

S Group's annual and responsibility report





2018



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This is how we make Finland a better place to live



We pay nearly EUR 400 million in cash

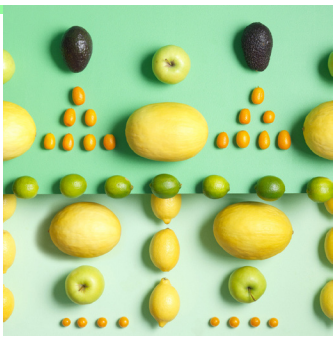
to our co-op members annually.

EUR 155
TO EACH CO-OP MEMBER ON AVERAGE

We offer our co-op members an opportunity

to monitor their consumption habits.

3.8 MILLION
CO-OP MEMBERS ARE OFFERED 'OMAT OSTOT' (MY PURCHASES) SERVICE





We fight climate change

through renewable energy and energy efficiency.

38%
REDUCTION IN EMISSIONS COMPARED WITH 2015

We reduced food waste

so effectively that we achieved our goal for 2020 ahead of schedule.

-16%

IN FOOD WASTE COMPARED WITH 2014





We encourage our customers

to eat more vegetables.

19 MILLION KG

INCREASE IN THE SALES OF VEGETABLES COMPARED WITH 2014

We are the largest private-sector employer in Finland

and a bridge to working life for many young people.

13,000

YOUNG EMPLOYEES







S Group

S Group is a Finnish cooperative group of companies. Its key business operations include the supermarket trade, department stores and speciality stores, service station store and fuel sales, the travel industry and hospitality business, the hardware trade and financial services. In 2018, S Group's retail sales amounted to around EUR 11.5 billion. With its 38,000 employees, S Group was the largest private sector employer in Finland.

S Group = cooperatives + SOK Corporation

S Group consists of 20 regional cooperatives and SOK Corporation, as well as their subsidiaries. The network of cooperatives extends throughout Finland, and the regional aspect is highlighted in the operations of the cooperatives. The co-op members own the cooperatives, which in turn own SOK Corporation.

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

S Group's key figures

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

11,523

S GROUP TOTAL

OPERATING RESULT

355

EUR MILLION

Our result improved in 2018, particularly for SOK Corporation and the entire Group's travel industry and hospitality business. In general, S Group's performance has improved, as a result of investments in digital solutions and energy efficiency, among other factors.

INVESTMENTS

589

EUR MILLION

In 2018, we invested in hotels in particular. Extensive construction and modernisation projects are in progress in different parts of Finland, some of which were completed and some of which started during 2018.

11,191

SALES: FINLAND

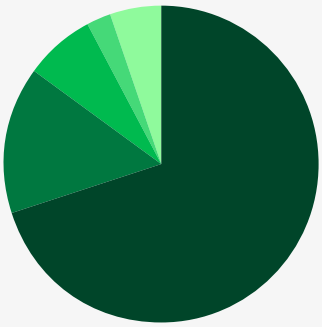
191

SALES: ESTONIA

141

SALES: RUSSIA

RETAIL SALES EXCLUDING TAXES 11,523 EUR MILLION



Supermarket trade
8,096 EUR million +2.9 % compared with the previous year

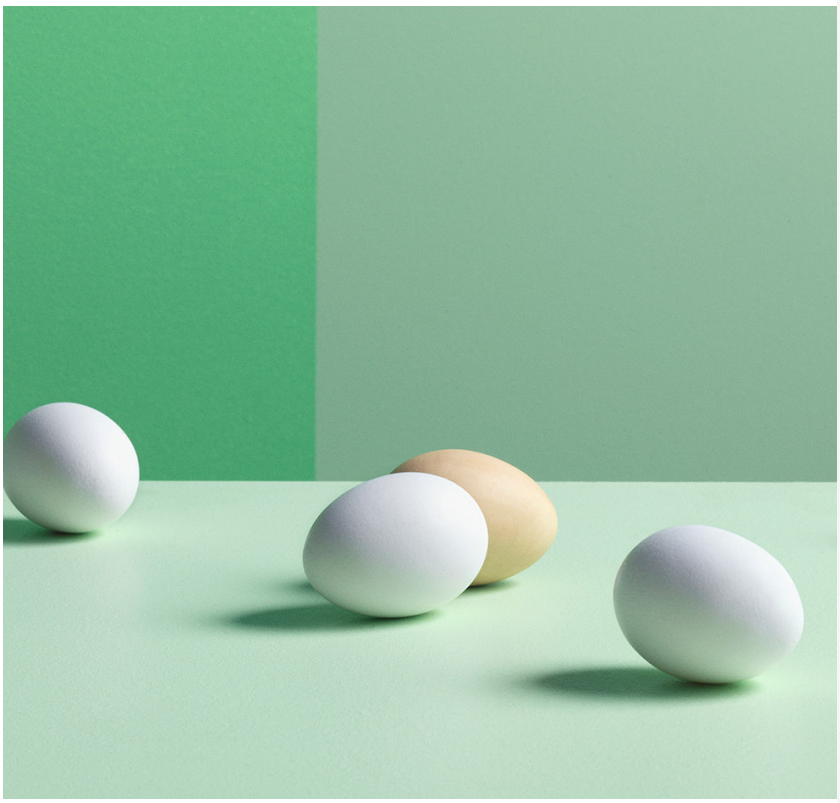
Service station store and fuel sales
1,729 EUR million +5.9 % compared with the previous year

Travel industry and hospitality business
816 EUR million +0.6 % compared with the previous year

Department stores and specialised trade
294 EUR million -5.2 % compared with the previous year

Other
587 EUR million -9.7 % compared with the previous year

S Group total
11,523 EUR million +2.2 % compared with the previous year



CO-OP MEMBERS

2,398,295

MEMBERS

CASH BENEFITS PAID TO CO-OP MEMBERS

372

EUR MILLION

Cooperative activities and co-op membership

Because of the cooperative form of business, the money circulating in the operations of S Group's cooperatives benefits the co-op members and ensures regional well-being and vitality. Earnings from operations are invested for the benefit of the co-op members by developing services and renovating locations, or distributed to the co-op members in the form of various benefits, such as the Bonus and payment method-related benefits.

Co-op members are eligible to a Bonus of up to 5% – in other words, they receive money back from purchases at more than 2,000 outlets. In addition to making daily purchases, the monthly bonus amount can be accumulated by staying at hotels and eating out.

In addition to the Bonus, co-op members are also eligible to other cash benefits. If the cooperative's financial performance in the previous year is good enough, the cooperative may pay interest on the membership fee paid by its co-op members.

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

The payment method-related benefit is a cash benefit worth taking. By paying for your purchases with your S-Etukortti card, you will receive a payment method-related benefit of 0.5% on purchases covered by the benefit.

329

BONUS,
EUR MILLION

9

INTEREST ON THE MEMBERSHIP FEE,
EUR MILLION

26

RETURN OF SURPLUS,
EUR MILLION

8

PAYMENT METHOD-RELATED BENEFIT,
EUR MILLION

Personnel and locations

EMPLOYEES

40,701

S GROUP TOTAL*

33,169

REGIONAL COOPERATIVES

7,532

SOK CORPORATION

* Since 2016, the annual report presents the situation on 30 November. The figure includes both active and inactive employment relationships and provides the most detailed information about personnel at the annual level, since the figures collected at the end of the year also include seasonal employees.

OUTLETS

1,841

S GROUP TOTAL



S GROUP'S KEY FIGURES	2018	2017	2016
Retail sales excluding taxes, EUR million	11,523	11,273	11,020
Finland	11,191	10,869	10,580
The Baltic countries and Russia	332[1]	404	439
Operating result, EUR million	355	344	290
Investment, EUR million	589	525[2]	511
Cash benefits paid to co-op members, EUR million	372	382	394
Co-op members	2,398,295	2,355,963	2,292,039
Employees	40,701	39,382	40,482
Locations	1,841[3]	1,631	1,633
Specific energy consumption, KWh per gross m2	292	306	311
Share of S Group's own renewable electricity of electricity consumption, %	56	50	35
Emissions from S Group's own operations, tCO2e	246,900	295,600	365,400
Recycling rate, %	72	72	72
Relative food waste, %	1.51	1.49	1.63
Coverage of audits of purchases from high-risk countries, %	94	99	97
Rate of certification for sales volume of private label products, %			
Coffee	87	86	Started in 2017
Tea	82	62	Started in 2017
Cocoa	98	83	Started in 2017
Ethical index in the workplace community survey (TYT)	78.2	78.1	Started in 2017

[1] Includes operations in Estonia and Russia.

[2] The figure has been further specified since the previous year (2017 annual review: EUR 492 million)

[3] ABC stations in conjunction with supermarket locations have been separated as independent locations in calculations during 2018. The comparable change in the number of S Group's locations is -2 compared with 2017.

CEO's comments

Looking into the future

2018 was favourable for us. Both our financial result and our sales improved. We provided our co-op members with new services, lower prices and more comprehensive selections.

The transformation of the retail sector requires a keen eye and agile responses. Competition is tight in all of our business areas, and we must earn our customers' trust every day. Our improved profitability lays a solid foundation for future development. We are ready to face changes and shape the entire sector through our operations.

The grocery trade, our most significant sector, is undergoing changes. Climate change, global population growth, technological development and consumers' changing needs are challenging traditional food chain operations in entirely new ways.

Finland is well-positioned to become a leading country in the food sector by developing food production methods and technologies for the future. We want to strengthen this development through our think-and-do tank for the food chain and our food sector fund, as well as providing agricultural producers with training that helps them prepare for the future.

Climate change is our common concern. Its mitigation requires our joint efforts, and we have no time to lose. The transition also offers new opportunities, and we must know how to seize them. Creating carbon sinks is an important way to remove carbon dioxide emissions from the atmosphere. If we created a marketplace for storing carbon, we would be able to target funds at exactly the right purpose: removing carbon from the atmosphere.

Why is foresight so important for us? Because cooperatives focus on the long term. We work to ensure that our co-op members continue to have local stores, access to easy shopping and superior benefits."



Taavi Heikkilä
Taavi Heikkilä, CEO, SOK

Strategy

Superior benefits and convenience from your own store

The purpose of our operations is to provide co-op members with competitive services and benefits in a profitable manner. Our vision is to offer superior benefits and convenience from the co-op members' own store. How will this be achieved?

We must maintain our competitiveness in all our business areas in order to genuinely achieve our vision of superior benefits and convenience for our customers. Our keys to success include competitive customer service, cash rewards to co-op members and good customer encounters both digitally and face-to-face.

The operating environment is changing rapidly in retail and services. Competition is becoming tighter and increasingly international in all sectors. International operators are raising the bar in online commerce, for example.

Supply and demand will meet in new ways through digital services. Customers' needs are become increasingly diverse in Finland. Individuality will be highlighted against the masses. The changes will be challenging, but they will also offer a full range of opportunities for us and our co-op members.

In 2018, we progressed systematically towards our vision, in line with our strategy. We continued to lower grocery prices, and we introduced a high-quality chain, Food Market Herkku, to further improve our offering.

In addition, we developed digital services and tuned up our background operations for better performance. We introduced the 'Omat ostot' (My purchases) service, which enables our customers to monitor their consumption habits. In addition to fuel, our customers can now pay for car washes using our mobile app, and our hotel guests can download an app that brings together our hotel services.

Profitable operations lay the foundation for renewal and service development in response to customers' changing needs. We work to offer convenience that makes responsible and sustainable choices possible every day. Taking care of people and the environment is one of our key values. This annual review offers many examples of how S Group does just that.

Business Areas

A diverse range of services and outlets

Supermarket trade

Our main business continues to grow.

Our supermarkets continued to be popular in 2018. Lower prices, flexible opening hours and increasingly interesting selections are clearly a winning combination.

Our grocery sales developed favourably in Finland in 2018. This continued growth proves that we are still the market leader in the grocery trade in Finland. S-market is Finland's largest grocery store in terms of sales, while Prisma is the most attractive hypermarket. Our small stores, Alepa in the Helsinki metropolitan area and Sale in different parts of the country, make customers' daily lives easier and ensure the availability of basic services, particularly in small locations.

In 2018, we opened Food Market Herkku, an entirely new chain. Developed in cooperation with customers, Herkku is a shopping oasis for people who love good food and service. We have invested in high quality and an inspiring selection. Herkku immediately attracted international attention: a British retail research agency ranked it among the 16 most interesting new grocery stores in the world.

Prisma continued to make its customers' daily lives easier by offering everything under one roof. In addition to groceries, customers can shop for fashion, home products and entertainment from a wide selection. Prisma is also Finland's leading fashion store, encouraging everyone to be themselves.

The home and entertainment product categories continued to be highly competitive in 2018. In toys, food preparation supplies and tableware, Prisma maintained its market leadership in terms of customer visits. The sales of entertainment electronics continued to develop favourably as well.

Around 20,000 retail professionals work in our more than 1,000 stores. Our employees meet millions of customers each year, and they keep our massive system running. Thank you!

Our logistics centre in Sipoo, the largest investment in our recent history, has finally been taken into use. Efficient, highly automated logistics play a significant role in lowering prices.

In 2018, S Group's chains were again ranked high in the Sustainable Brand Index, the largest brand study on sustainability in the Nordic countries. Finnish consumers regarded Prisma as the most sustainable operator in its field. Across all sectors, our Kotimaista product line was regarded as the second most sustainable Finnish brand.

Our 2019 is off to a good start.



Ilkka Alarotu
SVP, SOK Retail chain management

8,096
SALES EUR MILLION

46.4%
MARKET SHARE

90
PRISMA STORES

112
ALEPA STORES

434
S-MARKET STORES

6
FOOD MARKET HERKKU STORES

298
SALE STORES

Department and speciality stores

By focusing on our strengths, we have found the right growth track.

Our mission is to help customers find their own style. Even though online commerce and other digital services are developing rapidly, our countless experiences of face-to-face encounters prove that traditional department stores continue to play an important role.

Last year, the hot summer weather hindered growth, particularly in clothing sales. People wanted to spend time outdoors as much as possible, even in the spring and autumn.

However, we managed to maintain a healthy level of profitability, even though our sales decreased slightly on the previous year. The department store market continues to be challenging, which gives us all the more reason to be satisfied.

Our decision to focus on our strengths – fashion and beauty – has proven to be a good choice in terms of strategy. It has been amazing how Sokos bounced back from a loss-making situation.

The Emotion chain further strengthened its position as the market leader in beauty and cosmetics in 2018. We opened new stores and further developed the concept – this work continues in 2019.

We also made preparations to integrate the M&S brand into the selection of each Sokos store. Today, M&S clothes and accessories are sold at Sokos stores across Finland, as well as online.

International online commerce continues to pose new challenges. During 2019, we will be further developing the Sokos.fi online store, which will serve our customers even better than before. For us, however, the future of bricks-and-mortar stores is also bright. The sector has been transforming from gigantic hypermarkets towards stores that customers find more manageable and convenient for their everyday shopping needs.



Mika Laakso
Chain Director, Department store and specialty store chain management



294
SALES EUR MILLION

8
PUKUMIES STORES

20
SOKOS STORES

8
OTHER SPECIALITY STORES

38
EMOTION STORES

Service station store and fuel sales

We celebrated our 20th anniversary and a good financial performance in 2018.

We celebrated the 20th anniversary of the ABC chain in 2018, but we are also celebrating our good financial performance. Our sales and financial result improved nicely.

In 2018, we focused on further developing our digital services and restaurants. We renewed ABC Burger and introduced new Chef's Burgers on the à la carte menu. An increasing number of Finns now have an opportunity to enjoy gourmet burgers. In addition, our restaurants cater more extensively for various dietary requirements by offering options for vegans, for example.

We seek to lead the way in digital services in our field. We launched the world's first mobile refuelling service back in 2016, and last spring we introduced the ABC-mobiili app, which brings together our current services and future services in particular.

Towards the end of the year, we added a new feature to the ABC-mobiili app: customers can now use the app to pay for car washes. As well as making their daily lives easier, this supports our growing ABC CarWash network. Mobile payment for car washes will be expanded gradually within our network during 2019. Customers can also use the app to find nearby service stations and browse their information, such as menus.

I am proud of our Finnish ABC stations. Our ownership is 100% Finnish, and many of our employees are local residents. For two years, we have only sold Finnish meat at our restaurants, and our chain is entitled to use the Key Flag Symbol to indicate our Finnish origin.

Biowaste and residues from our Finnish chain of grocery stores are used as raw materials in producing Eko E85 fuel, which we sell. The sales of the Eko E85 fuel increased in 2018 – perhaps this indicates that motorists are more and more interested in environmentally friendly solutions.

The future looks good. I was appointed as Chain Director in late 2018 to continue the story of ABC. I'm looking forward to working with our nearly 4,000 employees. We keep reinventing ourselves, but the customers will still always know what they're going to get when visiting an ABC service station store.



Harri Tuomaala
Chain Director, SOK Service station store and fuel sales chain management



1,729
SALES,
EUR MILLION

58
ABC SERVICE STATION STORES

330
UNMANNED ABC STATIONS

43
LOCAL ABC STATIONS

79
ABC CARWASH LOCATIONS

Travel industry and hospitality business

New records, renewal and more environmentally friendly hotels.

We recorded our all-time best result in 2018. Our financial success is based on hard work and on keeping up with the times.

We have succeeded in our brand and service development work, renewed our chain restaurants and invested in digital development and customer loyalty programmes. All of this has increased customer satisfaction.

The hotel and restaurant sector is highly competitive. In the Helsinki metropolitan area, we modernised the Sokos Hotel President and Sokos Hotel Vaakuna and extended the Hotel Flamingo. We are also building a brand-new hotel in the heart of the rapidly developing Pasila district in Helsinki. In addition, we are modernising and expanding our network of hotels and restaurants in Turku, as well as offering hundreds of new jobs.

We opened 29 new or refurbished chain restaurants in 2018. The trend of quick and easy eating continues at restaurants. We enabled the expansion of the Finnish Fafa's chain into different parts of the country. At the same time, we introduced new locations to international flavours and vegetable-based food. Our legendary Rosso restaurants are also going strong: the chain celebrated its 40th anniversary last year.

S Group's Best Place to Live sustainability programme and its 100 sustainable acts are visible at our hotels and restaurants. All of our hotels are now Green Key certified, meaning that an environmental programme has been determined for each hotel in line with specific standards. Consumers once again selected Sokos Hotels as Finland's most sustainable hotel brand.

We continue our work to create superior customer experiences – through multiple channels. Sokoshotels.fi keeps growing and developing. It is important for us to expand our multichannel approach beyond room reservations into other services provided by our hotels. We released a new Sokos Hotels app for our S-Card customers. In the future, the app will also be made available to co-op members.



Harri Ojanperä
Chain Director, Senior Vice President,
SOK Travel and Hospitality Industry
Chain Management



798
SALES, EUR MILLION

500
RESTAURANTS

50
SOKOS HOTELS

24.2%
MARKET SHARE IN HOTELS

8
RADISSON BLU HOTELS

8.9%
MARKET SHARE IN RESTAURANTS (2017)

3
OTHER HOTELS

58
HOTELS WITH GREEN KEY CERTIFICATION

Hardware trade

The hardware trade is undergoing a transition.

People are no longer looking for only hammers and nails at hardware stores. They are looking for ideas, inspiration and solutions. Our renewed Kodin Terra stores meet this need by providing our customers with by far the easiest shopping experience.

Our Kodin Terra stores were completely refurbished during 2018. Rather than merely fine-tuning, we made major changes. Now these stores encourage our customers to renovate by themselves even more strongly than before – even little and affordable changes go a long way in home improvement.

We are paying special attention to customer service. Our employees provide customers with renovation tips, as well as advice on how to use or install our products. We create an atmosphere that encourages customers to take small steps towards their dream homes.

We also wanted to make our online services easier to use. Kodin Terra's online and bricks-and-mortar stores strongly support one another. In addition to making purchases online, customers can check product availability and location at a specific store.



Sampo Päällysaho
SVP, Consumer Goods, SOK Retail chain management



135
SALES, EUR MILLION

9
KODIN TERRA STORES

11
S-RAUTA STORES

S-Bank

Changes support growth.

2018 was a year of major changes for S-Bank, but we were able to grow our business operations considerably, as well as deepening our customer relationships.

What did we actually do? We further developed and shaped S-Bank in order to be an even better partner for our more than 3 million customers. Since the beginning of September, our business operations have focused on two areas in particular: banking and asset management.

In our banking business, our lending increased strongly but in a controlled manner in 2018. Our mortgage portfolio grew by 15.2%, while the market generally grew at a rate of around 2%.

Finns like to use our cards to pay for purchases. Roughly speaking, S-Bank's cards represent around 10% of all purchases made using a debit or credit card in Finland. The number of purchases made using our cards increased by 18% in 2018.

We have made rapid progress in asset management. In September, we introduced Säästäjä, Finland's first micro-savings service. Thousands of Finns are already using the service, and we are particularly proud of the fact that more than 30% of the users are saving for the first time in their lives. This is wonderful news, as it is our intention to make saving easy and affordable.

Even though market development was very challenging towards the end of 2018, our assets under management increased by 9.9% and stood at EUR 7.6 billion at the end of the year. The number of unitholders in funds managed by us increased by 19,000 – at a rate that clearly outpaces the markets.

Technological development is an important factor shaping the banking sector and society. Our customers appreciate well-functioning digital services, and according to a study carried out by EPSI Rating, they are clearly more willing to take care of all of their banking digitally than other banks' customers.

For this reason, we want to explore and make use of new technologies, such as mobile devices, machine learning, software robotics and blockchains when they help us serve our customers even better than before. We promote mobile payments, and will offer our customers an opportunity to use MobilePay, an app developed by one of our partners, for making payments and collecting Bonus rewards in all S Group stores and services.

We have also been developing a new version of our highly popular S-mobiili app, which combines retail and banking services in a unique way. The new and improved S-mobiili will be released in early 2019.

Responsibility is an integral part of all our operations, and our customers expect responsibility of us. In the Sustainable Brand Index, the most extensive Nordic brand comparison for sustainable development, our customers selected S-Bank as the most sustainable bank for the sixth consecutive time.



