



# Game Changer

INTEGRATED REPORT

ST1 NORDIC OY



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## About this report

**This is the Corporate Sustainability Report of St1 Nordic. It is published to recount our most material disclosure topics in corporate sustainability as well as our business activities. It also serves as our Communication on Progress towards the UN Global Compact.**

**Our corporate sustainability reporting follows the same principles of consolidation as our Financial Statement and includes all our Group companies. This report has been prepared in accordance with the standards of the Global Reporting Initiative (GRI) (2016):Core. Additionally, our oil refinery in Gothenburg complies with the standards of ISO 14001 and the Eco-Management and Audit Scheme (EMAS) for environmental management systems. Our Gothenburg refinery will publish its EMAS report following its auditing in June 2021.**

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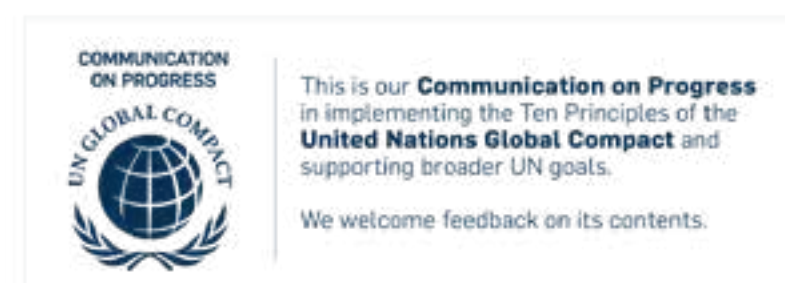
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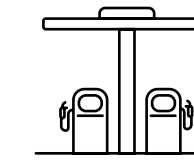


## St1 in brief

# Energy company St1

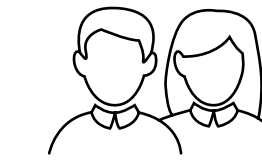
**St1 is a Nordic energy company that operates in Finland, Sweden and Norway. Through our operations, we implement our vision to be the leading producer and seller of CO<sub>2</sub>-aware energy. In the spirit of our vision, we research, develop, produce and invest to be able to provide our customers with CO<sub>2</sub>-aware energy while creating a positive societal impact.**

**Our goal is to increasingly replace fossil energy with renewable and carbon neutral options. We focus on fuel marketing activities, oil refining and renewable energy solutions such as waste-based advanced ethanol fuels and industrial wind power. Our Group has 1,250 St1 and Shell branded retail stations in Finland, Sweden and Norway. Headquartered in Helsinki, we currently employ approximately 980 people. Our operations are strengthened by strategic long-term partnerships in various areas.**



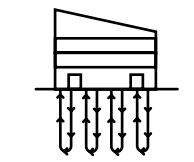
## Retail stations

- A fuel distribution network that provides quality food and other convenience retailing services in Finland, Sweden and Norway
- All in all, 1,250 St1 and Shell stations: unmanned and service stations as well as heavy goods vehicle (HGV) sites
- Fuels with lower impact on the environment with better fuel economy and performance and high-quality services for customers
- Secure mobile payment services



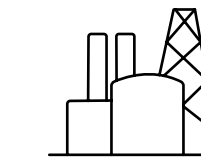
## Customer relations and corporate sales

- A wide range of energy products and services for both private and corporate customers
- Premium-class heating oils and liquid fuels for machinery
- Marine fuels
- Fuel cards for private and corporate use



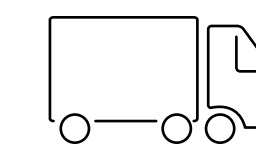
## Energy production

- Biorefining advanced biofuels for transport
- Operating wind farms as a service concept
- Sustainable, energy-efficient geothermal heat production pilot
- Ground source heating solutions
- Oil refinery in Gothenburg with an annual capacity of approx. 30 million barrels of crude oil, products mostly sold through our own network



## Sustainability and future business

- Developing the sustainability of St1's Value Chain
- New business development think tank
- Energy transition business
- Carbon sequestration business
- Partnerships and cooperation with academia and the business sector



## Supply and logistics

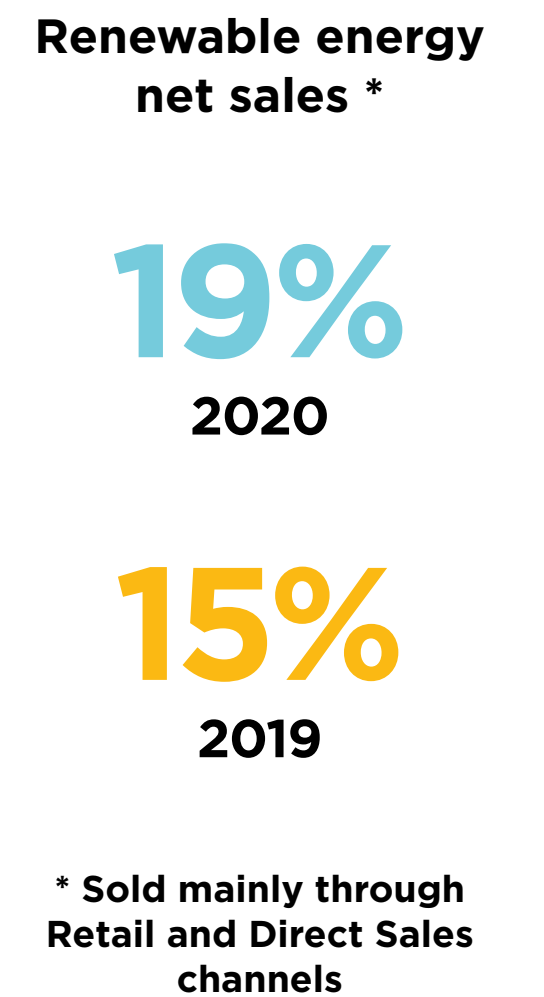
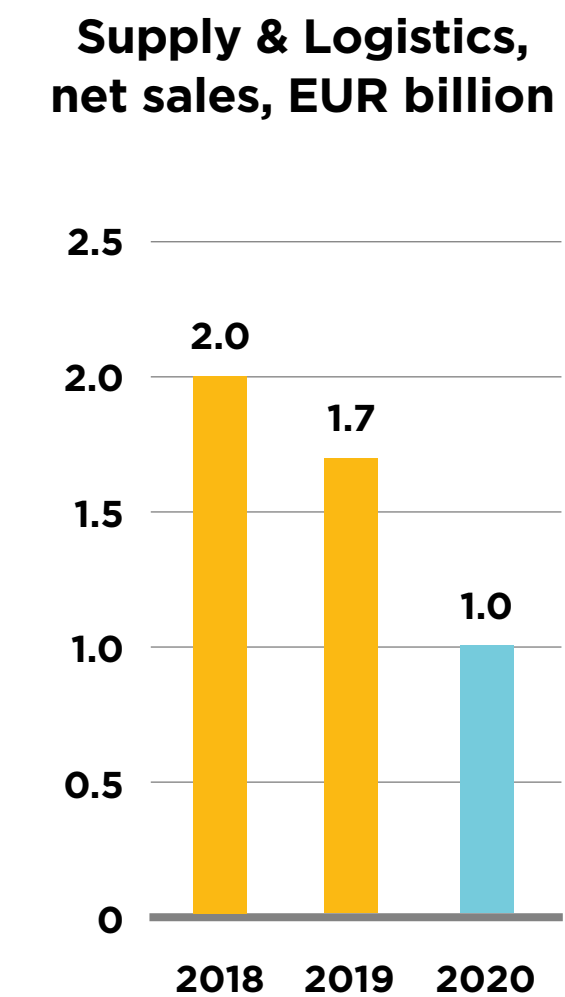
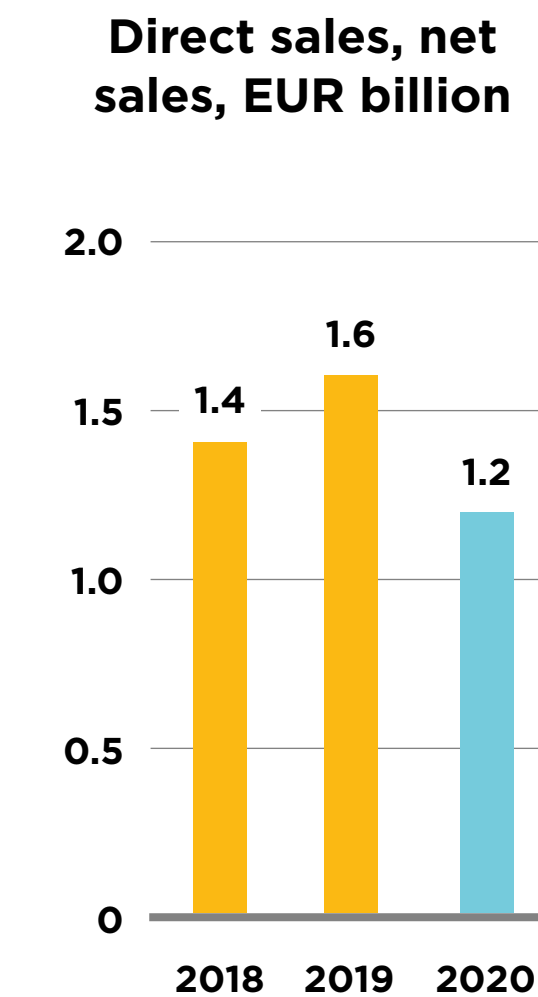
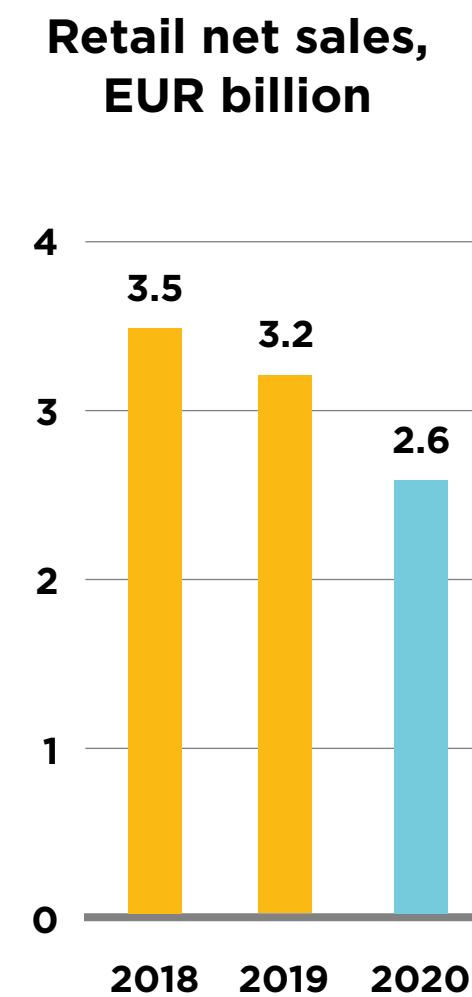
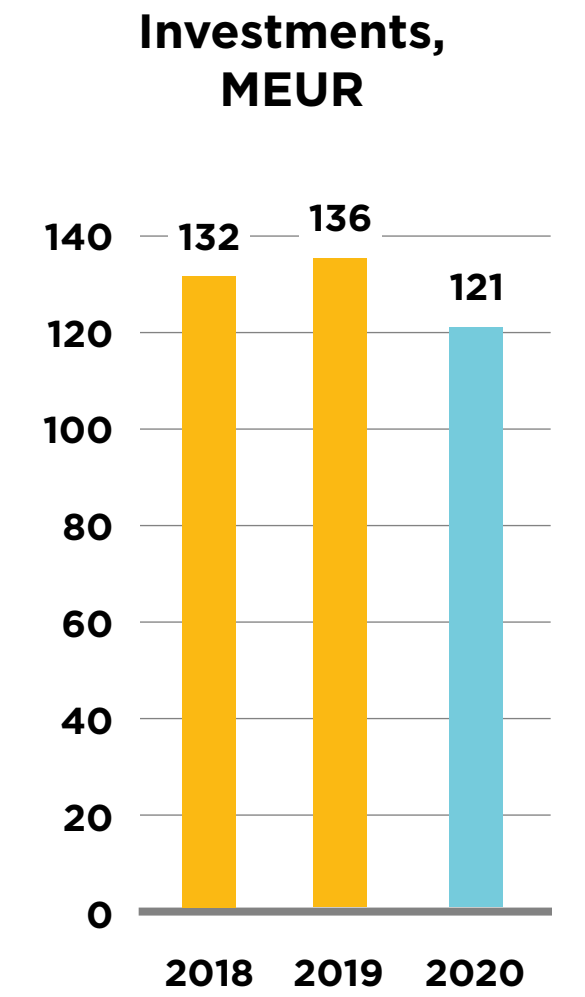
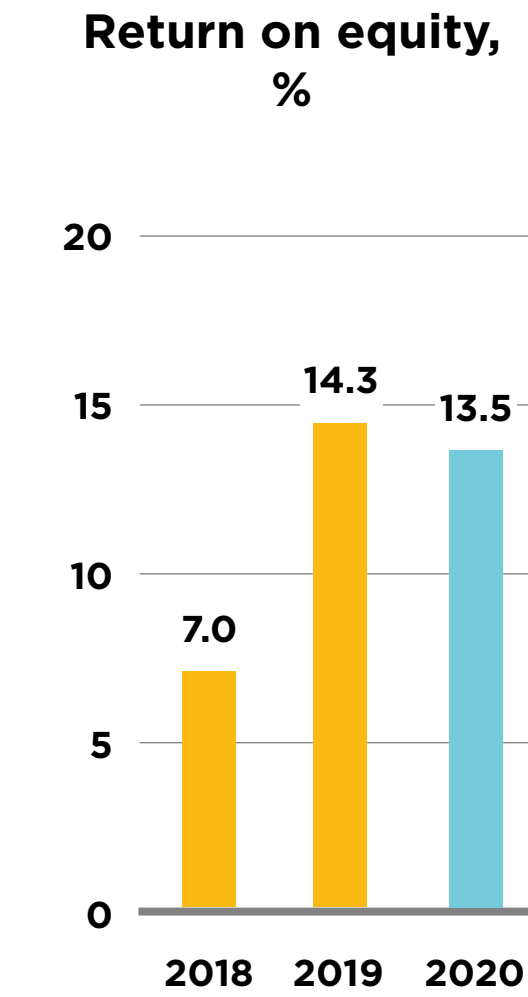
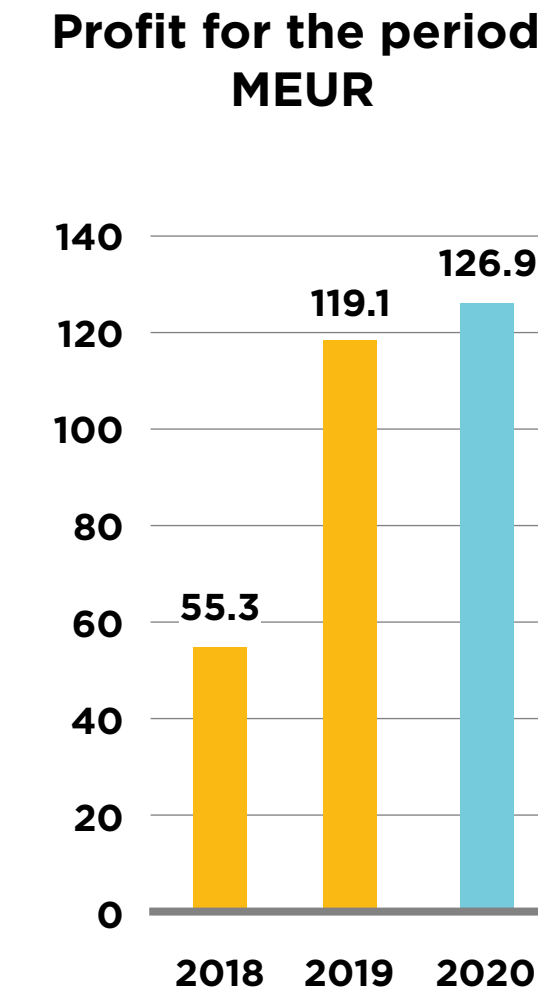
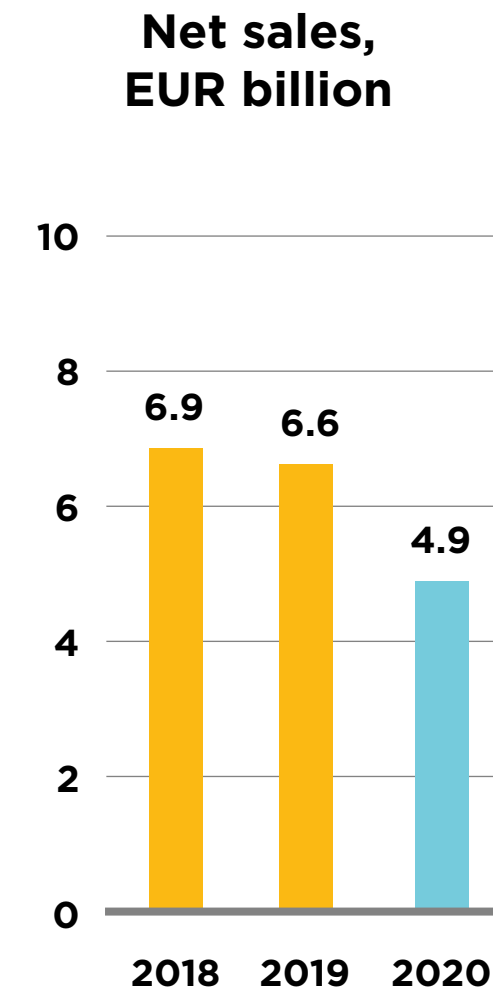
- A comprehensive logistics chain in all of our operating countries consisting of terminals for storing products and a wide transport network, together with our associated company North European Oil Trade (NEOT)
- Our associated company North European Oil Trade (NEOT) sources oil products from St1 Gothenburg refinery but also from other refineries in the Baltic Sea region

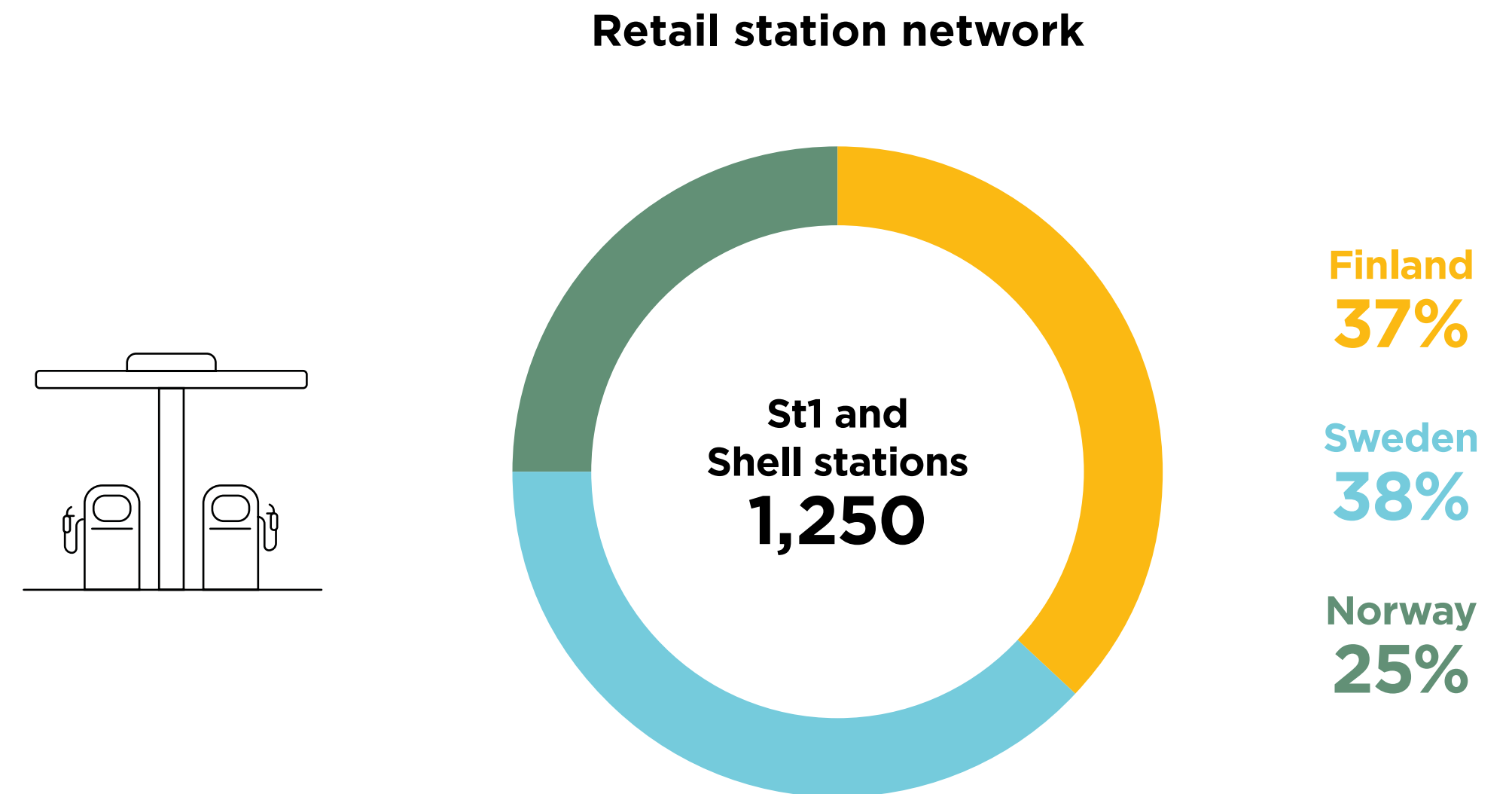
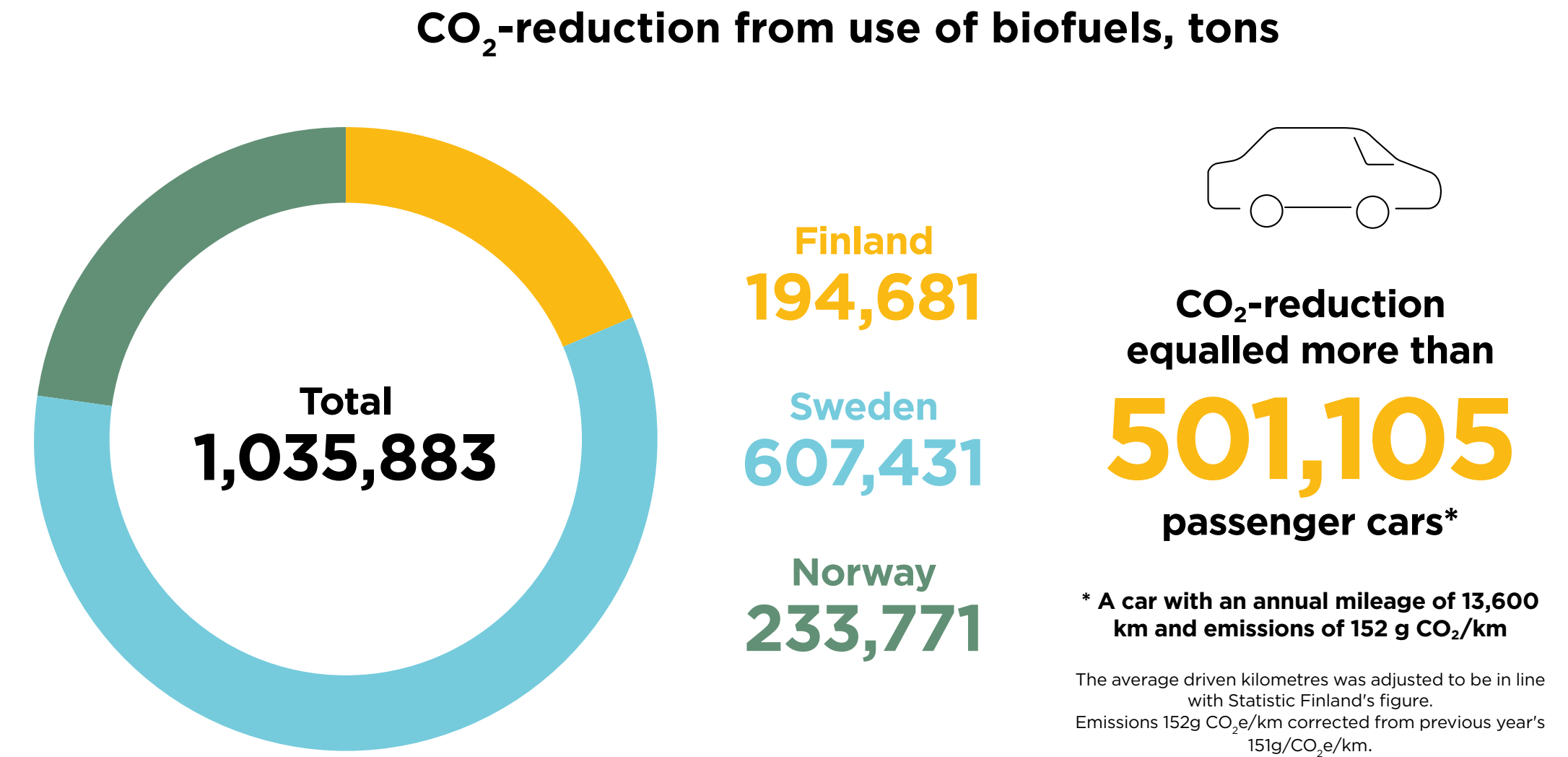
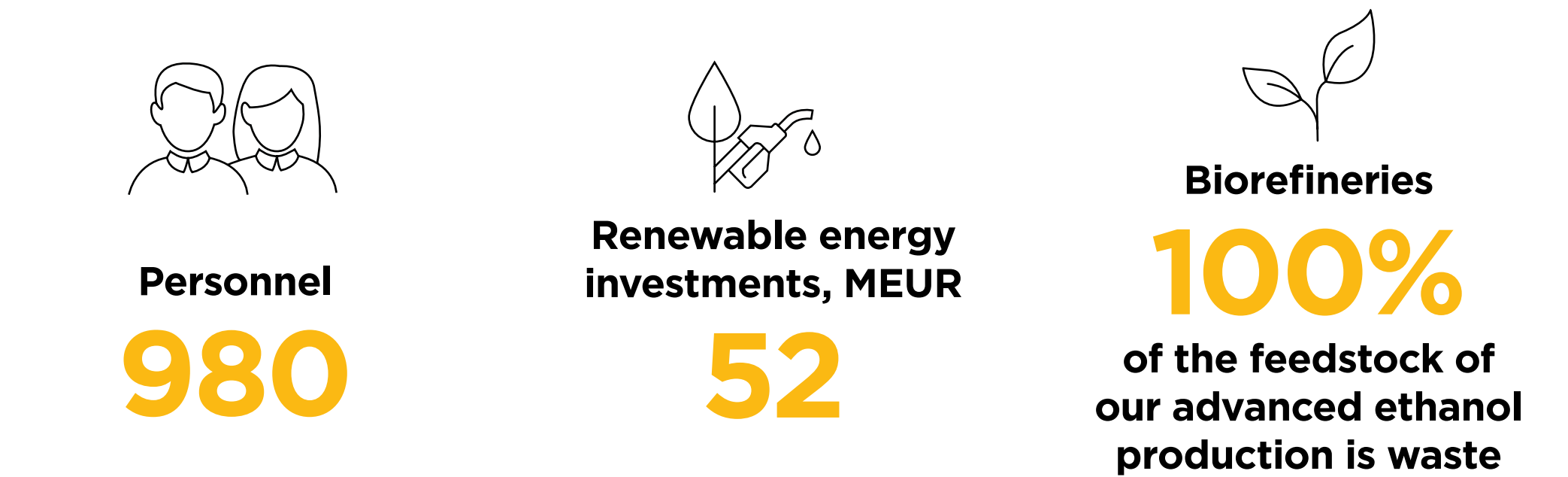
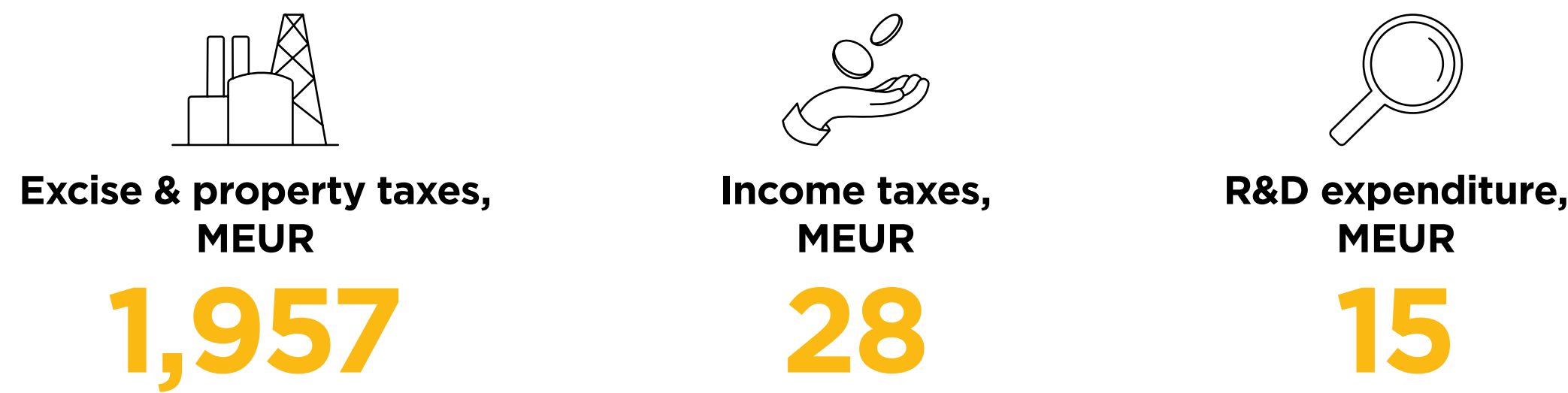
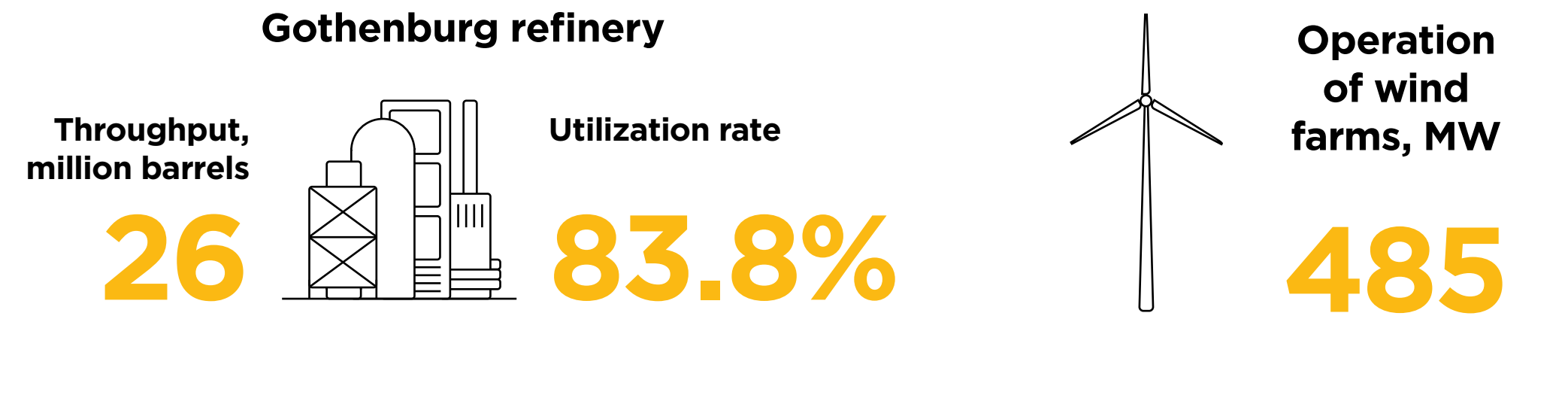
Key figures

# Year 2020 in figures

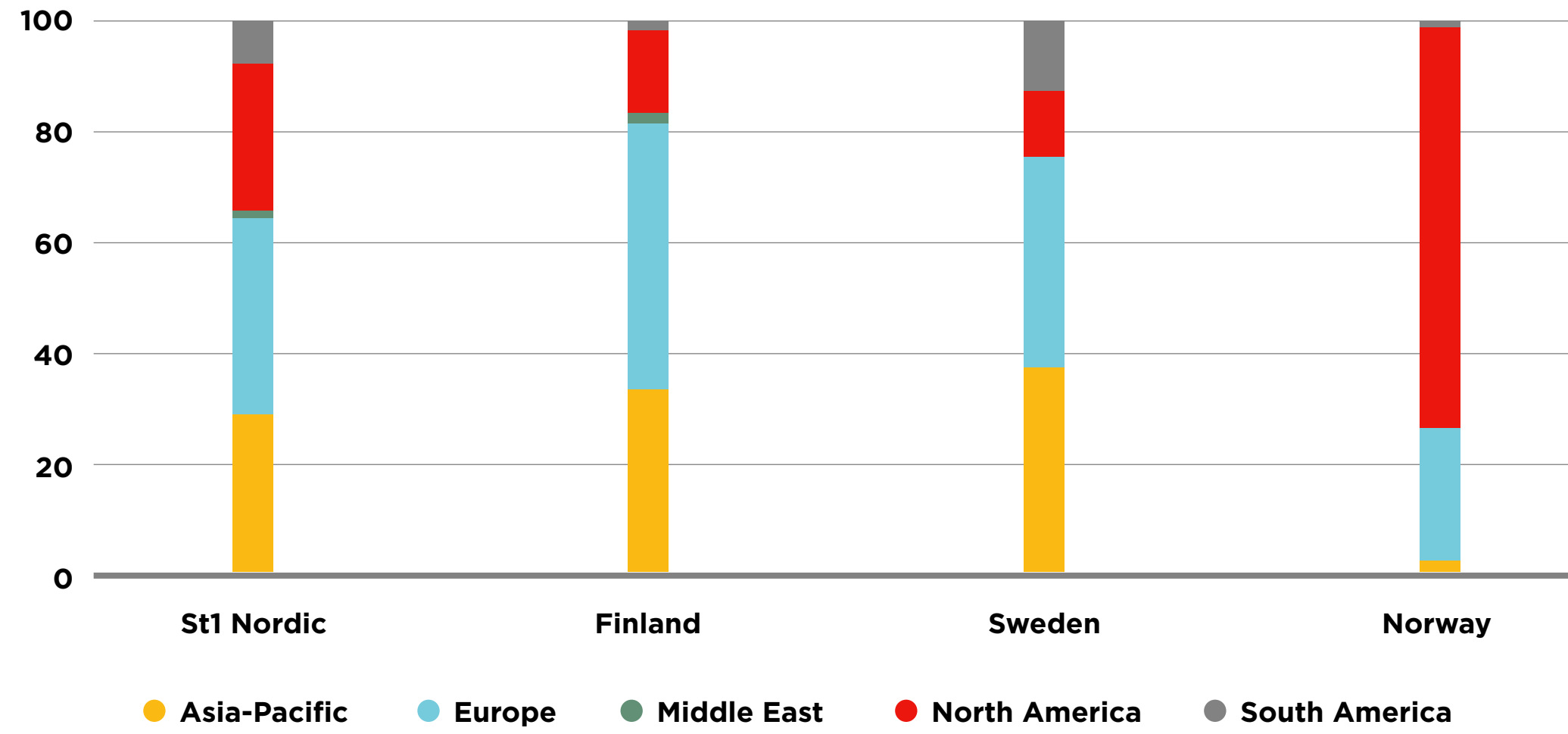
Market shares, %

Finland	Sweden	Norway
<b>Petrol</b> <b>23.1</b>	<b>Petrol</b> <b>20.8</b>	<b>Petrol</b> <b>18</b>
<b>Diesel</b> <b>18.6</b>	<b>Diesel</b> <b>16.0</b>	<b>Diesel</b> <b>17.8</b>
<b>Light Fuel Oil</b> <b>18.2</b>	<b>Light Fuel Oil</b> <b>16.4</b>	

