



S GROUP'S **CORPORATE**
RESPONSIBILITY REVIEW
2012



We want to be a forerunner in responsibility

In 2012, S Group set as its goal to be a forerunner in responsibility in all business areas in Finland. The target was set high and requires hard work, but it is by no means unrealistic.

S Group's responsibility is already at a good level, even by international standards. At the same time, we must be honest and admit that there is inconsistency in our different business areas: some of them have almost reached their goals while others have still a long way to go.

S Group's responsibility is strongly rooted in different parts of our country. After all, the basic task of the Group's independent co-operatives is to produce benefits and services specifically for the residents of their operating areas. At the same time, they have been producing well-being and vitality in their regions and the whole of Finland for more than a hundred years.

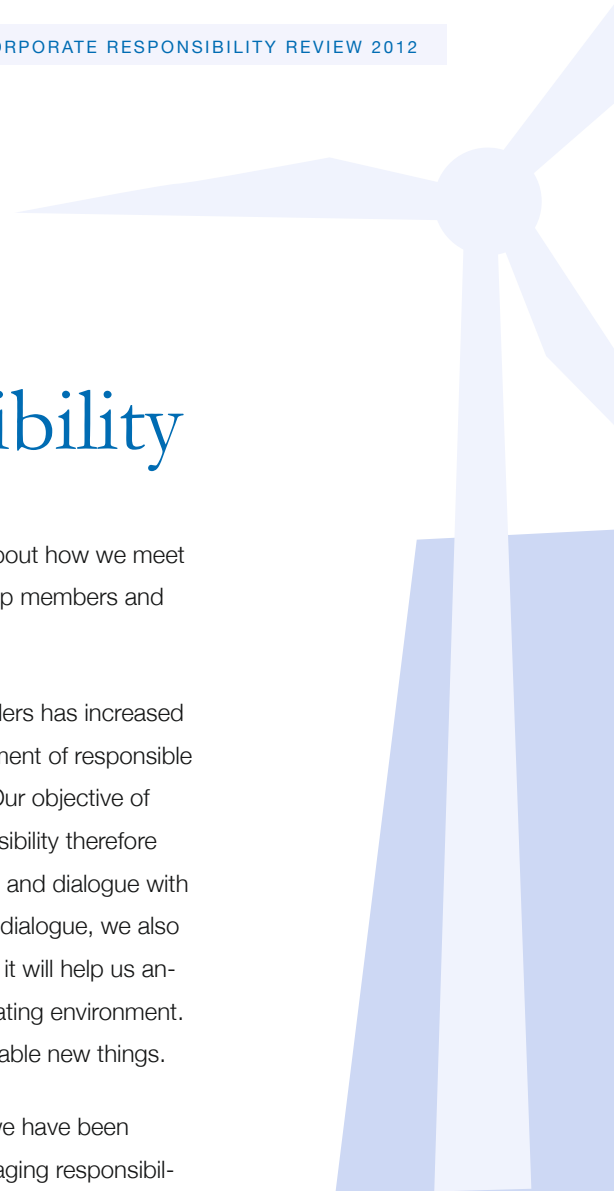
The co-operatives are owned by regular customers, no one else. Therefore, in S Group it is the co-op members' expectations that define how we understand responsibility and which aspects of responsibility we focus on. At the same time, it obligates us to provide them with an opportunity to make responsible choices.


In this Review, we will talk about how we meet the expectations of our co-op members and other stakeholders.

The importance of stakeholders has increased considerably in the development of responsible operations in recent years. Our objective of being a forerunner in responsibility therefore requires broader, more open and dialogue with various stakeholders. In this dialogue, we also hope to hear criticism, since it will help us anticipate changes in the operating environment. Often it also teaches us valuable new things.

Dear reader, this past year we have been particularly focused on managing responsibility and developing responsibility reporting. The results of our work are already evident in this Review, but we hope that the most significant effects will be realised in our operations in the coming years.

Nevertheless, a lot has already been accomplished. In conclusion, I would like to use our progress in the use of wind power as an example. We announced earlier that our goal is to cover one quarter of our electricity consumption with wind power in 2016. However, we can





already raise the goal to a minimum of 50% of our electricity consumption.

I hope you enjoy reading our Responsibility Review, and I invite you to talk with us!



Kuisma Niemelä
Chief Executive Officer, SOK



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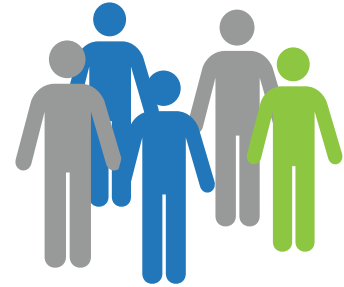


We asked you what
you think are the
essential elements of
responsibility



You thought
it over...

energy saving well-being
recycling authentic local food
responsibility freshness
product trust safety origin



and let us know.

This generated four main themes:



Well-being through co-operative activities



Personnel well-being and motivation



Responsible products and services



Resource efficiency

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S Group - owned by customers

S Group is a Finnish co-operative group of companies operating in the retail and service sector. It consists of the SOK Corporation with its subsidiaries and 20 regional and 8 local co-operatives. The co-op members own the co-operatives, which in turn own SOK Corporation.

The purpose of S Group's business is to provide co-op members with diverse services and benefits throughout Finland. The basic goal of all operations is to make customers' daily life easier and satisfy their need for services.

Business operations that are socially and environmentally responsible and profitable create the foundation for S Group to carry out long-term and beneficial operations as part of society. Profitable business operations create well-being through jobs, taxes and investments.

Operations are based on values

S Group's values have found their form over the course of the decades. They highlight responsible business operations, for which a co-operative form of business and the associated co-op membership are a natural basis.

- We are there for the customer.
- We assume responsibility for people and the environment.
- We constantly develop our operations.
- Our operations are profitable.

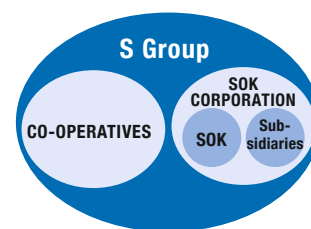
S Group's business operations

- Grocery and consumer goods trade
- Service station and fuel sales
- Travel industry and hospitality business
- Automotive trade and accessories
- Agricultural trade
(in the area of three co-operatives)
- Co-op members' banking services
(S-Bank)

S Group's business operations are organised into nationwide chains. Various chain management, service and support operations are produced centrally by SOK. S Group's efficient business model is built on chain operations combined with regional co-operatives' good knowledge of local markets and customers.

In addition to business operations in Finland, S Group operates in the supermarket trade as well as the travel industry and hospitality business in Russia and the Baltic countries. S Group has three Sokos Hotels in St Petersburg and one in Tallinn. There are eight Prisma hypermarkets in Estonia, 14 in Russia, five in Latvia and three in Lithuania.

At the end of 2012, S Group had 1,697 outlets: 1,663 in Finland, 17 in the Baltic countries and 17 in Russia. At year-end 2012, S Group employed 43,417 service sector professionals.



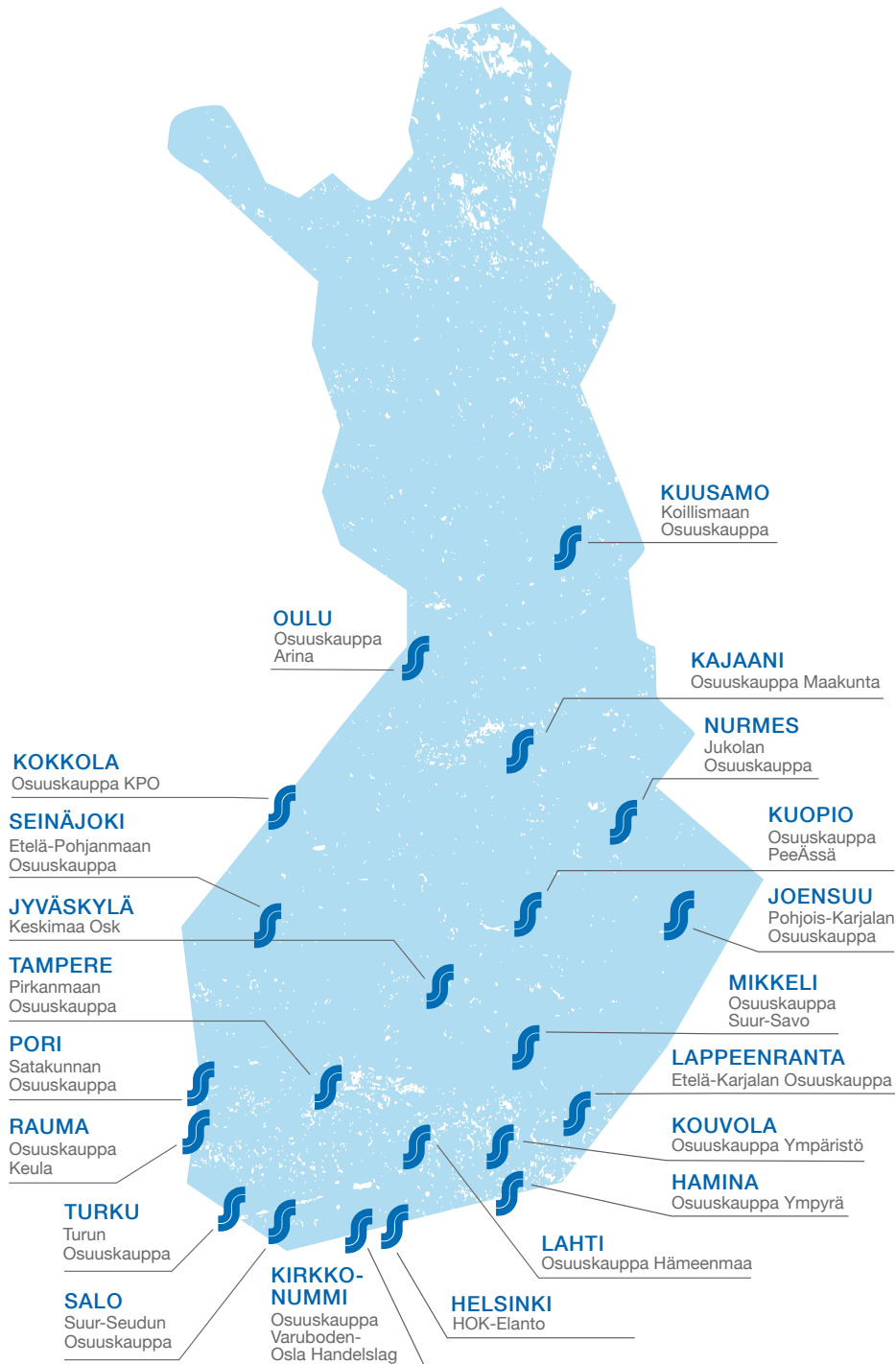
43,417



RETAIL AND SERVICE
PROFESSIONALS

AT THE END OF 2012, S GROUP
EMPLOYED 43,417 RETAIL AND
SERVICE PROFESSIONALS

S Group's regional co-operatives 31 December 2012



Key figures in 2012,
EUR million
(including the entire S Group)

12,037

RETAIL SALES

9,444

BONUS SALES

379

BONUS PAID

573

INVESTMENTS

212

S GROUP'S RESULT

2,055,227

CO-OP MEMBERS

43,417

EMPLOYEES
(including the entire S Group)

1,697

OUTLETS
(including the entire S Group
and online stores)

1,663

OUTLETS IN FINLAND
(including 5 online stores)

21

CO-OPERATIVES



Becoming a forerunner in responsibility

The purpose of S Group's business operations is to provide the co-op members with services and benefits. The shared objective of all S Group employees is to be a forerunner in responsibility.

In S Group, responsibility means operations that exceed the requirements set by legislation and are based on S Group's values and responsibility principles, SOK Corporation's ethical principles and shared strategic objectives set for responsibility.

S Group's strategic objective is to be a forerunner in responsibility. This policy is part of the customer relationship strategy approved in 2012. In order to advance towards being a forerunner in responsibility matters, we have defined a responsibility programme for S Group.

S Group's responsibility programme

S Group is a consumer co-operative, and therefore development of responsible operations primarily means improving areas that are considered essential by co-op members and other important stakeholders.

The themes and development focus areas as well as the key indicators of S Group's responsibility programme are based on a stakeholder analysis conducted in the autumn of 2011 and global responsibility megatrends. In connection with compiling the responsibility programme, we also carried out an international survey on responsibility in forerunner companies.

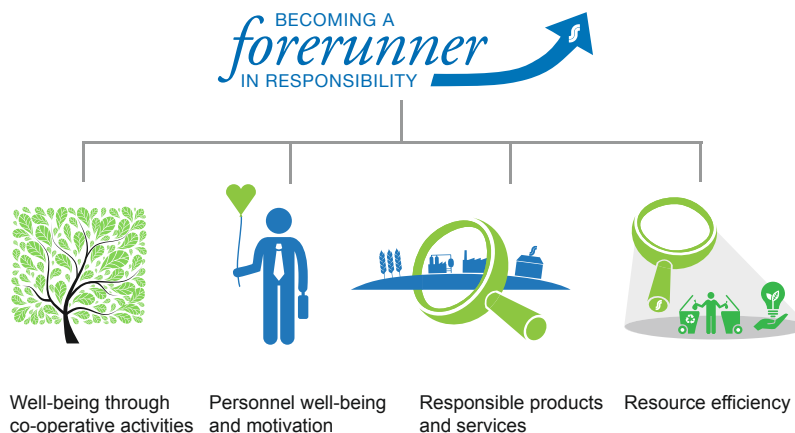
We assessed the impact of stakeholders' expectations and global megatrends on S Group's operations from the perspective of both risks and opportunities. We see the challenges of climate change, scarcity of energy resources and future forms of energy as a business opportunity, and therefore we invest in wind power, focus on the development of energy efficiency of S Group's outlets and offer alternatives to fossil fuels in our fuel sales.

Scarce material and water resources and vanishing ecosystems will increase in importance. This will have a growing impact on the risk assessment of global production

MATERIALITY MATRIX



The following themes were emphasised in the survey: responsible products and services, personnel well-being and motivation, co-operative activities and resource efficiency. The structure of this Review is also built around these themes.



chains and on the improvement of the effectiveness of supervision procedures in terms of both environmental and social responsibility in the future. Global challenges can be turned into opportunities by focusing on an open and transparent operating method and continuous interaction with stakeholders.

S Group's responsibility programme is built on four themes: well-being through co-operative activities, personnel well-being and motivation, responsible products and services, and resource efficiency.

In 2012, we defined key areas of improvement for the themes of Responsible products and services and Resource efficiency. As a basis for the definition work, we commissioned an international survey regarding what forerunner companies operating in the same sectors focus on in their responsibility efforts, and compared the results with our operations. We will talk more about the areas of improvement in the sections Responsible products and services and Resource efficiency.

GLOBAL MEGATRENDS

Climate change
Energy & fuel
Scarcity of natural resources
Scarcity of water
Population growth and ageing
Food security and food safety
Vanishing ecosystems



Management of responsibility

Responsibility in S Group covers all business areas, which is why it is managed at the Group level.

The S Group-level development, management, reporting and communication of responsibility-related matters is handled by SOK's Reputation and Responsibility unit. Its operations are managed by the Business Area Board for Customer Relationships, Business Intelligence and Responsibility, and the Reputation and Responsibility steering group consisting of business area representatives.

The responsibility management and steering model also includes the S Group-level theme working groups: Responsible products and services and Resource efficiency. The theme working groups include specialists from S Group's different business areas and support functions. The task of the working groups is to prepare operating models and policies at the S Group level as well as to prepare and implement objectives and measures crossing business area borders. The working groups also aim to share best practices within S Group and identify risks associated with current operating models as well as to engage stakeholders in the development of essential themes.

Defining and monitoring practical objectives and measures are part of the regular management of business operations. The defined measures and policies are communicated to the co-operatives and subsidiaries for implementation through instructions from the chain management units. The most important thing is for every S Group employee to understand how they can influence the realisation of the responsibility principles in their own work.

In addition to the management and steering model described above, the SOK Reputation and Responsibility unit also regularly reports to the Group's Corporate Management Team on changes and key trends in the operating environment, implementation of the strategic responsibility objective and responsibility programme as well as the results of responsibility reporting. Changes in the operating environment, key trends and implementation of the responsibility programme are also monitored regularly in the management teams of the central business areas. SOK's Supervisory Board receives yearly reports on the development of responsibility and, in particular, how responsibility work is made visible to co-op members.



Responsibility reporting

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



Being a forerunner in responsibility requires systematic management and monitoring by means of the key indicators. External reporting should also be transparent. We paid special attention to developing these aspects in 2012.

In 2012, we determined key indicators for monitoring the areas of improvement defined in the responsibility programme to support management. These include the share of private label products marked with countries of manufacture and origin of all private label products; the share of private label product purchases and own imports from audited suppliers in countries at risk (rights at work); number of certified products and services in the product range; volume and reuse/recycling rate of waste; consumption of electricity, heat, fuel and water, as well as the percentage of outlets with a defined target consumption for energy.

Concerning reporting, we commissioned an external survey on the good practices and areas of improvement in S Group's Responsibility Review in relation to national and international reporters who apply the GRI Guidelines in different levels. According to the survey, the main areas of improvement in S Group's responsibility reporting included the description of the measurement and calculation prin-

ciples of key indicators and of the management principles and long-term objectives. We were praised for the definition of the material responsibility aspects and stakeholder engagement.

In 2012, we also redefined S Group's responsibility key indicators and deployed a new information gathering and reporting system. In total, S Group's responsibility reporting contains 144 key indicators, and information gathering covers all regional co-operatives and SOK Corporation's operations in Finland. Each key indicator contains data on whether information is gathered at the level of outlet, chain, regional co-operative or S Group.

S Group's Corporate Responsibility Review 2012 is the first one in which we apply the Global Reporting Initiative (GRI) G3.1 guidelines, taking into consideration S Group's co-operative structure. The S Group-level Responsibility Review describes the responsibility policies developed and implemented at the entire S Group level, as well as the key indicators and measures in Finland. As legally independent businesses, the co-operatives report their own responsibility activities in their annual reports and on their websites.

Stakeholder engagement means dialogue

Open dialogue with stakeholders is a central part of S Group's responsible operations. Trust in S Group grows through transparent operations.

As a large and diversified company, S Group is connected to numerous sectors of society and thus also has many stakeholders. S Group's central stakeholders include co-op members, personnel, suppliers, authorities, civic organisations, political decision-makers, business area organisations and representatives of the media. In 2011, S Group carried out an extensive survey to map responsibility matters which stakeholders find essential. Stakeholders' views and matters that are essential to them are also assessed through continuous interaction. The most important stakeholders – co-op members and personnel – are covered in separate sections of the Review.

