivity analysis
The currency sensitivity analysis shows the effect on SOK Corporation's profit/loss or equity of a 10% appreciation of depreciation in the euro against other currencies. Other variables are asssumed to remain constant.

The calculation includes the amount of equity in SOK's foreign subsidiaries. Its conversion into euro will have an impact on equity. The effect on the income statement and equity is shown without the effect of taxes.

2015		Effect on the income statement	
EUR million	Position exposed to risk	Appreciation of the euro, 10%	Depreciation of the euro, 10%
USD	28.6	-2.9	2.9
RUB	-12.9	1.3	-1.3
Other currencies	7.3	-0.7	0.7
Total	**23.0**	**-2.3**	**2.3**

2015		Effect on equity	
EUR million	Position exposed to risk	Appreciation of the euro, 10%	Depreciation of the euro, 10%
RUB	44.4	-4.4	4.4
Total	**44.4**	**-4.4**	**4.4**

Hedge accounting is not applied to currency derivatives hedging SOK Corporation's equity investments.

2014		Effect on the income statement	
EUR million	Position exposed to risk	Appreciation of the euro, 10%	Depreciation of the euro, 10%
USD	21.8	-2.2	2.2
LVL	11.0	-1.1	1.1
RUB	-7.6	0.8	-0.8
Other currencies	10.1	-1.0	1.0
Total	**35.3**	**-3.5**	**3.5**

2014		Effect on equity	
EUR million	Position exposed to risk	Appreciation of the euro, 10%	Depreciation of the euro, 10%
LVL	4.8	-0.5	0.5
RUB	25.0	-2.5	2.5
Total	**29.8**	**-3.0**	**3.0**

31. Related party transactions

SOK Corporation's related parties include the subsidiaries, joint ventures, the associated companies, CEO and his deputy, SOK's Corporate Management Team, SOK's Executive Board and Supervisory Board and their family members. SOK Corporation is maintaining related parties register. Regional cooperatives are not included in to SOK Corporation's related parties by the standard IAS 24 Related Party Disclosures.

Paid Management employee benefit expenses	2015	2014
CEO and SOK's Corporate Management Team salaries and remuneration	2.1	3.2
SOK's Executive Board and Supervisory Board salaries and remuneration	0.3	0.3
CEO and SOK's Corporate Management Team supplementary pension costs	0.9	1.0
Total	**3.3**	**4.5**

Management's pension commitments: SOK's Chief Executive Officer, members of the executive board in an emplyment relationship and the Corporate Management Team as well as other management, which complies with the criteria of pension policy are entitled to an additional pension insurance, where the retirement age is 60-63 years.

Related-party loans to the subsidiaries, joint ventures as well as associates have been granted for financing normal business operations. Loans have not been granted to the management of SOK Corporation's related parties in 2014-2015. Nor have conditional items or other commitments been granted on the behalf of key employees. Persons belonging to management, including their related parties, are not in a material business relationship with SOK Corporation.

Transactions and balances with associated companies and joint ventures:

EUR million	**2015**	**2014**
Sales	20.2	17.5
Purchases	338.5	340.2
Financial income and expenses	0.8	0.4
Trade and other receivables	1.1	1.9
Loan receivables	37.5	57.5
Trade payables and other liabilities	10.7	30.1

32. Contingent liabilities

EUR million	**2015**	**2014**
Pledges given and contingent liabilities		
Other liabilities		
Pledges	0.1	0.1
Guarantees	4.0	4.6
Total	**4.1**	**4.7**
Security given on behalf of others		
Guarantees for liabilities of joint ventures enterprises	69.4	109.3
Guarantees for liabilities of cooperative enterprises	7.4	7.4
Total	**76.8**	**116.6**
Other contingent liabilities		
Guarantees for liabilities of joint ventures enterprises	21.0	26.2
Financial guarantees on partner enterprises' liabilities		1.4
Guarantees for liabilities of cooperative enterprises	0.1	0.1
Total	**21.1**	**27.7**
Other liabilities		
Letter of credit liabilities	0.5	
Repurchase liabilities [1)]	33.9	36.2
Underwriting [2)]	10.4	10.4
Other liabilities [3)]	9.8	
Total	**54.1**	**46.6**

[1)] Repurchase liabilities consist of an obligation to purchase the targets of the property fund which invests in the Prisma stores in St. Petersburg and the Baltic countries, at the amount of the fund's remaining liabilities. SOK's ownership share in the property fund company is 20 per cent.

[2)] The underwriting obligation consists of an obligation to invest capital inputs in the property fund which invests in the Prisma stores in St. Petersburg and the Baltic countries.

[3)] Estimated cost of exercising a purchase option on a real estate which SOK has committed into using. The purchase option belongs to a hotel property in which SOK is a tenant.

The guarantees granted consist mainly of the guarantees on behalf of joint venture North European Oil Trade Oy on a loan and other liabilities of EUR 39.9 million (EUR 65.4 million 31 December 2014) and of the guarantees on behalf of joint venture Kauppakeskus Mylly Oy on a loan of EUR 50.0 million (EUR 50.0 million 31 December 2014).

In addition, SOK has given letters of comfort for the guarantees granted by SOK-Takaus Oy. The amount of the letters of comfort is EUR 71.9 million on 31 December 2015 (EUR 78.0 million on 31 December 2014).

Other financial liabilities:
The Group is obligated to audit valued added tax depreciations it has made on a property investment if the taxable use of the property decreases during the auditing period. The maximum amount of the responsibility is EUR 6.5 million (EUR 6.8 million on 31 December 2014).