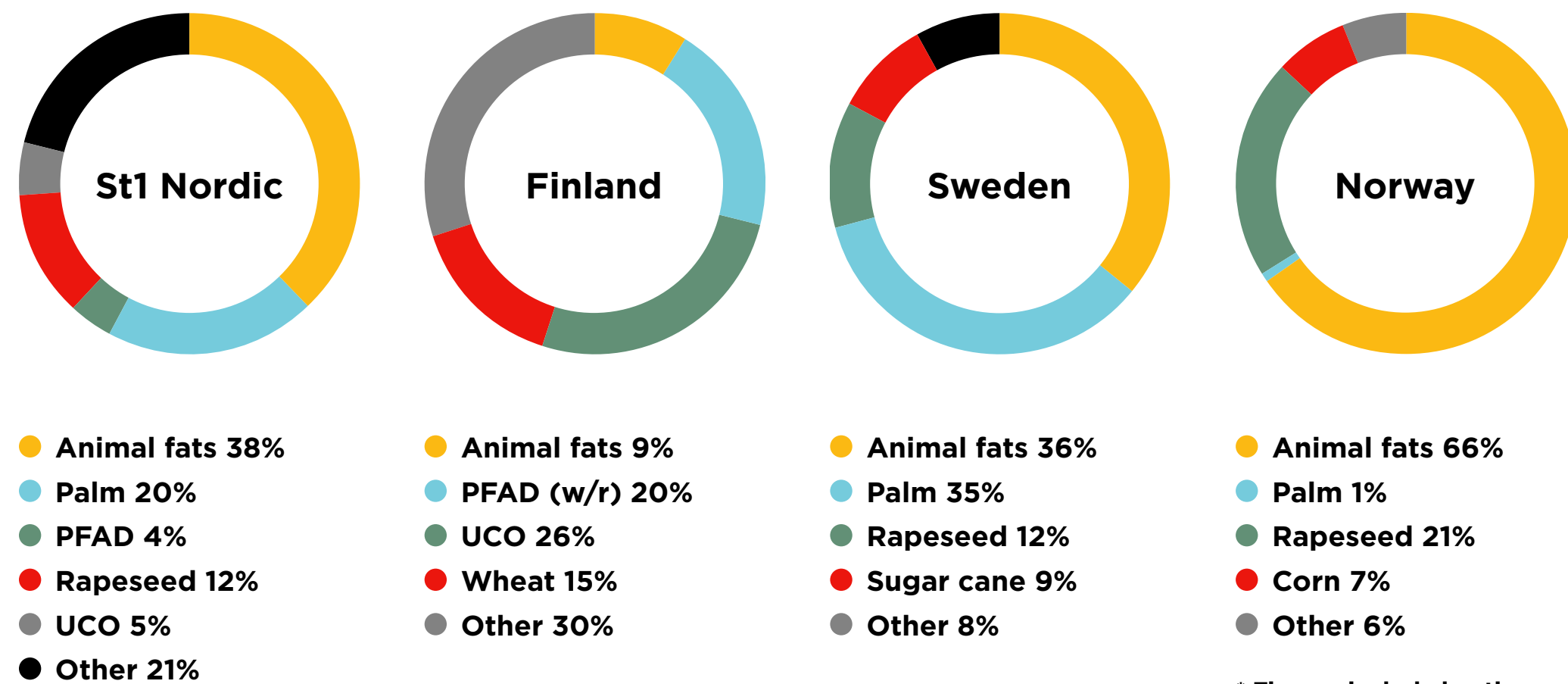




### Biofuels feedstock country of origin by region (% volume)

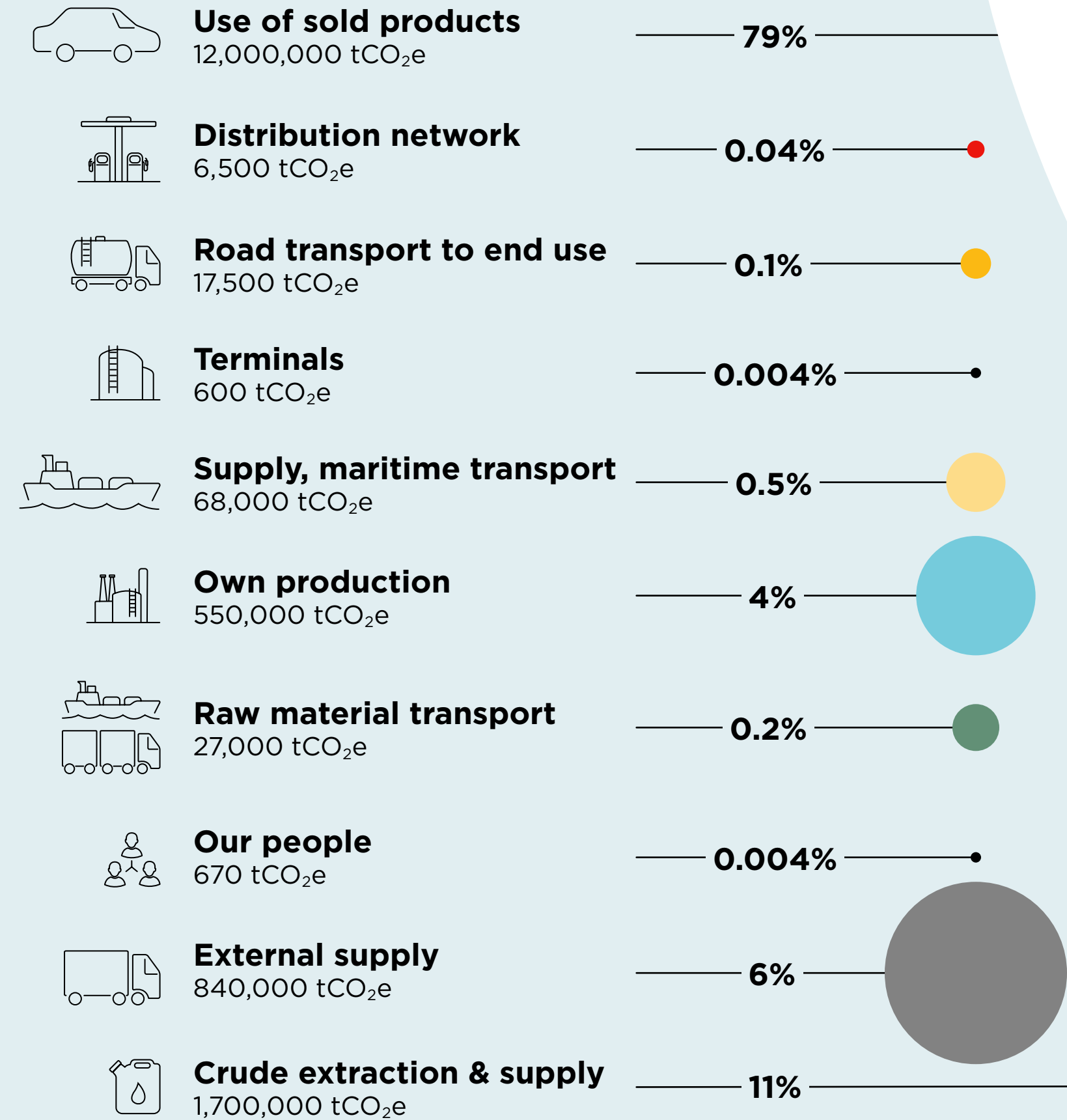


### Biofuels feedstock split



\* Figures include heating oil and off-road use bio.

### Value chain emissions, total 15,100,000 tCO<sub>2</sub>e



Current value chain emissions are based on initial estimates and calculations done during the first data gathering exercise. Calculations are based on reference values given by e.g. Renewable Energy Directive (EU) 2018/2001 and Well-to-Wheels methodology. The work continues during 2021.



Highlights

# Highlights 2020

**WE SUPPORT**



**Commitment to a more sustainable value chain**

St1 joined the UN Global Compact as a Participant. The Global Compact is a voluntary initiative based on Group management's vision to implement universal sustainability principles to take steps to support UN goals.



**New biorefinery on its way**

Construction work on the Green Process Unit started at St1 Gothenburg refinery. The unit is aimed at producing renewable fuels, such as HVO diesel, jet fuel and naphtha.



**Openings of the newly built stations in the Nordic network**

Service station with PLOQ food shop in Varberg, Sweden



**Board and Management**

Kati Ihamäki was elected to St1 Nordic's Board of Directors. Miika Eerola was appointed CEO of St1 Refinery Ab.



**Manifesto on Solving Global Energy Challenges**

Publication of St1 Outlook, which gives the bigger picture on climate change and global energy challenges and consider how we can reverse the situation.

→ [Read more](#)



Service station in Tvedestrand, Norway



**Strengthening our supply chain network**

Purchase of a terminal in Gävle strengthened St1's nationwide network of terminals in Sweden, ensuring seamless distribution of fuels to our retail stations and customers.



**Capital for new investments**

Wind power capacity sold in Finland to free up capital, for new investments in renewable energy.



Unmanned site in Oulu, Finland





**All management activities during COVID-19 pandemic focus on ensuring the safety of our employees and that of customers visiting our sites, as well as the continuity of our business and planning for the future.**

## St1's response to the COVID-19 pandemic

# Focus on ensuring the safety and continuity

**The emergence of the COVID-19 pandemic has had both measurable and immeasurable impacts on St1's operations, affecting both profit and loss as well as our employees' wellbeing.**

Our COVID-19 preparedness and management initiatives started in early March 2020, beginning with actions by the St1 Management Team to evaluate the impact of the crisis on the company. These were quickly followed by local crisis management teams taking the lead. All management activities focused on ensuring the safety of our employees and that of customers visiting our sites, as well as the continuity of our business and planning for the future. Once the pandemic situation had calmed down locally in St1's different operating countries before the summer and the initial tight restrictions were gradually lifted, an After Action Review was launched in all locations to assess the lessons that were learned and record responses and development items. Taking into account that the situation concerning COVID-19 varies in the countries where St1 operates, we created location-specific plans to facilitate the return to the new remote working mode in a controlled manner corresponding to the status of the pandemic and local authorities' recommendations and requirements. When feasible, we used external support to validate planned activities and the implemented guidelines. Travelling between St1 offices has been severely limited

throughout the pandemic, so coordination across countries has swiftly and smoothly transitioned to remote mode. With the re-emergence of the autumn, action plans to ensure safety and business operations were implemented anew. Both St1 Management Team and local crisis management teams closely monitored the recommendations or requirements of local authorities and they were put into practice once more in order for St1 to both react and proactively take necessary actions. By all measurable standards, the procedures have been successful, and the impact of the pandemic arising from St1's own actions or decisions has been limited. The number of cases of COVID-19 among St1 employees could be described as low. However, the cases reflect national differences in incidence rates. The main impact of COVID-19 on St1's activities has been an almost full cessation of internal and external group gatherings, including internal and external marketing events. Several stakeholder events were moved, postponed or cancelled and the impact of these actions in terms of, for instance, St1's brand recognition, is still unknown. The Group continues to adapt to the situation caused by the COVID-19 pandemic and is actively preparing for circumstances to normalize.



## CEO's review

# Focus on transition

**In addition to having had a significant impact on virtually everything in society, the COVID-19 pandemic has certainly tested our endurance. As a company, it has made us develop new ways of working together as well as create more robust controls for business conduct. Frequent communication has risen to a key role during the period of remote work. I am truly proud of how our people have been able to adapt to the changing conditions.**

Our strong Nordic organization continued to enable good performance despite exceptional conditions in 2020. In the face of challenging circumstances, our business continued to be profitable, we implemented planned investments and divestment, and carried on with several major growth projects.

### The financial year

The St1 Nordic Group's net sales amounted to EUR 4.9 billion, down EUR 1.7 billion year on year. The decrease in net sales was due to a sharp decline in the world market price of oil in spring 2020 and a slight decrease in the sales volume of service stations.

In other respects, there were no significant changes in sales volumes, except for the sale of aviation fuel to the associated company Aviation Fuelling Services Norway AS, which decreased by approximately 50% due to a drop in air traffic.

Last year, 48% of the Group's net sales came from Sweden, 25% from Finland, and 27% from Norway. A growing part of our net sales comes from renewable energy, mainly biofuels, equalling almost

19% in 2020. Our operating profit increased to EUR 162.9 million (2019: EUR 150.1 million). Profit after taxes was EUR 126.8 million, compared to EUR 119.1 million in the previous year.

Owing to the COVID-19 pandemic, refining and wholesale margins were significantly worse than in the previous year, as demand in the oil market declined but remained positive overall. The improvement in refining margin hedges in 2021 and 2022 offset the inventory effect of the decline in oil prices on earnings. Despite fierce price competition and the pandemic situation, the Retail and Direct Sales markets maintained their earnings levels. The year's result was also positively affected by the sale of our share in the business of our associated company Tuuliwatti Oy in October 2020. Investments totaled EUR 121.2 million, the largest of which went to a biorefinery that is under construction in Gothenburg.

### Steps in the energy transition

Our vision is to be the leading producer and seller of CO<sub>2</sub>-aware energy. We solve global energy challenges in a manner that enables societal



and climate well-being. All our actions aim at a positive societal impact.

In 2020, St1 Nordic signed the UN Global Compact. Through our own sustainability work, we commit to supporting and implementing the ten core principles of human rights, working life, the environment and the fight against corruption.

We published St1 Outlook in 2020. It demonstrates the complexity of the energy system and how it needs to be changed a little at a time, in conjunction with the continuation of our modern life on this planet and an understanding of the interconnections in the transition.

In the spirit of our vision, we have identified strategic focus areas where we can best achieve our goals of mitigating climate change by investing in solving global energy challenges and in the transition of the energy sector while ensuring the necessary cash flow. We are determined to take concrete steps in the consistent and long-term implementation of our strategy. We are focusing on investments in the production of biofuels from sustainable feedstocks, research and development in lignocellulose-based biofuels and geothermal heat, as well as the creation of a synthetic fuel value chain.

The construction of a biorefinery in connection with our Gothenburg refinery is underway and the plant is expected to be completed in early 2023. In the future, the refinery will be able to flexibly use a wide range of feedstocks that meet current and future requirements for renewable fuels. Drilling work for the geothermal thermal power plant in Otaniemi, Espoo, was completed in 2020. Flow tests prior to the actual commissioning are currently being prepared. We are also looking

at increasing carbon sinks as part of our climate change mitigation efforts and continue our R&D work in semi-desert areas. Our divestment from Tuuliwatti last year will help ensure our ability to invest heavily in new renewable energy projects in the future.

### **Our organization in transformation**

We implemented the new Group level business unit structure in 2018, and our Nordic strength is really starting to pay off. We have now started to pursue sectoral integration within St1. To succeed in our strategic focus areas and deliver major initiatives, our Nordic organization must continuously evolve. Our people, with their key expertise and competences across all business units, will form new value chains that adapt responsively to the tasks at hand. Our Culture for Growth provides a strong platform to develop the competence of the whole organization not only to meet the future requirements but also to drive the inevitable transformation.

I would like to thank all our employees for their commitment to our common goals, as well as for their responsibility and support. I also wish to thank all our partners and customers for their trust, cooperation and assistance, which have enabled us to keep our business running in these challenging times.

Our focus will continue to be on the safety of our staff and customers during this pandemic, and our thoughts are with those families and friends who have been affected by the virus.

We look ahead and prepare to return to a more normal daily life even stronger.

**Henrikki Talvitie**, CEO

# How will energy transition happen?

Wherever possible, we must pursue these:

## #1

Energy efficiency gains must be ensured

## #2

Burning must be stopped

## #3

Fossil energy use must be converted to renewables

## #4

Biomass must be used for highest refining value

## #5

Electrification must cover the rest





## Statement of the Chairman of the Board

# Investments in the future

**Ambitious targets need to be set and tough decisions must be made to mitigate climate change. However, before making any commitments, it is vital to understand how the global energy system works, what dependencies exist in the global economy, and how investments are made.**

Climate change mitigation targets and decisions should be based on science-based roadmaps and actions that can be turned into business opportunities. The objective for obligations must be clear – to aim towards climate neutrality. The end game must be kept in sight when preparing actions. Healthy balance sheets and income statements should enable long-term investments, otherwise investors may soon be out of the game. Entrepreneurship involves risks, but these must be managed.

One major challenge for investors is timing vs. technological advancement. Which point of the technology cycle is the right moment to invest into a new technology, for example into synthetic fuel production? Those who are too early may pay a high price if the market or technology is not ready. Those who are too late risk losing their business, and above all, they would not achieve the aim of reducing CO<sub>2</sub> emissions.

Processes leading to investment decisions are lengthy. For example, together with leading technology providers in the field, St1 seeks the

most promising technologies that can convert solid biomass to advanced biofuels. The time span for the project is five to 10 years as the technology readiness level is not yet mature and the cost of development and investment amounts to hundreds of millions of euros per plant. In order to meet short term targets in the European Union, dozens of similar projects would be needed. An investment like this would tie up capital for decades. Increasing renewable energy production capacity to the desired level would require, for example, development, research, regulation, international agreements and the training of new skills and competences. These can result in new investments.

Accelerating the commercialization of new technology demands substantial investments in R&D. Pioneering efforts must focus on developing globally scalable solutions. Furthermore, these solutions must be piloted on an industrial scale, which must be supported by national regulations that go beyond the EU objectives. Funds should be spent where the impact is greatest – globally.



**Climate change knows no borders**

Climate change hits the people in developing countries the hardest. Population growth and rising standards of living in developing countries result in massive increases in the demand for primary energy. The construction capacity of the world’s renewable energy production cannot keep up with this new demand. To meet it, new investments in fossil energy production are constantly being made, in the developing countries in particular. The most urgent action for rich, industrialized countries is to find mechanisms to support the energy transition in developing countries so that the share of new fossil energy production is minimized.

For the time being, the EU focuses on measures to reduce emissions within the Union. The current framework only allows for actions within borders. For this reason, climate action is done in part on paper, while the global effects remain a zero-sum game. For example, feedstocks are imported to the Nordics for processing from outside the EU, so that we can utilize them to achieve our domestic emission reduction targets. This only further complicates the ability of the feedstock’s country of origin to reduce its own emissions. This is an expensive exercise that does not increase innovation or emission reductions.

**St1’s vision is to be the leading producer and seller of CO<sub>2</sub>-aware energy**

We want to be in the driver’s seat in the energy transition. Last year we invested 50 million euros in renewable energy, and our R&D expenditure was 15 million euros. Approximately 1 Billion euros of our nets sales came from

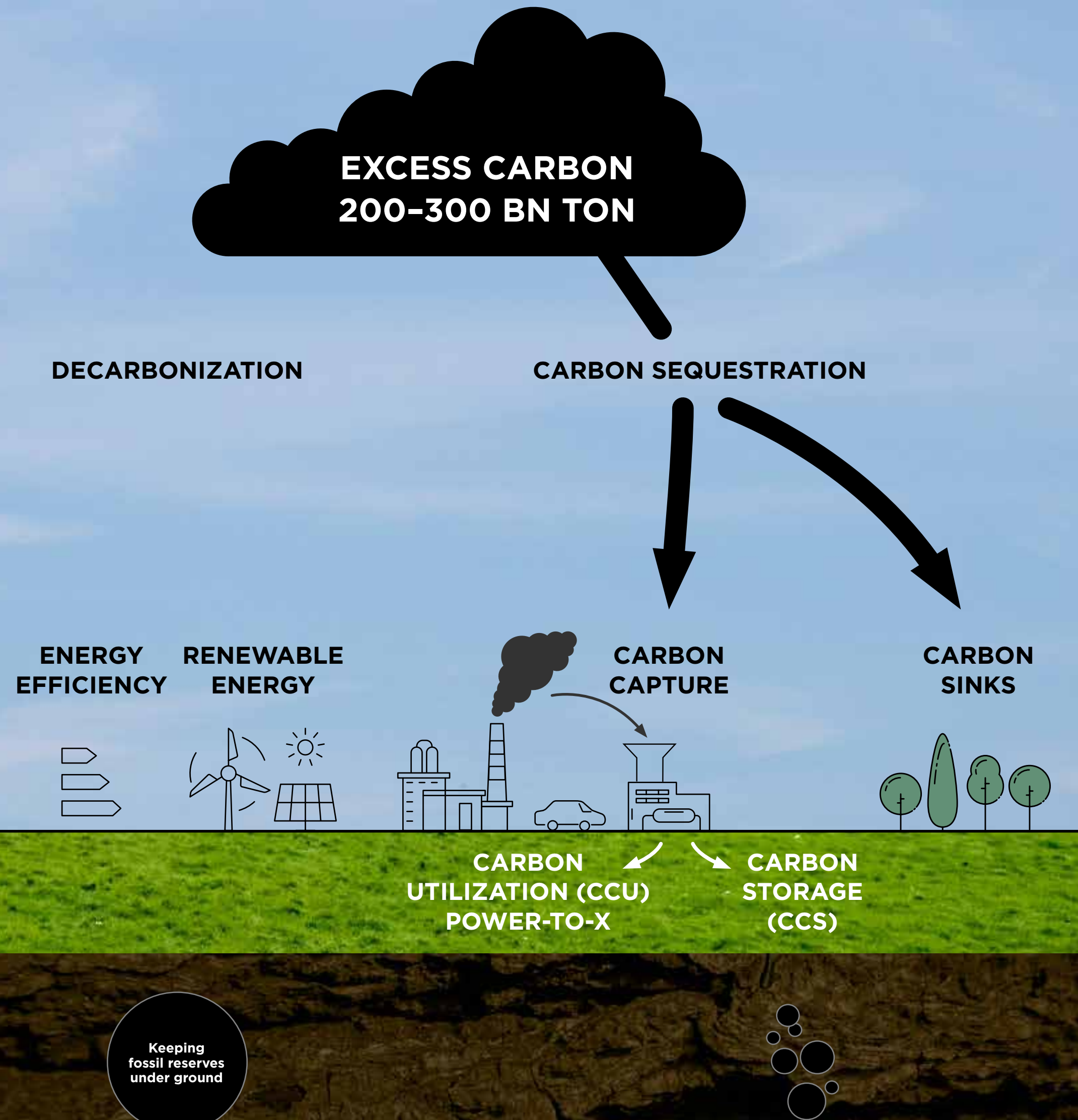
renewables, equalling 19% of the total. In the context of the global climate crisis and the loss of biodiversity, these numbers are small. However, our actions in the renewables arena have placed us at the same tables and markets as the biggest energy companies and technology providers in the world. This has given us a well-positioned understanding of the time horizon and the investments needed to the energy system transition.

We participate in many consortia and partner initiatives that research and promote activities to mitigate climate change. We are hungry for new, proven knowledge and are prepared to change our views. We strongly believe that the constructive joint efforts by scientists, climate and policy experts, together with organizations, will take us closer to achieving a sustainable carbon cycle.

In 2020, we published St1 Outlook, where we examine the bigger picture on climate change and global energy challenges, and consider how we can reverse the situation. You will find it [here](#). We welcome your thoughts and hope you can join forces with us in solving global energy challenges.

**Mika Anttonen**, Chairman of the Board

**Sustainable carbon cycle requires massive investments in**







# Sustainability

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## Sustainability director's review

# The year that changed our thinking

**The year 2020 was a year that was supposed to change everything. Previous climate targets were coming to the end of their course and a new era of the next decade was creeping in. The decisions, but more importantly, the actions that are being made during this decade will define our path towards long-term climate change mitigation, and its success. The pandemic, however, shifted the world's focus to a great extent - at least temporarily.**

The long-term impacts of COVID-19 on society as a whole will become more visible over time. But the pandemic's impact on efforts relating to the global sustainability agenda on a wider scale will be quite remarkable. The importance of sustainability did not change much - quite the opposite - but the global goals, the development of regulations, and the 2030 agenda will suffer the consequences. The role of organizations as corporate citizens and of sustainability in our operations will be ever more important in our endeavours towards a more sustainable future.

The year 2020 proved that when we encounter challenging, unexpected times, and when society's fundamental sense of security is put to the test, focusing on social sustainability from a wider perspective is of utmost importance. What we saw during the year is that equality doesn't apply during pandemics either. The areas that

have been hardest hit by the crisis are ones where inequalities and living conditions are far worse than here in the Nordics.

At the same time, we have faced the fact that no matter what the context is, we feel the impacts - physical and mental. Taking care of each other and the physical presence of those closest to us - our friends and family, our colleagues - these are the things we have missed. The influence on social sustainability is direct and can also have long lasting effects everywhere. There are definitely differences in how we have all been affected by COVID-19, but what hopefully stays in our minds is how we can overcome situations like this in the future.

When things get tough, it is easy to cut corners on social aspects, but during difficult times, social sustainability should be all the more important.



There is a lot that needs to be done in global society to raise our ambitions regarding impacts on people – no matter what their location might be.

### Time for more ambitious targets

We have all had great hopes on global climate change mitigation actions and are eagerly awaiting developments on the EU Green Deal and the Paris Agreement, to mention a few. 2020 was destined to be the year of progress. Now the work at hand is proving to be harder than what had probably been considered. During last year, emissions dropped 6.4 per cent due to economies shutting down after COVID-19. This resulted in a global drop in primary energy use, showing the correlation of energy, economy and emissions. In early 2021, projections are already showing an upturn in all three of these.

Although the pandemic has resulted in a short-term decrease in global emissions, society's demand for energy has not disappeared. This needs to be kept in mind in the planning of policies and climate actions. We need clever decisions that aim at long-term solutions, not a patchwork to meet intermediate targets. More investments must be made into energy efficiency, renewable energy, and a sharper focus placed on capturing CO<sub>2</sub> from the air, both through nature-based solutions and through technological means. But most importantly, we need a mental shift towards more sustainable behaviour, and that responsibility relies on us all.

While daily lives and routines were put to test by the pandemic, we as an organization still managed to develop our sustainability agenda, keeping St1's vision clearly in our minds. We at St1 used the last year to strengthen the foundation

of our sustainability work. We renewed our Code of Conduct and signed a commitment to the UN Global Compact, which will be a key aspect in our future development. We have been conducting a risk assessment of human rights impacts within our value chain and are developing our processes based on the findings. In addition, we have been educating our people on sustainability topics, strengthening our internal resourcing, and continuously building our future towards increasing sustainability.

I hope that despite the extraordinary year, we can take a few learnings from our dear 2020.

- When our own sustainability and well-being are tested, it is important to reach out and not close in. We must support our mental energy.
- We need to remember the basics – what is important to us, and what we aim towards.
- Circumstances and the way we do our work might change, and our resilience will be tested in the future as well. Climate change exists, with or without the pandemic.
- We need to realize that even if people stop, societies don't. Most of the emissions come from sources that are out of sight – therefore, the energy transition is vital.

Finally, I hope that during 2021, we can build on these learnings and meet each other more often. After all, the human connection is something that cannot be mimicked or digitalized. Furthermore, it is during these connections that something unexpected can happen that could help us change the world.

#### Timo Huhtisaari

Director, Sustainability and Future Business

**Taking care of each other and the physical presence of those closest to us – our friends and family, our colleagues – these are the things we have missed during the pandemic.**





## Sustainability agenda

# Creating positive societal impact

**Our sustainability work at St1 boils down to understanding our own impact and collaborating with our partners and other stakeholders across our entire value chain. Creating a positive societal impact and moving towards a more sustainable carbon cycle requires bold actions and perseverance. Our journey has just begun.**

## Sustainability strategy

At St1, we aspire to be an energy company that challenges the conventional. We aim at creating positive societal impact in everything we do, across our entire value chain. We measure the success through our ambitious objectives which are linked to our business unit specific focus areas and UN SDG benchmarks.

Through our RESPECT framework we are developing best-in-class sustainable value chain and ESG stewardship in the Nordics. We achieve this together with our partners through concrete actions that lead to measurable results. Our integrated value chain gives a unique possibility to manage and develop our direct and indirect impacts.

By being the best-in-class in sustainable business practices, we create long-term competitive advantage. We are a trustworthy and responsible actor, and a desirable partner in the energy sector with a genuine passion for sustainable, collaborative, and socially just transition. We challenge other actors within our industry to

join us in making the transition towards a more sustainable future a reality.

To announce a bold and more coherent sustainability statement, in 2020, St1 signed the UN Global Compact. This is a public declaration wherein we committed to align our sustainability efforts with the priorities that the UN has defined for the private sector, which are human rights, labour rights, environmental protection, and anti-corruption. In line with the UN's perspective, at St1, we believe that progress in enhancing human capabilities and quality of life while protecting our physical environment can only be achieved through cooperation and a holistic approach to sustainability.

The sustainability objectives that we define for St1 will not only be words on pieces of paper. They will be the backbone of our sustainability strategy and directly impact our strategic priorities going forward. For this reason, St1 has joined the UN Global Compact's Sustainable Development Goals (SDG) Ambition programme. The programme will guide our processes in setting ambitious, concrete

**The global pandemic has proven that we cannot be lulled into shutting our eyes from global problems. The upcoming years require us to be bold gamechangers in terms of concrete actions and strong collaboration across the industrial sectors and national borders. We are all in this together, and it is up to us to work towards more sustainable future.**



and science-based targets that are informed by research on social, environmental, and economic sustainability. These objectives and associated targets will work as alignment and guiding tools in decision making, partner selection, purchasing practices, and innovation projects.

### **Our sustainability governance – strengthening the foundations**

The year 2020 was peculiar for many reasons. It challenged our resilience on both the organizational and individual levels, but also led us to recognize the importance of remembering the basics. For us at St1, sustainability means many things – it is about ensuring long-term competitive advantage, which takes us closer to our vision. It is about enabling a more sustainable carbon cycle. But most of all, it is about making sure that our operations – the way we do business – are managed in a sustainable and ethical manner whilst respecting the triple bottom line of people, planet, and profit.

We at St1 focus on doing business in responsible manner. We thrive from integrity, transparency, and open dialogue. In June 2020, we renewed the St1 Code of Conduct package in accordance with its ten principles, formulating the backbone for our sustainability governance. The package was reviewed and approved by our Board of Directors in June.

The package consists of five documents, of which three describe our commitment and expectations: St1's Code of Conduct, St1 Partner Code, and the St1 Human Rights Policy. In addition, two supportive documents were published – our Employee Guide to the Code and the Partner Guide to the Code. These supplement the package and offer our stakeholders added guidance on our expectations towards them, explaining how to act in different situations whilst

interpreting the Code. The Guides will also serve as parts of our training materials, which we will develop further during 2021.

Safeguarding open dialogue in all our operations is important to us. We take all potential incidents of misconduct seriously and want to ensure the proper process to handle any cases that might occur. We continuously encourage our employees and stakeholders to report any behaviours they may see that they feel represent a breach of our ethical business principles.

The launch of the St1 SpeakUp channel, was a specific milestone in our development of a proper grievance process. The channel enables everyone within our sphere of influence to report any incidents anonymously. While it is only one step in developing our processes, it is an important one for ensuring that we have all the means available for safeguarding ethical and transparent business practices.

For an organization to be fully sustainable, it needs robust sustainability governance. It is everyone's responsibility to operate in an ethical and sustainable manner. Sustainability governance involves building up the basic operational principles for the business, identifying gaps in current processes, and developing new ones if they are lacking. It is about setting ground rules and targets and monitoring their development – now and in the future.

In 2020, our sustainability governance development at St1 focused primarily on updating and training our people on our ethical principles, understanding our impact and potential risks within our value chain, managing the development of processes supporting sustainability governance, and

**Here in the Nordics, we possess extremely good capabilities in developing new technologies and green innovations. It is also safe to say, that when it comes to target setting in terms of sustainability, we can be considered vanguards. But even good targets are left vague without powerful, concrete actions. There is no more time for words – we need actions.**





making sustainability more relevant in everyone's day-to-day activities. This journey is a marathon, and we will achieve our milestones only through collaboration and resilience.

**RESPECT**

RESPECT is St1's internal Sustainability Framework. Under it, we develop our literacy with regard to sustainability and coordinate our sustainability development topics. The focal themes were identified during a materiality analysis that took place in 2018. At the beginning of 2020, our sustainability development focused on re-assessing and updating the themes which our development will focus on in the future.

