

Game Changer



2021



ST1 NORDIC OY

I N T E G R A T E D R E P O R T

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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):Core. Additionally, our oil refinery in Gothenburg complies with the standards of ISO 14001.

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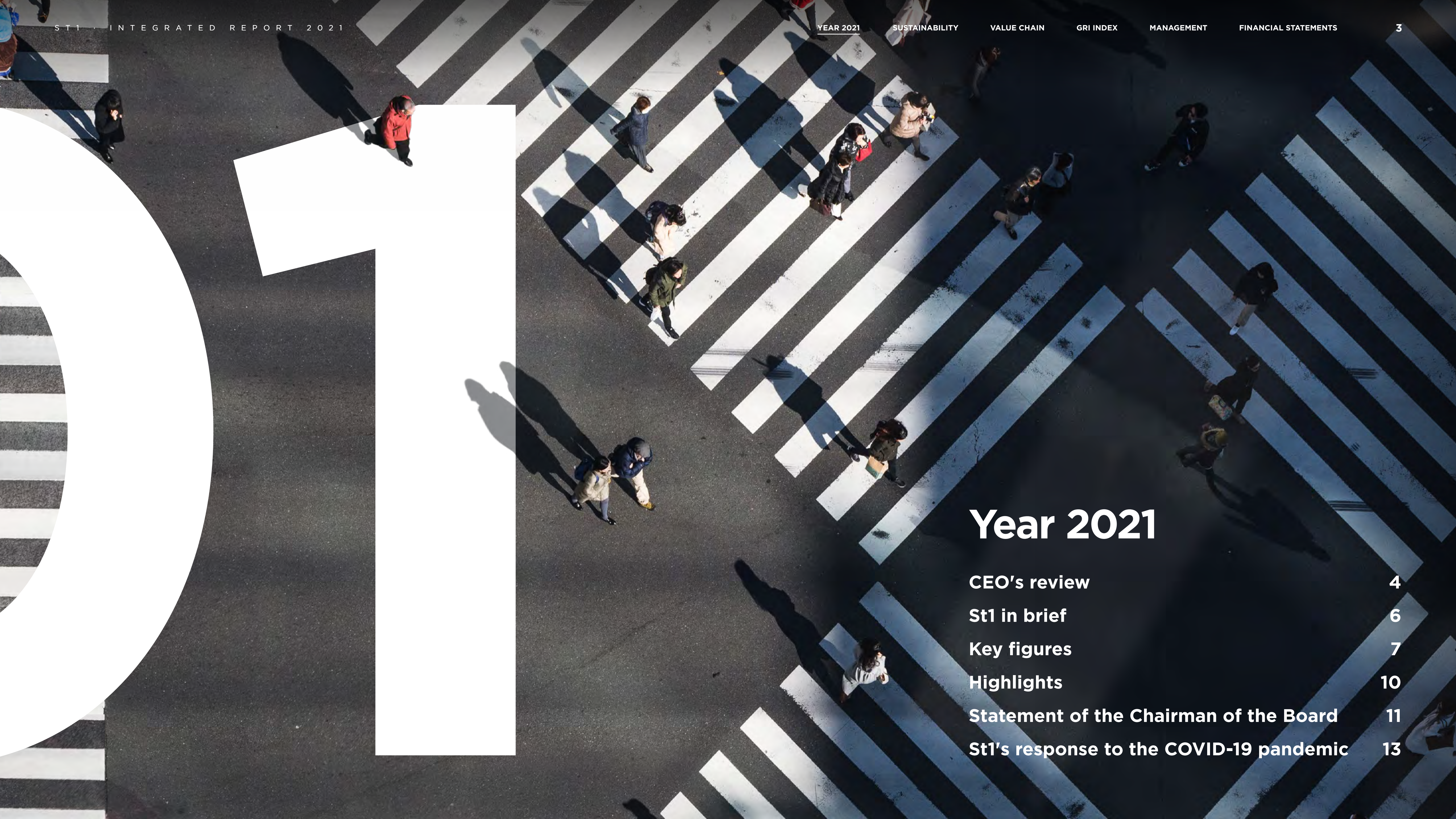
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COMMUNICATION ON PROGRESS



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.



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CEO's review

Fit for the future

As a company in transition, we need more and new legs for sustainable growth and to build a profitable future business. In the process of renewing the business, we are also drawing our energy transition roadmap that will guide our operations going forward.

The roadmap work is governed by society's regulations and decisions, technological advancements as well as the business's adaptation to new situations and the demands of the customer base.

Our growth opportunities arise by developing and exploring new business areas and opportunities while ensuring a healthy cash flow. We also accelerate growth via acquisitions and strengthen our operations by strategic long-term partnerships in various areas.

Despite declining volumes, liquid transport fuels will continue to play a major role for a very long time. They will continue contributing a significant part of our cash flow and allow us to introduce more and more sustainable energy to the market. Our vision is to be the leading producer and seller of CO₂-aware energy. We realize our vision through investments in the energy transition and at the same time we build world-class expertise in the energy sector.

The financial year

Despite the challenging market situation, St1 performed strongly in 2021. Our organization continued the business development and planned investments in the current business operations as well as in renewable energy projects.

The net sales of the St1 Nordic group in 2021 amounted to EUR 6.4 billion, up EUR 1.5 billion year-on-year. The net sales increased because of the sharp increase in the world market prices of oil products during the year as well as slightly increased sales volumes of service stations and direct sale. Finland, Sweden, and Norway accounted for 24%, 50%, and 26% of net sales, respectively.

Operating profit amounted to EUR 181.4 million, up EUR 18.5 million year-on-year. Earnings after tax amounted to EUR 148.8 million, while earnings in the previous year amounted to EUR 126.8 million. Refining and wholesale margins were considerably higher than in the previous year as the oil markets recovered from the COVID-19 pandemic. The significant increase in the oil price during the year had a positive impact on the result through the inventory impact.

Regardless of the ongoing strong price competition and local impacts caused by the COVID-19 pandemic, the Retail and Direct Sales markets slightly improved their performance levels. Write downs carried out by the subsidiary St1 Oy concerning the investment in the Otaniemi geothermal heating plant pilot project in Espoo, Finland, and the Bionolix plant producing ethanol and biogas in Hämeenlinna, Finland, decreased the results.

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Energy companies need to show leadership in bravely promoting and developing scalable game changing solutions.

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Cash flow from operating activities amounted to EUR 233.7 million. The company made the largest investments in its history: A total of EUR 279.1 million. Most of the investments concerned the biorefinery to be built in Gothenburg and the acquisition of the St1 BioGas AB in Sweden.

Towards more sustainable and even stronger value chain

In 2021, we saw many strong renewable energy openings. We broadened our strategic focus areas to biogas and worked for new growth opportunities in circular economy.

We entered the biogas business in all our markets: In Sweden, we acquired E.ON Biofor and its production plants and distribution network. In Finland, we developed a joint venture with food company Valio with the aim at producing biogas from dairy farm manure. In Norway, we are building biogas infrastructure in cooperation with Nor-log Gruppen and Knapphus Energi.

We entered a joint venture with SCA to produce liquid biofuels. SCA will supply tall oil to the joint venture and together we invest in the St1 Gothenburg Biorefinery. The construction of a biorefinery connected to our Gothenburg refinery is underway and the plant is expected to be completed in 2023. The biorefinery will produce renewable HVO diesel, naphtha, and sustainable aviation fuel (SAF).

As a part of the SCA collaboration, St1 also became the owner of 50% of SCA Östrand Biorefinery. The biorefinery is a development project, where the aim is to produce liquid biofuels based on black liquor (a by-product from kraft pulp production) and solid biomass (such as sawdust or bark).

The partnership with SCA is a key factor in the implementation of our investment program for renewable fuels and it secures the supply of renewable feedstock materials to meet the ambitious Nordic climate targets for 2030.

In 2021, we also worked on the acquisition to further strengthen our value chain upstream of feedstock collection. That work was realized in early 2022, when the acquisition of the food waste refiner Brocklesby Ltd was finalized.

We continued the work with wind power projects across the Nordics. At the forefront is the 800 MW Davvi wind farm project in Finnmark, Norway, which is currently in the permit phase.

St1 Nordic has 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.

The energy transition will not happen without innovations. Experimenting with innovations requires patience and quite often an extensive R&D budget. Energy companies need to show leadership

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We were able to execute our strategy as planned, implement planned investments, and carry on with several major growth projects.

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in bravely promoting and developing scalable game changing solutions. St1 lead by example with our geothermal heating plant concept in Otaniemi and Cellunolix concept in Kajaani. None of these projects will turn into positive cash flow anytime soon but we are sure that the knowledge we have gained so far will one day turn into commercially viable CO₂-aware energy.

Strengthening the organization for the future

Despite the COVID-19 pandemic continuing in 2021, our strong Nordic organization continued to enable good performance. We were able to execute our strategy as planned, implement planned investments, and carry on with several major growth projects. We continued enhancing frequent internal communication and focused on maintaining psychological safety and trust within the organization even in challenging circumstances. I am truly proud of how our people were able to adapt to the changing conditions and how our supervisors endured the situation and successfully led their teams with the extra layer of challenges.

However, the prolonged exceptional COVID-19 situation coupled with challenges created by the worsening energy crisis in Europe in the second half of the year, showed us the value of having a physical presence and working together are, especially in a flat and agile organization like ours. Now that we can finally enjoy our work communities and encounters in the workplace, we will continue to develop our

working conditions, for example, through new or refurbished facilities. I trust that we have now returned, even stronger, to a more normal everyday life.

Our organization continues the transformation to be fit for the future. We are a company in transition, and we need to adapt accordingly. Our strategy execution demands new competencies that we as an organization must nurture and acquire even more. This also requires dedicating our resources to developing a profitable and sustainable business for the future. We need to ensure that our low hierarchy and fast decision-making processes enable us to make agile but controlled moves in an ever-changing world, which also challenges us to accelerate our thinking and doing. Our company culture, Culture for Growth, gives us a strong platform to grow and transform – not only as an organization but also as individuals.

I would like to extend my warmest thanks to our employees for their humble work effort and team spirit. I would also like to thank our clients and partners for your trust in our services and activities in these challenging times.

At the time of writing, the Russian invasion of Ukraine has brought war to Europe. I truly hope that hostilities will end quickly and peace will be achieved. Our thoughts are with the Ukrainian people.

Henrikki Talvitie, CEO

St1 in brief

Energy company St1

St1 is an energy group that operates in Finland, Sweden, Norway, and the United Kingdom. Through our operations, we implement our vision to be the leading producer and seller of CO₂-aware energy. In the spirit of our vision, we research, develop, produce, and invest to provide our customers with CO₂-aware energy while creating a positive societal impact.

Our goal is to increasingly replace fossil energy with renewable and low-carbon options. We focus

on fuel marketing activities, oil refining, and renewable energy solutions, such as waste-based advanced biofuels, biogas, and industrial wind power.

Our Group has 1,240 St1 and Shell branded retail stations in Finland, Sweden, and Norway together with 50 gas filling points in Sweden. Headquartered in Helsinki, we currently employ more than 1,000 people. Our operations are strengthened by strategic long-term partnerships in various areas.



Retail Stations

A fuel distribution network that also provides quality food and other convenience retailing services in Finland, Sweden, and Norway

All in all, 1,290 St1 and Shell stations: unmanned and service stations as well as heavy goods vehicle (HGV) sites together with gas filling points

Fuels with lower impact on the environment with better fuel economy and performance

High-quality services for customers

Secure mobile payment services



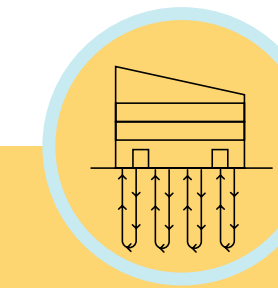
Customer relations and corporate sales

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

Refining food waste for biofuels feedstock

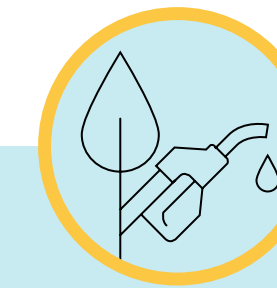
Biorefining advanced biofuels for transport

Production of biogas for transport

Operating wind farms as a service concept

Ground source heating solutions

Oil refinery in Gothenburg with an annual capacity of approximately 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

Energy transition business

Carbon sequestration business

Partnerships and cooperation with academia and the business sector



Energy trade and logistics

A comprehensive logistics chain in all our operating countries consisting of terminals for storing products and a wide transport network, together with our associated company North European Oil Trade (NEOT)

NEOT sources oil products from St1 Gothenburg refinery but also from other refineries in the Baltic Sea region