Other contingent liabilities:
Commitments in accordance with the shareholder agreement to be responsible for the S-Voima Oy commitments and to finance its operations.

In accordance with the so-called Mankala principle, the shareholders are responsible for S-Voima Oy's commitments. This principle states that the liability for the company's variable costs is determined based on the energy the shareholder uses. The liability for the company's fixed costs, also including loan repayments and interests as well as depreciations, is distributed in proportion to the share series owned by the shareholder.
The company's series A shares are related to the acquisition of market electricity; series B and B1 shares to the acquisition of wind power electricity; and series C shares to the acquisition of nuclear power electricity in which S Group has decided not to participate.

Furthermore, the shareholders of S-Voima Oy have also agreed in the shareholder agreement on a mutual obligation to finance the company's investments in production companies through equity, in which case the liability will by default be distributed by share series in the proportion of shareholding.There are not left liabilities based on equity financing in decisions already made (EUR 0.9 million 31 DEC 2014). It is estimated that liabilities financing by the company's shareholders is not needed.

Additionally SOK has pledged to provide loan funding. SOK has at year end 2014 the following open commitments: To provide EUR 60.0 million (EUR 60.0 million 31 Dec 2014) shareholder loan to S-ryhmän logistiikkakeskukset Oy, to provide EUR 5.0 million (EUR 5.0 million 31 Dec 2014) conditional subordinated loan to North European Oil Trade Oy and EUR 3.5 million (EUR 0.5 million 31 Dec 2014) subordinated loan to North European Bio Tech Oy.

33. Subsidiaries and associated companies

Companies owned by SOK Corporation and SOK 31.12.2015

	Country	SOK Corporation´s shareholding %	SOK Corporation´s voting rates %	SOK´s shareholding %
Group companies				
Commercial				
A/S Prisma Latvija	Latvia	100	100	
AS Sokotel	Estonia	100	100	
Inex Partners Oy	Finland	100	100	100
Inex Export Oy	Finland	100	100	100
Jollas-Opisto Oy	Finland	100	100	100
Meira Nova Oy	Finland	100	100	100
OOO Itis 2	Russia	100	100	
OOO SOK Service Center RUS	Russia	100	100	
OOO Otel Plus	Russia	100	100	
OOO Prisma	Russia	100	100	
OOO Sokotel	Russia	100	100	
Prisma Peremarket AS	Estonia	100	100	
RB Int Oy	Finland	100	100	100
Rekla Oy	Finland	100	100	100
SOK-Liiketoiminta Oy	Finland	100	100	100
Sokotel Oy	Finland	100	100	
SOK Autokauppa Oy	Finland	100	100	
SOK Fashion Retail Oy	Finland	51	51	51
SOK Fund Management Oy	Finland	100	100	100
SOK Real Estate Int Oy	Finland	100	100	99
SOK Retail Int Oy	Finland	100	100	
SOK-Takaus Oy	Finland	100	100	100
Suomen Spar Oy	Finland	100	100	100
S-Business Oy	Finland	100	100	100
S-Verkkopalvelut Oy	Finland	61	61	61
S-Yrityspalvelu Oy	Finland	100	100	100
UAB Prisma LT	Lithuania	100	100	
UAB Viršuliškių Prekybos Centras	Lithuania	100	100	100
Commercial, 28 companies				
Real-estate companies, 18 companies				
Total Group companies, 46 companies				
Group companies OOO Real Estate 1 and OOO Real Estate 2 were merged to OOO Otel Plus in April.				
Joint ventures				
Kauppakeskus Mylly Oy	Finland	50	50	50
Kiinteistö Oy Kuloisten Kauppakeskus	Finland	50	50	
North European BioTech Oy	Finland	50	50	50
North European Oil Trade Oy	Finland	51	51	51
Joint ventures, 4 companies				
Associated companies				
Asunto Oy Kauniaisten Kirkkomäki	Finland	39	39	39
Coop Trading A/S	Denmark	25	25	25
Finnfrost Oy	Finland	50	50	
Keskuskorttelin Huolto Oy	Finland	32	32	32
S-Pankki Oy	Finland	38	38	38
S-Asiakaspalvelu Oy	Finland	38	38	
Kiinteistö Oy Lempäälän Terminaali	Finland	38	38	
Kiinteistö Oy Limingan terminaali	Finland	38	38	
FIM Oyj	Finland	19	19	
FIM Pankki	Finland	19	19	
FIM Kiinteistö Oy	Finland	15	15	
FIM varainhoito Oy	Finland	19	19	
Russian and Baltics Retail Properties Ky	Finland	20	20	20
Total associated companies, 13 companies				

34. Events after the balance sheet date

The Group does not have any essential events after the balance sheet date

SOK Corporation Key Ratios 2011–2015

SOK Corporation continuing operations	IFRS 2015	IFRS 2014	IFRS 2013	IFRS 2012	IFRS 2011
Revenue, EUR million	**7 038.4**	7 285.5	7 317.3	10 634.0	11 280.2
Operating profit, EUR million	**11.1**	43.1	-7.9	-7.2	18.8
% of revenue	**0.2**	0.6	-0.1	-0.1	0.2
Profit/loss before taxes, EUR million	**9.4**	39.7	0.0	-27.1	19.5
% of revenue	**0.1**	0.5	0.0	-0.3	0.2
SOK Corporation *)					
Return on equity, %	**0.1**	5.5	0.8	-3.9	2.0
Return on investment, %	**2.5**	11.2	3.0	-0.1	3.2
Equity ratio, %	**37.0**	38.3	36.3	29.3	26.7
Gross investments in fixed assets, EUR million	**48.2**	68.6	99.7	124.4	105.5
% of revenue	**0.7**	0.9	1.4	1.2	0.9
Gearing, %	**-12.9**	-11.3	0.7	41.7	34.1
The average number of the personnel during the financial year	**8 287**	9 203	9 819	10 447	9 920
Converted to full-time personnel	**7 778**	8 232	9 099	9 572	8 732
Non-interest-bearing liabilities, EUR million	**847.3**	847.2	860.4	821.3	1 233.7