Pekka Ylihurula
CEO, S-Pankki

11.6
OPERATING RESULT, EUR MILLION

3.1
MILLION CUSTOMERS

2.2
MILLION VISA CARDS

685
EMPLOYEES

Responsibility programme

We make Finland a better place to live

Here at S Group, we are doing our part to help Finland become an even better place to live. As a major operator, we have a considerable impact on the present and on the legacy we leave for future generations. That is why foresight is important.

Our mission is to produce benefits and services that generate well-being for our owners – in other words, our customers. However, well-being means much more than just economic well-being. Together with our co-op members, we work for the good of society, for the circular economy and against climate change, as well as improving our operating culture, safeguarding human rights and promoting well-being and health.

The core of our responsibility programme, Best Place to Live, is a list of one hundred acts that impact our environment and society. They include both small everyday improvements and acts that are groundbreaking even on an international scale.

WHAT DOES S GROUP'S RESPONSIBILITY WORK MEAN IN PRACTICE?

Responsibility work covers a wide range of topics, and touches all of the themes of our Best Place to Live programme. Examples of this include our aim to be Finland's largest employer of young people, the construction of 100 outdoor sports fields for children and young people, the reduction of food loss, energy savings and the increased use of renewable energy, the promotion of human rights in our own and our partners' operations, and encouraging Finns to eat more vegetables.

WHO PARTICIPATES IN RESPONSIBILITY WORK AT S GROUP?

All of our employees in one way or another. Each of us can do our part in making Finland a better place to live. The most important aspect is for everyone to be aware of the links between the responsibility programme and their own job and to find the most meaningful themes in this respect. These could be, for example, reducing food waste, promoting well-being at work or highlighting local products.

In addition, employees working with customers have opportunities to tell them about our responsibility work and forward customer feedback to the relevant parties in order to further develop our operations.

We want each S Group employee to be able to be proud of their employer.

WHAT WAS PARTICULARLY MEMORABLE FOR YOU ABOUT 2018, THE YEAR OF RESPONSIBILITY?

Above all, 2018 was a year of climate discussions. The debate intensified and went mainstream and also reached people in their homes. I believe that increased awareness helps us fight climate change together.

Last year, we introduced our Big Deal climate goals, which was a much-awaited and important event. We are aiming for a reduction of one million tonnes in emissions by 2030 in cooperation with our partners.

Because of the intense debate, we must ensure that our goals are sufficient across the board and that we have access to a sufficient selection of methods.

Memorable events also included #NytOnPakko, a protest organised in Helsinki in October. The event attracted around 8,000 people to demand measures to slow down climate change from decision-makers.

Helsinki Pride in the summer was memorable as well, attracting a record number of participants. I also had the honour to witness how Prisma's Boy Meets Girl brand supported the event very visibly.

A great deal is happening in terms of responsibility, and I am happy to be able to focus on themes close to my heart.

For more information about the programme, as well as S Group's responsibility work and its management, please see this review and visit S-ryhmä.fi.



Lea Rankinen
SVP Sustainability, SOK



Progress of the responsibility programme

The Best Place to Live programme is running from 2017 to 2020 in its current form. The programme is centred on 100 acts, and the progress of these acts is monitored and reported annually. By the end of 2018, more than 30% of the acts had been completed and more than 50% were progressing as planned. Only a few acts had fallen behind their intended schedule.

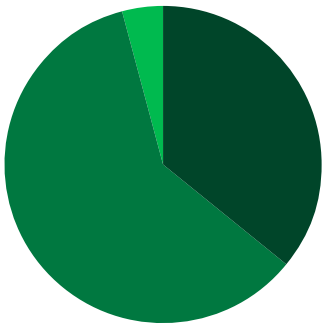
Read more about each of the 100 acts at S-ryhmä.fi.

S GROUP'S 100 ACTS FOR THE ENVIRONMENT, %



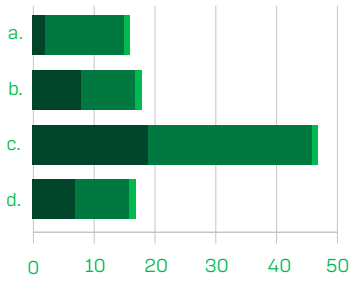
- Well-being and health 17%
- Human rights and ethical operating culture 18%
- Climate change and the circular economy 47%
- For the good of society 18%

STATUS OF THE 100 ACTS ON 31 DECEMBER 2018, %



- Completed 36%
- Progressing 60%
- Behind schedule / will be adjusted 4%

STATUS OF THE 100 ACTS ON 31 DECEMBER 2018, PCS



a. Well-being and health
b. Human rights and ethical operating culture
c. Climate change and the circular economy
d. For the good of society

- Completed
- Processing
- Behind schedule / will be adjusted

Stakeholder engagement

Dialogue with our partners

We engage in active dialogue with various stakeholders. The goal of this dialogue is to provide information about S Group, increase mutual understanding and make use of stakeholders' expertise when developing our operations.

We participate in social discussion openly and proactively. We openly answer any questions and respond to feedback from customers, non-governmental organisations and the media alike.

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

In 2018, the public evaluated our overall reputation and responsibility as good. Our governance was also rated as good, covering openness, transparency and making the right choices.

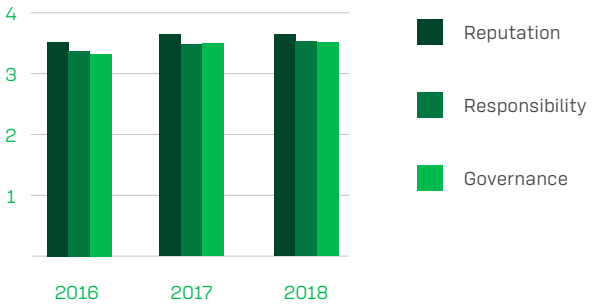
In April, S Group launched its From Anxiety to Action climate campaign at its Great Climate Debate stakeholder event. Various methods of climate work were discussed at the event, in addition to ways to engage people in fighting climate change. Our Big Deal climate campaign aims to reduce S Group's and our value chain's emissions and inspire our customers to participate in climate work.

In July, we organised discussions about climate change in cooperation with Sitra at the SuomiAreena event in Pori. During our Future Options Day, we discussed climate anxiety, the food of the future, opportunities offered by the circular economy and next-generation concepts of working life, among other topics.

At Sokos Hotel Torni, we held a morning discussion event under the theme 'Plastic – the enemy or a necessary partner'. This event was part of the preparation of S Group's guidelines on the use of plastic. We wanted to hear our stakeholders' views in order to take them into account in drawing up the guidelines. Speakers at the event included Henna Virkkunen, Member of the European Parliament; Antro Säilä, CEO of the Finnish Packaging Association; Hanna Kosonen, Member of Parliament; and Maija Pohjakallio, Research Group Director at VTT.

In autumn 2018, we organised a round table discussion for Italian stakeholders in Rome, in cooperation with Oxfam. The topics of discussion included human rights risks and their root causes within the supply chain for tinned tomatoes. The event was part of a study conducted by Oxfam for S Group in southern Italy.

KEY FIGURES (SCALE 1-5)



S GROUP'S STAKEHOLDERS

- CO-OP MEMBERS
- PERSONNEL
- CIVIC ORGANISATIONS
- MEDIA REPRESENTATIVES
- POLITICAL DECISION-MAKERS
- SUPPLIERS
- BUSINESS AREA ORGANISATIONS
- AUTHORITIES

Management and governance

Supervisory Board, Executive Board and Corporate Management Team

SOK's Supervisory Board in 2018



MATTI PIKKARAINEN

(b. 1953)

- Oulu
- DTh
- Chair 2013–
- Chair of the Supervisory Board of the Osuuskauppa Arina cooperative
- Member of the Supervisory Board 2004–
- Outgoing in 2019



TIMO SANTAVUO

(b. 1960)

- Pori
- Lawyer, LLM with court training
- First Vice Chair 2017–
- Chair of the Supervisory Board of the Satakunnan Osuuskauppa cooperative
- Member of the Supervisory Board 2000–
- Outgoing in 2021



ANTTI MÄÄTTÄ

(b. 1966)

- Muurame
- MSc (Econ.), Commercial Counsellor
- Second Vice Chair 2015–
- Managing Director of the Osuuskauppa Keskimaa cooperative
- Member of the Supervisory Board 2013–
- Outgoing in 2019

JORMA BERGHOLM

(b. 1954)

- Helsinki
- Managing Director
- Chair of the Supervisory Board of the Helsingin Osuuskauppa Elanto cooperative
- Member of the Supervisory Board 2005–
- Outgoing in 2020

PENTTI HÄMÄLÄINEN

(b. 1954)

- Hamina
- Lawyer
- Chair of the Supervisory Board of the Kymen Seudun Osuuskauppa cooperative
- Member of the Supervisory Board 2008–
- Outgoing in 2021

TAPIO KANKAANPÄÄ

(b. 1962)

- Kuopio
- MSc (Econ.)
- Managing Director of the Osuuskauppa PeeÄssä cooperative
- Member of the Supervisory Board 2018–
- Outgoing in 2020

HENRIK KARVONEN

(b. 1972)

- Kuusamo
- Managing Director of the Koillismaan Osuuskauppa cooperative
- Member of the Supervisory Board 2014–
- Outgoing in 2021

SINIKKA KELHÄ

(b. 1964)

- Rauma
- Lawyer
- Chair of the Supervisory Board of the Osuuskauppa Keula cooperative
- Member of the Supervisory Board 2017–
- Outgoing in 2020

KIMMO KOIVISTO

(b. 1956)

- Salo
- Farmer
- Chair of the Supervisory Board of the Suur-Seudun Osuuskauppa cooperative
- Member of the Supervisory Board 2007–
- Outgoing in 2019

MARTTI LOKKA
(b. 1967)

- Mikkeli
- Managing Director, Building Manager
- Chair of the Supervisory Board of the Osuuskauppa Suur-Savo cooperative
- Member of the Supervisory Board 2014–
- Outgoing in 2021

MATTI MANNER
(b. 1953)

- Naantali
- Lawyer, Law Counsellor
- Chair of the Executive Board of the Turun Osuuskauppa cooperative
- Member of the Supervisory Board 2016–
- Outgoing in 2019

ANNE MÄKELÄ
(b. 1965)

- Kokkola
- Lawyer, LLM with court training
- Chair of the Supervisory Board of the Osuuskauppa KPO cooperative
- Member of the Supervisory Board 2015–
- Outgoing in 2020

HANNU PELKONEN
(b. 1967)

- Sotkamo
- Managing Director of the Osuuskauppa Maakunta cooperative
- Member of the Supervisory Board 2015–
- Outgoing in 2021

TIMO RAJALA
(b. 1957)

- Akaa
- Project Director
- Chair of the Supervisory Board of the Pirkanmaan Osuuskauppa cooperative
- Member of the Supervisory Board 2017–
- Outgoing in 2020

JARKKO RAUTAOJA
(b. 1964)

- Heinola
- MSc (Tech.)
- Vice Chair of the Supervisory Board of the Osuuskauppa Hämeenmaa cooperative until 31 December 2018
- Member of the Board of Directors of the Osuuskauppa Hämeenmaa cooperative as of 1 January 2019
- Member of the Supervisory Board 2017–
- Outgoing in 2020

KARI SUNINEN
(b. 1963)

- Lappeenranta
- Managing Director
- Chair of the Supervisory Board of the Etelä-Karjalan Osuuskauppa cooperative
- Member of the Supervisory Board 2018–
- Outgoing in 2021

MATTI TIMONEN
(b. 1956)

- Nurmes
- Farmer
- Chair of the Supervisory Board of the Jukolan Osuuskauppa cooperative
- Member of the Supervisory Board 2011–
- Outgoing in 2020

ELINA VARAMÄKI
(b. 1971)

- Seinäjoki
- Vice Principal, Adjunct Professor
- Chair of the Supervisory Board of the Etelä-Pohjanmaan Osuuskauppa cooperative
- Member of the Supervisory Board 2016–
- Outgoing in 2019

KRISTIAN WESTERHOLM
(b. 1969)

- Inkoo
- MSc (Agr.)
- Chair of the Supervisory Board of the Varuboden-Osla Handelslag cooperative
- Member of the Supervisory Board 2016–
- Outgoing in 2019

KIM WRANGE
(b. 1968)

- Lehmo
- Licentiate of Science (Econ.), Head Lecturer
- Chair of the Supervisory Board of the Pohjois-Karjalan Osuuskauppa cooperative
- Member of the Supervisory Board 2018–
- Outgoing in 2019

HENKILÖSTÖN EDUSTAJAT:

ULLA KIVILAAKSO
(b. 1970)

- Helsinki
- Diploma in business administration, diploma in marketing and communications management (MJD)
- Marketing Manager
- SOK Travel Industry and Hospitality Chain Management
- Member of the Supervisory Board 2011–
- Outgoing in 2020

IIRIS MERIMAA
(b. 1962)

- Helsinki
- Administrative Assistant
- SOK Administrative Services and Risk Management
- Member of the Supervisory Board 2009–
- Outgoing in 2020

SOK's Executive Board 2018



TAAVI HEIKKILÄ
(b. 1962)

- CEO, MSc (Econ.)
- Member of SOK's Executive Board 2007–2011, 2014–
- With S Group 1987–
- Chair of SOK's Executive Board



HEIKKI HÄMÄLÄINEN
(b. 1966)

- Managing Director, MSc (Econ.)
- Osuuskauppa Suur-Savo cooperative
- Member of SOK's Executive Board 2014–
- With S Group 1990–



JUHA KIVELÄ
(b. 1966)

- Managing Director, MSc (Econ.)
- Northern Karelia Cooperative Society
- Member of SOK's Executive Board 2018–
- With S Group 1990–



HANNU KROOK
(b. 1965)

- Managing Director, MSc (Econ.)
- Varuboden-Osla Handelslag cooperative
- Member of SOK's Executive Board 2016–
- With S Group 2013–



VELI-MATTI LIIMATAINEN
(b. 1969)

- Managing Director, MSc (Econ.)
- Helsingin Osuuskauppa Elanto cooperative
- Member of SOK's Executive Board 2018–
- With S Group 1995–



TIMO MÄKI-ULLAKKO
(b. 1963)

- Managing Director, MSc (Econ.)
- Pirkanmaan Osuuskauppa cooperative
- Member of SOK's Executive Board 2013–
- With S Group 1987–



OLLI VORMISTO
(b. 1967)

- Managing Director, MSc (Econ.)
- Osuuskauppa Hämeenmaa cooperative
- Member of SOK's Executive Board 2017–
- With S Group 1989–

Corporate Management Team 2018



TAAVI HEIKKILÄ
(b. 1962)

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



JARI ANNALA
(b. 1964)

- Executive Vice President, CFO, M.Sc. (B.A.)
- Finance and Administration
- With S Group 1989–



ARTTU LAINE
(b. 1970)

- Executive Vice President, M.Sc. (B.A.)
- Chain Management, Procurement and Logistics
- With S Group 1995–



SUSA NIKULA
(b. 1970)

- Executive Vice President, M.A. (Ed.)
- HR
- With S Group 1995–



SEBASTIAN NYSTRÖM
(b. 1974)

- Executive Vice President, M.Sc. (Tech.)
- Strategy
- With S Group 2015–



JORMA VEHVILÄINEN
(b. 1967)

- Executive Vice President, M.Sc. (B.A.)
- SOK Liiketoiminta Oy
- With S Group 1991–



VELI-PEKKA ÄÄRI
(b. 1968)

- Executive Vice President, M. Soc. Sc.
- Customer Relations, Communications, Marketing and Digital Services
- With S Group 2011–

SECRETARY OF THE CORPORATE MANAGEMENT TEAM

SEPPO KUITUNEN
(b. 1961)

- General Counsel, LL.M
- Legal Affairs
- With S Group 2005–

Leadership

SOK Corporation's Corporate Governance and Management System



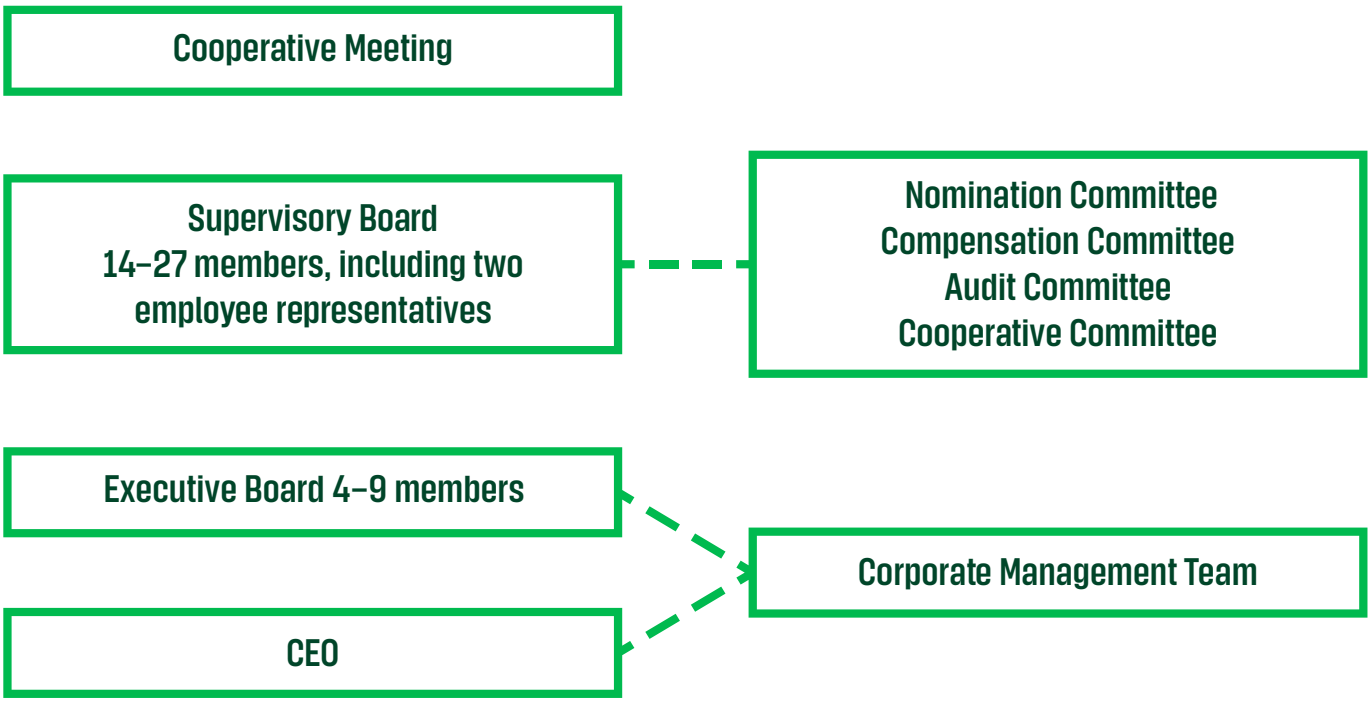
Decision-making and governance at SOK, a Finnish cooperative, are subject to the provisions of the Cooperatives Act and other regulations concerning the operations of its business areas, as well as SOK's Statutes. Its subsidiaries' operations are regulated by the Limited Liability Companies Act, among other regulations. SOK Corporation's operations are also governed by the operating principles, operating policies and investment and approval guidelines confirmed by SOK's Executive Board, as well as the rules of procedure confirmed for its various bodies.

In June 2015, the Securities Market Association approved a Corporate Governance Code for listed companies (available at http://cgfinland.fi/), which came into effect on 1 January 2016. In accordance with a statement issued by the Finland Chamber of Commerce in 2006, 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 to the extent relevant and possible considering its cooperative form of business and special characteristics.

S Group consists of cooperatives and SOK Corporation, which is owned by the cooperatives, and their subsidiaries. The purpose of S Group is to provide co-op members with services and benefits. SOK provides the cooperatives with procurement, expert and support services, as well as being responsible for S Group's strategic steering and the development of business chains.

SOK's governance model

Contrary to the Corporate Governance Code, SOK has a two-level governance model that consists of the Cooperative Meeting, Supervisory Board, Executive Board and CEO in line with the figure below. The company also has a management team, which assists the CEO in operational management.





Cooperative Meeting

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

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

In 2018, the Annual Cooperative Meeting was held on 26 April. The meeting attended to the matters on its statutory agenda. No Extraordinary Cooperative Meetings were held in 2018.

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

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

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

The Supervisory Board has confirmed rules of procedure for its operations.

The Chair of the Supervisory Board and the two Vice Chairs 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 decides, for example, on the emoluments of the CEO in accordance with the guidelines provided by the Supervisory Board.

The members of the Committee of Presiding Officers are:

- Matti Pikkarainen (b. 1953), DTh, Chair
- Lawyer Timo Santavuo (b. 1960), first Vice Chair
- Managing Director Antti Määttä (b. 1966), MSc (Econ.), second Vice Chair

The Supervisory Board has 14–27 members, of whom 12–25 are elected by the Cooperative Meeting based on proposals from the cooperatives. A person elected to the Supervisory Board must be a Finnish citizen and member of a cooperative. A person may not be elected as a member of the Supervisory Board if they turn 68 before the term of office. In addition to the members elected by the Cooperative Meeting, the employees of the cooperative society can nominate two members and designated deputies for them from among themselves to the Supervisory Board in accordance with the Act on Personnel Representation in the Administration of Undertakings.

The Supervisory Board had 20 members and 2 employee representatives in 2018. The Supervisory Board convened 6 times during 2018, and its members' attendance rate was 96%.

Based on the Statutes, the Supervisory Board sets up committees as it deems necessary. For the time being, the Supervisory Board has established four committees: the Nomination Committee, Compensation Committee, Audit Committee and Cooperative Committee, all of which have their own rules of procedure.

NOMINATION COMMITTEE

The Nomination Committee prepares matters related to the selection of the CEO and the members of the Executive Board. The Nomination Committee consists of the Chair of the Supervisory Board, the first and second Vice Chairs of the Supervisory Board and two other members elected by the members of the Supervisory Board from among themselves.