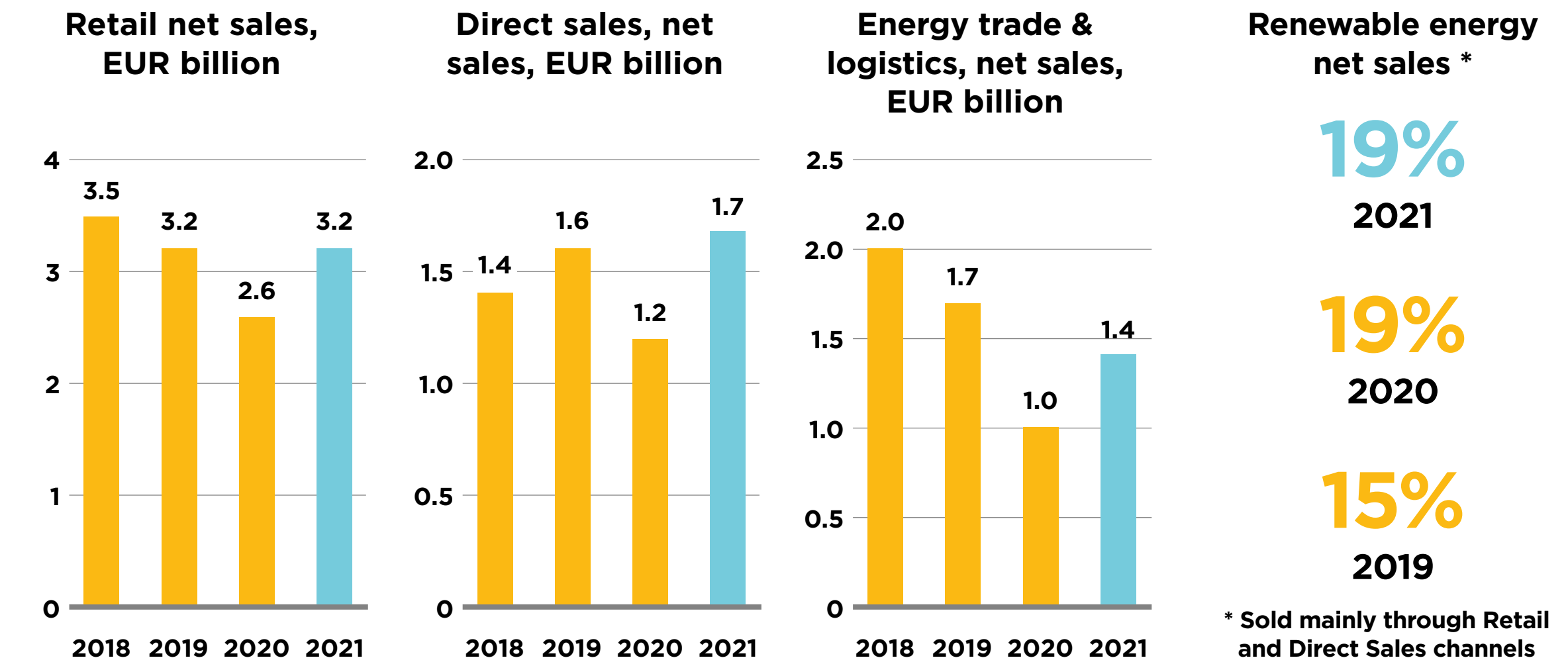
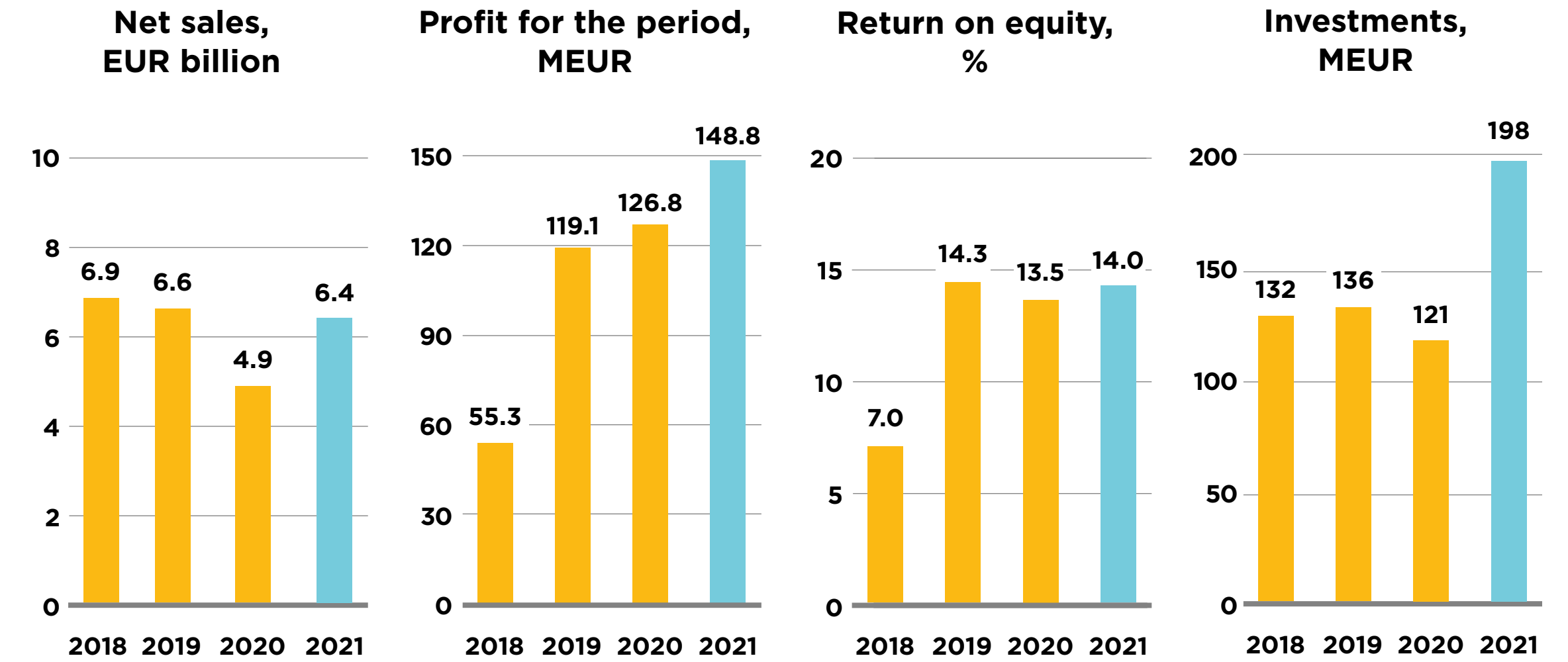
Centralized energy trade and risk management of feedstocks for liquid and gaseous fuels, electricity, EU ETS allowances, carbon credits, and currency trade

Key figures

Year 2021 in figures

Market shares, %

Finland	Sweden	Norway
Petrol 22.9	Petrol 20.3	Petrol 16.7
Diesel 18.7	Diesel 16.4	Diesel 17.1

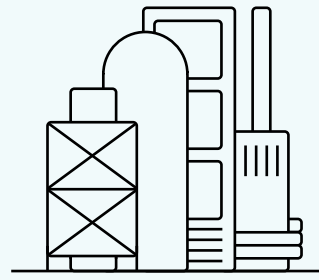


* Sold mainly through Retail and Direct Sales channels

Gothenburg refinery

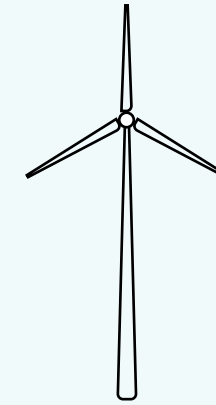
Throughput,
million barrels

26



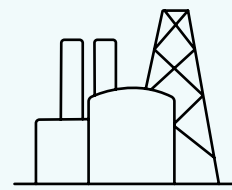
Utilization rate

81.5%



Operation of wind
farms and related
battery energy
storage, MW

381



Excise & property taxes,
MEUR

2,147



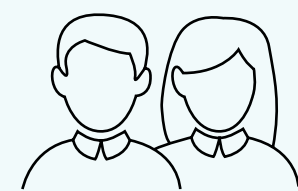
Income taxes,
MEUR

42



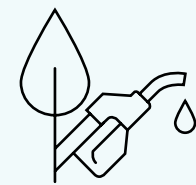
R&D expenditure,
MEUR

83



Personnel

1,052
(3/2022: 1,265)



Renewable energy
investments, MEUR

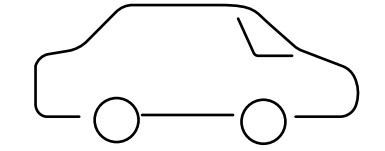
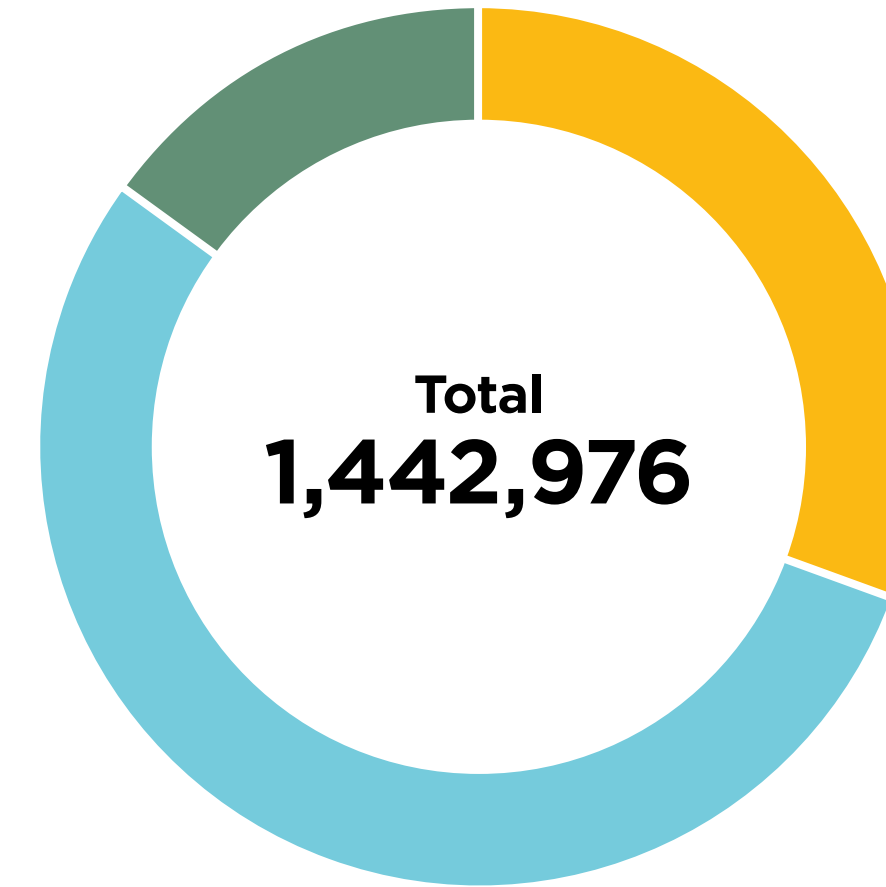
87



Biorefineries

100%
of the feedstock of
our advanced ethanol
production is waste

CO₂-reduction from use of biofuels, tons



CO₂-reduction
equalled more than

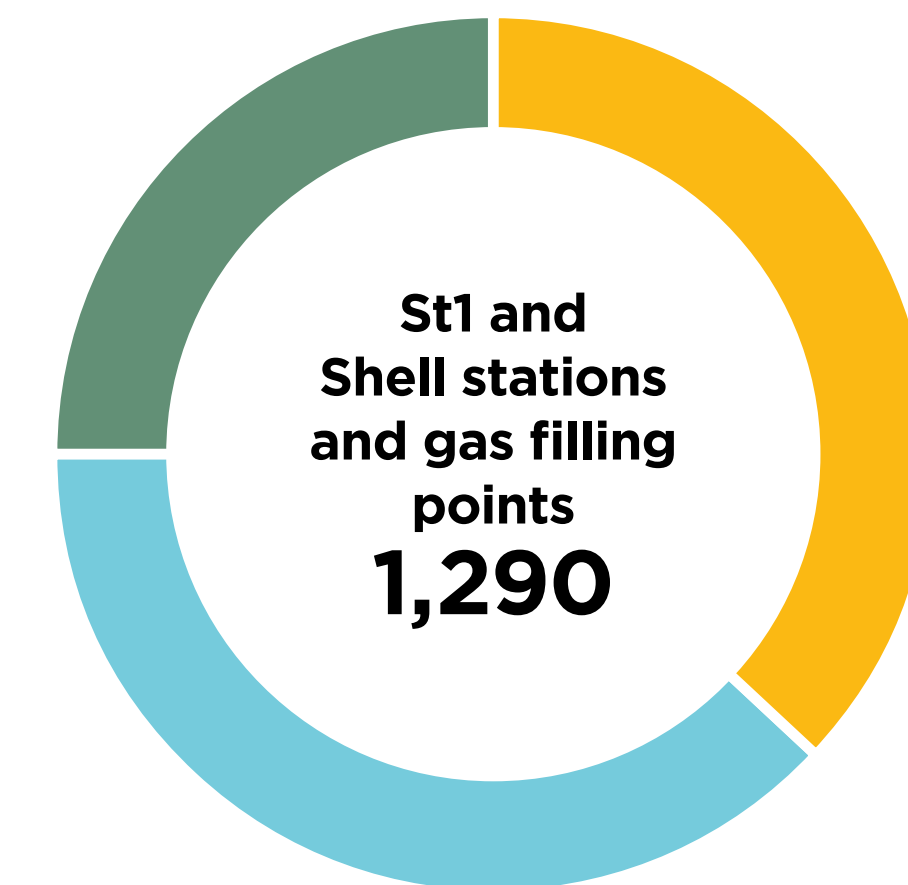
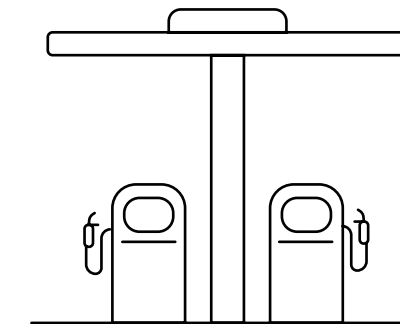
698,034

passenger cars*

* A car with an annual mileage of 13,600 km and emissions of 152 g CO₂/km

The average driven kilometres was adjusted to be in line with Statistic Finland's figure. Emissions 152g CO₂e/km corrected from previous year's 151g/CO₂e/km.