Stakeholder dialogue is conducted extensively in various forums. These include, for example, individual meetings, seminars, social media and discussion forums. Although the majority of S Group's operations are located in Finland, they are also considerably affected by the global and European

S GROUP'S STAKEHOLDERS



markets and economy. Therefore, S Group also participates in international and European advocacy and partner organisations.

Systematic work with stakeholders

In S Group, dialogue with stakeholders is systematic and goal-oriented. Stakeholders' expectations and views are taken into consideration in daily operations. The objective of a continuous and systematic dialogue is to engage stakeholders in the development of the company's operations, increase mutual understanding and distribute information on S Group and its operations.

SOK started the development of a stakeholder dialogue model in 2012. The key stakeholders and their expectations and impact on S Group were defined in different parts of the organisation. Based on the analysis, the format of stakeholder engagement work was decided on for each group. In addition, responsibilities were defined for continuing or launching dialogue.

A TOOL FOR PLANNING STAKEHOLDER ENGAGEMENT

Stakeholder	Responsible party	S Group's objectives concerning the stakeholder	Stakeholder expectations of S Group	Measures
Civic organisation A				
Ministry B				
Research institute X				
Association Y				

Transparency builds trust

S Group wants to participate in social discussion openly and proactively. A proactive approach means that matters are communicated as soon as objectives have been set for operations. Differing views are taken into account and criticism is discussed.

In practice, an open approach means that we openly answer questions asked and feedback, whether they come from customers or civic organisations. For example, in 2012 S Group responded to all S Group-related enquiries submitted by Finnwatch, a civic organisation observing Finnish companies' responsibility.

In 2012, we paid special attention to increased transparency of the information the media has access to regarding retail matters. We organised, among other things, five briefings for media representatives regarding topical issues primarily in the grocery trade in 2012. In addition, we organised a separate briefing for journalists specialised in the economy. The events covered, among other things, the centralisation of retail and its impacts, as well as the development outlook for local and organic food.

Listening and learning

In responsibility work, we assess key stakeholders and the need for co-operation as well as methods to achieve the responsibility objectives. Our objective is to build partnerships with key stakeholders, which would help us learn and develop S Group's business operations and achieve shared goals.

For example, in the autumn of 2012 SOK signed a partnership agreement with WWF Finland. The goal of the partnership is to develop S Group's responsibility, particularly in the sustainable and efficient use of natural resources. Through the partnership, SOK supports the WWF's efforts in promoting the sustainable use of natural resources. Another shared goal is to raise the level of environmental responsibility in Finland by bringing together key stakeholders related to raw materials to discuss related responsibility issues and solution models.

Stakeholder engagement also includes addressing various topical questions and viewpoints brought up by stakeholders. These are assessed on a case-by-case basis, and policies and operating methods are updated, if necessary.

Responsible co-operation with suppliers

As a diversified company, S Group has numerous suppliers of different kinds and size. S Group treats all suppliers equally and adheres to ethical principles in relation to them. In accordance with our ethical principles, we operate with integrity and responsibility and expect the same from our partners. For example, at the beginning of 2013 we signed a letter of intent on the Principles of Good Practice as soon as it became available to us. We will do the same with the actual agreement. These principles concerning the food supply chain have been prepared at the High Level Forum of the EU Commission.

S Group's grocery trade has been intensively developing predictive analytics in recent years. It helps develop the operations of the entire food supply chain – from the producer to the store – and make them more predictable. Improved predictability makes everyone's work more systematic and productive and makes it possible to reduce food waste, among other things.

Dialogue to support political decision-making

Political decision-makers also need information from companies to support decision-making. S Group wants to influence legislative work in order to ensure favourable prerequisites for operations. The government issued a proposal in 2012 concerning an amendment to the Competition Act and a controlling market position in the grocery trade. The proposal raised concern in S Group since if approved, it could restrict favouring Finnish products, for example, and make it more difficult to offer them in stores. In addition, the proposal would make competition more rigid and subsequently possibly increase prices.

S Group representatives met members of Parliament from nearly all parties with Parliament representation concerning the matter in the autumn 2012 and spring 2013. The impact of the proposal on S Group was discussed in the meetings. In addition, the SOK, HOK-Elanto and Etelä-Karjalan Osuuskauppa co-operatives were invited to the Economy Committee of the Parliament for a hearing.

Advocacy organisations for common interests

S Group is represented in various advocacy organisations. These organisations supervise the interests of companies in society. S Group is a member of the Finnish Commerce Federation. In 2012, SOK's CEO and the Managing Director of the Osuuskauppa Ympäristö co-operative were also members of its Board of Directors. S Group is also a member of the Finnish Grocery Trade Association as well as the Tekstiili- ja Muotialat TMA textile and fashion sector organisation. In addition, S Group is a member of the Finnish Hospitality Association Mara. Through various business area organisations, S Group is also involved in the operations of the Confederation of Finnish Industries (EK). S Group is represented in numerous committees and working groups in the aforementioned organisations.

S Group is also represented in international trade sector organisations. As a co-operative enterprise, S Group is a member of, among others, Euro Coop, which aims to highlight the economic, social and environmental objectives of consumer co-operatives. S Group also influences European legislation through the Euro Commerce organisation. The organisation supervises the interests of the trade sector in the European Union.

The organisations' objective is, among other things, to develop the practices in the sector voluntarily so that separate regulation is not needed. Central themes in 2012 included, for example, health and nutrition, safety, consumer information, sustainable consumption and production as well as climate change and energy. S Group is also a member of the International Co-operative Alliance (ICA).

SOK also participates in the operations of the Foreign Trade Association (FTA) and its Business Social Compliance Initiative (BSCI) system. The objective of the BSCI system is to improve working conditions in countries at risk to the level required by international agreements and to ensure that the customer does not need to have concerns over the origin of his or her purchases. SOK has a representative on the Board of Directors of FTA and the steering group of BSCI.

Measuring stakeholder engagement

S Group measures the success of stakeholder engagement on a yearly basis. The annual Reputation and Responsibility survey conducted by TNS Gallup maps stakeholder impressions of S Group as a responsible player. The survey also compares S Group with other players in the sector. In 2012, the impression of the reputation and responsi-

bility level in the entire trade sector weakened, compared to the previous year. In the survey, the reputation index of retail was 55 (2011: 61). S Group's reputation index was 63 (2011: 66). Compared to the sector overall, S Group's reputation continued to be at a good level, despite the small dip. S Group's responsibility index was 30 (2011: 35), whereas the sector average was 23 (2011: 31). Thus S Group's responsibility image is better than the sector average.

In addition, stakeholder engagement is measured in a corporate communications survey conducted by the market research company Taloustutkimus Oy. According to the survey, the media follows S Group's communications more often than that of other retail companies. Four out of five journalists who assess retail sector companies follow S Group's communications. In 2012, S Group received the third highest overall score in the sector for communications, showing an improvement over the previous year. The survey covered a total of nine retail companies.

Lively talk about food

Food – local, organic, its price or origin – is a topic that invokes lively discussion among stakeholders. The price of food has been particularly topical recently.

The price of food is influenced by a number of factors. According to Statistics Finland, the price of food has increased due to tax increases and higher world market prices. A significant part of the increase is due to higher production prices. In 2012, the unusual weather conditions put special pressure on the world market prices of food.

Centralised trade is also considered to be a factor raising the price of food. According to a study published in 2009 by the Research Institute of the Finnish Economy (ETLA), price competition still works well in Finland, despite the centralisation. The study concluded that

reasons for the high prices of food products in Finland include high value added tax, long transportation distances and poor competitiveness of agriculture.

The centralisation of the Finnish grocery trade is a result of fierce competition. In a country with a small population and large geographical distances, for the grocery trade to be profitable, the operations need to be sufficiently large. Due to its large-scale and efficient operations, S Group is able to serve the entire Finnish food supply chain better, with decreasing expenses. Therefore, we are also able to provide services in sparsely populated areas where they are desperately needed. Thus, a strong S Group benefits the entire Finnish food supply chain, including consumers.





Co-operative activities – joint ownership and benefit sharing

The co-op members are the sole owners of S Group's co-operative enterprises.

The co-op member is both a customer and an owner of the co-operative. There are no foreign investors or any other owners. Co-op membership is S Group's way of conducting its co-operative form of business. The purpose of the activities is to produce services and generate benefits for co-op members. Co-op members are all equal in status, and each member owns one share in his/her own co-operative.

Co-operative activities are business operations which emphasise both financial profitability and social responsibility. In the co-operative form of business, money circulating in the co-operatives' business operations benefits the co-op members and ensures regional well-being and vitality. Earnings from the operations are invested for the benefit of the co-op members by developing services and renovating outlets, or distributed to the co-op members in the form of various benefits, such as the Bonus and the payment method-related benefit.

The co-operative methods of distributing the profit generated by business operations are the interest paid on the membership fee and the return of the surplus.

S Group always reserves the best benefits for the co-op members. In addition to the Bonus and payment method-related benefit, co-op members also receive discounts in restaurants and cafés, hotels, department stores and speciality stores.

The threshold of two million co-op members was surpassed on Valentine's Day 2012, and the number of co-op members increased slightly in 2012, compared to the previous year. In 2012 61,448 (2011: 60,192) new co-op members joined S Group's co-operatives, and by the end of December, the total number of co-op members was 2,055,227 (2011: 1,993,779). Approximately 80.5 per cent (2011: 79%) of Finnish households are co-op members in S Group.

OVER

2 MILLION

CO-OP MEMBERS

THE NUMBER OF CO-OP MEMBERS PASSED THE TWO MILLION MARK IN MID-FEBRUARY 2012.

80.5%

OF HOUSEHOLDS

IN FINLAND, 80.5% OF HOUSEHOLDS ARE CO-OP MEMBERS.





Members influence the operations of their co-operatives

Each co-operative protects the interests of its members in its region. A co-op member is not just a loyal customer: the members of co-operatives can influence how their co-operative operates by either casting a vote in the election of the co-operative's Council of Representatives or by presenting themselves as candidates.

The Council is a governing body elected by the co-operative members among themselves every four years and comparable to an Annual General Meeting of a

company. The Council of Representatives elects the members of the Supervisory Board and the auditors. The Supervisory Board elects the members of the Board of Directors. In 2012, elections for the Council of Representatives were held in ten regional co-operatives: Turun Osuuskauppa, Osuuskauppa PeeÄssä, Pirkanmaan Osuuskauppa, Osuuskauppa Ympäristö, Osuuskauppa Maakunta, Osuuskauppa Suur-Savo, Osuuskauppa KPO, Suur-Seudun Osuuskauppa, Pohjois-Karjalan Osuuskauppa and Helsingin Osuuskauppa Elanto.

S Group customers can always provide feedback and express their wishes and improvement suggestions to their co-operative. In addition, online customer panels offer a convenient channel for developing operations. All co-op members are eligible to become customer panelists. At certain intervals, the panelists receive a survey via e-mail. By responding to the survey, they can influence S Group's operations.



For more information, please see www.s-osuuskauppavaalit.fi

INFLUENCE

IN CUSTOMER PANELS

FOR MORE INFORMATION, SEE THE S-KANAVA SITE.





Survey on the administration of the co-operatives

In August 2012, SOK conducted an administration survey for the co-operatives. The purpose of the survey was to determine the overall gender and age distribution and educational background of individuals in the Councils of Representatives, Supervisory Boards and Boards of Directors, as well as to find out whether any members of administration took part in state politics or municipal administration.

According to the survey, in S Group's regional co-operatives women accounted for 54 per cent of the members in the Councils of Representatives, 45 per cent in the Supervisory Boards and 25 per cent in the Boards of Directors. The survey also showed that in regional co-operatives, 1.67 per cent of the members

of the Councils of Representatives and 1.82 per cent of the members of the Supervisory Boards took part in state politics. Correspondingly, 27.7 per cent of Council of Representatives members, 24.09 per cent of Supervisory Board members and 10.91 per cent of the members of the Boards of Directors took part in municipal administration.

When interpreting the results concerning the share of members with political affiliations, it is important to note that the information is based on the co-operatives' own view of the political connections of their administration and reflects the situation at the time of the survey. Several co-operatives have held Council of Representatives elections since the survey, so the survey result is only indicative.

Co-operatives reward their members

The purchase reward, or Bonus, accumulated through the use of the co-operatives' services, is the most significant financial benefit offered by the co-operative form of business. In 2012, a total of EUR 378.5 million was paid in Bonus (2011: EUR 359.7 million), or more than one million euros every day of the year. The figure is five per cent higher than in 2011.

The payment method-related benefit, based on payments made using the S-Etukortti

card, totalled EUR 5.6 million (2011: EUR 4.9 million), which is 13 per cent more than in 2011. The payment of interest on membership fees totalled EUR 12.7 million (2011: 11.3 million) and the return of the surplus totalled EUR 22.9 million (2011: EUR 28.3 million). S Group's co-op members received a refund of a total of EUR 419.8 million in 2012. This means that each co-op member was paid an average of EUR 207 (2011: EUR 202) in monetary benefits.

378.5 million euros
IN BONUSES



IN 2012, THE CO-OP MEMBERS RECEIVED EUR 378.5 MILLION IN BONUS PAYMENTS – OVER ONE MILLION EUROS PER DAY.



How co-op member information is used in our co-operative form of business

S Group's co-op member system is not a regular customer loyalty programme created for marketing purposes. Co-op membership is an integral part of the co-operative form of business of S Group and the co-operatives and is a central aspect of the business concept. S Group's business concept is to produce services and generate benefits for co-op members. Maximising business profit is not the purpose of the co-operatives, which is why they can provide co-op members with better benefits. The same basic principles have guided S Group's operations ever since it was established.

Due to the co-operative form of business, the co-operatives are required by the Co-operatives Act to maintain a list of their members. The member list must contain the member's name and address and the date of becoming a member. The form of business also requires that the co-operatives communicate to their members matters concerning membership and the operations of the co-operative.

Information recorded in S Group's co-op member and customer registry is based on data provided by the customer upon becoming a member of a co-operative. All information contained in the registry is provided by the co-op member and can be updated later. Name and address changes are updated automatically from the Population Information System.

The information on co-op members is used to calculate the Bonus, payment method-related benefit and return of the surplus, handle the co-operative's member administration, target customer communication and develop the benefit offering and service network.

To calculate the Bonus and other monetary benefits, the sum total information from purchase receipts is collected in the registry. Based on the information gathered, co-op members are paid the purchase reward, or the Bonus, interest on membership fee and a possible return of the surplus, among others. The registry also contains information on the account to which the benefits are paid. A co-op member can check his/her information by sending a written request to his/her own co-operative.

The co-operative complies with Finnish privacy protection laws and decrees in the handling of personal data. Persons handling co-op member information sign a written confidentiality agreement, and S Group does not relinquish its co-op member and customer registry information to any third parties – not even to co-operation partners.





Promoting regional well-being

S Group and co-operatives create well-being locally in many ways. Co-operatives are significant employers, and local purchases and investments generate economic well-being throughout the country.

Co-op members can see co-operative activities in practice in many ways. Rewarding the members of the co-operative financially is one of the basic principles of co-operative activities. In addition to economic well-being, the daily activities of co-operatives focus on social, civic and environmental well-being.

Co-operative activities are built on principles and values. In terms of responsibility, the most essential co-operative values are honesty, openness, social responsibility and caring for others. These values materialise in S Group's daily activities in the outlets and offices, as well as through various kinds of co-operation. Equality is emphasised in co-operative activities by each co-op member owning an equal share of the co-operative, for example, which gives everyone equal opportunities to influence matters.

Co-operatives are significant regional employers. In 2012, co-operatives and

S Group created more than 1,800 new jobs and their total number of employees was over 43,000. By employing people, co-operatives generate considerable tax revenue for their region.

Although the chain operations are managed nationally, S Group consists of 20 independent regional co-operatives and SOK Corporation. Therefore, tax revenue generated by S Group is distributed regionally. The revenue is used, among other things, to finance services offered by society in each co-operative's area. In 2012, S Group companies paid a total of EUR 54 million in income and property taxes in Finland.

Local economic well-being is generated, for example, by selling local products and using the services of local companies in construction projects, for example. In 2012, S Group invested more than EUR 570 million in building new outlets and renovating and expanding existing ones.

1,800

NEW JOBS

THE NUMBER OF NEW JOBS
CREATED BY THE CO-OPERATIVES
AND SOK CORPORATION IN 2012



Pohjois-Karjalan Osuuskauppa co-operative offers healthcare services

The Pohjois-Karjalan Osuuskauppa co-operative has been providing occupational health services for its personnel since the beginning of 2013. Establishing the co-operative's own healthcare service company was accelerated by the apparent lack of interest by national service providers to provide occupational health services for small and medium-sized companies, according to comments received by the co-operative.

To begin with, Pohjois-Karjalan Työterveyspalvelut Oy is focusing on occupational health services for the co-operative itself, but later services will also be sold to

third parties. The services of the new regional and domestic provider have generated interest among co-op members and also in other companies in the region. Pohjois-Karjalan Työterveyspalvelut Oy is a unique enterprise, and similar healthcare services are not being offered by any other regional co-operatives.

With the healthcare services, the co-operative aims to secure the region's vitality. The services will create jobs in the region and also increase competition in the sector.



Better selections closer to the customer

In 2012, S Group renovated and expanded a number of existing outlets, even though the economic environment was challenging. Outlets are being continuously developed to serve co-op members better and to become more energy efficient.

The largest number of new grocery trade outlets were opened in the corner store chains. In 2012, eleven new Sale stores and four Alepa stores were opened. Four new stores were opened in the S-market chain, and the store interiors of several outlets were renovated. Two new Prisma hypermarkets opened, one in Turku and one in Loimaa. Several outlets were renovated and expanded. On average, co-op members had only 2.54 kilometres, as the crow flies, to the nearest S Group grocery store in 2012.

The consumer goods trade expanded, in particular, through the S-Rauta chain that was established in 2011. In 2011, there was only one outlet in the chain, whereas in 2012, the number had grown to 16. Kodin Terra, focusing on building, renovation, interior

decoration and gardening, succeeded well in terms of sales with its 11 outlets, although no new stores opened in 2012. The number of Emotion stores, focusing on beauty and lingerie, continued to grow. In 2012, six new outlets were opened; in other words, at the end of the year, co-op members were served in a total of 34

Emotion stores across the country. The construction of a new Sokos department store was launched in the Kannelmäki district in Helsinki. The goal is for the store to open in the new Kauppakeskus Kaari shopping centre, owned by HOK-Elanto, towards the end of autumn 2013. The Sokos stores in Kuopio, Pori and Porvoo were renovated. At the end of 2012, the number of Sokos department stores was 21.