In 2018, the Nomination Committee, which prepared proposals for the Supervisory Committee, consisted of the following members of the Supervisory Board:

- Matti Pikkarainen, Chair of the Supervisory Board
- Timo Santavuo, first Vice Chair of the Supervisory Board
- Antti Määttä, second Vice Chair of the Supervisory Board
- Jorma Bergholm, member of the Supervisory Board
- Anne Mäkelä, member of the Supervisory Board

The Nomination Committee convened 6 times during 2018, and its members' attendance rate was 97%. The committee presented its proposal for the composition of the Executive Board on 19 December 2018.

COMPENSATION COMMITTEE

The task of the Compensation Committee is to assess and develop the compensation systems and principles of S Group's senior management and to issue recommendations on these and on compensation to the cooperatives' governing bodies. The Compensation Committee also prepares proposals concerning compensation to the members of the Executive Board and the Supervisory Board and their committees, for the relevant governing bodies to decide on. The Compensation Committee consists of the Chair of the Supervisory Board, the first Vice Chair of the Supervisory Board and three other members elected by the members of the Supervisory Board from among themselves.

In 2018, the Nomination Committee, which prepared proposals for the Supervisory Committee, consisted of the following members of the Supervisory Board:

- Matti Pikkarainen, Chair of the Supervisory Board
- Timo Santavuo, first Vice Chair of the Supervisory Board
- Sinikka Kelhä, member of the Supervisory Board
- Martti Lokka, member of the Supervisory Board
- Jarkko Rautaoja, member of the Supervisory Board

The Compensation Committee convened 5 times during 2018, and its members' attendance rate was 100%. The committee presented its proposal for compensation to the members of the Executive Board on 19 December 2018.

AUDIT COMMITTEE

The Audit Committee assists and supports the Supervisory Board in monitoring the Executive Board and the governance of the cooperative society. The Audit committee consists of the second Vice Chair of the Supervisory Board and two or three members elected by the members of the Supervisory Board from among themselves.

In 2018, the Audit Committee consisted of the following members of the Supervisory Board:

- Antti Määttä, second Vice Chair of the Supervisory Board
- Matti Manner, member of the Supervisory Board
- Timo Rajala, member of the Supervisory Board
- Kristian Westerholm, member of the Supervisory Board

The Audit Committee convened 3 times during 2018, and its members' attendance rate was 100%.

COOPERATIVE COMMITTEE

The Cooperative Committee assists the Supervisory Board in ensuring compliance with and the implementation of the principles of cooperative activities within S Group. The Cooperative Committee consists of the first Vice Chair of the Supervisory Board and four other members elected by the members of the Supervisory Board from among themselves.

In 2018, the Cooperative Committee, which prepared proposals for the Supervisory Committee, consisted of the following members of the Supervisory Board:

- Timo Santavuo, first Vice Chair of the Supervisory Board
- Pentti Hämäläinen, member of the Supervisory Board
- Tapio Kankaanpää, member of the Supervisory Board
- Kimmo Koivisto, member of the Supervisory Board
- Elina Varamäki, member of the Supervisory Board

The Cooperative Committee convened 4 times during 2018, and its members' attendance rate was 95%.

Executive Board

ELECTION AND COMPOSITION OF THE EXECUTIVE BOARD

According to SOK's Statutes, the Executive Board consists of the cooperative society's CEO, who serves as Chair of the Executive Board, and 3–8 other members. The Supervisory Board elects the members of the Executive Board for a term of one calendar year based on the Nomination Committee's proposal. When preparing its proposal, the committee evaluates the size and composition of the Executive Board, as well as the competences required of its members from the perspective of the cooperative society's current and changing needs. The purpose of the preparatory work is to ensure that the Executive Board is sufficiently diverse in terms of gender and age distribution and that its members have complementary experience and a diverse range of competences, as well as the qualifications required for the efficient management of the Executive Board's duties. According to the Statutes, a person being elected to the Supervisory Board must be a Finnish citizen and under 68 years of age at the beginning of the term of office. The goal is to ensure sufficient rotation, and sufficient continuity is also considered important in the work of the Executive Board. The composition of the Executive Board deviates from the requirements of the Corporate Governance Code. This is due to SOK's ownership base and S Group's structure, as well as the Executive Board's role in steering the Group's operations, which requires that the owner organisations have sufficient representation on the Board.

DUTIES OF THE EXECUTIVE BOARD

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

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

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

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

MEETINGS OF THE EXECUTIVE BOARD

The Executive Board convenes as required and on the Chair's invitation, and forms a quorum when more than half of the members are present, including the Chair or Vice Chair of the Executive Board. The Executive Board evaluates its work and procedures by carrying out a self-assessment annually.

In 2018, SOK's Executive Board had seven members, six of whom were managing directors of cooperatives. In accordance with the cooperative society's statutes, SOK's Chief Executive Officer is the Chair of the Executive Board.

In 2018, SOK's Executive Board consisted of the following members:

- Taavi Heikkilä (b. 1962), CEO, MSc (Econ.), Chair
- Heikki Hämäläinen (b. 1966), Managing Director, MSc (Econ.)
- Juha Kivelä (b. 1966), Managing Director, MSc (Econ.)
- Hannu Krook (b. 1965), Managing Director, MSc (Econ.), Vice Chair
- Veli-Matti Liimatainen (b. 1969), Managing Director, MSc (Econ.)
- Timo Mäki-Ullakko (b. 1963), Managing Director, MSc (Econ.)
- Olli Vormisto (b. 1967), Managing Director, MSc (Econ.)

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

Heikki Hämäläinen and Timo Ullakko retired from SOK's Executive Board at the end of 2018. At its meeting on 19 December 2018, the Supervisory Board elected the following new members to the Executive Board: Kim Biskop (b. 1971), MSc (Econ.); Nermin Hairedin (b. 1975), MSc (Econ.); Rita Järventie-Thesleff (b. 1959), DSc (Econ.); and Kimmo Simberg (b. 1959), Commercial Counsellor, Bachelor of Hospitality Management, MBA. The other members of the Executive Board will continue to serve as members. Hannu Krook was elected as Vice Chair for 2019.

The Executive Board convened 11 times during 2018, and its members' attendance rate was 96%. The Chair and Vice Chairs of the Supervisory Board are also entitled to attend the meetings of the Executive Board.

INDEPENDENCE OF THE MEMBERS OF THE EXECUTIVE BOARD

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

In accordance with the Statutes, the CEO of the cooperative society serves as Chair of the Executive Board. As of the beginning of 2019, the composition of the Executive Board has also included two independent members from outside S Group. Due to S Group's structure and ownership base, the other members of the Executive Board are managing directors of S Group's cooperatives. In this respect, the composition of the Executive Board deviates from the recommendations of the Corporate Governance Code with regard to independence.

THE EXECUTIVE BOARD'S SELF-ASSESSMENT

The Executive Board evaluates its operations and ways of working annually. This evaluation is usually carried out as a self-assessment, and its results are reviewed and discussed annually.

Identified development needs are considered when planning the duties of the Executive Board, and the Nomination Committee of the Supervisory Board takes the results into account when preparing its proposal for the composition of the Executive Board to the Supervisory Board. In addition, the Supervisory Board's Committee of Presiding Officers issues a review of the Executive Board's work annually.

CEO

In accordance with the Cooperatives Act, the cooperative society has a managing director (CEO). The CEO is responsible for the cooperative society's routine management duties in accordance with the instructions and regulations issued by the Executive Board and the Supervisory Board. As the managing director, the CEO is responsible for ensuring that the cooperative society's accounting complies with the applicable laws and that its financial management is appropriately organised. If the CEO is indisposed, a person elected by the Supervisory Board will act on behalf of them.

The CEO also serves as Chair of the Executive Board. This practice, which deviates from the requirements of the Corporate Governance Code, is due to S Group's structure and the fact that the cooperative society also has a Supervisory Board, which monitors the work of the Executive Board and the CEO. In addition, the Supervisory Board elects the CEO and determines the grounds for their remuneration.

CEO Taavi Heikkilä (b. 1962), MSc (Econ.), serves as managing director and Chair of SOK's Executive Board, as referred to in the Cooperatives Act.

SOK's Corporate Management Team

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

In 2018, the Corporate Management Team consisted of the following members:

- Taavi Heikkilä, CEO, SOK
- Arttu Laine, Executive Vice President, S-Group Chain Management, Procurement and Logistics
- Jari Annala, Executive Vice President, CFO, SOK Finance and Administration
- Susa Nikula, Executive Vice President, SOK Human Resources
- Sebastian Nyström, Executive Vice President, SOK Strategy
- Jorma Vehviläinen, Executive Vice President, SOK Business
- Veli-Pekka Ääri, Executive Vice President, SOK Customer Relationships, Information and Digital Services

Seppo Kuitunen, Executive Vice President, Legal Affairs, is Secretary to the Corporate Management Team.

The Corporate Management Team convened 21 times in 2018.

Subsidiaries

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

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

Chain Management

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

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

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

Internal control and risk management systems

INTERNAL CONTROL

Internal control and risk management ensure that the cooperative society operates efficiently, that its financial and other information is reliable and that it complies with the applicable regulations and operating principles. Internal control is an integral part of the cooperative society's management system.

The operating principles of internal control at SOK determine the internal control process applied to the cooperative society and its subsidiaries. Internal control is integrated into the organisation's processes of setting goals and planning operational processes, as well as its implementation, monitoring and reporting processes.

SOK's Executive Board is responsible for organising internal control within the cooperative society.

Internal control assists the Executive Board by regularly assessing the functionality, effectiveness and relevance of internal control practices in various parts of the organisation.

The CEO and the directors of the business areas and business units, as well as the boards of directors and managing directors of the subsidiaries, are responsible for ensuring sufficient internal control within their areas of responsibility.

In November 2016, SOK's Executive Board approved the operating policy for SOK Corporation's internal control and the Compliance policy (which was updated in 2019).

RISK MANAGEMENT

SOK's Executive Board has confirmed a risk management policy for identifying and analysing risks across the

corporation and for determining risk management measures as part of operational planning. Based on analyses, key risks are identified in terms of the corporation's operations and the achievement of its strategic goals. The Executive Board discusses and decides on these key risks annually. The management of SOK Corporation's subsidiaries and units reviews and determines each unit's most significant risks and the related risk management measures, as well as being responsible for implementing risk management measures.

Precautions have been taken for property, loss-of-profit and liability damage risks related to operations through various measures, such as contingency plans and insurance policies. SOK Corporation's risk management expert organisation steers and develops risk management within S Group and provides support in implementing risk management. SOK's internal audit function assesses the sufficiency and functionality of risk management processes.

INTERNAL AUDIT

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

Auditing

The cooperative society's financial statements, consolidated financial statements and governance are audited by an auditor. The auditor must be a member of a community of Authorised Public Accountants in accordance with the Auditing Act. The cooperative society's Annual Cooperative Meeting elects the auditor.

The Annual Cooperative Meeting elected KPMG Oy Ab, Authorised Public Accountants, as SOK's auditor for 2018, with Jukka Rajala, APA, as the principal auditor.

In 2018, the auditing fees paid by the SOK Corporation companies in Finland, the Baltic countries and Russia for auditing operations amounted to EUR 428,592, and other fees not related to auditing amounted to EUR 380,560.

Related party transactions

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

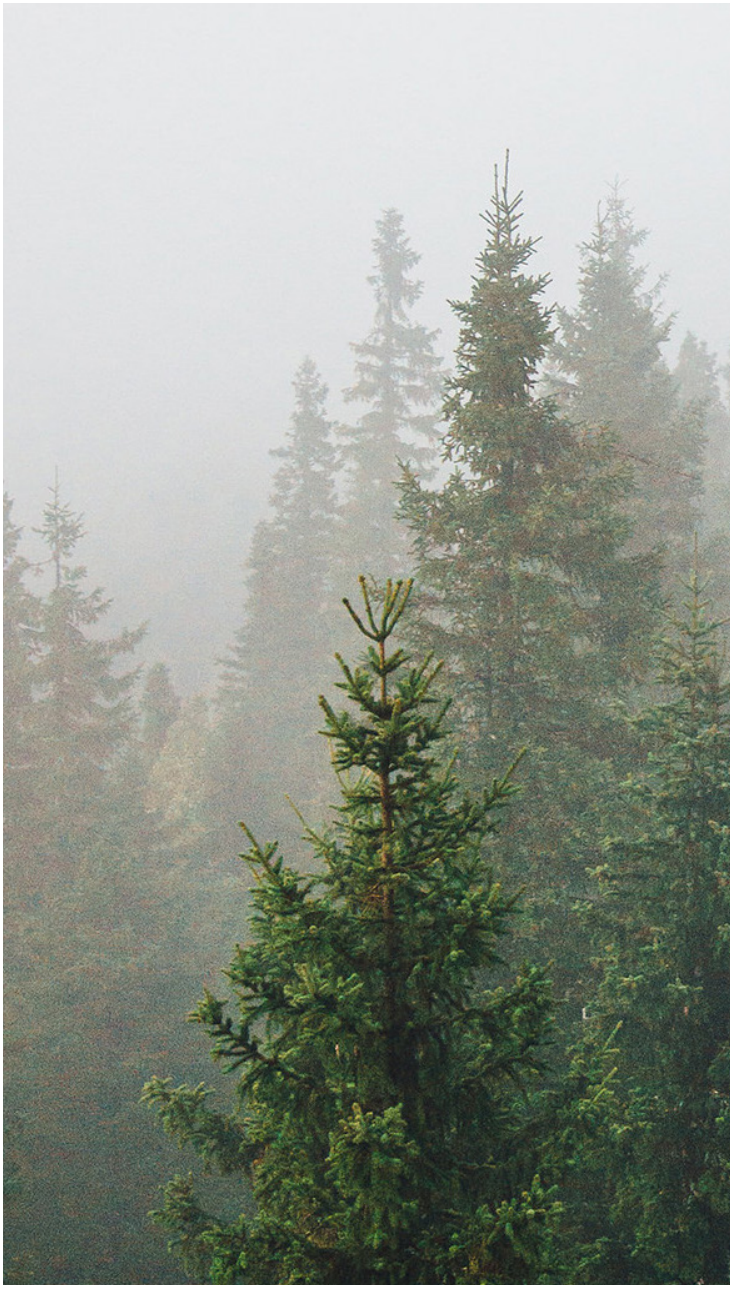
In 2018, in accordance with the Corporate Governance Code, there were no significant related party transactions within SOK Corporation that would have deviated from the cooperative society's normal business operations or that would have been conducted on terms other than standard market terms.

Financial reporting

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

Other disclosures of information

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



Remuneration statement

ORDER OF DECISION-MAKING ON REMUNERATION

The Annual Cooperative Meeting decides on the remuneration of the Chair, Vice Chairs and members of the Supervisory Board, as well as the auditors.

The Supervisory Board decides on remuneration for the members of the Executive Board and the grounds for remuneration for the CEO. The Executive Board members' fees are determined based on a requirement evaluation carried out within S Group and a recommendation issued by the Nomination Committee. The Chair of the Supervisory Board is responsible, in cooperation with the Vice Chairs of the Supervisory Board, for determining the CEO's emoluments, including a performance-based reward system, based on the grounds for remuneration determined by the Supervisory Board.

With regard to the members of the Corporate Management Team, with the exception of the members who are not members of the Executive Board, emoluments and fringe benefits, as well as the grounds for performance-based reward systems and incentive systems, are approved annually by the Executive Board.

KEY REMUNERATION PRINCIPLES

PERFORMANCE-BASED REWARD SYSTEM

All of SOK Corporation's employees in Finland are covered by a bonus scheme. The bonus scheme for the senior management (Corporate Management Team) is based on both short-term and long-term targets. The maximum level of the Corporate Management Team's short-term bonus programme and long-term bonus programme corresponds to three months' salary per year.

For the time being, the Supervisory Board has set up a Compensation Committee responsible for assessing and developing the compensation systems and principles for S Group's senior management and issuing recommendations on compensation to SOK's decision-making bodies.

SUPERVISORY BOARD

The special compensation for the Chair of the Supervisory Board was EUR 4,000 per month, and the Vice Chairs were each paid compensation of EUR 2,000 per month in 2018. The meeting fee for the Chairs and members of the Supervisory Board in 2018 was EUR 460 for each meeting and per day spent carrying out a specific assignment.

The members of the Supervisory Board's committees were paid a fee of EUR 460 per meeting.

EXECUTIVE BOARD

The members of the Executive Board were paid a total of EUR 129,600 in remuneration in 2018. As Chair of the Executive Board, the CEO of SOK does not receive separate remuneration for their work on the Executive Board.



CEO

In 2018, the salary (including fringe benefits) and bonuses paid to SOK's CEO totalled EUR 1,076,294.40. SOK's CEO had a corporate residence as a fringe benefit, and its taxation value is included in the remuneration amount mentioned above. The CEO is covered by an additional defined contribution pension scheme, and their retirement age is 63 years.

MANAGEMENT TEAM

In 2018, the Corporate Management Team was paid a total of EUR 2,340,627.96 in salaries and bonuses, including fringe benefits.



For the good of society

S Group and its cooperatives create well-being across Finland. We have nearly 40,700 employees, and are investing in employing young people in particular. We create economic well-being throughout the country by making investments, through which we also employ people indirectly.

TAX WITHHELD FROM SALARIES AND CORPORATE TAX IN 2018

274

EUR MILLION

Tax withheld from salaries and the corporate tax paid by the S Group companies are primarily accumulated by municipalities. The tax revenue is used to finance services offered by society in each cooperative's region in Finland.

CASH BENEFITS PAID TO CO-OP MEMBERS

372

EUR MILLION

We reward our co-op members monthly with cash. In addition to the Bonus, our co-op members receive a payment method-based benefit, interest on the membership fee and return of surplus. Moreover, we support sport, culture and the common good both locally and nationally with millions of euros per year.

SUPPORT FOR THE COMMON GOOD

6

EUR MILLION

More than half of this support was allocated to sport. The remaining amount was divided between social activities, culture and various donations.

By purchasing local products and services, we take responsibility for the vitality of the Finnish food supply chain in particular.

USE OF FINNISH MEAT AT OUR RESTAURANTS

OUR ABC RESTAURANTS ONLY SERVE

100%

FINNISH PORK, BEEF AND CHICKEN

THE GOAL FOR OUR OTHER RESTAURANT CHAINS IS

100%

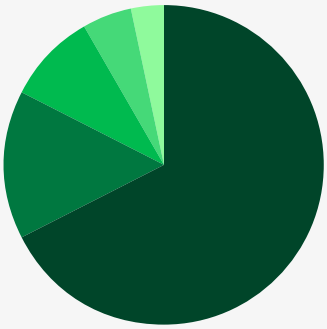
FINNISH FRESH PORK AND CHICKEN BY THE END OF 2020

WE PROMOTE THE FOLLOWING UN SUSTAINABLE DEVELOPMENT GOALS IN PARTICULAR





S GROUP'S SOCIAL INFLUENCE EUR 11,730 MILLION IN 2018



- Purchases from suppliers of goods and services EUR 7,931 million
- Taxes EUR 1,773 million
- Remuneration to employees EUR 1,065 million
- Investments EUR 589 million
- Rewards to co-op members EUR 372 million

Tax footprint

The taxes we pay are distributed across Finland

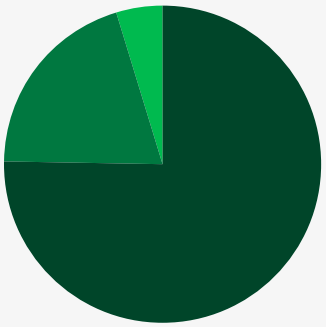
S Group companies paid a total of nearly EUR 1.8 billion in taxes and payments to the Finnish state and municipalities in 2018. In addition to direct income tax and indirect taxes on consumption, S Group's tax footprint includes tax-like payments related to employees and tax withheld from their salaries.

In recent years, the focus in taxation has shifted from income taxes towards indirect taxes. Indirect taxes include value added tax and various excise duties, such as alcohol and tobacco taxes, beverage taxes and fuel tax. Value added tax is a common consumption tax ultimately paid by the consumers of goods and services; that is, mainly households. We pay value added tax to the state as a company selling goods and services.

Excise duties are consumption taxes included in the price of the product, and are levied from product manufacturers, producers, importers or wholesalers. Many products sold by S Group include excise duties.

In addition to the taxes included in the tax footprint, we pay transfer tax, lottery tax, tax at source and vehicle tax, which are not included in the table here. We also pay local taxes on the operations of our companies in Estonia and Russia in accordance with the regulations of each country.

TAX FOOTPRINT EUR 1,773 MILLION IN 2018

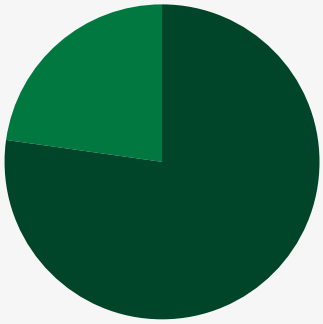


- Indirect taxes EUR 1,339 million
- Tax withheld and employer contributions EUR 353 million
- Income and capital taxes EUR 82 million

TAX FOOTPRINT, EUR million	2018
Income and capital taxes	
Corporate income tax	61.8
YLE tax (Finnish Broadcasting Company)	0.1
Property tax	19.6
Indirect taxes	
Remitted value added tax	283.2
Insurance premium tax	0.8
Electricity tax	24.2
Waste tax	0.6
Fuel excise duty	675.5
Beverage excise duty	26
Alcohol tax	20.4
Tobacco tax	265
Importation customs duties	5.6
Vehicle tax	37.5
Tax withheld and employer contributions	
Tax withheld on salaries	212.3
Pension insurance payments	131.8
Sickness and unemployment insurance payments	51
Total tax footprint	**1 773.1**

The majority of the tax income generated by S Group is distributed regionally around Finland. Tax withheld from salaries and the corporate tax paid by the S Group companies are primarily accumulated by municipalities. The tax revenue is used to finance services offered by society in each cooperative's region in Finland. The figure here shows the accumulation of tax withheld and corporate tax in the cooperatives' regions.