Retail station network



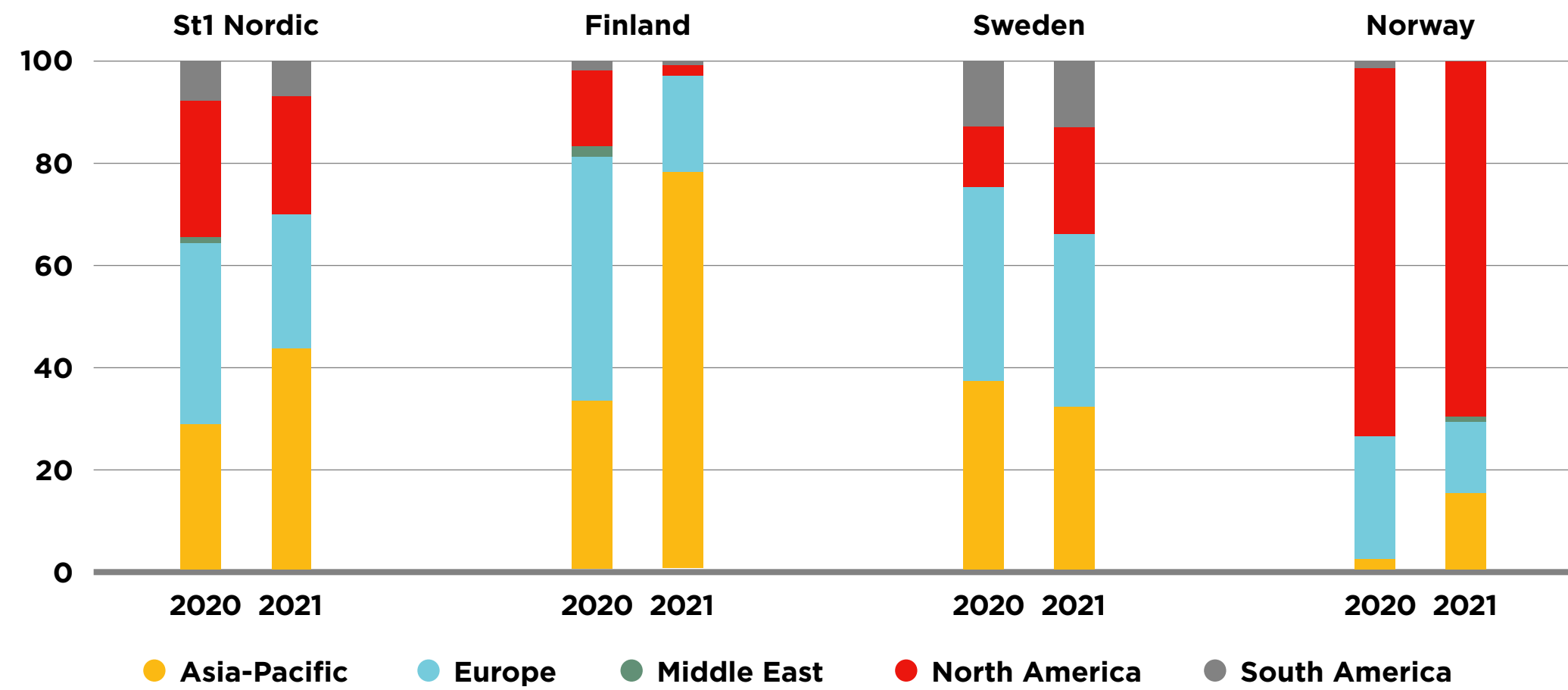
St1 and
Shell stations
and gas filling
points
1,290

Finland
35%

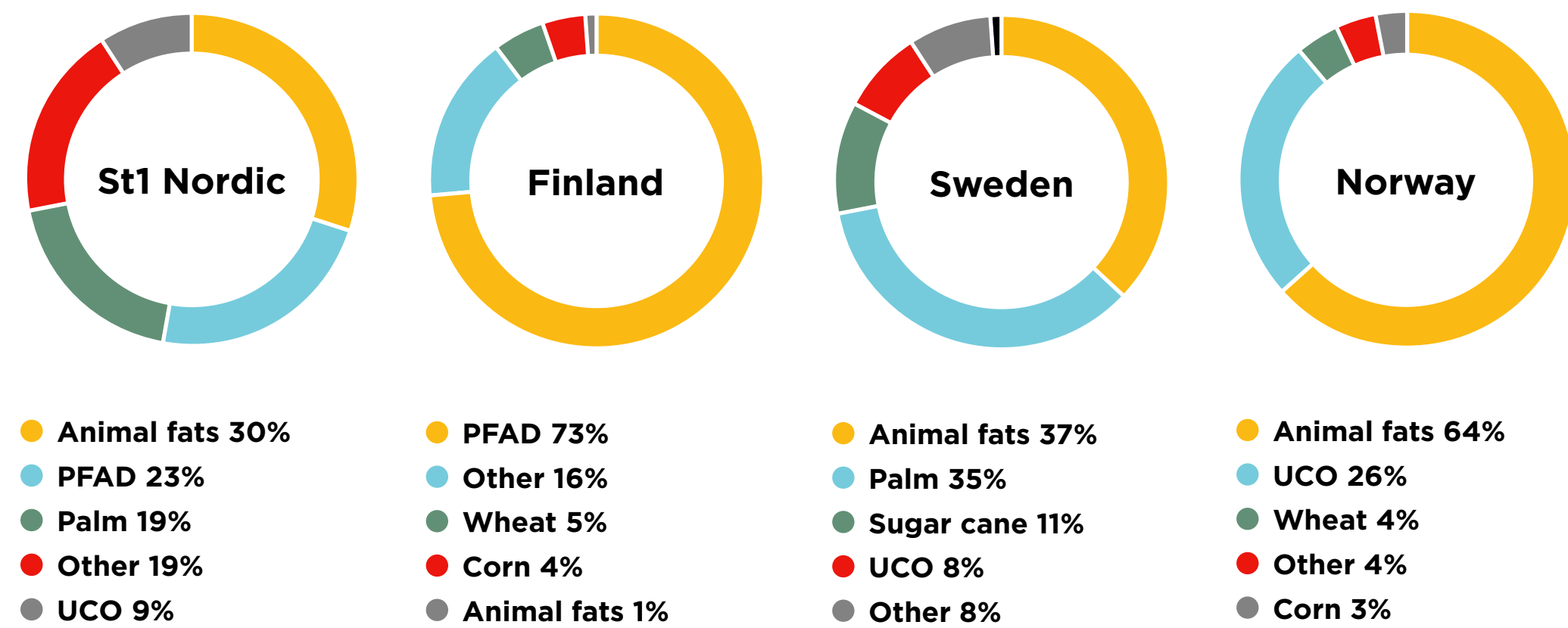
Sweden
41%

Norway
24%

Biofuels feedstock country of origin by region (% volume)

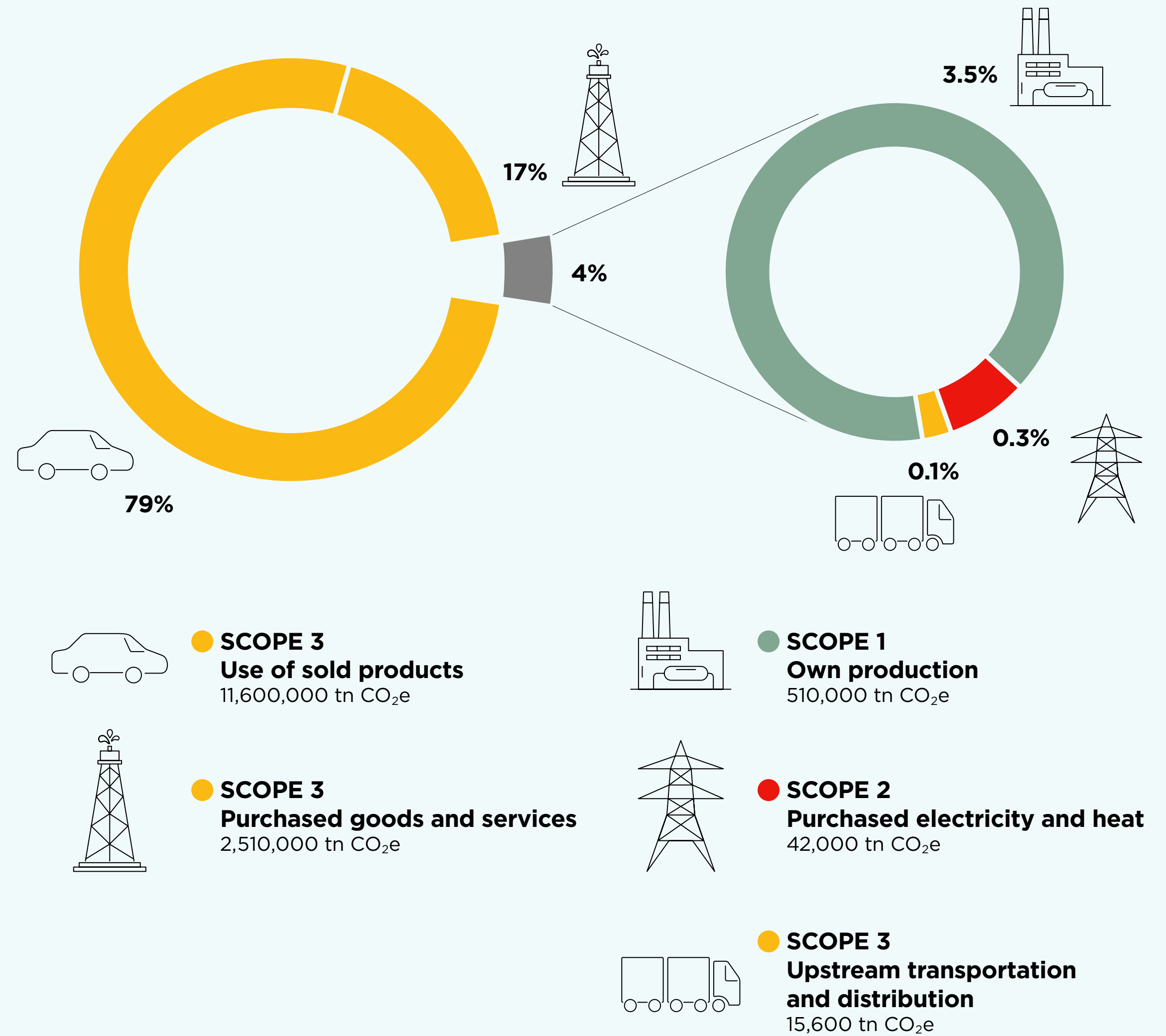


Biofuels feedstock split 2021



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

Value chain emissions, total 15 Mton CO₂e




The emissions calculation has been broken down in more detail on [page 22](#).

Highlights

Events 2021

Entering the biogas business in the Nordics



St1 acquired E.ON Biofor Sverige AB. As a leading biogas player in Sweden, with a market share of approximately 30% in the traffic segment, St1 BioGas AB produces, imports, and exports biogas and delivers it to customers through several sales channels.

St1 and food company Valio began to establish a joint venture in Finland to produce renewable biogas from dairy farm manure and other agricultural by-products mainly as fuel for heavy-duty transport. The company is targeting up to 1,000 GWh production by 2030.



St1 Norge AS together with Nor-log Gruppen and Knapphus Energi joined a tripartite collaboration to build a network of biogas filling points in Norway.

Entering partnerships in CO₂-aware energy production



SCA and St1 entered joint venture to produce and develop liquid biofuels in Sweden. The joint venture has a 50% share in the St1 Gothenburg Biorefinery, which is constructing a biorefinery with a total capacity of 200,000 tonnes of liquid biofuels. St1 also became a 50% owner of SCA Östrand Biorefinery.

St1 and Horisont Energi started to collaborate on green ammonia production in Finnmark, Norway. The target of the partnership is to produce green ammonia for a wide variety of renewable energy products for transport and industry.