2.54
KILOMETRES



THE AVERAGE DISTANCE AS
THE CROW FLIES TO THE NEAREST
S GROUP GROCERY STORE FOR
A CO-OP MEMBER IN 2012.



In the spring of 2012, SOK reorganised its grocery and consumer goods trade procurement operations. SOK took over the sourcing and availability control operations of the procurement and logistics company Inex Partners Oy. Inex Partners Oy's personnel transferred as existing employees to the chain management operations of SOK's grocery trade and consumer goods trade. In the future, Inex Partners Oy will focus on producing and developing warehousing and transportation services.

Six new unmanned ABC service stations opened, and a new ABC-Deli opened in the Greater Helsinki area. No new ABC service station stores were opened in 2012.

In June 2012, Sokos Hotel Paviljonki opened in Jyväskylä in accordance with the new 'Solo by Sokos' concept of Sokos Hotels. The total number of Sokos Hotels in Finland is 48. As in 2011, the number of Radisson Blu hotels is seven. The Radisson Blu Plaza hotel in Helsinki was renovated in accordance with the Plaza 'Made by You' concept, increasing its intrigue and uniqueness.

Automotive trade in S Group is conducted by SOK Autokauppa Oy (formerly Automaa

Oy) and dealerships owned by regional co-operatives. At the end of 2012, the number of outlets was 39. S Group's Karla maintenance service for multiple makes had six outlets at the end of last year.

In 2012, an agreement was made to sell 60 per cent of Hankkija-Maatalous Oy's shares to the Danish co-operative DLA Group. The ownership arrangement guarantees strong development opportunities for Hankkija-Maatalous. The Agrimarket chain, engaging in agricultural and machinery trade, had 89 outlets at the end of 2012.

S-Bank strengthened its position further. In 2012, S-Bank issued 200,000 new S-Etukortti Visa cards. At the end of March 2012, the number of cards exceeded one million. S-Bank has approximately 2.6 million customers. It serves customers in more than 700 S Group outlets and also offers online and telephone banking services. By the end of the year, nearly 1.2 million customers had acquired banking IDs for electronic banking.

In 2012, S Group had a total of 1,697 outlets, of which 1,663 were in Finland.

1,697

OUTLETS

AT THE END OF 2012, S GROUP HAD 1,697 OUTLETS (INCL. THE BALTIC COUNTRIES AND RUSSIA).



Multi-channel services

S Group is currently investing in the development of online trade and other online services in all business areas. The principle is to create a synchronised set of services in which online stores and physical outlets complement each other.

In 2012, this focus was manifested as new online stores being opened. The Prisma online store, opened in the autumn of 2012, offers safe, convenient and straightforward consumer goods shopping online. The store is open 24/7 and its product range covers nearly all everyday consumer goods. The Hankkija-Maatalous online store, established initially for farmers only, is now open to consumer customers as well. Through this update, the online store is the most diverse in the agricultural business. The product range covers a variety of items, from feed to gardening supplies.

The Kodin Terra online store, opened in 2011, expanded its product range considerably in 2012. Sokos added various clothing items and home supplies to the range of its online store, in addition to cosmetics.

As a developer of online and mobile services for the grocery trade, S Group is a forerunner in the grocery trade in Finland. Several co-operatives have already launched online store pilots, and prerequisites for expanded operations are being developed. In the spring of 2010, S Group and Digital Foodie Oy launched the Foodie.fm service. Users of the service can compile electronic shopping lists, receive product recommendations, follow prices and product information and study recipes. Home delivery of groceries is also a service option in the Greater Helsinki region, Kuopio and Oulu.

Alepa's Kauppakassi ('Shopping bag') service provided mobile walls for busy consumers in the summer of 2012. The walls feature an extensive selection of Alepa products which can be purchased by scanning the bar code of the desired product with a mobile phone. The ordered products are delivered to the customers' homes. There are mobile walls in the Asematunneli shopping centre and Elielinaukio square in Helsinki.





Supporting culture, sports and social activities

S Group's sponsorship activities are divided into three groups: culture, sports and social activities. In 2012, the sponsored support totalled approximately EUR 4 million, of which about half was allocated to sports and the other half distributed equally between culture and social activities.

S Group supports many forms of culture and entertainment that co-op members find interesting. Instead of elite culture, S Group is now supporting areas that are closer to ordinary people enjoying culture. In the future, individual events will be supported at the S Group level only if they are nationwide and potentially accessible to all Finns. In addition, the benefit available to co-op members must be significant. The main focus of support provided for sports is on activities for children and the young.

An example of this is the co-operation between S Group and the Football Association of Finland, aiming to build new outdoor fields for sports in different parts of Finland, close to people's homes. So far, 19 fields have been built and the co-operation continues in 2013. The goal is to build one hundred multiple-use fields in the yards of

Finnish schools during the co-operation project. Part of the financing for the fields comes from S Group's regional co-operatives and part from regular municipal funding for sports facilities. Sports fields located in school yards make sports activities readily available to children during both school hours and in leisure time. These Ässäkenttä fields are within the reach of all families in the area, since using them requires no reservations and incurs no fees.

For many years, S Group has been one of the principal partners of the Finnish Red Cross (SPR). S Group wants to bring SPR's important work closer to co-op members, their families and S Group's personnel – more than two million Finnish households altogether. The theme of co-operation between S Group and SPR is Safety Every Day. S Group takes part in Operation Hun-



ger Day and Red Cross Week and offers the organisation visibility in S Group media and outlets.

The Mannerheim League for Child Welfare (MLL) has been S Group's nationwide partner since 2004. With the help of S Group, MLL has developed models to support parents, including Internet and telephone services. In recent years, S Group has been sponsoring the Hyvä alku koulutielle ('Good start for school') campaign. It reaches nearly 65,000 parents of first-graders and provides families with important information on child well-being. Last year, 64,454 rucksacks were distributed to children starting school. S Group is also supporting MLL's online work with the young, aiming to reduce bullying.

In 2012, S Group's traditional Christmas donations were directed to projects preventing marginalisation of children and the young as well as to healthcare organisations and parties working with children who are ill. SOK's Supervisory Board granted a total of EUR 25,000 for charity. In marginalisation

prevention efforts, S Group's support of Save the Children Finland's support family activities continued. New projects included the Myrsky ('Storm') project of the Finnish Children and Youth Foundation and the mentoring project of the Teonpaikka organisation, established in connection with the Finnish Lutheran Church Arvojen Akatemia ('Academy of Values') initiative. In addition, approximately 50 per cent of S Group's Christmas donations were directed to the Finnish Brain Foundation, to the Jaatinen – vammaisperheiden monitoimikeskus ry association for families with disabilities, as well as to the activities of hospital clowns visiting all university hospitals in Finland.

S Group wants to provide co-op members with benefits that encourage participation in diverse cultural activities. Families have discovered the Moomin World theme park in Naantali and Linnanmäki amusement park. Last year, Linnanmäki increased its financial support to child welfare despite the difficult economic situation.



S GROUP'S SPONSORSHIP

S GROUP DIVIDES ITS SPONSORSHIP RESPONSIBILITY BETWEEN CULTURE, SPORTS AND SOCIAL ACTIVITIES.



S Group supported the Finnish Speed Skating Association in arranging the Ice Skating Tour campaign. The more than 50 events arranged on the campaign day in different parts of Finland attracted approximately 45,000 skaters.

Pori Jazz Festival, Seinäjoki Tango Festival and Kaustinen Folk Music Festival are examples of very popular Finnish music events, where the benefits offered to co-op members by S Group are widely used by visitors.

Diverse co-operation to benefit the young

The ABC chain and the Nuorten Palvelury youth service association launched a four-year joint project at the end of 2010. The purpose of the project is to train the personnel in ABC service station stores in daily encounters with the young. Last year, the ABC chain and Nuorten Palvelury compiled a guide named ABC ja nuoret ('ABC and the Young') to offer tips and methods for customer service situations with teenagers visiting ABC locations. The guide is distributed to everyone who works at ABC service station stores. The young spend more and more time at commercial establishments instead of traditional premises designated for the young and want to

be treated equally and as individuals. Young people have also participated in coming up with good ground rules for challenges encountered in customer service situations. The multidisciplinary co-operation models developed in the project will be used later in other sectors as well. More than twenty service station stores are taking part in the project.

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



(Available only in Finnish)

TEST

HOW GOOD YOUR MANNERS ARE
(Available only in Finnish)

WWW.TAPASANKARI.FI



(Available only in Finnish)



Kannustajat

UNICEF's traditional Jano ('Thirst') campaign was organised again in Finland in the spring of 2012. Altogether, more than 400 restaurants around Finland participated in the campaign, of which 193 were S Group restaurants. During the campaign, restaurant customers could make a donation to UNICEF's water programmes when paying their bill.

Customers of S Group's restaurants were active participants in the campaign: a total of eight S Group restaurants were among the ten restaurants which collected the most donations. A total of EUR 230,000 was collected during the campaign, and the proceeds were directed to alleviating the drought crisis in the Sahel region in Africa. One euro provides clean water to 40 children.

Responsibility co-operation is also carried out regionally, and the regional co-operatives extensively support local activities. For example, several co-operatives participate in the Enterprise Society learning environment co-ordinated by the Economic Information Office TAT in several areas. The Enterprise Society is a study module aimed at comprehensive school sixth-graders, in which the students have an opportunity to take on the role of grown-ups for one day and learn

how society and business life function.

The Society is a miniature city with facilities of 15 different companies and public service providers. A student works in his/her own vocation in the Society, receives wages, pays taxes and participates in society as a consumer and a regular citizen.

The Hämeenmaa, Suur-Savo, KPO and Keula co-operatives launched the Kannustajat ('Supporters') concept last year.

The concept is a way for the co-operatives to provide transparent support for the hobbies and activities of children and the young. Co-op members can participate as supporters and influence the target and amount of the support the co-operative pays. The Bonus accumulated by the supporter co-op members is combined, and the co-operatives pay a certain percentage of the total amount to the participating associations. The higher the number of supporters and the larger the amount of Bonuses they accumulate, the bigger the support amount becomes. The support amount does not reduce the co-op members' Bonuses, since the amount is paid by the co-operatives.



The UN's International Year of Co-operatives 2012

Finland has one of the highest rates of co-operative activity in the world, and S Group is one of Finland's largest co-operative societies. The International Year of Co-operatives declared by the UN was celebrated in 2012.

Most of all, co-operative activities are co-operation between people. In the background is the firm belief that a better world can be built through joint ownership and joint effort. Even small daily choices matter when there are many people making those choices. Co-operative activities exist worldwide, and globally, more than one billion people are members of co-operatives. In Finland, co-operative enterprises employ more than 100,000 people.

The year 2012 was the UN's International Year of Co-operatives with the theme 'Co-operative Enterprises Build a Better World'. Various events were organised around Finland to celebrate the theme year. The events focused specifically on co-operative teaching, research, youth and international activities. The importance of the co-oper-

ative model as a form of business was recognised during the year. Research into the model and including it in entrepreneurship training should be increased.

The main event of the Finnish co-operative activities organised in March covered, among other things, the diverse role of the co-operative activities in the economy and society as well as matching the value basis with future challenges.

In August, SOK organised a jubilee seminar named 'Hyvinvointia osuustoiminnalla' ('Well-being through co-operative activities'). The seminar invitees included future decision-makers, parties working with the young as well as representatives of environmental and development co-operation organisations and student associations and

1 BILLION

MEMBERS

THERE ARE MORE THAN ONE BILLION MEMBERS IN THE WORLD'S CO-OPERATIVES. THEY PROVIDE WORK FOR APPROXIMATELY 100 MILLION PEOPLE.



educational institutions, among others.

The purpose of the seminar was to increase awareness of the co-operative business and its values among young people.

In honour of the year, S Group introduced a reusable shopping bag with a year of co-operatives theme, and published a guide for responsible consumption. In addition, the co-operative activities truck toured Finland in the summer, offering information on co-operative activities and relaxing summer entertainment.

SOK is a member of the Co-operative Advisory Board, which is the co-operation body for Finnish co-operative organisations and

companies. The Advisory Board donated the funds for the professorship in co-operative business to be established at the Lappeenranta University of Technology.

In honour of the UN's International Year of Co-operatives, SOK pledged to support a co-operative society development project in the Myanz area in Uganda. The project, run by the Finnish development co-operation organisation International Solidarity Foundation, supports the development of cultivation methods in the small farmer producer co-operatives. The support is directed to recipients through Bank4Hope, a new kind of web service.







Taking care of the employees

S Group wants to be the preferred employer in the service business, with competent personnel who are motivated to reach their objectives and succeed. S Group takes care of well-being at work and personnel training so that the best employees, both new and current, find the Group companies appealing workplaces.

Diverse positions and career paths

S Group is a large Finnish employer. It employs more than 43,000 retail and service business professionals (2011: 42,000). Over the past two decades, the number of employees has increased every year through the growing business operations and network. The majority of S Group personnel work in the 20 regional co-operatives. The central company SOK and its subsidiaries employ approximately 11,000 people (2011: 10,000). In addition, S Group has operations in Russia and the Baltic countries, where the number of employees has reached approximately 3,800 (2011: 2,800).

S Group offers diverse positions and career opportunities. In all, there are more than 240 job titles within S Group. The majority of employees work as retail and service professionals. In addition, there are many other positions, such as those of waiter/

waitress, chef and receptionist, as well as positions in business development, assortment planning, procurement, marketing, finance and HR. Induction of new employees is thorough. In addition, the Suuntaviivoja perehdytykseen ('Guidelines for induction') guide was published last year to support harmonised induction processes.

The average age of S Group employees is 35 years. Characteristic of the service business, the majority of employees, approximately 75 per cent (2011: 75%) are women.

HR management

HR management is based on S Group's values and principles of responsibility. S Group's HR strategy is the basis of the HR operations overall.

S Group's HR management model is based on group-level management and

S Group employees



35 yrs

AVERAGE AGE

APPROXIMATELY

29%

UNDER 25 YEARS OF AGE



WOMEN 75%
MEN 25%

86%

PERMANENTLY EMPLOYED



FULL-TIME 39%
PART-TIME 61%

SHARE OF FULL-TIME
EMPLOYEES OF PERSONNEL



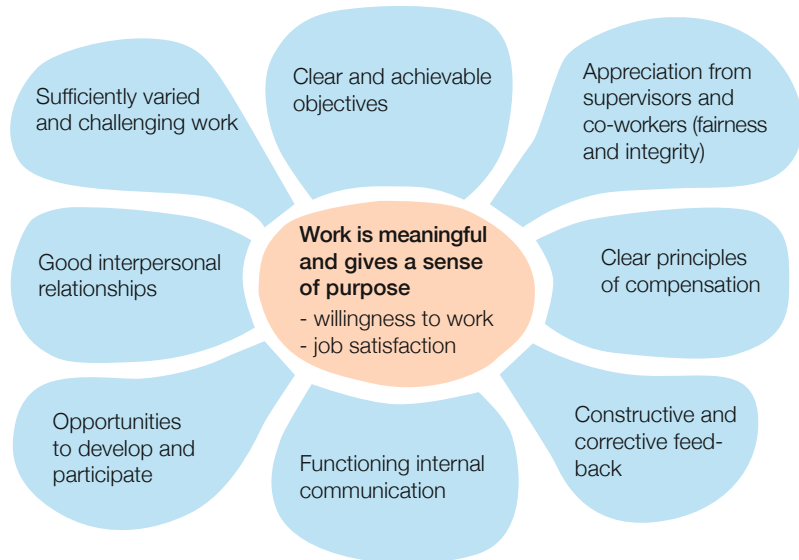
a partly centralised and partly decentralised provision of HR services. The HR Business Area Board and steering team are the key forums in the HR management model, with the purpose of matching the needs of the business operations with practical HR operations. SOK Human Resource Management and Development is the unit responsible for HR chain management. In S Group companies, HR professionals, management and supervisors are responsible for the implementation and execution of the HR operations.

Well-being at all career stages

In S Group, personnel well-being and working ability are promoted at all career stages, from induction to retirement, by means of a shared model for working ability management and the associated operating models. In 2012, systematic working ability management measures were initiated as part of everyday operations in different S Group companies.

Maintaining working ability is invested in, since it improves personnel well-being. For example, supporting appropriate changes in the job descriptions of partially incapacitated individuals or intervening early in issues threatening working ability help good and competent employees to have

COMPETENT AND PRODUCTIVE WORK GENERATES WELL-BEING



Well-being at work is generated in S Group when work is productive and meaningful; working in the work community as well as management and organisation of work are smooth, and the working conditions are safe and healthy.

longer careers with S Group. Investing in working ability management also reduces absences due to illness, disability pensions and accidents at work.

The key strategic objectives in S Group's HR operations last year included competence measurement, incentive compensation, development of supervisory work as well as good shift work practices.



Well-being at work through good supervisory work

Supervisors and management practices are constantly developed in S Group. A good supervisor plays a key role in maintaining well-being at work and in good performance. Activities promoting well-being at work are included in the daily management and operations of each unit. In S Group, the supervisor manages performance, motivates and provides feedback. Development and performance discussions between the supervisor and employee take place in every workplace. In addition, S Group conducts competence discussions, which help map the competence of teams.

S Group's units monitor and measure job satisfaction regularly. According to the working community survey organised last year, S Group's performance is excellent compared to other Finnish companies. According to personnel, S Group's image as an employer is good, and its strengths include good supervisory work, fairness of compensation and good change management. The personnel also think supervisors recognise good performance sufficiently.

Best results through incentive compensation

S Group is a co-operative enterprise, and one of its values is to take care of people. Complying with laws and collective labour agreements is a given. Well-being at work is invested in, and employee benefits overall in S Group are good: in addition to purchase benefits, employees are offered a number of exercise and cultural benefits.

In S Group, personnel are rewarded for good performance. The majority of employees are included in a performance-related pay scheme. Performance-related pay, which is a compensation method supplementing regular pay, is given for meeting performance objectives and achieving excellent results. It is important that the objectives set are measurable and achieving them is followed up on and supported. In addition, S Group is carrying out a project to develop a reward model to support sales management. Operating models are developed through pilot projects carried out in the outlets. Last year, pilot projects were carried out in four different co-operatives.

The opportunities that every S Group employee has for training and developing themselves are also a significant benefit.

1,778

TRAINING DAYS

20,722

PARTICIPANTS

IN 2012, THE JOLLAS INSTITUTE ORGANISED 1,778 TRAINING DAYS, ATTENDED BY 20,722 S GROUP EMPLOYEES.



In 2012, about 20,700 S Group employees (2011: 25,000) participated in training events organised by Jollas Institute, S Group's own learning and coaching centre. The number of training days totalled 1,778 (2011: 2,030). Some of the training events organised by Jollas will be gradually moved to the web, reducing travel time and saving other resources of the regional co-operatives' personnel. In 2012, the number of online training sessions completed totalled 16,000.

