26.9.2019

S GROUP'S HUMAN RIGHTS PRINCIPLES

1 S Group’s approach and the management of human rights issues

S Group is committed to respecting all internationally recognised human rights. We promote the fulfilment of human rights in everything we do, and we expect the same from our partners. We avoid causing or contributing to any adverse impact on human rights by observing proper caution in accordance with the UN Guiding Principles on Business and Human Rights.

In its activities, S Group complies with valid international and national laws and regulations. S Group’s activities are also governed by international agreements and recommendations, such as the Universal Declaration of Human Rights, the UN Convention on the Rights of the Child, the ILO Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

The management of human rights issues comprises part of responsibility management within S Group, which comes under the remit of the SOK Responsibility unit. In S Group’s management team, the SOK Responsibility unit operates under the executive vice president of SOK. The SOK Responsibility unit is responsible for human rights principles and their development, as well as for providing guidance for their implementation. Within S Group, the SOK Responsibility unit is responsible for the assessment of human rights risks and the development of new operating models. It also steers and coordinates the continuous assessment of human rights risks in different functions. The SOK Responsibility unit is also responsible for internal and external reporting associated with human rights.

According to the management model, the SOK Responsibility unit regularly reports key risks associated with human rights, key figures and the most significant selected projects to SOK’s Executive Board and the highest level of management. The Executive Board of SOK approves principles and commitments related to human rights.

SOK’s units and subsidiaries evaluate key business area-specific risks and preventive measures. Units are also centrally responsible for the implementation of preventing and corrective measures related to human rights.

These human rights principles supplement SOK Corporation’s Code of Conduct and S Group’s responsibility principles and specify S Group’s approach to human rights.

2 Assessment of risks associated with human rights

With regard to different functions, such as business areas and support units, S Group has evaluated key impact on human rights, the scope of this impact and available means to minimise any adverse impact on human rights. The assessment process started by defining the groups, where S Group has a potential impact on human rights, either directly or indirectly. The assessment also covered particularly vulnerable individuals and groups, such as children, women, migrant workers and people with special needs.

The assessment of S Group's key impact on human rights made use of reports and studies by various organisations and authorities, country-specific risk assessments, dialogue with stakeholders, such as non-governmental organisations and trade unions, as well as information obtained from audits and our own experience in monitoring working conditions at factories, for example. The assessment involved S Group's specialists from different business areas and the procurement, HR management and responsibility units. With regard to particularly vulnerable groups, the risk assessment included stakeholders, such as non-governmental organisations.

However, the assessment of human rights impact is an ongoing process within S Group. For example, the fulfilment of human rights in the supply chain is monitored continuously in various ways.

3 Key adverse impact on human rights

S Group has potentially both a direct and indirect impact on the human rights of different groups. Direct impact is associated with S Group's personnel and customers, while indirect impact is related to supply chains through business relationships. Key direct and indirect impact on human rights is described below. This is not an exhaustive list, but a list of the key and most significant human rights impact that S Group's aims specifically to minimise. Other human rights are equally important, and we will continue our work to ensure that we do not hinder their fulfilment in any way.

3.1 Direct impact

S Group's most significant direct human rights impact is related to the safety of our customers and employees. Ensuring the safety of locations and products, self-monitoring and, for example, the monitoring of compliance with the age limits for purchasing alcohol and tobacco products call for continuous work to ensure that no one's safety is compromised at work or when visiting an S Group location. The materialisation of this risk is unlikely.

Our possible direct human rights impact also includes non-discrimination and the equality of our customers and employees. Non-discrimination means the equal treatment of customers and employees and the accessibility of our locations, for example. We also respect our employees' right to join trade unions, and do not tolerate any kind of discrimination or harassment. For example, we prepare non-discrimination and equality plans for our employees and train our employees to

ensure an equal working community without any discrimination. The materialisation of this risk is unlikely.

3.2 Indirect impact

S Group may also have indirect impact on the human rights of people working in the supply chains of products and services. Our most significant indirect human rights impact is related to forced labour, discrimination, violations of freedom of association, child labour, insufficient salaries, excess working hours, compromised occupational health and safety and the lack of freedoms of association and collective bargaining.