New fuel product launches in the Nordic network



Renewable HVO diesel was introduced in Finland.
Renewable HVO diesel and E10 petrol were introduced in Sweden.

Strengthening the Nordic network

New Shell energy station in Klett, Norway, offering liquid fuels, EV-charging, convenience store, café, playground and a dog park.

New unmanned St1 station with a boat refueling point in Kuopio, Finland.

New unmanned Shell Truck Station in Sipoo, Finland.

4 new PLOQ food shops in Sweden.

New gas distribution network of 50 public distribution sites and 20 bus depots in Sweden.



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We must find optimism and together create the sustainable way forward.

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Statement of the Chairman of the Board

Where there is a will, there is a way

November 2021, the world leaders gathered at the 2021 United Nations Climate Change Conference to tighten the emissions targets and to reaffirm the Paris Agreement's ambition to limit the temperature increase to 1.5 °C above pre-industrial levels. To stay on track, global emissions must halve by 2030.

That alone is an ambitious target to meet while confronting new and additional challenges. Preliminary statistics from the International Energy Agency last year tell an alarming story of the state of the energy transition. Compared with 2020, total energy demand is growing rapidly and returning to the 2019 pre-pandemic level. Most of this growth has been realized with fossil fuels, whose demand is also recovering to the 2019 level.

There is also continuous pressure to increase energy production. Population growth and rising living standards in developing countries result in massive increases in the demand for primary energy.

Now the world must also face the ramifications of Russia's invasion of Ukraine. The world is urgently striving to break away from Russian energy as Russia is a major exporter of oil and natural gas. Globally, it is once again a new challenge to replace these amounts with production from other countries or new energy sources, if we want to keep the global economy growing.

Even in these demanding times, we all want to overcome these challenges, meet emission targets by increasing the construction capacity of the world's renewable energy production and to keep the energy transition moving forward. That's why new innovations and investments in renewable energy must be increased dramatically

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Regulation should ensure that the most effective measures are being implemented first.

”

in a few years' time. The more time we lose, the faster we must invest. But no one can do it alone.

Accelerating the energy transition together

In this challenging situation, we must find optimism and together create the sustainable way forward. There are plenty of tools and means to succeed in that.

We need to create, and commit to, a global science-based roadmap, explaining the order of mandatory measures to be taken to reduce the concentration of CO₂ in the atmosphere. The emission reductions must be calculated with standardized methods to verify the actual impact.

Regulation should ensure that the most effective measures are being implemented first, such as preventing the construction of new coal power plants, stopping deforestation and creating carbon sinks allowing extensive afforestation.

Our climate actions should not stop at our own borders for two important reasons. First, climate change is impacting people in developing countries the hardest. Second, the emissions

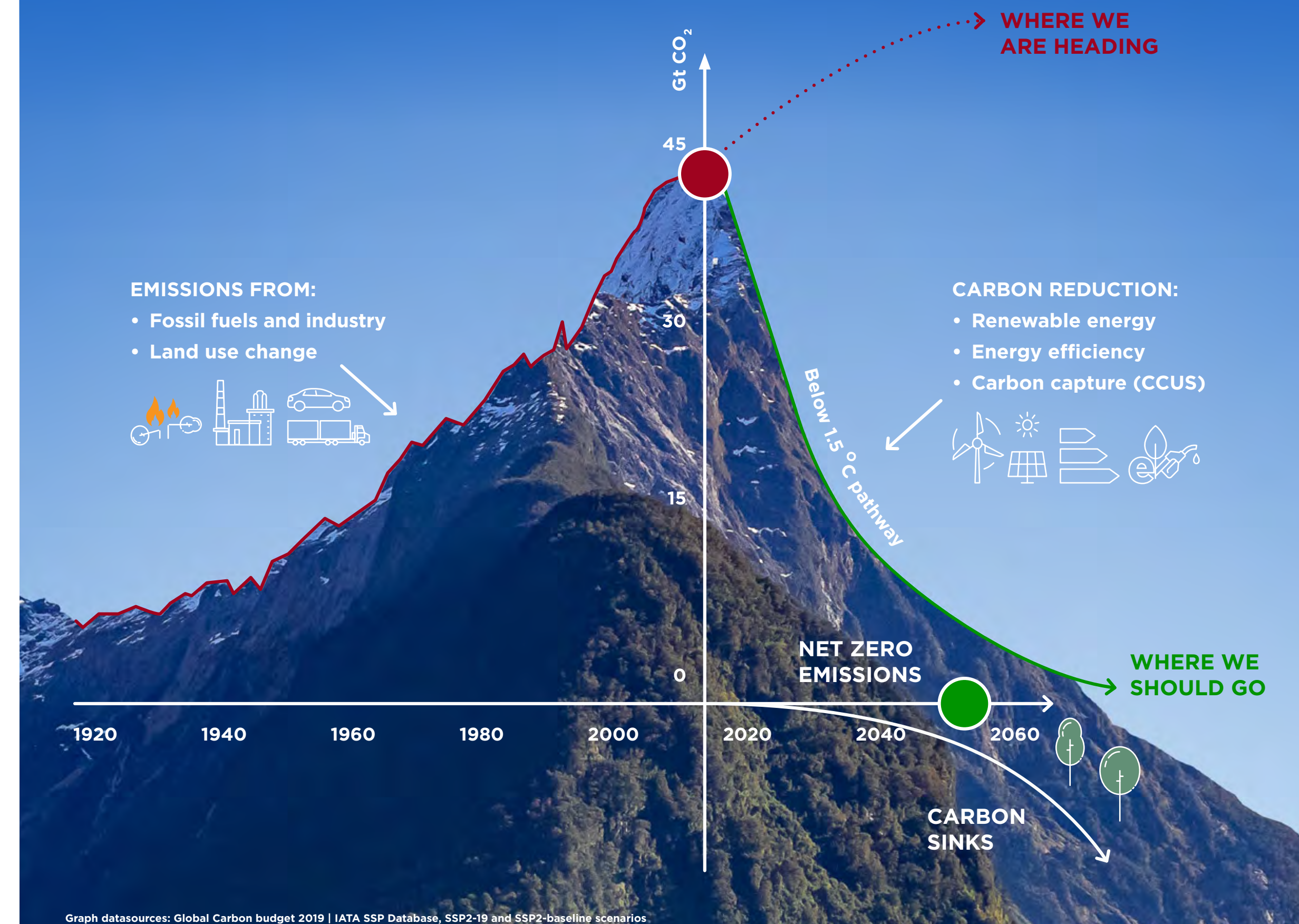
from our consumer goods are in the country of production, which is often different from the country or even continent of consumption.

We must dedicate enough resources to R&D to bring about the necessary innovations and technological breakthroughs. For example, industrial scale electricity storage would be a game changer for the future of sustainable energy production. Companies and society need to find solutions together to finance R&D.

We at St1 strongly believe that collaboration takes us all further. We have long strengthened our operations through strategic long-term partnerships in various areas and participated in many consortia and partner initiatives that research and promote activities to mitigate climate change.

The energy transition will stay on track if scientists, climate and policy experts, together with organizations, constructively join forces and each party makes its own unique contribution to the collaboration. The collaboration rises to a whole new level of success when we build on each other's knowledge and capabilities, thereby achieving greater results together.

ILLUSTRATIVE PATHWAY OF GLOBAL NET CO₂ EMISSIONS LIMITING GLOBAL WARMING TO 1.5 °C



St1 25 STORY - Looking back and to the future

2022 is St1's 25th anniversary year. In the beginning we were an oil trader. At one point, I started to think about the difference we want to make, and what could serve as the higher purpose that will inspire others to join us. The vision to be the leading producer and seller of CO₂-aware energy started to crystallize, and we started to work toward it.

From the very beginning we have had excellent people, which have worked hard together, succeeded, made mistakes, learned from those, and continued. And there has also always been a bit of humor on the journey, which has then helped with the everyday problems that always inevitably come up. We have been able to do so many significant things and make a real difference with our work. To my delight, our efforts to fulfill our vision have attracted many newcomers with the same fighting spirit to join us on this journey. I'm proud and moved by the passionate work of the entire staff.

I was asked what St1 will be in 25 years' time and what the hot topics will be then. As a company, I hope St1 will already be beyond the current vision of being the leading producer and seller of CO₂-aware energy. I'm sure that by then, we will have discovered something completely new through new innovations.

When I look back on all these years, I have every reason to believe the next 25 years will bring unimaginable scalable innovations that will solve the global energy challenges. Hopefully, we will at least be very close to the non-fossil energy system and the atmosphere's CO₂ content has started to fall. To bring such innovations to market, we must work together. It is possible, since we have the education, capabilities, conditions, and elements in our society to give the world what it needs.

At St1 we will work toward that goal with maximum effort. We are a small company, which means that we can react quickly when opportunities arise. To that end, must ensure that we are profitable and maintain a positive cash flow. St1 will provide a platform for our people to solve the global energy challenges, and I'm confident that thanks to their contributions we will be punching above our weight in the energy transition.

Let us prove together that where there's a will, there's a way.

Mika Anttonen, Chairman of the Board

St1's response to the COVID-19 pandemic

Focus on ensuring safety and continuity

During 2021 we continued to ensure our COVID-19 preparedness while the St1 management team as well as the local crisis management teams have continually been evaluating the impact of the pandemic on the company. All management activities have focused on ensuring the safety of our employees and customers, as well as the continuity of our business.

St1's management team and local crisis management teams have closely monitored the recommendations or requirements of local authorities. St1 has proactively been observing them to prepare us to act and react properly.

Because the severity of the COVID-19 pandemic has varied in our countries of operation, we have had location-specific plans to facilitate remote work in an orderly fashion. Throughout the pandemic, travel between St1 offices has periodically been severely limited, why the coordination across countries has quickly and smoothly transitioned to remote mode when needed.



By any standard, the procedures have been successful, and the impact of the pandemic stemming from St1's own actions or decisions has been limited.

The main impact has been an almost complete cessation of internal and external gatherings, and the planned stakeholder events were either organized remotely or postponed.

The group has been preparing for circumstances to normalize and we have started to return to normal working mode at our facilities as of March 2022.



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Sustainability director's review

The highlights and challenges of 2021

As a group, we have the right approach to integrating sustainability into our business. Coming to that realization was, in my opinion, one of the highlights of the year.

The past two years have been quite unusual, but despite the challenges we managed to progress admirably in our sustainability approach. The first half of 2021 we worked with our management team, and the board on grasping the complexity of sustainability in our value chain. Step by step, the road map has been taking shape as a cooperative effort between the sustainability team and the members of the businesses.

I am overjoyed to see sustainability increasingly becoming an integral part to our daily operations. We are challenging ourselves not to only meet the bare minimum to reach the regulatory demands but discovering a new level where we are laying the foundation for running a profitable business in the future. It is a great feeling to begin to realize how much we are accomplishing and see it materialize. The progress is fundamental, not superficial. It goes to the core of our business.

Sustainability targets — their realization and results

Any significant change begins with an analysis of our businesses' biggest impact. Once you have a more holistic view of sustainability, you will better understand the change that needs to happen to make a difference. Only then can you plan for a positive impact. We understand where that impact is taking place, enabling us to take the first steps towards our vision.

When contemplating big issues such as human rights and climate change mitigation, one can easily get overwhelmed. It is tempting to ask, "What can one person do?" But once we break down the goal into smaller manageable steps, then you will not only realize that the goal is feasible, but also how far we have come. Seeing our hard work transform into tangible results encourages

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In the coming year we will focus more on our social responsibility, human rights issues and developing our impact assessments.

”

us to continue with the work which would have not been possible in the first place, without the help and support of everyone in St1.

Our annual sustainability report has evolved and become an integral part of capturing our story and highlighting our accomplishments. The way we gather data across our operations for our Game Changer has gone through a vast transformation. With the introduction of a new online tool, we have managed to capture so much more than we used to. I was delighted to see how much we have progressed in the last two years, and that we have a system tracking the data flows and identifying the individuals responsible for building the report. Most importantly, the process is clearer as the level of transparency is record high.

On the horizon: regulatory challenges and solutions

We started the year with high expectations, and we pushed ourselves to achieve a lot, which resulted in us feeling strained. But we quickly learned our lesson and put together a manageable timeline. I consider this a victory that started as a challenge. Striking a balance between making a real

difference and keeping the business operational is challenging. We must consider the efforts being asked of everyone, by being conscientious of our people's time and commitments when the sustainability strategy stipulates a shift in ongoing operations. In the coming year we will focus more on our social responsibility, human rights issues and developing our impact assessments. This ensures we are well equipped to manage those salient topics within our value chain to a high business standard we are accustomed to.

Looking ahead, we see more regulatory matters emerging: The UK Modern Slavery Act; the Norwegian Transparency Act; the European Due Diligence act (soon coming into force); and the European Union's so-called taxonomy regulation. In 2022, we will also need to focus on developing our reporting according to the upcoming Corporate Sustainability Reporting Directive (CSRD) and conduct a double materiality assessment. Now is a good time to focus on these efforts and integrate them into our operations.