Shift planning for better service and additional work hours

Approximately 86 per cent (2011: 80%) of S Group employees have permanent employment contracts. Part-time work is common in the retail and service sector. About 39 per cent (2011: 38%) of S Group personnel were full-time employees in 2012. The number of full-time employees is increased continuously by means of various arrangements. We work actively to develop the competence of our own personnel and increase the number of working hours they acquire through various measures, such as learning multiple skills, efficient shift planning, opportunities for extra working hours and promoting internal transfers between departments, outlets and business operations.

The Tempus system, which makes it easier for employees to transfer within S Group, was used by 17 S Group companies in 2012 (2011: 17): by sixteen regional co-operatives and Sokotel Oy. Through Tempus, everyone has equal opportunities for extra working hours in one's own unit and others.

Last year, the Dooris application for personnel was deployed in five co-operatives in accordance with the 2011 objectives. The application allows personnel to manage their shifts and employment matters from their home computer or via a mobile phone browser. Dooris makes it possible to check one's upcoming shifts or time off as well as hours completed, or view available job opportunities and other personnel notifications. For example, the latest work community survey in the Turun Osuuskauppa and Satakunnan Osuuskauppa co-operatives was conducted via Dooris. In 2013, Dooris will be deployed more widely in co-operatives based on the positive feedback from personnel.

Improving interaction within S Group

S Group values personnel's opinions and therefore, developing communication methods which support personnel involvement and information sharing was continued last year. During the year, features enabling personnel to comment on news, information bulletins and instructions were included in the intranet.

In addition, S Group's internal social media was piloted during the year. The service is a way for users to network, share information and competence as well as participate in discussions concerning their work and S Group in discussion forums, blogs, wikis and other features offered by the service.

S Group's intranet Sintra and the social media pilot will be combined into a new, interactive intranet in spring 2013.



Introducing the young to the service industry

Population ageing will be one of the global challenges in the future. It means that ageing will also create a shortage of skilled employees in the service industry in Finland. For many years, S Group has been taking measures to address this challenge. In particular, attention has been paid to engaging the young in working life by, among other things, offering thousands of summer jobs and trainee positions every year. S Group hopes this will spark an interest in some of the young to begin studies in the service industry and perhaps continue working for S Group.

Among Finnish groups of companies, S Group is one of the largest employers of young people in Finland. More than 25 per cent of all S Group employees are under 25 years of age. S Group aims to acquaint the young with the service industry. Co-operation with educational institutions is part of

our personnel development and supervisory work. S Group co-operates with all levels of education. In particular, we aim to inform students at vocational institutions about the career opportunities offered by the service industry and S Group. For years now, regional co-operatives have been closely involved in organising the SM Taitaja competition, the annual Finnish championships in vocational skills for students at vocational institutions. In 2012, the competition was organised in Jyväskylä. Representatives of the Osuuskauppa Keskimaa co-operative and the Jollas Institute judged the participants in six skill categories.

The Economic Information Office TAT is one of S Group's partners. It co-ordinates a youth programme of Finnish industries, which is one channel for S Group to increase awareness of the service industry among teachers, school management,



**ANNA UUSIMÄKI,
SALES ASSISTANT**

"I think that when you do things properly, there is no limit to how far you can advance here".

Alepa Kluuvi, Helsinki



**HANNA JOUSIMIES,
RECEPTIONIST, TRAINEE**

"I was truly surprised to see how thorough our induction programme is".

Sokos Hotel Flamingo, Vantaa



municipal decision-makers, students studying to become teachers and the young.

S Group also awards the best student trainees from universities of applied sciences with regional and national Ässä ('Ace') scholarships.

In 2012, S Group provided nearly 7,000 (2011: 7,000) summer jobs. In addition, more than 5,000 young people took their first steps into the world of work by participating in the Tutustu ja tienaa ('Learn and earn') summer job programme. Throughout the year, S Group offered thousands of short-term jobs for young people through various practical vocational orientation programmes organised by schools and on-the-job learning or traineeship opportunities for students.

S Group has specific recruiting training programmes, S-Trainee and S-Päällikkö ('S-Manager'), for the training of future

talent and supervisors. The purpose of the training programmes is to ensure competence potential on a long-term basis for supervisory jobs and for the development and management of outlets across the entire S Group.

S Group's own training programme has a solid foundation. S Group has organised field training for individuals with a Master's degree since the 1950s. Field training for individuals with a vocational qualification started in the 1990s. The traditional training needed renewal, and so the S-Trainee and S-Päällikkö programmes in their current form were launched in the autumn of 2009. Last year, 16 people (2011:9) took part in the S-Trainee programme and 21 (2011:27) in the S-Päällikkö programme.

NEARLY

7,000

SUMMER EMPLOYEES

5,000

TRAINEES

'LEARN AND EARN' SCHOOL-AGE TRAINEES



Continued work to ensure a safe working environment

A safe working and service environment is a fundamental right of our personnel and customers. S Group works to ensure a safe working and service environment through accident prevention as well as identification and avoidance of various hazardous and near miss situations. Continued improvement of the personnel's safety competence and regular reviews of work-related risks are important means of prevention.

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

The safety of S Group outlets is monitored through self-assessment and external audits.

A total of 751 (2011: 676) S Group outlets carry the Turvasuojattu ("Security guarded") label issued by the Federation of Finnish Commerce. In order to receive the label, the outlet must pass all the 34 listed requirements. The requirements are related to fire, crime, personnel and outlet safety and information security. Insurance companies inspect the safety of all S Group outlets every three years.

Last year, there were 2,799 (2011: 2,795) occupational accidents in S Group, and the accident frequency was 39 accidents per one million working hours (2011: 40). Of these accidents, 80% (2011: 83%) occurred at the workplace and 20% (2011: 17%) on the way to or from work. The most common accidents at work involve strains of the upper limbs, slipping or tripping on an access way and wounds and other superficial injuries. Occupational diseases are rare. The share of serious accidents, in other words those that cause an absence of more than 30 days, of all accidents was 4.4 per cent (2011: 5.9%).



A TOTAL OF 751 S GROUP OUTLETS CARRY THE 'SECURITY GUARDED' LABEL



S Group and the Finnish Red Cross have been arranging Turvapassi ('Safety passport') training to improve personnel's safety competence since 2004. The training provides S Group employees with skills ranging from first aid and preliminary fire extinguishing to handling threatening customers. Last year, a total of 3,461 (2011: 3,384) S Group employees acquired a safety passport. As many as 21,406 (2011: 17,913) employees have taken the Turvapassi training so far. Moreover, S Group has arranged first aid training, with 272 people taking part last

year (2011: 422). A total of 1,733 (2011: 1,461) S Group employees have taken first aid refresher courses. In addition to the safety pass, the personnel can improve their safety competence at S Group's own internal training events and with the help of online learning materials.

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



21,406

SAFETY PASSPORTS

UP TO 21,406 S GROUP EMPLOYEES HAVE TAKEN 'THE TURVAPASSI' SAFETY PASSPORT TRAINING.

Occupational safety a priority

In a safe workplace everyone knows the risks and is prepared for them. Often the most important safety measures consist of small everyday actions, such as keeping surroundings tidy and organised and locking doors. Unfortunately, sometimes the safety of employees is threatened by disruptive behaviour and even robberies.

The Sale stores of Osuuskauppa Arina co-operative have been employing multi-service security guards since the beginning of summer 2012. They are uniformed security guards who also perform regular sales assistant tasks. They are security professionals with solid retail experience. The introduction of multi-service security guards has reduced disruptive behaviour and increased the sense of safety among personnel and customers.





Developing responsible sourcing

S Group is accountable to two million co-op members for all products in its product range. The sourcing operations contain several responsibility principles. These include the principle of non-discrimination, product-specific quality requirements and monitoring the rights at work in sourcing from risk countries.

S Group defined key areas of improvement for product responsibility in 2012. These include improving product traceability and transparency of product origin, development of social and environmental responsibility monitoring of the production chain and continuous improvement of product safety, as well as development of raw material responsibility in products which contain raw materials associated with special responsibility risks.

Defining the areas of improvement is based on the materiality analysis carried out in 2011. According to the analysis, our stakeholders value information on product origin

and the production chain, products that are produced near the customer and locally, as well as responsible product ranges. As a basis for defining the areas of improvement, a survey was also conducted at the beginning of 2012 on what responsibility aspects related to products and services other companies, operating in the same sectors around the world, take into consideration. Based on the survey, the current state of S Group's various business areas was assessed. The assessment provided a foundation for defining the most central areas of improvement which S Group will focus on in its responsibility efforts in the future.

KEY AREAS OF DEVELOPMENT FOR THE RESPONSIBILITY OF PRODUCTS

1

Improving the traceability of products and transparency of origin

2

Developing social and environmental responsibility monitoring of the production chain

3

Developing raw materials responsibility



1 Focus on improving the traceability of products

Product traceability and knowing the origin of products is important to our customers. S Group wants to know its production chain well in order to identify related risks and opportunities and develop responsibility of production. This requires investments in product traceability and in long-term development of the transparency of production chains.

As a large, diversified company, S Group also has a large number of suppliers. A total of 2,697 suppliers provide products or services to S Group's grocery and consumer goods trade. The majority of S Group's suppliers are Finnish: 52 per cent of grocery trade suppliers and 64 per cent of consumer goods suppliers. Eighty-one per cent of Meira Nova's suppliers are Finnish.

S Group also has suppliers in countries in which working conditions in production plants may be lacking. These countries are referred to as "risk countries" in this Review. Four per cent of grocery trade suppliers, 16 per cent of consumer goods trade suppliers and one per cent of Meira Nova's suppliers are from risk countries.



The suppliers' responsibility practices are determined by means of a survey at the beginning of 2013. The survey maps what kind of responsibility practices our suppliers currently have in place and how they ensure traceability of products as well as environmental and social responsibility in their subcontracting chain. The survey provides us with valuable information on what needs to be developed in our operations together with our suppliers, so that we can better ensure a responsible product range for our customers.



Disclosing the country of origin

It is important for S Group that the origin of products is disclosed as transparently as possible. In 2011, we launched a project with the aim of including the country of origin on all Rainbow and X-tra brand products, even though so far it is not required by law for all food products. The objective was that in 2012, the country of origin is indicated on the packaging of the majority of private label products. At the end of 2012, this had been accomplished with 775 products.

At the end of February 2013, the origin was already indicated on more than a thousand

products; in other words, approximately 75 per cent of private label products.

S Group has launched a project to indicate the country of manufacture on private label products in the consumer goods trade as well, although disclosing the origin, or country of manufacture, of consumer goods is not required by law either. The country of manufacture information is already available, but it will take some time to include it on all products. The information is included on the products as their packaging is changed. In some products, the country of origin information will be visible as early as 2013.

775

PRODUCTS WITH COUNTRY
OF ORIGIN INDICATED

THE NUMBER OF PRIVATE LABEL
FOOD PRODUCTS WITH THE ORIGIN
OF THE MAIN INGREDIENT INDICATED
AT THE END OF 2012

Products of Israeli origin

In 2012, S Group decided to clarify the country of origin labelling of products from Israel. The purpose is to provide as transparent information as possible on the origin of products and offer customers better opportunities to make their own choices. In the future, a product being sold in S Group is labelled as originating from Israel only if it was produced or grown in the area of Israel defined by the UN. This definition results from a dialogue conducted by S Group with Finn Church Aid and Finnwatch, which have been calling for a clearer labelling method for products originating from settlements of Israel.



2 Focus on the monitoring of the production chain

Another area of improvement in terms of responsibility in S Group's procurement function is the development of the social and environmental responsibility monitoring of the production chain.

Currently, monitoring mainly focuses on rights at work in the production stage. An international monitoring model, similar to that used in the monitoring of rights at work, is not yet used in the monitoring of environmental matters in production. Nevertheless, S Group is committed to surveying options for environmental impact assessment of production facilities. In 2012, we joined the development of the international Business Environmental Performance Initiative (BEPI) for the monitoring of environmental matters in production facilities. The model is being piloted in Vietnam in 2013. The objective is for BEPI to enable us to contribute to, for example, making factories more energy efficient and reducing their emissions.

Monitoring working conditions in risk countries

SOK participates in the Business Social Compliance Initiative system. The goal of the system is to improve working conditions in risk countries and to bring them to the level required by international agreements and



to ensure that the customer does not need to have concerns over the origin of his or her purchases. Risk countries include most countries in Africa, Asia, South and Central America as well as some European countries. More than 1,000 European companies participate in the BSCI system.

The BSCI Code of Conduct is based on the most important international agreements protecting the rights of employees. These include ILO agreements and recommendations, in particular. All BSCI member companies are committed to adhering to the Code of Conduct in their supply chains.

In the BSCI, independent auditors inspect production facilities and ensure that the system criteria are met in practice. The audits

MORE THAN
1,000
COMPANIES



MORE THAN 1,000 EUROPEAN
COMPANIES HAVE JOINED
THE BSCI SYSTEM.



WATCH A VIDEO ON BSCI





OBJECTIVES OF THE BSCI CODE OF CONDUCT



Employees' freedom of association and right to collective bargaining is respected.



No discrimination is practised.



Child labour is prohibited.



Legal minimum and/or industry standards wages are paid to employees.



Working hours are compliant with national laws and do not exceed 48 hours regular + 12 hours overtime.



There is no forced labour or disciplinary measures.



The workplace is safe and healthy.



The environment is respected.



There is a policy for social accountability.



There is an anti-bribery and anti-corruption policy.



include inspection of the methods used at the production facilities and the facilities' compliance with national legislation, among other things. In addition, auditors check that employees have appropriate protective equipment in order to ensure safe working conditions. A shared control system is convenient for both production facilities and the retail chain, as all buyers do not have to inspect the working conditions of the production facilities themselves. Being a part of an international system is also a strength in that when a large number of companies are committed to the same principles, it is also worth the suppliers' while to commit to carrying out improvements.

Sixteen per cent of the purchasing volume of private label products and own imports in S Group's grocery trade comes from risk countries. In the consumer goods trade, 61 per cent of the purchasing volume of private label products and own imports is from risk countries. The corresponding figure

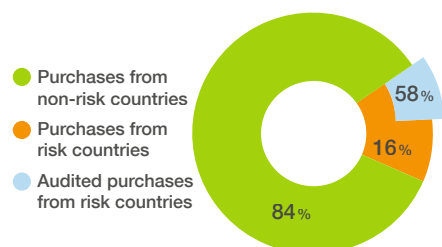
for Meira Nova is 15 per cent. In 2012, BSCI audits were conducted on 10 grocery trade suppliers (2011: 8) and on 44 consumer goods suppliers (2011: 33) in risk countries.

Fifty-eight per cent of direct purchases of private label products from risk countries in the grocery trade are made from BSCI-audited suppliers. 21 per cent of audited purchases from risk countries are from suppliers whose score in the audit was "Good" or "Improvement needed". One per cent is from SA 8000-certified suppliers, and 78 per cent do not meet the requirements yet.

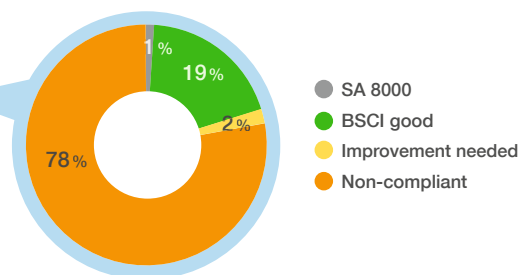
Sixty-seven per cent of direct purchases of private label products from risk countries in the consumer goods trade are made from BSCI-audited suppliers. Fifty-one per cent of audited purchases from risk countries are from suppliers whose score in the audit was either "Good" or "improvement needed". In addition, 10 per cent of the audited purchases



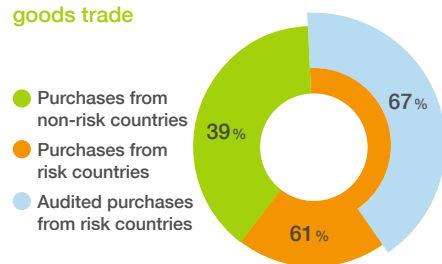
Purchasing volume of private label products and own imports of S Group's grocery trade



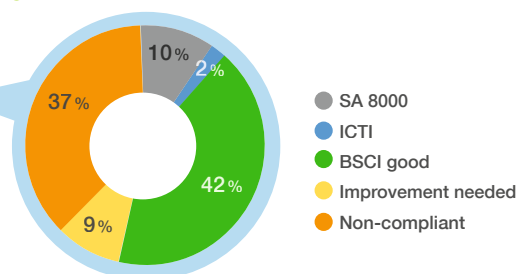
Results of grocery trade BSCI audits



Direct purchasing volume of private label products and own imports in the consumer goods trade



Results of the BSCI audits in the consumer goods trade



from risk countries are from SA 8000-certified suppliers, and two per cent from ICTI-certified suppliers in the toy business. Thirty-seven per cent of suppliers do not meet the requirements yet.

The most common deviations in the auditing results are related to social responsibility management practices, documen-

tation as well as practices relating to work time, occupational health and occupational safety. Re-audits are carried out with suppliers whose result requires improvements or who do not meet the requirements. After re-audits, the results usually improve. This can already be seen in the consumer goods trade: after re-audits, the percentage of acceptable BSCI audit results is much higher.

Prohibiting sandblasting of jeans

S Group has prohibited the use of the hazardous sandblasting method in the manufacture of S Group's private label jeans products. The prohibition has been entered in the procurement criteria, and the sandblasting prohibition is also a product requirement for suppliers of S Group's private label products. Manual sandblasting of textiles without proper protective equipment is dangerous and may cause silicosis, which can be fatal.



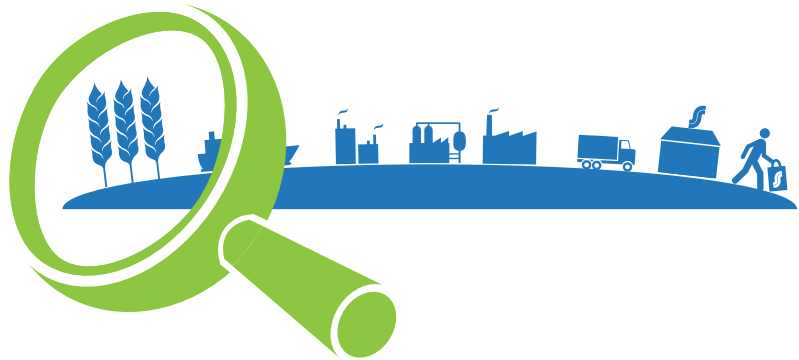
3 Focus on the responsibility of raw materials

The third area of improvement in product responsibility is ensuring the responsibility of raw materials. Many raw materials are associated with risks in terms of environmental or social responsibility. In 2013, S Group will define critical raw materials, associated with specific risks, for each business area as well as the solutions available to address the risks. This work has begun: guidelines are in place, for example, for palm oil, tropical wood and fish products, and plenty of different certified and eco-labelled products are in the product range.