* The key indicators contain both discontinued and continuing operations

CALCULATION OF KEY RATIOS

Return on equity, % = $\frac{\text{Profit/loss after financial items - income taxes}}{\text{Equity, average}}$ x 100 %

Return on investment, % = $\frac{\text{Profit/loss after financial items + interest and other financial expenses}}{\text{Total assets - non-interest-bearing liabilities - provisions, average}}$ x 100 %

Equity ratio, % = $\frac{\text{Total equity}}{\text{Total assets - advances received}}$ x 100 %

Gross investment in fixed assets = Acquisition costs of subsidiary shares and other fixed assets

Gearing, % = $\frac{\text{Interest-bearing liabilities - Cash and cash equivalents}}{\text{Total equity}}$ x 100 %

The average number of the personnel during the financial year

The average number of personnel and the number converted to full-time equivalents has been calculated as the average number of personnel at the end of each quarter.

Parent Cooperative's Financial Statement, FAS

Income statement of SOK, FAS

EUR million	Note	1.1. - 31.12.2015		1.1. - 31.12.2014	
Net turnover			**6 167,7**		6 327,2
Other operating income	(1)		**13.6**		0.5
Materials and services					
Raw materials and consumables	(2)	**5 585.5**		5 725.0	
External services		**294.6**	**5 880.1**	308.1	6 033.2
Personnel costs	(3)				
Salaries and remuneration		**75.6**		82.4	
Other personnel costs		**18.7**	**94.2**	20.1	102.5
Depreciation and impairment	(4)		**14.6**		16.7
Other operating expenses					
Facilities rent		**25.1**		23.4	
Other expenses	(5)	**137.5**	**162.6**	134.1	157.5
Operating profit			**29.8**		17.9
Financial income and expenses (+/-)	(8)		**18.2**		6.0
Profit before extraordinary items			**47.9**		23.9
Extraordinary items (+/-)	(9)		**-3.1**		-11.4
Profit before appropriations and taxes			**44.8**		12.5
Appropriations (+/-)	(10)		**-0.0**		-0.3
Income taxes (+/-)	(11)		**-3.6**		-0.0
Profit for the financial year			**41.2**		12.2

Balance sheet of SOK, FAS

ASSETS EUR million	Note	**31.12.2015**		31.12.2014	
NON-CURRENT ASSETS					
Intangible assets	(12)	**38.2**		38.7	
Tangible assets	(13)	**3.5**		5.9	
Shares in Group companies	(14)	**372.6**		372.1	
Other investments	(14)	**428.8**	**843.1**	433.7	850.3
CURRENT ASSETS					
Inventories	(15)	**114.2**		116.4	
Long-term receivables	(16)	**2.1**		2.3	
Short-term receivables	(17)	**525.4**		552.6	
Cash in hand and at bank		**184.6**	**826.3**	126.5	797.7
			1 669.4		1 648.1
LIABILITIES EUR million					
CAPITAL AND RESERVES	(18)				
Cooperative capital		**172.0**		169.4	
Supplementary cooperative capital		**12.8**		12.8	
Fair value reserve		**0.5**		1.5	
Legal reserve		**18.5**		18.5	
Supervisory Board's disposal fund		**0.0**		0.0	
Profit for the previous financial years		**525.6**		513.6	
Profit for the financial year		**41.2**	**770.5**	12.2	727.9
ACCUMULATED APPROPRIATIONS	(19)		**4.8**		4.8
PROVISIONS	(20)		**11.9**		14.6
LIABILITIES					
Long-term liabilities	(21)	**0.7**		0.2	
Short-term liabilities	(22)	**881.5**	**882.2**	900.6	900.8
			1 669.4		1 648.1

Cash flow statement of SOK, FAS

EUR million	Note	1.1.–31.12.2015	1.1.–31.12.2014
BUSINESS OPERATIONS			
Operating profit		29.8	17.9
Adjustments to operating profit	(1)	-2.0	14.4
Change in working capital	(2)	31.7	64.0
Cash flow from business operations before financing and taxes		59.4	96.3
Interest paid and other financial expenses		-23.9	-33.7
Interest received and other financial income		31.0	37.1
Dividends received from business operations		10.0	
Direct taxes paid		-0.0	-0.0
Cash flow from business operations		**76.5**	**99.8**
CASH FLOW FROM INVESTMENTS			
Acquisition of fixed assets		-13.0	-22.3
Acquisition of shares		-22.1	-29.9
Sale of fixed assets		1.6	7.3
Sale of shares		22.4	4.7
Loans issued		16.5	41.3
Dividends received from investments		0.7	6.0
Cash flow from investments		**6.2**	**7.2**
FINANCING			
Decrease in long-term loans			-20.2
Increase (+) / decrease (-) in short-term creditors		-15.6	-37.4
Increase in cooperative capital and supplementary cooperative capital		2.6	6.0
Interest paid on the cooperative capital and supplementary cooperative capital		-0.2	-0.2
Other decrease in capital and reserves		-0.0	-0.0
Group contributions received/paid		-11.4	-2.9
Cash flow from financing		-24.6	-54.8
Increase (+) / decrease (-) in cash and cash equivalents		58.1	52.2
Cash and cash equivalents at the beginning of the year		126.5	74.2
Cash and cash equivalents at the end of the year		184.6	126.5
Adjustments to operating profit	(1)		
Gains (-) and losses (+) from the sale of fixed assets		-13.3	-0.3
Depreciation and value adjustments		14.8	16.7
Income and expenses which do not involve payment		-3.5	-2.1
		-2.0	14.4
Change in working capital	(2)		
Change in trade receivables		6.0	114.6
Change in inventories		2.2	12.9
Change in short-term interest-free creditors		23.5	-63.5
		31.7	64.0

The change in cash and cash equivalents differs from the change in cash and cash equivalents calculated from the change in the balance sheet such that measurement gains and losses due to the measurement at fair value of marketable securities have been eliminated from the change in cash and cash equivalents in the cash flow statement.