Timo Huhtisaari

Director, Sustainability and Future Business





Developing St1's sustainability framework

Towards more sustainable value chain with ambitious targets but humble approach

Despite COVID-19's unpredictable disruptions, 2021 was a year of progress. The sustainability team began the year focusing on St1's sustainability agenda and Sustainability Development Goals; company-level human rights due diligence; value chain emissions; and supply chain compliance.

As a part of St1's strategic sustainability efforts, we took the opportunity to join the UN Global Compact SDG Ambition Accelerator Program. The program gave us concrete practical exercises as well as valuable insights on how to efficiently integrate sustainability into our daily operations. Later in the report, we will provide examples of what we were able to achieve in collaboration with all our business units.

For an organization to understand and measure its impact, cross-organizational collaboration and transparency are essential. As a Nordic company with operations in many locations, one of our priorities was to identify potential gaps in our joint processes and thereby further integrating our sustainability ambitions into our day-to-day operations and management. Thus, our

sustainability team focused on data gathering and analysis to find potential gaps.

In 2021, we developed St1's greenhouse gas inventory processes to gain more visibility on our handling of scope 1, 2, and 3 emissions and incorporating our emission reduction targets in the St1 energy transition roadmap. Reducing emissions from our value chain is a priority in the years to come.

Expanding the team across Nordics

Our ambition for sustainability is high. As an organization expanding across the Nordics, and as of 2022, a little further, we also acknowledge that we are very much in the beginning of our sustainability work and that no one in our value chain can do this alone.

In 2021, the St1 sustainability team expanded remarkably from two to six persons. With this powerful and energetic team, our organization is now able to have more support than before. In the second half of the year, we added more muscle to our internal development, which enabled us to collaborate more with our partners and support them in their sustainability efforts.

Strong focus on compliance and due diligence

To integrate sustainability into the core of our business, it is essential to have full transparency in our internal processes. In 2021, we conducted an in-depth gap analysis across our Nordic organizations to identify improvements in our management systems. Among other things, our focus was on our current risk management, counterparty management, Health, Safety, Environment, and Quality (HSEQ) management, as well as deviation reporting practices.

The ultimate objective of this work was to examine our existing operational practices and to improve in areas that we have identified as lacking robust, transparent, and Nordic-wide practices. Our focal point for the analysis were the existing practical frameworks, tools, and methods used in our operations. We recognized that by uniting some of them on the Nordic level, we will ensure that sustainability is incorporated in our operations and the daily work of our people.

The conclusion of the gap analysis showed the existence of strong processes in St1 organizations, but also a lack of certain policies, processes, and instructions on the group-level. Clear development topics have been identified for the coming years.

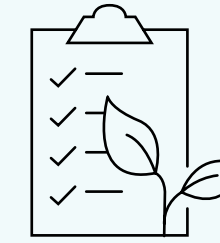
Our group-wide risk management approach and counterparty management practices emerged as clear areas for improvement. Besides improving the overall enterprise risk management, this will ensure that sustainability risks are an integral part of our operations across the entire St1 value chain. The work has also enabled us to identify internal best practices throughout our organization and evaluate the possibility of applying them to other parts of our business.

Our business environment is subject to a wide range of risks and opportunities due to the global reach and industrial diversity of our organizations. The role of risk management is to support the achievement of our strategic targets and business objectives and improve the continuity of our operations.

We are committed to implementing a systematic method for regularly assessing the probability and impact of sustainability and climate-related threats and opportunities. Our risk management concerns issues such as health and safety, human rights and labor rights, ethical business practices, and physical risks throughout our value chain. Our sustainability management is thus part of the multidisciplinary group-wide risk management process.

Analyzing our current management processes, and recognizing the need to improve them, has been a pivotal step in strengthening our sustainability governance. We see this work as a basis for further integrating sustainability in our core functions and risk management on the group level, while maintaining our commitment to the ten principles of the UN Global Compact and preparing for the coming EU taxonomy regulation.

The pillars of the Sustainability Framework



The sustainability story

Our sustainability agenda and what it is rooted in.

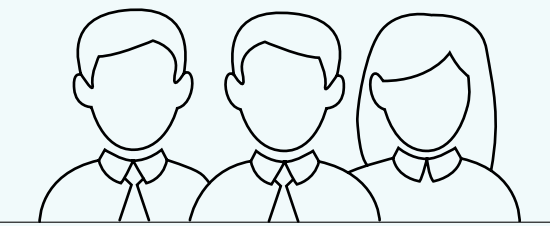
1. Establishing our ambition level
2. Group policies
3. Storyline of prioritizations, aligned with St1 vision
4. Sustainability compliance and mindset integrated into core decision making processes
5. Task Force as initiative to drive change and coordinate efforts for maximization of impact



Sustainability roadmap

The way we are operationalizing our sustainability agenda.

1. Business Unit level targets and roadmaps aligned with group level sustainability objectives
2. Prioritized targets with focus on mitigating negative and maximizing positive impacts
3. Visualization of targets aligned with international frameworks and expectations



Governance structures

How we are ensuring compliance and progress

1. Communication of policy and practice on our webpages
2. Sustainability linked KPIs
3. UN Global Compact Communication of Progress
4. Sustainability due diligence processes
5. Sustainability reporting directives and acts
6. Target progress tracking platform

Impacts on people

Developing our due diligence practices

The 2020 risk assessment on human rights was the first step toward a more credible and robust governance. This extensive screening, which laid the groundwork for 2021, also enabled us to incorporate our newly found practices into ongoing and upcoming undertakings.

Given our complex value chain, we needed to find a way to ensure our processes are aligned and follow a systematic structure on how to manage the most salient human rights risks within our operations. In 2021, we continued assessing our risk management processes and generally increasing our competence in how human rights should be managed and specifically how human rights impact assessment practices should be integrated into our operations.

The key to our approach to human rights due diligence practices is that we must first understand our impact; then, identify the processes we need to develop our practices further; and finally, increase our competence and knowledge of human rights within all business areas.

In the second half of 2021, we conducted a management systems review, a deep dive into our operations, which identified the critical elements we need to improve. The review also uncovered a genuine desire from individuals to comprehend how we impact our entire value chain. The

development topics highlighted were largely aligned with the findings in the 2020 human rights assessment. Together, these now provide us with a coherent roadmap toward developing robust due diligence practices and governance models for compliance topics, such as human rights.

For us to develop a robust due diligence architecture from a process perspective, we need to ensure our grievance mechanisms are in line with regulation. Our whistleblowing channel SpeakUp, introduced 2020, allows stakeholders to report any incidents that they believe violate working conditions or exhibit unethical behavior. Since the introduction of SpeakUp we have put more emphases on training our employees and will continue to promote the importance of due diligence and other salient issues in 2022.

HSSE in focus

One of the key areas identified in our human rights assessment was the health and safety of our employees at production sites and retail stores.



While Health, Safety, Security, and Environment (HSSE) policies and standards have always been a priority, embedding them into our sustainability work has enabled us to widen our approach to developing our safety culture and processes, as well as setting KPIs on the group level.

The health of our employees is paramount. To ensure safe working conditions, we maintain the existing standards that we have grown accustomed to. We are pleased to see that safety observations in Norway increased by almost 40%

and that no injuries were recorded during 2021. The increase indicates that we have successfully created an environment for our employees to report safety issues before they result in serious injury. Read more about our health and safety practices and the incidents in our [HSSE section](#).

The Arctic Wind project

As part of our energy transition journey, we focus on projects that address climate change challenges and the escalating energy crisis. One of those projects is Arctic Wind. The location

for the Arctic Wind project would, given the unbeatable wind conditions, enable the park to produce more energy than all the other wind parks in Northern Norway combined and still only affect a small fraction (one-sixth) of the area. As such, it has the capacity to deliver on national climate goals and make our industries competitive in a world that requires green energy solutions.

As a society, we must find a balance between increasing renewable energy production, conserving nature, and meeting people's needs. To that end, we want to maintain good relationships and open dialogue with affected stakeholders, since we believe the best solutions for the future are developed together.

We encourage everyone to report suspected human rights violations or business misconduct through SpeakUp. We also welcome any kind of feedback concerning our processes through the same channel.

As stated in our vision, we build our operational practices on Nordic values, which means that we take our social responsibilities and impacts on people seriously. Therefore, during 2021, we initiated a mapping exercise to identify potential gaps in the existing wind power concession system regarding its alignment with the United Nations Guiding Principles for Business and Human Rights and the OECD Guidelines for Multinational Enterprises. The work is conducted together with Enact, one of the Nordics' leading consultancy companies focusing on human rights. Based on the results of this work we aim to continue developing best practices for social impact assessments and our human rights due diligence across the organization.

CASE

LIFE

Carbon Farming- Scheme – Shaping regulation through human rights

When it comes to human rights, our competence in the most salient topics within our value chain has matured during 2021. We acknowledge that we are nowhere near perfect. Nevertheless, the people who work within our organization are committed to making a change and proud of being part of a journey as momentous as the energy transition.

Furthermore, we have unassumingly emphasized the urgent need for a regulatory approach to social sustainability. We want to drive forward the guiding future legislation within new fields such as carbon sequestration and related market activities. Building a better future is one of our

core values and we are proud, yet humbled, to see that our guidance is being taken into consideration on such an important topic.

The Life Carbon Farming project 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 European Union. Preparatory projects address specific needs for the development and implementation of EU environmental policy and law.

Our role as a project coordinator in the LIFE project has allowed us to consider how human rights should be taken into consideration in carbon sequestration schemes at the EU level. Together with our partners within LIFE, we see that it is also our duty to raise such an important issue as it should be included as a criterion for further regulatory development.

LIFE as a project aims to build unified rules for a carbon credit market. Though environmental impacts are in focus, especially from the agricultural perspective, we often find ourselves forgetting the impact on people. We at St1 have been in talks with our project partners to make human rights part of the agenda once they have been introduced into legislation.

We want to be proactively involved in the development of future criteria for legislative frameworks. We also want to emphasize the importance of linking the social license to operate with the integration of human rights into business practices. Stable and predictable regulations are essential for the development of the carbon sequestration market.

The LIFE Carbon Farming Scheme aims to create common grounds for incentivizing sustainable carbon sequestration projects. We believe that such nature-based solutions are necessary to mitigate climate change. However, to increase their adoption, new incentive models must be developed. Although we see immense potential here, we must also emphasize the need for more robust regulation to track carbon credits and that sustainable practices must take human rights due diligence into account.

“The LIFE project is a crucial part of St1's energy transition. It is influencing frontline work because we are investigating issues that can have an impact on the EU level assessment. It is challenging and it has taken a lot of effort, but we have learned a lot. And even though environmental matters are our highest priority we also want to highlight the importance of social issues regarding human rights,” said Kirsi Tiusanen, carbon sequestration expert.

In close collaboration with Enact, we have developed internal tools and models to monitor the impact on social matters. In addition, we recognize the urgency to better understand our impact on biodiversity as we are still learning how to minimize our impact on the environment from a biodiversity point of view.

“Despite the rigidness of the fossil fuel industry, I do not see why we should not try to influence and inspire others to build a better future through projects such as LIFE. We know we still have a long way to go at St1, but in the meantime we can help shape the future that awaits us,” comments Jenni Strengell, Head of Sustainability.

Read more [here](#) or www.st1.com/st1-life.



Emissions management as an enabler

Leading the energy transition through data

The ongoing energy transition offers a unique possibility for St1 to grow a sustainable business and develop new business opportunities. Changes in the regulatory environment will drive energy companies toward internal transformation and create new demands in new markets.

We want to be the pathfinder that successfully guides our customers through the energy transition. This ambitious goal requires developing new products, services, and business concepts. We have a unique opportunity to set an example for others as we find new and better ways to integrate various renewable energy solutions to achieve a sustainable system-level change.

To lead the change, we must first understand the size of our impact. Therefore, one of the most crucial themes of our sustainability focus areas has been and continues to be our value chain emissions management.

As an energy company in transition, it is important to understand the granularity of our data elements to lead the transition. In 2021, the focus was on collecting all the data elements and systems we need to set up an inventory process for St1 greenhouse gas emissions on the group-level.

Based on 2020 data, we could determine the development areas to focus on in the coming years. To bring more transparency into the process and visualizing where our emissions

have the greatest impact, digitalization will play an integral role. During 2021 we could create a minimum viable product (MVP) tool and define what our calculation and modeling needs are for our existing products and future solutions.

Science-based targets and emissions scoping

As a company that works with fossil energy, St1 is in the middle of an energy transition. Our vision is to be the leading producer of CO₂-aware energy. To that end we need to admit the impact of our current operations and product portfolio.

It is difficult to set an emissions reduction target, let alone a net zero target, without knowing where we are. So, it was a privilege to participate in the UN Global Compact's sessions on the Science-Based Targets initiative.

In the coming years, our energy transition roadmap will be one of our most critical development topics. Similarly, figuring out how to set measurable, ambitious emissions targets will be one of our most crucial actions to take.

In focus: Value Chain emissions & energy transition roadmap

Near-term emission reduction targets in the St1 value chain

Global CO₂ emissions should be reduced by 50% by 2030 to limit the temperature increase to 1.5 °C. What does this mean for companies like St1?