S Group systematically develops its range of products and services which carry eco-labels and are certified. Customers' expectations and wishes and also their actual buying behaviour are directly linked to the composition of the product range.

Responsible palm oil and sustainably produced tropical wood

The production of several imported raw materials is associated with factors that endanger biodiversity. This is why S Group has paid special attention to ensuring sustainable production of certain raw materials, such as palm oil and tropical wood.



S Group was ranked the second best Finnish company on the WWF's Palm Oil Buyers' Scorecard 2011, with 7 out of 9 points. The Scorecard was not released in 2012. For several years, S Group has focused on replacing palm oil with other oil alternatives and to procuring sustainably produced palm oil. For example, S Group's private label cosmetics no longer contain palm oil, and the palm oil used in deep frying oil in restaurants is certified. In private label products in the grocery trade, special effort has been put into replacing palm oil with other plant-based oils whenever possible, without compromising product quality. In products in which palm oil cannot be replaced with other oil alternatives, RSPO-certified palm



oil is preferred. Twelve per cent of palm oil used in private label products in S Group's grocery trade is certified.

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

S Group wants to ensure that the raw material for products made from tropical wood is produced in a sustainable manner. Therefore, our policy is that products made from tropical wood should be made from FSC-certified wood. FSC-certified wood has been produced with environmentally friendly methods, and the timber procurement company takes care of its personnel's rights and occupational safety. At the end of 2012, our product range contained 69 FSC-certified products (2011: 62). S Group discontinued selling floor parquet made from tropical wood a few years ago. In addition, there were 15 PEFC-certified wood products in the product range (2011: 10).

Skyrocketing range of organic products

In recent years, demand for organic products has been clearly increasing, leading S Group to expand its range of organic products. Sales of organic products increased by 26 per cent in S Group, compared to the previous year. Co-operation throughout the chain – producers, processors and retail – plays a key role in this, and S Group has a strong presence in the development of the organic food supply chain through the Pro Luomu organic product association, founded in the spring of 2011. S Group is a founding member of Pro Luomu, and a representative of SOK chairs the association.

S Group's share of the organic product purchases of consumers in Finland is 45 per cent (2011: 47 per cent, Nielsen Homescan), which means that S Group is the largest seller of organic products in Finland.

In 2012, S Group's grocery trade product range included more than 2,200 different organic products (2011: 1,700). The figure

RSPO
Roundtable on Sustainable Palm Oil



MORE THAN
2,200
ORGANIC PRODUCTS

THE NUMBER OF ORGANIC PRODUCTS IN THE GROCERY PRODUCT RANGE AT THE END OF 2012

69
FSC-CERTIFIED PRODUCTS

THE NUMBER OF FSC-CERTIFIED PRODUCTS IN THE PRODUCT RANGE AT THE END OF 2012



contains products in the product ranges of national chains and those purchased locally by co-operatives. The share of organic products grown and produced in Finland in S Group's organic product sales was 63 per cent (2011: 68 per cent).

The travel industry and hospitality business product range contained 231 (2011: 151) different organic products, whereas the quantity in the product range of the consumer goods trade was 145. Since May 2012, two out of five wines for co-op members have been organic in S Group's restaurants. The share of organic wines in the sales of red wines was 10 per cent (2011: 5 per cent), and the share of white wines was also 10 per cent (2011: 5 per cent). An organic product is always included in S Group's hotel breakfasts.

Fairtrade-certified products in stores and restaurants

S Group's grocery trade chain product range contained 163 Fairtrade-certified products (2011: 83), and the hospitality business product range contained 71 Fairtrade-certified products (2011: 16) in 2012. The consumer goods trade and hotel product ranges had one Fairtrade-certified product each (the consumer goods trade 2011: 16).

In nationwide chain restaurants, Fairtrade-certified wines accounted for 15 per cent of

red wine sales (2011: 37 per cent) and 13 per cent of white wine sales (2011: 33 per cent). In 2011, wines for co-op members included two Fairtrade-certified wines, and since spring 2012, they were replaced by two organic wines.

Eco-labelled products and services

The number of eco-labelled products in the product range grew in 2012. At the end of 2012, the product ranges of S Group's different business areas carried a total of as many as 881 products which had the Nordic ecolabel (the Swan ecolabel). This included 453 products in the grocery trade product range (2011: 374), 61 products in the consumer goods trade product range (2011: 62), and 367 products in S Group's restaurant product range.

Five Sokos Hotel units have received the Swan ecolabel for their environmentally-conscious operations. In addition, all seven Radisson Blu hotels in Finland have the Swan ecolabel.

Products carrying the European EU ecolabel were also contained in the product range, in particular textiles. In 2012, the number of products with the EU ecolabel in the grocery trade was 129, in the consumer goods trade it was seven, and in restaurants the number was three (2011: the product range contained a total of 147 EU ecolabel products).

881

PRODUCTS WITH THE
SWAN ECO-LABEL

THE NUMBER OF PRODUCTS WITH
THE NORDIC SWAN ECO-LABEL IN
THE PRODUCT RANGE AT THE END
OF 2012



Fish from sustainable fish stocks only

The criteria for the procurement and selection of fish products sold in S Group were established in autumn 2009 and updated in spring 2012. The basic principle is to not accept fish from fish stocks which are endangered, vulnerable or subject to over-fishing in the grocery trade and chain restaurant selections. Furthermore, S Group does not accept the use of environmentally harmful fishing methods, such as fishing with dynamite or toxic substances.

The policy concerning fish selections covers approximately 80 species of fish. Separate criteria concerning the fishing area or method have been set for some species of fish to ensure that fish in our selection comes from sustainable stocks. The criteria are particularly strict for many species originating from distant areas, since they are associated with higher over-fishing risks or monitoring of fishing is poor.

The range of eco-labelled fish products is also being systematically developed. In 2012, S Group's grocery product range contained 43 MSC-certified fish products (2011: 25). S Group's restaurants also offer MSC-certified fish, and in all, the product range contains 20 MSC-certified products.

Discussion concerning sustainable fishing of domestic species was lively in 2012. The fish guide for consumers published by WWF Finland at the beginning of 2012 recommended avoiding wild salmon and Baltic white-

fish from the Baltic Sea due to the poor state of the wild stocks. However, distinguishing between different seawater whitefish stocks is very difficult, which is why excluding one stock from the product range would have been impossible to monitor.

Since whitefish and salmon are important species for the fishing livelihood and our customers want to buy them, we identified the need for co-operation between different parties to find a balance between fishing and protection. We engaged in close dialogue in 2012 with both WWF Finland and fishing organisations, and actively participated in the operations of the whitefish working group established by the Ministry of Agriculture and Forestry.

At the beginning of 2013, the salmon strategy working group set up by the Ministry also started operations. We participate in the group actively in order to seek ways to improve the state of Baltic salmon.

Improved availability of local fish

The objective of S Group's grocery trade is to offer customers more Finnish fish from local areas. Our goal in developing the fish trade is to provide a fresher and more diverse selection of pikeperch, perch and vendace, for example. To improve the selection of Finnish local fish, increased offering of fish caught in nearby seas and lakes is needed.



Finnish bio fuel EkoFlex E85

The EkoFlex E85 fuel, sold at ABC stations, is a Finnish invention developed for Finnish conditions. It contains 80–85 per cent of bioethanol, which is produced from organic waste from domestic food industry and grocery trade. Therefore, production does not compete for arable land with food production. The production of bioethanol uses, for example, such bread waste from stores that cannot be donated to charity. For example, bread waste from the Helsingin Osuuskauppa Elanto and Osuuskauppa Hämeenmaa co-operatives is used in bioethanol production. The first EkoFlex E85 pumps at ABC stations were opened in summer 2011, and currently the product is sold at 30 locations around Finland (2011: 16). The EkoFlex E85 fuel has received the Key Flag symbol as a recognition of the Association for Finnish Work.

The EkoFlex E85 fuel reduces carbon dioxide emissions from driving by as much as 80 per cent. Animal feed for agriculture and water are generated as by-products of the waste-based ethanol production. Ethanol with a concentration of approximately 80 per cent produced from organic waste in production facilities is concentrated to

99.8 per cent in a concentration facility and then mixed with petrol. In the final product, the share of petrol components is 15–20 per cent.

EkoFlex E85 can only be used in so-called Flexifuel vehicles, which are similar to vehicles which run on petrol in terms of appearance, price and basic operation. S Group's automotive trade product range contains Flexifuel models from Volvo, Dacia, Ford and Renault.

Environmentally friendly packaging materials

Environmental matters are taken into consideration in the materials of menus, napkins and take-away containers in S Group restaurants as much as possible. For example, take-away containers used by Rosso are either biodegradable or made from a material that otherwise burdens the environment less. The take-away cups, packaging bags and wrapping papers used in the Coffee House chain are completely biodegradable. The needs-based use of materials is also taken into account with the implementation of new solutions. For example, in Bravuria, printed menus have been replaced by a QR code list and a menu on a wall board.



CLICK FOR EKOFLEX
E85 LOCATIONS





Some of the S-Etukortti cards and S-Banks gift certificates have been made from a new material which is more environmentally friendly than PVC.

S Group's own cosmetics label, We Care Icon, uses recycled plastic for packaging whenever possible, and the products are not packed in separate cardboard boxes. We Care Icon products are made in Central Europe and not tested on animals. By buying We Care Icon products, customers support the World Wildlife Fund's (WWF) work to protect the Baltic Sea. Five cents per product sold are donated to the WWF's Operation Mermaid.

In 2012, S Group's grocery stores sold a total of nearly 150 million plastic bags (2011: 147 million). Of these, 143.5 million were traditional plastic bags (2011: 141 million). Reprocessed or recycled plastic had been used in 101.5 million of these (2011: 96 million). Although the number of plastic bags sold has grown, the number of bags made from virgin materials has decreased by approximately two million bags, and the number of bags made from reprocessed or recycled plastic has increased by approximately 5.3 million bags. S Group achieved its objective of increasing the share of reprocessed or recycled plastic in plastic

shopping bags. The share of bags made from reprocessed and recycled plastic is 68 per cent and the share of bags made from virgin materials 28 per cent.

As of 2012, stretch films used in the transport of products sold at S Group's grocery stores are sent to plastic bag suppliers as raw material. As a result of this co-operation, as much as 30 per cent of the raw material in some of S Group's plastic bags comes from these recovered materials.

The reusable "Year or Co-operatives" theme bag, designed to celebrate the year, increased the sales of reusable bags by 27.4 per cent. In 2012, S Group's grocery stores sold 620,000 reusable and durable multi-purpose bags (2011: 582,000). In the future, the design on the reusable bag line will change at frequent intervals.

The product range also contains a free-of-charge biodegradable bag for fruit and vegetables. In 2011, the share of biodegradable fruit and vegetable bags was 3.8 per cent of all bags used to pack fruit and vegetables. In 2012, the share increased to 4.5 per cent. This showed an increase of more than 25 per cent over the previous year.


68%

**OF REPROCESSED AND
RECYCLED MATERIAL**

**THE SHARE OF PLASTIC BAGS
MADE FROM REPROCESSED AND
RECYCLED MATERIAL**

+25%

**OF BIODEGRADABLE BAGS
FOR FRUIT AND VEGETABLES**

**INCREASE IN THE USE OF
BIODEGRADABLE FRUIT AND
VEGETABLE BAGS COMPARED
TO 2011**





Valuing domestic and local products

Customers increasingly value domestic food production and local food. S Group is preparing its local food strategy for the grocery trade, and the objective is to increase the selection of local alternatives according to customers' wishes.

The local food strategy sets clear quality and quantity objectives and defines functioning measures for achieving the objectives. Meeting the objectives requires close collaboration between co-operatives and producers. Functioning co-operation aims to create new growth paths for suppliers who are often local.

It is important for S Group to provide customers with a domestic alternative whenever possible. To secure the production of domestic and local food, co-operation is needed in the entire food supply chain. In Finland, self-sufficiency is relatively high in many products. For example, self-sufficiency in fresh meat is approximately 80 per cent, but in S Group, 95 per cent of all fresh meat sold is of domestic origin.

Local specialities in the product range

Local products are an increasingly important part of S Group's grocery selections, and customers value food in which the background, producer and production chain are known. A product may enter S Group's product range through three different routes. A small local producer may sell products directly to an individual outlet. Regional co-operatives work in continuous co-operation with suppliers and producers in their area in order to increase the range of local products in their stores. If the production volumes are high enough, a product may also be included in S Group's nationwide chain selections.

Plenty of local products can be found, particularly in the fresh produce sections of co-operatives. As much as over a half of vegetable sales in grocery stores comes from produce grown in the local area, and



at a maximum, two-thirds of pastries and bread are made in local bakeries. Some co-operatives have already implemented their own local food labelling and put together displays of local food, so it is easier for the customer to find it.

Products from local producers can also be found on the menus of many restaurants and in cafeterias of service station stores. At least one local speciality can be found at the breakfast tables of Sokos Hotels.

Key Flag symbol – a proof of Finnish work

The product ranges of S Group's grocery stores and hospitality business already carry as many as 1,900 products with the Key Flag symbol indicating Finnish work. Of these, the grocery product range accounts for 1,551 products and the hospitality business accounts for 349 products. The Key Flag is a voluntary label for products and services produced in Finland. Several co-operatives, the ABC chain and the S-Bank have been awarded the Key Flag symbol.

1,900

KEY FLAG SYMBOL PRODUCTS

THE NUMBER OF KEY FLAG SYMBOL PRODUCTS IN THE PRODUCT RANGES OF GROCERY STORES AND RESTAURANTS

Product safety is a key issue

Continuously ensuring the safety of the products included in the product range is crucial for S Group. The best end result is reached by means of extensive monitoring and mutually agreed operating policies.

Ensuring food safety is vitally important in the grocery trade and restaurant business. Comprehensive statutory self-monitoring guarantees that each link in the chain does its part to ensure the quality of food by, for example, maintaining correct storage temperatures and an unbroken cold chain.

The quality of new food items to be included in the grocery product range is checked and the products are subjected to sensory evaluation before they are accepted for sale. In 2012, a total of 2,315 grocery product samples were tested by S Group's procurement function. The safety of consumer goods is also checked before they are accepted in the product range.



In 2012, 225 consumer goods samples were tested.

Products that are already in the product range are tested in accordance with an annual risk-based self-monitoring plan. For example, meat and fish products are tested many times per year, whereas non-food items are tested slightly less frequently. In 2012, samples were taken for testing from a total of 1,849 product batches of new products and those already included in the product range under the self-monitoring plan. In consumer goods trade, products were tested from a total of 441 product batches. A new operating model for product inspection was implemented in 2012.

Daily self-monitoring in outlets

In addition to procurement and logistics, each grocery outlet also performs self-monitoring. In 2012, special attention was paid to systematic self-monitoring in S Group's grocery stores by developing self-monitoring guidelines, among others. The quality of products is checked by means of sensory evaluation during the day. If for some reason quality is compromised, the affected product is removed from the shelf. In addition, for example, temperatures in all storage areas are regularly monitored in accordance with the self-monitoring plan.

More than 90 per cent of the stores have implemented the joint data bank for self-monitoring. The authorities have access to the data bank and can directly review the self-monitoring records of individual stores. Regular monitoring and reporting of the self-monitoring records that stores enter in the data bank was launched in 2012.

Operating models in place in case of possible product defects

Preventive operations are essential for food safety, but efficient operating models must also be in place in case of defects. S Group's grocery trade has an operating model in place for serious product defects. The purpose of the model is to ensure the fastest possible communication and efficient co-operation with the authorities in cases of serious product defects.

In 2012, there were 71 recalls of grocery products and 90 recalls of consumer goods products. Sometimes it is necessary to recall products which consumers have already purchased. In S Group's grocery trade, there was one recall of a private label product from the customer in the grocery trade and in the consumer goods trade each.

The customer's voice is actively heard in quality assurance. All reclamations and product feedback are carefully reviewed



and the message is forwarded to suppliers and manufacturers. Information obtained from customer feedback is used in product development and selection of suppliers in the manufacture of private grocery labels. In 2012, S Group's consumer services received and processed a total of 58,587 customer feedback responses concerning private label products. Of these, 16,890 concerned grocery products and 41,697 consumer goods.

Focus on the use of chemicals

We want to provide our customers with safe products. Due to the nature of the clothing industry, it is difficult to avoid using chemicals in the value chain. When clothes are imported from faraway countries, for example, they must arrive in prime condition, despite long transport distances. This sets certain requirements for the protection of products during transport.

EU and national legislation specify limits for residual chemicals. These limits are the absolute minimum requirements which all S Group suppliers must meet in order to have their products accepted at S Group outlets. Some product categories, such as clothing for babies and children, are subject to special requirements that exceed the legal requirements.

S Group's product range also includes 915 Ökotex-certified products, 61 Swan-labelled products and 129 EU eco-labelled products. The use of chemicals is more strictly restricted than is required by law in the manufacture of these products.

In the procurement of consumer goods, internal chemicals testing is also carried out, in addition to statutory regulation by the authorities. The Customs Laboratory also performs spot checks on all products as part of import control. In 2012, the checks revealed one product packaging defect, due to which the packaging was changed before the products were accepted to stores.

Since 2011, S Group's grocery and consumer goods trade have been using receipt paper that does not contain the chemical bisphenol A. Bisphenol A (BPA) is a chemical most commonly used in the manufacture of polycarbonate plastic. The chemical has been used in receipt paper to improve print quality. The possible adverse effects of residual BPA, particularly for employees working at cash registers, were widely discussed in Finland and Europe. However, Finnish authorities have not issued any guidelines concerning the matter.

58,587

CONSUMER RESPONSES

S GROUP'S CONSUMER SERVICE RECEIVED AND PROCESSED 58,587 CONSUMER RESPONSES CONCERNING PRIVATE LABEL PRODUCTS IN 2012



Responsible services and development

S Group carries out continuous development in order to make daily life easier for co-op members. Last year, the focus was on different methods of purchasing, among others. Several new electronic services were implemented and existing ones were upgraded to meet the needs of modern consumers.

New services in the grocery trade

The Finnish grocery trade took a step towards new service solutions with the opening of S Group's new self-checkout lanes in S-market Vallila, Helsinki, in June 2012.

In the new self-checkout concept, customers put their groceries in a shopping cart as usual, but instead of going through a regular checkout lane, they use a self-checkout lane to scan the EAN codes themselves and use a debit card for payment. In the self-checkout concept, making and paying for purchases has been made as easy and secure as possible for the customer. An assistant is always available to help with any issues and to oversee sales of age-restricted products. The self-checkout lanes have received plenty of positive feedback from customers and are considered convenient for checking out small and quick purchases, in particular. In 2012, there were four self-checkout lanes in pilot operation: two in Helsinki, one in Lahti and one in Tampere.