Notes to SOK's financial statements

Accounting policies

SOK Corporation's financial statements have been prepared in the manner required by the Finnish legislation regulating the preparation of financial statements.

Change of presentation in the income statement

All fuel purchases from SOK's joint venture North European Oil Trade Oy are transferred immediately to the cooperatives; therefore, all SOK's fuel purchases from North European Oil Trade Oy and its corresponding sales to cooperatives have been treated as intermediate sales since the beginning of 2014. The 2013 income statement has been adjusted for comparability by transferring EUR 1,222 million of net sales to sales adjustment. This change in the accounting principles had no effect on the result.

Foreign currency transactions and derivative contracts

Transactions in foreign currency are recognised at the exchange rate on the transaction date. Foreign currency denominated receivables and liabilities outstanding at the end of the financial period are translated into euro at the exchange rate quoted by the European Central Bank on the closing day of the financial period and the exchange rate differences are recognised through profit and loss.

Exchange rate differences arising from the translation of trade receivables are recognised in revenue, and exchange differences arising from the translation of trade payables are recognised in expenses. The exchange gains and losses of receivables belonging to other financial items in the balance sheet are recognised in financial income and, correspondingly, those belonging to other liabilities, in financial expenses.

Derivative contracts are taken out primarily for hedging but, with the exception of purchases of consumer goods trade protections, the hedge accounting is not applied to them. In accounting, all derivatives, except those included in hedging, have been measured at fair value and changes in the value have been recognised through profit and loss.

Hedge accounting is applied to some of the currency derivatives used for hedging goods purchases. In these, only the exchange rate risk is being hedged. The hedge accounting model used is cash flow hedging. The effective portion of the change caused by a change in exchange rates in the value of the hedging derivative used for hedge accounting is recognised in full in the shareholders' equity fair value reserve.

Realised and non-realised gains and losses from derivative contracts made in order to hedge sales and trade receivables are recognised in sales income. Realised and non-realised gains and losses from derivative contracts made in order to hedge other receivables are recognised in financial income. Realised and non-realised gains and losses from derivative contracts made in order to hedge purchases and trade payables are recognised in purchases.

Bank cash pool systems

For SOK's subsidiaries, the funds in accounts within cash pool systems are included under 'Cash in hand and at bank' and as other current receivables from Group companies or as other current liabilities to Group companies in SOK's reporting.

Revenue and sales recognition principle

Sales are recognised when the goods produced are relinquished. When calculating the operating profit, the discounts given, value added tax and exchange rate differences in sales have been deducted from sales gains.

Other operating income

Sales gains on non-current assets, capital gains on divestment and generally regular gains generated by the operations, other than those related to the actual sales of goods and services, are recognised in other operating income.

Lease payments

In the income statement, lease payments of facilities are presented in facilities rent, and other lease payments are presented in other operating income.

Future expenses and losses

Future expenses and losses which have been committed to or which are likely to materialise have been recognised as expense in the appropriate expense item according to their nature. In the balance sheet, these cost provisions have been presented as mandatory provisions or deferred income, if their accurate amount and materialisation date is known.
Extraordinary items

Such income and expenses that are based on events which deviate from the regular activities are non-recurring and material, such as Group contributions and significant items related to acquisitions, are presented in extraordinary items.

Income taxes

Income taxes include current taxes for the financial period and corrections to taxes for previous periods.

The income statement and balance sheet of SOK do not include deferred tax liability or receivable, but material deferred tax liabilities or receivables have been presented in the itemisation of taxes in the Notes.

Non-current assets and depreciations

Non-current assets have been measured at the acquisition cost according to the variable costs incurred by the acquisition less depreciation according to plan.

Depreciation according to plan has been calculated in accordance with the predefined depreciation plan as straight-line depreciation of the original acquisition cost of the non-current asset. Depreciation has been calculated from the beginning of the month after the asset was placed in use. Depreciation periods are based on estimated economic lives. Revaluations are not included in the balance sheet values of non-current assets.

Depreciation periods according to plan are:	Years
Buildings	20 to 35
Lightweight structures and equipment in buildings	5 to 15
Machinery and equipment	3 to 10
Motor vehicles and servers	3 to 5
Other tangible and intangible assets	within the limits allowed by Business Taxation Act

The change in the depreciation difference is presented under Appropriations in the income statement. The accumulated depreciation difference is presented under Accumulated appropriations in the balance sheet.

Shares and participations belonging to investments of non-current assets are measured at fair value in compliance with the alternative method permitted under the Accounting Act, Section 5, Article 2a, if the fair value can be reliably determined.