- The **Impacts on People** theme focuses on human rights aspects and social sustainability, as well as our ethical principles, and transparent governance.
- The **Transparency** theme deals with our supply chain's sustainability and traceability, communication on raw materials, and reporting and communication on our sustainability work through the St1's Sustainability Report (GRI), in strong collaboration with our partner NEOT.
- The **Sustainable Carbon Cycle** theme involves the development of our impact evaluation from the perspective of value chain emissions modelling. It supports our vision to transition towards a more sustainable value chain.
- The **Competence Development** theme focuses on cultivating our organization's and our partners' knowledge on sustainability matters and what sustainability means for St1. It includes collaboration with human resources and integrating sustainability as part of our Culture for Growth and general trainings organized on the Nordic level as well as locally.

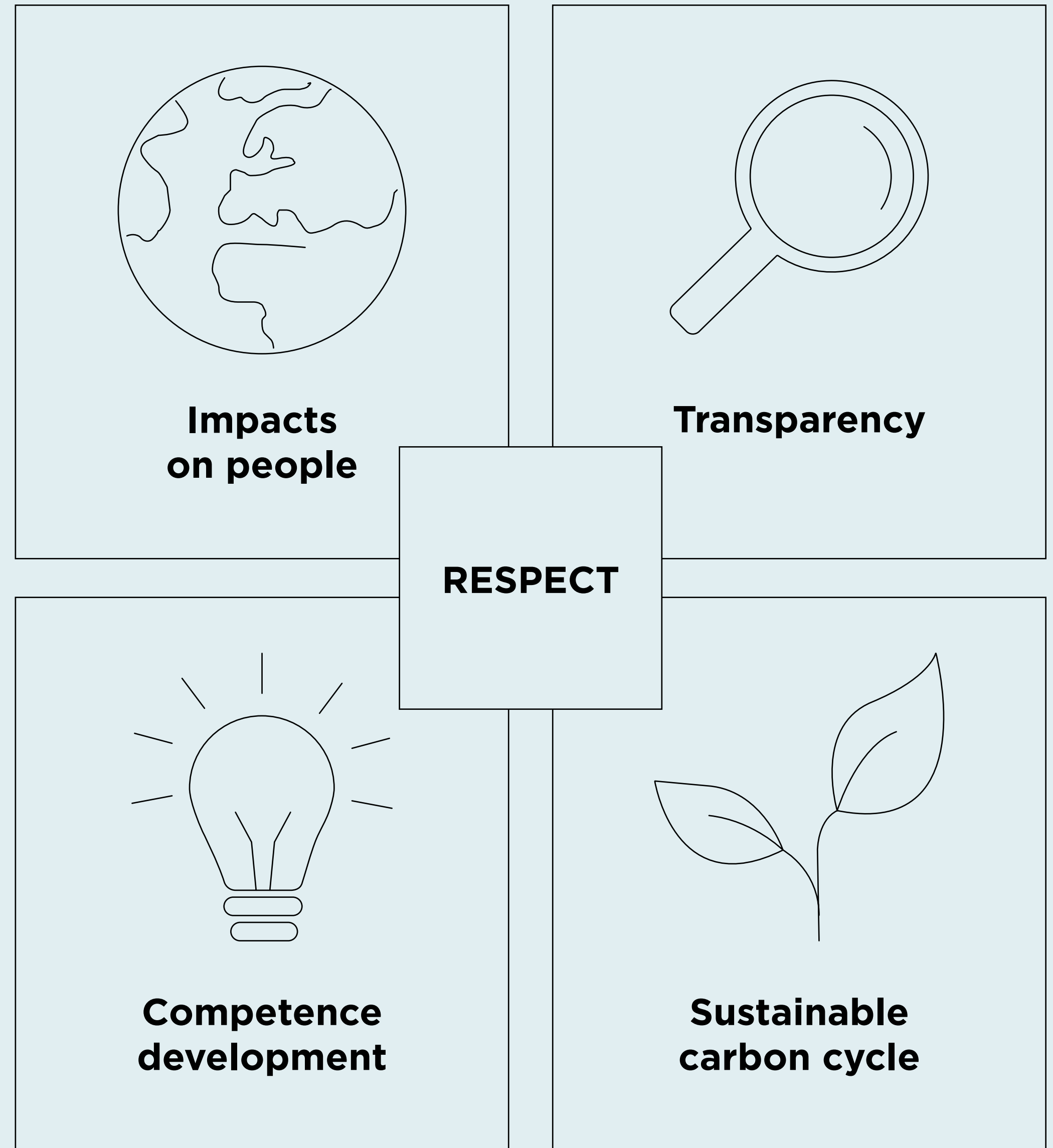
With its redefined themes, RESPECT continues to serve as our internal framework, helping us bring

our development closer to our employees and their daily actions. It connects our sustainability work to our Culture for Growth, and also sets clear priorities for future development priorities and our group-level sustainability strategy. In addition, we initiated an update to our materiality assessment as a part of our stakeholder survey to gain a wider perspective on our material topics. We will finalize the work during 2021 with an updated materiality matrix.

**Focus on competence development**

Embedding sustainability at the centre of our business requires our operations and our employees to develop continuously. One of the key themes for us in 2020 proved to be Competence Development. COVID-19 challenged our daily routines, but also gave us the opportunity to quickly adapt and arrange sustainability trainings, which were piloted for our sales organization in Finland in the first half of 2020. This interesting, first-of-its-kind sustainability training focused on the basics of sustainable development, the legislative environment, and new business development. It consisted of five different modules and was arranged together with our partner NEOT. The learnings and feedback that were obtained have been adopted for further competence development actions.

The theme of Competence Development was one of our cornerstones in 2020, and it will continue to be in the future. During the year, we began to bring sustainability to the core of our Culture for Growth and of our people development. In addition to sales-specific trainings, our training agenda focused on the UN Global Compact's principles, the St1 Code of Conduct package, and the SpeakUp channel and its role within our organization. We also arranged trainings related to our Code of Conduct and ethical





**At St1 we are passionate about our customers and their experience with our products and services. For us it is important to understand our customers and develop our Nordic Station Network and our premium class products to meet their expectations.**



business principles for managers, HR, and Finnish production sites. These will continue during 2021.

### **Towards a more sustainable carbon cycle**

Our vision to be the leading producer and seller of CO<sub>2</sub>-aware energy is bold, and it requires us to continuously evaluate not only our operating environment, but the way our own operations contribute to our surroundings. Understanding our own impact is the key. As a theme, Sustainable Carbon Cycle is one of the most important development focus areas that interconnects all our business units. The transition towards a more sustainable carbon cycle requires us to identify our current state of emissions and the climate in general, and then create metrics and KPIs to reduce our impact. This theme binds St1's strategy, our on-going business development, and future scenarios together, while naturally also bringing sustainability closer to our daily operations.

Working towards a more sustainable carbon cycle requires robust, scalable, and economically viable solutions. In our endeavours as an energy company, we don't only relying on one solution but emphasize the importance of sectoral integration and a long-term transition by utilizing existing energy infrastructure capabilities. The demand for liquid fuels is steady and our logistics chains are in need of more sustainable alternatives on land, in the air, and at sea. One could argue that our global trade and our very existence is dependent on petrol, and that consumption is increasing more rapidly than we are able to launch new, more sustainable solutions to market. This makes climate change mitigation almost impossible. Nevertheless, the St1 Group – our entire value chain – is dedicated to resolve this. We put all our efforts into providing more sustainable solutions to meet energy demand now and in the future.

Our current production of advanced ethanol focuses on using waste and cellulosic materials with three different technologies - Cellunolix®, Etanolix®, and Bionolix®. It is a strong example of world-class expertise and R&D taking us towards our vision and meeting customer demand for liquid fuels by replacing fossil crude oil with more sustainable alternatives. We are constantly searching for other sustainable raw materials together with our partners, as well as through investments in our own R&D projects. Our Gothenburg Green Process Unit (GPU) is one of the largest investments in renewable fuels and will have an annual capacity of 200,000 tonnes. The production facility is expected to be commissioned in 2023 and will be an integral part of fulfilling our long-term strategy in renewables.

Together with liquid fuels and their role in our society, our ventures toward a more sustainable carbon cycle include wind energy production and geothermal heat. Both play an integral role in providing power and heating solutions replacing fossil energy. Wind power continues to be one of the most cost-efficient ways to produce electricity, and it will serve a significant role in satisfying the rapidly growing demand for renewable electricity. We continue to invest in building additional production capacity in the Nordics and are currently focusing on the potential of Arctic areas in Northern Norway.

Our journey to become the leading producer and seller of CO<sub>2</sub>-aware energy requires constant learning. Challenging the old truths is one of our ground rules, and also sets the baseline for our future business development. We believe that technology will continue to play an enormous role, and that technology-focused ecosystems and sustainable partnerships will only grow in importance as we search for the most promising innovations and solutions to decrease our



dependence on fossil energy. Power-to-X and its potential for industrial scalability have been in strong focus throughout the year 2020, and we will continue developing in this area in the upcoming years. Although technology and innovations are essential, we must not forget the value of nature and the balance it provides to our global ecosystem. One of St1's focus areas is to invest in the research of nature-based **carbon sequestration activities**.

**Understanding our own impact**

In order to develop our business in a more sustainable manner, we need to identify and understand our impact within our value chain. This refers to understanding whether our impact is positive or negative, and how to develop our actions further. Understanding our impact requires the systematic impact assessment of our current operations, and the capability to model the potential impact of our future development. In addition, it demands robust ESG risk assessment procedures that are integrated into existing management practises and operations.

After signing the UN Global Compact and integrating its ten principles into our Code of Conduct, we defined the focus areas for the rest of the year. In June, we initiated human rights risk assessment work in collaboration with Enact to identify the most salient human rights risks within our value chain. The work was finalized at the end of 2020, with recommendations for further actions. The results were presented to group management and country management teams with further action plans covering 2021. Understanding our impact on social sustainability is integral, and during 2020 we achieved major progress in defining the needed actions and development topics for the upcoming years.

Value chain emissions management is a key element in the transition towards climate and carbon neutrality. In 2020, we defined our objective to create a process and toolset that will enable us to monitor and control our current value chain emissions and future development towards net zero emissions. To support our mid- and long-term strategic planning, we need robust data management systems and modelling capabilities. Digitalization and the role of our business technology are essential in determining our future. They also operate as enablers for our strategic energy transition management. During 2020, we defined our development needs for data management, consisting of collecting and storing data as well as a user interface layer for data visualization, in order to formulate targets and pathways for reducing our Scope 1, Scope 2, and Scope 3 emissions.

**A basis for further development**

2020 brought us unexpected challenges, but the role and importance of sustainability increased tremendously. The most important emphasis was to recognize and make sustainability work visible on the group level, determine the themes and focus areas for further development, increase cross-organizational collaboration in sustainability development, and continue to build the necessary bridges. In the latter half of 2020, our business units engaged in group-level strategy work by describing the current state of all our operations. We identified several positive attributes and further development topics throughout the organization in terms of sustainability. Our endeavours in developing a more sustainable value chain, more sustainable operations, and more sustainable solutions requires continuous collaboration, re-thinking, and improvement. The collaboration between business units continues. We will further develop St1's Group-level sustainability strategy with unified targets in 2021, in strong collaboration with our partners, customers, and our own people.

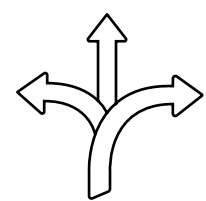
# Sustainability at St1



**Actions & Targets**

**Gives us common guidelines and prioritized actions for our operations, sustainability governance and for our sustainable, new business models.**

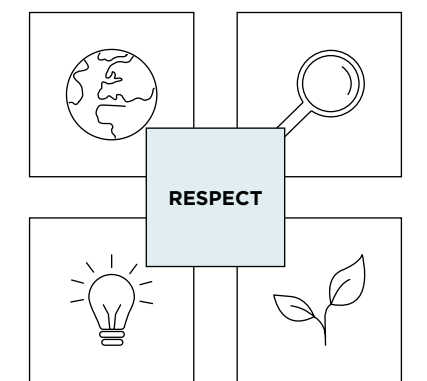
Concrete actions and targets taking us to closer to our vision.



**Strategy**

**Agreed framework to focus development, investment and drive performance, as well as engage internal and external stakeholders.**

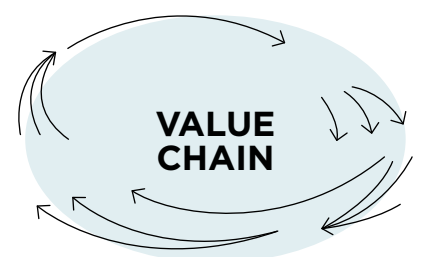
Sustainability strategy enabling positive societal impact through best-in-class sustainable value chain.



**St1 Vision**

**Encourages and mandates us to be bold gamechangers and understanding our own impact and challenges us in redefining sustainable business.**

To be the leading producer and seller of CO<sub>2</sub>-aware energy.





Yearly retail and sales kick-off events in all our markets are highly valued opportunities for the stakeholders to meet and hear about future plans.



## Stakeholder engagement

# Focus on important perspectives

**Stakeholder dialogue is important as it ensures the success of all our operations. Thus, it is a vital part of our Group management's and employees' daily work. We engage with our many stakeholder groups continuously in a variety of formal and informal settings across the markets where we operate.**

Examples of engagement vary from day-to-day interactions with our customers and employees and memberships in business and industry associations to participating in community meetings and organizing seminars. Active and open dialogue helps us live up to our stakeholders' expectations with relation to our business environment and matters concerning sustainability.

### Listening to our stakeholders

St1 commissioned an extensive stakeholder survey last year. We invited all our stakeholders, including the employees of St1, to share their perspectives. The goal of the survey was to listen carefully to our stakeholders to better understand their needs and perceptions. Furthermore, we wished to gain a grasp of their expectations with regard to us and the energy sector in general, now and in the future, especially in terms of sustainability.

This was the first time we had accomplished this type of initiative on such a large international

scale, and it was truly beneficial. We have already begun planning various new ways to communicate to our stakeholders on topics of interest to them, particularly about the work we are doing to solve global energy challenges and about our efforts to enhance sustainability across our value chain.

We also initiated an update to our materiality assessment as a part of our stakeholder survey to gain a wider perspective on our material topics. We will finalize the work during 2021 with an updated materiality matrix.



Stakeholder group	Expectations	Our engagement actions
<b>Customers</b> <ul style="list-style-type: none"> <li>• Consumers</li> <li>• Companies</li> <li>• Public entities</li> </ul>	<ul style="list-style-type: none"> <li>• Develop sustainable and safe products, services, and solutions that fulfil customers' needs</li> <li>• Help customers make sustainable choices</li> <li>• Superior customer service</li> <li>• Enable safe service and customer experience in the current COVID-19 situation</li> </ul>	<ul style="list-style-type: none"> <li>• New shop concepts and products</li> <li>• Newsletter</li> <li>• New ways of working and processes to ensure safe service and customer experience</li> </ul>
<b>Extended personnel and management</b> <ul style="list-style-type: none"> <li>• About 980 employees in Group and subsidiary offices, terminals, and production facilities</li> <li>• About 70 employees in associated companies</li> <li>• Approximately 6,500 indirectly employed: entrepreneurs and distributors and their staff, station managers, sales channel traders, and employees of transportation companies</li> </ul>	<ul style="list-style-type: none"> <li>• Vision and values that they can be proud of</li> <li>• A fulfilling and inspiring workplace</li> <li>• Open communication and dialogue</li> <li>• A company culture that encourages involvement, professional development and respect</li> <li>• Successful and sustainable business conduct</li> </ul>	<ul style="list-style-type: none"> <li>• Yearly retail and sales kick-off events</li> <li>• St1 Value Chain engagement</li> <li>• St1 Story day – an informal event where employees join in discussions exploring St1's strategy and future</li> <li>• Employee engagement surveys</li> <li>• Regular performance development and training opportunity reviews</li> <li>• Group Intranet, Nordic and local Town Hall meetings, Open House events</li> </ul>
<b>Partners</b> <ul style="list-style-type: none"> <li>• Distribution chain entrepreneurs and traders</li> <li>• Strategic product and service providers</li> <li>• Business partners</li> <li>• Organizations</li> <li>• Research organizations and universities</li> </ul>	<ul style="list-style-type: none"> <li>• Long-term partnerships</li> <li>• Successful and sustainable business conduct</li> <li>• Mutual development opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Yearly retail and sales kick-off events</li> <li>• Meetings, seminars, direct interaction</li> <li>• Participation in various research projects and studies</li> </ul>

Stakeholder group	Expectations	Our engagement actions
<b>Financiers</b> <ul style="list-style-type: none"> <li>• Banks and financial institutions</li> <li>• Investors</li> <li>• Analysts</li> </ul>	<ul style="list-style-type: none"> <li>• To provide timely and consistent data about St1's progress and sustainable business conduct</li> <li>• To highlight significant topics affecting St1's financial performance</li> </ul>	<ul style="list-style-type: none"> <li>• Company releases, direct communication with financiers, presentations, Integrated Annual Report</li> </ul>
<b>Media</b> <ul style="list-style-type: none"> <li>• Domestic and international media</li> <li>• Social media</li> </ul>	<ul style="list-style-type: none"> <li>• To provide transparent fact-based information</li> <li>• To contribute to general discussion</li> <li>• To be easily approachable and available</li> </ul>	<ul style="list-style-type: none"> <li>• Press releases, company releases, social media posts, website, newsletter, regular updates and events, site visits, presentations at seminars, interviews</li> <li>• Prompt responses to media requests</li> <li>• Transparent dialogue, even on challenging topics</li> </ul>
<b>Society</b> <ul style="list-style-type: none"> <li>• Local communities</li> <li>• Authorities, decision-makers and legislators</li> <li>• Academia</li> <li>• Non-governmental organizations, industry associations and cooperation bodies</li> <li>• National Emergency Supply Agency</li> </ul>	<ul style="list-style-type: none"> <li>• To provide market-specific and general information on the energy sector and transition to further enhance the basis for decision making</li> <li>• Technological and scientific challenges for research</li> <li>• Local presence in communities</li> <li>• Social responsibility</li> <li>• Job creation</li> </ul>	<ul style="list-style-type: none"> <li>• One-to-one meetings, hosting site and company visits, meetings, seminars, roundtable discussions, articles, excursions to St1 sites</li> <li>• Service segment training program</li> <li>• Recruitment channel for service segment</li> <li>• Various university research projects</li> <li>• Access to work-life learning for young people</li> <li>• National crisis trainings</li> <li>• St1 Outlook publication</li> </ul>



## Involvements in organizations and joint projects

# Cooperation will take us further

We participate in many consortia and partner initiatives that research and promote activities to mitigate climate change. We are hungry for new, proven knowledge and are prepared to change our views. We strongly believe that the constructive joint efforts by scientists, climate and policy experts, together with organizations, will take us closer to achieving a sustainable carbon cycle.

### Trade associations and industry platforms

### Purpose

FuelsEurope	Represents the interests of companies conducting refinery operations in the EU.
Leaders of Sustainable Biofuels	Supports the advanced biofuels lobby in the EU agenda.
Chemical Industry Federation of Finland	A trade association for the chemical industry and its closely related sectors, covering various fields in the basic and production chemical industry.
Finnish Biocycle and Biogas Association	Promotes nutrient recycling and the use and development of biogas technology and its knowledge in the society. The Association wants to influence positive development of the biocycle sector field by taking part in the legislative development, by publishing information and by giving presentations in events organized by the Association or other actors.
Finnish Clean Energy Association (Lähienergialiitto)	Its goal is to make the use of renewable energy as easy as possible for Finns as well as to help clean energy industry to grow. Their focus is on renewable energy, smart energy solutions and energy efficiency.
World Energy Council Finland	World Energy Council Finland is a network of leaders and practitioners promoting an affordable, stable and environmentally sensitive energy system.
Drivkraft Norge	Promotes the common interests of the energy station sector and uses its competences to lobby renewable liquid fuels and related policy objectives towards Norwegian politicians, media, and stakeholders.
Drivkraft Sverige	An industry organization for the fuel, fuel bitumen and lubricant sectors in Sweden. Its task is to assist members and society in related issues, convey correct information and disseminate knowledge and promote the interests of the industry.
The Norwegian Wind Energy Association (NORWEA)	Promotes the Norwegian wind and ocean energy industry.
Convenience Stores Sweden	Actively works with topics contributing to the future growth and development of convenience retail. Has approx. 6,500 members, including business organizations, chains, and suppliers.



Virke Servicehandel	The kiosk and petrol station dealers' industry unit of the Federation of Norwegian Enterprise (Virke) represents nearly 2,500 member companies, including kiosks, petrol stations, car repair shops, and service businesses.
<b>Sustainability and environmental initiatives</b>	<b>Purpose</b>
Climate Leadership Council (CLC)	Seeks to improve Finnish businesses' and research organizations' competitiveness and ability to respond to climate change and natural resource scarcity.
CLIC Innovation	An open innovation cluster with the mission of facilitating creation of breakthrough solutions in bioeconomy, circular economy and energy systems.
Helsinki Metropolitan Smart & Clean Foundation	Aims to develop the Helsinki metropolitan area as a global reference for intelligent and ecologically sustainable solutions.
Responsible Care	A voluntary initiative by the global chemical industry that aims to support the industry's sustainable development.
Bio4Fuels	Aims to develop viable technologies for the sustainable commercial conversion of biomass feedstocks to biofuels, and other products.
Biodrivstoff 2030	A collaborative of 16 industrial actors who work to accelerate the transition to a fossil-free transport sector through the increased use of sustainable biofuels.
F3- Fossil Free Future	A coordination programme in cooperation with the Swedish Energy Agency (Energimyndigheten), the f3 Swedish Knowledge Centre for Renewable Transportation Fuels is a nationwide centre for collaboration between companies, academia, research institutes, and authorities that contribute to a sustainable transport sector.
Swedish 2030-secretariat	A non-governmental organization that was established to follow up on the Swedish government's aim to reduce the transport sector's fossil carbon dioxide emissions by 70% compared to 2010 levels by 2030.
Mekanisterna	Aims to promote technology development and accelerate the dissemination of knowledge in sectors including mechanical engineering, and energy and transport technologies. St1 is a member of the society's lubricants and fuels committee.
Swedish Standards Institute (SIS)	Coordinating standardization in Sweden, SIS is also a member of the European Committee for Standardization (CEN).
Fossil Free Sweden (Fossilfritt Sverige)	An initiative of the Swedish government that brings together actors that support Sweden's aim to become one of the first fossil-free nations in the world.
Svebio	A commercial environmental organization that focuses on developing bioenergy in a sustainable society.

Committed	Innovation Community initiative by Wärtsilä, TietoEVERY, St1 and Fortum that aims to drastically accelerate the global energy sector's transition to cleaner and more environmentally sustainable energy generation.
Ilmastokumppanit	A network of companies that seek to take part in developing Helsinki into a carbon-neutral city.
Etanoliautoilijat ry	An interest group whose purpose is to promote the use of bioethanol while also promoting technology neutrality by supporting other driving forces that can be classified as sustainable according to harmonized criteria.
LIFE CarbonFarmingScheme	The goal is to identify and accelerate the development and adoption of novel incentives for carbon sequestration and the increase and maintenance of the organic carbon stock in soil and biomass in Europe. With the aim of promoting a well-functioning voluntary carbon market the project will uncover the key factors in supply and demand measures to invite the private sector to accelerate climate action. The results of the project will be fed into the development of the EU agricultural and climate policies.
European Clean Hydrogen Alliance (ECH2A)	Aims at an ambitious deployment of hydrogen technologies by 2030, bringing together renewable and low-carbon hydrogen production, demand in industry, mobility, and other sectors, and hydrogen transmission and distribution. With the alliance, the EU wants to build its global leadership in this domain, to support the EU's commitment to reach carbon neutrality by 2050.
Hållbar Biltvätt	An organization that seeks to inform and educate the public on environmentally sustainable car washing practices.
Finnish Hydrogen Cluster	A cluster of Finnish companies that are driving the hydrogen economy and developing the export of hydrogen-related solutions.
United Nations Global Compact	A call to companies to align strategies and operations with universal principles on human rights, labour, environment and anti-corruption, and take actions that advance societal goals.
The Lignin Club	brings international industry players together to co-create a globally unique lignin ecosystem.
LignoCOST	The main objective is to establish a sound network covering the entire value chain in which relevant information can be produced with a focus on lignin valorisation towards sustainable industrial applications.
<b>Joint projects</b>	<b>Purpose</b>
Arctic Energy Forerunners	Aims to develop cheap clean electricity in the Nordic market to ensure the competitiveness of the clean energy industry and the achievement of national carbon neutrality goals.



## Impacts on people

# People are at the heart of our value chain

**2020 brought human rights and ethical business principles to the core of our operations and development endeavours. Integrating social sustainability into our way of thinking requires constant dialogue and true transparency.**

The key events in our People efforts at the beginning of 2020 were our signing of the UN Global Compact and our renewal of our ethical business principles in the St1 Code of Conduct. After identifying the most important development topics for the year and for the near future, it was self-evident that human rights and social sustainability on a larger scale would be at the core of our development work throughout the whole value chain.

We formulated the theme, Impacts on People, which emphasizes that for us as an organization to develop a more sustainable value chain, we must first understand that our impact is not only about emissions, but also consists of the overall impact we have towards society – people, planet, and profit. People – our employees, partners, customers, and the local communities within our sphere of influence – are the key enablers within our value chain.

## Working towards robust human rights due diligence

In June 2020, we published our Human Rights Policy, a commitment that was approved by our Board of Directors and published internally. Our approach is based on the UN's Guiding Principles on Business and Human Rights. Moreover, we respect the rights laid down in the International Bill of Human Rights as well as in the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work. The policy itself is an important document for us, since it not only describes our commitment towards human rights, but also shows that we expect the same from our partners operating within our value chain.

We acknowledge that we are not by any means perfect. Nevertheless, we are truly committed to improving our processes and overall competence in the field of human rights. We are dedicated to training our management and employees in discussing human rights matters, and to raising

**We acknowledge, that our responsibility and impact on people has a large span within our value chain. Despite operating within Nordics, our operations and supply chain have a global effect. Social sustainability has many angels, and we are eager to learn and carry our responsibility.**



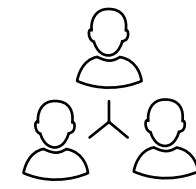
their awareness on possible risk areas, as well as situations in which violations are most likely. The aim of these efforts is to enable our entire organization to become better equipped to identify the risks and actual impacts relating to human rights.

### Risk assessment as the basis for further development

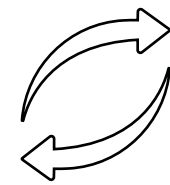
Building a robust human rights governance process requires not only commitment from the whole organization, but also the ability to first of all, identify where the most salient human rights risks occur. During 2020, we conducted a human rights risk assessment in collaboration with Enact. The work encompassed the whole St1 value chain. It focused on identifying potential high-risk issues, evaluating our processes, capacity, and culture in managing human rights risks, and on formulating recommendations for further development steps.

The results show that sustainability is at the core of our business, and that the appetite for strengthening social sustainability is strong. All our functions were assessed separately, and we gained very detailed information on what potential risks we could encounter, along with what major risks we may have potentially overlooked. During the process, we identified several best practices and procedures that exist, especially in the health and safety management of terminals, stations, refinery and production facilities, but which at the same time lack the overall group level due diligence process and human rights risk management procedures. The recommendations that were made based on the findings create a solid foundation for our future development in integrating human rights due diligence as part of our daily operations.

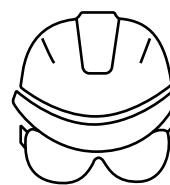
## Focus areas for 2021



**Capacity building  
and training**



**Processes**



**Tools**

**We at St1 are constantly working towards more sustainable value chain and we expect a lot from the future. Our Culture for Growth spirit carries throughout the organization, and we are committed to challenge the old truths. We are proud of what we do, but at the same time humble towards the world around us.**





**CASE****Collaboration  
with Enact**

During 2020, we developed our sustainability framework even further and identified development topics for the upcoming years. Human rights came up as one of the priority areas for further work. “Human rights work is definitely one of the most crucial key areas for us. It is important to identify where within our value chain the most salient human rights risks occur, so that we can focus our development actions on the right areas”, said **Jenni Strengell**, St1’s Head of Sustainability.

St1’s approach to human rights is based on the UN Guiding Principles on Business and Human Rights, the International Bill of Human Rights, and the International Labour Organization’s (ILO) Declaration on Fundamental Principles and Rights at Work. Apart from publicly committing to respecting human rights, businesses should become aware of the impacts and risks in the company value chain.

“Businesses are expected to proactively manage their human rights – actual and potential. This means they must not only have effective commitments and policies in place, but also have processes, procedures and tools to effectively and systematically identify, mitigate, manage and control the risks and impacts to people”, said **Reetta Loponen**, Head of Enact in Finland.

Enact has helped St1 identify some of the most significant human rights issues to

concentrate on throughout our value chain and is continuing to support our organization in building processes to mitigate and manage the impacts related to our operations. Awareness and commitment must cascade down to each business and each relevant process where impacts can be managed.

“It is a learning process at the same time. We are helping to create awareness and capacity within the organization”, continued Loponen. She added, “St1’s commitment to sustainability is reflected in their appetite to develop their ways of operating in order to also become leaders in social sustainability topics.”

“We want to walk the talk, and we know that we are not able to do it by ourselves alone. We need to involve our partners and engage other organizations, as well as our stakeholders to collaborate”, said Strengell.

[→ Read more](#)



Our customers benefit from the competitive edge we gain by managing the complete value chain from raw materials and energy sources to service at the pump.



## Value chain

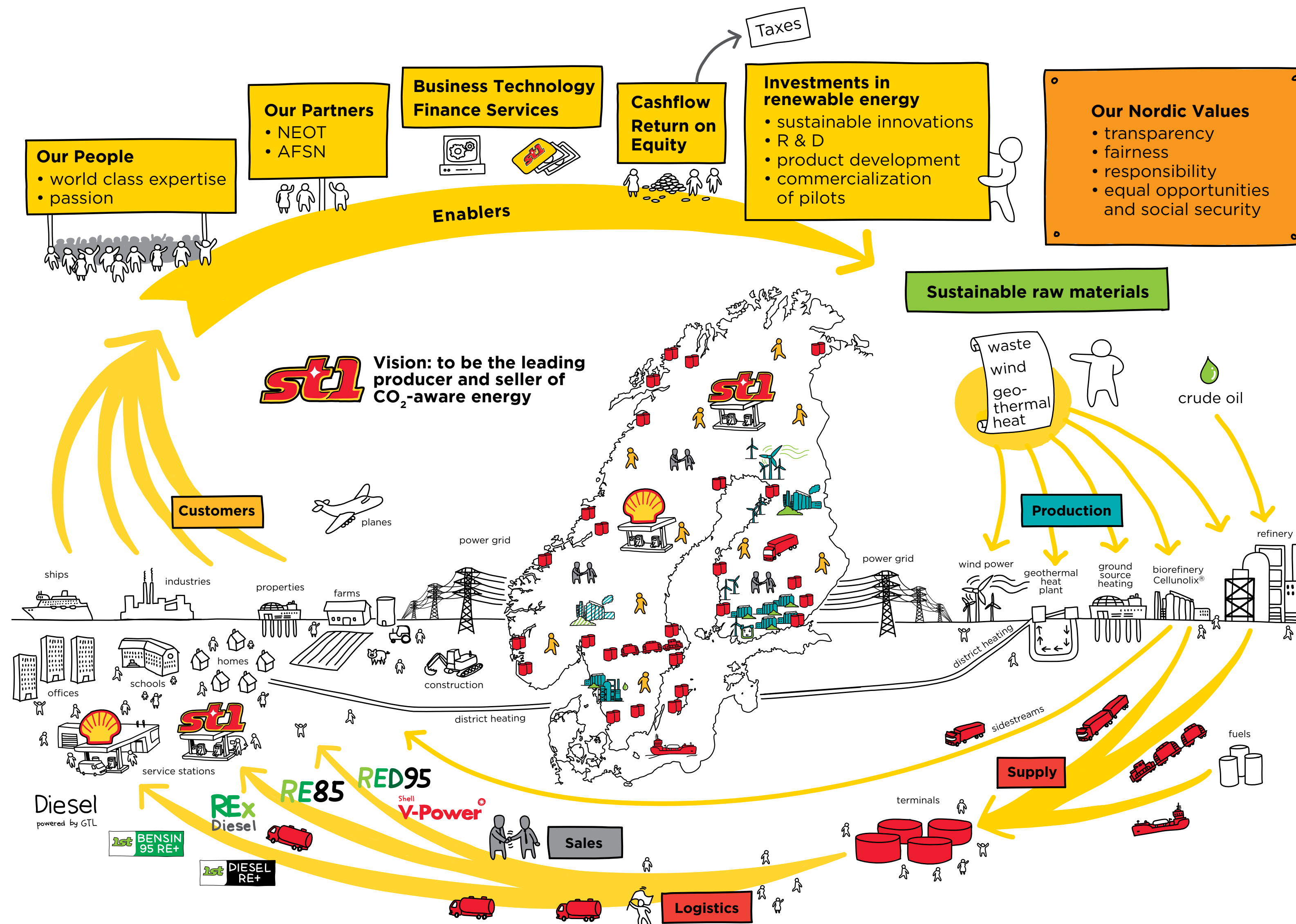
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# How we create value



# St1 value chain



→ Watch the video



During last year, the St1 Refinery started the journey to further increase and develop safety and security awareness within the organization. This type of work, which impacts the whole organization in a positive manner, will continue for many years to come and serve as a solid foundation for our daily operations.

## Raw materials and production

# Raw materials and production

**St1's vision is to be the leading producer and seller of CO<sub>2</sub>-aware energy. Fossil fuels provide us with cash flow to introduce more renewable energy to the market. It allows us to build world-class expertise in introducing more renewable energy to the market through innovation and partnerships.**

## Refinery

The purchasing of crude oil for St1's refinery in Gothenburg, Sweden, is managed locally, in close cooperation with our associated company NEOT, while STASCO performs the trading. The crude oil is sourced mainly from the North Sea and only from identifiable sources. Out of the 4 108 km<sup>3</sup> total volume of crude oil that the refinery procured in 2020, 3 303 km<sup>3</sup> was of North Sea origin.