The Foodie.fm service, created by S Group's grocery trade and Digital Foodie Oy, has evolved from a digital food assistant into an interactive online shopping community. At the end of 2012, the service had as many as 300,000 users. In addition, the world's first personalised purchasing and food recommendation service in the grocery trade launched an online grocery store in the Greater Helsinki area, Oulu and Kuopio in March 2012. The Foodie.fm service offers complete information on the prices and selections for all S Group's grocery stores. This kind of transparency in the grocery trade is rare, even on a global scale.

The Foodie.fm service learns from users' choices, and based on choices made earlier, the service recommends recipes and products which best match each user's individual habits. The service takes into account restrictions and preferences, such as food allergies, favourite foods and the available budget. S Group and the Foodie.



SEE HOW SELF-CHECK-OUT WORKS



foodie.fm

LEARN ABOUT
THE FOODIE.FM SERVICE.



fm service were recognised in the Channel Innovation Awards by Retail TouchPoints in the USA. The competition highlighted different multi-channel retail success stories which have offered new solutions to customers' service needs. In addition, S Group rewarded Digital Foodie Oy, which built the Foodie.fm service, with the Good Work award from the Association for Finnish Work. Digital Foodie is a pioneering company which has helped S Group develop the service making the daily life of customers easier.

Alepa's Kauppakassi ("Shopping bag") is the best known online store for groceries in Finland. It has been in operation for a couple of years, adding convenience to customers' daily lives. The service delivers food products to the customer's front door or to workplaces with just a few hours'

notice. Currently, the Kauppakassi service is in operation in the Helsinki, Espoo, Vantaa and Kauniainen regions, excluding the archipelago, and brings the option to purchase food items at affordable Alepa prices to more than a million customers.

In June last year, Alepa's Kauppakassi service was the first in Finland to introduce mobile walls based on product bar codes to the urban landscape. The mobile walls feature an extensive selection of Alepa's products which can be purchased by scanning the product bar code on the wall with a mobile phone. By reading the bar code, the customer can also access detailed product and nutritional content information. Alepa's mobile wall received the Retail Awards in the Online Store of the Year category.



**SEE HOW ALEPA'S
KAUPPAKASSI SERVICE
AND BAR CODE PURCHAS-
ING WORK**





Sokos Hotels the first in the hospitality sector to be granted the Allergy Label

Sokos Hotels is the first hospitality company in Finland to receive the right to use the Allergy Label from the Allergy and Asthma Federation. The Allergy Label has been awarded to 34 Sokos Hotels. The goal is that all hotels in the chain receive the label in Finland (with the exception of pet-friendly hotels). The Allergy and Asthma Federation granted Sokos Hotels the "Vuoden allergiateko 2012" award in recognition of the chain's work to take allergic guests' needs into consideration.

The Allergy and Asthma Federation and Sokos Hotels launched a joint development project in 2006. The project has particularly improved indoor air quality in hotel rooms, surface and interior decoration materials, and cleaning methods and agents. A special focus has been on having easy-care interior decoration material of a high quality. In addition to unscented cleaning agents, Sokos Hotels now also provides fragrance-free personal hygiene products, and rooms suitable for pets and smokers are located on designated floors for more convenient accommodation of those with allergies.

THE ALLERGY LABEL CRITERIA MET BY THE SOKOS HOTELS CHAIN



Smoke-free and
pet-free rooms



Unscented detergents
and cleaning agents



Fragrance-free
hygiene products



Ventilation meets
the criteria



Non-allergenic interior
decoration and surface
materials



Electronic services in hotels and restaurants

Electronic services in the travel industry and hospitality business were developed to offer increased convenience. Among other things, the Sokos Hotels Goes Online development project was launched last year. The objective is to upgrade Sokos Hotels' online services and develop booking options and flexible pricing to meet the consumer behaviour of today.

The Livebooking online reservation service was implemented in S Group's restaurants for making a real-time table reservation. Last year, 80 restaurants joined the service.

Coffee House was the first cafeteria chain in Finland to provide customers with access to iPads, in addition to offering paper newspapers to read in cafes. Paper newspapers do not remain in mint reading condition for long in cafes, but tablets do not have the same problem. This also helps prevent excess paper waste. The devices are also connected to social media and offer information on Coffee House's products. In addition, customers can participate in developing the cafe by giving feedback and responding to surveys using the tablet.

Different payment methods are also being investigated and tested in S Group. For

example, the Coffee House cafe in the Ässäkeskus in Helsinki has been piloting contactless payment since November 2012. Contactless payment is still a new concept and is only just arriving in Finland. Contactless payment refers to small card payments of less than EUR 25 which are made by simply waving the card over a payment terminal. The euro-denominated maximum limit set aims to minimise misuse in case of theft or loss of the card. Since no PIN code is used, the code cannot fall into the wrong hands.

Menus available in Braille

Visually impaired customers can order from menus written in Braille in the Fransmanni and Rosso restaurants. A Braille menu has been available in Fransmanni restaurants for a few years. The idea was born in Fransmanni in Mikkeli, which serves clientele from a nearby special school for the visually impaired. There was a need for a solution which would provide the same kind of services to the visually impaired as to other customers. As the first step, the restaurant worked in co-operation with the local association for the visually impaired. The end result was a nationwide Braille version of the menus, which is being used in all Fransmanni restaurants.



The first quick-charging station for fully electric cars

Finland's first public and commercial quick-charging station for fully electric cars was opened at ABC Nihtisilta in autumn 2012. The goal is to open a network of approximately 20 quick-charging stations for electric cars at ABC stations across Southern Finland in 2012–2013. Although the slower charging at home and in workplaces will most likely continue to be the most common charging method, a public and easily accessible network of quick-charging stations will extend the vehicle's operating radius and ensure uninterrupted travel. By offering a public charging opportunity for drivers of electric cars, S Group supports the development of emission-free traffic and lowers the threshold of switching to an electric vehicle.

Comprehensive and extensive banking services throughout the country

Cash continues to be needed although using it for payment has been decreasing considerably in the era of card payments. As the network of ATMs is shrinking, withdrawing cash is becoming increasingly difficult in rural areas in particular. S-Bank's customers can withdraw and deposit cash using the S-Etukortti card at the checkouts in approximately 1,000 S Group outlets,

free of charge and without a purchase obligation.

In autumn 2012, S-Bank opened a new mobile service for locating the nearest S Group outlet conveniently.

S-Bank services are available in approximately 130 full-service customer service points (Prisma hypermarkets, most Sokos department stores and selected S-markets). In addition, banking services can be accessed in nearly 600 service points by means of filling in a form. Therefore, co-op members can access S-Bank's services in more than 700 S Group outlets. All basic banking services are free of charge to co-op members.

By means of its extensive network, S-Bank secures the availability of basic banking services in rural areas as well. In many areas, S-Bank is the only banking service provider.

In February 2012, S-Bank launched an electronic invoice service, which allows paperless payment of bills in the online bank. The content of the electronic invoice is an exact replica of the paper invoice. A payment proposal is generated for the invoice in the service for the customer to simply approve to have the bill paid. S-Bank also implemented an online payroll service by





customer demand in the online bank in 2012. Through the service, the customer can receive an electronic payroll statement directly to their online bank.

The former Finnish currency markka could be returned to banks until the end of February 2012 in Finland. Only S-Bank and the Bank of Finland also accepted coins. The currency could be returned to S-Bank's customer service points in Prisma hypermarkets and Sokos stores.

More convenient customer feedback through a new system

In 2012, a new customer feedback system was widely implemented in S Group. At the end of the year, the new customer feedback system was in use in the centralised customer service and S-kanava as well as in the Prisma, S-market, Sale, Kodin Terra and S-Rauta stores; nearly all restaurant chains, including Amarillo, Fransmanni, Rosso, Sevilla, Memphis, Presso and Coffee House; and in the Sokos Hotels and Karla. In 2013, the ABC chain and S-Bank were also included.

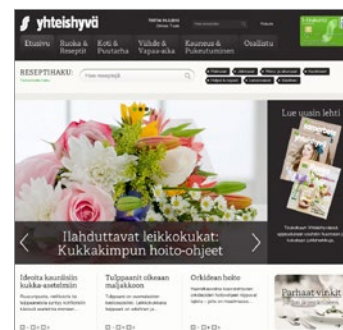
The new customer feedback system replaced both the former feedback system used by customer service and the separate feedback systems used by chains. The goal of the reform was to streamline customer

feedback processing in order to provide responses to customers as quickly as possible. In addition, a goal of the shared customer feedback system is to make the customer's voice better heard in the development of operations by making customer comments more readily available in the business operations.

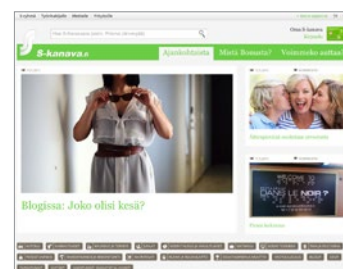
New features in S-kanava and Yhteishyvä.fi

One of the flagships of the Yhteishyvä.fi site, which was overhauled in October 2012, is the recipe search function. The function improves the accessibility of the recipe database of the Yhteishyvä Ruoka food supplement. In addition to a convenient recipe search, the goals of the new Yhteishyvä.fi site include interesting content and improved user experience.

The articles have been divided into different categories based on the content they offer to consumers: tips for daily tasks, buyer's guides, product demonstrations and tests as well as Do-It-Yourself articles. Product availability information is always provided at the end of each article, and depending on the product, there can also be a direct link to the relevant online store. The number of weekly users on the new Yhteishyvä.fi site is approximately 90,000.



YHTEISHYVÄ.FI



SOK.COOP



For practical shopping tips, see the
guide for responsible consumers.
(Available in Finnish and Swedish)



S-kanava's Oma S-kanava service was also renewed at the beginning of 2012. Now different kinds of messages can be assigned to customers in the Oma S-kanava page based on customer information, such as co-operative membership or the customer's residential area. Assigning content makes it possible to provide better services to customers. Co-op members can also subscribe to electronic information materials. In this service, co-op members receive a message once a month on the publication of the new Yhteishyvä magazine and the monthly co-op member benefit information. The customer can click a link included in the message to go to the Oma S-kanava site to read the electronic materials available. The completely overhauled S-kanava based on the development work on the site was released at the beginning of 2013.

Topical information on info screens

The number of info screens used for marketing and communication in outlets continued to grow during the year.

The info screens are "electronic posters" enabling more up-to-date communication by replacing disposable campaign posters and notifications, among other things, with materials updated electronically. Info screens are being used in the areas of nearly all co-operatives for both customer and personnel communication.

A guide for responsible consumers to assist in shopping

The guide for responsible consumers, published at the beginning of 2012, offers practical tips and food for thought regarding different product categories. The guide also offers tips for preparing meals from table scraps and information on S Group's responsibility policies. Schools can order the guidebook free of charge through the SubjectAid service. More than 11,000 guidebooks were ordered in 2012, and it was one of the most often ordered materials in SubjectAid last year.





Systematic energy saving in a key role

By improving the energy efficiency of S Group's own operations, renewable energy and by supporting co-op members in saving energy, we want to do our share to influence global megatrends such as climate change.

S Group is continuously striving to save energy and improve energy efficiency. The most important aspects are developing cost monitoring and setting concrete objectives. S Group has signed energy efficiency agreements concerning the commerce sector, hotel and restaurant sector as well as heating oils and transportation fuels, and is committed to the sector's shared energy saving objective of nine per cent energy saving by 2016, compared to the 2005 level.

In 2012, S Group defined key areas of improvement for energy efficiency. We will be paying special attention to these areas.

Among other things, we set ourselves an objective of defining outlet-specific targets for energy consumption for all S Group outlets by 2015. With the outlet-specific energy consumption targets in place in all our outlets in the future, we can monitor energy consumption and the meeting of targets per outlet. Another key area of improvement for us in terms of energy saving is the energy efficient and appropriate lighting of outlets. We are striving to achieve this by defining the lighting target levels for building concepts, taking care of appropriate automation and control methods, using new technology in lighting and

KEY AREAS OF IMPROVEMENT FOR ENERGY EFFICIENCY

1

Defining outlet-specific target consumption of energy

2

Energy efficient and appropriate lighting



paying attention to people's habits in terms of lighting use.

By means of efficient use of energy and renewable energy, we can do our share to influence global challenges, such as climate change. Our stakeholders also expect us to use energy sensibly and invest in renewable energy.

Monitoring energy consumption tells us how we're doing

S Group has continuously improved its energy efficiency. In 2012, the measured total consumption of electricity and heat in S Group outlets was 1,619 gigawatt hours (2011: 1,674 GWh). Relative consumption of energy in 2012 was 361 kilowatt hours per gross square metre (2011: 372 kWh/gross m²), so efficiency improved by 3.9 per cent over the course of the year. Compared to the 2010 level, (2010: 441 kWh/gross m²), energy efficiency improved by 18.7 per cent. However, part of the energy efficiency improvement, compared to the 2010 level, is calculatory, since the 2010–2011 consumption data and gross square metres included calculatory information.

In 2012, S Group consumed about 1,157 gigawatt hours of electricity (2011: 1,203 GWh), which equals the annual consumption of 60,000 single-family houses using electric heating. The consumption of heat-

ing energy (district heating, geothermal heating, oil and natural gas) was approximately 462 gigawatt hours (2011: 471 GWh) and water consumption approximately 1.76 million cubic metres (2011: approximately 2.04 million m³). The absolute water consumption decreased by 13.6 per cent compared to the previous year. In S Group, the ABC petrol and service station stores and hotels account for the highest water consumption.

The data concerning the building area, energy and water consumption of S Group's outlets was collected with a new reporting system for the first time. The data cover the outlets of SOK Corporation and the regional co-operatives in Finland. The figures reported in 2012 are based on information metered and reported per outlet, and the building area and energy consumption details cover 78 per cent and the water consumption details cover 55 per cent of S Group's outlets in Finland. Missing consumption details have not been taken into account in calculations. Unreported details have been ignored, so that comparability with previous years' reported data will improve in the future. The most extensive details on gross square metres and energy and water consumption were obtained from the Prisma, S-market, Sale, Alepa, ABC-Deli, and ABC service station stores as well as the Sokos Hotel and Radisson Blu Hotel chains.



-13.6%

OF WATER CONSUMED

THE ABSOLUTE WATER CONSUMPTION DECREASED BY 13.6% IN S GROUP COMPARED TO 2011.

3.9%

IMPROVEMENT IN ENERGY EFFICIENCY

IN S GROUP, THE RELATIVE ENERGY EFFICIENCY IMPROVED BY 3.9% BETWEEN 2011 AND 2012





Measures for more efficient use of energy

S Group uses energy roughly for four large-scale purposes: cooling, lighting, ventilation and heating. Energy efficiency is taken into consideration in everyday operations and when making renovations in outlets. For example, the energy efficiency of cooling equipment has been improved considerably. Replacing cooling equipment with coolers that have doors or covers has continued in accordance with plans whenever new equipment has been acquired.

Lighting will receive increased attention in the future. In 2012, developing lighting solutions included replacing shelf lights in cooling equipment with spotlights, increasing the use of Light Emitting Diode (LEDs) lights in external and billboard lighting as well as reducing general lighting in stores in areas where furnishings have integrated lighting.

Remote management of energy use in buildings has proven to be an efficient new way of saving energy. Currently, about 200 premises of SOK Corporation and ten regional co-operatives are included in the remote management system. In remote management, the efficiency of building service technology is monitored in a cen-

tralised manner. In addition, on-site visits are paid on a regular basis, which help determine potential defects and shortcomings in the premises. The operating model has produced results: in the best cases, energy consumption has decreased and the calculatory energy costs of remotely managed buildings were nearly EUR 1 million lower in 2012 than in 2011. In addition to the aforementioned, separate audits for improving energy efficiency were carried out in 67 outlets last year.

In 2012, a survey was also carried out regarding optimisation of energy use in the ABC petrol and service station stores. The survey produced new operating models for kitchens, choice of equipment and accurate timing of using the equipment, which will improve energy efficiency.

As many as 45 S Group outlets have already switched to using a new, energy efficient technology in cooling equipment, which reduces greenhouse gas emissions by using carbon dioxide as refrigerant. The new technology produces considerably lower emissions than the current, commonly used R404 refrigerant.



Prisma hypermarket Lielähti in Tampere receives Finland's first BREEAM certificate for commercial buildings

The BREEAM certificate is a recognition of environmental aspects having been taken into consideration in the design and construction of the certified building. The Prisma hypermarket in Lielähti was built primarily with Finnish expertise and using ecological solutions. In addition to district heat, the hypermarket is heated with geothermal heat, and the condensing heat from cooling equipment is recovered. In Prisma Lielähti, lifts, escalators, LEDs and cooling equipment are low-energy equipment.

Ecological aspects have also been taken into consideration in the accessibility and usability of the hypermarket. For example, the parking garage features a charging station for electric cars, a bicycle parking area is covered and timetables of local buses are available at customer service. The Prisma hypermarket can also be accessed by a service bus. Compared to an older hypermarket of the same size, Prisma Lielähti saves more than 2,000 megawatt hours of energy per year.

Procurement and origin of energy in a key role

As a whole, S Group's electricity consumption is high: we consume more than one per cent of the total electricity consumed in Finland in our nearly 1,700 outlets. This makes us one of the ten largest consumers of electricity in Finland.

S-Voima Oy, a company established in the spring 2010, is in charge of purchasing electricity for S Group.

Electricity procurement in S Group is based on a S Group-level joint procurement of electricity from the electricity market (Kimppasähkö), and wind power purchased through TuuliWatti Oy (see more on the next page). In 2012, S Group decided to withdraw from Fennovoima's nuclear power plant project.

In 2012, 79.9 per cent of S Group's metered electricity consumption consisted of Kimppasähkö procured by S-Voima Oy, and 20.1 per cent was regional co-operatives' own electricity procurement from national and regional energy suppliers.





Wind power

S Group has made significant investments in wind power projects. The objective is that in 2016, wind power will account for approximately 50 per cent of electricity used by S Group. In 2013, the share of wind power in our electricity consumption will be 10 per cent, and by the end of 2014, the share will have reached 25 per cent. The targets were raised in 2012. The former objective was to cover a quarter of our electricity consumption with wind power by 2016.

To advance the wind power project, Tuuliwatti Oy was established in 2009. It is an industrial wind power associate company, owned by the St1 Oy energy company (50%) and S Group's S-Voima Oy (50%). TuuliWatti Oy develops and constructs wind farms, aiming to build considerable wind power capacity in different parts of Finland in the near future.