Generally, S Group's most significant human rights risks within the supply chain are related to countries where the laws and their implementation and monitoring are insufficient or that have not ratified international agreements on labour and human rights; to countries that have a large number of domestic or foreign migrant workers; to products and raw materials produced in high-risk countries that use low-skilled labour to a high degree; to goods suppliers that have not made a commitment to sustainability initiatives and have not developed operating methods to ensure responsible procurement; to non-certified high-risk raw materials; and to long supply chains. It must also be taken into account that non-risk countries may also have areas with elevated levels of human rights risks.

4 Preventing and minimising adverse impact on human rights

S Group's work for the fulfilment of human rights is based on thorough risk assessments and the targeting of actions to areas where the risks are the highest. According to the UN Guiding Principles on Business and Human Rights, actions are prioritised on the basis of the severity, irrevocability and probability of impact, and of whether impact is caused directly or indirectly, such as through business relationships.

We monitor the fulfilment of human rights in supply chains in many ways, including audits of suppliers in countries with a high risk classification and certifications of high-risk raw materials. We expect all our of suppliers of products and services to respect human rights, as well as to ensure that products can be traced back to the source of the raw materials. Alongside independent audits and certificates, we have developed a method to investigate the root causes of human rights risks in supply chains.

Its goal is to identify current human rights issues related to products or production countries and their root causes, so that we can have an impact on them, together with our partners and stakeholders. Investigations are conducted by an independent external party, and we communicate their results openly.

We aim to have an impact on the development of working conditions in key countries from where we procure products and services and on the development of laws that govern these through our

partnership networks, whenever this development is in conflict with international human rights agreements and ILO's standards. Open interaction with stakeholders and our partnership networks offers the most central way to have an impact. We can also have an impact by issuing various statements to the authorities or companies, either severally or jointly with international networks.

5 Corrective measures

If any direction violations of human rights are discovered in S Group's activities, we will immediately start an investigation process together with the business or other unit concerned and stakeholders. Corrective measures are taken to prevent any broader impact and, if possible, to fix any damage. We will also investigate our own activities to prevent similar violations from recurring.

If any defects related to human rights are discovered in S Group's procurement of products and services, we will immediately start an investigation into the matter. Corrective measures will be agreed upon with the partner concerned, and their implementation will be monitored, for example, by means of audits. Cooperation with the partner concerned will not primarily be discontinued, as doing so would not help the workers' situation at the factories and farms – cooperation is the best way to improve operations. Furthermore, boycotting a specific product or procurement area is never our primary solution, as this would often damage the position of workers who are already in the weakest position. In situations where a partner does not show any willingness or commitment to develop any repeatedly discovered defects, cooperation can be discontinued. Cooperation can also be discontinued if a partner does not consent to any audit conducted by an independent third party. The aim is to increase the capabilities of partners to improve the conditions of workers by providing training and by requesting suppliers to participate in training provided by amfori.

In supply chains, in particular, S Group is not always able to have any direct impact on the correction of defects. In this case, growing influence by working with other companies, responsibility initiatives and other networks is important.

6 Whistleblowing channel

Any suspicions of misuse and unethical activities can be reported through S Group's whistleblowing channel to have these suspicions investigated. We will not, in any way, restrict the freedom of any stakeholder to report unethical activities. In addition to S Group's whistleblowing channel, stakeholders can report unfair trading practices via the channel provided by the Board of Trading Practices in the Food Supply Chain and via the channel provided by amfori, through which any violations of human rights within the supply chains of amfori's members can be reported.

7 Supporting a free civil society and defenders of human rights

A free civil society benefits companies. A well-functioning civil society forms the basis of a responsible and predictable government, which is also a precondition for sustainable and profitable business. A free civil society also produces valuable information about any violations of human rights.

This information is an important part of the fulfilment of the due diligence principle related to human rights, helps to highlight any problems and process them together with our partners.

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

Interference with the work of defenders of human rights can be physical, psychological, social, financial or legal.

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

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

8 Communication

In our annual responsibility report, we provide information openly about S Group's key procurement countries, audit results, the coverage of certificates and any activities carried out during the year regarding human rights. In addition, we also aim to communicate openly about development, challenges and key projects in our own communication channels.

We operate openly and transparently in interaction with the civil society. We cooperate with non-governmental organisations, members of the civil society and defenders of human rights. Non-governmental organisations and defenders of human rights are doing valuable work to uncover any violations of human rights. S Group offers assistance by providing information openly about its supply chains and the origin of its products for members of the civil society and the authorities within the scope of valid laws.

Helsinki, 26th September 2019

SOK's Executive Board