June 2021

S GROUP'S DEFORESTATION POLICY'S REGIONAL PROCUREMENT RESTRICTIONS FOR BEEF IN S GROUP GROCERIES AND CONSUMER GOODS

S Group has prepared a deforestation policy that emphasizes the strengthening of biodiversity. The policy was published in June 2021. The central principle of the deforestation policy is that S Group will not increase deforestation with its own actions.

According to the deforestation policy, S Group Groceries and Consumer Goods avoids sourcing of Private Label beef products and SOK's own import beef products from such areas, where the cattle ranches are situated in deforestation risk areas. The requirement concerns Private Label beef products and SOK's own import beef products (products where beef content is >80%, excluding pet food).

Sourcing from countries with risk areas is possible only if the supplier ensures that cattle ranches do not contribute to further deforestation. S Group Groceries and Consumer Goods accepts the following means of verification:

- each supplier, who provides beef originating from countries that has a risk region, the supplier is obliged to provide a ""Letter of Confirmity" (LoC), that includes the specific geographical area of the cattle ranche and where the supplier ensures that the cattle ranches do not contribute to further deforestation or human rights violations. The LoC is not needed, if the supplier provides a 3rd party audit certification that includes the specific area of the cattle ranche and the actions made to prevent deforestation.
- If the beef originates from a country, with Global Roundtable for Sustainable Beef (GRSB) organisation, the supplier must also commit to the local GRSB recommendations.

It is the supplier's responsibility, that beef products offered for SOK are according to the above-mentioned criteria and that all needed documentation is delivered to the buyer.

The requirement, taking effect immediately, will be taken into account in all new sourcing, including the sourcing by S Group's regional cooperatives. The requirement will also be part of the product descriptions/ sourcing agreements.

In addition, the certification requirements for soy originating from risk areas and used in the production chains of Private Label products, and the S Group's policy for promoting animal welfare must be taken into account in the procurement and production of beef.

Deforestation risk areas are:

South America:

- Amazon (Brazil, Colombia, Peru, Bolivia, Venezuela, Guyana)
- Chiquitano forests (Bolivia)
- Cerrado and Gran Chaco (Argentina, Bolivia, Paraguay and Brazil)
- Chocó-Darién (Columbia, Ecuador)
- Yungas forests (Argentina)
- Maya forest (Mexico, Guatemala)

Oseania, Asia:

- New South Wales, Queensland: note: only the frontieres of the forest areas in East-Australia, not the whole regions (Australia)
- New Guinea, e.g. Southern New Guinea, and Bird's Head (Papua New-Guinea, Indonesia)

Africa:

- Caostal Forests and Miombo (Kenia, Malawi, Mozambique, Tansania, Zambia, Zimbabwe)
- Virungas, Kinshasa-Brazzaville ja Dzanga Sangha (Cameron, Central African Republic, Democratic Repubic of Congo (DRC), Republic of Congo, Equatorial Guinea, Gabon)
- Madagascar

The list of deforestation risk areas is regularly updated, and it takes into consideration current deforestation risk areas defined by WWF:https://wwf.panda.org/discover/our_focus/forests_practice/deforestation_fronts_/

More information on S Group's deforestation policy: https://s-ryhma.fi/en/sustainability/climate-and-natural-resources/biodiversity