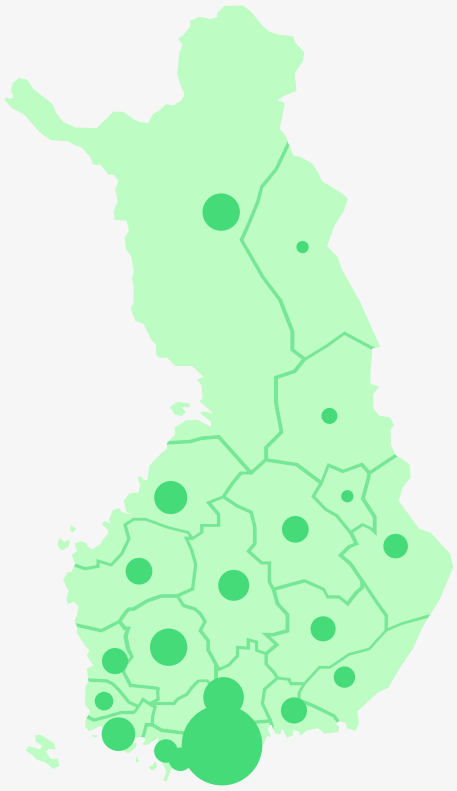
TAX WITHHELD AND CORPORATE TAXES IN 2018
EUR 274 MILLION



Tax withheld
EUR 212 million

Corporate taxes
EUR 62 million

Total: EUR 274 million



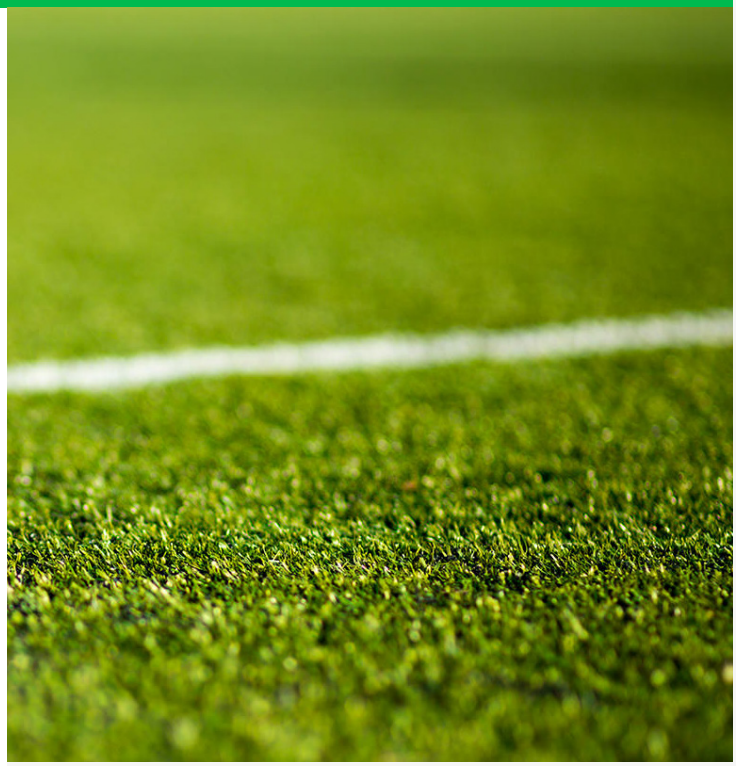
Sustainability cooperation

Local and national benefits

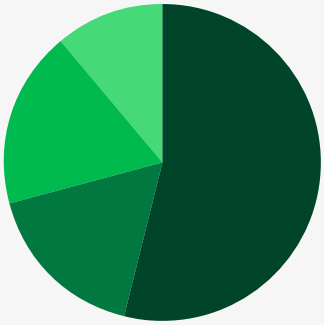
In 2018, we invested nearly EUR 6 million in supporting various parties locally and nationally. More than half of this support was allocated to sports. The remaining amount was divided between social activities, culture and various donations.

Our national partners include the Finnish Red Cross, the Mannerheim League for Child Welfare (MLL), the Children's Day Foundation and the Football Association of Finland. Most of the support we provide each year is allocated to our national partners.

We also have regional sustainability partners, and our cooperatives extensively support local activities. For example, the Supporters concept is a way for the cooperatives to support children's and young people's hobbies transparently. Co-op members can join as supporters and have an impact on the amount and recipients of the support paid by the cooperative.



SUSTAINABILITY COOPERATION IN 2018, %



- Sports 54%
- Social activities 17%
- Donations 18%
- Culture 11%

100 Ässäkenttä fields inspire Finnish schoolchildren to exercise

S Group's and the Football Association of Finland's cooperation on building free exercise areas and facilities for children achieved its ambitious goal when the 100th Ässäkenttä field was opened in the yard of the Mertala school in Savonlinna in September 2018. We have invested a total of EUR 1 million in building free-of-charge local exercise areas and facilities for children across Finland.

The Ässäkenttä fields are open to everyone, and can be used for a variety of ball games and sports or just for fun exercise. Building the Ässäkenttä fields is very important to us, as exercise is an integral part of the daily life and well-being of children and young people.

The initiatives to build fields come from municipalities, which make the decisions concerning the construction of local sports facilities. The cooperatives' share of the construction costs is around 40%.

Finnish origin

Finnish products in our selections

Our customers value products of Finnish origin. The demand for Finnish products also promotes employment in Finland. For example, of the food products sold in our grocery stores, 80% are of Finnish origin.

S Group's Kotimaista range includes 400 products of Finnish origin that meet the generally accepted requirements of the Hyvää Suomesta label or the Sirkkalehti label for Finnish origin, meaning that their raw materials come from Finland and the products have been made in Finland.

Finnish meat

Our ABC restaurants only serve Finnish pork, beef and chicken. For our other chains of restaurants, the goal is for the fresh chicken and pork to be 100% of Finnish origin by the end of 2020. For frozen and processed foods, the goal is 90% of Finnish origin. For chicken, this goal was achieved ahead of time in 2018.

We are also committed to compliance with stricter restrictions on antibiotics in meat production than the regulations require. We do not approve routine-like antibiotic medication or antibiotic feed for healthy animals. Antibiotics must only be used when prescribed by a veterinarian, and their use must be limited to treating sick animals. This requirement also applies to suppliers using foreign meat.

Degree of Finnish origin of meat in restaurant chains in 2018, %	Of the acquired volume	Of product items
Chicken, fresh	100%	100%
Frozen and processed chicken products	87%	66%
Pork, fresh	91%	87%
Frozen and processed pork products	84%	85%

OUR GOAL FOR THE USE OF FINNISH MEAT AT OUR RESTAURANTS

100%
FINNISH FRESH CHICKEN AND PORK BY THE END OF 2020

100%
FINNISH MEAT AT ABC RESTAURANTS

90%
OF FROZEN AND PROCESSED CHICKEN AND PORK PRODUCTS BY THE END OF 2020

Looking for Finland's most famous recipe

The Finnish Recipe for Success competition highlights innovative new products by small and medium-sized manufacturers. Launched in autumn 2018, the competition has reached its finals. The finalists will be provided with coaching on product development and packaging design, as well as telling the story of their product and marketing their product, during spring and summer 2019. The winning products, and perhaps also products by other finalists, will be introduced in our grocery stores during autumn 2019.

A new global food-technology startup for Finland

S Group and the Founder Institute, a startup accelerator based in San Francisco, will establish a global food-technology startup programme in Finland. The Food Founder Programme will be launched in Helsinki, and will help new companies and business owners engaged in food products, food technology and agricultural technology to develop ideas into international success stories. The first 13-week training programme will begin in early 2019.

A trip to a store and the world of retail

'Trip to the Store' is a study module designed by S Group and the Finnish Food Information association. Its purpose is to support learning outside the classroom in line with the national curriculum, as well as encouraging schools to discover new learning environments. From the material offered, the teacher chooses material that best suits their class. Some of the study module is implemented at a store, and parts of it are implemented in the classroom before and after the trip to the store. The study module is in the pilot phase.

'Trip to the Store' is based on our Food Manifesto, which we announced in summer 2017 to build a bright future for Finnish food. One of its themes is a promise to promote healthy eating among children. This inspired the idea of schoolchildren's trips to grocery stores. At the store, the children learn about how food is delivered to the store and about food waste, which helps them understand the stories behind the products and appreciate food.



Anonymous recruitment

Promoting a non-discriminatory work culture



We are participating in the Work Does Not Discriminate (#eisyrji) campaign to reduce discrimination in Finnish working life. We promoted a non-discriminatory work culture in November 2018 by organising a project to test anonymous recruitment.

Started by the Confederation of Finnish Industries, the Work Does Not Discriminate campaign aims to make equality a given in working life. In addition to S Group, 17 companies and communities of different sizes participated in the first stage of the campaign.

Anonymous recruitment is used to ensure that applicants are invited to participate in job interviews based on their relevant work experience, educational background and capabilities, for example. In other words, employees will not be selected based on their age, gender, ethnic background or similar factors, not even subconsciously.



Climate change and the circular economy

Climate change affects everyone and everything – including S Group and our 2.3 million co-op members. For this reason, we want to do everything we can to reduce our environmental effects and make climate-friendly choices easy for our customers.



Climate was one of our key sustainability themes for 2018. In the spring, we announced our emission reduction targets for 2030 and invited our partners to join the Big Deal campaign, which seeks to reduce emissions by a million tonnes. In the international CDP climate performance assessment, our score was A-. The score equals the Leadership level among climate work pioneers.

We mitigate climate change and reduce emissions by using energy more efficiently and investing in renewable energy. Efficient recycling of materials and management of food waste also play an important role.

S group's climate targets

BIG DEAL CAMPAIGN TO REDUCE EMISSIONS

1,000,000 TONNES

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

REDUCTION IN EMISSIONS

60%

BY THE END OF 2030
COMPARED WITH 2015

IMPROVED ENERGY EFFICIENCY

30%

BY THE END OF 2030
COMPARED WITH 2015

RECYCLING

80%

OF OUR WASTE IS DIRECTED TO THE MANUFACTURE OF NEW PRODUCTS AND PACKAGING BY THE END OF 2025

OMA UUSIUTUVA SÄHKÖ

80%

OF ELECTRICITY CONSUMPTION BY THE END OF 2025

FOOD WASTE

-15%

BY THE END OF 2020
COMPARED WITH 2014

WE PROMOTE THE FOLLOWING UN SUSTAINABLE DEVELOPMENT GOALS IN PARTICULAR

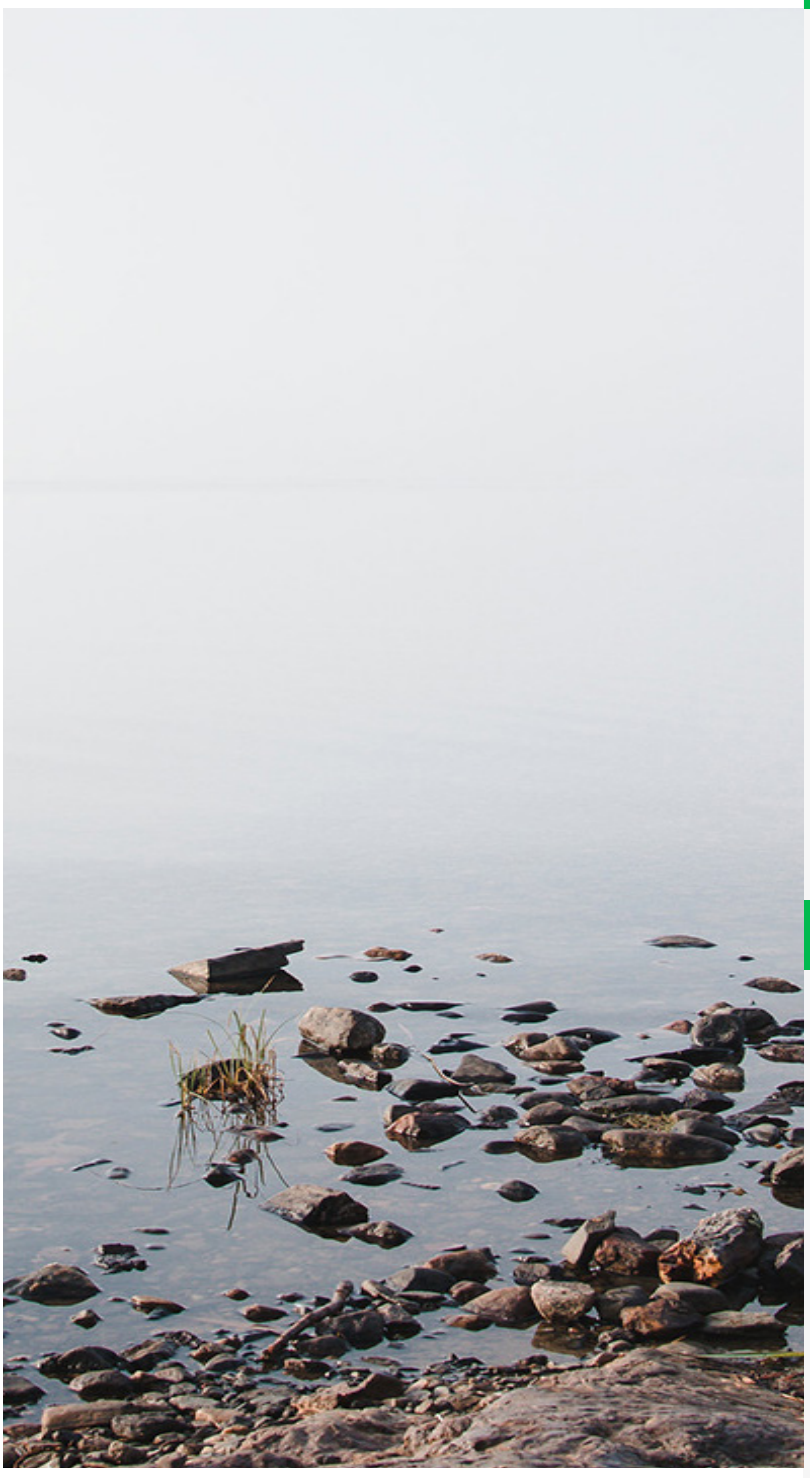


Energy consumption

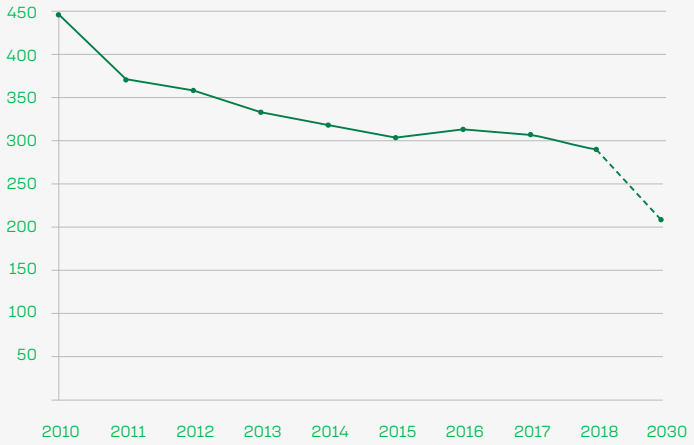
In 2018, our locations in Finland consumed 292 kWh of energy per gross m2, which represents a decrease of 4% compared with 2015. Compared with 2017, the efficiency of our relative energy consumption has improved by nearly 5%. Since 2010, we have reduced our relative energy consumption by 34% by adding doors to refrigeration cabinets and switching to LED lighting.

Renewable electricity

In 2018, a total of 56% of the energy we used in Finland was emission-free wind and solar energy produced by S Group.



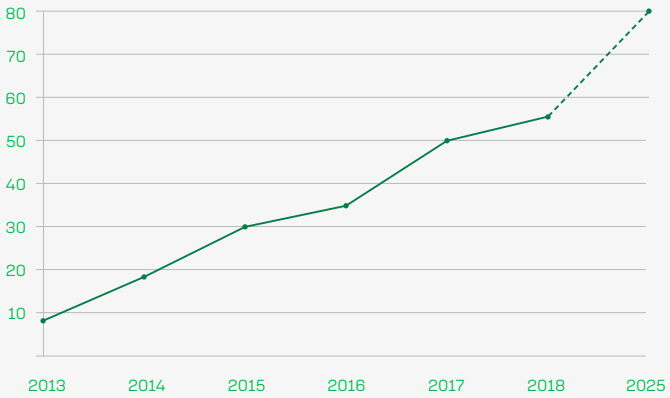
SPECIFIC ENERGY CONSUMPTION, FINLAND (KWH PER GROSS M^2)



KWH PER GROSS M^2	2010	2011	2012	2013	2014	2015	2016	2017	2018
	441	372	361	333	320	303	311	306	292

The reported consumption data is based on data measured and reported by building or by residence.
Until 2018, our heat consumption was weather-normalised in accordance with Jyväskylä. Since 2018, our heat-consumption has been weather-normalised in accordance with a local comparison point.

SHARE OF S GROUP'S OWN WIND ENERGY OF ELECTRICITY CONSUMPTION, %



PER CENT, %	2013	2014	2015	2016	2017	2018
	9	19	30	35	50	56

The figure for 2018 also includes S Group's own production of solar energy.

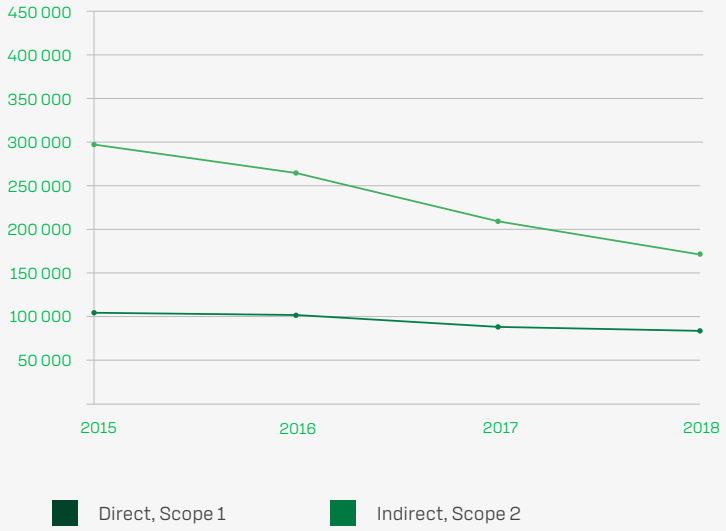
Climate emissions

In 2018, emissions from our own operations decreased by 14% year-on-year. Since 2015, our emissions have decreased by 38% due to improved energy efficiency and investments in our own production of renewable energy. Emissions generated by our value chain decreased by 2% on 2017. Our partners in S Group's Big Deal climate campaign have decreased their climate emissions by 18,000 tonnes during 2016 and 2017.

Recycling and reuse rates

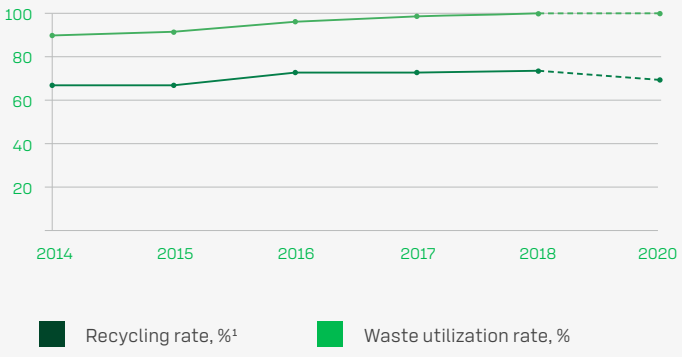
Of the waste we generated, 72% was recycled to produce new products or packaging and 27% was used to produce energy in 2018. We updated our recycling rate target to 80% in 2018, as we had already exceeded our goal for 2020, which was 70%, in 2016 and 2017.

EMISSIONS FROM S GROUP'S OWN OPERATIONS, TCO_2E



TCO_2E	2015	2016	2017	2018
Direct, Scope 1	103,000	100,400	86,600	82,500
Indirect, Scope 2	298,000	265,000	209,000	164,400

RECYCLING RATE AND WASTE UTILIZATION RATE, %



PER CENT, %	2014	2015	2016	2017²	2018
Recycling rate, %¹	67	67	72	72	72
Waste utilization rate, %	90	91	98	99	99,7

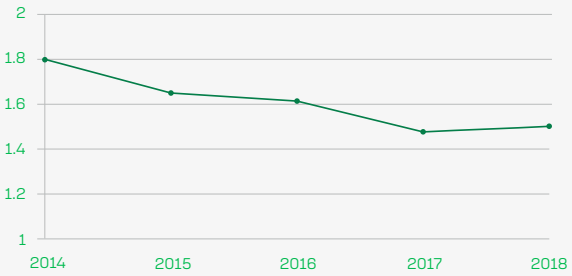
The coverage of the waste data for 2018 was 79%
The figures do not include the neighbouring countries (Russia and Estonia)
¹The recycling rate includes material recycling, as well as the composting of separately collected biowaste or its use to produce biogas or bioethanol.
²For plastic, the waste amount for 2017 has been adjusted due to an error detected afterwards.



Food waste

We have reduced our relative food waste by 16% between 2014 and 2018, and have achieved the goal we set for 2020. However, our amount of food waste increased slightly in 2018 compared with the previous year. This was due to the acquisition of the Food Market Herkku stores and the warm summer.

RELATIVE FOOD WASTE, %



PER CENT, %	2014	2015	2016	2017	2018
Relative food waste, %	1.79	1.67	1.63	1.49	1.51

Disposal wastage in relation to sales (EUR/EUR). The absolute wastage amount was 31.7 million kg in 2018.

Energy consumption

We are improving the efficiency of our energy consumption

We are the largest non-industrial consumer of electricity in Finland. Refrigeration equipment and store lighting have the highest energy consumption in our locations. We can achieve considerable cost savings by making these more efficient and through renovations.

We take energy efficiency into account in our day-to-day work and when building new locations and renovating old ones.

We have joined the energy efficiency agreements of the accommodation and catering sectors. Energy efficiency agreements are a method chosen by the government and the sectors to meet Finland's international energy efficiency targets.