Science-Based Targets initiative (SBTi)* enables companies to set credible, science-based emission reduction targets for the next five to fifteen years. As these targets are aligned with the Paris Agreement, they are also consistent with the goal to limit the temperature increase to 1.5 °C and reach net zero emissions by 2050. In many cases, the science-based targets also cover scope 3 emissions of companies involved in the sale or distribution of fossil fuels. Such companies shall set targets for the use of sold products that are at a minimum consistent with an increase well below 2 °C.

According to the Corporate Value Chain Standard, the vast majority of the emissions from our value chain are indirect (scope 3) emissions as they are caused by our sold products. When setting reduction targets for scope 3 emission, we must recognize that the key solutions are electrification and the use of green or blue hydrogen-based fuels, and advanced liquid and gaseous biofuels. The heating and cooling sector is also applying non-combustion solutions, such as heat pumps

and geothermal heating. Simultaneously, improvements in energy efficiency and positive changes in customer behavior will further slow down the overall demand for energy.

Our value chain in transition

The challenge lies in implementing these solutions in a timely manner. The energy transition from fossil fuels to renewables affects the whole energy system; from production to all end-users, as well as distribution networks, balancing elements and storages. Investments are needed across the board. To increase the production of renewable electricity —and promote new balancing solutions, hydrogen-based applications, digital sectoral integration layers, and a variety of powertrain solutions—will not only require strong regulatory guidance but also collaboration among stakeholders.

In the St1 Energy Transition Roadmap, we will design and manage this transition by defining our near- and long-term actions towards a sustainable, carbon-neutral value chain. Our

		Category	Emissions tCO ₂ eq
Scope 1		Direct emissions	510,000
Scope 2		Location-based method	15,000
		Market-based method	42,000
		Upstream emissions	
Scope 3	1	Purchased goods and services	2,510,000
	4	Upstream transportation and distribution	15,600
	5	Waste generated in operations	13,000
	6	Business Travel	360
	7	Employee Commuting	700
		Downstream emissions	
	11	Use of sold products	11,600,000
TOTAL			14,700,000

Please note, that the GHG-calculation methods are constantly developed. The comparison of annual factors from a GHG-emission reduction point of view is not yet appropriate, since the increase in GHG-emissions may occur due to the increased accuracy of the GHG-inventory.

actions, which are governed by an appropriate regulatory framework**, will determine how much, and quickly, we reduce our CO₂ emissions. One important indicator for monitoring our progress is the carbon intensity of the energy we are selling (gCO₂/MJ). By complying with the regulatory obligations the carbon intensity of the sold products (scope 3) is expected to decrease in the Nordic road transport system by more than 30% by 2030 from the 2020 level.

Although the European Union’s regulative framework will set reduction targets for the aviation (ReFuelEU) and maritime (FuelEU Maritime) sectors, the reduction of CO₂ emissions in these sectors by 2030 will be lower compared to the Nordic road transport sector. This can open up opportunities to introduce renewable and low-

carbon fuels in a more ambitious time frame than the regulations require.

Now companies in the oil and gas sector must wait for sector-specific guidance to submit science-based targets for validation. Once the guidance is published later this year, we are optimistic that it will be in line with our energy transition roadmap, letting us commit to the Science-Based Targets initiative.

* Science Based Targets initiative (SBTi) is a partnership between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF).

** Paris Agreement is based on voluntary Nationally Determined Contributions (NDCs), where each country outlines their climate actions. EU and Nordic countries have ambitious emission reduction targets, which are reflected in national regulation.

Sustainability agenda and objectives

Toward a sustainability agenda for the group

Moved by our fundamental conviction that sustainability should be integrated into our core practices and decision-making processes, we have increased the pace and intensity of our sustainability efforts.

To underline our commitment to the United Nations Global Compact and to be a forerunner in the socially just energy transition, St1 joined the UN Global Compact Ambition Accelerator Program in 2021. Our goal is to integrate concrete and ambitious targets into our group strategy and business operations.

Through cooperation and dialogue with various Nordic companies and organizations, we gained valuable insights into sustainability integration systems, which we translated into our organization.

With guidance from the UN Ambition Accelerator Program, we reviewed our operations and based on an inter-organizational impact assessment we selected the Sustainable Development Goals (SDGs) most relevant to the St1 group.

Setting ambitious objectives for 2030

In the first half of 2021, the St1 group management and leadership teams continued to develop ambitious targets for a common sustainability agenda. Interacting with the group-level senior leaders and specialists helped us identify our key areas and set priorities for further target- and sustainability linked KPI-setting.

By collaborating with our management and senior leaders, we determined six ambitious focus areas, the St1 group-level sustainability objectives. These were derived from the ten principles of the United Nations' Global Compact and SDG Ambition Benchmarks, with the touch of the St1 Culture for Growth and our company spirit. Inspired by the learnings we had with our business unit leaders and the UN Global Compact program, we put together an internal sustainability task force whose prime objective is to raise our ambitions by translating our aspirations to concrete actions and measurable targets.

“

Integrating sustainability into our current business operations and daily work requires a great effort from all of us on the operational level.

”

Internal engagement as a key element

The sustainability task force, consisting of people from across the organization, has increased the dialogue and competence on sustainability among and within the business units. This also resulted in bringing more visibility to the workings of St1 sustainability team. In addition, it created a greater understanding of our stakeholders' perceptions and expectations of us about our development of a more sustainable value chain.

In our approach, based on what we learned from the Ambition Accelerator program, we seek to reduce the challenging and complicated issues of sustainability to a more concrete and manageable level. Thus, we can identify which parts of our business have the greatest impact, thereby, allowing us to set measurable goals and actionable measures.

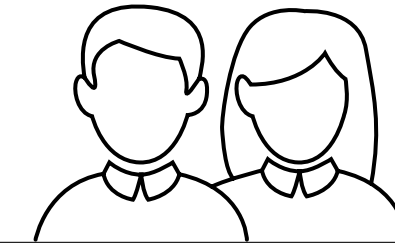
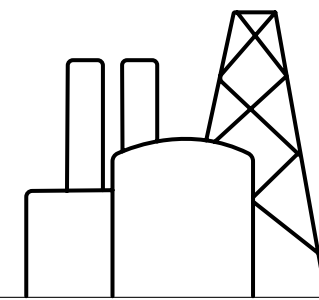
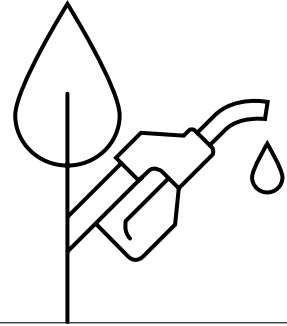
That being said, the learning curve is steep and there us much work to be done. Still, it has been remarkable, and inspiring, to already now see different business units find their role in the bigger picture.

It is safe to say, that we set the new standard during 2021. By translating our aspirations into concrete actions, we raised our sustainability ambition. Our organization is full of passionate and ambitious people who are willing to aim high. At the same time, it cannot be stressed enough that everything we do must make a genuine impact.

Integrating sustainability into our current business operations and daily work requires a great effort from all of us on the operational level. It also requires that we aim high and have the bigger picture in mind.

As in all development, cooperating with representatives from business units throughout the Nordic organization has taught us that transparency, accountability, and prioritization are the key elements for setting meaningful targets and putting sustainability into action.

St1 Sustainability Objectives



We are developing best-in-class ESG stewardship, by being a trustworthy and responsible actor, and a desirable partner in the energy sector

We are committed in transitioning towards a more sustainable value chain

People are the heart of our value chain

1

2

3

4

5

6

Sustainability compliance is integrated into our Nordic core processes and decision making

We set measurable and effective emissions reduction targets

We are developing a more sustainable production and transparent supply chain

We develop a sustainable retail network in the Nordics

We aim for balanced representation and have zero tolerance in discrimination at all levels of employment.

We will align our HSSE processes to industry best practice in the Nordics



ESG:
Governance



ESG:
Environmental



ESG:
Environmental



ESG:
Environmental, Social



ESG:
Social



ESG:
Social, Governance

CASE

Sustainability in action

Making an impact through engagement and collaboration

To really understand our sustainability impact and how to improve our overall business, it's crucial to identify the nitty gritty of our business units. This was the overwhelming task carried out by the sustainability task force in 2021.



“Practically, we asked all St1’s business units to list their activities and identify all that could have the hash tag sustainability,” explains Sustainability Specialist Ragna Sørlandsengen. She was given the lead of the sustainability task force, fresh out of university and working on her master’s thesis on “Socially just energy transition.”

St1 had the privilege to participate in the UN Global Compact SDG Ambition program in early 2021, and all the knowledge gained from that was harvested for the St1 sustainability task force. “There is no template for how to integrate an international framework into a company with our size and complex value chain. We had very high-level guidelines, but the practical steps we had to invent from scratch. However, we have high ambitions and a willingness to really make a difference in all our business units,” says Sørlandsengen.

“Our aim is to become a forerunner in our industry, showing how to transform our value chain into a more sustainable one. We wish to integrate sustainability into our core—where the business happens, and create value for us, our customers, and partners.”

Sørlandsengen explains that the purpose of the sustainability task force is to create an understanding and transparency in how to integrate sustainability into business unit strategies and identify what needs to be further developed. We developed a framework, based on the UN Global Compact, to prioritize our activities and track our progress.

“We have been working in sprints on three different packages to solve the challenges we identified. First, we started with transparency and overview. In the second sprint we aimed



at defining the actions for progress before we proceeded with building a roadmap on how to approach the findings and how to improve. In the third sprint, in this first phase, we focus on governance and how we make progress with tracking and reporting,” Sørlandsengen describes.

How do you experience the feedback from the organization on this huge project?

“In the beginning, we struggled to find rational ways to start tackling the challenge, especially since all our business units differ from each other and are very much at different phases. However, we now have a better understanding of each unit and how their assessing and prioritizing efforts can contribute to reaching our sustainability goals going forward.”

During 2021, members from all business units were integrated into the sustainability task force. The utmost goal of this work has been to understand

how we as an organization are able to integrate measurable and ambitious sustainability targets into our daily operations. The work is nowhere near finished but going forward we will be able to track and monitor our progress on concrete goals and objectives supporting the UN Global Compact in a transparent and constructive way.

“I am incredibly happy to see that we have been able to establish a collective understanding of why this project was needed and how this contributes to our everyday business. We aim to be best in class, and we see an increasing demand to document our efforts in a structured way going forward, for example, in financing. I truly believe this new framework and tracking opportunities will bring us closer to meeting the expectations of a company with a vision to be a game changer,” concludes Sørlandsengen.

Stakeholder engagement

STAKEHOLDER DIALOGUE is important to ensure our success; as such, it is a vital part of daily work of the group’s management and employees. We continuously engage with many stakeholders in various formal and informal settings in the markets we operate in. Our engagement includes interacting with our customers and employees, participating in business and industry associations, and organizing community meetings and seminars. Open dialogue helps us live up to our stakeholders’ expectations of our business environment and sustainability matters.

Stakeholder Group	Expectations	Our Engagement Actions
Customers <ul style="list-style-type: none"> • Consumers • Companies • Public entities 	<ul style="list-style-type: none"> • Develop sustainable and safe products, services and solutions that fulfil their needs • Help customers to make sustainable choices • Superior customer service • Enable safe service and customer experience 	<ul style="list-style-type: none"> • Introduced new shop concepts and products • Newsletter • New ways of working and processes to ensure safe service and customer experience
Extended personnel and management <ul style="list-style-type: none"> • More than 1,000 employees in group’s and its subsidiaries’ offices, terminals and production facilities • More than 70 employees in associated companies • More than 6,500 indirectly employed: entrepreneurs and distributors and their staff, station managers, sales channel traders, employees of transportation companies 	<ul style="list-style-type: none"> • Vision and values to be proud of • A fulfilling and inspiring workplace • Open communication and dialogue • Company culture that enhances involvement, professional development and respect • Successful and sustainable business conduct 	<ul style="list-style-type: none"> • Yearly Retail and Sales Kick Off -events • St1 Value Chain engagement • St1 Story Day for employees • Employee Engagement and Pulse surveys • Regular performance development and training opportunity reviews • Group Intranet, Nordic and local Town Halls, Open Houses
Partners <ul style="list-style-type: none"> • Distribution chain entrepreneurs and traders • Strategic product and service providers • Business partners • Organizations • Research organizations and universities 	<ul style="list-style-type: none"> • Long-term partnerships • Successful and sustainable business conduct • Mutual development opportunities 	<ul style="list-style-type: none"> • Yearly Retail and Sales Kick Off -events • Meetings, seminars, direct interaction • Participation in various research projects and studies

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

Involvements in organizations and joint projects

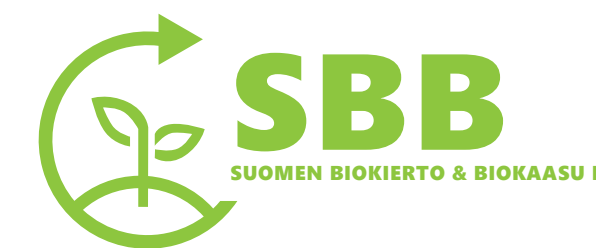


We participate in many consortia and partner initiatives that research and promote activities to mitigate climate change. We are hungry for new, proven knowledge and are prepared to change our views. We strongly believe that the constructive joint efforts by scientists, climate and policy experts, together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

Trade associations and industry platforms

Purpose

Leaders of Sustainable Biofuels (LSB)	Supports 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.
World Energy Council Finland	World Energy Council Finland is a network of leaders and practitioners promoting an affordable, stable and environmentally sensitive energy system.
FuelsEurope	Represents the interests of companies conducting refinery operations in the EU.
Drivkraft Sverige (former SPBI)	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, disseminate knowledge and promote the interests of the industry.
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.
Lähienergialiitto (Finnish Clean Energy Association)	The goal of the Finnish Clean Energy Association is to make the use of renewable energy as easy as possible for Finns as well as to help the clean energy industry to grow. Its focus is on renewable energy, smart energy solutions and energy efficiency.
Natural Gas Vehicle Association - NGVA	An association supporting the use of gas and renewable gas in vehicles.
Virke Servicehandel	Virke Servicehandel is the kiosk and petrol station dealers' industry unit of Virke, The Federation of Norwegian Enterprise. The industry unit has close to 2,500 member companies, including kiosks, petrol stations, car repair shops and service concepts associated with the industry.
Avfall Sverige	An association supporting biogas production from waste.