The refining capacity of our Gothenburg facility is approximately 30 million barrels of crude oil per year. Throughput in 2020 amounted to almost 26 million barrels, marking an improvement from 2019 levels; however, the quantity for the year was lower than planned due to the COVID-19 pandemic as well as maintenance work on the facility.

The Gothenburg refinery's utilization rate, or in other words, the utilization of the facility's different units, was 83,8 % vs. a potential level of 90+%, which was mainly due to the implications

of the COVID-19 pandemic. In addition, the utilization rate was also negatively influenced by the maintenance turnaround in 2020.

## Half of the fuels we sell come from our own oil refinery in Gothenburg

Our Gothenburg refinery also operates as a blending hub. In addition to the fuel we refine from crude oil in Gothenburg, our partner, NEOT, supplies fuels to fulfil our demand. NEOT sources these fuels, which are of fossil and bio origin, from other refineries located in the Baltic Sea area, placing an emphasis on high quality and suitability in its fuel selection process. We sell most of the resulting products directly through our own network in Sweden, Finland, and Norway.

Our fuel blends contain several bio components that are sourced mainly from the global market with the objective of maximizing the reduction of greenhouse gas emissions. The blends of



fossil and bio components in our products vary by operating country, depending on national regulations and demand factors. We are constantly aiming to develop and market new products that enable better fuel economy and make less of an impact on the environment.

The share of the renewable components we use has increased in recent years as we have incorporated greater volumes of bio components such as ETBE, bio-MTBE and HVO-naphtha. Additionally, we will utilize new sustainable feedstocks when we start producing our own renewable diesel in 2023.

The products of our refinery include mogas, JET A1, sulphur-free MK-1 diesel and other middle distillates, marine fuels as well as liquefied petroleum gas. The refinery also produces 0.5% S marine fuel, which complies with the IMO 2020 limit that came into force on January 1, 2020. The International Maritime Organization (IMO) established the new limit to significantly reduce the sulphur content in the fuel oil used on board ships in order to improve air quality and preserve the environment and human health. All of the refinery's products comply with the applicable environmental requirements.

### Health, safety and environment

The St1 Refinery has a Health, Safety and Environmental (HSE) Management System in place to continuously improve our work concerning health, safety, security and the environment (HSSE) as well as minimize the risk of incidents. External audits of our environmental management system are carried out annually by accredited bodies. Our internal

audits are carried out by trained St1 personnel and cover the entire management system for health, safety, and environment.

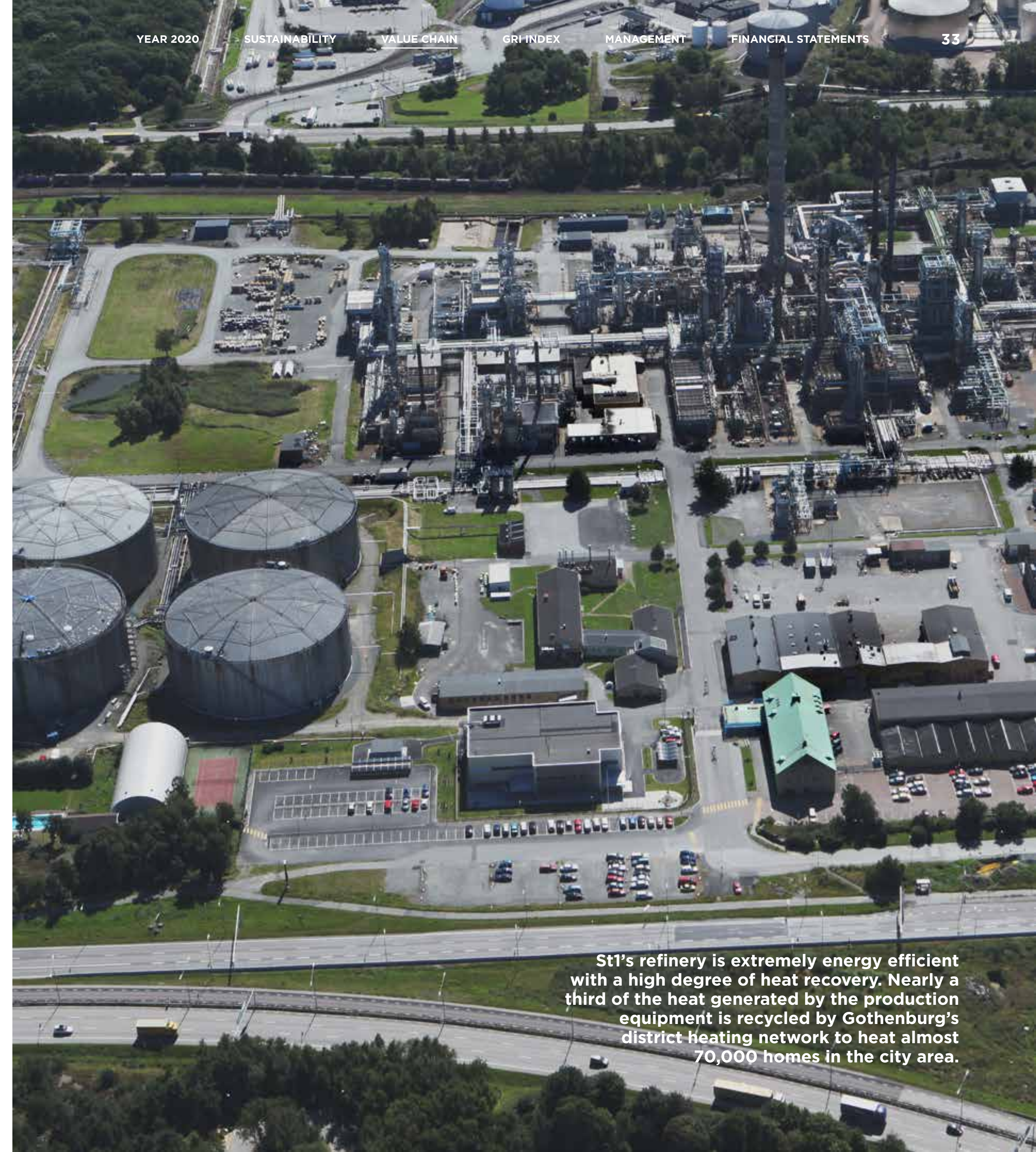
During last year, the St1 Refinery started the journey to further increase and develop safety and security awareness within the organization. This type of work, which impacts the whole organization in a positive manner, will continue for many years to come and serve as a solid foundation for our daily operations.

The refinery's environmental permit was renewed last year, and measures related to it were initiated in the permitting process. The most significant project is the improvement of the refinery's wastewater treatment plant to meet the new, stricter emission limits. We are committed to continuously improving our environmental performance, and the new permit enables the refinery to take a big leap in our transition towards biorefining.

St1's refinery is extremely energy efficient with a high degree of heat recovery. Nearly a third of the heat generated by the production equipment is recycled by Gothenburg's district heating network to heat almost 70,000 homes in the city area.

The St1 Refinery was the first refinery in Europe to acquire the ISO 14001 environmental management certificate. It was also registered according to the Eco-Management and Audit Scheme (EMAS) in 1997.

In order to maintain safe and reliable operations without interruptions, the refinery's existing equipment and facilities require planned maintenance and repair measures on a regular



**St1's refinery is extremely energy efficient with a high degree of heat recovery. Nearly a third of the heat generated by the production equipment is recycled by Gothenburg's district heating network to heat almost 70,000 homes in the city area.**



One of our Etanolix® biorefineries is integrated with St1 Refinery. Its feedstock includes bakery industry and retail waste, packed and unpacked. Biorefinery produces advanced ethanol, liquid animal feed and feedstock for biogas production.

basis. Last year, one of the most significant measures was the replacement of furnace tubes in one of the crude distiller units. The four-month task was completed within the set schedule and will safeguard the continued reliability of the refinery's operations in the upcoming years.

### The Challenging year of COVID-19

The prolonged COVID-19 situation presented challenges to the seamless operation of the refinery. To ensure continuity and the delivery of critical operations, the number of people working on site at the same time was reduced immediately. Part of the employees were able to continue working remotely while the rest were on stand-by at home. No employees were laid off.

Together we found new ways of working together while strongly prioritizing maintenance work and daily operations. The executed works have been highly successful, considering the circumstances. Unfortunately, the pandemic and resulting reduction in the number of staff on site complicated the progress of organizational and technical developments at the refinery.

## Refinery in transformation

### Steps towards organizational transformation

The developing refinery organization has defined three focus areas for the coming years: 1. Safety and environment, which translates into increased behaviour-based safety awareness and a commitment to constantly improve environmental performance; 2. Preparing for the future, which relates to the start of the transformation journey towards biorefining; and 3. Enhanced administrative structure, which facilitates

continuous competence building and provides a supporting framework for the whole refinery organization.

2020 was a year of recruitment at the refinery, and the process continues as preparation for the start of renewable diesel production at the facility. Last year, we welcomed close to 30 new employees at the refinery and Green Process Unit teams. We expect to hire an additional 15 professionals in 2021.

### Preparing for the start of biorefining renewable diesel

In preparation for our production of renewable fuels, we successfully commissioned our new hydrogen unit in Gothenburg in 2020. In addition, the civil construction work at the Green Process Unit started at the St1 refinery last year, along with the erection of new storage tanks related to the project. The biorefinery will have an annual capacity of 200,000 tons of renewable fuel production and is expected to commence its operations in 2023. The value of the related investments will be the largest in our company's history.

The design of the biorefinery brings flexibility to the process by allowing the use of a wide range of feedstocks. The unit is capable of meeting the current and future specifications of the renewable fuels to be produced, which include HVO diesel, jet fuel, and naphtha. Preparations for the procurement of feedstock for the plant and related negotiations with various partners are ongoing.

### Biorefining

As the result of tightening EU regulations and national laws, the demand for sustainable biofuels is growing. However, there is competition for the

same limited amount of sustainable raw materials for different needs, such as plastics and textile production. The replacement of fossil energy in heat and electricity production also demands the same feedstocks. For St1's part, our target is to find higher value-added uses for biomass such as the residues of the Nordic forest industry. There will also be new types of forest industry biorefineries where we can potentially add on a bio-processing unit to produce advanced biofuels from their side-streams.

Our long-term advanced renewable fuels strategy for our domestic markets of Finland, Sweden, and Norway is to competitively fulfil the regulations for the year 2030 and beyond. Today, we are producing advanced ethanol from various kinds of waste and cellulosic material in three types of biorefineries, constructing a plant to produce renewable diesel, bio jet and naphtha from sustainable feedstocks, and developing new advanced biorefining technologies with a strong focus on lignocellulosic feedstocks.

### Advanced ethanol

100 percent of the feedstock of our advanced ethanol production is waste-based and comes from fully traceable sources. Life cycle emissions have been cut down using waste as feedstock. Renewable energy is used in production and energy efficiency has been one of our top priorities in developing our technologies. In 2020, we converted 69,000 tons of waste into advanced ethanol to be used in high-blend ethanol fuels or as a biocomponent in petrol in low blends. St1's advanced ethanol produced from waste has a low CO<sub>2</sub> footprint.

Sawdust, which is a process residue from the sawmill industry, is used as a feedstock



for bioethanol at our Kajaani Cellunolix® demonstration biorefinery. Through our own R&D activities as well as by participating in partnership-funded R&D projects, we continuously look for new potential sustainable feedstocks for producing advanced fuels. For example, recycled wood, bark, and waste streams from the chemical forest industry and cassava starch mill waste have proven to be potential new feedstocks in the future.

St1 is working with partners to further develop side products from the Cassava Etanolix® concept to enhance material usage and further improve the concept's business case. There is large potential for existing fuel ethanol production plants in Thailand to switch from using cassava root to more sustainable starch mill waste as feedstock.

Advanced ethanol biorefineries produce other bioproducts in addition to ethanol. The commercialization of these products is important in evaluating the profitability of the investments. For example, some bioproducts can be used as substitutes for plastics or as recycled nutrients in organic fertilizers. St1 is involved in a number of lignin application developments together with universities and private partners. Some of the promising applications are, for example, bitumen replacement in asphalt production, the replacement of fossil components in resins production, and biochar production for steel industry.

**St1 advanced ethanol biorefinery solutions**

The **St1 Cellunolix®** solution enables the use of forest industry co-products, like sawdust and wood chips, in advanced ethanol production. We

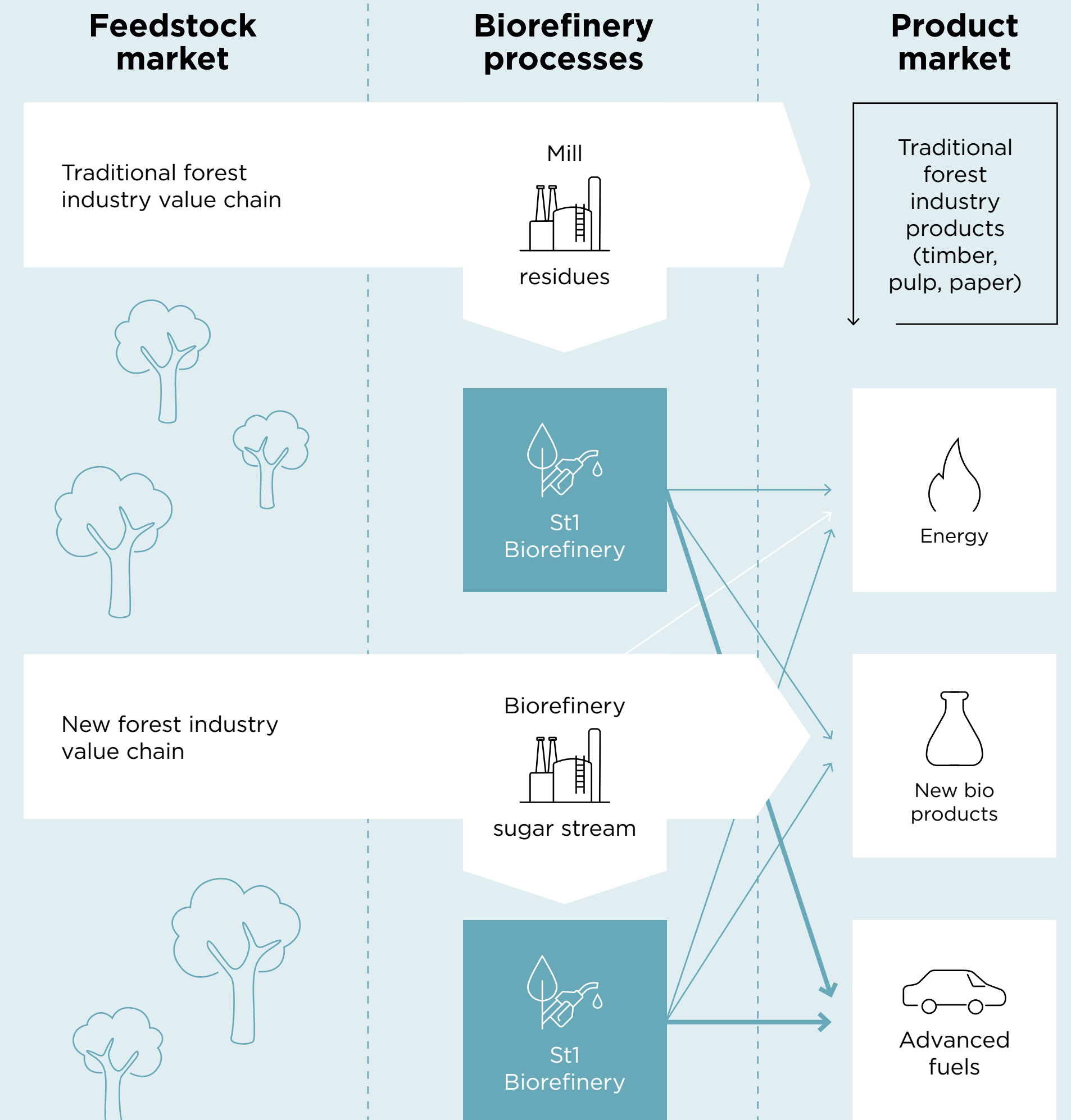
have developed a technology to utilize sawdust from soft wood, such as pine and spruce. This solution also produces valuable bioproducts such as lignin, wood syrup, furfural, and turpentine.

**St1's Etanolix®** solution produces advanced ethanol from food industry fermentable waste and process residue, which is rich in starch, sugar or alcohol. Currently, the feedstock includes bakery waste, process residue such as dough, brewery waste, and residue such as excess yeast and confectionery production waste. Packaged feedstock, such as surplus bread, can be utilized. Production tests have been successfully run in Thailand with cassava pulp waste. The production process also results in protein-rich animal feed.

**St1's Bionolix®** solution produces advanced ethanol and biogas from municipal and commercial biowaste. Pre-handling of packaged biowaste enables more efficient recycling. The stillage residue from the process is used in biogas production. Biogas can be utilized for local electricity and district heating or other local energy needs. The biorefining process also produces organic soil improvers and fertilizers.

St1 has a stand-alone dehydration plant in Hamina, Finland, to upgrade hydrous alcohol to fuel grade 99.8 percent ethanol. All hydrous ethanol produced in our biorefineries in Finland is dehydrated there. The dehydration of ethanol produced at the Gothenburg refinery is done onsite. Last year we applied a sanitizer approval to our ethanol from the European Chemicals Agency (ECHA) in order to be able to deliver some volumes for the manufacture of hand sanitizer to fulfil urgent demand for it at the beginning of the COVID-19 pandemic.

# Forest industry landscape





## CASE

# Bioproduct commercialization heightens biorefineries' profitability

Different types of biorefinery concepts create different types of bioproducts due to the raw materials and processes used. Feedstock & Product Portfolio Manager and Team Lead, **Ilona Järveläinen**, works with her team to evaluate raw material sources and commercialize biorefinery products.

“The St1 Cellunolix® solution utilizes sawdust from soft wood, such as pine and spruce, in advanced ethanol production. This solution also generates valuable bioproducts such as lignin, wood vinasse, furfural, biogas, and turpentine. Manufacturing advanced ethanol alone is not enough to bring biorefineries to profitable levels, and therefore a significant revenue stream must also be obtained from bioproducts. At the moment, lignin is the bioproduct we are working with that exhibits the greatest potential. It's also the largest product of the Cellunolix® concept in terms of volume”, Järveläinen shared.

According to Järveläinen, the roadmap from the idea phase to a concrete product entering the market varies depending on the bioproduct.

“We usually start the commercialization process by considering whether the bioproduct replaces an existing fossil product and if the two are of comparable quality. If this is the case, commercializing and entering the market with the bioproduct is easier because the market already exists. If it isn't, we must go through the entire commercialization path and start to develop a market together with our partners. First, the bioproduct is tested on a small scale in a laboratory to obtain product quality and application suitability information and analyses. Then it is piloted and finally commercialized carefully step by step”, said Järveläinen.

Järveläinen describes development work for bio-products as a collaboration with an extensive network of players. It involves cooperating with small and medium-sized companies as well as participating in large EU-wide projects with large consortia. These EU-wide projects involve the entire value chain, from the raw material producer to the technology developer and supplier, as well as end customers. Market knowledge and

understanding the needs of partners and the end customer are crucial.

“Development work is largely carried out in collaborative partnerships and networks. The aim of projects is to cover the entire value chain to obtain as many perspectives on development work as possible. For example, the LignoCOST EU project is a public and open network whose objective is to increase lignin expertise. Through the network, relevant information can be produced with a focus on lignin valorisation towards sustainable industrial applications. Customer and market understanding are key aspects in commercialization, so we really want to involve customer and market insight in all our development and commercialization projects”, Järveläinen asserted.

“Lifecycle analyses and product transparency are highly important issues for the entire value chain, and that's why lifecycle analyses are also done for bioproducts. This is currently a basic requirement in many projects and from many customers”, said Järveläinen.

Järveläinen pointed out that because of wood lignin's function as a binder, it is suitable as an adhesive for use in the resin industry, for example. Lignin is also widely studied in composites to replace plastic. Additionally, it has good product properties such as fire resistance and the ability to shield from UV radiation.

“Bioasphalt is one area of interest that is being explored extensively. In this application, lignin replaces bitumen as it's a good binder component in asphalt. Concrete plasticizers are another area of application. In addition, lignin is being studied in the pharmaceutical and cosmetics industries. Its use as an animal feed additive is also interesting for reducing carbon dioxide and methane emissions”, said Järveläinen.

The St1 Cellunolix® concept and the growth of the entire value chain of sawdust requires that all fractions will be utilized in the future. Besides bioethanol, thermochemical routes are one way to produce biofuels like renewable diesel and sustainable aviation fuels from forest industry residues. These routes produce biochar as a bioproduct.

“Biochar has an extensive repertoire of uses. It can be used in landscaping, in tying stormwater, or to replace activated carbon. Carbon foam is another new and interesting area to investigate. It also has huge potential in steel industry and in the energy sector, replacing fossil carbon. The raw material base and fractions from which biofuels and other fractions are obtained will also expand. Biogas is an especially interesting and valuable area, and it could be used in the production of process energy. Biogas could still be used as a transport fuel in the future”, Järveläinen summarized, describing the outlook for bioproduct commercialization in the future.



## St1 R&D

The St1 research team is developing the Cellunolix concept, producing advanced ethanol from sawdust and the enzymes used in the process. The R&D laboratory forms a world-class entity with a Cellunolix® demonstration biorefinery in Kajaani. The research results and development work can immediately be taken seamlessly to production for testing on a demonstration scale, and the results can be returned to development work again. The annual capacity of our Kajaani biorefinery is 10 million litres, but production adapts to the test runs of the current research and development phase, resulting in two million litres yearly. This investment aims to result in the extension of the sustainable feedstock base of biofuels with solid biomass, much needed globally, which could significantly increase the use of biofuels. The size of future advanced ethanol biorefineries could then be scaled up to five times.

A focus area in the development of the Cellunolix® concept is to improve the yield and availability of ethanol. At the moment, we are studying a new chemical process for pretreatment together with our partners. Based on laboratory scale tests, it will solve the yield and availability issues. The next step is to verify the test results with continuous pilot runs.

Another strong area for our R&D team deals with technological screening and evaluation of thermochemical pathways with our partners to produce renewable diesel, bio jet, and other biorefining products.

## CASE

# Scientific research brings new data on process hygiene

Scientific research conducted at St1 in 2020 shows that good process hygiene is vital for economical and efficient bioethanol plant operations. The research was published in “Applied Microbiology and Biotechnology” in August 2020. One of the highlights of the year 2020 for St1’s R&D Laboratory was the publication of the scientific article, “Survey of microbes in industrial-scale second-generation bioethanol production for better process knowledge and operation” in August 2020. The paper examines the topic of process hygiene in wastewater treatment and was published in the well-established Journal “Applied Microbiology and Biotechnology”. Its main contributor, Principal Scientist **M. Minna Laine**, works on bioprocesses at St1’s R&D laboratory. Laine conducted the research in collaboration with units from Oulu and Helsinki University.

For the purpose of the study, 100 samples were collected from Etanolix®, Bionolix® and Cellunolix® biorefineries and experimental setups were utilized for evaluating microbial populations using different methods for detecting living and dead microorganisms. The targeted process areas included hydrolysis, ethanol fermentation and anaerobic digestion for wastewater treatment. The gathered data were organized with the support of industrial operation meta-data and compared with findings from literature. A microbial profile was built for the targeted process operations.

“The key concept concerns process hygiene. One very interesting finding was that not all contaminants are necessarily negative for fermentation or for the process as a whole – there are also some which we

don’t have to combat”, Laine explains

“The research topic itself is very important to us because our advanced bioethanol production utilizes waste-based raw materials. Whenever we treat waste, we also deal with contamination. It therefore requires constant balancing to ensure that contaminants do not overgrow – and this brings us to the area where we needed new insight”, says Laine, describing the key findings of the research.

In addition, the research offers knowledge of how to find a biofilm – or a colony of contaminations – in the process, and how biofilms can be removed by washing operations. This information is crucial, especially in the fermentation phase, for avoiding the loss of ethanol as the main product.

“We need several ‘good microbes’ in our processes. From fermenting yeast to wastewater-purifying microbes – these are our workhorses and cherished friends. In our research, we also sought to delve into how ‘good microbes’ cope with our challenging environments”, she continues.

“The research performed by the team benefits our production facilities most. We now have more insight on process hygiene in industrial processes as well as on the adaptation of wastewater treatment microbes to our feedstocks and materials. For example, in the construction phase of new biorefineries, we will now have a clearer understanding of how to build facilities that would take better consideration of process hygiene”, Laine explains.



## Wind power

Compared to other sources of renewable energy in use today, wind power is one of the most cost-efficient ways to produce electricity. The wind conditions are very favourable for substantial wind power production in the Nordics. Nordic wind power will play a significant role in satisfying the rapidly growing demand for renewable electricity. St1's strategic goal is to build up significant production capacity in the Nordic wind power market.

The conditions in the Arctic areas in Northern Norway are exceptionally good, and could potentially provide renewable energy for the needs of the whole Nordic region. We are a majority shareholder in Grenselandet A/S, which is developing an 800 MW wind farm project in the Finnmark area of northern Norway. In the first phase, Grenselandet has focused on development work and environmental impact assessment. Grenselandet has submitted an application for a permit for the Davvi wind farm.

For the permit application, Grenselandet has commissioned an impartial impact assessment of the project for both the environment and society, including a dialogue with the reindeer herding community and local people in both Finland and Norway. The independent impact assessment states, among other things, that protected areas, important habitats or valuable geological deposits will not be affected. The next phase of the project will depend on the outcome of the official review. The production would serve the energy intensive industries operating in the North Baltic Sea area. St1 has wind power projects under way also in Sweden.

Tuuliwatti, the Finnish wind power producer that was owned in equal shares by St1 Nordic Oy and S-Voima, demerged into two companies in 2020. St1 sold its wind power production capacity and development projects to Exilion Tuuli Ky, which is owned by Finnish pension insurance companies. The transaction between St1 and Exilion Tuuli consisted of 315 MW in production capacity spread across several wind farms as well as development projects totalling 475 MW. The transaction freed up capital for new investments in renewable energy.

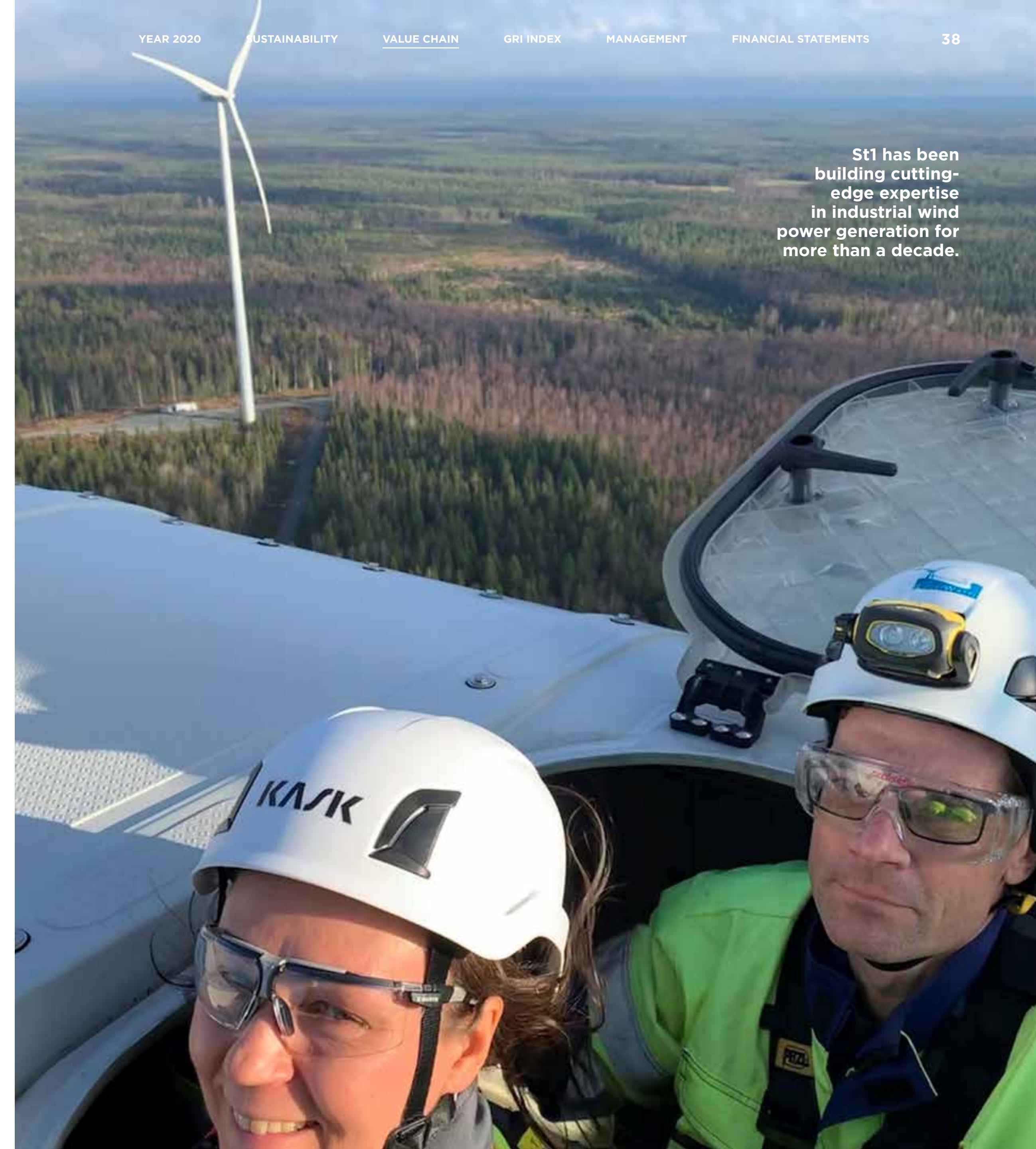
St1 has been building cutting-edge expertise in industrial wind power generation for more than a decade. Today, the company offers a wind power service concept that covers the operation of wind farms in Finland with a current total capacity of 485 MW.

## Geothermal Heat

Geothermal heat is a sustainable, low carbon, energy efficient, and non-combustion-based form of energy, and great potential for energy production lies deep in the bedrock. We are active in two types of geothermal energy production: shallow and mid-deep ground source heat and deep geothermal heat. However, we have been able to utilize the experience and development we have gained in a deep geothermal heat pilot project in shallow and mid deep geo-heat projects. The synergy of these operations is strengthening step by step.

In our ground source heat pump solutions, St1 Lähienenergia (Local Energy) designs, constructs and maintains heat plants in the range of 30 to 5,000 kW. Our focus is on larger housing properties and public buildings, where ground

St1 has been building cutting-edge expertise in industrial wind power generation for more than a decade.





## CASE

# Strong partnerships enable new opportunities for advanced ethanol production



R&D Manager in Bioprocess Development **Anna Kankaanpää** and her team at the St1 R&D laboratory work on different bioprocesses to fully utilize the different streams from biorefineries.

There are currently three bioprocesses in the production of advanced ethanol from woody biomass: hydrolysis, fermentation, and wastewater treatment. In the hydrolysis phase, enzymes break down the pre-treated raw material into sugars, which are then converted to ethanol with yeast in the fermentation phase. In wastewater treatment, biogas is produced. In the future, there could be a fourth bioprocess at the St1 biorefinery: onsite enzyme production.

The main objective of the St1 Onsite Enzyme Solution for advanced ethanol biorefineries is to solve the issue of costly enzymatic hydrolysis. In cooperation with our partner VTT Technical Research Centre of Finland, we have developed a strain that is an affordable and robust solution for producing industrial-grade enzymes onsite.

“At the moment we are partnering up and about to take the strain from the R&D laboratory to the industrial scale for proof of concept”, said Kankaanpää.

“We have used synthetic biology in the development of our own onsite enzyme production strain and carried out research with genetically modified C5-yeasts developed by

our partners. In the future, synthetic biology will increase possibilities to convert a variety of raw material molecules into bioethanol or other valuable bio-products. This will lead to improvements in yield and a wider range of potential co-products. In addition, yield and organism resistance towards inhibitors can be improved. More difficult raw materials could be processed without the organism struggling in the process”, asserts Kankaanpää.

There are several companies developing biorefinery solutions to produce biochemical products from forest industry residues. In most of these biorefineries where the fiber or lignin component is the main product, there is a hemicellulose-based sugar stream available. These sugar streams usually require a genetically improved C5-yeast to be fermented to ethanol. St1 is carrying out R&D work together with yeast suppliers and biorefinery developers to deepen our in-house fermentation expertise to cover even more challenging sugar streams.

“St1 has been working with challenging fermentations on different waste materials and scales for over 15 years. You could say it’s one of our fortes. This type of collaboration is a great approach for producing advanced ethanol and simultaneously avoiding expensive pre-treatment steps”, Kankaanpää explained.



**The final phase of drilling for the St1 geothermal pilot heating plant at Otaniemi, in Espoo, Finland, was successfully completed in 2020, and the world's two deepest geothermal heat wells extending to a depth of more than 6 kilometres are now ready.**

→ **Watch the video**



source heating plants replace the use of fossil energy such as coal and oil. The heat wells are typically drilled to a depth of 250–350 metres. In larger projects, the wells have extended down to 600 metres. 1-2 kilometres' semi-deep well projects are also being developed and executed, especially for drilling technology, in order to further enhance cost-effectiveness. By developing deeper well solutions, we are able to more efficiently use confined land spaces, especially within growing city areas.

The use of natural heat in the bedrock enables the ground circulating fluid input and output temperature difference to provide eco-efficient sustainable heat. With our solutions, the property can be heated with zero-emissions, using local energy from the ground, exhaust air and solar heat to be stored and used in the process, and the renewable electricity for heat pumps to produce sustainable heat for buildings. This type of heating is becoming more and more popular in new buildings, and also in renovation sites, thanks to the sustainability of the concept and its resulting cost-savings. In addition to heat plants, our highly skilled drilling and installation crew delivers wells and heat plant pilots to other actors in the industry. The average size of plant sales has been steadily increasing, and we have been able to increase the net sales by one-third compared to 2019.