During the current agreement period, which runs from 2017 to 2025, we are committed to reducing our energy consumption by 7.5% compared with 2015. In addition, in line with our own energy efficiency target, we aim to reduce our energy consumption by 30% by 2030, compared with 2015. A location-specific energy consumption target has been or will be set for each location.

S GROUP'S ENERGY CONSUMPTION

ELECTRICITY (GWH)

1,167

IN THE YEAR 2018

HEAT (GWH)

450

IN THE YEAR 2018

WATER (MILLION M^3)

2.29

IN THE YEAR 2018

AREA (MILLION GROSS M^2)

5.52

IN THE YEAR 2018

CONSUMPTION AND AREAS IN FINLAND	2018	2017	2016
Electricity, GWh	1,120	1,119	1,137
Heat[1], GWh	422	449	440
Energy, total, GWh	1,542	1,568	1,577
Water, million m^3	2.03	2.03	2.06
Area, million gross m^2	5.28	5.12	5.07

[1]Weather-normalised

CONSUMPTION AND AREAS IN THE NEIGHBOURING COUNTRIES[2]	2018	2017	2016
Electricity, GWh	47	75	85
Heat[1], GWh	28	40	36
Energy, total, GWh	75	115	121
Water, million m^3	0,26	0,38	0,24
Area, million gross m^2	0,24	0,24	0,37

[1] Weather-normalised. Until 2018, our heat consumption was weather-normalised in accordance with Jyväskylä. Since 2018, our heat-consumption has been weather-normalised in accordance with a local comparison point.
[2] The neighbouring countries are Russia, Estonia, Latvia and Lithuania. The figures for 2016 include Latvia and Lithuania, where business operations were discontinued in 2017. Coverage of of data for monitoring: electricity 98%, heating 63%, water 68%. The area data covers 92% of the locations.

Renewable energy

We invest in wind and solar energy

We have made significant investments in our own production of renewable energy in order to achieve our goal for 2025, which is to produce 80% of the energy we use through wind and solar power. Increasing the production of renewable energy significantly supports the achievement of our emission reduction targets and the overall goal of reducing emissions by a million tonnes.

We consume more than 1% of the electricity used in Finland. We have more than 1,600 locations, which need electricity for refrigeration equipment and lighting in particular. Of the electricity we use, nearly 60% is produced using Finnish wind power supplied by TuuliWatti Oy, a company owned by S Group and St1, and our own solar power. We will increase the share of solar power in the future.

56%

SHARE OF S GROUP'S OWN RENEWABLE ENERGY OF ELECTRICITY CONSUMPTION

131

WIND TURBINES

14

WIND PARKS



Finland's largest solar power project

In April 2018, we announced the largest rooftop solar power project in the Nordic countries. With the project, S Group will become one of Finland's largest producers and consumers of solar power. At the end of 2019, solar panels will be found on the roofs of around 40 S Group locations. A total of around 37,000 solar panels will be installed on the roofs of Prisma Stores, S-markets and ABC service stations across Finland. A total of 27,500 panels were installed during 2018, and the rest will be installed during 2019. The panels produce electricity for the locations.

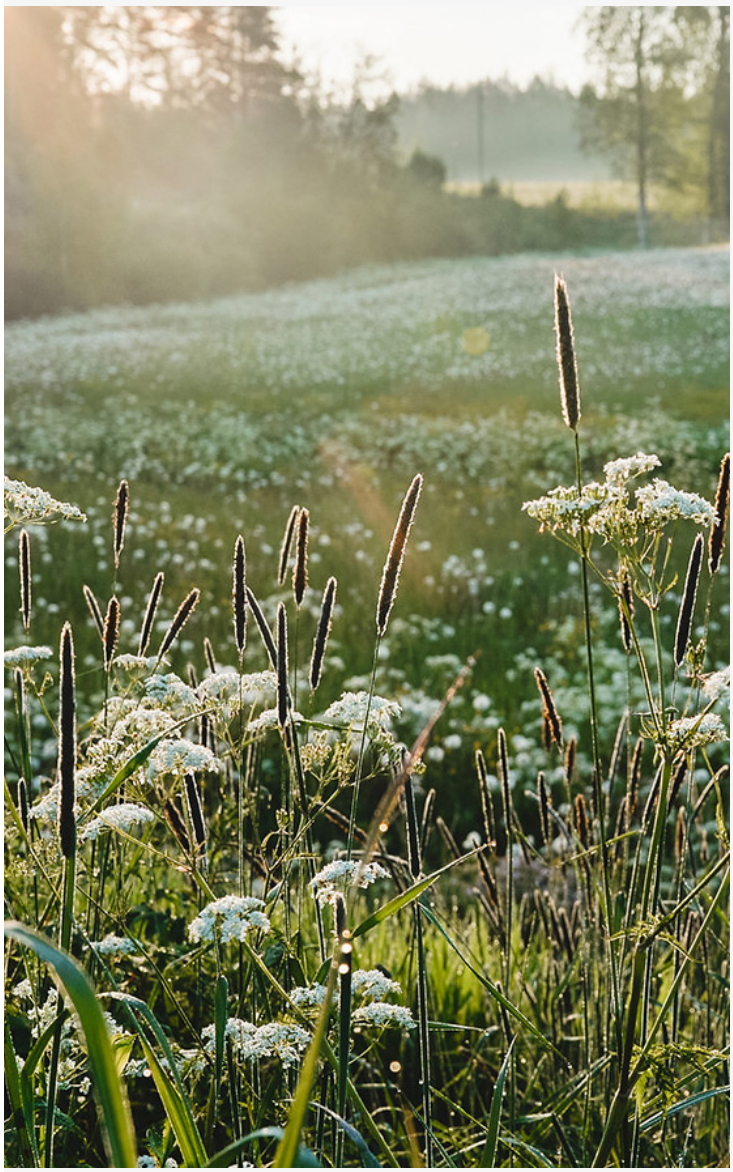
Our stores' electricity consumption is highest in the summer, when energy is needed for refrigeration equipment and cooling in particular. During the sunny hours of summer, it will be possible to use solar power to produce all the energy that the property needs. On the annual level, solar power can be used to cover around 10% of the electricity used by the properties.

As well as being climate-friendly, solar power reduces costs. With the project, our electricity bill will decrease by hundreds of thousands of euros on the annual level. The next solar power project is already being planned.

New wind park without state subsidies

In May 2018, TuuliWatti decided to invest in building a wind park in Ii, Finland. The Viinamäki wind park project is the first wind park investment in Finland to be completed without state subsidies. Our project proves that wind power is one of the most cost-effective ways to produce energy.

Wind power technology has progressed rapidly. Higher wind power plants make it possible to make use of wind over a larger area. In the long term, the price of the electricity we use must be competitive, and the electricity must be produced sustainably.



27,500

SOLAR PANELS INSTALLED

Emissions

Aiming to reduce emissions by a million tonnes

Preventing and reducing emissions that cause climate warming are an important part of our ambitious climate work over the long term. Since 2015, we have reduced emissions from our own operations by 38%.

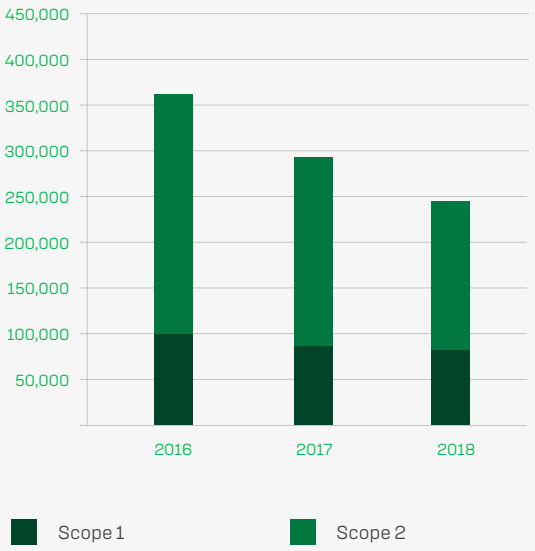
In spring 2018, we set a science-based target for our own operations: to reduce emissions by 60% by 2030, compared with 2015. In setting this goal, we made use of the methods of the Science Based Targets initiative in order to ensure that the target is sufficient in terms of the Paris Agreement.

In addition, we aim to reduce emissions by a million tonnes. This target covers not only our own operations, but also the emissions generated by our value chain, such as emissions from the manufacture of the products we sell. To accelerate the achievement of this goal, we launched the Big Deal climate campaign, which invites our goods suppliers and service providers to join the undertaking to reduce emissions. By the end 2018, a total of 87 goods suppliers and service providers had joined the campaign, and had committed to the emission reduction targets and the measures to help the climate.

S Group's emissions in 2018

Most of the climate emissions from our own operations are generated by the production of electricity and heat for our locations. Electricity is needed for lighting and refrigeration equipment. Emissions also arise from refrigerant leakages, for example. Our emissions have been calculated in accordance with the GHG Protocol standard.

EMISSIONS FROM S GROUP'S OWN OPERATIONS (TCO_2E PER 1,000 M^2)



EMISSIONS FROM S GROUP'S OWN OPERATIONS

246,900

TCO_2E

EMISSION INTENSITY

21.4

TCO_2E PER EUR 1 MILLION OF SALES

EMISSION INTENSITY

44.7

$TCO_2E/1000\ M^2$

SCOPE 1

Scope 1 emissions are greenhouse gas emissions arising directly from S Group's own operations. In practice, the emissions are generated by the fuel used for heating S Group's properties and by refrigerant leakages.

Refrigerants are cooling gases that circulate in the pipes of refrigeration equipment. When released into the atmosphere, refrigerants behave in the same manner as carbon dioxide and warm the climate. However, depending on the agent, their warming effect is nearly 4,000 times more intense than that of carbon dioxide. If a pipe in the refrigeration equipment is dented or has even a minor puncture, refrigerant may leak into the atmosphere. For this reason, the equipment is monitored closely for any leakages.

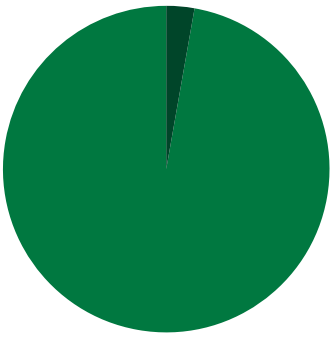
SCOPE 2

Scope 2 emissions are greenhouse gas emissions generated by the production of purchased electricity, district heating and cooling.

SCOPE 3

Scope 3 emissions, or other indirect emissions, include emissions from products and services purchased by S Group during their life cycle, such as the primary production of raw materials and the manufacture, packaging and transport of products, as well as customer traffic and the use of the products. In addition, indirect emissions are caused by commuting and business travel by S Group's personnel, final processing of S Group's waste, S Group's investments and the emissions generated by energy production and distribution waste.

EMISSIONS FROM S GROUP'S OPERATIONS, %



Emissions from own operations (Scope 1 & 2)
3%

Emissions from the value chain (Scope 3)
97%

EMISSIONS FROM S GROUP'S OWN OPERATIONS (TN CO_2E) (SCOPE 1 AND 2)	2018	2017	2016
Direct, Scope 1			
Own production of heat	6,400	5,600	4,400
Refrigerant leakages in stores	76,100	81,000	96,000
Indirect, Scope 2			
Purchased electricity (area-specific)	104,100	140,300	187,000
Purchased district heating and cooling (area-specific)	60,300	68,700	78,000
Scope 1 and 2, total	**246,900**	**295,600**	**365,400**

The figures include Finland and the neighbouring countries. The figures for 2016 only include Finland. The market-based emissions from electricity in accordance with the GHG Protocol standard for purchased electricity were 160,300 tCO2e in 2018.

EMISSIONS FROM S GROUP'S VALUE CHAIN (TN CO_2E) (SCOPE 3)[1]	2018	2017	2016
Upstream			
Purchased goods and services	5,739,000	5,779,000	5,429,000
Capital assets (buildings)	13,000	22,000	34,000
Indirect emissions from purchased energy	25,300	43,000	47,000
Product transportation and delivery[2]	95,400	116,000	78,600
Waste generated in operations	19,600	25,000	22,000
Business travel	2,300	2,200	2,000
Employee commuting	20,300	20,000	20,400
Downstream			
Customer transportation	283,000	289,000	283,000
Use of sold products	2,619,000	2,724,000	2,717,000
Investments	46,400		
Total	**8,863,300**	**9,020,200**	**8,937,600**

[1] The calculation principles of Scope 3 emissions are presented in a separate report (S Group GHG Inventory Report 2018). The figures for 2016–2017 have been updated due to a change in the calculation principles.
[2] The 2017 transportation emissions also include the emissions from ABC fuel transports.

Reducing emissions

Key factors in reducing emissions from our own operations include improving the efficiency of energy use, increasing the share of renewable energy, minimising refrigerant leakages and replacing old refrigeration equipment with equipment that uses carbon dioxide.

Thanks to increased wind power production, carbon dioxide emissions decreased by 180,000 tonnes in 2018 compared with the specific emissions in accordance with the residual mix of electricity production in Finland in 2017.

More than 90% of our emissions arise from our value chain, such as the manufacture of the products we sell. In terms of fuel, emissions are generated when products are used in transport.

Emissions from the fuel we sell are reduced by increasing the share of biofuel mixed in the fuel. In addition, the high-level ethanol blend (Eko E85) sold to customers reduces emissions in relation to fossil fuels. In 2018, the computational emission reduction for biofuels purchased by S Group in relation to fossil fuels was around 200,000 carbon dioxide tonnes. Of the raw materials of purchased biofuels, 68% were based on waste or residue, and part of the biowaste used as raw material is collected from S Group's own locations. The sales of the Eko E85 fuel increased by 24%, or by more than EUR 1.4 million, from the previous year.

The future of transport

Our fuel business plays an important role in achieving S Group's climate targets. The future of transport, as well as alternative fuels and vehicle types, is attracting a great deal of interest and provoking debate, and the main challenge for the sector is to predict the pace of the transition towards low-emission transport. The ABC service stations are already offering options for conscious motorists through a comprehensive charging point network for electric cars and in the form of the Eko E85 bioethanol fuel. In addition, four ABC service stations have biogas stations for cars.

The popularity of ethanol as a fuel is increasing in Finland. In 2018, sales of Eko E85 fuel increased by 24% on the previous year, and its sales have increased by 55% since 2016. The increasing popularity of electric cars in Finland is reflected in the number of recharging events at the recharging points at ABC service stations. The number of recharging events in 2018 was nearly 17,000. This represents an increase of 95% on 2017. The amount of electricity recharged equals nearly 1 million kilometres of driving calculated based on average consumption.

In the near future, the fuel sold at the ABC service stations will gradually produce lower and lower emissions as the share of biofuel mixed in the fossil fuel increases. The share of biofuel was 10% on average in 2018. In early 2019, the Parliament of Finland approved a new obligation that aims to increase the share of biofuel to 30% by 2030. NEOT, the joint fuel procurement company of S Group and ABC, is responsible for ensuring that this obligation can be fulfilled as cost-effectively as possible and that the cost incurred by co-op members with cars are minimised.

RECHARGING SOCKETS FOR ELECTRIC CARS

254

RECHARGING POINTS FOR ELECTRIC CARS IN

90

OUTLETS

EKO E85 REFILLING POINTS AT

85

ABC STATIONS

Please see the map for the Eko E85 refuelling points and electric car recharging points at ABC service stations.





Big Deal climate campaign

Our Big Deal climate campaign aims to reduce emissions causing climate warming by a million tonnes by 2030 in cooperation with our goods suppliers and service providers. We set the goal for reducing the climate effects of our value chain and launched the Big Deal campaign because more than 90% of the total climate impact of our operations arises from the value chain; for example, from the manufacture of the products we sell, even before they arrive at our stores.

With the campaign, we want to encourage and inspire our partners to reduce their emissions and achieve more effective results. A million tonnes is equal to as many as 8 million trips by car from Rovaniemi to Helsinki or the annual emissions generated by more than 100,000 Finns.

The Big Deal campaign was launched in April 2018, and 87 major companies and smaller operators and producers from around Finland have already joined the campaign. The companies participating in the campaign reduced their emissions by nearly 17,700 carbon dioxide tonnes during 2016 and 2017. Combined with the reduction of emissions from S Group's own operations and the increase in biofuel in fuel sales, around 6.5%, or 66,600 thousand tonnes, of the million-tonne target had been achieved by the end of 2018.

Liquefied biogas for maritime transport

In November 2018, NEOT, the joint fuel procurement company of SOK and St1, became the first Finnish company to try liquefied biogas in its maritime transport operations. Liquefied biogas is a completely fossil-free fuel made from renewable raw materials. Liquefied biogas is made, for example, from organic waste generated by the food industry and the processing of grains. Its chemical composition is similar to that of liquefied natural gas, which allows for a flexible transition to using fossil-free liquefied biogas. At the moment, limited availability is the greatest challenge in expanding the use of liquefied biogas.

Liquefied biogas is the latest addition to NEOT's selection of more sustainable fuel solutions. Two of the company's time-chartered vessels have been using liquefied natural gas as fuel since 2016. Despite being a fossil fuel, liquefied natural gas is a better option than heavy fuel oil, which is typically used in maritime freight transport.

We compensated for the emissions from our business flights for the first time

In 2018, we compensated for the climate emissions from our employees' business flights for the first time. The compensation was targeted at an Ethiopian forest planting project verified by a third party and certified in accordance with the Gold Standard. Forests are natural carbon sinks and bind carbon from the air during photosynthesis. For compensation, the World Wide Fund for Nature (WWF) recommends projects certified in line with the Gold Standard, as the requirements of the standard ensure that actual reductions in emissions are achieved through the projects. In 2018, our employees made 11,850 business flights, flying a total distance of more than 15 million kilometres, which generated climate emissions of 1,500 carbon dioxide tonnes. The number of business flights decreased by 500 from 2017, with the emissions from business flights decreasing by 2% year-on-year.

The circular economy

Effective use of materials and services

The purpose of the circular economy is to save natural resources and reuse materials efficiently and sustainably. The circular economy is also seen as a new economic model that increasingly creates value through immaterial methods and in which products are replaced with new types of services.

S Group's study on the opportunities offered by the circular economy in the coming years was completed in 2018. Based on the study, we decided, for example, that the packaging of all of our private label products will be recyclable by the end of 2022. Our paperboard, metal and glass packaging, as well as many of our plastic packages, already meet the criteria. Packaging made from several materials, such as plastic coffee bags with aluminium foil, continues to be challenging in this respect. We also decided to increase the use of packaging made from renewable raw materials and recycled materials for our private label products. In addition, we are exploring opportunities to reduce the amount of packaging material without loss of product quality.

As a continuation of our circular economy study, we prepared guidelines on the use of plastic for all of our business areas, and decided to invest in the further development of product care and maintenance services in the department store trade, for example, as well as expanding our sales service for second-hand clothes and expanding our collection service for used nail polish to cover the entire country. In 2017, we started an experiment to collect textile waste at HOK-Elanto's Sokos stores. In 2018, we decided to discontinue this service for the time being, until we find new partners for the reception of textile waste that are able to reuse it as a raw material for new materials.



RECYCLING STATIONS AND AMOUNTS	2018	2017	2016
Number of recycling stations	430	423	332
Returned recyclable plastic bottles, million	208	178	169
Returned recyclable glass bottles, million	47	43	41
Returned aluminium cans, million	616	579	576
Clothes donated to UFF, tonnes	3,134	3,182	2,986
Returned portable accumulators and batteries, tonnes	576	434	382

NUMBER OF RECYCLING STATIONS

430

We further clarified our goals for using plastic

Completed in 2018, our guidelines on using plastic include a set of measures to reduce the unnecessary use of plastic and promote the recycling of plastic within our group of stores.

All of our business operations contribute to the more sensible use of plastic. Our grocery stores are paying particularly close attention to the packaging of private label products and their recyclability. Our hotels will no longer use plastic toys and are replacing plastic pens with pens made from recycled plastic. We intend to replace the plastic in take-away packaging with a recyclable, bio-based or compostable material at our ABC service stations, restaurants and cafés. We have already banned the use of microplastics in our private label cosmetics products and detergents.

We make recycling plastic easier for our customers by means of clearer instructions and labels, for example. In conjunction with updating packaging, we will add easy-to-follow sorting instructions to S Group's private label products. In addition, our locations have recycling stations, of which around 200 can also be used to recycle plastic.

The use of plastic bags is decreasing

Finns are rethinking their use of bags. The popularity of light-weight plastic bags and plastic shopping bags has decreased as a result of committed work. At the end of 2016, we joined a commitment to reduce the generation of plastic waste and the pollution of the oceans. For example, we made a commitment to start charging for all plastic bags, promote the sales of reusable bags and no longer make free-of-charge light-weight bags available to customers at checkouts. The main purpose of this nationwide commitment is for Finns to use no more than 40 plastic bags per year by the end of 2025. Today, our co-op members purchase around 65 plastic bags per person per year at our grocery stores.

The consumption of plastic bags has decreased steeply since we started charging our customers for them. The consumption of plastic bags at Sokos stores decreased by 40% in 2018, which means a reduction of more than 1 million plastic bags.

At grocery stores, the use of small light-weight bags for packing fruit and vegetables decreased by around 10%, or by 216 million bags, on the previous year. At the same time, the use of compostable light-weight bags for fruit and vegetables increased by 27%.

All of our grocery stores offer biodegradable bags for fruit and vegetables, and the amount of reusable fruit and vegetable bags is also increasing. In addition, customers are choosing alternatives to conventional plastic bags at checkouts. The popularity of environmentally smart choices is increasing. In 2018, the demand for biodegradable plastic bags increased by 55%, that of reusable bags by more than 30%, and that of paper bags by 36%. Bags made from recycled plastic continue to be the most popular bags purchased at our stores. These generate the least emissions among the bag alternatives. Their climate impact is 60% smaller than that of a bag made from virgin plastic.

In 2018, we added a feature to our "Omat ostot" (My purchases) digital service that makes it easy for our co-op members to monitor their use of bags. Using the service, customers can monitor what types of shopping bags they choose and how many bags they use each month.