Current assets

Financial instruments have been measured at fair value in compliance with the alternative method permitted under the Accounting Act, Section 5, Article 2a. Financial instruments are classified as financial assets or liabilities measured at fair value through profit and loss, available-for-sale financial assets, financial assets held to maturity (in 2013–2014 there were no financial assets held to maturity), loans and receivables and other financial liabilities. A change in the fair value of financial assets and liabilities measured at fair value through profit and loss is recognised in the income statement. The change in the fair value of available-for-sale financial assets is recognised in fair value reserve under shareholders' equity. However, a potential impairment is recognised immediately through profit and loss and the fair value reserve is also adjusted. Financial assets held to maturity, loans and receivables as well as other financial liabilities are measured at amortised acquisition cost using the effective interest method. Any impairment loss is recognised through profit and loss and the accrual of interest is continued on the lowered balance at the original effective interest rate of the contract.

Inventories are recognised on the balance sheet using the weighted average cost method at either the amount of the variable costs of the purchase or reacquisition cost or the probable selling price, whichever has the lowest value.

EUR million	**2015**	2014
1. Other operating income		
Profits on sale of fixed assets	**13.5**	0.4
Other operating income	**0.1**	0.1
Total	**13.6**	0.5
2. Raw materials and consumables		
Purchases during the financial year	**5583.3**	5712.1
Change in inventories (+/-)	**2.2**	12.9
Total	**5585.5**	5725.0
3. Personnel costs		
Salaries and remuneration	**75.6**	82.4
Pension costs	**14.6**	15.1
Other personnel expenses	**4.1**	5.0
Total	**94.2**	102.5
Average number of personnel	**1357**	1489

The average number of personnel has been calculated as the average number of personnel at the end of each quarter.

Paid salaries and remuneration:		
CEO and members of the Executive Board	**0.8**	0.7
Members of the Supervisory Board	**0.2**	0.2

Management pension liabilities:
Management's pension commitments: SOK's Chief Executive Officer and the Corporate Management Team are entitled to retire at the age of 60–63.

4. Depreciation and impairment		
Depreciation according to plan	**11.2**	11.4
Impairment	**3.4**	5.3
Total	**14.6**	16.7

The itemised specifications of the change in depreciation and accelerated depreciation are included under fixed assets and accumulated appropriations in the notes to the balance sheet.

5. Other operating expenses		
Voluntary indirect employee expenses	**2.3**	2.2
Property, equipment and supplies expenses	**119.3**	112.9
Marketing, administration and other operating expenses	**15.9**	19.1
Total	**137.5**	134.1

Rents for business premises are presented as a separate item in the income statement.

6. Auditor's fees		
Audit expenses KPMG Oy Ab	**0.2**	0.2
Tax consulting	**0.0**	0.0
Other services	**0.1**	0.0
Total	**0.4**	0.3

EUR million	2015	2014
7. Increase (-) / decrease (+) in provisions for liabilities and charges		
Increases related to partially vacant premises	**-0.4**	-1.2
Decreases related to partially vacant premises	**2.8**	6.1
Other mandatory provisions increases	**-0.3**	-0.5
Other mandatory provisions decreases	**0.6**	0.3
Total	**2.7**	4.7
8. Financial income and expenses		
Dividend income from group companies	**10.0**	
Dividend yield from others and interest on cooperative capital	**0.7**	6.0
Dividend yield and interest on cooperative capital from investments in non-current assets, total	**10.7**	6.0
Interest income from other non-current assets		
From group companies	**5.2**	5.9
From others	**1.6**	1.2
Other interest and financial income		
From group companies	**2.2**	6.8
From others	**3.1**	24.1
Total interest and financial income	**12.1**	37.9
Impairment decrease and increase from investments in non-current assets	**-0.1**	
Interest and other financial expenses		
To group companies	**1.7**	30.0
To others	**2.8**	7.9
Total interest and other financial expenses	**4.5**	37.9
Total financial income and expenses	**18.2**	6.0
9. Extraordinary items		
Extraordinary income		
Group contributions received	**13.9**	14.9
Total	**13.9**	14.9
Extraordinary expenses		
Group contributions given	**17.0**	26.3
Total	**17.0**	26.3
Total extraordinary items	**-3.1**	-11.4
10. Appropriations		
Increase (-) / decrease (+) in accelerated depreciation	**0.0**	-0.3

EUR million	2015	2014
11. Income taxes		
Income taxes on ordinary operations for the financial year (+/-)	**4.2**	2.3
Income taxes for the previous financial years (+/-)	**0.0**	0.0
Income taxes on extraordinary items for the financial year (+/-)	**-0.6**	-2.3
Total	**3.6**	0.0
Deferred tax liabilities	**1.6**	2.1

NOTES CONCERNING ASSETS IN THE BALANCE SHEET

Intangible and tangible assets

12. Intangible assets		
Intangible rights		
Acquisition cost at 1 Jan	**40.5**	37.7
Increases	**2.0**	4.6
Decreases	**-0.1**	-22.2
Transfers	**13.7**	20.3
Acquisition cost at 31 Dec	**56.1**	40.5
Accumulated depreciation at 1 Jan	**23.2**	24.2
Accumulated depreciation on decreases and transfers	**-0.1**	-14.8
Depreciation for the financial year	**8.1**	8.4
Impairment	**3.2**	5.3
Accumulated amortisation at 31 Dec	**34.4**	23.2
Book value at 31 Dec	**21.7**	17.3
Other long-term expenditure		
Acquisition cost at 1 Jan	**16.6**	16.3
Increases	**0.4**	0.3
Decreases	**-0.1**	
Transfers	**0.1**	
Acquisition cost at 31 Dec	**17.0**	16.6
Accumulated depreciation at 1 Jan	**6.7**	5.4
Accumulated depreciation on decreases and transfers	**-0.1**	
Depreciation for the financial year	**1.5**	1.3
Accumulated amortisation at 31 Dec	**8.1**	6.7
Book value at 31 Dec	**8.9**	9.9
Advance payments of intangible assets		
Acquisition cost at 1 Jan	**11.4**	15.1
Increases	**9.8**	16.6
Transfers	**-13.8**	-20.3
Book value at 31 Dec	**7.5**	11.4
Intangible assets total	**38.2**	38.7