In the development of deep geothermal heat plants, the drilling extends several kilometres down into the bedrock and a high temperature

enables the circulating water to be fed directly into the district heating network. The final phase of drilling for the St1 geothermal pilot heating plant at Otaniemi, in Espoo, Finland, was successfully completed in 2020, and the world's two deepest geothermal heat wells extending to a depth of more than 6 kilometres are now ready. The temperature at that depth is 120 degrees Celsius. The hydraulic tests and counter-stimulation were also finalised last year.

The above ground construction and installation work of the geothermal heat plant has been progressing according to plan. This includes pipeline channels from the wells to the heat plant and connection to the Espoo district heating network, electrical installations and heat exchangers, pumps, and auxiliary equipment installations inside the building. The finalization of the site has now been put on hold for the implementation of the cross-flow test between the wells prior to the completion of the plant and commissioning in heat production.

The pilot project of St1's Otaniemi geothermal heat plant is, in many respects, a game changing project to construct the world's first deep Engineered Geothermal System (EGS) plant of this type. The main goal of the pilot project is to develop and test technically and economically viable solutions for all work phases of a geothermal concept so that the concept can be commercialized after the pilot. Deep geothermal plants will play an important role in the transition to zero-emission heat production.



## CASE

# St1 geothermal heat – leveraging our expertise in new challenges



The energy company E.ON plans to build a geothermal deep-heat plant in Malmö, Sweden. The wells will be drilled five to seven kilometers deep into the ground. The expected maximum temperature of 160 degrees Celsius will be sufficient to feed the heat directly into Malmö's district heating network, replacing combustion-based biofuels and biogas for heat generation. The client, E.ON, plans to execute the project in partnership with St1, bringing in the experience St1 gained in a similar project in Espoo, Finland.

The project is currently in the pre-study phase. St1 Local Energy (Lähienergia) was commissioned to drill two special research wells to a depth of 750 metres. These wells are used for investigating the geological conditions at the Malmö site with the help of geophones.

As this was St1 Local Energy's first drilling contract abroad, the project set new challenges in terms of planning. The drilling rig was known to be at the extreme limits of its capacity in this project. The well structure, necessary drilling equipment, and the need for spare parts had to be carefully planned in advance and all supplies had to be brought in simultaneously. The drilling was performed using St1's special drill and rig. The durability of the bits is crucial for efficient drilling. In addition, 600-meter drilling in a single stroke requires precise drilling control and tool functionality. St1 Local Energy's previous experience in deep well drilling was an advantage in finding suitable flow and pressure values.

Project management required close cooperation between E.ON, St1 and other actors. Real-time drilling monitoring and reporting facilitated efficiency in the flow of information as well as in the decision making. The work was done in shifts consisting of three people: a driller from St1, an excavator conveyor for drill rod transfers, as well as a site manager responsible for safety.

"I'm so proud of the significant experience our highly skilled drillers were able to bring in. But let's keep in mind that a project like this succeeds only when everyone does their best and works together seamlessly. Ensuring careful compliance with safety regulations is a must. Also, it's essential to spend sufficient time planning before drilling", said **Kristian Savela**, Managing Director of St1 Local Energy.

The professional planning and good cooperation among all parties involved in the project resulted in its final realization after a month and a half instead of the estimated two to three months. This swift turnaround translated not only to smooth operation and time savings, but naturally also to lower costs. The key conclusion is that the new experience further enhanced our skills and expertise.





**Two of the five most-used vessels in NEOT's operations are dual-fuel vessels which are mainly powered by liquefied natural gas (LNG). They have a significantly smaller impact on the environment compared to traditional tankers, as they generate less sulphur oxides (SOx), nitrogen oxides (NOx) and particle emissions.**

## Supply and logistics

# Supply and logistics

**We cooperate closely with our associated company North European Oil Trade Group (NEOT) throughout our supply and logistics chain. Co-owned by St1 and the Finnish S Group, NEOT is a significant independent fuel procurement company in the Baltic Sea region.**

NEOT specializes in oil and renewable wholesale products in Finland, Sweden and Norway, and actively operates in the global trading market. The purpose of NEOT's operation is to provide their owners with competitive and sustainable fuel solutions.

### Supply

NEOT acquires fuels from the global trading markets and handles their storing, blending and transportation from refineries to terminals. Our Gothenburg refinery is the most important source of supply for NEOT, but the company also sources oil products from other refineries in the Baltic Sea region - mainly from Finland, Sweden, Norway, Denmark, and Poland.

During 2020, the main focus was to manage the supply chain in a market environment that was extremely uncertain and unpredictable. COVID-19 impacted both prices and volumes and also had the potential to cause problems in the physical supply chain. Ultimately, although there was a major impact on the volume of JET fuel, the volumes of other products remained relatively stable. We also managed to operate the physical supply chain flawlessly throughout the year, for

example by introducing contact-free operation with bunkering and vessel imports.

### Traceability of fuels

NEOT supplies the St1 Gothenburg refinery with bio components from the global market and has an offtake agreement to obtain 100% of St1's waste-based advanced ethanol production. All of the renewable fuels that NEOT supplies are traceable and fully compatible with the required regulations in the markets where we operate. NEOT sources renewable fuels only from suppliers that comply with official EU sustainability criteria, either through approved EU voluntary schemes, such as International Sustainability & Carbon Certification (ISCC), or nationally accepted sustainability schemes. Sustainability schemes verify compliance with the EU's biofuels sustainability criteria and include a third-party audit process. NEOT's operations are also certified according to ISCC, the Finnish National scheme, and the Norwegian authorities' scheme, and are audited annually. NEOT is also an official member of ISCC and NEOT ensures that their contracts regarding renewable fuels take into consideration all necessary sustainability requirements, including those for traceability.



Due to the complex nature of fossil fuel supply chains and the lack of compulsory legislation to drive the industry towards traceability, it is not yet possible to demonstrate the traceability of the crude oil supply chain at the same level as with renewable fuels.

## Logistics

Together with NEOT, St1 maintains a comprehensive logistics chain in all our operating countries. This consists of terminals for storing the products and a wide transportation network. Quality, safety, and environmental aspects are taken into careful consideration throughout the logistics chain.

## Terminals

In Finland, the network consists of six terminals operated by NEOT. Seven terminals in Sweden, and nine in Norway are operated by St1. In 2020, we acquired a terminal in Gävle, Sweden, significantly strengthening our terminal network and our customer offer in the country. The new terminal enhances our ability to provide our customers with an increasing energy mix to meet their future needs. Our terminals across the Nordics are complemented by our Marine depots and some partner terminals, which altogether form a network of more than 30 storing points.

## Transportation

Jointly, St1's and NEOT's transportation network includes shipping as well as road and rail transport. Its main activities focus on the Baltic Sea region. The network transports biofuel components to the refinery, and likewise, the end products from the refineries to the terminals. The majority of NEOT's shipping operations are conducted as time-chartering. Two of the five most-used vessels in NEOT's operations are dual-fuel vessels which

are mainly powered by liquefied natural gas (LNG). The vessels using LNG technology have a significantly smaller impact on the environment compared to traditional tankers, as they generate less sulphur oxides (SOx), nitrogen oxides (NOx) and particle emissions.

Road transportation is handled by a cooperation partner network. In Finland, NEOT is responsible for road transportation from the refinery all the way to the fuel stations as well as to hundreds of thousands of homes and companies. In Sweden and Norway, other transportation operators are responsible for the deliveries to our station network and to our direct sales customers. Transportation of fuel products between Hamina seaport terminal and Varkaus inland terminal in Finland are operated via domestic railways. Trains are leased from the government-owned railway company VR Transpoint. In Sweden, the products are delivered by train from Gothenburg to Karlstad and Jönköping, and from Gävle to Arlanda Airport.

We collaborate with NEOT on improving the sustainability of our supply chain. The goal of the collaboration is to enhance the traceability of our products and to enable the calculation of their carbon footprint. During the past few years NEOT has emphasized developing its social sustainability. In 2019, NEOT assessed the human rights risks in its supply chain and has selected sourcing processes as its first main focus area. In 2020, NEOT concentrated its efforts on including sustainability clauses, including human rights aspects, into their term contracts.

More information about NEOT's operations can be found in NEOT's Sustainability Report 2020, available [here](#).



## CASE

# Safety day in Norway


Whether we work at home, at the office, in retail, at a terminal or in a production facility, we understand that excellence in our Health, Safety, Security & Environmental (HSSE) practices grants us our licence to operate. Everyone at St1 participates in further developing and maintaining our structured set of controls to manage HSSE in our business. We never compromise on HSSE and we will actively find ways to help our teams and businesses improve our safety culture.

A prime example of a well-planned safety event that people anticipate is the annual Safety Day involving all our Norwegian logistics locations. With more than a decade of history, Safety Day has established itself as a truly important opportunity for all

logistics employees, drivers and contractors to take time out to engage and share ideas and good practises together, typically while also participating in practical training. In 2020, the Norwegian Safety Day was held on June 10, and was conducted successfully despite the challenging pandemic conditions.

“Safety is embedded in our culture and it is the main priority in logistics. Safety Day is an important step for delivering continuous improvement in safety performance and reflect on our commitment. Embedding safety in our working culture is necessary. It helps us ask the right questions and make the right choices at every step, becoming intertwined with our daily behaviour”, said **Robert Reed**, Terminal Lead in Norway.





The new road service facility at Grenstøl outside Tvedestrand contains, among other things, an energy station, thirty 24-hour rest areas, exercise equipment, a dog loft, a car wash and a strong environmental profile that sets a completely new standard for energy stations in Norway. The station has six liquid fuel pumping stations for passenger cars and 16 charging points for electric cars.

## Sales and customers

# Serving hundreds of thousands of customers daily

**The COVID-19 pandemic has caused a decline in fuel demand. Additionally, volume development has been highly volatile and the lack of predictability was challenging. The situation has affected both our station network sales and our corporate sales. Our associated company offering aviation fuelling services in Norway had a 50% decline in volume due to reduced air traffic.**

As a company, our role is to ensure the security of the fuel supply for society. It has been important for us to adapt to the situation of the pandemic crisis and find new, flexible practices to ensure the continuity of our business. In these challenging conditions, our renewed Nordic organizational structure has been an important foundation for good performance, resulting in increasing strength and flexibility.

St1 provides private and corporate customers with a wide range of products and services. The main products sold are premium class traffic fuels, heating oils, middle distillates for machinery, and marine fuels. Bio products, which take up an increasing share of our liquid fuels offering, accounted for almost 19% of our net sales in 2020.

Our offering also includes a wide range of enhanced payment cards, payment methods and

services, both for fleet customers and commercial road transportation customers, as well as for consumers.

## Retail station network

Altogether, the nationwide petrol station network that consist of approximately 1,250 St1 and Shell petrol stations across Finland, Sweden, and Norway are the forte of our retail business. The network of unmanned stations and service stations with shops, convenience stores, restaurants, and car washes serves the different needs of hundreds of thousands of people on the go. Additionally, the St1 mobile refuelling concept and St1 Mastercard increase convenience for our customers. Our app has become a significant sales channel for various products like car wash services and coffee offers.

In 2020, we continued investing in our service station network and built new sites in all our



markets. In Sweden, we had previously taken over a shop business from an external operator with the aim of developing a shop concept of our own. The work resulted in the piloting of the PLOQ concept in 2020, offering customers a refreshing pause with carefully planned details around quality food and premium coffee. A wider roll-out of the new PLOQ shops continues in 2021.

In Norway, we built a new station in Tvedestrand. One of our largest motorway sites in the country, it covers an area extending 33,000 m<sup>2</sup>. By providing indoor and outdoor facilities with new services, the new station offers people on the go a chance to enjoy a break. The available services for customers include 16 charging points, reflecting the growth of the Norwegian electric car fleet.

In Northern Finland, we built a new St1 site in Oulu serving both retail and commercial B2B customers.

To be able to ensure the flawless continuation of our retail network's operations, we operate a company in Norway that can flexibly take over service stations' operations in challenging circumstances. This operating model also secures jobs at the service station, for example, in situations where we are looking for new entrepreneurs.

Our entrepreneurs and partners, together with our operational team, performed extremely well, serving our customers in constantly changing conditions while having to adapt to new regulations and standards at a rapid pace. We have introduced new ways of working and processes to ensure a safe customer experience and operations. Our station network served our customers safely without any operational interruptions. Only the

service champions who refuel cars and perform important car checks in Finland were briefly away from the forecourts, but were soon able to start taking care of those customers who prefer their cars refuelled as a service.

### Corporate sales

Our strengthened Nordic organizational structure showed its definite value in last year's volume challenges. Flexibility was demonstrated well, for example, in the Marine business, where cruise line traffic slowed dramatically in volume, but our sales team was able to sell that volume from the refinery as spot transactions.

The ability of our Nordic organization to solve challenging situations together and to find new solutions to maintain sales has created new business opportunities for St1. In addition, efforts to maintain existing customer relationships and gain new corporate customers have resulted in strong cooperation within our Nordic sales team. Despite of the prevailing COVID-19 situation, our Marine volumes increased by 2%. We are currently looking for a business model with the long-term goal of directly selling the light sulphur fuel oil produced by our Gothenburg refinery.

Our new terminal in Gävle, acquired last year, has truly strengthened our customer offering in Sweden. Our sales team, together with our supply and logistics teams, have succeeded in meeting our volume targets extremely quickly. The new terminal enhances our ability to provide our customers with a wider energy mix to meet their future needs.

In 2019, we had acquired the Commercial Road Transport network in Sweden, consisting of 20 heavy duty fuel distribution stations. These

## CASE

# Sustainability training program launched in Finland

**Competence development is one of the key focus areas of sustainability work at St1. In 2020, a five-module training program focusing on the most vital aspects of sustainability started in Finland. B2B Sales Manager Tuomas Tenkanen was among the program's participants.**

The importance of sustainability has grown among B2B customers in recent years, according to Tenkanen. Many B2B customers have their own sustainability programs, and some of them even have ambitious sustainability programs that aim for carbon neutrality by 2025. Tenkanen noted that the demand for low-carbon fuels in particular has grown rapidly as customers seek to fulfil the expectations of their own end customers.

"It goes without saying that in 2020, sustainability competence had to be developed in our sales organization. Skills needed to be enhanced not only in terms of our knowledge of products and services, but also in emphasizing the big picture. Climate change and sustainability are complex issues. When we discuss sustainability with our customers, we're often only addressing product-specific solutions. At this point, we should be able to look at sustainable development from a broader perspective across the whole value chain", explained Tenkanen.

"I'm very proud to say that sustainability competence took a huge leap in our sales organization last year. We're now in a better position to discuss sustainability issues with our customers. A key lesson I learned from the training was that sustainably should not have to be achieved at all costs- instead it's about balancing three important pillars: economical, societal, and environmental. I strongly believe that by increasing skills in responsibility, we will create a path for mutual success together with our customers", Tenkanen continued.

Tenkanen said that the St1 Sustainability and Future Business Unit has been a great help for the B2B Sales team along the way. The training also affected everyday work, as thanks to it, the company's value chain and vision have become even more important in our work.

"The best thing about the training was that it enabled me to realize how valuable our St1 vision is. At St1, we truly help our customers build carbon-negative paths. We have an inspiring and challenging future ahead of us. I'm quite sure that customers who adopt sustainability into their businesses will find success in the future", summarized Tenkanen.



stations were integrated into our Shell TruckDiesel chain, and the network reinforcement has shown especially strong performance. We have been able to broaden our customer offering in Sweden in that important segment.

In Finland, we completed the implementation of our new customer service strategy. We took our customer service centre in Finland into in-house management and extended the service concept to seamlessly ensure our high standards of customer experience in a multi-channel environment. Customers also benefit from the extended service hours. Customers are served in local languages by native speakers, and naturally also in English. We will evaluate the concept in the light of external and internal feedback before making decisions about a wider roll-out. The overall assessment of the experience has been challenging due to the pandemic crisis.

Competence development is one of the key focus areas of our sustainability work, and thus, we organized multiple trainings in different parts of the organization. One of our largest trainings, covering part of our B2B sales, was a five-module training program focusing on the key aspects of sustainability. The training program started in Finland last year and was highly appreciated by the participants. It will be developed further during 2021 for a wider roll-out together with the Nordic Sales team.

## CASE

# Creating the PLOQ shop concept



At the end of 2016, St1 made the decision to take over the retail convenience shop business in our network in Sweden from a third party, set up an operating model of our own and start creating a shop concept. The trend of eating outside of home was increasing but competition in the industry was already tough. The decision was taken to ensure a greater flexibility and control of our business and to connect with our customers directly. To make our shops a destination, it was clear that we wanted to create a new shop chain that could be located in the same marketplace as our Shell or St1 site, or even as a stand-alone shop in a city location. It takes a long time to change the operation, plan investments, and finally introduce a new concept. It's important to plan carefully and take one step at a time.

It was evident from the beginning that we needed to truly differentiate ourselves from the competition and offer something new and improved. Our ultimate goal was to surprise and delight our customers.

When planning the concept, the saying 'Retail is detail' was our guideline. Every piece of the concept had to match and deliver against the same goal – to offer our customers the enjoyable experience of a relaxing and energizing break.

We started off by building up our own core values to mirror the future customer promise.

Insights, data, expectations and requirements were surveyed. The created ideas were tested and finetuned with customer research. We came up with the concept of a joyful, modern, quality urban picnic, where you feel at home and taken care of. The customer experience consists of tasteful quality food, high-premium coffee, clean and fresh toilets worth a U-turn, and relevant services such as a car wash.

The setting is important but it's people who really make the difference. Our trained customer promise hosts, in pleasant attire, are present at the shops to fulfill the customer promise by serving patrons, not just standing behind the till.

To create a concept was a massive task that took several months. The finished product was named PLOQ, reminiscent of the Swedish word 'plock', meaning 'to pick', because customers would be free to pick and mix their own combinations – from the variety of food and drink to the size of the portions.

"It looks like the work was worth the effort. The first pilots are open and we analyze their results carefully. The customer feedback has been highly positive and the first results look promising indeed. We look forward to expanding the PLOQ chain to new locations," said **Erica Samuelsson**, Head of Marketing and Communication in Sweden and Brand Manager at St1 Nordic.



# Value chain enablers





**To succeed in our strategic focus areas and deliver major initiatives, our Nordic organization must continuously evolve. Our people, with their key expertise and competences across all business units, will form new value chains that adapt responsively to the tasks at hand.**

## People

# Building world-class expertise

**We strive to build a strong and inspiring culture that empowers our people to perform at their best and continue developing both themselves and the company. To support this effort, we offer meaningful and motivating work and a safe and positive working environment.**

### Continuing our Culture for Growth journey

As we take steps towards the energy transition, we must bravely renew and challenge ourselves as well as learn new ways to collaborate and enable the necessary changes to take place. Our Culture for Growth journey started a couple of years ago with the purpose of supporting our growth objectives, embracing the development of knowhow, and leveling up the quality of leadership throughout our organization. Although building a culture takes time, our Culture for Growth is already ingrained in the way we work and communicate with each other. Its effects are visible, for example, in our competence building initiatives, in our business development, and in our decision making.

Progress in our cultural development and the results we have achieved can also be seen in our annual Group-wide Employee Engagement survey, which measures well-being at work, satisfaction, and motivation. The participation rate in the survey remained high last year, representing 92 percent

of all our employees. The overall St1 results have improved significantly in almost all areas, despite an exceptional year due to COVID-19. Improvements are especially clear in the results in areas of employees' feelings of satisfaction, motivation, loyalty, cooperation, and the quality of leadership, which exceed high range.

Although our results are already in the mid-range in comparison to other companies, we must continue to advance our process development and working conditions further. In order for teams to experiment and find different ways to develop our culture during the year and gain feedback quickly, we introduced a new Pulse tool at the end of 2020 to complement the larger annual survey.

### Well-being and safety at work

Maintaining well-being is a key priority for us. We engage in a variety of activities to ensure the physical, mental, social, and organizational well-being of our employees and actively support employees' own initiatives to that end. Our employees have



access to comprehensive occupational health services. In 2020, the absence rate among our employees continued to remain low at 2.1 percent.

We plan our operations with the aim of maximizing safety. We take a proactive approach in preventing accidents at work regardless of different working conditions – from production and logistical environments to our offices, and from the field to home office settings. We take our own employees as well as our external workforce into consideration. In 2020, the incident and accident rates remained equally low in all our operating countries.

We review all accidents and dangerous incidents closely in order to develop our Health, Safety, Security & Environmental (HSSE) management practices in ways that would allow us to continue to avoid high-consequence injuries in the future. During 2020, we set HSSE development as a high-importance development topic for all our business units. The work continues throughout 2021.

We are committed to offering a safe working environment for all people working at St1. Our operations are based on equality, and our behaviour towards each other is professional and fair. We have a zero-tolerance policy for harassment and discrimination of any kind. In 2020, we introduced an updated Code of Conduct package, which emphasizes our ethical business principles and our expectations towards our Partners. In addition, we published a new Human Rights Policy stating our commitment and respect towards internationally proclaimed human and labour rights. To support our commitment to transparency, we also launched an ethical reporting channel, SpeakUp, where suspected breaches of our Code of Conduct can be reported anonymously.

Our HSSE practices are embedded within our risk management. We regularly review and assess the risk factors relating to the work environment at our workplaces and plan and implement measures to eliminate the potential hazards observed. Our employees participate in further developing and maintaining our structured set of controls to manage HSSE in our business. Furthermore, they actively find ways to help our teams and businesses improve our HSSE culture. We expect the same commitment to occupational health and safety from our Partners operating within our value chain. In 2020, we published the new Partner Code together with Partner Guide, creating a common commitment and understanding on how to operate within our value chain. We encourage everyone to be active in offering safety observations, participating in open dialogue and sharing both best practices and key learnings. Altogether, 258 safety observations and 491 near-misses were recorded during 2020.

### **Leadership is essential in sectoral integration**

We have now started to pursue sectoral integration within St1. To succeed in our strategic focus areas and deliver major initiatives, our Nordic organization must continuously evolve. Our people, with their key expertise and competences across all business units, will form new value chains that adapt responsively to the tasks at hand. One of most important parts of leadership is the ability to build high-performing value chains with a growth mindset.

We invested heavily in Leadership development in 2020. One example of the actions taken are St1 Leadership Seminars, which take place every quarter. These focus on increasing our knowledge sharing and leadership skills development across the organization. Within the forum, our senior management can discuss, reflect, and exchange ideas for how to develop competences

**Progress in our cultural development and the results we have achieved can also be seen in our annual Group-wide Employee Engagement survey, which measures wellbeing at work, satisfaction, and motivation.**





throughout our whole organization, not only to meet future requirements but also to drive inevitable transformation. Our Culture for Growth provides a strong platform for that transformation.

**Individuals make the value chain**

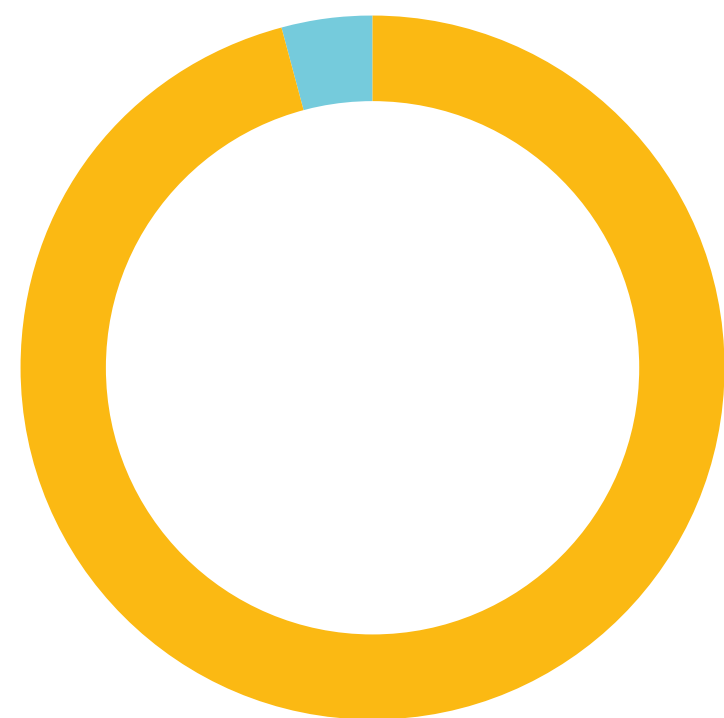
Every individual's work is important to our value chain and takes us closer to our vision to be the leading producer and seller of CO<sub>2</sub>-aware energy. In addition, our people's work delivers our commitment to solving global energy challenges. Our skills and competences must continue to evolve to meet future challenges. At the individual level, the need for competence development and training is identified through annual performance and career development reviews and daily management work. In 2020, 94 percent of our employees participated in performance and career reviews. St1's goal is to be a rewarding and fair employer that provides many opportunities for our people to develop themselves, and thus also develop the company through their key competences.

**Breakdown of employees by age**



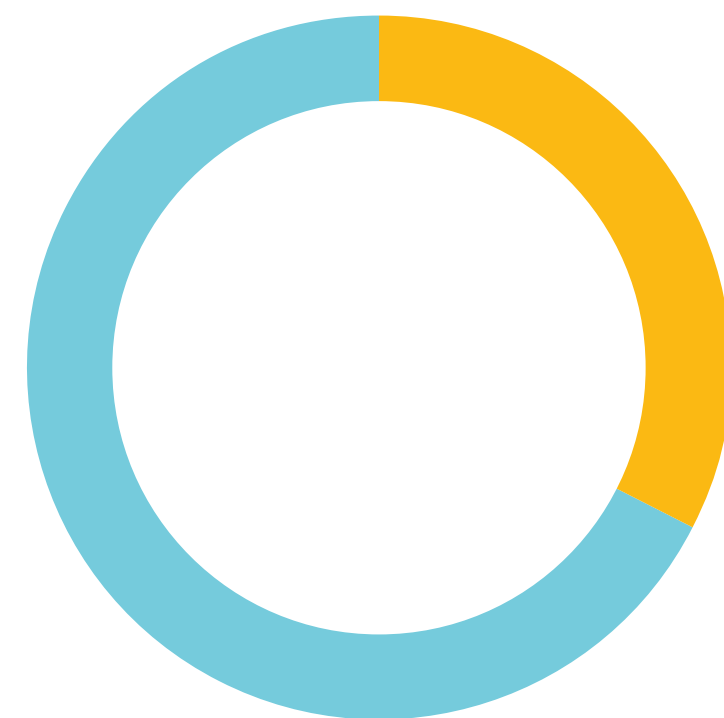
- **Below 30: 223**
- **Between 30-50: 481**
- **Over 50: 288**

**Employees by contract**



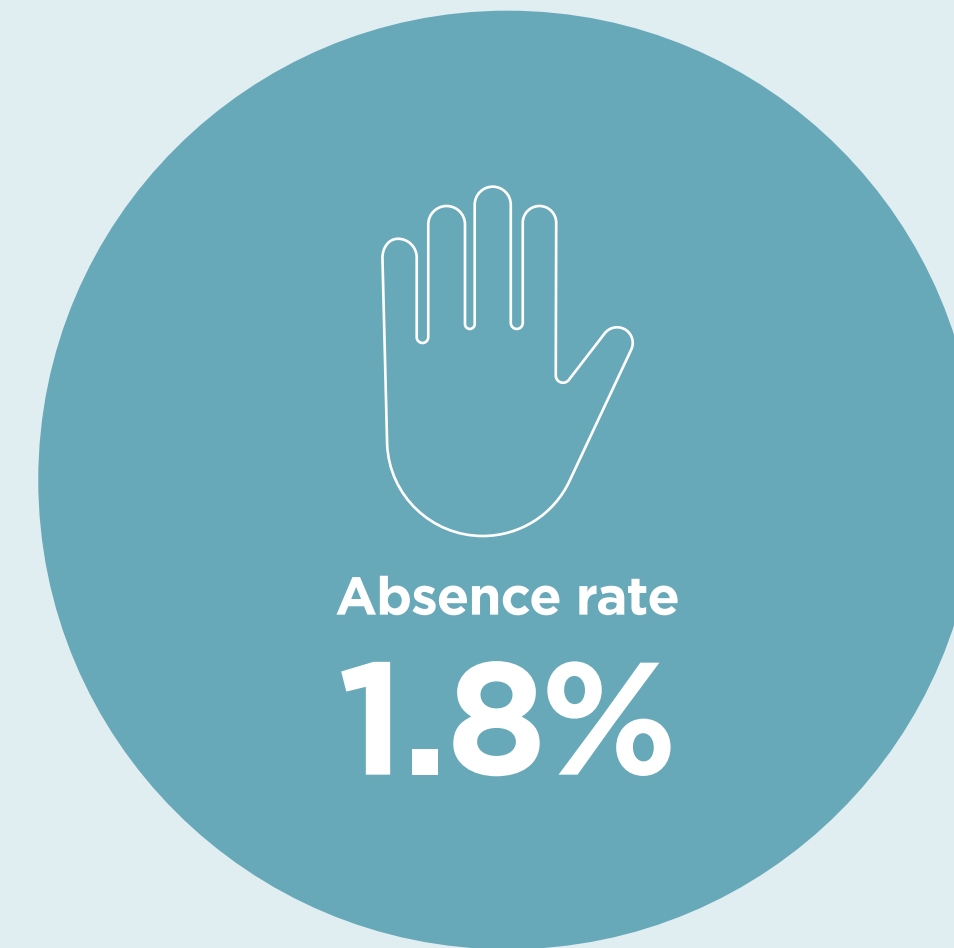
- **Permanent 951**
- **Temporary 41**

**Employees by gender**



- **Male 324**
- **Female 668**

**Occupational health and safety results 2020, own employees**



Number of high consequence injuries	<b>1</b>
High consequence injuries frequency	<b>0.7</b>
Work-related fatalities	<b>0</b>

Number of lost-time injuries	<b>3</b>
Lost time injuries frequency	<b>2.1</b>



## Business technology and finance services

# Building better services for our customers

**Payment services and business technology fulfil a key role in enabling the flawless operation of our value chain. We constantly develop and improve the services we provide to internal and external customers, for whom a smooth and swift experience is increasingly important.**

St1 Finance Oy provides payment services with a licence issued by the Financial Supervisory Authority. St1 strives to be a responsible creditor, and therefore assesses the credit status of customers with diligence and efficiency. The St1 Mastercard service is available in all our markets, allowing the use of the St1 mobile application and Apple Pay. Our App facilitates the introduction of mobile payments for fuelling, in addition to other useful features. Our App has become a significant sales channel for various products, such as car wash and coffee offers. The App is used by around 300,000 customers across all our operating countries.

In 2020, we strengthened our operational foundation. We took a new payment platform into use together with our main service provider Enfuce Financial Services Ltd. We also adapted our business and service offering to a new operational environment with an even stricter focus on safety, security and responsible credit

granting. We implemented the Payments Service Directive 2 (PSD2) and Strong Customer Authentication legislation, which had a significant impact on the whole digital payment landscape.

The reliability of our operations and a good customer experience rely on our effective business technology. We continuously improve our IT systems and make them more agile to meet the rapidly changing needs of our customers and organization now and in the future. Security risks are clearly a growing challenge, and during 2020, we saw many Nordic organizations facing cybersecurity risks. We continuously guard against this threat by investing in our Group's cybersecurity capabilities and providing regular mandatory data protection training for all our staff.

In 2020, we continued our journey towards a sustainable IT landscape which will enable us to build better services for our customers into the future.





The COVID-19 pandemic accelerated our plans of improving our digital collaboration tools and building a better digital workplace for our group's employees. Internal communication has become even more important with remote work during pandemic times. We provide continuous training to our employees in effectively using the enhanced communication tools. Providing a digital workplace is a prerequisite for our organization to be able to form agile value chains around the tasks at hand and deliver successfully.

Payment services and business technology, along with marketing, sales and customer service, work in seamless cooperation, preparing for continuously increasing future demands in the area of safe, secure and convenient payment services.

## CASE

# Sustainable IT accelerates innovation

Sustainable IT development is the new way of working at St1 Nordic's Business Technology Unit. In addition to dealing with technology, Sustainable IT development takes processes and people into consideration. Its aim is to reduce risks, costs, and overload in an ever-changing operating environment.

At St1, Sustainable IT is defined as an organizational journey consisting of a series of small steps involving people, processes, and technology. The goal of Sustainable IT is to build the future IT landscape through a means that reduces risks while speeding up organizations' ability to respond to change. Traditionally, IT development has meant big and heavy implementations that could stir up extra hassle from the customers' and personnel's perspective. By reducing the size of the changes and by implementing them step by step, adapting to the constant change becomes more convenient for the people involved. This gradual approach also reduces costs in the long run.

"At St1 we are passionate about our customers and their experience with our services. To enable great services, we need to have time and energy to focus on our customers and create value for them. This is only possible if the basis – in this case IT- is working as it should. As we need to make changes continuously, we also need to ensure that those changes don't interrupt day-to-day work", explained **Linda Pihl**, Head of Digital at St1 Nordic's Business Technology Unit.

Pihl points out data as another essential aspect of Sustainable IT development. She highlights that in

Sustainable IT, the aim is to make data available for the organization and our end-customers, which then enables the creation of meaningful services.

### People are the key to digital transformation

Digitalization is a fashionable term and often understood simply as a technology, according to Pihl. However, digitalization starts with organizations that have the right people who think innovatively and out of the box. IT people must also be able to put themselves in the client's shoes, whether that client is internal or external.

"Digitalization can make the energy transition and sustainable consumption easier and more effortless for people. No one changes their behaviour if it is too difficult to make reasonable choices. That's why user experience and solving the customer's problems are essential. Technology plays the role of the enabler here", Pihl said.

Pihl explains that to create value for our customers, we need to constantly iterate our ways of working and challenge old truths. This requires a new kind of collaboration among the business units and more interaction between people.

"Our aim is to provide a stable IT landscape that allows our employees to bring value to our end-customers and to seek new business opportunities. People are the key to digital transformation and the innovations that shape a more sustainable future", Pihl summarized.