Currently, TuuliWatti has 25 wind power plants in operation: one in Pori; a wind farm of six power plants in Simo; a wind farm of eight power plants in Ii;

and a wind farm of ten power plants in Tervola. A total of 18 new wind power plants were built in 2012, corresponding to 80 per cent of Finland's entire wind power capacity for the year. In addition, 26 new wind power plants are being constructed and will be completed in 2013–2014. After the plans are realised, the production volume will account for approximately ten per cent of the wind power objective outlined by the Finnish government in its climate and energy strategy for 2020 and for the supply electricity needed by approximately 270,000 apartments.

Investing in wind power does not reduce the importance of energy saving measures carried out in S Group. Operations which are as energy efficient as possible is an objective shared by all chains in S Group. The Group can considerably lower the procurement costs of electricity by producing its own wind power and by improving energy efficiency.

50%

OF S GROUP'S ELECTRICITY
CONSUMED IS GENERATED
BY WIND POWER

THE OBJECTIVE IS FOR WIND
POWER TO ACCOUNT FOR
APPROXIMATELY 50% OF
ELECTRICITY USED BY
S GROUP IN 2016.

18

NEW WIND POWER PLANTS

THE NUMBER OF WIND POWER
PLANTS BUILT IN 2012



TuuliWatti Oy also takes local residents into consideration in designing and building wind farms. For the wind farms to cause as little inconvenience as possible, they are built primarily on land that is preferably next to existing infrastructure, such as main roads and railroads. The wind power plants use state-of-the-art turbine technology, which enables efficient inland wind power production as well.

The benefits provided by wind power are considerable for the national economy as a whole. As a form

of energy, it can be harnessed quickly and the fuel is free. Increasing wind power improves self-sufficiency in terms of energy, and this reduces the costs of importing energy. Wind power increases competition in electricity production and thus reduces the price of electricity. Building wind power provides jobs and increases property tax revenue. Most of all, investing in renewable, environmentally friendly and emission-free wind energy is investing in the future.

Greenhouse gas (GHG) emissions from S Group's operations

GHG emissions generated by S Group's operations include carbon dioxide emissions from the production of electricity and heat, as well GHG emissions caused by both domestic transports and imports as well as work-related air travel.

In 2012, carbon dioxide emissions from S Group's electricity and heat production amounted to slightly more than 414,000 tonnes. In 2011, the reported carbon dioxide emissions from electricity and heat production amounted to 345,000 tonnes. The increase is due to changes in the emission coefficients of electricity and district heating production, instead of increased consumption, since both electricity and

heat consumption decreased from the previous year.

In terms of Kimppasähkö, the emissions for the reporting year are always calculated using the previous year's specific emission coefficient. This is because the emission coefficients for the reporting year are available only after the publication of S Group's Responsibility Review. The emission coefficients vary by year, making year-on-year comparisons difficult. For example, S Group's comparable emissions in 2011 were 413,000 tonnes, which means that the 2012 emissions are at the same level as in the previous year. Extensive investments in wind power are also not yet reflected in the 2012 emissions.



The specific emission coefficients of other electricity and district heating production were updated in accordance with national carbon dioxide emission calculation guidelines (12/2012).

Emissions from transport

The most important environmental impacts of logistics include energy consumption and emissions into the atmosphere. Inex Partners Oy, S Group's procurement and logistics company for groceries and consumer goods, and Meira Nova Oy, the procurement and logistics company for hotels and restaurants, require that transportation companies continuously improve their operations in order to reduce their environmental impact.

Inex Partners performs transportation company audits each year to verify the reduction of their environmental impact. The areas inspected in the audits include the training provided for truck drivers in economical driving techniques, loading efficiency, optimisation of routes, fuel consumption and the quality of the transport fleet (such as the Euro classification of engines). In 2012, Inex Partners audited two transportation companies (2011: three companies).

Emissions from transport are monitored annually by means of a survey conducted among transportation companies. The sur-

vey maps, for example, the total kilometres driven, fuel consumption and European emission standards for lorries and buses. The emission calculations are based on the tonnes transported and fuel consumption data, using emission coefficients from the LIPASTO traffic exhaust emissions and energy consumption calculation system (LIPASTO) of VTT Technical Research Centre of Finland. The 2012 figures cover 70 per cent of transportation companies used in domestic transports (2011: 90 per cent) and 65 per cent of companies used in international transports (2011: 70 per cent). The coverage of the information has decreased compared to 2011.

In 2012, absolute carbon dioxide emissions from Inex Partners' transports in Finland totalled 40,490 tonnes (2011: 34,267 tonnes). GHG emissions of domestic transports per transported tonne were 16.6 kg (2011: 13.8 kg). The increase in the emissions of domestic transports is mainly due to the fact that the coverage of the survey was smaller than in the previous year, so the share of estimates was higher.

In 2012, absolute carbon dioxide emissions from international transports totalled 15,518 tonnes (2011: 10,557 tonnes). GHG emissions of international transports per transported tonne were 82.6 kg (2011: 57.8 kg). The considerable fluctuation in the relative development of international





emissions is due to the varying reliability of source information. Therefore, year-on-year comparisons are difficult.

In 2012, GHG emissions from Meira Nova's transports in Finland totalled 4,996 tonnes (2011: 4,939 tonnes). GHG emissions of domestic transports per transported tonne were 27.5 kg (2011: 27.3 kg).

Focus on the environmental impacts of work-related travel

S Group's travel policy takes environmental aspects into consideration. Phone and web meetings are used whenever it makes sense and is possible considering the objective of the meeting. The online travel reservation service provided by our travel agency shows the carbon dioxide emissions of each flight, which enables the person making the reservation to consider the environmental impacts of the planned trip. Carbon dioxide emissions generated by air travel related to S Group personnel's work travel totalled 1,860 tonnes in 2012.

SOK Corporations' company car acquisition guidelines set the maximum emissions limit at 160 g CO₂/km. Acquiring low-emission FlexFuel vehicles is recommended. No emissions limit has been set for these vehicles. The recommended fuel is E85 petrol, whenever possible. The actual average emissions of SOK Corporation's fleet in 2012 were 140 g CO₂/km, which was clearly lower than the maximum limit set.

Initiatives to reduce emissions

In addition to investing in wind power, S Group investigates opportunities to use renewable energy in new construction projects, among others. Inex Partners' consumer goods logistics centre completed in Sipoo (metropolitan area), in spring 2012 uses geothermal heat and bio energy for heating and cooling. Approximately half of its yearly heating needs is covered by geothermal heat and the rest by pellets.

The environmental impact of the logistics centre, heated almost entirely with renewable energy, is only one-fifteenth of the effects of district heat usage. The national environmental classification tool (Promise) gave the logistics centre the grade B. In the evaluation scale used (A–E), A is the best grade, awarded to buildings with extremely high quality environmental properties. Grade E corresponds to the normal current level. In practice, for buildings such as logistics centres, it is nearly impossible to obtain a grade higher than B.

In 2012, a pilot project was also launched in which the suitability of solar energy is tested in practice at one ABC petrol and service station store. The pilot continues in 2013, and more detailed plans on using solar energy in the ABC petrol and service station store chain will be made based on the experiences gained.



Weighing the environmental impacts of food

In terms of climate impact, food accounts for one quarter of the carbon footprint of an average household. Food industry and retail companies together with the MTT Agrifood Research Finland developed information gathering and calculation methods in the Footprint Tools project for more extensive and accurate calculation of the environmental impact of food products. The project also released a national calculation recommendation for comparable calculation and recording of the carbon footprint.

S Group participated in the project with its own research project, which studied the environmental impact of the cold-pressed Rainbow rapeseed oil and the frozen Rainbow potato-onion mix. S Group's three-year project surveyed the production chains of these products and gathered information on the entire chain for a basis of calculations. In the end, the climate impacts of the products were calculated in accordance with the models developed in the public project.



S Group does not intend to use the published calculation recommendation for indicating carbon footprint on products, but to locate those areas of the production chain where environmental impacts can be most affected. In the future, other tools will be needed in addition to the calculation recommendation, so that the climate impacts of the food supply chain can be genuinely reduced. The objective is to apply what was learned in the project to developing the tools required.

SOK also participated in MTT's Climate Communication II project, which will end in autumn 2013. The objective of the project is to support the generation and communication of comparable carbon footprint data for food products.



Aiming for reduced amounts and increased recycling and energy recovery of waste

Reducing the amount of waste and recycling and energy recovery of waste efficiently are key aspects of minimising S Group's environmental burden. Among other things, one of our objectives is to eliminate waste to landfills completely.

S Group works systematically to reduce the amount of waste generated. New ideas are continuously being sought for reducing waste, and a broad representation from stakeholders is desired in these efforts. Our objective is also to help our customers reduce the amount of waste they generate.

In 2012, S Group defined key areas of improvement for material efficiency. We will be paying special attention to these areas. The objective is to reduce the amount of waste generated overall. This can be accomplished, among other things, by means of chain-

specific guidelines concerning reduction of waste and extensive outlet-specific monitoring of information concerning waste. Another central objective is to recover the generated waste effectively. Primarily waste is sorted for recycling by material, and if this is not feasible, it is energy recovered. In this way, we minimise the amount of waste that ends up in landfills. Our objective is to reduce the amount of waste to landfills to 0 kg by 2016. In addition to the environmental impacts, every kilogram of waste that is not generated or that does not end up in a landfill also reduces waste management expenses through lower waste taxes.

85%

RECYCLED AND ENERGY RECOVERED

85% OF S GROUP'S WASTE WAS RECYCLED AND ENERGY RECOVERED IN 2012.

KEY AREAS OF IMPROVEMENT FOR MATERIAL EFFICIENCY

1

Reducing the amount of waste

2

Efficient recovery of waste and amount of waste to landfills 0 kg



In 2012, S Group generated 111,000 tonnes of waste in Finland; in other words, the absolute amount of waste generated increased by 3.9 per cent from the previous year. However, the amount of waste proportionate to retail decreased by one per cent. This indicates that resource efficiency continued to improve. In 2012, 85 per cent of S Group's waste was recycled and energy recovered (2011: 82%). The amount of waste to landfills decreased by seven per cent from 2011. The figures cover S Group's operations in Finland and are primarily accumulated from figures reported by each outlet. The coverage of reporting improved compared to the previous year. The most extensive and accurate outlet-specific details were obtained from the Prisma, S-market, Sale, Alepa, Sokos Hotel, Radisson Blu Hotel, Sokos, ABC service station store and ABC Deli chains.

Initiatives to minimise wastage

A product may remain unsold and end up in waste for many reasons. It can expire or break, or its quality no longer meets expectations. S Group has defined measures to minimise each of these factors. Efficient

management of the order-supply chain guarantees quick product turnover to minimise wastage. Packaging of fragile products has been improved in co-operation with suppliers so that the product survives the logistics chain and does not end up in waste prematurely. The quality of fruit and vegetables is consistently evaluated. Inventory turnover and temperature control of products are being continuously improved in order to keep the produce fresh and in good condition for as long as possible.

Reducing the amount of waste is a routine activity at Inex Partners Oy's logistics centres. Fruits and vegetables that fail to meet the quality standards of sellable produce are sold at reduced prices to market sellers and equivalent parties approved by the Finnish Food Safety Agency (Evira). The personnel store sells useable products which cannot be sold customers, and efforts to boost sales include extended hours and increased communication. Areas of improvement are being sought by means of regular packaging audits performed at the Espoo logistics centre and the "Top 15 broken items" list in co-operation with sup-

-7% 
OF WASTE TO LANDFILLS

THE AMOUNT OF WASTE TO LANDFILLS IN S GROUP DECREASED BY -7% BETWEEN 2011 AND 2012.



pliers in order to improve the logistical durability of packages. Suppliers are also invited to visit the logistic centre so that they see what kind of logistics process their packages should withstand intact. In addition, logistics personnel are trained in matters related to Inex Partners' waste management and the responsibilities of all parties.

In Meira Nova's logistics centre in Tuusula, the amount of waste has been reduced, among other things, by more effective expiration checks upon receiving products, implementation of a voice picking system, use of a thinner stretch film and by optimising the picking sequence so that heavy products are always placed at the bottom.

In grocery stores, products approaching their "Best before" date are sold at a discount in order to minimise the amount of food waste. Food loss in S Group's grocery trade was approximately 33,000 tonnes in 2012. The loss proportionate to the sales volume, or loss by weight, was 1.96 per cent. Throw-away loss proportionate to S Group's grocery retail decreased by 5.3 per cent from the previous year.

Some of the regional co-operatives have been working together with charities to donate bread, canned foods and other

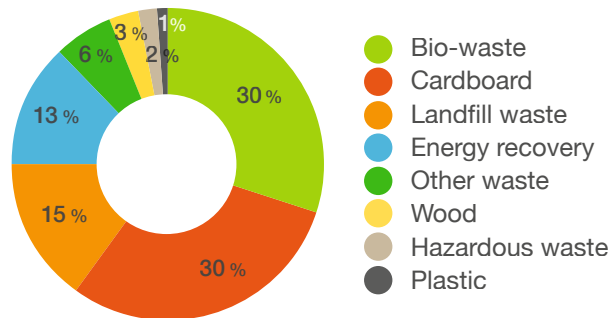
non-perishable food products in particular. The new guideline from the Finnish Food Safety Agency Evira clarifies the policies of donating foodstuffs and associated responsibilities and also makes it easier to donate products with "Use by" dates. In the future, making food donations to charity may become more common in the co-operatives. Nevertheless, donating food to charity is always a matter that co-operatives decide on individually.

Efficient recycling and reuse

Where waste is generated, it is important to recover it as efficiently as possible. This requires waste sorting facilities, containers and other equipment and, above all, skilled personnel. Opportunities to recycle or recover various waste fractions varies by region in Finland, but S Group's outlets strive to source separate waste fractions and recycle or recover them as efficiently as possible, given the region's resources. This is indicated by S Group's good recycling and recovery rate of 85 per cent. The best recycling and recovery rates are found in Alepa stores (100%), ABC-Delis (92%), Prisma hypermarkets (90%), S-Markets (89%) and Radisson Blu Hotels (86%).



S GROUP'S WASTE IN 2012



Waste in S Group is divided into the following fractions. The largest categories are bio-waste and cardboard. Cardboard is efficiently recycled and bio-waste is either composted or treated in a biogas plant or bio ethanol plant.

Some co-operatives work in co-operation with local companies specialising in bioenergy production. For example, a significant portion of bakery products left unsold and unsuitable for consumption in the HOK-Elanto and Osuuskauppa Hämeenmaa

co-operatives in Southern Finland is raw material used in bio ethanol production. The same bio ethanol is the bio component of petrol sold by the ABC petrol and service store chain. Waste-based bioenergy does not contribute to global warming, and its production does not compete with food production.

Finnish Red Cross and Osuuskauppa Arina co-operative joined forces to donate food

The Oulu branch of the Finnish Red Cross and the Osuuskauppa Arina co-operative organised a pilot project in food assistance in Oulu. Products approaching their "Use by" date are donated to low-income families and people living alone. The pilot project was agreed with the authorities.

Osuuskauppa Arina primarily aims to minimise food loss by developing the order-delivery chain and by selling products approaching their "Use by" dates at a 30 per cent discount.

After the pilot project and in accordance with Evira's instructions, products marked with a "Use by" date will be donated to charities' food assistance programmes in the future as well, so that the products will not end up as wastage. The products donated primarily include processed meats, dairy products and, when possible, dry products. Arina also supplies the plastic bags for the donations.

Expanding food assistance is considered on the basis of the experiences gained in the pilot projects and the charities' resources.



Diverse opportunities for recycling

S Group offers customers opportunities to recycle waste. It is important to recycle as much household waste as possible. In 2012, there were 213 recycling sites in or next to S Group outlets. They had collection containers or other receptacles for different materials recycled by customers as follows: 246 for cardboard, paperboard and beverage cartons; 220 for paper; 191 for glass; 184 for metal; 91 for clothing; 39 for other waste; 15 for small WEEE; 15 for large WEEE; 9 for hazardous waste; 6 for plastic packages; and 5 for fluorescent light bulbs and energy-saving bulbs.

More than 540 million recycled beverage cans (2011: 529 million) and more than 153 million recycled plastic bottles (2011: 167 million) were returned in 2012 through re-

verse vending machines at S Group outlets.

In this way, we collected more than 7,300 tonnes of aluminium and more than 5,400 tonnes of plastic for recycling.

The humanitarian organisation UFF keeps clothing collection containers at S Group outlets. In 2012, a total of 1,500 tonnes of clothes (2011: 1,137 tonnes) were collected through these container sites. Customers may return portable accumulators and batteries to all S Group outlets which sell accumulators and batteries. Customers have welcomed the red recycling box for accumulators and batteries, since the amount of accumulators and batteries returned to S Group's outlets have grown from the total of 116 tonnes in 2009 to 236 tonnes in 2012.

153 million
RECYCLED PLASTIC BOTTLES

THE NUMBER OF PLASTIC BOTTLES RETURNED TO THE REVERSE VENDING MACHINES IN S GROUP OUTLETS IN 2012.



Joint campaign to recycle metal

In 2012, HOK-Elanto organised a bicycle recycling campaign in co-operation with Ruukki, Kuusakoski and Helkama in all HOK-Elanto's Prisma hypermarkets. In the "Recycle your bicycle" event, customers could drop off their old bikes that were beyond repair, at the recycling sites located at Prisma hypermarkets. In return, the customer received a EUR 50 gift card that could be used to buy a new Helkama bicycle in HOK-Elanto's Prisma hypermarkets during the campaign period.

The campaign was a great success: approximately 1,200 old bicycles were collected during the campaign and taken to a Kuusakoski facility to be crushed. In crushing, steel, tinted metals and other fractions were separated and the steel aggregate was shipped to, among others, the Ruukki steel plant in Raahe where it is used as a raw material for new steel. In this way, 97 per cent of the bicycle material can be recycled. The bicycle frames recycled in the campaign saved an amount of carbon dioxide emissions equalling the amount generated by driving approximately 144,000 kilometres.

Management of environmental risks

Prevention and systematic reduction of discharges into the soil and emissions into the atmosphere constitute a particularly important part of environmental responsibility in fuel trade. At the end of 2012, a total of 364 out of S Group's 424 petrol stations had an environmental permit or a registration notification in accordance with the new decree (2011: 359). Special attention is paid to the technology and monitoring of the fuelling equipment. Personnel are also continuously trained to detect any defects in petrol pumps area.