S Group joined the international New Plastics Economy Global Commitment

Launched by the Ellen MacArthur Foundation and the United Nations, the New Plastics Economy Global Commitment seeks to reduce the unnecessary use of plastic, develop reusable packaging and increase the efficiency of recycling. More than 350 companies and organisations have joined the commitment.

-6,000,000
SALES OF PLASTIC BAGS

-10%
CONSUMPTION OF LIGHT-WEIGHT PLASTIC BAGS

+32%
SALE OF REUSABLE BAGS

-40%
SALES OF PLASTIC BAGS AT SOKOS STORES

Waste

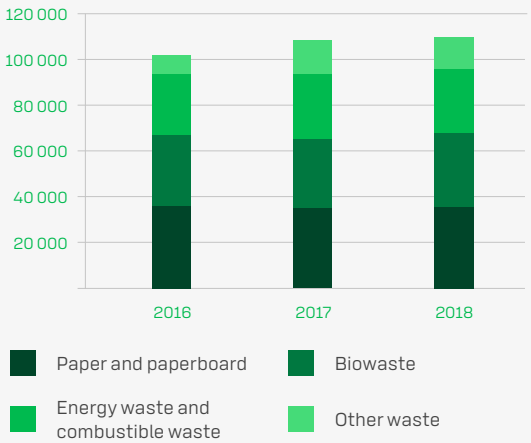
Reusing 72% of waste

The amount of waste we generate in Finland represents around 4% of all waste generated in Finland. In 2018, our total amount of waste, including in the neighbouring countries, was 107,800 tonnes. The amount of hazardous waste was approximately 770 tonnes.

Most of the waste generated by our operations is organic waste, paperboard and paper, energy waste and mixed waste. Of the waste we generated in Finland, 99.7% was submitted to be reused as materials or energy. Our goal is to recycle 80% of our waste as materials or new products by the end of 2025. In 2018, we submitted 72% of our waste to be used in the manufacture of new products and packaging.

S GROUP'S SOLID WASTE, TONNES	2018	2017	2016
Paper and paperboard	35,500	35,000	35,500
Biowaste	31,600	31,600	32,100
Energy waste and combustible waste	28,600	27,700	26,200
Plastic	1,400	1,700	1,200
Metal	2,200	2,300	1,400
Glass	700	700	700
Other waste	3,100	6,300	4,200
Total	**103,000**	**105,300**	**101,300**

S GROUP'S SOLID WASTE, TONNES



S Group supports solutions to reduce the amount of litter in the Baltic Sea

In early 2018, the Finnish Environment Institute organised a contest for ideas to reduce the amount of litter in the Baltic Sea. We were represented on the jury, and we also provided funding for the prizes, which totalled EUR 32,000.

The winner was Paptic Oy with its wood-based packaging material that can be used to replace plastic in shopping bags, online delivery packaging and other flexible product packaging, for example. Second prize was awarded to the PlastBug team at VTT Technical Research Centre of Finland. The team are developing a microbe that eats plastic and breaks down litter into new raw materials. Third prize was awarded to Stop a Sea of Waste!, a campaign of the Keep the Archipelago Tidy Association. The campaign involves creating visual messages to be placed on street inlets and rubbish bins in order to inform people about how litter ends up in the sea.



S GROUP'S HAZARDOUS AND LIQUID WASTE, TONNES	2018	2017	2016
Hazardous waste	770	210	400
Liquid waste	4,000	5,000	4,100
All waste in total	**107,760**	**110,500**	**105,800**

The data for 2016 does not include the neighbouring countries (Russia, Estonia). The amount of waste for 2016 and 2017 has been adjusted due to an error detected afterwards. With regard to 2017, the error was related to the amount of plastic waste. Liquid waste (from grease traps, sand traps and septic tanks) contains mainly water.

S GROUP'S WASTE PROCESSING AND REUSE[1], %	2018	2017	2016[3]
Material recycling	43	42[4]	40
Reuse for energy	27	27[4]	32
Reuse of biowaste[2]	30	30	26
Landfill processing	0.3	1	1
Data not available	0	0	1

[1]The figures do not include the neighbouring countries (Russia, Estonia).
[2] The reuse of biowaste refers to composting or reusing biowaste in the production of biogas or bioethanol.
[3]The figure for 2016 does not include hazardous or liquid waste.
[4]The data for 2017 has been adjusted in terms of the amount of plastic waste.

Food waste

The evening discount has reduced food waste significantly

S Group reduces waste through prediction and communication and by listening to customers. Our evening discount was expanded to cover the entire country in 2017, and food waste has since decreased at an accelerated pace. In proportion to sales, waste at our grocery stores has decreased by 16% since 2014, while the goal was to reduce waste by 15% by 2020.

In 2018, waste represented 1.51% of sales at our grocery stores. Our relative waste increased slightly year-on-year due to our acquisition of the Food Market Herkku stores and the warm summer, among other reasons.

This also includes products donated to charity. Food waste from our grocery stores is primarily donated to charity through our network of around 400 charity partners. If it is not possible to donate food, soon-to-expire bread can be submitted to be used in the production of bioethanol, to name just one example. The remaining waste is submitted to be processed as biowaste, through composting or anaerobic digestion, for example.

An effective way to reduce waste is to sell expiring products at discounted prices. In recent years, the amount of waste has decreased at an accelerated pace as a result of the evening discount at around 900 grocery stores of the S Group. During the last opening hours of the day, the discount on food items marked with red labels is 60%. At some grocery stores, the evening discount has reduced food waste by up to 10%.

Vegetables represent around 50% of the waste at our grocery stores, with bread accounting for 20% and dairy for 6%. The remaining 24% is distributed fairly evenly between various product categories. Each product is recorded in the waste separately, so that the excess quantity can be monitored and analysed by product and by store on a daily basis.

The continuous prediction of selections and product quantities is an important aspect of waste management in order to ensure the selection at the store meets customers' needs. Food waste has also decreased as a result of extended opening hours.

FOOD WASTE

1.51%

DISPOSAL WASTAGE (EUR) / SALES (EUR)

WASTE AMOUNTS

-16%

SINCE 2014

GENERATED WASTE

31.7

MILLION KG



S Group's restaurants and hotels also participate in reducing waste

Our restaurants also work to reduce waste by providing employees and customers with instructions, for example. Restaurants have been able to reduce food waste by up to 60% by, for example, reminding customers to only take as much as they can eat from the breakfast buffet.

In 2018, S Group's hotels and restaurants continued their work to reduce food waste. In early 2018, four of our locations – two Sokos hotels and two ABC service station stores – tried the Hävikkimestari (Master of waste management) application developed by Lassila & Tikanoja for recording and managing waste at restaurants. The results of the experiment and the related training were so positive, particularly at hotels, that we decided to continue the project and expand it to cover two new hotels. During the experiment, measured waste at the locations decreased by 17–49%, with the costs decreasing by 14–55%, depending on the location and the week in question.

In addition, each regional cooperative appointed a waste management ambassador for its hotels and restaurants. The ambassadors are responsible for monitoring waste management and encouraging and instructing regional cooperatives and their locations to record and monitor their waste more closely and reduce waste, as well as sharing best practices between chains and locations.

The ResQ Club service for keeping food from going to waste was used by seven regional cooperatives and 27 restaurants in 2018. Nearly 22,000 servings were saved through the service last year. In addition, HOK-Elanto's Coffee House cafés, as well as some other cafés of the cooperative, have an evening discount of 50% on products in the glass cabinets during the last opening hours of the day.

6,000 Year Nine students prepared meals from food waste

During Waste Reduction Week, we participated in a Food Waste Battle organised by Motiva. More than 400 groups of pupils with home economics as an optional subject and more than 6,000 Year Nine students prepared meals from food waste from our stores. During the national Waste Reduction Week, we wanted to increase the appreciation of food and remind consumers of the importance of reducing waste. This was the second year that young people were challenged to participate in the Food Waste Battle.

FOOD WASTE BATTLE FOR SCHOOLCHILDREN

6,000

COMPREHENSIVE SCHOOL STUDENTS



Ethical operating culture and human rights

S Group is committed to respecting human rights in all of its operations. We are responsible for ensuring that we treat our employees and customers in a non-discriminatory manner, taking care of safety and respecting diversity. We continuously evaluate our human rights impacts and practices in order to ensure that human rights are respected and products are manufactured in reasonable working conditions in our supply chains.



Since 2017, we have been following the ethics index, which is part of our job satisfaction survey. The index measures employees' trust in their employer, as well as their perceptions of the ethicality of the company's operating methods and the implementation of its values and principles in day-to-day work. The index was 78.2, with the corresponding score being "good". The scale is 0–100.

WE PROMOTE THE FOLLOWING UN SUSTAINABLE DEVELOPMENT GOALS IN PARTICULAR



AUDITS

94%

SHARE OF PURCHASES FROM HIGH-RISK COUNTRIES

CERTIFICATION LEVEL OF PRIVATE LABEL PRODUCTS (OF THE SALES VOLUME)

87%

COFFEE

82%

TEA

98%

COCOA

EMPLOYEES' ASSESSMENT OF ETHICS

78.2%

ETHICS INDEX

TARGETS FOR RAW MATERIALS CERTIFIED OR VERIFIED FOR SUSTAINABILITY

100%

COFFEE 2019

100%

TEA 2020

100%

COCOA AND CHOCOLATE 2020

Human rights in S Group

We respect human rights in all of our operations

S Group is committed to respecting human rights in all of its operations. We are also committed to promoting the fulfillment of human rights in our supply chains.

Our commitment to human rights concerns our customers and employees, as well as the employees and producers in our supply chains. This commitment to human rights is part of SOK Corporation's ethical principles, which concern all SOK Corporation employees and have been approved by its Board of Directors. Our cooperatives have adopted SOK Corporation's ethical principles or have established their own principles. During 2019, we will prepare principles concerning human rights, including practices related to human rights management, risk and impact assessment and due diligence.

Human rights management is part of our sustainability management. In accordance with SOK's management model, key figures concerning human rights, as well as the most important projects related to human rights, are reported to its Executive Board and senior management on a regular basis. The goals, measures and projects related to human rights are determined in cooperation with the business operations. The most important goals have been integrated into our sustainability programme.



S Group's human rights impacts

In accordance with the UN Guiding Principles on Business and Human Rights, we work to carefully assess and predict the human rights impacts of our operations and prevent and mitigate adverse human rights impacts. The assessment of human rights impacts is a continuous process. During 2017 and 2018, we assessed key human rights impacts and affected parties, as well as measures to minimise adverse human rights impacts in line with the due diligence principles, for each of our business areas. As part of this process, we also monitor the implementation of human rights in the supply chains in many ways, including audits of suppliers in high-risk countries and certifications of high-risk raw materials.

In assessing our key human rights impacts, we make use of reports by various organisations and authorities and dialogue with stakeholders, such as non-governmental organisations and trade unions, as well as our own experience in monitoring working conditions at factories, for example. The impacts, as well as the measures to minimise them, have been determined in cooperation with the business operations, and will be processed by SOK's Executive Board during spring 2019.

Our most salient direct human rights impacts are related to the safety of our customers and employees. Ensuring the safety of locations and products, self-monitoring and the monitoring of compliance with the age limits for purchasing alcohol and tobacco products are examples of our 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 potential direct human rights impacts also include non-discrimination and the equality of our customers and employees. Non-discrimination means the equal treatment of customers and employees and the accessibility of our locations, for example. We also respect our employees' right to join trade unions, and do not tolerate any kind of discrimination or harassment.

We may also have an indirect impact on the human rights of the employees in the supply chains of products and services. Our most significant indirect human rights impacts are related to forced labour, discrimination, violations of freedom of association, child labour, insufficient salary, excessive working hours and compromised occupational health and safety.

Generally, our 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 conventions 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.

The human rights risks mentioned above do not constitute a comprehensive list. This is a list of our key risks and most significant human rights impacts that we are focusing on to reduce them. Other human rights are equally important, and we continue our work to ensure that we do not hinder their fulfillment in any way.

Training for employees

In 2018, we provided training in human rights issues to employees involved in procurement in particular. Training was provided to the procurement units of the department store and speciality store chain management organisation, Meira Nova and indirect procurement. The training focused on identifying human rights risks related to specific product groups and increasing capabilities to process these risks withsuppliers.

We also continuously provide our employees with training on the contents of our ethical principles. This training covers anti-corruption, conflicts of interest in decision-making, and equal treatment in the workplace community, to name just a few examples. The training is also part of our induction training for new employees.

Anonymous channel for reporting violations of ethical principles

We are in the process of establishing an anonymous external channel for our stakeholders and other parties to report any violations of our ethical principles. In addition to this channel, our stakeholders may report unfair trading practices via the channel provided by the Board of Trading Practices in the Food Supply Chain. Via the channel provided by amfori, they may report any violations of human rights within the supply chains of amfori's members.

Responsible procurement

Focus on human rights in supply chains

In responsible procurement, it is essential to agree on expectations when selecting and cooperating with goods suppliers and service providers and to monitor their performance in terms of these expectations. Our supplier contracts require all of oursuppliers to respect key labour and human rights, as well as ensuring that products can be traced back to the source of the raw materials.

We require third-party factory audits from suppliers of private label products whose products are manufactured in countries with a high risk level in terms of social responsibility or contain raw materials procured from high-risk countries. See here for amfori BSCI's list of high-risk countries.

We are a member of the amfori BSCI (Business Social Compliance Initiative) and have actively participated in the development of the system and its tools for many years. The amfori BSCI aims to bring the working conditions of employees manufacturing products in high-risk countries to the level required by international agreements and to streamline and harmonise the monitoring of suppliers by companies. In addition to the amfori BSCI, we use the Sedex (Supplier Ethical Data Exchange) database to monitor suppliers' responsibility.

TOP 10 SOURCING COUNTRIES	
COUNTRY	% OF TOTAL PROCUREMENT
Finland	83.8
The Netherlands	2.7
Sweden	2.1
Spain	1.9
Germany	1.6
Denmark	1.5
Italy	1.0
Belgium	0.7
China	0.7
Great Britain	0.5

TOP 10 DIRECT HIGH-RISK SOURCING COUNTRIES		
COUNTRY	% OF TOTAL PROCUREMENT	% OF DIRECT PROCUREMENT FROM HIGH-RISK COUNTRIES
China	0.7	42.9
South Africa	0.1	8.2
Greece	0.1	7.7
Thailand	0.1	6.2
India	0.1	5.4
Turkey	0.1	5.2
Egypt	0.1	4.2
Morocco	0.1	4.2
Bangladesh	0.1	3.5
Panama	0.0	2.3

TOP 10 sourcing countries

- **83.8%** FINLAND
- **2.7%** THE NETHERLANDS
- **2.1%** SWEDEN
- **1.9%** SPAIN
- **1.6%** GERMANY
- **1.5%** DENMARK
- **1.0%** ITALY
- **0.7%** BELGIUM
- **0.7%** CHINA
- **0.5%** GREAT BRITAIN

TOP 10 direct high-risk sourcing countries

- **42.9%** CHINA
- **8.2%** SOUTH AFRICA
- **7.7%** GREECE
- **6.2%** THAILAND
- **5.4%** INDIA
- **5.2%** TURKEY
- **4.2%** EGYPT
- **4.2%** MOROCCO
- **3.5%** BANGLADESH
- **2.3%** PANAMA

Human rights assessment in procurement

Human rights in procurement are assessed using the amfori BSCI's list of high-risk countries, which indicates country-specific risks, as well as a risk assessment tool for raw materials and other sources providing country-specific and raw material-specific information. In addition, we conduct regular surveys among all of our suppliers on social responsibility practices and the origin of products. These surveys provide us with information about the development of our suppliers' understanding of sustainability, among other aspects.

DIRECT PURCHASES FROM HIGH-RISK COUNTRIES

S Group has around 400 suppliers of private label products in risk countries. The share of direct purchases of private label products from high-risk countries is 6%. Of our direct purchases from high-risk countries, 94% come from suppliers audited by third parties. In 2018, BSCI audits were conducted at the factories of 263 S Group suppliers.

INDIRECT PURCHASES FROM HIGH-RISK COUNTRIES

Indirect purchases from high-risk countries include cases in which the product is manufactured in a low-risk country, such as an EU member state, but the main raw material of the product comes from a high-risk country. For our private label products, we establish the production location of the main raw material for indirect purchases from high-risk countries. If the raw material is produced in a high-risk country, we require that a third-party audit or certification be conducted to ensure sustainability. Human rights issues typical of the production area are also reviewed with the supplier.

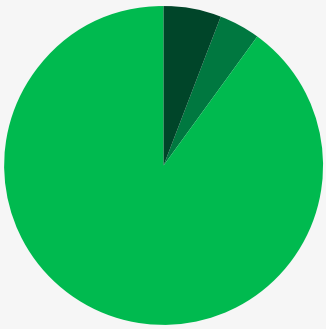
PURCHASES OF SERVICES

In spring 2018, we conducted a survey on human rights practices for our key service providers. This assessment was related to the contract requirements, which were updated in 2017 with a special focus on risks related to labour exploitation in Finland. Based on the survey, we trained experts responsible for purchasing services, in order to provide them with the capabilities required for discussing our expectations of sustainability with our partners.

LOW-RISK PURCHASES

Some purchases are regarded as low-risk in terms of human rights, as they are manufactured and produced, including the raw materials, in areas that the amfori BSCI defines as low-risk.

PRIVATE LABEL PURCHASES 2018, %



- Direct purchases from high-risk countries 6%
- Indirect purchases from high-risk countries 4%
- Purchases from non-risk countries 90%



Radical transparency for supply chains

During 2018, we complemented our traditional auditing work by developing a new type of research model that examines the root causes. Its purpose is to identify typical and current human rights issues and their root causes in our key production regions or potential sourcing areas. This enables us to identify measures and procedures to minimise typical challenges. The studies will always be conducted by a third-party partner familiar with the region in question. The tool has been developed in cooperation with non-governmental organisations and other stakeholders.

The first pilot study concerned the supply chain for processed tomatoes during the 2018 harvest season, in the Foggia region of southern Italy in particular. Italy was selected because, rather than being a traditional high-risk country, it is an EU country with recent reports of poor working conditions for employees with immigrant backgrounds. The study was conducted by the non-governmental organisation Oxfam, which produced a report independently based on the study.

In the production of processed tomatoes, key human rights issues are related to primary production – that is, tomato farms. These farms have a high number of employees with immigrant backgrounds, who are in a very vulnerable position in the labour market. They are often recruited by illegal gangmasters who deduct considerable agency and transport fees from their salaries. As a result of this, the salaries paid to the employees are small, and they cannot afford appropriate living conditions. The farms also have serious safety issues. Our next step is to seek to improve the employees' working conditions in Italy by discussing our findings with our suppliers and addressing the migrant workers' situation in our impact work at the EU level.

Principles of good business practice

We are committed to the principles of good business practice, which aim to ensure fair rules among the operators within the food supply chain. The purpose of the principles is to secure the competitiveness of the contract parties, as well as ensuring the continuity of the contract relationships by strengthening mutual trust. The principles of good business practice include policies concerning written contracts, predictability and responsibility for risks, and they were agreed between the EU Commission and the EU organisations within the food supply chain in 2011.

In Finland, the Board of Trading Practices in the Food Supply Chain promotes procedures in line with good business practice in the food supply chain. If the Board detects non-compliance, it may intervene by issuing recommendations concerning good business practice, for example. In addition, the Board may develop the sector's ethical principles and issue statements concerning compliance with the principles of good business practice. We have taken the Board's recommendations into account.

Audits

Third-party factory inspections

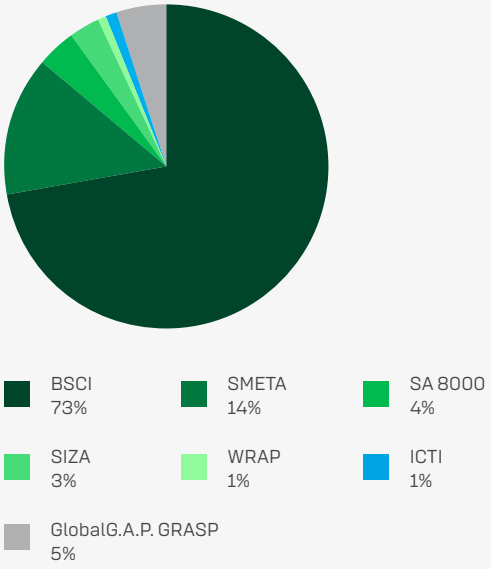
When monitoring our suppliers, we pay particular attention to the countries with the most significant risk of violating labour and human rights. According to the amfori BSCI, such high-risk countries include several countries in Africa, Asia, South and Middle America, as well as certain European countries. We purchase from audited suppliers in high-risk countries.

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

Audits cover, for example, working time and occupational safety practices, as well as the payment of the statutory minimum wage.

Of the direct purchases of S Group's private label products and its own imports from high-risk countries, 94% are audited. The share of audited purchases from high-risk countries decreased slightly on the previous year because Greece was classified as a high-risk country as of the beginning of 2018. We were not able to audit all of our Greek suppliers during the year due to the availability of auditors. In addition, we were not able to audit all of our consumer goods suppliers during the year. Our goal is to audit all high-risk country suppliers of private label products through amfori BSCI audits or equivalent third-party audits.

PURCHASES FROM AUDITED SUPPLIERS IN 2018, %



Audit scores

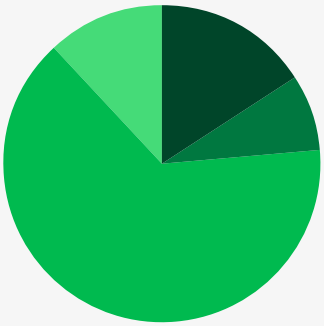
In 2018, the most significant development needs detected during the amfori BSCI audits were related to management and working time practices.

If the audit score is low, the factory will draw up a remediation plan. A new audit will be performed to monitor compliance with the plan. Cooperation with the partner is not discontinued, as doing so would not help the workers' situation at the factories and farms – cooperation is the best way to improve operations. This is also backed by the results of the initial and follow-up audits.