## Partners

# Our partners

**Our vision is to be the leading producer and seller of CO<sub>2</sub>-aware energy. However, we do not pursue this vision alone. We strengthen our operations with long-term partnerships and associated companies.**

## St1 Nordic's associated companies

### NEOT Group

North European Oil Trade Group (NEOT) is a significant independent fuel procurement and distribution company in the Baltic Sea area. NEOT acquires fuels from the global trading markets and handles fuel storing and transport from refineries to terminals. Fuel transportation to stations and direct customers is undertaken by NEOT in Finland and by St1 in Sweden and Norway. NEOT provides approximately 7 billion litres of fuel to Nordic service station chains annually. NEOT delivers fuel to ABC, St1 and Shell stations in Finland, to St1 and Shell sites in Sweden, and to Shell sites in Norway. NEOT also delivers fuel oils to hundreds of thousands of homes and companies, as well as fuel for sea vessels and the aviation industry. NEOT's ability

to provide its owners with competitive and sustainable fuel products increases its owners' potential to invest in solutions for a sustainable future.

NEOT is owned by S Group (51%) and St1 Nordic (49%). More information about NEOT's operations can be found in NEOT's Sustainability Report 2020 available [here](#).

### AFSN Aviation Fuelling Services Norway AS

Owned in equal parts by St1 Nordic and Shell Exploration and Production Holdings B.V., AFSN is a provider of aviation fuelling services at Norwegian airports. AFSN operates at 14 airports in Norway, serving both Norwegian and international customers, ranging from big international airlines to smaller local companies and private owners.

**AFSN is present at 14 airports in Norway for general fuelling services. It also sells aviation fuel in bulk to clients and retailers.**



# Investments in the future



## Investments in the future

# Towards more sustainable carbon cycle

**St1's vision is to be the leading producer and seller of CO<sub>2</sub>-aware energy. In the spirit of our vision, we research, develop, produce and invest to be able to provide our customers with CO<sub>2</sub>-aware energy while creating a positive societal impact. We promote a sustainable carbon cycle through many projects.**

In order to limit global warming to well below 2 degrees Celsius, actions taken should not be limited to the local level. We must act globally and invest in innovative collaboration, and aim to put all means we know of to use. Sufficient emission reductions will not be achieved with only the current policies and mitigation tools.

### Power-to-X

Power-to-X offers the possibility to integrate different sectors, utilizing CO<sub>2</sub> as raw material in producing a wide range of products, from hydrogen to different liquid and gaseous fuels. It combines our Nordic wind potential with low-carbon fuels and energy carriers, creating investments and employment in the area. One of the biggest advantages of these synthetic fuels is their compatibility with existing liquid and gaseous fuel storage and distribution infrastructure. We are actively building new projects and partnerships in Power-to-X to move towards our first production site.

### Carbon sequestration

St1 is actively developing its own carbon sequestration programs. In addition, we are developing opportunities and solutions to increase companies' role in carbon sequestration. Viable land could be increased by large-scale carbon sequestration through nature's own methods – by sequestering carbon in forests and soil. Locally approved and well-implemented afforestation projects, combined with agriculture, would benefit communities in areas suffering from land degradation.

In order to be successful in carbon sequestration projects, many factors need to be considered in addition to the carbon dioxide that is bound. These include the social acceptability of the projects, the aspirations and benefits to the local population, various ecological aspects in the area, including biodiversity, workers' rights and other human rights issues, in addition to the verification of carbon sequestration and the transparency of carbon credits.

St1's carbon sequestration project in Morocco involves testing seven tree species and various irrigation and soil improvement methods to find the optimal growth conditions for large-scale, cost-effective afforestation and carbon sequestering. The field tests are directed and monitored by LUKE, the Natural Resource Institute of Finland. The pilot will be completed next year and the results will be utilized in future carbon farming projects.

→ **Watch video about carbon farming**





**St1's Moroccan carbon sequestration pilot monitors the growth of the above-ground and underground parts of plants, as well as the amount of biomass and carbon accumulating in plants. The length and thickness of trees area measured several times a year. Also part of the plants are carefully dug up from the ground and their roots and weighed.**

St1 wants carbon sinks to be seen as an incremental tool, not a substitutive one. In order for carbon sinks to become an official and commercial method of reducing carbon dioxide emissions, an internationally accepted verification method for carbon sequestration will be the prerequisite for the economic basis and wider use of the concept.

### Morocco pilot project

To examine the utilization of carbon sinks, St1 is running a three-year pilot project for researching sustainable carbon sequestering through afforestation in Morocco. The project is implemented together with the Université Mohammed VI Polytechnique and its affiliated fertilizer company OCP. The field tests are directed and monitored by LUKE, the Natural Resource Institute of Finland. The pilot project is funded by Business Finland.

The pilot project will examine carbon sequestration by trees under various controlled conditions in Morocco. The research project involves testing seven tree species and various irrigation and soil improvement methods to find the optimal growth conditions for large-scale, cost-effective afforestation and carbon sequestering. The aim of the experiment is an annual increase in total biomass of at least 10 tonnes of CO<sub>2</sub> per hectare. This afforestation pilot seeks to demonstrate under what conditions and measures the forest could be grown in a semi-arid area. Besides the pilot project, carbon capture measurement and verifying methods are studied.

Preliminary research results show that carbon sequestration is possible even in dry areas with small amounts of irrigation. Carbon

sequestering trees can also be used to improve the conditions for local food production in places where it is absolutely needed. Afforestation or the agroforestry concept can also slow desertification in arid areas. Moringa, which grows well and produces oil-rich beans and protein-rich leaves, has been shown to be a potential agroforestry tree species in the experiment. The pilot will be completed next year and the results will be utilized in future carbon sequestration projects.

### LIFE CarbonFarmingScheme

LIFE CarbonFarmingScheme pursues the expansion of carbon sequestration activities by providing best practices and guidance for future carbon farming schemes. The project is also looking for incentives for farmers and foresters to implement carbon farming practices in the EU.

St1 is the coordinator of the consortium, whose partners are the Baltic Sea Action Group (BSAG), Tyynelä Farm, the Natural Resources Institute of Finland (Luke), Puro.earth, and the North European Oil Trade (NEOT).

The aims of the LIFE CarbonFarmingScheme are as follows

- Develop guidance for policy makers for the implementation of a carbon farming incentive scheme.
- Identify factors in efficient markets by studying demand from sectors mandated to reduce their greenhouse gas (GHG) reductions, alongside supply from the agricultural and forest sector.
- Demonstrate the rules in 10 test farms and 10 forests, two from each of five different pedo-climatic regions in Europe.

The two-year project started in 2020 and has received funding from the LIFE Preparatory Programme of the European Union. LIFE is the EU's financial instrument supporting environmental and nature conservation projects throughout the EU. Preparatory projects address specific needs for the development and implementation of EU environmental policy and law.

With the aim of promoting a well-functioning voluntary carbon market, the project will uncover the key factors in supply and demand measures to invite the private sector to accelerate climate action. The results of the project will be fed into the development of the EU agricultural and climate policies.

### Negative Emission Technologies and Practices (NETPs)

NEGEM is a Horizon 2020 project focusing on quantifying and deploying responsible negative emissions in climate resilient pathways. NEGEM will study Negative Emission Technologies and Practices (NETPs), a portfolio of mechanisms to remove CO<sub>2</sub> from the atmosphere and to permanently store it on land, underground, or in the ocean.

The project will evaluate the real-world potential of deploying NETPs responsibly at scale, based on crosscutting and integrated analyses of technical, environmental, social and economic aspects to provide an informed assessment of their impact, acceptability, and feasibility within planetary boundaries.



The outcome of this assessment will then be used to outline concrete pathways that include the deployment of NETPs under specific conditions and with appropriate governance structures, which can contribute to achieving climate neutrality, as laid out in the Paris Agreement and within the context of key Sustainable Development Goals (SDGs).

The project period is 2020 – 2024 and the work is carried out by a consortium of scientists, together with climate and policy experts from leading international organizations in 11 countries. The scientific and technical work is organized in nine work packages, supplemented by project management and coordination. St1 is involved in two of the work packages and our role is to bring a corporate perspective to the work.

### Economic models needed

In addition to decarbonization, dealing with the carbon that has already been emitted to the atmosphere is vital. The world’s carbon debt will continue heating our climate for a long time, even if we successfully reduce new CO<sub>2</sub> emissions. For this reason, significant investments must be directed towards preserving and restoring biological carbon sinks, which, for example, capture CO<sub>2</sub> through photosynthesis and sequester it to plants and soils. This process of carbon sequestration can be better and more effectively achieved if economic models for promoting carbon sinks are created.

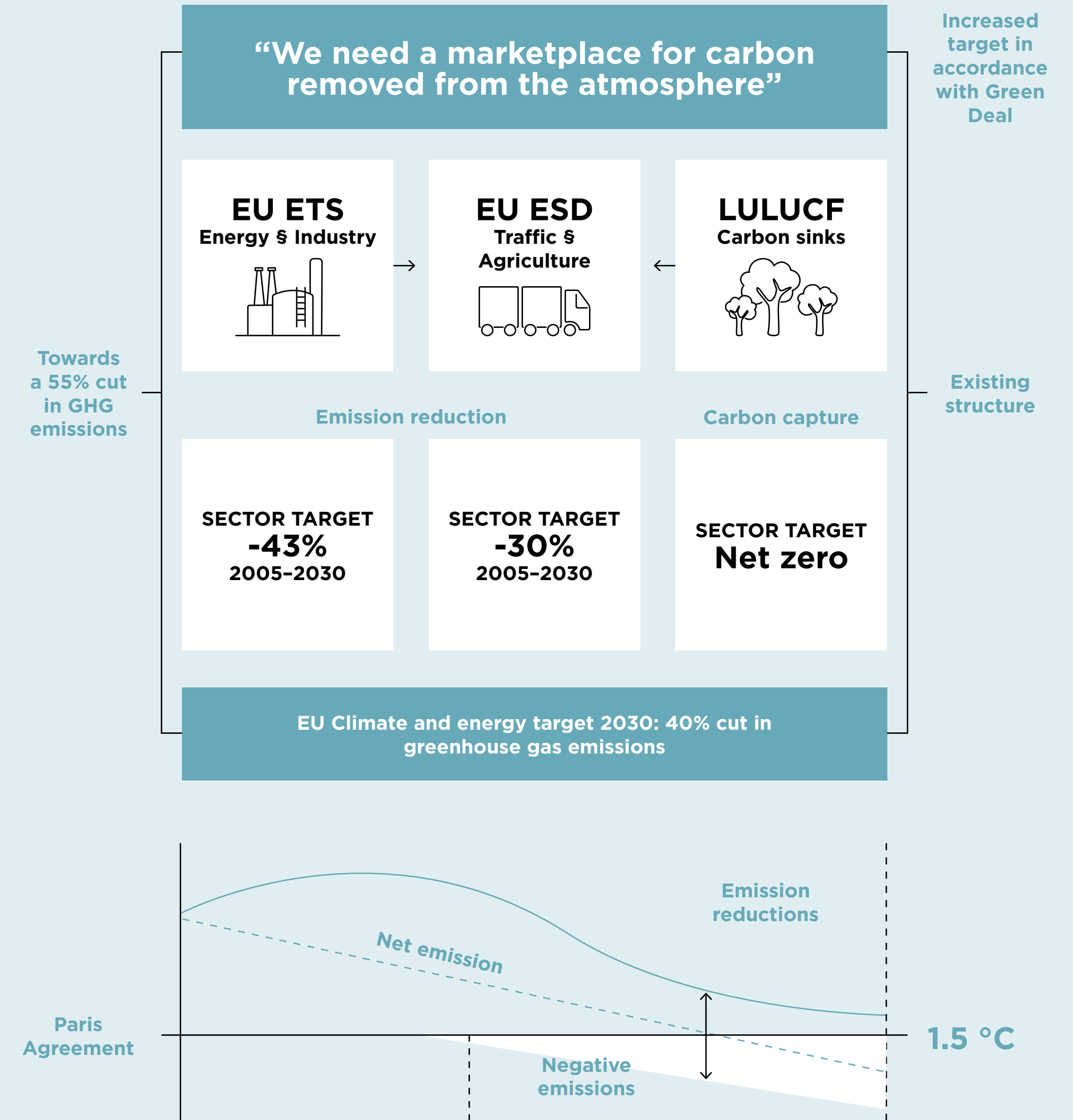
### The carbon market

A carbon market is a marketplace where carbon credits can be traded. It is an instrument that effectively enables more stringent climate targets and enhances the chances of achieving them.

A carbon market spurs new business opportunities and encourages investment in biomass cultivation. Private capital investments must be directed into sequestering carbon from the atmosphere, and a successful carbon market would foster such investments. When done right, afforestation projects bind carbon from the atmosphere and can counter deforestation, erosion, and other types of environmental degradation.

The central idea underpinning a carbon marketplace is one that capital and investments in projects don’t get connected to in existing climate policy framework. It is possible to design a system where investments are geared toward sequestering CO<sub>2</sub> and at the same time create new business opportunities and economic value in the forestry and agricultural sectors.

If such a marketplace allows for actions and projects outside of the EU, major investment projects can be initiated in regions affected by poverty, the effects of climate change, and demographic challenges. Afforestation and other carbon sequestration projects in these areas would create new jobs and repair or alleviate damage that has already been caused by global warming and reduce some of the key drivers for migration.





## CASE

## St1 Outlook



In June 2020, we published St1 Outlook, which examines the bigger picture on climate change and global energy challenges and considers how we can reverse the situation. St1 Outlook was launched in an online webinar that was joined by stakeholders from 30 countries. Discussing the most urgent energy challenges was an international panel: **Anders Borg**, Sweden's former Minister of Finance; **Lenita Toivakka**, Head of the UN Global Compact in Finland; **Anne Marit PostMelbye**, Industry Manager at the ZERO climate foundation in Norway; **Sean Kidney**, co-founder and CEO of the Climate Bonds Initiative; **Kimmo Tiilikainen**, State Secretary to Finland's Minister of Economic Affairs; **Svante Axelsson**, National Coordinator for Fossil-free Sweden; and **Mika Anttonen**, Chairman of the Board at St1. The event was hosted by **Timo Huhtisaari**, St1's Director of Sustainability and Future Business.

"In Outlook, we demonstrate the complexity of the climate change crisis, showing that there is no single solution that will solve the problem. Nevertheless, energy is at the core of the matter", said Huhtisaari.

"Global energy challenges can be solved by keeping the end result of reducing atmospheric carbon emissions in mind. Emissions can only be reduced with the help of globally scalable solutions that give no relevance to borders. Investments are huge and there will be opportunities for all", Huhtisaari continued.

St1 Outlook examines how climate change must be mitigated a little at a time, in conjunction with the continuation of our modern life on this planet. Most of the data was acquired from respected sources like the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC), and was used with the intention of delivering the core messages. Outlook asserts that any actions taken should be derived from science and research-based knowledge, and must focus on delivering global solutions. In order to deliver meaningful solutions with a positive impact, the ideas and solutions presented in Outlook focus on total life cycle emissions. Narrowing the scope would have resulted in a sub-optimization of the problem.

"With Outlook, we want to exhibit St1's vision and big-picture perspective on global energy challenges, which guide our work. It should do so for entire societies, too. If new science or data comes, we will adapt. Until that happens, we will continue developing and investing in game-changing solutions based on a holistic view of the climate change crisis", said Anttonen.

You'll find St1's Outlook [here](#).





# GRI Index

GRI standards index



# GRI standards index

GRI-standard	GRI-code	Disclosure	Location in the report	Additional information	Global Compact Principle
<b>GRI 102: General Disclosures</b>					
<b>Organisational profile</b>					
	102-1	Name of the organization		St1 Nordic Oy	
	102-2	Activities, brands, products, and services	St1 in brief, p. 4 Value chain, p. 31		
	102-3	Location of headquarters		Helsinki, Finland	
	102-4	Location of operations	St1 in brief, p. 4 Value chain, p. 31		
	102-5	Ownership and legal form	Report on operations, p. 76–80		
	102-6	Markets served	St1 in brief, p. 4		
	102-7	Scale of the organization	Year 2020 in figures, p. 5–7		
<b>Products and by-products</b>					
		<b>Ethanol production</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
		Ethanol, t	10,378	8,662	11,010
		Lignin, t	11,685	11,004	14,800
		Vinasse, t	0	0	1,800
		Furfural, t	192	165	76
		Turpentine, t	0	0	0
		Electricity, GWh	4	3	5
		Heat, GWh	6	13	6
		Feed, t	45,766	50,420	76,200
		Biogas drank, t	3,980	4,295	3,600
		Fertilizers, t	10,915	5,661	9,400
		<b>Oil production</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
		Sold refined component, t	35,800	24,100	73,700
		Petrol, t	901,000	813,200	969,000
		Diesel, t	1,128,400	1,010,200	1,242,800
		Other middle distillates, t	479,900	526,400	568,500
		LPG, t	100,800	78,800	119,200
		Light fuel oil (JET A1), t	0	14,200	30,200
		Heavy fuel oil, t	595,800	556,700	621,900
		Sulphur, t	2,600	3,100	4,500
		Heat, GWh	628	571	671
		<b>Wind power production</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
		Electricity produced, GWh	1,082	615	628
		<b>St 1 Sold fuels</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
		Gasoline, 1,000 m <sup>3</sup>	1,218	1,300	1,430
		Diesel and Light Fuel Oil, 1,000 m <sup>3</sup>	2,767	2,998	3,195
		JET, 1,000 m <sup>3</sup>	227	596	587
		Marine gas oil, 1,000 m <sup>3</sup>	895	984	394



GRI-standard	GRI-code	Disclosure	Location in the report	Additional information	Global Compact Principle	
	102-8	Information on employees and other workers	People, p. 48–50		6	
		<b>Number of employees, St1 Group</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	
		Total number of employees, 31.12	984	767	774	
		Average number of employees during the year	917	779	788	
		<b>Total number of employees by employment contract</b>				
		Permanent	943	96%	737	96%
		Temporary	41	4%	30	4%
		Total	984	100%	767	100%
		<b>Total number of employees by employment type</b>				
		Full-time	831	84%	754	98%
		Part-time	153	16%	13	2%
		Total	984	100%	767	100%
	102-9	Supply chain	Supply and logistics, p. 42–43			
	102-10	Significant changes to the organization and its supply chain	Report on operations, p. 76–80			
	102-11	Precautionary Principle or approach	Report on operations, p. 76–80	Precautionary principle is included in risk management based on legal requirements	7	
	102-12	External initiatives	Involvement in organizations and joint projects, p. 24–25			
	102-13	Membership of associations	Involvement in organizations and joint projects, p. 24–25			
<b>Strategy</b>						
	102-14	Statement from senior decision-maker	CEO's review, p. 10–11 Statement of the Chairman of the Board, p. 12–13			
	102-15	Key impacts, risks, and opportunities	COVID-19 pandemic, p. 9 CEO's review, p. 10–11 Statement of the Chairman of the Board, p. 12–13 Sustainability director's review, p. 15–16 Sustainability agenda, p. 17–21 Impacts on people, p. 26–28 Investments in the future, p. 55–58			
<b>Ethics and integrity</b>						
	102-16	Values, principles, standards, and norms of behavior	Sustainability agenda, p. 17–21 Impacts on people, p. 26–28 Report on operations, p. 76–80			
<b>Governance</b>						
	102-18	Governance structure	Report on operations, p. 76–80			



GRI-standard	GRI-code	Disclosure	Location in the report	Additional information	Global Compact Principle
<b>Stakeholder engagement</b>					
	103-40	List of stakeholder groups	Stakeholder engagement, p. 22-23		
	103-41	Collective bargaining agreements			
		Employees covered by collective bargaining agreements		<b>2020: 99%, 2019: 98%, 2018: 85%</b>	3
	103-42	Identifying and selecting stakeholders	Stakeholder engagement, p. 22-23		
	103-43	Approach to stakeholder engagement	Stakeholder engagement, p. 22-23		
	103-44	Key topics and concerns raised	Stakeholder engagement, p. 22-23		
<b>Reporting practice</b>					
	102-45	Entities included in the consolidated financial statements	About this report, p. 2 Notes to the financial statement, p. 89-99		
	102-46	Defining report content and topic Boundaries	About this report, p. 2		
	102-47	List of material topics		Based on St1 materiality assessment the following GRI disclosure topics were considered as material.  <b>Economic:</b> <ul style="list-style-type: none"> <li>• Economic performance</li> <li>• Indirect economic impacts</li> <li>• Anti-corruption</li> <li>• Anti-competitive behavior</li> </ul> <b>Environment:</b> <ul style="list-style-type: none"> <li>• Materials</li> <li>• Energy</li> <li>• Water and effluents</li> <li>• Emissions</li> <li>• Effluents and waste</li> <li>• Environmental compliance</li> </ul> <b>Social:</b> <ul style="list-style-type: none"> <li>• Employment</li> <li>• Occupational health and safety</li> <li>• Training and education</li> <li>• Diversity and equal opportunity</li> <li>• Non-discrimination</li> <li>• Freedom of association and collective bargaining</li> <li>• Child labor</li> <li>• Local communities</li> <li>• Public policy</li> <li>• Customer health and safety</li> <li>• Marketing and labeling</li> <li>• Customer privacy</li> <li>• Socio-economic compliance</li> </ul>	



GRI-standard	GRI-code	Disclosure	Location in the report	Additional information	Global Compact Principle
	102-48	Restatements of information		Restatements communicated within the data.	
	102-49	Changes in reporting		No major changes	
	102-50	Reporting period		1.1-31.12.2020	
	102-51	Date of most recent report		30.4.2020	
	102-52	Reporting cycle		Annual	
	102-53	Contact point for questions regarding the report		<a href="https://www.st1.com/about-st1/contact-us">https://www.st1.com/about-st1/contact-us</a>	
	102-54	Claims of reporting in accordance with the GRI Standards		This report has been prepared in accordance with the GRI Standards.	
	102-55	GRI content index			
	102-56	External assurance		This report is not externally assured by an independent third-party.	
<b>Material Topics</b>					
<b>GRI 103: Management Approach</b>					
	103-1	Explanation of the material topic and its Boundary	About this report, p. 2 Sustainability agenda, p. 17-21		
	103-2	The management approach and its components	Sustainability agenda, p. 17-21		
	103-3	Evaluation of the management approach	Sustainability agenda, p. 17-21		
<b>GRI 200 Economic Standard Series</b>					
<b>GRI 201: Economic Performance</b>					
	201-1	Direct economic value generated and distributed	Consolidated income statement, p. 81		
		<b>Economic impact</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
		Renewable energy investments, M€	51.6	42.1	41.8
		Environmental investments, M€	7.2	6.8	13.4
		Investments, M€	121.2	135.9	132
		Personnel cost, M€	79.9	78.9	72.9
		Excise and property taxes, M€	1,957.4	1,978.7	2,176.90
		Income taxes, M€	28.1	31.4	15.3
					7, 9
					7, 9
<b>GRI 203: Indirect Economic Impacts</b>					
	203-2	Significant indirect economic impacts	Key figures, p. 5-7 Investments in the future, p. 55-58		
	205-1	Operations assessed for risks related to corruption	Sustainability agenda, p. 17-21 Impacts on people, p. 26-28	Assessed as part of human rights risk assessment - basic level analysis. Further development to be defined based on due diligence process development.	10



GRI-standard	GRI-code	Disclosure	Location in the report	Additional information	Global Compact Principle
<b>GRI 205: Anti-corruption</b>					
	205-2	Communication and training about anti-corruption policies and procedures		Topic integrated into St1 Code of Conduct trainings. Further development to be done during 2021.	10
	205-3	Confirmed incidents of corruption and actions taken		No cases in 2020.	10
<b>GRI 206: Anti-competitive behavior</b>					
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		One case pending in Norway relating to St1 Norge AS's lease agreement towards Best Kyrksæterøra petrol station in Heim municipality in Mid-Norway. The Competition Authority's preliminary assessment is that St1 Norway has not complied with its disclosure obligations in connection with the conclusion of this agreement.	
<b>GRI 300 Environmental Standard Series</b>					
<b>GRI 301 Materials</b>					
	301-1	Materials used	Raw materials and production, p. 32-41 Key figures, p. 5-7		
			<b>2020</b>	<b>2019</b>	<b>2018</b>
		<b>Ethanol production feedstock</b>			
		Biowaste and residues, t	69,000	98,000	133,000
		<b>Raw materials</b>			
		Crude oil, million t	3.39	3.17	3.82
		<b>Paraffinic fuels</b>			
		Paraffinic fuels, million l	538	666	630
		<b>Biofuels</b>			
		1st generation biofuels, million l	244	332	215
		2nd generation biofuels, million l	260	234	356
		Change for 2020 reporting: Biofuels volumes for all three markets only consist of actual bio-based volumes. This means that only the biovolumes of components like MTBE and ETBE are stated.			
					7, 8, 9
					7, 8, 9
<b>GRI 302 Energy</b>					
	302-1	Energy consumption	Raw materials and production, p. 32-41 Supply and logistics, p. 42-43		7, 8



GRI-standard	GRI-code	Disclosure	Location in the report			Additional information	Global Compact Principle
		<b>Energy consumption in production</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>		
		<b>Ethanol production</b>					
		Electricity, GWh	16.3	16.1	20		
		from which renewable, GWh	18.5%	97%			
		Heat, GWh	44.8	47.3	67		
		from which renewable, GWh	60%	53%			
		<b>Oil production</b>					
		Natural gas, GWh	361	228	217		
		Refinery gas, GWh	1,603	1,630	2,174		
		Electricity, GWh	138.7	125.4	150		
		from which renewable, GWh	25%	25%			
		Heat, GWh	0	0	0		
		<b>Total energy consumption in oil production, GWh</b>	<b>2,103</b>	<b>1 983,4</b>	<b>2,628</b>		
		<b>Energy consumption in supply and logistics</b>					
		<b>Terminals in Finland (NEOT)</b>					
		Electricity, GWh	5	5	4		
		Heat, GWh	1	2	3		
		<b>Terminals in Norway and Sweden</b>					
		Electricity, GWh	6	7	6		
		from which renewable, GWh	91%				
		Heat, GWh	2	2	2		
		from which renewable, GWh	98%				
		<b>Total energy consumption in supply and logistics, GWh</b>	<b>14</b>	<b>16</b>	<b>15</b>		
<b>GRI 303 Water and effluents (2018)</b>							
	303-1	Interaction with water as a shared resource				In the production units water is used as process water and cooling water. Water is utilized mainly from surface water sources (sea, lake).	7, 8
	303-2	Management of water discharge-related impacts				There is monitoring of process waste waters of plants and environmental permits are followed. The water use has been decreased by optimizing the process control and circulation of water flows inside the processes.	7, 8
	303-4	Water discharge					7, 8



GRI-standard	GRI-code	Disclosure	Location in the report			Additional information	Global Compact Principle
		<b>Wastewater discharges from production</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>		
		Wastewater from ethanol production:					
		Process water, 1,000 m <sup>3</sup>	118	139	202		
		Cooling water, 1,000 m <sup>3</sup>	2,002	3,043	3,366		
		Wastewater from oil production:					
		Process water, 1,000 m <sup>3</sup>	658	670	648		
		Cooling water, 1,000 m <sup>3</sup>	7,485	6,754	4,216		
		<b>Total wastewater, 1,000 m<sup>3</sup></b>	<b>10,263</b>	<b>10,606</b>	<b>8,432</b>		
	303-5	Water consumption					7, 8
		<b>Water use in production</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>		
		Water use in ethanol production, 1,000 m <sup>3</sup>	1,831	3,182	3 467		
		Water use in oil production, 1,000 m <sup>3</sup>	830	831	717		
		<b>Total water consumption, 1,000 m<sup>3</sup></b>	<b>2,661</b>	<b>4,013</b>	<b>4,184</b>		
<b>GRI 305 Emissions</b>							
	305-1	Direct (Scope 1) GHG emissions				Raw materials and production, p. 32-41	7, 8
		<b>GHG-emissions (scope 1) from production</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>		
		GHG-emissions from ethanol production, tCO <sub>2</sub>	3,809	6,500	8,800		
		GHG-emissions from oil production, tCO <sub>2</sub>	500,033	456,600	546,800		
		<b>Total GHG-emissions (scope 1), tCO<sub>2</sub></b>	<b>503,842</b>	<b>463,100</b>	<b>555,600</b>		
	305-2	Energy indirect (Scope 2) GHG emissions				Raw materials and production, p. 32-41	7, 8
		<b>GHG-emissions (scope 2) from production</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>		
		GHG-emissions from ethanol production, tCO <sub>2</sub>	4,626	66			
		GHG-emissions from oil production, tCO <sub>2</sub>	46,953	31,445			
		<b>Total GHG-emissions (scope 1), tCO<sub>2</sub></b>	<b>51,579</b>	<b>31,463</b>			
	305-3	Other indirect (Scope 3) GHG emissions					7, 8
			<b>2020</b>	<b>2019</b>			
		Business travel, tCO <sub>1</sub>	311	282			
	305-5	Reduction of GHG emissions				Raw materials and production, p. 32-41 Investments in the future, p. 55-58	8, 9



GRI-standard	GRI-code	Disclosure	Location in the report	Additional information			Global Compact Principle
		<b>Reduction of GHG-emissions from ethanol production</b>		<b>2020</b>	<b>2019</b>	<b>2018</b>	
		Reduction of GHG-emissions according to Renewable Energy Sources Directive, tCO <sub>2</sub>		76%	78%	82%	
		2) Weighted average of reduction percentages of all production units based on RED's fossil fuels comparative.					
		<b>Reduction of GHG-emissions from the use of products</b>		<b>2020</b>	<b>2019</b>	<b>2018</b>	
		CO <sub>2</sub> -reduction from use of biofuels, tCO <sub>2</sub>		1,035,883	1,160,647	1 199,000	
305-7		Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions					8
		<b>VOC-emissions from production</b>		<b>2020</b>	<b>2019</b>	<b>2018</b>	
		VOC-emissions from ethanol production, t		16	18	10	
		VOC-emissions from oil production, t		847	858	939	
		VOC-recovery from oil production, t		14.3	24.6	11.9	
		<b>NOx-emissions from production</b>					
		NOx-emissions from oil production, t		278	280	230	
		<b>Particulates from production</b>					
		Particulate emissions from oil production, t		11	12	17	
<b>GRI 306 Effluents and waste</b>							
306-2		Waste by type and disposal method					8
		<b>Waste from production</b>		<b>2020</b>	<b>2019</b>	<b>2018</b>	
		Non-hazardous waste, utilized, t		32,455	12,825	5,113	
		from ethanol production, t		4,047	1,531	3,471	
		from oil production, t		28,408	11,294	1,642	
		Refinery		1,656			
		Biorefinery (GPU construction)		26,752			
		Non-hazardous waste, landfilled, t		24,995	1,339	1,279	
		from ethanol production, t		0	0	6	
		from oil production, t		24,995	1,339	1,273	
		Refinery		864			
		Biorefinery (GPU construction)		24,131			
		<b>Total non-hazardous waste, t</b>		<b>57,450</b>	<b>14,164</b>	<b>6,392</b>	
306-2		Waste by type and disposal method					



GRI-standard	GRI-code	Disclosure	Location in the report	Additional information			Global Compact Principle
		Hazardous waste, utilized, t		12,202	2,150	2,812	
		from ethanol production, t		218	244	101	
		from oil production, t		11,984	1,906	2,711	
		Refinery		11,977			
		Biorefinery (GPU construction)		7			
		Hazardous waste, landfilled, t		2,041	13,732	2,264	
		from ethanol production, t		0	0	0	
		from oil production, t		2,041	12,732	2,264	
		Refinery		1,560			
		Biorefinery (GPU construction)		481			
		<b>Total hazardous waste, t</b>		<b>14,243</b>	<b>15,882</b>	<b>5,076</b>	
		<b>Waste from supply and logistics</b>					
		Hazardous waste, utilized, t					
		from terminals in Finland (NEOT), t		38	213	230	
		from terminals in Sweden and Norway, t		456	567	634	
		<b>Total hazardous waste, utilized, t</b>		<b>494</b>	<b>780</b>	<b>864</b>	
306-3		Significant spills					8
		<b>Number of significant spills</b>		<b>2020</b>	<b>2019</b>	<b>2018</b>	
		from ethanol production		0	0	0	
		from oil production		0	0	0	
		from logistics in Finland (NEOT)		0	0	0	
		from terminals in Sweden and Norway		0	0	3	
		Total number of significant spills		0	0	3	
<b>GRI 307 Environmental compliance</b>							
	307-1	Non-compliance with environmental laws and regulations		No cases in 2020.			8
<b>GRI 400 Social Standards Series</b>							
<b>GRI 401: Employment</b>							
	401-1	New employee hires and employee turnover	People, p. 48-50				6
		<b>Changes in employees</b>		<b>2020</b>	<b>2019</b>	<b>2018</b>	
		Total number of new employee hires		223	100	134	
		Total number of leavers		93	108	99	
		Employee turnover, %		9.5%	9%	13%	



GRI-standard	GRI-code	Disclosure	Location in the report	Additional information	Global Compact Principle
<b>GRI 403: Occupational Health and Safety (2018)</b>					
	403-1	Occupational health and safety management system	Raw materials and production, p. 32-41 People, p. 48-50		
	403-2	Hazard identification, risk assessment, and incident investigation	Raw materials and production, p. 32-41 People, p. 48-50		
	403-3	Occupational health services	Raw materials and production, p. 32-41 People, p. 48-50		
	403-4	Worker participation, consultation, and communication on occupational health and safety	Raw materials and production, p. 32-41 People, p. 48-50		
	403-5	Worker training on occupational health and safety	Raw materials and production, p. 32-41 People, p. 48-50		
	403-6	Promotion on worker health	Raw materials and production, p. 32-41 People, p. 48-50		
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked with business relationships	Raw materials and production, p. 32-41 People, p. 48-50		
	403-9	Work-related injuries			