EUR million	2015	2014
13. Property, plant and equipment		
Land and water areas		
Acquisition cost at 1 Jan	**2.3**	2.3
Decreases	**-1.2**	0.0
Acquisition cost at 31 Dec	**1.1**	2.3
Accumulated impairment at 1 Jan	**0.1**	0.1
Impairment	**0.1**	
Accumulated impairment at 31 Dec	**0.2**	0.1
Book value at 31 Dec	**0.9**	2.2
Buildings and structures		
Acquisition cost at 1 Jan	**6.6**	6.7
Decreases	**-0.8**	-0.2
Acquisition cost at 31 Dec	**5.8**	6.6
Accumulated depreciation at 1 Jan	**6.0**	6.0
Accumulated depreciation on decreases and transfers	**-0.8**	-0.2
Depreciation for the financial year	**0.1**	0.2
Impairment	**0.1**	
Accumulated depreciation at 31 Dec	**5.4**	6.0
Book value at 31 Dec	**0.4**	0.6
Machinery and equipment		
Acquisition cost at 1 Jan	**6.3**	9.3
Increases	**0.7**	0.7
Decreases	**-0.2**	-3.6
Acquisition cost at 31 Dec	**6.8**	6.3
Accumulated depreciation at 1 Jan	**3.9**	5.9
Accumulated depreciation on decreases and transfers	**-0.2**	-3.6
Depreciation for the financial year	**1.5**	1.6
Accumulated depreciation at 31 Dec	**5.1**	3.9
Book value at 31 Dec	**1.6**	2.5
Other tangible assets		
Acquisition cost at 1 Jan	**0.6**	0.6
Increases		0.0
Decreases		0.0
Acquisition cost at 31 Dec	**0.6**	0.6
Accumulated depreciation at 1 Jan	**0.0**	0.0
Accumulated depreciation at 31 Dec	**0.0**	0.0
Book value at 31 Dec	**0.6**	0.6
Tangible assets total	**3.5**	5.9

EUR million	2015	2014
14. Investments		
Shares in Group companies		
Acquisition cost at 1 Jan	**374.5**	352.9
Increases	**0.6**	26.4
Decreases		-4.8
Acquisition cost at 31 Dec	**375.1**	374.5
Accumulated impairment at 1 Jan	**2.4**	2.4
Impairment	**0.1**	
Accumulated impairment at 31 Dec	**2.5**	2.4
Book value at 31 Dec	**372.6**	372.1
Shares in Group companies total	**372.6**	372.1
Receivables from Group companies		
Amount at 1 Jan	**277.1**	304.3
Increases	**110.0**	167.0
Decreases	**-135.2**	-194.1
Amount at 31 Dec	**251.9**	277.1
Participations in participating interest companies		
Acquisition cost at 1 Jan	**118.4**	114.9
Increases	**21.5**	3.5
Decreases	**-9.5**	
Acquisition cost at 31 Dec	**130.4**	118.4
Accumulated impairment at 1 Jan	**0.1**	0.1
Accumulated impairment at 31 Dec	**0.1**	0.1
Book value at 31 Dec	**130.3**	118.3
Receivables from participating interest companies		
Amount at 1 Jan	**16.0**	27.5
Increases	**12.0**	0.0
Decreases	**-4.0**	-11.5
Amount at 31 Dec	**24.0**	16.0
Capital loan receivables from participating interest companies		
Amount at 1 Jan	**5.5**	
Increases	**8.0**	5.5
Amount at 31 Dec	**13.5**	5.5
Receivables from participating interest companies, total	**37.5**	21.5

EUR million	2015	2014
Other shares and participations		
Acquisition cost at 1 Jan	**1.2**	1.3
Increases	**0.0**	
Decreases		-0.1
Acquisition cost at 31 Dec	**1.2**	1.2
Measurement at fair value	**0.1**	0.5
Book value at 31 Dec	**1.4**	1.7
Capital loans from others		
Amount at 1 Jan	**0.6**	1.6
Increases		1.5
Decreases		-2.5
Amount at 31 Dec	**0.6**	0.6
Accumulated value adjustments at 1 Jan	**0.0**	0.0
Accumulated value adjustments at 31 Dec	**0.0**	0.0
Book value at 31 Dec	**0.6**	0.6
Other receivables from others		
Amount at 1 Jan	**14.5**	21.7
Decreases	**-7.2**	-7.2
Amount at 31 Dec	**7.2**	14.5
Investments total	**801.4**	805.8

15. Inventories

Supplies	**114.0**	116.3
Other inventories	**0.0**	0.0
Prepayments	**0.2**	0.2
Total	**114.2**	116.4

16. Long-term receivables

Other long term receivables	**2.1**	2.3
Total long-term receivables	**2.1**	2.3

17. Short-term receivables

Trade receivables	**472.3**	474.5
Receivables from group companies		
Trade receivables	**5.5**	8.3
Other receivables	**20.2**	22.6
Prepayments and accrued income	**1.8**	4.5
Total	**27.5**	35.3