To help suppliers improve their operations, amfori BSCI provides training on correcting typical issues detected during audits. We encourage our suppliers to participate in such training. We are also participating in a Nordic project to develop a new training tool for factory workers. The tool will be tested in food product factories in Thailand in early 2019.



RESULTS OF S GROUP'S BSCI AUDITS IN 2018, %



- BSCI A (Outstanding) 16%
- BSCI B (Good) 8%
- BSCI C (Acceptable) 65%
- BSCI D (Insufficient) 12%

In the audits conducted in 2018, there were no E (Unacceptable) scores or Zero Tolerance observations, meaning observations related to child labour, forced labour, corruption, or safety defects causing an immediate danger, for example.

FULL AUDITS



FOLLOW-UP AUDITS





Certified products and raw materials

Choices based on values



We work to offer our customers an opportunity to make choices based on their values by providing an extensive selection of products with environmental or sustainability certificates in various product groups.

Coffee, tea and cocoa

The production of coffee, tea and cocoa is associated with human rights and environmental violation risks, because the production centres around countries where compliance with laws and monitoring by the authorities may be low. For our private label products and restaurants, our goal is to use only coffee, tea and cocoa that have been certified or verified for sustainability.

For a product to be verified for sustainability, its supply chain must be verified through audits all the way back to primary production. Acceptable certificates include Fair Trade, UTZ and Rainforest Alliance, for example.

CERTIFICATION RATE IN THE SALES VOLUME OF PRIVATE LABEL PRODUCTS IN 2018

87%
COFFEE

82%
TEA

98%
COCOA

	OF PRODUCT ITEMS		OF SALES VOLUME	
	S GROUP'S PRIVATE LABELS	S GROUP'S RESTAURANTS	S GROUP'S PRIVATE LABELS	S GROUP'S RESTAURANTS
Coffee	67%	26%	87%	7%
Tea	86%	27%	82%	42%
Cocoa	67%		98%	

TARGETS FOR RAW MATERIALS CERTIFIED OR VERIFIED FOR SUSTAINABILITY

100%
COFFEE 2019

100%
TEA 2020

100%
COCOA 2020

Palm oil

Palm oil is the world's most commonly used plant-based oil, and its production involves issues, such as deforestation and weakening biodiversity, as well as substandard working conditions for workers in Southeast Asia in particular.

We are committed to using sustainably produced palm oil. Our goal is to use only certified palm oil traceable back to palm oil plantations (RSPO segregated) in our private label products, as well as the deep-frying oil in our restaurants, by 2021. We have been a member of the Roundtable for Sustainable Palm Oil (RSPO) since 2011.

PALMOIL CERTIFICATION RATE

99%

RSPO SEGREGATED CERTIFICATION RATE

89%

TARGET FOR THE USE OF CERTIFIED PALM OIL

100%

BY THE END OF 2021

Organic products

The demand for organic products continues to grow, as does their selection. At the end of the year, the product ranges of our grocery stores included more than 4,100 organic products, and their sales grew by 10% in 2018. Organic products represented 2.5% of all sales of food products.



ORGANIC PRODUCTS

4,100

NUMBER IN SELECTIONS

10%

SALES GROWTH

2.5%

SHARE OF GROCERY SALES

Fish and shellfish

Our grocery stores want to offer responsibly caught fish from sustainable fish stocks to consumers. Fish product procurement follows S Group's fish policy, which is based on the species endangerment classification, WWF's seafood guide and the recommendations of the Marine Conservation Society, as well as research information from the Natural Resources Institute Finland. The policy applies to our centralised procurement and purchasing by the cooperatives in both grocery stores and restaurants within S Group.

The basic principle is to not include fish from fish stocks that are endangered, threatened or subject to overfishing in the product range, and the origin of the fish must always be known. In addition, undersized or protected fish are not accepted in the product range. Separate criteria concerning fishing areas or fishing methods have been set for many fish species, such as prohibition of bottom trawling, or prohibition of using drift nets in tuna fishing. The fish policy is updated every two years. The most recent update was carried out in 2018.

In addition to being required to comply with separate restrictions concerning fish species, fishing areas and fishing methods, the producers of private label tuna products must also participate in the activities of the International Seafood Sustainability Foundation (ISSF). The large purse seine vessels used to catch tuna should also be entered in ISSF's Proactive Vessel Register. The fishing operators who participate in the operations of the ISSF are committed to sustainable fishing methods and third-party audits to verify the sustainability of their operations.

At the end of the year, the product ranges of our grocery stores included 115 MSC-certified products, of which 50 were private label products. Food Market Herkku has Finland's only MSC-certified fish counter.

Traceable Finnish fish

Increasing our offering of Finnish fish is part of our Food Manifesto and our Healthier Food for Children initiative. We have added many easy-to-prepare fish products to our Kotimaista range, such as Baltic herring patties, fried vendace and fresh pike-perch fillet.

We made significant progress in terms of the transparency of the food chain by introducing the Kuhatutka (Pike-perch radar) application, which enables consumers to check where their pike-perch was caught. This S Group retail application was built using blockchain technology. S Group was the first food-sector company in Finland to try this technology.



MSC-CERTIFIED PRODUCTS IN 2018

115

ITEMS IN SELECTIONS

50

ITEMS IN PRIVATE LABEL PRODUCTS

Diversity

We appreciate one another and respect diversity





S Group employs more than 40,000 retail professionals, who work in a wide variety of positions, from sales assistants to warehouse workers and specialists. A workplace community where diversity is respected and supported ensures equal treatment and equal opportunities for everyone.

Our key principles include respecting and appreciating others, as well as non-discrimination and equality. Our employees are free to be themselves. Competence, attitude and the ability to learn are what counts, not personal background factors.

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

We also work to promote diversity through communication and marketing. For example, Prisma's 'Fashion belongs to everyone' slogan is promoted by models of different ages, appearance and size. In addition, Prisma served as the main partner of the 2018 Helsinki Pride event.

Employee diversity

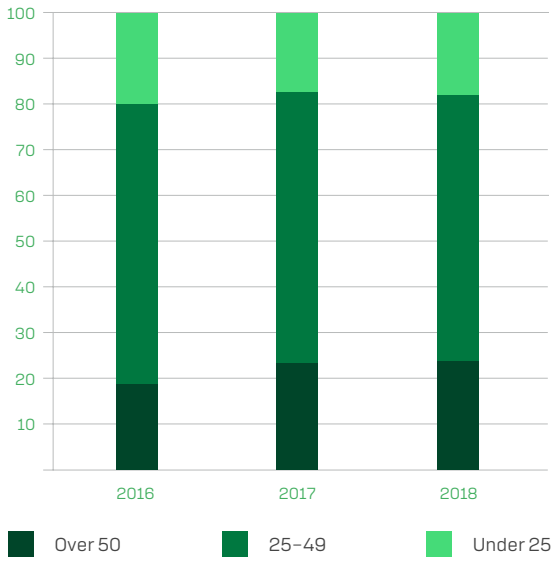
NATIONALITIES

76

AVERAGE AGE OF EMPLOYEES

36

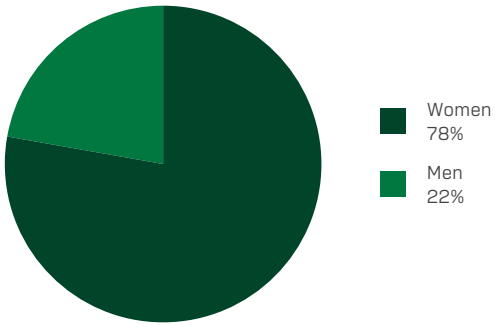
EMPLOYEES' AGE 2018, %





GENDER DISTRIBUTION 2018

WOMEN/MEN, %



SHARE OF WOMEN

21%
OF EXECUTIVE BOARD MEMBERS

13%
OF MANAGEMENT TEAM MEMBERS

66%
OF SUPERVISORS AND MANAGERS

GENDER DISTRIBUTION	2018	2017	2016
Women (%)	78	78	77
Men (%)	22	22	23

SHARE OF WOMEN, %	2018: SOK CORPO-RATION	2018: S GROUP	2018: SOK CORPO-RATION	2018: S GROUP	2018: SOK CORPO-RATION	2018: S GROUP
Board members (%)	7.5	21.0	3.0	14.8	3.1	16.0
Management team members (%)	14.0	12.8	17.0	14.0	14.3	10.0
Supervisor and manager roles (%)	57.0	66.0	55.0	66.0	52.5	60.1

Data protection principles

The customer always comes first

The careful and lawful processing of personal data is important to us. In 2018, we continued the data privacy project we had launched in 2017. Its key purpose was to ensure compliance with the GDPR across S Group. During the project, we created and implemented operating methods at the S Group level.

30,000

EMPLOYEES HAVE COMPLETED DATA PROTECTION TRAINING

For example, we defined and published S Group's data protection principles, which guide all processing of personal data within the Group. Their purpose is to ensure compliance with data protection laws in all personal data processing.

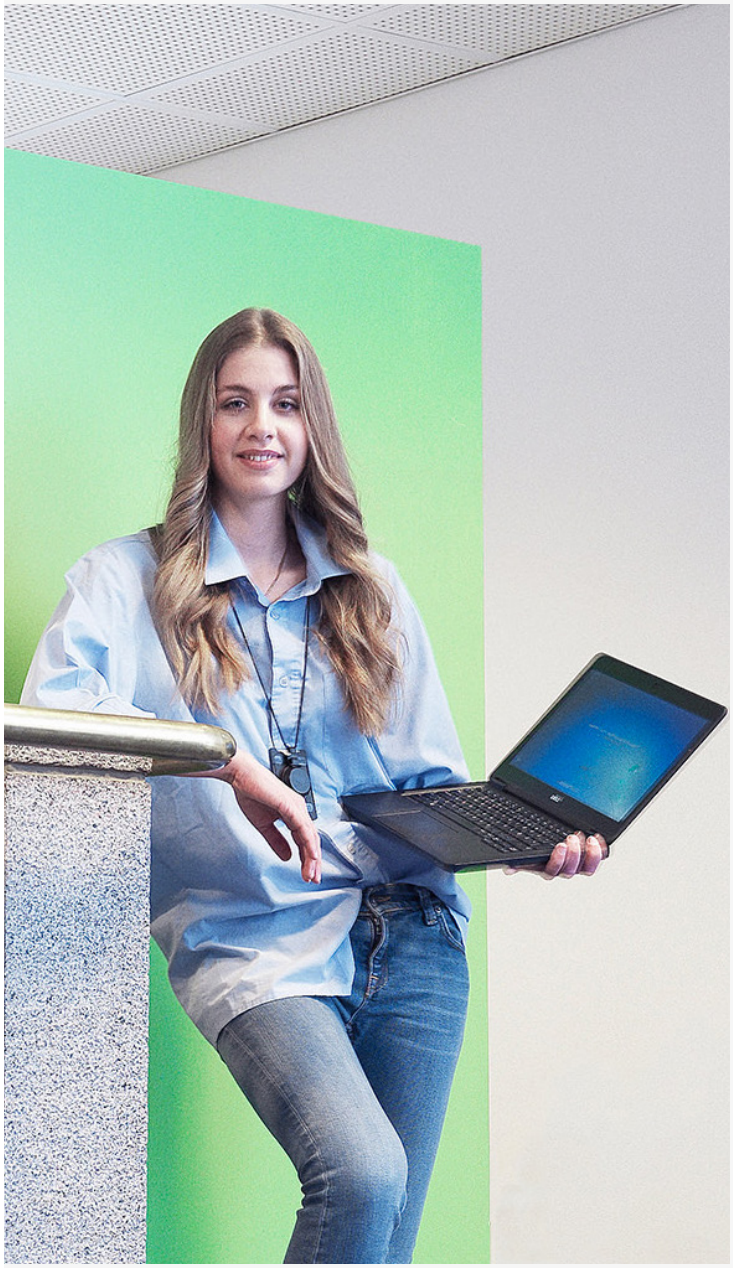
All employees who process personal data as part of their work are provided with induction and other relevant training. Our goal is for all employees processing personal data to be aware of the applicable data protection requirements and guidelines and act accordingly.

Through the implementation of data protection principles, we are able to provide S Group's co-op members and other customers with new and better services. The data protection principles also support the needs, profitability and continuity of our business operations.

With us, the customer always decides how their customer data is used. They can determine the purposes for which their customer and purchase data may be used. We use customer data to develop services that benefit the customers the most.

Carefully planned, clear and consistent operating methods are a prerequisite for people being able to trust us as a processor of personal data.

S Group's data protection principles are available at S-ryhmä.fi.





Health and well-being

Eating healthy food and investing in personal well-being is a lifestyle for a growing number of people. We work to take good care of our employees' well-being, as well as helping our customers make healthier choices.

The key goals of the 'Well-being and health' theme of our Best Place to Live programme include employee satisfaction and customers' healthier choices. We measure our success in achieving these goals by monitoring, in particular, the development of our job satisfaction index and the increase in the sales of vegetables.

S group's goals for well-being at work and health

IN THE JOB SATISFACTION SURVEY

5 units

ABOVE THE GENERAL STANDARD IN FINLAND

WE ENCOURAGE OUR CUSTOMERS TO EAT MORE VEGETABLES

Job satisfaction within S Group

Our employees are clearly more satisfied with their jobs than employees on average in Finland. Our annual target is a result that exceeds the general standard in Finland by at least five units. In 2018, our result was 6.3 units above the standard.

Healthier choices

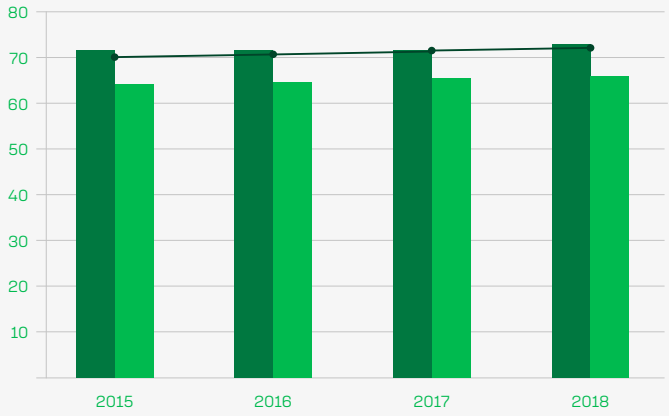
We work to offer products and services that increase health and well-being, as well as helping our customers make healthy choices.

We make it even more convenient for customers to consume vegetables by preparing visible displays of seasonal produce in our stores and by lowering the prices of vegetables.

WE PROMOTE THE FOLLOWING UN SUSTAINABLE DEVELOPMENT GOALS IN PARTICULAR



S GROUP'S JOB SATISFACTION INDEX (SCALE 0–100)

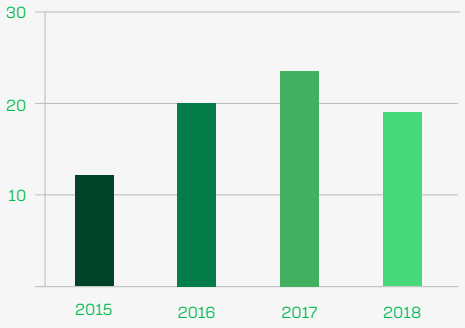


Target

Job satisfaction index

General standard in Finland

CUMULATIVE INCREASE IN THE SALES OF VEGETABLES, MILLION KG



2015: 12 million kg

2016: 20 million kg

2017: 23 million kg

2018: 19 million kg

Well-being at work

Taking care of people and teams

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

Within S Group, the most significant recurring annual indicator is the workplace community survey, in which all employees are invited to participate. The survey identifies and monitors factors related to each employee's work and performance, as well as factors related to their units and the company. The survey consists of several indices, which are used to measure various aspects of job satisfaction. Our scores were above the general standard in Finland on all indices.

In 2017, S Group implemented a new tool for measuring well-being at work. This tool includes indicators for job satisfaction and the quality of supervisory work, as well as perceived working capacity and disability. In 2017, we also determined Group-level management promises: I dare, I appreciate and I do. The purpose of these promises is to ensure good supervisory work and management for everyone and further develop the Group's management culture. The workplace community survey, or the TYT survey, is our Group-level indicator for monitoring supervisory work. The survey has been conducted annually for many years, and it helps us develop supervisory work in the right direction.

In 2018, our level of job satisfaction increased by 0.2 units and the supervisor index improved by 0.1 units year-on-year. The local sickness absence rate increased from 3.10% in 2017 to 3.17% in 2018. The number of occupational and commuting accidents decreased by 158, and the number of sickness absence days resulting from accidents decreased by 482 on 2017.

Based on these key figures, we have planned measures to strengthen our employees' working capacity. These measures include common principles for adjusted work and the further development of the practices for returning to work after sickness absences caused by accidents. In 2019, we are focusing on supporting mental health by means of new tools and recommendations and by increasing the use of adjusted work in our organisation.

TRESULTS OF THE WORKPLACE COMMUNITY SURVEY (SCALE 0–100)	GENERAL STANDARD IN FINLAND 2018	S GROUP 2018	S GOUP 2017	S GROUP 2016
Job satisfaction index (including all questions)	66.6	72.9	72.7	72.6
Dedication index	73.3	76.3	75.9	76,0
Commitment index	68.1	72.8	72.5	71.9
Management index	65.2	73.2	72.9	72.7
Performance index	62.2	70.5	70.6	70.7
Supervisory work index	71.2	75.4	75.3	75.3
Ethics index	-	78.2	78.1	-
Average score for the statement: "The daily operations of our unit comply with the principles and values of our company"	3.2	3.42	3.42	3.42

The results have been weighted in accordance with the number of respondents.



Flexible work

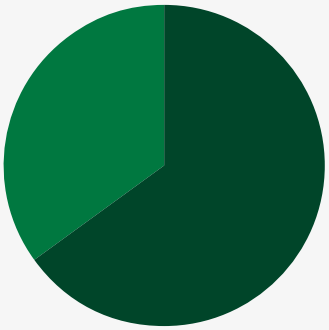
Our intention is to enable all employees to earn their primary income by working for the Group, if they so wish. Although the majority of employees still value full-time work, part-time work is particularly popular among young people aged under 25, as well as employees nearing retirement.

TYPE OF EMPLOYMENT, %	2018	2017	2016
Permanent	88	86	89
Fixed-term	12	14	11
Full-time	35	36	40
Part-time	65	64	60

The figures include all employees with a current employment contract with S Group. The figures are based on the situation on 30 November.



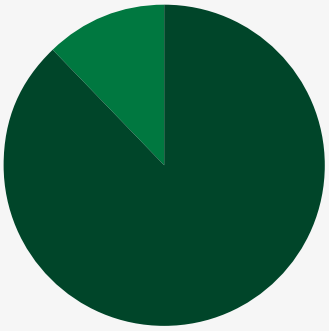
FULL-TIME AND PART-TIME EMPLOYEES 2018, %



Part-time
65%

Full-time
35%

PERMANENT AND FIXED-TERM EMPLOYEES IN 2018, %



Permanent
88%

Fixed-term
12%

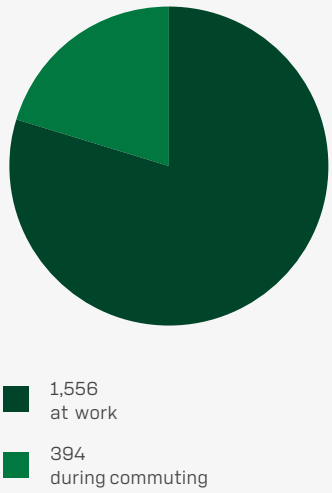
EMPLOYEE TURNOVER IN 2018

16.3%

OF PERMANENT EMPLOYEES



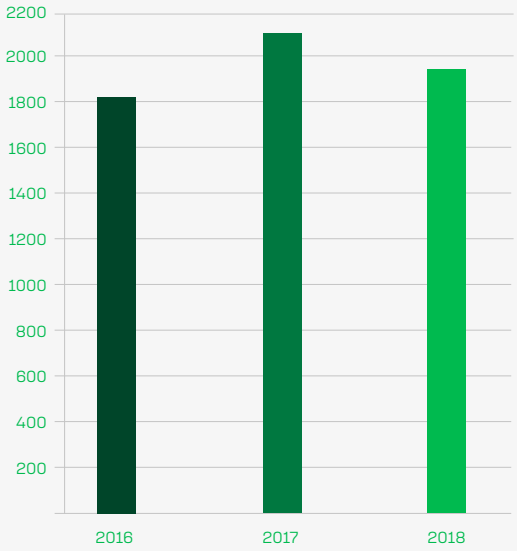
LOCATION OF ACCIDENT 2018



1,556
at work

394
during commuting

OCCUPATIONAL ACCIDENTS 2018



2016: 1,829

2017: 2,108

2018: 1,950

Safety at work

A safe working and service environment is a fundamental right of our employees and customers. We ensure safety through accident prevention and the identification and avoidance of hazardous and near miss situations. Continuous improvement of safety awareness among employees and the regular assessment of work-related risks are important means of prevention. S Group's accident frequency rate in 2018 was 34 accidents per million hours of work. This is in line with the average for the retail sector.

OCCUPATIONAL ACCIDENTS	2018	2017	2016
Accident frequency rate (accidents per one million hours worked)	34	38	33
Share of serious accidents of all accidents, %[1]	4.9	4.4	4.5

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

Employing young people

Retail as a bridge to working life

S Group is one of Finland's most significant employers of young people. We help a large number of young people gain their very first experiences of working life by hiring them for summer job or trainee positions. On the other hand, young people working evenings and weekends are vital to the operations of many of our locations.

In 2018, we were one of the main partners of the Responsible Summer Job campaign. In the summer, we employed around 13,000 young people in our stores, service station stores, restaurants and hotels across Finland.

S GROUP EMPLOYED

13,000

SUMMER WORKERS IN 2018

Young minds at work

Around 10,000 of our employees are aged under 25. Including seasonal employees, trainees and work experience students, we employ a total of around 50,000 people each year. The retail sector often serves as a bridge between student life and working life. This role comes with great responsibility. Young people's expectations of work have changed, and issues related to working life skills are challenging employers to change.