**Occupational health and safety results**

**Own employees:**

	2020	2019	2018
Work-related fatalities, own employees	0	0	0
Number of high consequence injuries, own employees	1		
High consequence injuries frequency, own employees	0.7		
Number of lost-time injuries, own employees	3	8	6
Lost time injuries frequency, own employees	2.1	6.9	5.3
Number of recordable injuries, own employees	6		
Recordable injuries frequency, own employees	4.3		
Near-miss reports, own employees	741		
Safety observations, own employees (including safety walks)	860		
Absence rate, %	1.8	1.7	3.3

**External workforce:**

Work-related fatalities, external workforce	0		
Number of high consequence injuries, external workforce	0		
High consequence injuries frequency, external workforce	0		
Number of lost-time injuries, external workforce	1		
Lost time injuries frequency, external workforce	4.2		
Number of recordable injuries, external workforce	4		
Recordable injuries frequency, external workforces	16.9		

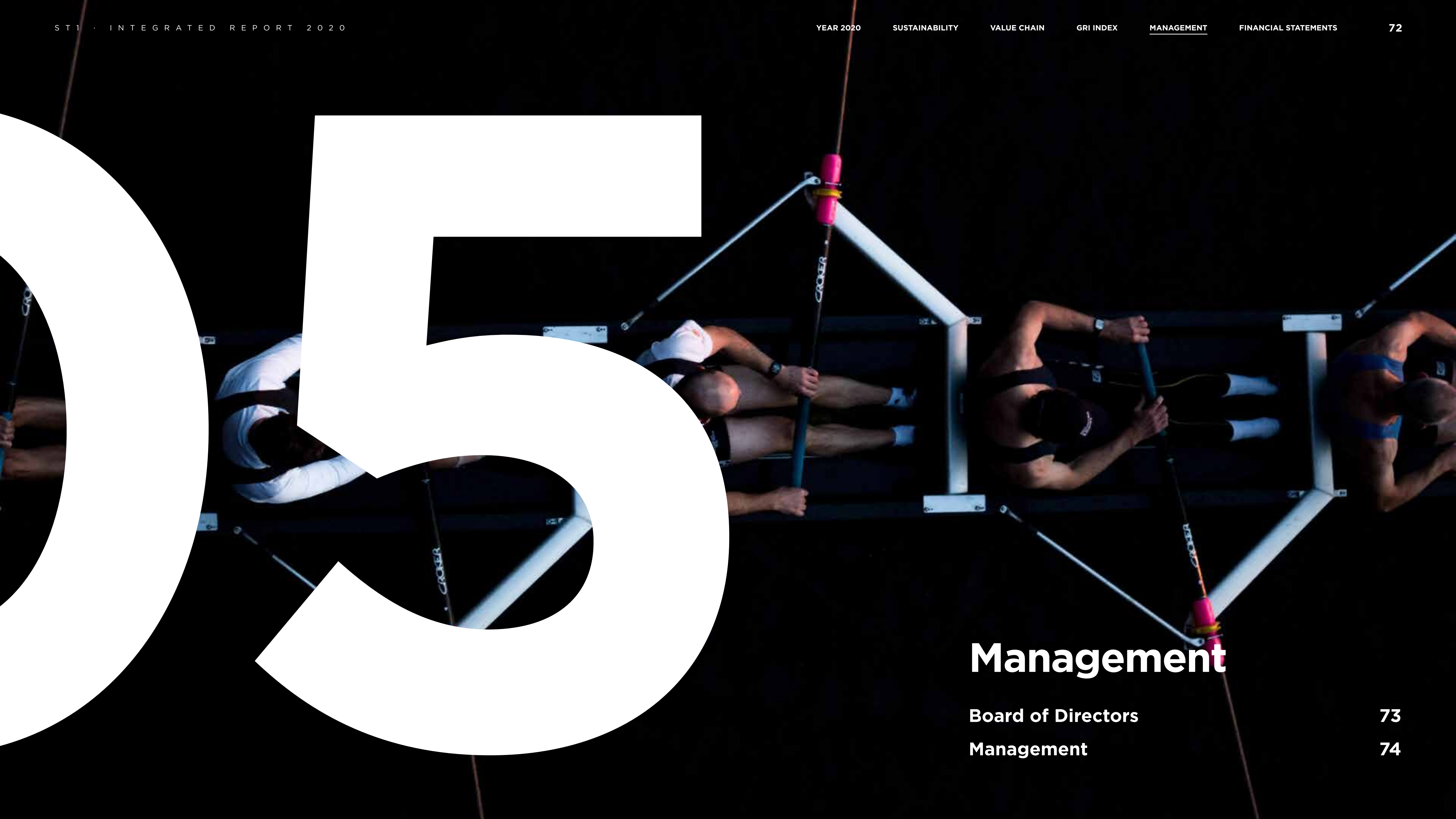


GRI-standard	GRI-code	Disclosure	Location in the report	Additional information	Global Compact Principle					
<b>GRI 404: Training and Education</b>										
	404-3	Percentage of employees receiving regular performance and career development reviews	People, p. 48-50							
		<b>Performance and career development reviews</b>		<b>2020</b>	<b>2019</b>	<b>2018</b>				
		Percentage of employees receiving regular performance and career development reviews, %		93%*	100%	98%				
		* Nemob excluded due to nature of business.								
<b>GRI 405: Diversity and Equal Opportunity</b>										
	405-1	Diversity of governance bodies and employees	People, p. 48-50							
				<b>2020</b>	<b>2019</b>	<b>2018</b>				
		<b>Breakdown of employees by gender, St1 Group</b>								
		Female		324	33%	204	27%	209	27%	6
		Male		668	67%	563	73%	565	73%	
		Total		992	100%	767	100%	774	100%	
		<b>Breakdown of employees by age group, St1 Group</b>								
		Below 30		223	22%	111	14%	100	13%	6
		Between 30-50		481	48%	397	52%	395	51%	
		Over 50		288	29%	259	34%	279	36%	
		Total		992	100%	767	100%	774	100%	
<b>GRI 406: Non-discrimination</b>										
	406-1	Incidents of discrimination and corrective actions taken			2 cases with immediate actions taken. Cases were non-compliant in regards to the discrimination law, and were carried through a grievance process. Further training for employees was arranged due to the cases.	6				
<b>GRI 407: Freedom of association and collective bargaining</b>										
	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Sustainability agenda, p. 17-21 Impacts on people, p. 26-28 St1 policies & principles <a href="https://www.st1.com/sustainability/policies-principles">https://www.st1.com/sustainability/policies-principles</a>			3, 4				
<b>GRI 408: Child labor</b>										
	408-1	Operations and suppliers at significant risk for incidents of child labor	Sustainability agenda, p. 17-21 Impacts on people, p. 26-28 St1 policies & principles <a href="https://www.st1.com/sustainability/policies-principles">https://www.st1.com/sustainability/policies-principles</a>			5				



GRI-standard	GRI-code	Disclosure	Location in the report	Additional information	Global Compact Principle
<b>GRI 412: Human rights assessment</b>					
	412-1	Operations that have been subject to human rights reviews or impact assessments	Sustainability agenda, p. 17-21 Impacts on people, p. 26-28 St1 policies & principles <a href="https://www.st1.com/sustainability/policies-principles">https://www.st1.com/sustainability/policies-principles</a>		1, 2
	412-2	Employee training on human rights policies or procedures	Sustainability agenda, p. 17-21 Impacts on people, p. 26-28 St1 policies & principles <a href="https://www.st1.com/sustainability/policies-principles">https://www.st1.com/sustainability/policies-principles</a>		1, 2
<b>GRI 413: Local communities</b>					
	413-1	Operations with local community engagement, impact assessments, and development programs	Sustainability agenda, p. 17-21 Impacts on people, p. 26-28 St1 policies & principles <a href="https://www.st1.com/sustainability/policies-principles">https://www.st1.com/sustainability/policies-principles</a>		1, 2
	413-2	Operations with significant actual and potential negative impacts on local communities	Sustainability agenda, p. 17-21 Impacts on people, p. 26-28 St1 policies & principles <a href="https://www.st1.com/sustainability/policies-principles">https://www.st1.com/sustainability/policies-principles</a>		1, 2
<b>GRI 415: Public policy</b>					
	415-1	Political contributions	St1 policies & principles <a href="https://www.st1.com/sustainability/policies-principles">https://www.st1.com/sustainability/policies-principles</a>	We actively engage in societal discussions but do not offer financial support to political parties and entities associated with them or make any direct or indirect political or religious contributions. (St1 Code of Conduct).	10
<b>GRI 416: Customer Health and Safety</b>					
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		No cases in 2020.	
<b>GRI 417: Marketing and Labeling</b>					
	417-2	Incidents of non-compliance concerning product and service information and labeling		No cases in 2020.	
	417-3	Incidents of non-compliance concerning marketing communications		No cases in 2020.	
<b>No cases in 2020</b>					
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		5 cases, from which 2 exceeding authority notification threshold.	
<b>GRI 419: Socioeconomic Compliance</b>					
	419-1	Non-compliance with laws and regulations in the social and economic area		No cases in 2020.	





# Management

Board of Directors

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Management

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# Board of Directors



**Mika Anttonen**  
Chairman of the Board of Directors  
St1 Nordic Oy



**Sampsa Halinen**  
Board Professional



**Kati Ihamäki**  
Vice President, Brand and Corporate  
Responsibility  
OP Financial Group



**Mikko Koskimies**  
Managing Director  
eQ Varainhoito Oy



**Kim Wiio**  
Managing Director  
Mininvest Oy



# Management



**Henrikki Talvitie**  
CEO



**Miika Eerola**  
CEO  
St1 Refinery AB



**Timo Huhtisaari**  
Director, Sustainability and  
Future Business



**Miika Johansson**  
Director, Renewable Energy



**Timo Jokinen**  
Director, Supply and Logistics



**Kristine Vergli Grant-Carlson**  
CEO  
St1 Norge AS



**Hilde Wahl**  
Director, Brands  
CEO St1 Sverige AB



**Mika Wiljanen**  
Director, Sales  
CEO St1 Oy, St1 Finance



**Kati Ylä-Autio**  
CFO





# Financial statements

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# Report for 1 January 2020–31 December 2020

## Business operations and financial performance of St1 Nordic Oy

St1 Nordic Oy is the parent company to St1 Nordic group which is a versatile Nordic player in the energy sector. The group engages in sale of traffic and heating fuels to consumers and the corporate sector in Finland, Sweden and Norway, as well as to the marine sector in Sweden and Norway and to air traffic in Norway. The group operates a total of 1,257 retail stations under the St1 and Shell brands in Finland and Sweden and under the Shell brand in Norway. St1 and Shell service stations and unmanned stations have more than 600,000 customer visits daily for refuelling as well as food, shop and car wash offering. St1 follows the development of EV charging business and currently offers EV charging at 31 sites in Norway. In addition, the first EV charging site was opened in Sweden.

The group manufactures, develops and refines liquid fuels at its oil refinery in Gothenburg, Sweden. The refinery's annual capacity is 30 million barrels of crude oil. The majority of the refinery's production is sold in Sweden through the retail station network and other sales channels. St1 focuses strongly on renewable energy initiatives. The group has production facilities producing bioethanol from waste in Kajaani, Vantaa, Lahti, Hamina and Gothenburg in connection with the refinery. Especially

the Kajaani facility focuses also on product development. In Otaniemi, Espoo, preparation of a geothermal heat pilot plant utilizing the world's deepest heat production wells continues. In addition, the subsidiary St1 Lähienergia Oy sells and installs devices based on geothermal heat.

St1 Nordic Oy sold the industrial wind power production which it owned through the associated company Tuuliwatti Oy in October 2020. St1 continues to operate the wind farms through a service agreement. Next the group aims at investing in industrial windpower in Northern Norway where projects are in permitting stage.

With an objective to maximise the competitiveness of the group's fuel procurement, the purchase of liquid fuels is centralised in the group's associated company North European Oil Trade Oy (Neot). Neot purchases the majority of the Gothenburg refinery's production.

The group's revenue in 2020 was MEUR 4,923.1 which was MEUR 1,665.2 less than in the previous year. The decline in turnover was due to the sharp decline of oil products prices on the world market in spring 2020 and to some extent to decline in service stations sales volumes. Otherwise there were no significant changes in sales volumes apart from aviation fuel sales to associated

## Key indicators of St1 Nordic Oy's financial position and results of operations:

	2020	2019	2018	2017	2016
Net sales, MEUR	41.8	51.1	50.5	37.5	30.3
Operating profit/loss, MEUR	11.0	13.0	14.8	15.8	6.6
Operating profit, % of net sales	26.2	25.4	29.3	42.2	21.7
Profit for the period, MEUR	28.6	27.1	44.0	159.4	172.8
Return on equity, %	5.5	5.3	8.7	40.1	69.0
Equity ratio, %	63.6	63.5	67.2	65.0	50.8

## Key indicators of St1 Nordic group's financial position and results of operations:

	2020	2019	2018	2017	2016
Net sales, MEUR	4,923.1	6,588.0	6,885.2	5,093.5	4,390.4
Operating profit/loss, MEUR	162.9	150.1	63.1	176.6	150.5
Operating profit, % of net sales	3.3	2.3	0.9	3.5	3.4
Profit for the period, MEUR	126.8	119.1	55.3	372.8	112.7
Return on equity, %	13.5	14.3	7.0	23.4*	30.9
Equity ratio, %	57.7	46.3	40.7	42.7	31.3

\* Calculated excluding the merger profit on the profit and loss statement.



company Aviation Fuelling Services Norway AS which declined by 50 % due to reduced air traffic. An increasing part of liquid fuels are bio products, the share of which increased to almost 19 % of 2020 revenue.

25 % of revenue came from Finland, 48 % from Sweden and 27 % from Norway.

The group's operating profit was MEUR 162.9 which was MEUR 12.8 more than in the previous year. Refinery and wholesale margin was significantly below prior year's level as demand on the oil market declined due to COVID-19 pandemic, but was still positive as a whole. The improvement in 2021 to 2022 refinery margin hedges compensated for the result impact from oil price decline on inventory. Despite tight price competition and the COVID-19 pandemic, Retail and Commercial Fuels markets maintained the result levels. The result was also positively impacted by the sale of Tuulivatti Oy business in October 2020. The subsidiary St1 Norge AS booked a MEUR -4.2 write-off on the Kirkenäs terminal in Norway as there is uncertainty about the continuation of its operation.

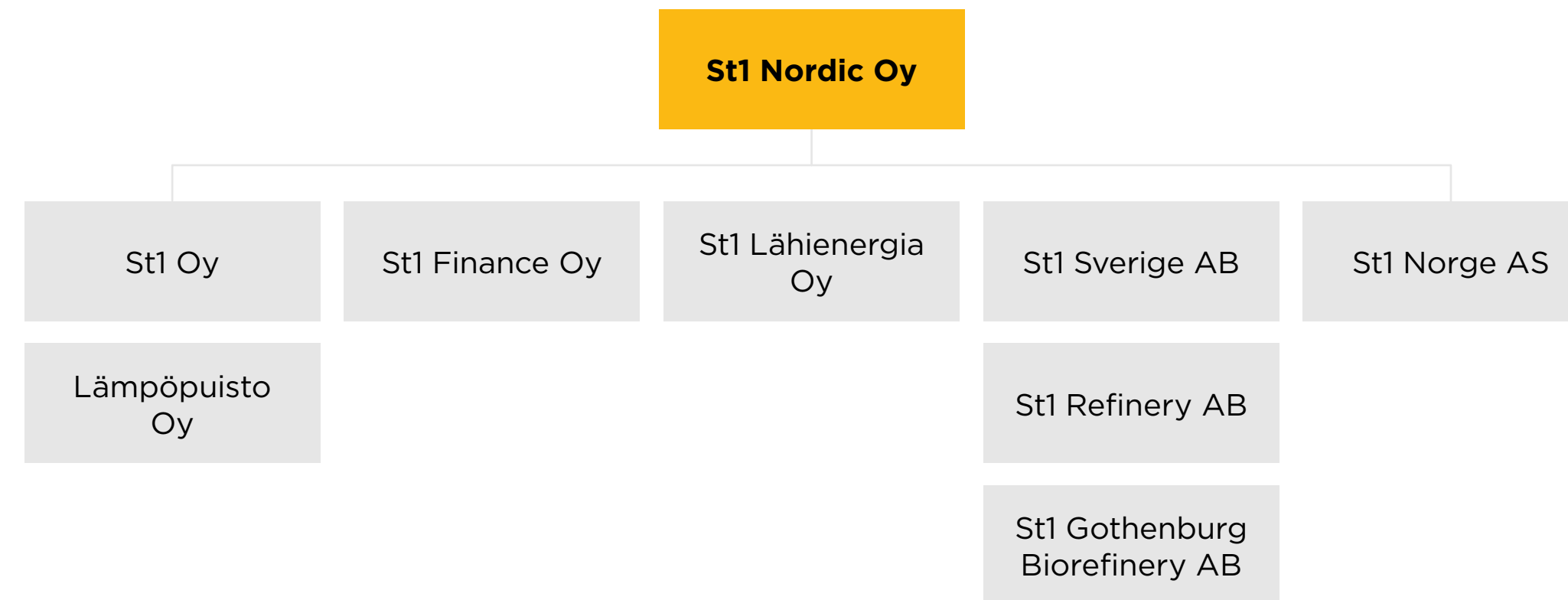
## Group structure

There were no significant changes in the group structure during 2020 apart from the above mentioned sale of Tuulivatti ownership.

In addition to the parent company, St1 Nordic group consists now of the operative subsidiaries St1 Oy, Lämpöpuisto Oy, St1 Finance Oy, St1 Lähienergia Oy, St1 Sverige AB, St1 Refinery AB, St1 Gothenburg Biorefinery AB and St1 Norge AS.

St1 Nordic Oy's most significant associated companies comprise North European Oil Trade Oy and the Norwegian Aviation Fuelling Services Norway AS. The associated company is engaged in the aircraft refuelling in Norway and purchases its products from St1 Norge AS.

## Chart of the group's main companies



## Associated companies – partly owned by St1 Nordic Oy



## Company shares

	31 Dec 2020	31 Dec 2019	31 Dec 2018	31 Dec 2017	31 Dec 2016
Share capital	100,000	100,000	100,000	100,000	100,000
A-shares	38,737,118	38,737,118	38,737,118	38,737,118	20,000,000
B-shares			4,912,285	4,912,285	4,912,285



## Investments

The group's largest investment in 2020 was focused on the construction of the renewable diesel plant in Gothenburg. Actual construction started in 2020 and the plant is estimated to be completed in the beginning of 2023.

Works on the geothermal heat plant in Otaniemi, Espoo were continued during 2020. The drilling works were finalized and at the moment cross flow tests preceding the actual commissioning are being designed.

The subsidiary St1 Sverige AB acquired in April Skansfred AB which owns a liquid fuels terminal in Gävle, north of Stockholm. The terminal will further enhance St1's logistics in Sweden.

Other investments were directed at developing and maintaining current operations.

The group's investments in intangible and tangible assets and daughter company and associated company shares amounted to MEUR 124.7. Out of this, investments into renewable energy amounted to MEUR 51.3.

Technological initialisation expenditure includes development projects aimed at developing methods for producing ethanol to be used as advanced traffic fuel and other biorefining products from softwood sawdust and starch production process residues as well as enzyme production technology for decomposing sawdust pulp. In addition, the development costs for the construction of geothermal pilot heat plant have been capitalized as development expenditure.

The said expenditure fulfills requirements set for capitalization by the Ministry of Trade and Industry. The capitalised development expenses are shown as a separate item and depreciated over their economic lifetime, however as a maximum in 10 years. Depreciation starts when the projects are in production. Should investment decision not be made, the development expenses would be written off.

## Research and development expenses

The research and development expenses of St1 Nordic group were MEUR 15.4. in 2020 (MEUR 15.4 in prior year). Research and development expenses comprise the expenses related to development of new production technologies and methods for production of fuels from solid biomass, biogas and synthetic fuels.

## Assessment of the most significant risks and uncertainties

### Risk management policy and arranging risk management

In the St1 Nordic group, risk management refers to a systematic and proactive approach to analyse and manage the opportunities and threats related to operations, rather than solely eliminating the risks. For this purpose, the group's risk management is based on awareness of the key threats, including strategic, operational and financial risks as well as risk of loss or damage, which have the potential to prevent the group from achieving its objectives.

The Board of Directors is responsible for the company's and group's risk management policy and monitors its implementation. The CEO is responsible for the appropriate organisation of risk management measures. Risk management has been integrated into the daily business operations and decision-making of business units and the group's support functions. Thus, each employee shares a responsibility to identify risks that might threaten the achievement of the group's objectives.

### Strategic and operational risks

The group has defined a number of potential risks that could affect its future profitability and development:

- Prolonged hard competition in the traffic fuel retail market may reduce profitability also in the future
- Refining margins on petroleum products may turn out to be insufficient to cover the costs related to refining.
- The group may incur considerable costs due to environmental legislation and regulations, affecting the group's financial performance.
- Political, financial and legislative changes may affect the group's result and demand for products.
- Risks related to the branch, sustainability and climate change may affect the group's result and demand for products in the long-term.

The price risks related to petroleum products and refining margins can be managed with derivatives.

In accordance with the nature of the group's business operations, the largest balance sheet items consist of trade receivables and inventories.

The credit loss risk related to sales receivables is managed through a uniform credit policy and efficient debt-collection activities. Principles used for the measurement of trade receivables and inventories in the financial statements are consistent and based on the principle of prudence.

The continuity of the group's business operations is based on functional and reliable information systems. The group seeks to manage the risks related to information systems through measures such as duplicating critical information systems and data communications links, paying attention to the selection of partners and standardising the work station models, software and information security practices used in the group.

The group's core competencies are related to business processes comprising oil refining, sales and procurement and to the requisite support functions, such as information management, finance, human resources, real estate services, logistics, marketing and communications. In addition, personnel gains significant technical knowledge in renewable energy projects. Unexpected and significant weakening of the group's core competencies would present a risk. The company continuously seeks to improve the core competencies and other significant competencies of its personnel by offering opportunities for in-work learning and training, as well as by recruiting competent new employees, as needed.

The most significant portion of the group's revenue consists of retail and wholesale trade of liquid fuels as well as exports. Taking the group's



line of business and products into account, factors that might affect the group's revenue include decisions by the government or the authorities on how different forms of energy are combined, subsidised or taxed, as well as general economic trends and, with regard to heating oil, regionally prevailing temperatures. COVID-19 pandemic and subsequent demand disturbance on the oil market showed that the group's operations can face sudden and strong, negative impacts. The group, together with its partners, was however quickly able to adapt to the prevailing situation.

### Risks of loss or damage

The company seeks to protect itself from significant risks to its assets by regularly reviewing its insurance policies as part of the overall risk management process. The company strives to cover with insurance all risks which are financially or otherwise reasonable. The group's insurance portfolio's coverage is subject to regular reviews.

There are no pending trials or any other legal risks that the Board is aware of, which would materially affect the results of the group's operations.

### Financial risks

**Management of financial risks:** The parent company manages the financing operations for the whole group.

In order to secure liquidity, the group has bank overdraft facilities.

**Interest rate risk:** At the end of the financial year, the group had approximately EUR 10 million of

interest rate-sensitive loans. In the previous year interest-bearing loan portfolio was approximately EUR 13 million. Derivative agreements can be used to help in the management of interest rate risks. Interest rate derivatives were not in use at the end of the financial year.

**Currency risk:** The group's operative currency risk is mainly driven from crude oil purchases and inventory denominated in USD. In addition, the group is exposed to currency risk through the foreign currency denominated equity items of Swedish and Norwegian subsidiaries as well as eventual currency receivables from and liabilities with these companies. Currency risks can be managed through forward agreements.

### Environmental risks

In order to eliminate the risk of human casualties or oil spills and the related costs, attention must be paid to safe and environmentally sound operating methods in the group's operations. St1 has systematically evaluated and monitored its environmental obligations, as well as the obligations arising at group operating sites. Environmental protection obligations have been defined within the scope of legislation and in the quality programmes applied by the company. The financial statements include a provision for environmental liabilities, which is reviewed for each financial period.

### Cyber risks

The group continuously takes various measures aiming to protect it from cyber risks. This includes continuous preventive work and measures to increase the personnel's awareness of cyber security related topics.

## An estimate of probable future development

In the view of the group management, the business environment will remain challenging and volatile. In the traffic fuels trade, competition in the group's home market, particularly in Finland, remains over-emphasised. The group aims to further improve its competitiveness by rationalising systems and business processes, by measures to improve the average sales of retail stations as well as through carefully targeted investments. When feasible, refining margin is hedged. The group continues to adapt to the situation caused by the COVID-19 pandemic and is actively preparing for normalization of the circumstances. The group's financing position is strong per se and the group believes that its liquidity will remain good.

Analysis work on preparation for commissioning of daughter company St1 Oy's geothermal heat plant in Otaniemi continues, after which more information will be available on the plant's production capacity.

## Significant events after the end of the financial period

There have been no significant events after the end of the financial period.



## Personnel

### Key figures describing the group's personnel

	2020	2019	2018	2017	2016
Average number of personnel during the financial period	880	793	774	556	537
Wages and salaries during the financial period, MEUR	60.0	58.4	53.1	40.4	40.2

### Organisation

The company's Board of Directors consisted of Mika Anttonen (chair), Mikko Koskimies, Kim Wiio, Sampsa Halinen and Kati Ihamäki. Henrikki Talvitie acted as the company's Chief Executive Officer.

The company's auditor is PricewaterhouseCoopers Oy and Authorized Public Accountant Janne Rajalahti is the Auditor in charge.

### Disclosure of non-financial information

The vision of St1 is to be a leading producer and seller of CO<sub>2</sub>-aware energy, thereby enabling positive societal impact in all our operations. We work constantly towards enabling more sustainable value chain. We believe we will attain this vision by running a responsible and profitable business where economic performance, social responsibility and environmental sustainability are balanced. Achieving the results is important, but equally important is the way we reach our goals. We have committed to UN Global Compact and its ten principles, which is one step forward in bringing responsible business principles and sustainability targets more transparent in our

daily operations. The corporate management, the Board of Directors and personnel shall respect and follow these principles which have been approved by the Board of Directors, in addition to relevant national legislation and other regulation concerning the business operations. Our approach to human rights is based on the UN Guiding Principles on Business and Human Rights (UNGP) which states the governments's duty to protect human rights and businesses' responsibility to respect them, and offer appropriate and effective remedies if breached. We respect the rights laid down in the International Bill of Human Rights as well as the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work. We expect all our Partners and their business partners to commit to these ethical and sustainable principles within their business operations, and supporting their active use within their sphere of influence and decision making.

In 2020 the St1 Group's sustainability team was enforced through additional recruitments and the emphasis for the development work was derived from the themes acknowledged during the implementation of the St1 internal

sustainability program RESPECT. Impacts on People, Sustainable Carbon Cycle, Transparency and Competence Development are themes through which the RESPECT development has continued both on corporate level and on business unit level. Actions taken during 2020 focused on increasing the internal competence level through trainings and understanding the extent of impact assessment of our value chain. The most important emphasis together with competence development was understanding the impact our value chain has on people. After signing the commitment to UN Global Compact, St1 Code of Conduct was updated, and a separate Human Rights Policy was formed and approved. In addition, we launched SpeakUp reporting channel. We also conducted a third-party human rights risk assessment that considers our entire value chain. We continue our development endeavours together in strong collaboration with our associated company North European Oil Trade Oy, and other respective partners within our value chain.

St1 Nordic publishes its integrated corporate responsibility report at its internet site [www.st1.com](http://www.st1.com) on 30 April 2021 the latest. The report complies, as appropriate, with the Global Reporting Initiative Standards and contains the non-financial information material to St1 as required by the Accounting Act. Additionally, our oil refinery in Gothenburg complies both with 14001 and EMAS environmental management system (the Eco-Management and Audit Scheme) and publishes EMAS report after auditing in June

2021 the latest.

### Proposal for profit distribution

The Board of Directors proposes to the general meeting that the company will pay a dividend of 15,494,847 euros and transfers the remaining financial year's profit to the 'Retained earnings account'.

There has been no significant changes in the company's financial position after the closure of the financial year. The company's liquidity is good and the proposed distribution does not in the board's opinion put the company's liquidity at risk.



# Consolidated income statement

In thousand euros	Notes	1.1.-31.12.2020	1.1.-31.12.2019
<b>NET SALES</b>	1.	4,923,130	6,588,318
<b>Manufacturing for own use</b>		141	2,640
<b>Other operating income</b>	2.	181,244	143,555
<b>Materials and services</b>			
Materials, supplies and products			
Purchases during the period		-4,555,911	-6,215,465
Change in inventories		175	43,058
External services		-7,093	-9,367
		-4,562,829	-6,181,774
<b>Personnel expenses</b>			
Wages and salaries		-59,953	-58,375
Social security costs			
Pension costs		-8,201	-9,291
Other social security costs		-11,894	-11,443
		-80,048	-79,109
<b>Depreciation and amortisation</b>			
Depreciation and amortisation according to plan	5.	-71,677	-65,691
Amortisation of goodwill	5.	3,589	-12,023
Reduction in value of noncurrent assets		-5,776	-7,592
		-73,864	-85,306
<b>Other operating expenses</b>	6.	-224,838	-238,185

In thousand euros	Notes	1.1.-31.12.2020	1.1.-31.12.2019
<b>OPERATING PROFIT</b>		162,936	150,140
<b>Finance income and costs</b>			
Income from other investments of non-current assets			
Share of profit of investments using the equity method	7.	-2,282	8,054
Other interest and finance income	7.	6,771	8,877
Exchange rate gain	7.	318	1,458
Impairment of investments in current assets		0	-4,474
Interest expenses and other finance costs			
To others	7.	-27,067	-6,724
		-22,260	7,191
<b>PROFIT BEFORE APPROPRIATIONS AND TAX</b>		140,676	157,330
Current income tax	9.	-16,690	-31,402
Deferred tax	9.	2,812	-6,869
		-13,879	-38,271
<b>PROFIT FOR THE PERIOD BEFORE MINORITY INTEREST</b>		126,797	119,059
<b>PROFIT FOR THE PERIOD</b>		<b>126,797</b>	<b>119,059</b>



# Consolidated balance sheet

In thousand euros	Notes	31.12.2020	31.12.2019
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>Intangible assets</b>			
Capitalised development expenditure	10.	1,652	2,887
Intangible rights	10.	30,926	33,462
Goodwill	10.	2,478	3,380
Goodwill on consolidation	10.	156,564	165,316
Other capitalised long-term expenditure	10.	1,280	2,072
		192,900	207,117
<b>Tangible assets</b>			
Land and water areas	11.	209,662	207,310
Buildings and structures	11.	137,383	138,164
Machinery and equipment	11.	381,805	346,176
Other tangible assets	11.	28,455	30,486
Advance payments and construction in progress	11.	163,755	151,859
		921,060	873,995
<b>Investments</b>			
Investments in associated companies	13.	23,221	99,406
Other shares and holdings	13.	2,416	2,426
Other receivables	13.	263	261
		25,900	102,093

In thousand euros	Notes	31.12.2020	31.12.2019
<b>CURRENT ASSETS</b>			
<b>Inventories</b>			
Materials and supplies		169,438	169,263
<b>Receivables</b>			
Non-current receivables			
Trade receivables		1,940	2,331
Deferred tax assets	17.	1,690	2,355
Loan receivables		3,768	5,289
Other receivables		4,259	4,968
		11,656	14,943
Current receivables			
Trade receivables		301,919	452,772
Loan receivables		2	5
Other receivables		30,490	15,421
Prepayments and accrued income	19.	46,285	54,679
		378,697	522,877
<b>Cash and cash equivalents</b>			
		29,429	8,746
		<b>1,729,079</b>	<b>1,899,035</b>



In thousand euros	Notes	31.12.2020	31.12.2019
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	15.	100	100
Revaluation reserve	12.,15.	40,093	40,093
		40,193	40,193
Reserve for invested unrestricted equity	15.	54,232	54,232
Retained earnings	15.	775,347	665,053
Profit (loss) for the period	15.	126,797	119,059
		956,376	838,344
<b>Total equity</b>		<b>996,569</b>	<b>878,537</b>
<b>MINORITY SHARE</b>		<b>4</b>	<b>0</b>
<b>PROVISIONS</b>			
Other provisions	16.	53,629	50,436
		53,629	50,436

In thousand euros	Notes	31.12.2020	31.12.2019
<b>LIABILITIES</b>			
<b>Non-current</b>			
Loans from financial institutions		9,966	0
Deferred tax liabilities	17.	36,751	36,701
Other liabilities		76	5,002
Accruals and deferred income		8,036	8,360
		54,829	50,062
<b>Current</b>			
Loans from financial institutions		1,176	13,312
Commercial paper		59,000	135,000
Advance payments		808	773
Trade payables		103,702	265,094
Deferred tax liabilities	17.	44,422	47,489
Liabilities to associated companies			
Trade payables		134,994	158,440
Other liabilities		204,166	221,992
Accruals and deferred income	20.	75,780	77,898
		624,048	919,999
		<b>1,729,079</b>	<b>1,899,035</b>



# Consolidated cash flow statement

In thousand euros	1.1.-31.12.2020	1.1.-31.12.2019
<b>Cash flow from operating activities:</b>		
Profit (loss) before appropriations and income tax	140,676	157,330
Adjustments:		
Depreciation and amortisation according to plan	68,087	77,715
Other income and expenses with non-cash transactions	-47,546	-11,441
Other finance income and costs	19,978	863
Cash flow before change in working capital	181,195	224,467
<b>Change in working capital:</b>		
Increase (-)/ decrease (+) in current non-interest bearing receivables	144,492	65,828
Increase (-)/ decrease (+) in inventories	-175	-43,058
Increase (+)/ decrease (-) in current non-interest bearing payables	-195,162	-11,918
Cash flow from (used in) operating activities before financial items and taxes	130,351	235,319
Interest paid and charges on other finance costs	-3,500	-6,380
Interest received	1,962	3,959
Taxes paid	-21,946	-7,342
<b>Net cash generated from operating activities (A)</b>	<b>106,866</b>	<b>225,556</b>