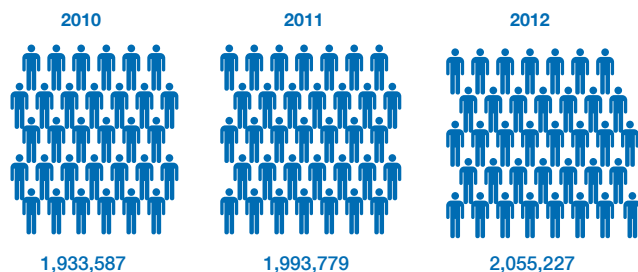
In 2012, S Group spent a total of EUR 963,000 on the restoration of contaminated soil (2011: EUR 310,000). In 2011, the restoration expenses were at an exceptionally low level, whereas in 2012, they returned to the usual level compared to previous years.

New petrol stations and those to be renovated are equipped with systems which recover petrol vapours released in filling. Such recovery systems were found at 373 ABC outlets in 2012 (2011: 354).

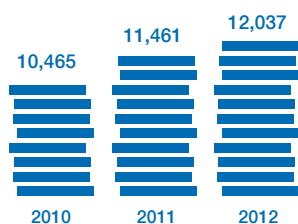
Recovering petrol vapours evaporated into the air at refuelling of a vehicle supplements the petrol vapour recovery system during unloading of petrol to underground storage tanks. Therefore, it is referred to as the second phase recovery. These technologies aim to limit the volatile organic compound (VOC) emissions, which are generated as petrol vapours are evaporated. The calculated VOC emissions caused by S Group's petrol sales in 2012 totalled 615 tonnes (2011: 651 tonnes).

KEY FIGURES

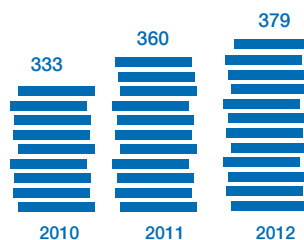
CO-OP MEMBERS



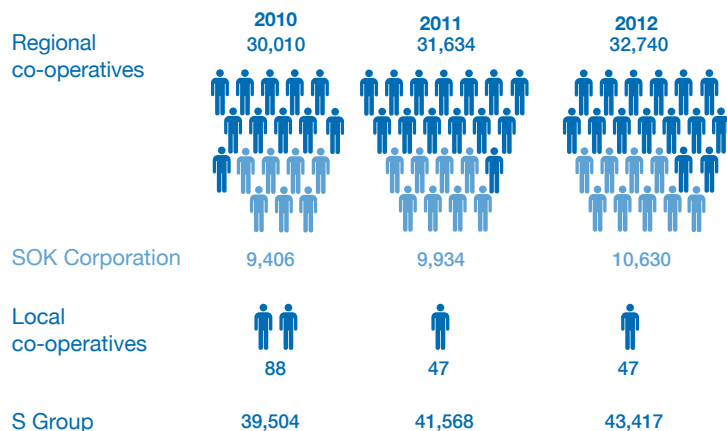
RETAIL SALES, EUR MILLION



BONUS PAID, EUR MILLION



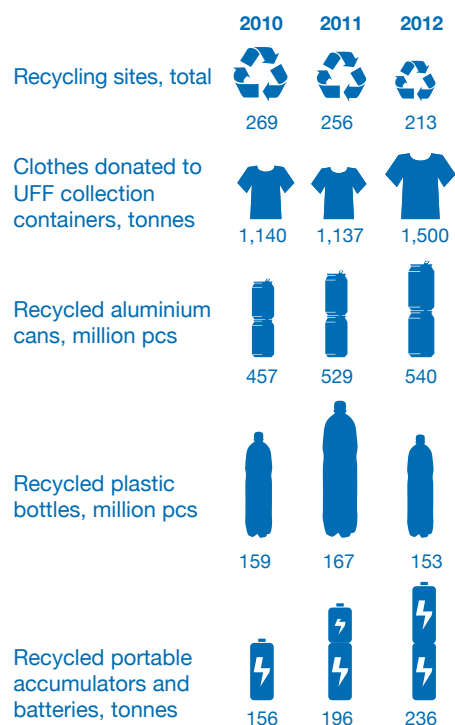
PERSONNEL



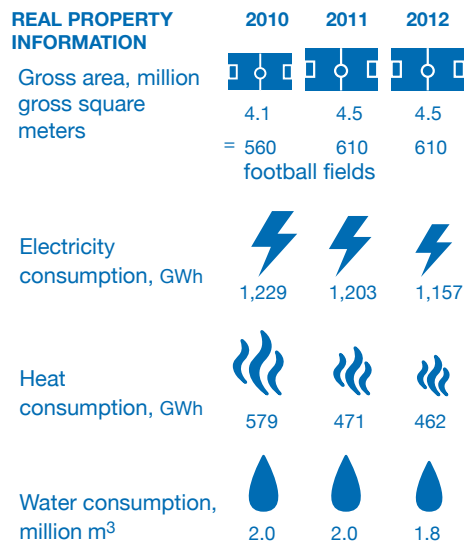
The figures in the tables are based on the situation on 31 December.
The count includes S Group's entire personnel.

RECYCLING SERVICES

(In S Group outlets or in connection with them)



REAL PROPERTY INFORMATION



KEY FIGURES

ECONOMIC RESPONSIBILITY

	2010	2011	2012
Co-op members	1,933,587	1,993,779	2,055,227
Retail sales, EUR million (VAT 0%)	10,465	11,461	12,037
Bonus sales, EUR million	8,432	9,051	9,444
Bonus paid, EUR million	333	360	379
Investments, EUR million	600	546	573
Profit before extraordinary items, EUR million	296	269	212
Number of co-operatives, including local co-operatives	31	29	29
Number of outlets in Finland	1,614	1,643	1,663

SOCIAL RESPONSIBILITY

Number of employees	2010	2011	2012
Regional co-operatives	30,010	31,634	32,740
Local co-operatives	88	47	47
SOK Corporation	9,406	9,934	10,630
S Group	39,504	41,568	43,417
Personnel turnover, permanent employees (%)	15.5*	22.9**	16.5***

*) The 2010 figure contains S Group's regional co-operatives, Sokotel and Hankkija-Maatalous.

**) The 2011 figure contains the personnel of S Group's regional co-operatives (with the exception of Koillismaa), Sokotel, Hankkija-Maatalous and SOK. The increase in personnel turnover is partly explained by the divestment of five Sokotel hotels.

***) The 2012 figure contains S Group's regional co-operatives (with the exception of the Ympäristö and Ympyrä co-operatives, which merged into Kymen Seudun Osuuskauppa co-operative in January 2013), Sokotel, S-asiakaspalvelu and S-Bank.

Type of employment (%)	2010	2011*	2012**
Permanent	87	86	86
Fixed-term	13	14	14
Full-time	36	38	39
Part-time	64	62	61

*) The 2011 figures contain the personnel of S Group's regional co-operatives (with the exception of Koillismaa), Sokotel, Hankkija-Maatalous and SOK.

**) The 2012 figures contain all S Group's local co-operatives and SOK Corporation and its subsidiaries.

KEY FIGURES

Gender distribution (%)	2010	2011	2012*
Women	76.1	74.8	74.8
Men	23.9	25.2	25.2

*) The 2012 figures contain all S Group's regional co-operatives and SOK Corporation and its subsidiaries.

Results of S Group's work community survey	2011**	2012***	General norm in Finland 2012
Work community index (including all questions)*	72.3	72.7	62.3
Dedication index	76.3	76.1	67.3
Commitment index	73.1	72.6	64.7
Performance index	69.4	70.3	59.2
Management index	72	72.7	59.9

*) In 2011, a new survey provider was used and the survey was modified. The work community index is based on 22 core questions and contains the indices given in the table. The survey results were presented as indices for the first time. The results were weighed by the number of respondents.

**) The figures contain the regional co-operatives, SOK Corporation (with the exception of Sokotel) and Hankkija-Maatalous.

***) The figures contain the regional co-operatives, SOK Corporation (with the exception of Hankkija-Maatalous), Sokotel and the Prismas in the Baltic countries and Russia.

Training	2010	2011	2012
Training days, Jollas Institute	1,788	2,030	1,778
Number of students at Jollas Institute	32,300	34,000	20,722

KEY FIGURES

ENVIRONMENTAL RESPONSIBILITY (The tables contain S Group's operations in Finland)

Premises	2010	2011	2012
Gross area (million gross square metres)	4.1	4.5	4.5
Energy, water and waste costs (EUR million)	149	169	188
Electricity consumption (GWh)	1,229	1,203	1,157
Heat consumption (GWh)	579	471	462
Water consumption (million m ³)	2.0	2.0	1.8
Recycling services offered to customers	2010	2011	2012
Recycling sites, total	269	256	213
Clothes recycled through UFF collection containers at S Group outlets (tonnes)	1,140	1,137	1,500
Recycled aluminium cans (million pcs)	457	529	540
Recycled plastic bottles (million pcs)	159	167	153
Batteries recycled through S Group outlets (tonnes)	156	196	236
Packages	2010	2011	2012
Imported packages to Finnish market (tonnes)	73,841	78,745	80,257
Environmental risks	2010	2011	2012
Restoration costs of contaminated soils (EUR million)	1.7	0.3	1.0
Recovery of fuel vapour (pcs)	320	354	373
VOC emissions in petrol sales (tonnes)	695	651	615



Waste	2010	2011	2012
Total amount of waste generated (tonnes)	110,000	107,000	111,000
Reuse/recycling rate (%)	70	82	85

	2010	2011	2012
Number of environmental permits and registration notifications for fuel distribution	350*	359**	364
Number of environmental permits applied for remediation of contaminated soils and number of notifications submitted	14	13	***

*) The 2010 figure only contains environmental permits. The 2011–2012 figure also contains registration notifications.

**) The 2011 figure includes eight additional registration notifications, compared to the figure presented in the 2011 Review.

***) The 2012 details on the contaminated soils PIMA permits was not available at the time the Review was published.

GRI Table 2012

S Group's Corporate Responsibility Review 2012 is the first one in which we apply the Global Reporting Initiative (GRI) guidelines. The Review covers S Group's operations in Finland. It does not contain separately those GRI figures which are included in employers' statutory obligations or collective labour agreements in Finland. This Responsibility Review has not been confirmed, but according to our assessment, it meets the Application Level C requirements.

Corporate responsibility specialist Tofuture Oy has also reviewed S Group's 2012 Responsibility Review against the GRI G3.1 guidelines and confirms that reporting meets the Application Level C requirements.

SECTION	GRI CONTENTS	INCLUDED	PAGE	ADDITIONAL INFORMATION
1. STRATEGY AND ANALYSIS				
1.1	Review by the CEO	●	2–3	
1.2	Description of the organisation's key impacts, risks and opportunities	●	9–11	
2. ORGANISATIONAL PROFILE				
2.1–2.10	Organisational profile	●	7–8	SOK Corporation's Annual Report 2012, pp. 48–49
3. REPORT PARAMETERS				
3.1–3.4	Organisational profile	●	13	
3.5	Definition of the report content (materiality, prioritisation, key stakeholders)	●	5, 10–11	
3.6–3.13	Report scope and changes in reporting	●	13, 27–28	The Review only covers S Group's operations in Finland, unless stated otherwise. SOK Corporation's Annual Report 2012, p. 64



SECTION	GRI CONTENTS	INCLUDED	PAGE	ADDITIONAL INFORMATION
4. GOVERNANCE, COMMITMENTS, AND ENGAGEMENT				
4.1–4.4	Organisation's governance structure	●		SOK Corporation's Annual Report 2012, pp. 51–57
4.8	Mission, values, codes of conduct, and principles as well as the status of their implementation	●	7, 17, 25	Read more on ethical principles in the S-kanava
4.11	Precautionary approach	●		SOK Corporation's Annual Report 2012, pp. 53, 64–65
4.12	Commitment to external initiatives	●	17, 49–50, 52–53	
4.13	Memberships in associations and advocacy organisations	●	18, 53	
4.14–4.17	Stakeholder engagement	●	14–19	
ECONOMIC RESPONSIBILITY INDICATORS				
	Management approach	●	12	
EC1*	Direct economic value generated and distributed	●	23, 25, 30, 86	For more information, please see SOK Corporation's 2012 Annual Report
EC2*	Financial implications, other risks and opportunities due to climate change	●	10–11	Addressing challenges caused by climate change
EC6*	Locally-based suppliers	●	47, 58–59	Domestic procurement, local food strategy
EC8*	Infrastructure investments and services	●	30–33	
EC9	Indirect economic impacts	●	21, 25, 30–31, 75	

SECTION	GRI CONTENTS	INCLUDED	PAGE	ADDITIONAL INFORMATION
ENVIRONMENTAL RESPONSIBILITY INDICATORS				
	Management approach	●	12, 70, 79	
EN1*	Materials used	●	57, 88	Packaging materials, plastic bags delivered to the market
EN3*	Direct energy consumption	●	71	
EN4*	Indirect energy consumption	●	71, 88	
EN5	Energy saved due to conservation and efficiency improvements	●	70–72	
EN6	Energy efficient or renewable energy-based products and services	●	66, 74	
EN7	Initiatives to reduce indirect energy consumption	●	70–73	
EN8*	Water withdrawal	●	71, 88	
EN16*	Total direct and indirect greenhouse gas emissions	●	75–76	
EN17*	Other relevant indirect greenhouse gas emissions	●	76–77	
EN18	Initiatives to reduce greenhouse gas emissions	●	72–73, 77	
EN20*	Other significant air emissions	●	84	VOC
EN22*	Waste	●	79–82, 89	
EN27*	Products and their packaging materials that are reclaimed	●	57, 84	Packaging materials, plastic bags
EN29	Environmental impacts of transporting	●	76–77	
EN30	Environmental protection expenditures and investments	●	74, 84, 88	

SECTION	GRI CONTENTS	INCLUDED	PAGE	ADDITIONAL INFORMATION
SOCIAL RESPONSIBILITY INDICATORS				
	Management approach	●	12, 37–38, 43	SOK Corporation's Annual Report 2012, pp. 38–41
LA1*	Total workforce	●	37, 86–87	SOK Corporation's Annual Report 2012, pp. 38, 41, 50
LA2*	Employee turnover	●	86	
LA4*	Employees covered by collective bargaining agreements	●	39	Collective labour agreements are adhered to
LA7*	Injuries, absenteeism	●	43	
LA8*	Education, training, prevention, and risk-control programmes in case of serious diseases	●	43–44	Safety training
LA10*	Hours of training	●	40, 42, 44, 87	
LA11	Programmes for skills management and lifelong learning	●	38–39, 42	SOK Corporation's Annual Report 2012, p. 40
LA12	Performance and career development reviews	●	39	Development reviews are conducted at regular intervals
LA13*	Diversity of governance bodies and employees	●	23, 37, 87	SOK Corporation's Annual Report 2012, pp. 41, 54–57
HR2*	Suppliers and contractors that have undergone human rights screening	●	50–51	SOK Corporation's Annual Report 2012, p. 36
HR5*	Operations with significant risk for violating employees' freedom of association	●	49–50	BSCI
HR6*	Operations with significant risk for incidents of child labour	●	49–50	BSCI
HR7*	Operations with significant risk for incidents of forced labour	●	49–50	BSCI
SO1*	Local community engagement and development programmes	●	21, 25, 32–33, 35, 41	SOK Corporation's Annual Report 2012, pp. 42–43

SECTION	GRI CONTENTS	INCLUDED	PAGE	ADDITIONAL INFORMATION
SO5*	Participation in public policy development and lobbying	●	17	SOK Corporation's Annual Report 2012, pp. 12, 36
PR1*	Life cycle stages in which health and safety impacts of products and services are assessed	●	49, 59–61, 78	
PR3*	Product and service information required by procedures	●	47–48	
PR5	Customer satisfaction	●	22, 67	
PR6*	Adherence to laws related to marketing communications	●	24	

As applicable, the report uses the indicators of the GRI Food Processing Sector Supplement for S Group's responsible procurement.

SECTION	GRI CONTENTS	INCLUDED	PAGE	ADDITIONAL INFORMATION
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INDICATORS IN ACCORDANCE WITH THE FOOD PROCESSING SECTOR SUPPLEMENT				
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FP1	Purchased volume from suppliers compliant with the company's sourcing policy	●	50–55	
FP2	Purchased volume in accordance with responsible production standards	●	50–55, 61	

● Reported

● Partially reported

* Core indicator in GRI Guidelines



DEFINITIONS OF TERMS AND CALCULATION OF KEY INDICATORS

Key terms used and calculation formulas are described in greater detail on this page. All indicators presented in this Review only apply to S Group's operations in Finland, unless stated otherwise.

Co-op member

A co-op member is an individual member of S Group's co-op membership system.

S-Etukortti

The S-Etukortti card is the membership card of S Group's co-operatives, a symbol of co-op membership and a key to benefits available for co-op members. An S-Etukortti card is personal. Members of the same household as a co-op member will receive their own S-Etukortti cards. The S-Etukortti card can be a cash card or payment features offered by the S-Bank can be included in it.

Bonus

The Bonus is a purchase reward paid on purchases from S Group and its co-operation partners. The Bonus amount is determined by the total monthly purchases of the co-op member household and the Bonus table of the household's own co-operative.

Payment method-related benefit

The payment method-related benefit is a benefit of 0.5%, accumulated from purchases covered by the payment method-related benefit and made in S Group outlets in Finland and paid with an S-Etukortti card. The payment method-related benefit is calculated from the monthly purchases of the co-op member household.

Return of the surplus

A co-operative can distribute to its members a share of the result of the financial period by paying them a return of the surplus, among other things. The return of the surplus to be paid is determined on the basis of the purchases made by the co-op member household in the co-operative during the financial period, based on the percentage decided by the Council of Representatives. The decision regarding the payment of the return of the surplus

is made annually by the co-operative's Council of Representatives in connection with the adoption of the financial statements.

Interest on membership fee

A co-operative can distribute to its members a share of the result for the financial period, among others, by paying interest on the membership fees invested. The decision regarding the payment of the interest on membership fee is made annually by the co-operative's Council of Representatives in connection with the adoption of the financial statements.

GWh

Gigawatt hour = one million kilowatt hours (kWh)

CO₂

Carbon dioxide, a greenhouse gas which considerably contributes to the warming of the climate

$$\text{Recycling and energy recovery rate (\%)} = 100 - \frac{\text{Volume of landfill waste}}{\text{Total volume of waste}} \times 100$$

Accident at work

An accident at work which resulted in an absence or a minimum compensation of EUR 100 during the reporting year in S Group. The 2011 Review included all accidents regardless of the level of severity, so the figures are not mutually comparable.

$$\text{Accident frequency} = \frac{\text{The number of accidents between 1 January and 31 December}}{\text{Number of work hours completed between 1 January and 31 December}} \times 1,000,000 \text{ hours}$$

$$\text{Personnel turnover} = \frac{\text{Number of permanent employees who left the company in 2012 (the situation on 31 December 2012)}}{\text{Number of permanent employees (the situation on 31 December 2011)}}$$



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