EUR million	2015	2014
Receivables from participating interest companies		
Trade receivables	**0.7**	1.3
Prepayments and accrued income	**0.7**	0.0
Total	**1.4**	1.3
Other receivables	**0.4**	0.3
Prepayments and accrued income	**23.8**	41.0
Total short-term receivables	**525.4**	552.6
Specification of prepayments and accrued income		
Financial items	**7.6**	26.5
Other	**18.8**	19.0
Total prepayments and accrued income	**26.4**	45.5

NOTES CONCERNING LIABILITIES IN THE BALANCE SHEET

18. Capital and reserves

Cooperative capital at 1 Jan	**169.4**	163.4
Increase	**2.6**	6.0
Cooperative capital at 31 Dec	**172.0**	169.4

Cooperative capital consists of the cooperative payments which the cooperative societies make to Suomen Osuuskauppojen Keskusosuuskunta (SOK) for cooperative shares. The number of a cooperative society's shares is determined on the basis of the cooperative society's total membership and annual purchases. The amount of cooperative payments as allowed by the SOK Statutes that are unpaid and not fallen due was EUR 3.3 million on 31 December 2015 (EUR 5.8 million unpaid cooperative payments on 31 December 2014).

On 31 December 2015, the number of cooperative enterprises was 28, and the number of shares was 350 568.

On 31 December 2014, the number of cooperative enterprises was 28, and the number of shares was 350 290.

Supplementary cooperative capital at 1 Jan	**12.8**	12.8
Supplementary cooperative capital at 31 Dec	**12.8**	12.8

The supplementary cooperative capital consists of voluntary investments which the cooperative societies make to Suomen Osuuskauppojen Keskusosuuskunta (SOK). The cooperative societies have the right to a return on their supplementary cooperative capital contributions in the manner and subject to the conditions specified in the Cooperative Societies Act and SOK's statutes.

EUR million	2015	2014
Fair value reserve at 1 Jan	**1.5**	4.1
Derivative instruments used to hedge cash flow		
Value change during the period	**0.4**	1.0
Amount excluded from equity to income statement	**-1.0**	1.1
Financial assets held for sale		
Value changes during the financial period	**-0.3**	0.0
Amount excluded from equity and presented in the income statement		-4.8
Fair value reserve at 31 Dec	**0.5**	1.5

[1)] Deferred taxes or tax assets are not as a rule presented in the income statements and balance sheets of SOK but only as a Note to the Financial Statements if the item is material in amount.

The valuations of derivatives in cash flow hedging relationships have been carried out by discounting future cash flows from the present value. The discounted value for cash flows other than those denominated in the euro has been converted into the euro using exchange rates quoted by the European Central Bank on the balance sheet date.

Financial assets available for sale include shares for which fair value cannot be determined.

Legal reserve at 1 Jan	**18.5**	18.5
Legal reserve at 31 Dec	**18.5**	18.5
Supervisory Board's disposal fund at 1 Jan	**0.0**	0.1
Increase	**0.1**	
Decrease	**0.0**	0.0
Supervisory Board's disposal fund at 31 Dec	**0.0**	0.0
Profit for the previous financial years 1 Jan	**525.8**	513.8
Transfer to Supervisory Board's disposal fund	**-0.1**	
Interest on supplementary cooperative capital	**-0.2**	-0.2
Profit for the previous financial years 31 Dec	**525.6**	513.6
Profit for the financial year	**41.2**	12.2
Total capital and reserves	**770.5**	727.9
Distributable funds at 31 Dec		
Profit for the previous financial years	**525.6**	513.6
Profit for the financial year	**41.2**	12.2
Total	**566.8**	525.8

EUR million	2015	2014
19. Accumulated appropriations		
Accelerated depreciation		
Intangible rights	**3.6**	3.3
Other capitalised expenditure	**2.7**	2.4
Buildings and constructions	**-0.3**	-0.3
Machinery and equipment	**-1.2**	-0.5
Total	**4.8**	4.8
20. Provisions		
Partially vacant premises	**11.2**	13.6
Other mandatory provisions	**0.7**	1.0
Total	**11.9**	14.6
21. Long-term liabilities		
Other long-term liabilities	**0.7**	0.2
Total long-term liabilities	**0.7**	0.2
22. Short-term liabilities		
Trade payables	**559.8**	543.5
Liabilities to group companies		
Trade payables	**24.7**	25.6
Other short-term liabilities	**173.8**	199.5
Accruals and deferred income	**2.7**	21.4
Total	**201.2**	246.6
Amounts owed to participating interest companies		
Trade payables	**40.5**	40.3
Total	**40.5**	40.3
Other short-term liabilities	**7.4**	12.3
Accruals and deferred income	**72.5**	57.9
Total short-term liabilities	**881.5**	900.6
Specification of accruals and deferred income		
Personnel costs	**22.5**	23.6
Financial items	**5.8**	25.2
Other	**46.9**	30.5
Total accruals and deferred income	**75.2**	79.4

EUR million	2015	2014

SECURED ASSETS AND CONTINGENT LIABILITIES

23. Contingent liabilities

Pledges and contingent liabilities

Other collateral provided		
Pledges	**0.1**	0.1
Financial guarantees	**0.4**	0.4
Pledges provided as collateral total	**0.4**	0.4
Securities given on behalf of Group companies		
Financial guarantees	**221.0**	242.4
Security given on behalf of others' liabilities		
Financial guarantees on joint ventures' debt	**19.4**	59.3
Total	**19.4**	59.3
Other collateral provided for others		
Financial guarantees on joint ventures' responsibilities	**21.0**	26.2
Total	**21.0**	26.2
Other contingent liabilities		
Letters of credit	**0.5**	
Total	**0.5**	0.0
Leasing liabilities:		
Payable next year	**29.0**	30.5
Payable in more than one year	**81.6**	104.7
Total	**110.6**	135.1
Minimum lease payments on non-cancellable operating leases:		
Payable next year	**5.7**	6.5
Payable in more than one year	**32.9**	42.5
Total	**38.6**	49.1
Repurchase liabilities [1]	**33.9**	36.2
Underwriting [2]	**10.4**	10.4
Other contingent liabilities [3]	**9.8**	
Total	**54.1**	46.6

[1] Repurchase liabilities consist of an obligation to purchase the targets of the property fund which invests in the Prisma stores in St. Petersburg and the Baltic countries, at the amount of the fund's remaining liabilities. SOK's ownership share in the property fund company is 20 per cent.