In thousand euros	1.1.-31.12.2020	1.1.-31.12.2019
<b>Cash flow from investing activities:</b>		
Purchase of tangible and intangible assets	-121,187	-136,079
Acquisitions deducted by acquired cash and cash equivalents	-3,516	-4,998
Proceeds from sale of tangible and intangible assets	131,419	798
Proceeds from sale of subsidiaries	0	7,097
Proceeds from other investments	0	29,717
Dividends received	4,293	3,655
<b>Net cash used in investing activities (B)</b>	<b>11,010</b>	<b>-99,811</b>
<b>Cash flow from financing activities:</b>		
Proceeds from current loans	0	35,000
Repayment of current loans	-88,137	-187,809
Proceeds from non-current loans	9,966	0
Repayment of non-current loans	-3,915	0
Dividends paid and other profit distribution	-15,107	-12,009
<b>Net cash used in financing activities (C)</b>	<b>-97,193</b>	<b>-164,818</b>
Net increase (+) / decrease (-) in cash and cash equivalents (A+B+C)	20,683	-39,073
Cash and cash equivalents at beginning of period	8,746	47,819
Cash and cash equivalents at end of period	29,429	8,746



# Parent company income statement

In euros	Notes	1.1.-31.12.2020	1.1.-31.12.2019
<b>NET SALES</b>	1.	41,779,988.76	51,114,646.67
<b>Other operating income</b>	2.	13,681,563.01	17,418,909.86
<b>Raw materials and services</b>			
Raw materials and consumables			
Purchases during the financial year		-11,613,126.88	-25,391,362.90
<b>Personnel expenses</b>			
Wages and salaries		-5,723,333.09	-4,802,435.05
Social security costs			
Pension costs		-835,745.67	-796,518.12
Other social security costs		-249,811.00	-220,607.98
		-6,808,889.76	-5,819,561.15
<b>Depreciation according to plan</b>	5.	-6,850,280.53	-6,031,175.23
<b>Other operating expenses</b>	6.	-19,237,900.99	-18,338,092.38

In euros	Notes	1.1.-31.12.2020	1.1.-31.12.2019
<b>OPERATING PROFIT</b>		10,951,353.61	12,953,364.87
<b>Finance income and costs</b>			
Income from shares in group companies	7.	16,339,669.49	12,941,480.57
Income from shares in associated companies	7.	4,293,106.87	3,654,663.28
Other interest and finance income			
From group companies	7.	5,199,701.31	7,458,104.82
From others	7.	591,576.33	1,216,023.03
Impairment of investments in current assets	7.	0.00	-4,474,336.74
Interest expenses and other finance costs			
To group companies	7.	-5,004,636.84	-888,209.37
To others	7.	-1,861,969.95	-3,054,556.12
		19,557,447.21	16,853,169.47
<b>PROFIT BEFORE APPROPRIATIONS AND INCOME TAX</b>		30,508,800.82	29,806,534.34
<b>Appropriations</b>			
Change in cumulative accelerated depreciation	8.	0.00	45,601.71
		0.00	45,601.71
Income taxes	9.	-1,955,402.42	-2,722,224.90
<b>PROFIT FOR THE PERIOD</b>		<b>28,553,398.40</b>	<b>27,129,911.15</b>



# Parent company balance sheet

In euros	Notes	31.12.2020	31.12.2019
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>Intangible assets</b>			
Intangible rights	10.	29,976,885.99	31,741,678.60
Advance payments and construction in progress	10.	5,100,681.63	1,720,771.24
Other capitalised long-term expenses	10.	252,492.79	7,529.09
		35,330,060.41	33,469,978.93
<b>Property, plant and equipment</b>			
Machinery and equipment	11.	690,423.41	591,081.43
Advance payments and construction in progress	11.	0.00	106,982.07
		690,423.41	698,063.50
<b>Investments</b>			
Shares in group companies	13.	498,903,698.67	454,748,578.00
Receivables from group companies	14.	1,290,000.00	1,290,000.00
Investments in associated companies	13.	25,079,124.31	67,729,124.31
Other shares and holdings	13.	20,765.69	20,765.69
		525,293,588.67	523,788,468.00

In euros	Notes	31.12.2020	31.12.2019
<b>CURRENT ASSETS</b>			
<b>Receivables</b>			
Non-current receivables			
Receivables from group companies		148,685,535.45	142,788,786.38
		148,685,535.45	142,788,786.38
Current receivables			
Receivables from group companies	14.	103,349,006.49	102,830,552.65
Trade receivables	14.	2,914.00	19,749.16
Other receivables		686,451.22	42,809.37
Prepaid expenses and accrued income	19.	3,929,692.24	5,054,748.20
		107,968,063.95	107,947,859.38
<b>Cash and cash equivalents</b>			
		13,684,947.73	2,508,197.60
		<b>831,652,619.62</b>	<b>811,201,353.79</b>



In euros	Notes	31.12.2020	31.12.2019
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>Share capital</b>	15.	100,000.00	100,000.00
Reserve for invested unrestricted equity	15.	54,231,561.66	54,231,561.66
Retained earnings	15.	446,005,804.77	433,983,369.64
Profit for the period		28,553,398.40	27,129,911.15
		528,790,764.83	515,344,842.45
<b>TOTAL EQUITY</b>		<b>528,890,764.83</b>	<b>515,444,842.45</b>
<b>APPROPRIATIONS</b>			
Cumulative accelerated depreciation		0.00	0.00

In euros	Notes	31.12.2020	31.12.2019
<b>LIABILITIES</b>			
<b>Non-current</b>			
Liabilities to group companies	18.	0.00	16,100,388.56
		0.00	16,100,388.56
<b>Current</b>			
Loans from financial institutions		1,175,659.46	13,312,367.64
Commercial paper		59,000,000.00	135,000,000.00
Trade payables		2,407,443.54	1,448,937.91
Liabilities to group companies	18.	236,026,867.44	126,573,415.96
Other liabilities		134,505.01	98,770.70
Accruals and deferred income	20.	4,017,379.34	3,222,630.57
		302,761,854.79	279,656,122.78
<b>TOTAL LIABILITIES</b>		<b>302,761,854.79</b>	<b>295,756,511.34</b>
		<b>831,652,619.62</b>	<b>811,201,353.79</b>



# Parent company cash flow statement

In euros	1.1.-31.12.2020	1.1.-31.12.2019
<b>Cash flow from operating activities:</b>		
Profit (loss) before appropriations and income tax	30,508,800.82	29,806,534.34
Adjustments:		
Depreciation and amortisation according to plan	6,850,280.53	6,031,175.23
Finance income and costs	-23,647,592.78	-22,016,364.66
Cash flow before change in working capital	13,711,488.57	13,821,344.91
Change in working capital:		
Increase (-)/ decrease (+) in current non-interest bearing receivables	10,760,185.81	3,911,976.52
Increase (+)/ decrease (-) in current non-interest bearing payables	5,470,042.44	3,609,526.92
Cash flow from operating activities before financial items and taxes	29,941,716.82	21,342,848.35
Interest paid and other financial expenses	-4,365,330.02	-6,135,367.89
Interest received from operating activities	1,276,439.50	2,376,874.27
Taxes paid (received)	-737,172.11	-2,380,541.90
<b>Net cash generated from operating activities (A)</b>	<b>26,115,654.19</b>	<b>15,203,812.83</b>

In euros	1.1.-31.12.2020	1.1.-31.12.2019
<b>Cash flow from investing activities:</b>		
Purchase of property, plant and equipment and intangible assets	-8,543,313.82	-9,372,364.12
Proceeds from sale of property, plant and equipment and intangible assets	42,500.00	0.00
Investments in associated and subsidiary companies	-1,505,120.67	-1,500,000.00
Proceeds from other investments	0,00	29,716,905.69
Dividends received	20,632,776.36	16,596,143.85
<b>Net cash used in investing activities (B)</b>	<b>10,626,841.87</b>	<b>35,440,685.42</b>
<b>Cash flow from financing activities:</b>		
Proceeds from current loans	105,268,805.07	82,964,317.57
Repayment of current loans	-99,387,405.52	-100,000,000.00
Repayment of long-term loans	-16,339,669.46	-19,220,744.91
Dividends paid and other profit distribution	-15,107,476.02	-12,008,506.58
<b>Net cash used in financing activities (C)</b>	<b>-25,565,745.93</b>	<b>-48,264,933.92</b>
<b>Net increase (+) / decrease (-) in cash and cash equivalents (A+B+C)</b>	<b>11,176,750.13</b>	<b>2,379,564.33</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>2,508,197.60</b>	<b>128,633.27</b>
<b>Cash and cash equivalents at end of period</b>	<b>13,684,947.73</b>	<b>2,508,197.60</b>



# Notes to the financial statement

## 31 December 2020

### Accounting principles for the financial statements

#### Financial period

The company's financial period is from 1 January to 31 December.

#### Consolidated financial statements

St1 Nordic Oy's associated company Tuuliwatti Oy demerged into two companies, Tuulivoltti Oy and Gigawatti Oy, which were half and half owned by their owners, St1 Nordic Oy and S-Voima Oy. Immediately after the demerger, St1 Nordic Oy acquired S-Voimas share of Tuulivoltti Oy and sold to S-Voima its share in Gigawatti Oy. After the transaction Tuulivoltti Oy sold its wind power production assets to Exilion Tuuli. The transaction concluded by Tuulivoltti Oy during the financial year includes EUR 9,1 million of withheld purchase price which has not been included as a receivable according to the principle of prudence. In Norway St1 Norge AS acquired 60,7 % of Gaissa AS which owns 66 % of Grenselandet AS. St1 Norge AS previously held already 34 % of Grenselandet AS which is a company in the process of permitting industrial wind power. Shell Klett AS merged into St1 Norge AS and Shell Madla AS demerged from St1 Norge AS. In Sweden St1 Sverige AB acquired Skansfred AB. The subsidiaries St1 Oy, Lämpöpuisto Oy, St1 Lähienergia Oy, St1 Finance Oy, Tuulivoltti Oy, St1 Renewable Energy (Thailand) Ltd, St1 Sverige AB, St1 Refinery AB, St1 Biorefinery Gothenburg AB, Skansfred AB, St1 Norge Group AS, St1 Norge AS, Shell Madla AS, Nemob AS, Shell Narvik AS Gaissa AS and Grenselandet AS are consolidated in St1 Nordic group financial statements. Associated companies North European Oil Trade Oy, Aviation Fuelling Services Norway AS, Lamia Oy, Brang Oy and Knapphus Energi Norge AS are consolidated in the financial statements of St1 Nordic Oy using the equity method.

St1 Nordic Oy's parent company is Keele Oy, which prepares the consolidated financial statements in which St1 Nordic Oy group is included in. Copies of the consolidated financial statements are available at: Keele Oy, Firdonkatu 2, 00520 Helsinki, Finland.

The group's intercompany transactions, margins, receivables and payables have been eliminated. Internal ownership has been eliminated using the acquisition method. Minority interest has been separated from consolidated equity and profit and it is shown as a separate line item in the consolidated income statement and balance sheet.

The income statements of foreign group companies have been converted into euros at the average foreign rate of exchange rates during the financial period. The balance sheet has been converted into the Finnish currency using the closing date exchange rate. Translation differences resulting from the currency conversions, as well as translation differences in foreign subsidiaries' equity arising from conversion, have been presented in 'retained earnings'.

#### Valuation of inventories

Liquid fuel inventories are valued at the last day's purchase price in the group companies. If inventory would be valued using the FIFO method, the difference would not be material. Other inventories are valued according to the FIFO principle using cost of purchase, or cost of repurchase, or likely sale price, if lower.

#### Measurement of non-current assets

Intangible and tangible assets have been capitalised at cost. Depreciation and amortisation according to plan have been recognised on a straight-line basis during the economic life of the assets. Depreciation and amortisation

starts in the month when the assets have been taken into use. A revaluation of land has been recognised in the consolidated financial statements based on the land's market value.

#### Depreciation and amortisation periods in the group

capitalised development expenditure	10 years
software programs	7 years
other long-term capitalised expenditure	5–7 years
trademarks	20 years
goodwill	5–20 years
buildings and structures	20–50 years
machinery and equipment	3–20 years
other tangible assets	10–30 years

#### Goodwill on consolidation

Goodwill on consolidation is amortised on straight-line basis over 10–20 years. In addition, additional amortisation is booked if there is a decrease in the future income expectations of the assets to which goodwill is allocated. Goodwill on consolidation has been compounded of strategically important acquisitions, the effect of which expands over 10–20 years.

#### Deferred tax assets and liabilities in the group

A deferred tax asset has been recognised for provisions and a deferred tax liability for appropriations for the part not yet deducted in taxation, by applying the following years' tax rate as confirmed on the closing date.

#### Foreign currency items in the group

Receivables and payables denominated in foreign currencies have been converted into the Finnish currency using the closing date exchange rate.



# Notes to the income statement

## 1. Net sales

MEUR	Consolidated		Parent company	
	2020	2019	2020	2019
Fuels	4,878.1	6,533.1	0.0	0.0
Energy products and electricity	38.2	48.0	11.6	24.9
Other	6.9	7.2	30.2	26.2
	<b>4,923.1</b>	<b>6,588.3</b>	<b>41.8</b>	<b>51.1</b>
Domestic	1,243.3	1,521.9	12.1	35.3
Foreign	3,679.8	5,066.4	29.7	15.8
	<b>4,923.1</b>	<b>6,588.3</b>	<b>41.8</b>	<b>51.1</b>

## 2. Other operating income

MEUR	Consolidated		Parent company	
	2020	2019	2020	2019
Gains on sale of non-current assets and shares	53.5	7.5	0.0	0.0
Other operating income	127.7	136.0	13.7	17.4
	<b>181.2</b>	<b>143.6</b>	<b>13.7</b>	<b>17.4</b>

## 3. Average number of personnel

	Consolidated		Parent company	
	2020	2019	2020	2019
Personnel on average	880	793	60	55
	<b>880</b>	<b>793</b>	<b>60</b>	<b>55</b>

## 4. Management salaries and fees

Wages and salaries paid to the members of the board and the managing directors during the financial period amounted to EUR 2,316,836 (EUR 2,060,559 in 2019).

## 5. Depreciation, amortisation and impairment charges

In thousand euros	Consolidated		Parent company	
	2020	2019	2020	2019
<b>Depreciation and amortisation according to plan</b>				
Intangible assets				
Capitalised development expenses	1,247	385	0	0
Intangible rights	6,881	5,636	6,570	5,615
Goodwill	1,000	1,188	0	0
Other long-term capitalised expenditure	926	754	58	264
Tangible assets				
Buildings and structures	12,817	13,136	0	0
Machinery and equipment	45,649	42,036	173	153
Other tangible assets	3,158	2,557	0	0
	<b>71,677</b>	<b>65,691</b>	<b>6,801</b>	<b>6,031</b>
Amortisation /recognition of goodwill on consolidation	-3,589	12,023		
	<b>-3,589</b>	<b>12,023</b>		
Impairment of investments to non-current assets	5,776	7,592	49	0
<b>Depreciation and amortisation according to plan, total</b>	<b>73,864</b>	<b>85,306</b>	<b>6,850</b>	<b>6,031</b>

Depreciation plan for Kajaani plant has been adjusted from 20 years to 10 years to reflect the product development nature of the facility.



## 6. Other operating expenses

In thousand euros	Consolidated		Parent company	
	2020	2019	2020	2019
Rents	35,659	37,675	1,216	1,735
Advertising and sales promotion	25,797	27,079	43	124
Operating and maintenance expenses	73,137	77,007	123	109
Other operating expenses	90,245	96,423	17,855	16,370
	<b>224,838</b>	<b>238,184</b>	<b>19,238</b>	<b>18,338</b>
Audit expenses				
Audit	698	786	93	108
Tax consultation	81	33	32	22
Other services	734	77	158	0
	<b>1,513</b>	<b>896</b>	<b>283</b>	<b>130</b>

## 7. Finance income and expenses

In thousand euros	Consolidated		Parent company	
	2020	2019	2020	2019
<b>Income from investments in other non-current assets</b>				
From group companies	0	0	16,340	12,941
From associated companies	-2,282	8,054	4,293	3,655
	<b>-2,282</b>	<b>8,054</b>	<b>20,633</b>	<b>16,596</b>
<b>Other interest and finance income</b>				
From group companies	0	0	5,200	7,458
From others	7,089	10,335	592	1,216
	<b>7,089</b>	<b>10,335</b>	<b>5,791</b>	<b>8,674</b>
<b>Impairment of investments</b>				
Impairment of investments to non-current assets	0	0	0	0
Impairment of investments to current assets	0	4,474	0	4,474
<b>Interest costs and other finance costs</b>				
To group companies	0	0	5,005	888
To others	27,067	6,724	1,862	3,055
	<b>27,067</b>	<b>6,724</b>	<b>6,867</b>	<b>3,943</b>
<b>Finance income and expenses, total</b>	<b>-22,260</b>	<b>7,191</b>	<b>19,557</b>	<b>16,853</b>



## 8. Appropriations

In thousand euros	Consolidated		Parent company	
	2020	2019	2020	2019
Change in accelerated depreciation	0	0	0	-45
Group contribution received/given	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>-45</b>

## 9. Income taxes

In thousand euros	Consolidated		Parent company	
	2020	2019	2020	2019
Current tax on profits for the financial period	-16,690	-31,402	-1,955	-2,722
Change in deferred taxes	2,812	-6,869	0	0
	<b>-13,879</b>	<b>-38,271</b>	<b>-1,955</b>	<b>-2,722</b>

# Notes to the balance sheet

## Tangible and intangible assets

### Capitalised development expenditure and intangible rights

Technological initialisation expenditure includes development projects aimed at developing methods for producing ethanol to be used as advanced traffic fuel as well as other biorefinery products from softwood sawdust and starch production process residues as well as enzyme production technology for decomposing sawdust pulp. In addition, the development costs for the construction of geothermal pilot heat plant have been capitalized as development expenditure.

The said expenditure fulfills requirements set for capitalization by the Ministry of Trade and Industry. The capitalised development expenses are shown as a separate item and depreciated over their economic lifetime, however as a maximum in 10 years. Depreciation starts when the projects are in production.

Should investment decision not be made, the development expenses would be written off.

## 10. Intangible assets

In thousand euros	Intangible rights	Other long-term expenses	Advance payments and construction in progress	Total
<b>Parent company</b>				
Acquisition cost January 1, 2020	45,002	897	1,721	47,620
Additions	3	14	8,470	8,487
Disposals	0	0	0	0
Transfers	4,802	288	-5,090	0
Acquisition cost December 31, 2020	49,807	1,200	5,100	56,107
Accumulated amortisation January 1, 2020	-13,260	-890	0	-14,150
Amortisation during the financial period	-6,570	-58	0	-6,627
Accumulated amortisation December 31, 2020	-19,830	-948	0	-20,777
Net book value December 31, 2020	29,977	252	5,100	35,330

Group	Development expenses	Intangible rights	Goodwill
Acquisition cost January 1, 2020	4,838	54,414	15,126
Additions	11	4,364	0
Disposals	0	-19	-114
Translation difference	0	-2	213
Acquisition cost December 31, 2020	4,850	58,757	15,224
Accumulated amortisation	-1,951	-20,951	-11,746
Amortisation during the financial period	-1,247	-6,881	-1,000
Accumulated amortisation December 31, 2020	-3,197	-27,832	-12,746
Net book value December 31, 2020	1,652	30,926	2,478



In thousand euros	Goodwill on consolidation	Other long-term expenses	Total
Acquisition cost January 1, 2020	218,070	16,008	308,455
Additions	3,631	158	8,165
Disposals	0	0	-133
Translation difference	114	-24	302
Acquisition cost December 31, 2020	221,816	16,142	316,789
Accumulated depreciation January 1, 2020	-52,755	-13,936	-101,338
Depreciation during the financial period	-12,497	-926	-22,551
Accumulated depreciation December 31, 2020	-65,252	-14,862	-123,889
Net book value December 31, 2020	156,564	1,280	192,900

## 11. Tangible assets

In thousand euros	Machinery and equipment	Advance payments and construction in progress	Total
<b>Parent company</b>			
Acquisition cost January 1, 2020	1,056	107	1,163
Additions	70	287	357
Disposals	-84	-107	-191
Transfers	287	-287	0
Acquisition cost December 31, 2020	1,329	0	1,329
Accumulated depreciation January 1, 2020	-465	0	-465
Depreciation during the financial period	-173	0	-173
Accumulated depreciation December 31, 2020	-638	0	-638
Net book value December 31, 2020	690	0	690

In thousand euros	Land	Buildings	Machinery and equipment	Other tangible assets
<b>Group</b>				
Acquisition cost January 1, 2020	137,664	259,956	644,700	58,742
Additions	6,857	107,394	312,482	1,676
Disposals	-3,987	-95,353	-229,062	-402
Translation difference	-518	-5	-2,142	-149
Acquisition cost December 31, 2020	140,016	271,992	725,978	59,869
Accumulated depreciation January 1, 2020	0	-143,851	-322,317	-30,900
Depreciation during the financial period	0	-12,817	-45,649	-3,158
Accumulated depreciation December 31, 2020	0	-156,668	-367,966	-34,058
Revaluations January 1, 2020	69,646	22,059	23,793	2,644
Additions	0	0	0	0
Disposals	0	0	0	0
Revaluations December 31, 2020	69,646	22,059	23,793	2,644
Net book value December 31, 2020	209,662	137,383	381,805	28,455



In thousand euros	Advance payments and construction in progress	Total
Acquisition cost January 1, 2020	151,859	1,252,922
Additions	113,987	542,397
Disposals	-104,046	-432,850
Translation difference	1,955	-859
Acquisition cost December 31, 2020	163,755	1,361,610
Accumulated depreciation January 1, 2020	0	-497,069
Depreciation during the financial period	0	-61,623
Accumulated depreciation December 31, 2020	0	-558,692
Revaluation January 1, 2020	0	118,142
Additions	0	0
Disposals	0	0
Revaluation December 31, 2020	0	118,142
Net book value December 31, 2020	163,755	921,060

## 12. Revaluations

The revaluation is based on discounted cash flow calculation made by the company, income value and in which are supported by an independent third-party expert's valuation on the likely sale price of the land.

## 13. Investments

Group companies	Group ownership	Parent ownership
St1 Oy	100.00%	100.00%
St1 Lähienergia Oy	79.11%	79.11%
St1 Sverige AB	100.00%	100.00%
St1 Refinery AB	100.00%	0.00%
St1 Gothenburg Biorefinery AB	100.00%	0.00%
Skansfred AB	100.00%	0.00%
St1 Norge AS	100.00%	0.00%
St1 Norge Group AS	100.00%	100.00%
Lämpöpuisto Oy	100.00%	0.00%
St1 Finance Oy	100.00%	100.00%
Kiinteistö Oy Uusmarjala	77.27%	0.00%
Tuulivoltti Oy	100.00%	100.00%
Shell Madla AS	100.00%	0.00%
Gaissa AS	60.72%	0.00%
Grenslandet AS	100.00%	0.00%
Shell Narvik AS	100.00%	0.00%
Nemob AS	100.00%	0.00%
St1 Renewable Energy (Thailand) Ltd	100.00%	0.00%



Associated companies	Group ownership	Parent ownership
North European Oil Trade Oy -Group, Helsinki Equity EUR 24,851,438.81 and result for the period EUR 3,772,175.63	49%	49%
Brang Oy, Turku Equity EUR 185,043.38 and result for the period EUR -48,217.19	25%	0%
Lamia Oy, Helsinki Equity EUR 2,491,138.88 and result for the period EUR 2,122,702.62	20%	20%
Aviation Fuelling Services Norway AS Equity EUR 8,705,077.01 and result for the period EUR 2,745,497.51, remainin goodwill on consolidation EUR 6,486,985.37	50%	50%
Knapphus Energi Norge AS, Vindafjord Equity EUR 28,551.66 and result for the period EUR -40,060.49	49%	0%

## Investments, parent company

In thousand euros	Shares			Total
	Group companies	Associated companies	Others	
Acquisition cost January 1, 2020	454,749	67,729	21	522,498
Additions	44,155	0	0	44,155
Disposals	0	-42,650	0	-42,650
Acquisition cost December 31, 2020	498,904	25,079	21	524,003
Net book value December 31, 2020	498,904	25,079	21	524,003

## Investments in the group

In thousand euros	Shares	Receivables		Total
	Associated companies	Others	Others	
Acquisition cost January 1, 2020	99,406	2,426	261	102,093
Additions	0	0	2	2
Disposals	-76,185	-10	0	-76,195
Acquisition cost December 31, 2020	23,221	2,416	263	25,900
Net book value December 31, 2020	23,221	2,416	263	25,900



## 14. Receivables from group companies

In thousand euros	Consolidated		Parent company	
	2020	2019	2020	2019
<b>Current</b>				
Trade receivables	0	0	2,654	356
Other receivables	0	0	116	0
Equity loans	0	0	1,290	1,290
Loan receivables	0	0	100,580	102,474
	<b>0</b>	<b>0</b>	<b>104,639</b>	<b>104,121</b>
<b>Non-current</b>				
Loan receivables	0	0	148,686	142,789

## 15. Equity

In thousand euros	Consolidated		Parent company	
	2020	2019	2020	2019
Share capital January 1	100	100	100	100
Increase in the share capital				
Share capital December 31	100	100	100	100
Revaluation reserve January 1	40,093	40,093	0	0
Change	0	0	0	0
Revaluation reserve December 31	40,093	40,093	0	0
Reserve for invested unrestricted equity January 1	54,232	54,232	54,232	54,232
Change	0	0	0	0
Reserve for invested unrestricted equity December 31	54,232	54,232	54,232	54,232
Retained earnings January 1	784,113	692,307	461,113	445,992
Dividend distribution	-15,107	-12,009	-15,107	-12,009
Adjustment to prior period taxes	-1,203	-11,480	0	0
Translation differences of foreign subsidiaries	7,545	-3,765	0	0
Retained earnings December 31	775,347	665,053	446,006	433,983
Profit for the period	126,797	119,059	28,553	27,130
	956,376	838,344	528,791	515,345
Capitalized development expenditure	-1,652	-2,887	0	0
Distributable earnings December 31	954,724	835,457	528,791	515,345
Equity total	996,569	878,537	528,891	515,445



The company's share capital by type of shares	31.12.2020	31.12.2019
Shares, amount	38,737,118 (100%)	38,737,118 (100%)

The company did not pay a dividend in spring 2020 due to the uncertainty caused by the COVID-19 situation but authorized the board to decide on the payment of a dividend of maximum EUR 15,107,476.02 (0,39 EUR/share). The board decided in a meeting on 16 September 2020 to pay a dividend of such amount.

The Board of Directors proposes to the general meeting that the company pays a dividend on the previous financial year's profit of EUR 15,494,847 (0,40 EUR/share) and transfers the profit for the financial period to account "retained earnings". There has been no material change in the company's financial position after the end of the financial period. The company's liquidity is good and it is the board's opinion that the proposed dividend distribution does not put the company's liquidity at risk.

## 16. Provisions

In thousand euros	Consolidated	
	2020	2019
Certain retirement pensions for which company is liable	36,314	35,703
Other provisions	474	988
Expected environmental obligations	16,841	13,745
<b>Total provisions</b>	<b>53,629</b>	<b>50,436</b>

Environmental obligations: The total liability cannot be reliably determined. A provision has been recognised for known

liabilities, for which the company is likely to be responsible for in the near future. These liabilities relate mainly to the environmental obligations concerning soil decontamination. Change in the provision has been recognised in other operating expenses against actual costs.

Pension provision is mainly composed of pension provisions in St1 Sverige AB and St1 Refinery AB as well as pension provision in St1 Oy.

## 17. Deferred tax assets and liabilities

In thousand euros	Consolidated	
	2020	2019
<b>Deferred tax assets</b>		
From provisions	1,690	2,355
	<b>1,690</b>	<b>2,355</b>
<b>Deferred tax liabilities</b>		
From appropriations	44,422	47,489
From revaluations and goodwill allocations	36,751	36,701
From consolidation	0	0
	<b>81,174</b>	<b>84,190</b>

## 18. Liabilities to group companies

In thousand euros	Consolidated		Parent company	
	2020	2019	2020	2019
Non-current loans	0	0	0	16,100
Current loans				
Trade payables	0	0	268	727
Other liabilities	0	0	234,560	125,843
Accruals and deferred income	0	0	1,199	4
	<b>0</b>	<b>0</b>	<b>236,027</b>	<b>142,674</b>



## 19. Adjusting entries for assets/Receivables carried forward

In thousand euros	Consolidated		Parent company	
	2020	2019	2020	2019
Financing cost allocations	479	79	99	79
Tax receivables	1,552	2,273	0	269
Other adjusting entries	44,253	52,328	3,830	4,707
	<b>46,285</b>	<b>54,679</b>	<b>3,929</b>	<b>5,055</b>

## 20. Accrued expenses

In thousand euros	Consolidated		Parent company	
	2020	2019	2020	2019
Personnel cost accruals	29,770	31,832	822	615
Interest accruals	23	3	0	0
Tax accruals	26,500	19,194	953	0
Other accrued expenses	19,487	26,868	2,243	2,608
	<b>75,780</b>	<b>77,898</b>	<b>4,017</b>	<b>3,222</b>

## 21. Financial instruments

### Commercial paper program

St1 Nordic launched a Commercial paper program in November 2016. Maximum size of the program is 200 MEUR and it is used for short-term working capital purposes. Outstanding amount at the end of the year was 59 MEUR (135 MEUR in 2019 financial period).

### Revolving Facility Agreement

St1 renewed its 150 million euro revolving facility agreement in 2018 for a new 3-year term. The facility also includes two option years the use of which has already been decided upon. In addition, the 50 MEUR accordion was taken into use in 2019.

### Green Loan Facility Agreement

Subsidiary St1 Refinery AB signed in March 2020 a EUR 150 million financing agreement for the financing of the Gothenburg renewable diesel plant. The agreement includes a green loan element.

### Oil financing facility

St1 Sverige AB has a 100 million dollar oil financing facility. The facility was not drawn at year-end.

## 22. Commitments and contingencies

The group has not given business mortgages, real estate mortgages or shares as collateral.

Guarantees	Consolidated		Parent company	
	2020	2019	2020	2019
Bank guarantees	8,105	7,790	0	0
Guarantees on behalf of group companies				
Other guarantees	179,758	291,782	179,054	291,782

Oil has been pledged as against the oil financing facility (EUR 65,051,945) and oil (EUR 71,923,319) and oil products receivables (EUR 68,401,083) have been pledged against account payables of oil. The oil financing facility was not in use at year end.

In addition, a guarantee was given for the associated company North European Oil Trade Oy's accounts payable amounting to EUR 15,398,304, derivatives liabilities EUR 36,956 and L/C liabilities EUR 44,515,217 on 31 December 2020.

In thousand euros	Consolidated		Parent company	
	2020	2019	2020	2019
Rent liabilities				
No later than one year	24,634	24,548	1,222	1,276
Later than one year	154,729	140,169	10,096	11,295



In thousand euros	Consolidated		Parent company	
	2020	2019	2020	2019
Future leasing payments				
No later than one year	1,965	2,466	369	358
Later than one year	1,794	3,258	260	336
Total	<b>3,759</b>	<b>5,724</b>	<b>629</b>	<b>694</b>
Residual value liability	37	94	7	6

In addition, guarantees have been given for lease agreements of the subsidiaries. The subsidiaries may also have environmental liabilities which materialize over the long-run and the amount of which can not be calculated in a reliable way. These are not included on the balance sheet.

## Derivatives

### Price hedging of compulsory storage obligation

The group can use long-term commodity derivatives to hedge against price risk associated with inventory kept for the compulsory storage obligation in Sweden. Price of compulsory storage obligation inventory is in such case fixed with a commodity hedge. The hedge has been assessed efficient. The hedged part of compulsory storage obligation inventory and the commodity derivatives hedging it would be handled with the net practice according to KILA 1912/2014 opinion. There were no open price hedges at the closing date.

In addition, and in accordance with its risk management policies, the group may hedge the variations in inventory levels of operating activities with short-term commodity derivatives in different oil products. The changes in the value of the short-term commodity derivatives are reconciled daily against the counterparty, and they are recognised as income or expense in the income statement.

### Refinery margin hedges

Part of the future refining margins consisting of the price difference between refined end products and crude oil price have been hedged for 2021 to 2022. There are contracts with several counterparties. Fair values at the closing date are presented in the table.

	Consolidated		Parent company	
	2020	2019	2020	2019
Volume, mill. bbl	1.7	15.9	0.0	0.0
Fair value, thousand euro	14,719	-76,263	0	0
<b>Foreign exchange derivatives</b>				
Volume, mill. Eur	155	259	71	118
Fair value, thousand euro	2,338	-331	947	-90

Unrealized positive fair value changes are not booked to the income statement.



# Signatures to the financial statements and the report on operations

Helsinki, 25 March 2021

**Mika Anttonen**  
Chairman of the board

**Kim Wiio**  
member of the board

**Mikko Koskimies**  
member of the board

**Sampsa Halinen**  
member of the board

**Kati Ihamäki**  
member of the board

**Henrikki Talvitie**  
CEO

**Auditor's Note**  
Our auditor's report has been issued today.

Helsinki, 26 March 2021

**PricewaterhouseCoopers Oy**  
Authorised Public Accountants

**Janne Rajalahti**  
Authorised Public Accountant (KHT)



# Auditor's Report

## (Translation of the Finnish Original)

To the Annual General Meeting of St1 Nordic Oy

### Report on the Audit of the Financial Statements

#### Opinion

In our opinion, the financial statements give a true and fair view of the group's and the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

#### What we have audited

We have audited the financial statements of St1 Nordic Oy (business identity code 2082259-7) for the financial period 1.1.-31.12.2020. The financial statements comprise the balance sheets, the income statements, cash flow statements and notes for the group as well as for the parent company.

#### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Other Reporting Requirements

### Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information that we have obtained prior to the date of this auditor's report is the report of the Board of Directors.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 26 March 2021

### **PricewaterhouseCoopers Oy**

Authorised Public Accountants

### **Janne Rajalahti**

Authorised Public Accountant (KHT)





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