Finnish Biocycle and Biogas Association

Promotes nutrient recycling, the use and development of biogas technology and the public awareness of these in society. The Association aims to influence positive development in the biocycle sector by taking part in legislative development, publishing information and giving presentations in events organized by the association or other actors.

Energigas Sverige	An association supporting gas (biogas).
Energi Gass Norge (EGN)	An association supporting gas (biogas).
Vätgas Sverige	An association supporting H2 in Sweden.
Biogass Norge	A Norwegian biogas association.
Sustainability and environmental initiatives	Purpose
CLIC Innovation	An open innovation cluster with the mission of facilitating the creation of breakthrough solutions in bioeconomy, circular economy and energy systems.
Helsinki Metropolitan Smart & Clean Foundation	A collaboration that aims to make Helsinki's metropolitan area a global reference for intelligent and ecologically sustainable solutions.
Responsible Care	A voluntary initiative by the global chemical industry aimed at supporting sustainable development in the industry.
Biodrivstoff 2030	Biofuels 2030 is a collaboration consisting of 16 players who work to accelerate the transition to a fossil-free transport sector through increased use of sustainable biofuels.
F3- Fossil Free Future	A coordination program run together with the Swedish Energy Agency.
2030-sekretariatet	The national secretariat for following up the Swedish government's goal of a fossil-free vehicle fleet by 2030.
Mekanisterna	The Swedish mechanists' national organization, a member of the Lubricant and Fuels committee.
SIS - Swedish Standards Institute	An organization that coordinates standardization in Sweden. Member of the European standardization organization, CEN.
Fossilfritt Sverige	A national initiative that aims for Sweden to become one of the first fossil-free welfare countries.
Svebio	A commercial environmental organization focusing on developing bioenergy in a sustainable society.
Committed network	A community initiative for innovation by Wärtsilä, TietoEVRy, St1, and Fortum.

Ilmastokumppanit	A network aiming for a carbon-neutral City of Helsinki.
Arctic Energy Forerunners	An organization that aims to enable cheap and clean electricity in the Nordic market to ensure the competitiveness of industry and achieve national carbon neutrality goals.
Etanoliautoilijat ry	An interest group whose main goal is to make high-blend ethanol one of the major solutions when converting traffic to low emissions.
LIFE CarbonFarmingScheme	LIFE Preparatory, a project aimed at addressing specific needs for the development and implementation of the European Union's environmental and climate policies and legislation.
European Clean Hydrogen Alliance (ECH2A)	The European Clean Hydrogen Alliance aims for the ambitious deployment of hydrogen technologies by 2030. It brings together renewable and low-carbon hydrogen production to meet the demand from industry, mobility, and other sectors, as well as hydrogen transmission and distribution. Through the ECH2A, the EU wants to build its global leadership in this domain and support the EU's commitment to achieving carbon neutrality by 2050.
Hållbar Biltvätt	An organization aiming to inform, educate and develop sustainability around the future of car washing.
Convenience Stores Sweden	An organization working with questions contributing to the future growth and development of convenience retail. Its approximately 6,500 members include business organizations, chains, and suppliers.
Hydrogen Cluster Finland	A cluster of Finnish companies driving hydrogen economy in Finland
United Nations Global Compact	A call for companies to align strategies and operations with universal principles of human rights, labor, environment, and anti-corruption, and take actions that advance societal goals.
NEGEM	A negative emissions project led by VTT, the Technical Research Centre of Finland. It assesses the realistic potential of carbon dioxide removal and its contribution to achieving climate neutrality.
Nordic E-Fuels Alliance (NEFA)	A lobbying coalition that advocates e-fuel investments and regulations in the EU and Nordics.
Biogas Solutions Research Centre	Research and communication on the biogas value chain.



CLC (Climate Leadership Council)
A coalition that seeks to improve the Nordic businesses' and research organizations' competitiveness and ability to respond to climate change and scarcity of natural resources.



NORWEA (The Norwegian Wind Energy Association)
The voice of the Norwegian wind and ocean energy industry.

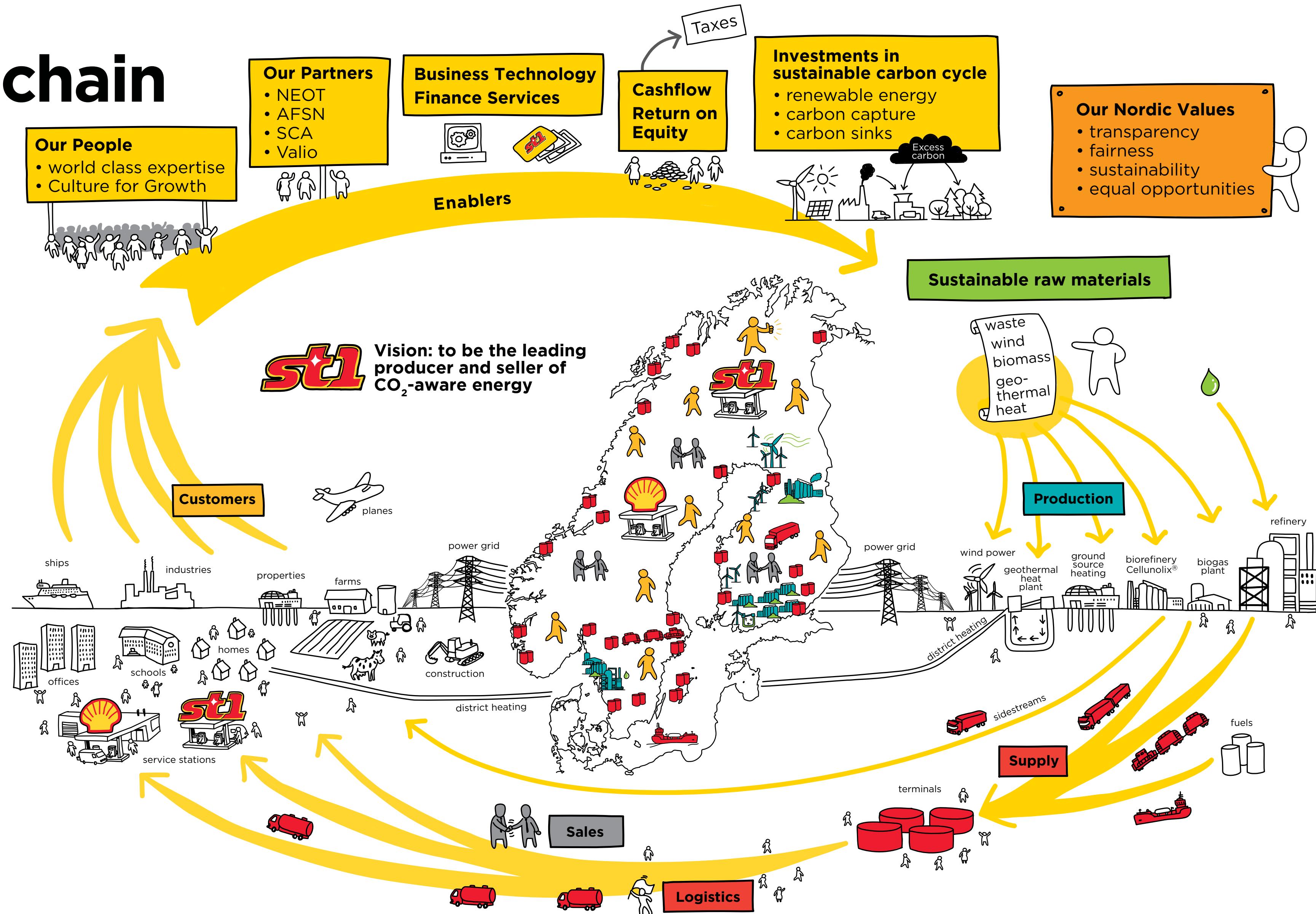
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Towards a more sustainable value chain

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How we create value

St1 value chain



→ Watch the video

Raw materials & production

Energy company in transition

Our value chain begins with sustainable raw materials and energy sources such as waste, wind, biomass, and geothermal heat. We produce and invest in sustainable energy production: wind parks, geothermal heat, and biorefineries. We are also investing in an energy transition at our traditional refinery.

Refinery

The purchasing of crude oil for St1's refinery in Gothenburg, Sweden, is managed 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 4191 km³ total volume of crude oil that the refinery procured in 2021, 3395 km³ was of North Sea origin.

The refining capacity of our Gothenburg facility is approximately 30 million barrels of crude oil per year. In 2021, throughput amounted to almost 26,4 million barrels. The Gothenburg refinery's utilization rate was 81,5% vs. a potential level of 90+%, which was mainly due to maintenance work at the facility.

We use most of our refined products in our own value chain

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

Our fuel blends contain several bio components that are sourced mainly from the global market to maximize 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 renewable diesel in 2023.

The products of our refinery include mogas, JET A1, sulfur-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. All the refinery's products comply with the applicable environmental requirements.

Health, safety, security, 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 conducted annually by accredited bodies. Our internal audits are carried out by trained St1 personnel and cover the entire management system for health, safety, and the environment.

In 2021, the St1 Refinery continued its journey to further increase and develop the safety and security awareness within the organization. In July, a behavior-based safety (BBS) program was initiated at the refinery to increase safety and risk awareness within the organization. Behavior-



based safety is a process that aims to strengthen the daily behavior of employees and managers through safety observations, which reduces the risk of accidents in the workplace. This type of work, which positively impacts the whole organization, will continue for many years to come and serve as a solid foundation for our daily operations.

The refinery's environmental permit was renewed in 2020, 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 an energy intensity index of 74, emissions of approximately 500 kt of CO₂, and 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 and every year, we deliver approximately 650 GWh. The Energy Intensity Index (EII) is an index of energy intensity created by Solomon Associates, which compares the consumption of primary energy sources at different refineries.

The St1 refinery was the first in Europe to acquire the ISO 14001 environmental management certificate.

To maintain safe and reliable operations without interruptions, the refinery's existing equipment and facilities require planned maintenance and repair measures regularly. Last year, there was a maintenance turnaround during the spring that lasted approximately 2 to 3 weeks. The work went well and after a somewhat lengthy start-up, the refinery was back up and running with good margins by the second half of the year.

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. Some of the employees was able to continue working remotely while the rest were on stand-by at home.

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 behavior-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 toward biorefining; and 3. Enhanced administrative structure, which facilitates continuous competence building and provides a supporting framework for the whole refinery organization.

2021 was a year of development and planning at the refinery, and the process continues in 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.

Preparing for the start of biorefining renewable diesel

The civil construction work at the Green Process Unit at the St1 refinery is moving according to plan. The biorefinery will have an annual capacity of 200,000 tons of renewable fuel production and is expected to begin its operations in 2023.

In 2021, St1 entered a joint venture with SCA to produce and sell liquid biofuels. SCA will supply tall oil to the joint venture and will invest approximately SEK 0.6 billion in the company. SCA and St1 will be equal shareholders of the joint venture, which will itself have a 50% share in the St1 Gothenburg Biorefinery.

The design of the biorefinery brings flexibility to the process by allowing the use of a wide range of feedstocks. The unit can meet the current and future specifications of the renewable fuels to be produced, which include HVO diesel, jet fuel, and naphtha. The joint venture will have access to SCA's tall oil, a by-product from the kraft pulp production at SCA's mills in Östrand, Obbola, and Munksund.

Another strong area for St1 is within technological screening and evaluation of thermochemical pathways with our partners to produce renewable diesel, bio-jet, and other biorefining products.

Advanced biofuels

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. Our target is to find higher value-added uses for biomass, such as the residues of the Nordic forest industry.

Our long-term advanced renewable fuels strategy for our domestic markets of Finland, Sweden, and Norway is to competitively fulfill the regulations for the year 2030 and beyond. Today, we are

producing advanced ethanol from various kinds of waste and cellulosic material in different 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% 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. St1's advanced ethanol is used in high-blend ethanol fuels or as a biocomponent in petrol in low blends.