[2] The underwriting obligation consists of an obligation to invest capital inputs in the property fund which invests in the Prisma stores in St. Petersburg and the Baltic countries.

[3] Estimated cost of exercising a purchase option on a real estate which SOK has committed into using. The purchase option belongs to a hotel property in which SOK is a tenant.

In addition, SOK has given letters of support on behalf of SOK-Takaus Oy. The amount of the letters of support was EUR 71.9 million 31.12.2015 (EUR 77.9 million 31.12.2014).

Other financial liabilities:
The Group is obligated to revaluate the value added tax deductions it has made on real estate investments if the taxable use of the property decreases during the period being audited.
The maximum amount of the liability is EUR 1.5 million on 31 Dec 2015 (EUR 1.8 million on 31 Dec 2014).

Other contingent liabilities:
Commitments in accordance with the shareholder agreement to be responsible for the S-Voima Oy commitments and to finance its operations

In accordance with the so-called Mankala principle, the shareholders are responsible for S-Voima Oy's commitments. This principle states that the liability for the company's variable costs is determined based on the energy the shareholder uses. The liability for the company's fixed costs, also including loan repayments and interests as well as depreciations, is distributed in proportion to the share series owned by the shareholder. The company's series A shares are related to the acquisition of market electricity; series B shares to the acquisition of wind power electricity; and series C shares to the acquisition of nuclear power electricity in which S Group has decided not to participate.

Furthermore, the shareholders of S-Voima Oy have also agreed in the shareholder agreement on a mutual obligation to finance the company's investments in production companies through equity, in which case the liability will by default be distributed by share series in the proportion of shareholding. There are no equity based financing liabilities left from past financing decisions (EUR 0.9 million 31 DEC 2014). It is estimated that liabilities financing by the company's shareholders is not needed.

Additionally SOK has pledged to provide loan funding. SOK has at year end 2014 the following open commitments: To provide EUR 60.0 million (EUR 60.0 million 31 Dec 2014) shareholder loan to S-ryhmän logistiikkakeskukset Oy, to provide EUR 5.0 million (EUR 5.0 million 31 Dec 2014) conditional subordinated loan to North European Oil Trade Oy and EUR 3.5 million (EUR 0.5 million 31 Dec 2014) subordinated loan to North European Bio Tech Oy.

Executive Board's proposal for the distribution of SOK's distributable surplus

	€
Profit indicated in the income statement	41 231 467,87
Profit for the previous financial years	525 565 292,04
Total	566 796 759,91

The Executive Board proposes that the profit for the financial year of EUR 41 231 467,87 be used as follows:	
- paid as interest on the supplementary cooperative capital	188 864,70
- distributed as interest on cooperative contributions paid by the cooperative enterprises by the beginning of the financial period	5 627 135,14
- transferred to the Supervisory Board's disposal fund	50 000,00
- left in the retained earnings account	35 365 468,04

Providing that the Cooperative Meeting approves the above proposal, SOK's capital and reserves will be:	
Cooperative capital	172 006 500,00
Supplementary cooperative capital	12 750 000,00
Legal reserve	18 473 154,85
Supervisory Board's disposal fund	82 634,97
Profit for the previous financial years	560 930 760,08
Total	764 243 049,90

Helsinki, 11 February 2016

Taavi Heikkilä

Heikki Hämäläinen

Tapio Kankaanpää

Hannu Krook

Timo Mäki-Ullakko

Matti Niemi

Jouko Vehmas

Auditor's report

To the members of Suomen Osuuskauppojen Keskuskunta

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Suomen Osuuskauppojen Keskuskunta for the year ended 31 December 2015. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent cooperative's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the cooperative's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Supervisory Board and the members of the Board of Directors or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the cooperative or have violated the Cooperatives Act or the rules of the cooperative.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the cooperative's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the cooperative's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

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

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the cooperative's financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent cooperative's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, 18 March 2016

KPMG OY AB

Raija-Leena Hankonen
Authorized Public Accountant

Statement by the Supervisory Board

According to Clause 2 of Subsection 1 of Section 13 of the SOK Corporation's statutes, the Supervisory Board has today inspected the financial statements and consolidated financial statements prepared by the Executive Board for 2015, and has familiarised itself with the auditors report.

The Supervisory Board proposes that the cooperative meeting confirm the financial statements and the consolidated financial statements and that the Executive Board's proposal concerning the fiscal year's result and equity be approved.

The following members are resigning from the Supervisory Board due to their three year term ending: Timo Hollmén, Kimmo Koivisto, Hannu Krook, Antti Määttä, Matti Pikkarainen, Ilkka Pirskanen and Kimmo Simberg. The Supervisory Board proposes that the cooperative meeting choose seven new members to replace the above mentioned for the next three years.

Helsinki, 31 March 2016

SUOMEN OSUUSKAUPPOJEN
KESKUSKUNTA

On behalf of the Supervisory Board

Matti Pikkarainen
Chairman

Seppo Kuitunen
Secretary

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