In response to this challenge, we launched the Young Minds at Work project at the beginning of 2018. This three-year project aims to find ways to further develop working life from young people's perspective.

As part of the project, we carried out a study and produced a report, Young People's Expectations of Working Life, in cooperation with the Elo Mutual Pension Insurance Company and the Finnish Institute of Occupational Health. The survey included in the study was targeted at all S Group employees aged under 25. The purpose was to discover what young employees in the retail sector hope from working life. In addition, we studied young people's working capacity and well-being at work. The results of the study help us provide our supervisors with better capabilities to support young people at the beginning of their careers. This was the first study of its kind in the retail sector.

According to the results of the study, the most important aspects for young people are an opportunity to work in an encouraging and supportive workplace community under a good supervisor, as well as a good balance between work and life. Young people represent an entirely new type of feedback culture: they want to give and receive feedback.

The study also revealed that 39% of the respondents had been feeling down or depressed during the 30 days immediately preceding the time of the survey. This made us think about how we as an employer could help young people work through their issues, and we developed the Shoulder for Young Minds service in cooperation with Terveystalo in late 2018. The service includes a 24/7 chat service and video appointments, among other features. Through the service, young people are referred to contact their occupational healthcare provider or seek brief therapy.

For a healthier daily life

We encourage our customers to make healthy choices



Food plays a key role in promoting health and well-being. We work to offer everyone opportunities for healthy eating, and we have made a nutrition commitment to increase the consumption of vegetables and promote healthy eating among children, for example.

Half a kilo of vegetables per day

We seek to encourage Finns to eat more vegetables by lowering the prices of Finnish vegetables, for example. The sales of vegetables are growing rapidly: their sales have increased by around 19 million kilos compared with 2015. In addition, we prominently display seasonal vegetables in our grocery stores and have expanded the distribution of popular recipes.

We also believe that people can learn to eat more healthily by monitoring their consumption of vegetables, which is why we added a functionality to our 'Omat ostot' (My purchases) service that enables our customer to see how much fruit and vegetables they have purchased in a year or month, or per day on average. By using the service, customers can monitor their total consumption of vegetables, as well as their consumption of fruit, berries, root vegetables and vegetables or specific product groups, such as bananas, grapes and kiwi fruit.



Healthier food for children

Over the past year, we have considerably expanded our selection of nutritionally better options for children. By the end of 2018, we had introduced 50 new products, such as meals, snacks and juices for children, when our goal was to add 20 new products by the end of 2020.

In 2017, we introduced Ässäkokki cooking classes in cooperation with the Martha home economics organisation, and we continued to offer these classes in 2018. During the summer holiday and autumn break season, we organised nearly 100 free cooking classes for school-age children. In these classes, children aged 8–12 learn how to prepare vegetable-based meals inventively and economically from seasonal ingredients.

Purchase data to aid research

Finnish food consumption research took a major step forward in 2017, when 14,000 customers of the S Group provided researchers at the Universities of Helsinki and Tampere with access to their purchase data. The main purpose of the study is to produce information about whether the data on co-op members' purchases describes the food consumption habits of the population as a whole. In addition, our goal is to use the purchase data to develop services that support customers' healthier lifestyles.

The study was expanded in 2018, and invitations to participate were sent to around 1 million co-op members. Access to the purchase data has made it possible to examine daily choices made at stores and to produce information about rapid changes in these choices. The study has also examined how purchases are connected at the level of store visits – that is, what types of food products are typically chosen in the same shopping basket. In addition, nationwide purchase data makes it possible to examine co-op members' diets and lifestyles, as well as variation in diets and lifestyles between population groups and factors affecting these.

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Description of the annual report

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

S Group 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.

This report applies the Global Reporting Initiative (GRI) standard, taking into consideration the cooperative structure of S Group.

The S Group-level report looks at the policies drawn up at the entire Group level and their implementation, as well as the key indicators and measures. As legally independent businesses, the cooperatives also report their own operations in their annual reports and on their websites.

The greenhouse gas emission data presented in the report (Scope 1 and 2 and part of the Scope 3 data) as well as the energy consumption and waste data have been verified by an external party.

S Group GHG Inventory Report 2018 25.3.2019

Part 1: Descriptive information

Descriptive information	Company response
Company name	SOK Corporation (reporting S Group data)
Description of the company	S Group is a Finnish cooperative group of companies operating in the retail and service sector. S Group comprises the cooperatives and SOK Corporation along with its subsidiaries employing around 40.000 people with retail sales total of €11.5 billion. The co-op members own the cooperatives, which in turn own SOK Corporation. SOK produces procurement, expert and support services to cooperatives. SOK is also responsible for the strategic guidance of S Group and the development of the business chains. SOK Corporation comprises SOK and its subsidiaries. The purpose of S Group's business is to provide co-op members with competitive services and benefits. The group wants to offer diverse services and an extensive network of around 1600 outlets for co-op members in Finland, Estonia and Russia. S Group's key business areas are • supermarket trade, • department stores and speciality stores, • hardware trade, • service station store and fuel sales, as well as • travel industry and hospitality business. In addition, S-Bank offers banking services to co-op members.
Chosen consolidation approach (equity share, operational control or financial control)	Operational control
Description of the businesses and operations included in the company's organizational boundary	The GHG emissions reported by S Group under Scope 1 and Scope 2 include all business units in Finland, Estonia and Russia. Scope 1 and 2 emissions include the fuel consumed at properties managed by S Group companies and co-ops and the purchased energy used by properties managed by S Group companies and co-ops. Outlets in which the heat consumption is included in the rental agreement and separate consumption meters are not in place, are excluded (25 per cent of outlets). Also GHG emissions from refrigerant leaks are included. S Group's Scope 3 emissions occur from sources owned or controlled by other entities in the value chain. Most significant indirect emissions (not included in Scopes 1 and 2) that occur along S Group's value chain, including both upstream and downstream emissions, are presented in the Scope 3 emissions inventory. The Scope 3 GHG emissions inventory of S Group includes emissions from all business units except for car and agriculture trade which represent around 4 percent of total sales. These deviations as well as other limitations in the boundary are reported in connection with the categories and indicators in question.
The reporting period covered	01/01/2018-31/12/2018
A list of scope 3 activities included in the report	The following categories, adapting the GHG Protocol, are included in S Group's Scope 3 GHG emissions inventory: Category 1: Purchased goods and services • Purchased goods for resale including daily food, non-food, consumer goods for grocery stores, restaurants and hotels, and fuel sold at petrol stations and indirect purchases (machines and equipment) • Purchased indirect services Category 2: Capital goods • New constructed buildings Category 3: Fuel- and energy-related activities (not included in Scope 1 and 2) • Upstream emissions from purchased fuels, electricity and heat. In Finland upstream emissions from renewable electricity and nuclear are excluded. • Transmission and distribution losses from purchased electricity and heat Category 4: Upstream transportation and distribution • Outsourced contract operators for retail, food service and fuel logistics Category 5: Waste generated in operations Category 6: Business travel • Business flights and emissions from leased cars Category 7: Employee commuting Category 9: Downstream transportation and distribution • Customer transportation Category 11: Use of sold products • GHG emissions from the use/combustion of fuel sold Category 15: Investments • GHG emissions from direct investments by S Group associated company S Bank's (S Group ownership 75%) subsidiary FIM. Calculated based on the share of ownership: https://www.fim.com/fi/fim/vastuullinen-fim/rahastojen-hiilijalanjalki/

A list of scope 1, scope 2, and scope 3 activities excluded from the report with justification for their exclusion	The following activities were excluded from the report: Category 8: Upstream leased assets – Category excluded •This category is relevant for S Group regarding leased IT and other equipment and cars leased for employees, however the GHG emissions from the use of the IT equipment is included in scope 2 and the GHG emissions from other stages of the lifecycle are included in category 1 Category 10: Processing of sold products – Category excluded • This category is relevant for S Group, but GHG emissions from purchased raw materials for the restaurants are included in category 1 and GHG emissions from the food preparation stage are included in scopes 1-2. Category 12: End-of-life treatment of sold products – Category excluded • This category is relevant for S Group, but is excluded to avoid double accounting as the end-of-life treatment emissions are included in the emissions from Category 1: Purchased goods and services. Also difficult to calculate due to lack of reliable data for different product and service categories. Category 13: Downstream leased assets – Category excluded •This category is not relevant for S Group as it does not lease assets to other companies which would not be included in Scope 1 or Scope 2 inventories. Category 14: Franchising – Category excluded • This category is relevant for S Group regarding the 102 Hesburger fast-food restaurants located in the ABC service stations in Finland. However the emissions from these franchises are included in S Group's scope 1 and 2 inventories.

Part 2: Greenhouse gas emissions data

Scopes and categories	Metric tons CO_2e
Scope 1: Direct emissions from owned/controlled operations	82.500
Scope 2: Indirect emissions from the use of purchased electricity, steam, heating, and cooling	Location based electricity: 104.100 Market based electricity: 160.300 Heating & cooling: 60.300
Upstream scope 3 emissions	
Category 1: Purchased goods and services	5.739.000
Category 2: Capital goods	13.000
Category 3: Fuel- and energy-related activities (not included in scope 1 or scope 2)	38.100
Category 4: Upstream transportation and distribution	95.400
Category 5: Waste generated in operations	19.600
Category 6: Business travel	2.300
Category 7: Employee commuting	20.300
Category 8: Upstream leased assets	N/A
Other	N/A
Downstream scope 3 emissions	
Category 9: Downstream transportation and distribution	283.000
Category 10: Processing of sold products	N/A
Category 11: Use of sold products	2.619.000
Category 12: End-of-life treatment of sold products	N/A
Category 13: Downstream leased assets	N/A
Category 14: Franchises	N/A
Category 15: Investments	46.400
Other	N/A

Part 3: Description of methodologies and data used

Scope	Methodologies used to calculate or measure emissions, providing a reference or link to any calculation tools used
Scope 1	Activity data: • Oil: kWh of heat produced with oil as measured and registered in the S Group real estate system. • Gas: kWh of heat produced with gas as measured and registered in the S Group real estate system. • Refrigerant leaks: kg of substance as reported fill-ups of the equipment by the service provider for each co-op and company • Self-produced wind power (S-Voima/TuuliWatti): cancelled Certificates of Origin for S-voima based on the share of ownership of S Group co-ops and companies. Emission factors: • Oil: Statistics Finland Fuel Classification 2018: https://www.stat.fi/static/media/uploads/tup/khkinv/khkaasut_polttoaineluokitus_2018.xlsx • Gas: https://www.stat.fi/static/media/uploads/tup/khkinv/khkaasut_polttoaineluokitus_2018.xlsx • Refrigerant leaks: https://helda.helsinki.fi/handle/10138/155617
Scope 2	Activity data: • Electricity: consumption data in kWh based on the S Group real estate system and S-Voima electricity purchases • Heat and steam: consumption data in kWh based on the S Group real estate system, electricity consumption used for geothermal heat pumps included in electricity metering • Cooling: consumption data in kWh based on the S Group real estate system Emission factors: Finland • Electricity (S-Voima/TuuliWatti wind power is categorized in scope 1): 0 • Electricity (other, market-based): Finland 2017 Residual mix: https://www.energiavirasto.fi/documents/10179/0/J%C3%A4%C3%A4nn%C3%B6sjakauma+2017+allekirjoitettu+29+6+2018.pdf/c32d4768-8ac8-4dfe-84d6-5dec09ec584e • Electricity (location-based), in CDP reporting: Finland average electricity energy mix, 5 year average: 164 kg CO2/MWh; https://www.motiva.fi/ratkaisut/energiankaytto_suomessa/co2-laskentaohje_energiankulutuksen_hiilidioksidipaastojen_laskentaan/co2-paastokertoimet • Heat: same emissions factor for both market and location based: Motiva district heat segregated production average emissions factor: 131 kg CO2/MWh; https://www.motiva.fi/ratkaisut/energiankaytto_suomessa/co2-laskentaohje_energiankulutuksen_hiilidioksidipaastojen_laskentaan/co2-paastokertoimet • Cooling: outlets located in Helsinki region, thus emissions factor in 2017 from local service provider used, 61 kg CO2/MWh; https://www.helen.fi/helen-oy/tietoa-yrityksesta/energiantuotanto/sahkon-ja-lammon-ominaispaastot/ Estonia: • Electricity: Estonia electricity residual mix 2017; 1042 g CO2/kWh, same factor used for heat: https://elering.ee/en/residual-mix Russia: • Electricity and heat combined intensity emissions factor in Russia in 2016, 46,9 tn CO2/TJ; https://webstore.iea.org/co2-emissions-from-fuel-combustion-2018-highlights

Scope and category	Description of the types and sources of data used to calculate emissions	Description of the methodologies, allocation methods, and assumptions used to calculate emissions	% of emissions calculated using data obtained from suppliers or value chain partners
Upstream scope 3 emissions			
Category 1: Purchased goods and services	Activity data (primary data): Calculations based on volumes (kg/l) sold by category (majority of daily food and non-food items) and spend (euros) by category (consumer goods and services). Emission factors (secondary data): Lifecycle emissions factors were taken from different sources including: Hartikainen et al 2016; http://jukuri.luke.fi/bitstream/handle/10024/537959/luke-luobio_58_2016.pdf?sequence=1&isAllowed=y, Ilmastodieetti 2017; https://beta.ilmastodieetti.fi/pdf/Ilmastodieetti_dokumentaatio_2017-10-13.pdf, Footprint Beef 2016; https://portal.mtt.fi/portal/page/portal/mtt/hankkeet/footprintbeef/Naudanlihantuotannon%20ymp%C3%A4rist%C3%B6vaikutukset%20ja%20niiden%20v%C3%A4hent%C3%A4miskeinojen%20mahdollisuudet.pdf , ENVIMAT 2005: http://motiva.fi/files/4771/Suomen_kansantalouden_materiaalivirtojen_ymparistovaikutusten_arviointi_ENVIMAT-mallilla.pdf , Karjalainen 2014: http://www.panimoliitto.fi/app/uploads/2014/01/The-carbon-footprint-of-the-Finnish-beverage-industry-for-years-2000-2012-as-calculated-with-CCaLC.pdf For fuel: well-to-tank emissions factor was calculated based on the lifecycle emissions factors provided by S Group fuel trade partner NEOT and by deducting the combustion emissions factors based on LIPASTO fuel mix emissions factors 2016: http://lipasto.vtt.fi/yksikkopaastot/tunnusluvut/tunnusluvuttie.htm	Coverage: all countries and divisions except for car and agriculture sales (5 per cent of retail sales). Method: Average lifetime GHG emissions factors were acquired for product categories from different sources. Activity data used in the calculation was 1) the physical mass (kg) or volume (liters) of the products sold during the fiscal year, or where physical volume was not available, the emission factors were used for each 2) euro of the "basic price"/purchase price of the product as indicated in an input-output model including the environmental impacts. The basic prices were corrected to reflect change in prices from 2005 (Envimat-factors base year) prices with the respective inflation factor from Statistics Finland (2018). The lifetime emissions of products were not split between cradle to gate and gate-to-end-of-life due to limited split LCA data availability for the sources used. Scope 1-2 emissions were not deducted from the category due to limited data availability on the retail/storage share of the category specific LCA factors so the category contains approx. 5 % double counting risk for this reason. Exception was made for the most significant individual product - fuel, for which the use-phase/tank-to-wheel emissions we're excluded from category 1 and are presented in category 11. Share of well-to-tank was estimated to be 15% of the LCA emissions as has been estimated in a study by RC 2014. Edwards, R. & Larivé, J-F & Rickeard, D. & Weindorf, W. 2014. Well-to-tank Report Version 4.a, JEC Well-to-wheels. Well-to-wheels analysis of future automotive fuels and powertrains in the european context. JRC Technical Report EUR 26237-EN. The calculation methodology and sources used contain significant amount of uncertainties and can thus only be used as a very high level estimate of the climate impact of products and services purchased by S Group in 2018.	8% (well-to-tank emissions factor for fuel)

Category 2: Capital goods	Activity data: constructed square meters of new buildings. Emissions factors: Kurnitski 2012: emission factor for construction and materials (excluding energy use during life-cycle) https://www.puuinfo.fi/sites/default/files/content/info/puurakentamisen-roadshow-2012-luentoaineistot/4_2012-03-21_Kurnitski-Hiilijalanj%C3%A4lki_0.pdf	Coverage: Finland Method: Calculations are based on area of constructed buildings in Finland in 2018 and emission factors for construction per square meter regarding building emissions from materials and construction with the assumption that all new buildings are made with concrete.	0%
Category 3: Fuel- and energy-related activities (not included in scope 1 or scope 2)	Activity data: energy and fuel consumption in kWh as collected from the group and co-op energy meters. Emissions factors: Defra 2016-2018 WTT and T&D emissions factors for fuels, electricity and heat: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/526958/ghg-conversion-factors-2016update_MASTER__links_removed__v2.xls https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/677300/Copy_of_Conversion_factors_2017_-Full_set__for_advanced_users__v02-00.xls https://www.greenelement.co.uk/new-2018-uk-defra-beis-carbon-factors-download/	Coverage: all countries. Method: country and energy specific consumption figures were multiplied by the relevant Defra emissions factor. For electricity in Finland, the share of renewable energy (own and market-based) and nuclear (in residual market mix) were excluded from the calculation and thus only the upstream emissions for the residual fossil fuel based energy were included. Residual mix was based on 2017 as 2018 mix was not yet available at the time of reporting.	0%
Category 4: Upstream transportation and distribution	Activity data: logistics partner's reported mileage Emissions factors: LIPASTO fossil fuel emissions factors 2016: http://lipasto.vtt.fi/yksikkopaastot/tunnusluvut/tunnusluvuttie.htm	Coverage: Finland, business units: grocery, consumer goods, restaurants and hospitality and fuel trade Calculations are based on contracted logistics partners' reported mileage and related GHG emissions. Includes domestic and inbound transportation for Inex Partners, Meira Nova and North European Oil Trade by the contracted partners. Excludes transportation directly from food suppliers to outlets.	100%
Category 5: Waste generated in operations	Activity data: waste amounts in tonnes by type of waste. Emissions factors: HSY / Natural Interest 2014: WWF Finland's Climate Calculator. http://www.ilmastolaskuri.fi/fi/calculation-basis?country=2&year=10746	Coverage: all countries Method: waste per type (tonnes) multiplied with the respective emissions factor.	100%
Category 6: Business travel	Activity data: mileage and fuel used Emissions factors: Provided by service providers (SMT and LeasePlan)	Coverage: Flights: S Group in Finland, leased vehicles: SOK Corporation (regional co-ops excluded) Calculation made for SOK Corporation's leased cars and employees business travel by plane. Data and emission calculations provided by service partners	100%
Category 7: Employee commuting	Activity data: S Group employees in Finland estimated average distance to their workplace (km) multiplied by annual average estimated working days. Emissions factors: Emissions factors: for cars and local transportation buses: WWF Climate Calculator (based on LIPASTO database): http://www.ilmastolaskuri.fi/fi/calculation-basis?country=2&year=10746 Transportation methods: National travel survey 2016: https://www.liikennevirasto.fi/documents/20473/434710/Esite_HLT2016_ENGLANTI.pdf/3d811186-db02-4680-bba4-63732c6d9f33	Coverage: Finland Method: Calculation made based on 2016 data for S Group employees in Finland, who have the "employee" information linked to their S Group loyalty card. Average work commute distance estimated based on the average distance between the employee's postal code and their respective workplace. The mode of transport was estimated based on a national Transportation study stating the share of different modes of transport in different size towns/communities. Average mileage and modes of transport was then multiplied with the average annual working days. Part-time employees annual working days were estimated based on their average weekly working hours. 2017 average GHG emissions per employee per annual commute was used as basis for 2018 calculation multiplied by 2018 employee headcount. It is acknowledged, that there is a possible overlap with scope 3 category 11 emissions where employees purchase fuel for their commute from S Group service stations however, the share of such overlap is difficult to estimate accurately. The calculation methodology and sources used contain significant amount of uncertainties and can thus only be used as a very high level estimate of the climate impact of S Group employees work commute.	0%
Downstream scope 3 emissions			
Category 8: Upstream leased assets	Not relevant		

Category 9: Downstream transportation and distribution	Activity data: S Group loyalty card holder's visits to S Group outlets and estimated average distance (in km) from their home to nearest outlet. Emissions factors: for cars and local transportation buses: WWF Climate Calculator: http://www.ilmastolaskuri.fi/fi/calculation-basis?country=2&year=10746 Transportation methods: National travel survey 2016: https://www.liikennevirasto.fi/documents/20473/434710/Esite_HLT2016_ENGLANTI.pdf/3d811186-db02-4680-bba4-63732c6d9f33	Coverage: loyal customer transportation to and from outlets in Finland, approx. 80 % of customer visits by loyal customers. Method: Calculation made based on the S Group customer loyalty card holders annual visits to S Group outlets multiplied by the average distance between the card holders hometown/commune (based on postal codes) and the closest S Group outlet weighted by the nr of visits and taking into account the town/area specific transportation methods. Employee visits deducted based on the assumption that they visit the outlets on their way from work. Ways of transportation obtained from national and regional transportation surveys. It is acknowledged, that there is a possible overlap with scope 3 category 11 emissions if customers purchase fuel for their vehicles from S Group service stations however, the share of such overlap is difficult to estimate accurately. The calculation methodology and sources used contain significant amount of uncertainties and can thus only be used as a very high level estimate of the climate impact of S Group customers visits to S Group outlets.	0%
Category 11: Use of sold products	Activity data: volume of fuel (liters) sold to end customers in 2018. Emission factors: Emissions factors provided by S Group fuel sourcing company NEOT based on actual fossil to bio mixes in 2018.	Coverage: Finland. Method: volume of fuel sold to end customers multiplied with the relevant combustion emissions factor by fuel type.	100%
Category 13: Downstream leased assets	Not relevant		
Category 15: Investments	Data used: Publicly reported scope 1+2 emissions data from the companies invested	Emissions allocation per investment/fund to Group/FIM based on the share of ownership.	100%