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 several 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 the steel industry.

The St1 research team is developing the Cellunolix concept, producing advanced ethanol from sawdust, a processing residue from the sawmill industry, and the enzymes used in the biorefining process. The R&D laboratory forms a world-class entity with a Cellunolix® demonstration

CASE

St1 Refinery 2030 project



Around the world, energy companies are looking to transition away from fossil fuels towards renewable sources. The same is true of St1. Our traditional refinery is in the middle of a transformation and while many refineries around the world are closing, we are instead scaling up and preparing for the future. We are taking the next big step toward starting a large-scale production of renewable fuels.

We have made our biggest investment ever in the Green Processing Unit (GPU). The biorefinery will have an annual capacity of 200,000 tonnes of renewable fuels production and is expected to commence its operations in 2023. It is designed to optimize production of renewable diesel and sustainable aviation fuel. In addition, we have been studying the possibility to use our existing infrastructure and technologies to co-process fossil fuels and renewable raw materials.

“We are scouting the opportunities and driving projects in transforming the refinery into renewable production and to the gradual phaseout of the fossil feedstock. We believe that an efficient way for the transformation is to utilize the existing refinery infrastructure and invest in mature technologies,” says Oskar Bengtsson, head of strategic projects on St1 refinery.

Crucial to the successful transformation of the refinery is to attract people with the right competencies to participate in the transformation journey but also to find other mature technologies to invest in. The research and development aid is not only focused on using renewable feedstock but also on using CO₂ as feedstock in power-to-X solutions, providing more energy-efficient solutions to produce synthetic fuels.

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 the development work. The annual capacity of our Kajaani biorefinery is 10 million liters, but production adapts to the test runs of the current research and development phase, resulting in two million liters 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.

Through our 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.

Biogas

St1 has identified strategic focus areas, where we can best achieve our goal in creating sustainable carbon cycle and realize our vision to be the leading producer and seller of CO₂-aware energy. One big step toward the goal is to enter the biogas business. Gas infrastructure will complement the St1 value chain as there are synergies between existing operations and gaseous fuels.

Biogas is a renewable gas that is produced from the breakdown of organic material. In concrete terms, we collect waste from households (wastewater and food waste) together with

manure from farms and break it down in an oxygen-free environment. The gas that is generated becomes biogas; the remaining mass becomes organic fertilizer that is spread on fields. Natural fertilizer nourishes the organic food that later ends up on our tables. The cycle is complete.

In 2021, St1 acquired E.ON Biofor in Sweden which makes St1 a leading biogas player in Sweden with a one-third market share in the traffic segment. Geographically, St1's biogas sales are in the urban areas of Southern Sweden as well as in Stockholm. The company produces imports and exports biogas and delivers it to customers through several sales channels. St1 has six biogas production and upgrading units, two of which are partly owned companies, Söderåsen Bioenergi AB and Falkenbergs Biogas AB.

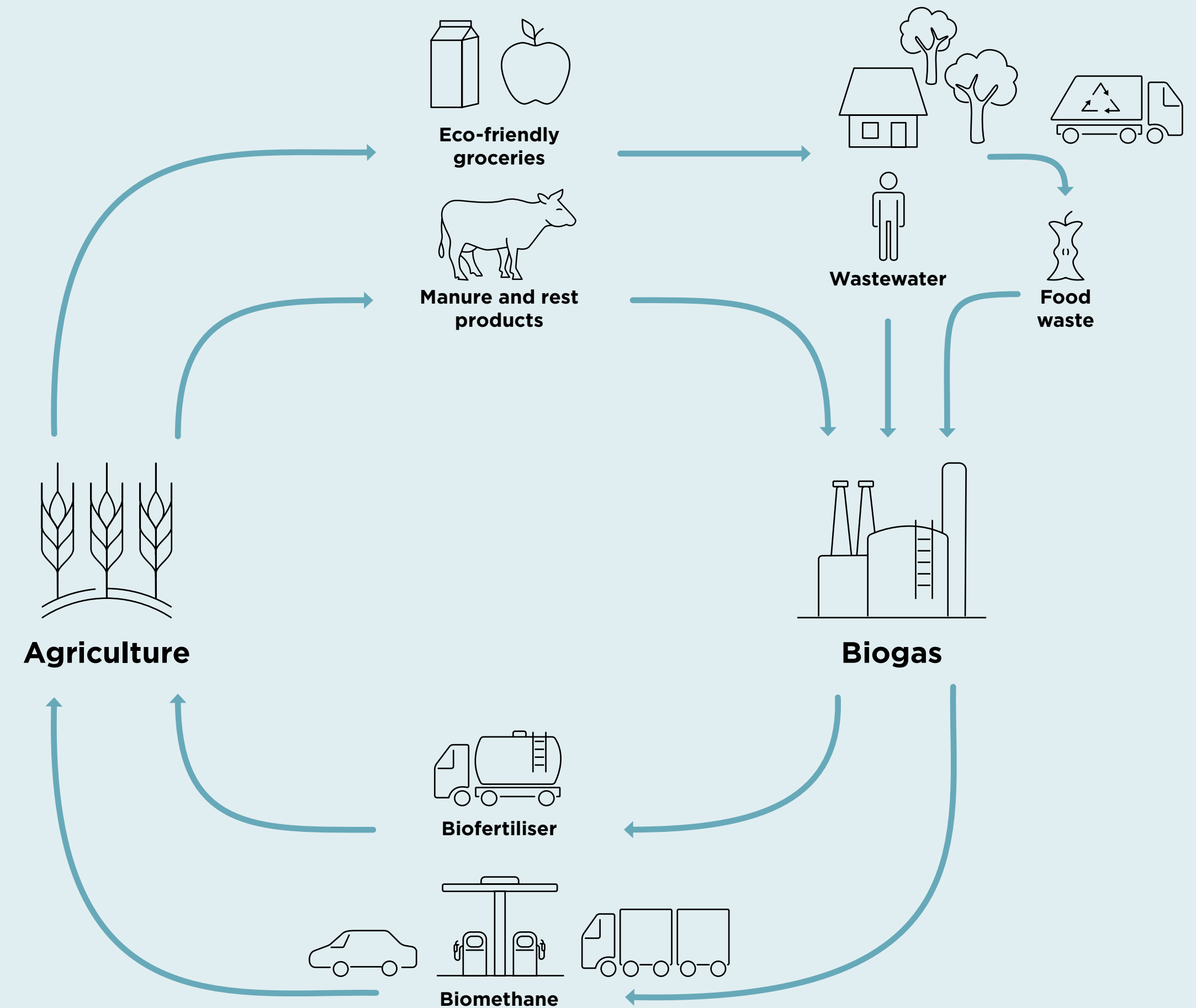
In Norway, St1 has entered a joint venture with two partners. With the Biogass Energi Aksdal company, St1, Knapphus Energi and Nor-log have started the cooperation to plan and build a retail network for LBG, liquefied biogas in Norway.

In Finland, St1 and the food company Valio entered into an agreement to establish a joint venture to produce renewable biogas from dairy farm manure and other agricultural by-products as fuel for heavy-duty transport. The company, Suomen Lantakaasu Oy, was established in the beginning of 2022 and it is targeting up to 1,000 GWh production by 2030.

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. In the Nordics, the wind conditions are very favorable

Biogas circular economy





for substantial wind power production. 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 supply 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 conducting an environmental impact assessment.

Grenselandet has applied 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. Among other things, the independent impact assessment states 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.

In 2021, St1 Sverige AB acquired Wästgöta Wind AB, a wind power project company containing four projects in early development. During fall 2022, St1 Sverige AB plans to send in a permit application for one of these projects.

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, and we are continuously developing projects in all the Nordic countries.

Geothermal Heat

We offer and deliver geothermal heat solutions to meet our customers' demand. In our ground source heat pump solutions, St1 Lähienergia (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 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 meters. In larger projects, the wells have extended down to 600 meters. The 1–2 kilometers semi-deep well projects are also being developed and executed to further enhance cost-effectiveness. By developing deeper well solutions, we can more efficiently use confined land spaces, especially within growing urban areas.

In 2021, St1 entered a cooperation with CapMan to accelerate ground source heat plant investments in Finland and decrease emissions by offering clients heating solutions through an effortless and cost-efficient life cycle model. In the cooperation, CapMan is financing new ground source heating plants that are being built and sold by St1. As part of the arrangement, CapMan Infra acquired St1 Lähienergia Oy's ground source heat plant portfolio serving around 130 properties and produces about 38 GWh of sustainable energy annually. St1 continues to operate the plants and serve existing clients as part of the agreement. The investment program aims to at least double the energy production by 2024.

The pilot project of St1's Otaniemi geothermal heating plant explores the technical implementation options for the heating plant. The Engineered Geothermal System (EGS) technology has proved to be challenging from a techno-economic point of view, and the current mapping phase aims to define the connection of the boreholes and above-the-ground production technologies to achieve the best possible thermal output.

During the design phase of the crossflow test scheduled for fall 2021, detailed data from 2018 and 2020 stimulations were analyzed to provide information on the water flows in the deep bedrock fractures and how they can be intensified if necessary. As a result of the analysis, it was concluded that the new crossflow test between wells does not provide any additional information to justify running it.

An important sub-goal of St1's Otaniemi geothermal heating plant pilot project has been to develop and test technically and economically viable solutions for all work phases of the geothermal business concept. The pilot project has provided valuable information on the conditions under which future projects must be evaluated. In recent years, heat pump technology has developed by leaps and bounds, enabling it to reach sufficiently high temperatures in geothermal heat plants already with shallower heat well solutions. Advanced geothermal power plants will play an important role in the transition to zero-emission heat production and St1 will utilize the lessons learned from the Otaniemi project in the following geothermal projects.

Energy trade and logistics

A strong structure for growth



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

NEOT specializes in oil and bio-products wholesale in Finland, Sweden, and Norway, and operates in the global trading market. The purpose of NEOT's operations is to provide its owners with competitive and sustainable fuel solutions.

Supply

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

Going into 2021, the situation with COVID-19 prolonged the market's uncertainty. Still, the majority of our product volumes were relatively stable. While impacting the JET fuel volume, the overall supply was still good.

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 the renewable fuels that NEOT supplies are traceable and compliant with the regulatory requirements in the markets in which we operate. NEOT sources renewable fuels only from suppliers that comply with the official EU sustainability criteria, either through the approved voluntary EU schemes, such as the International Sustainability & Carbon Certification (ISCC) or nationally accepted sustainability schemes.

Our sustainability schemes verify compliance with the EU's biofuels sustainability criteria and include a third-party auditing process. NEOT's operations are also certified according to the ISCC, the Finnish National scheme, the Norwegian authorities' scheme, and are audited annually. NEOT, being an official member of ISCC, also 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 legislation to drive the industry toward traceability, it is not yet possible to demonstrate the traceability of the crude oil supply chain at the same level as with renewable fuels.

We do, however, work toward traceability for fossil fuel products. In Sweden, we have labeled our products for origin since 2015. In fact, we were the first fuel and energy company to introduce information on the origin of our fossil fuel products, and we believe in increasing knowledge and contributing to a positive development in our industry. We, therefore, present our information as clearly as possible so that our customers can see where our crude oil, fuels, components, and bio-products come from—regardless of whether we buy finished products

on the world market or process them ourselves in our refinery in Gothenburg.

Our vision is not just to be the leading producer of CO₂-aware energy, we also aim to be at the forefront of transparency when it comes to fuels and other energy products.

With further ambitions to grow our energy trading business in the future, we have strengthened our energy trade and logistics business unit to be able to grow capabilities to optimize of our existing and new assets. This will also enable us to put more emphasis on centralized energy trade and risk management of feedstocks for liquid and gaseous fuels, electricity, EU ETS allowances and carbon credits as well as currency trade.

Logistics

Together with NEOT, St1 maintains a comprehensive logistics chain in all our operating countries. This logistics chain consists of terminals for storing 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. Our terminals throughout the Nordics are complemented by our marine depots and some partner terminals, which together 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 center on the Baltic Sea region. The

network transports biofuel components to the refinery as well as 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 work to reduce the environmental impact of oil products in the supply chain by using new and energy-efficient LNG technology. In addition, two of the six most used vessels in NEOT's operations are dual-fuel vessels that are mainly powered by liquefied natural gas (LNG). Vessels using LNG technology have a significantly lower environmental impact compared to traditional tankers, as they generate fewer sulfur oxides (SOx), nitrogen oxides (NOx), and particle emissions.

Road transport is handled by our cooperation partner network. In Finland, NEOT is responsible for road transport from the refinery to fuel stations and from there to hundreds of thousands of homes and companies. In Sweden and Norway, other transport operators are responsible for the deliveries to our station network and our direct sales customers. The transport of fuel products between the port terminal in Hamina and the inland terminal in Varkaus in Finland is conducted via domestic railways. In Sweden, the products are delivered by train from Gothenburg to Karlstad and Jönköping and from Gävle to Arlanda Airport.

We collaborate with NEOT to improve 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.

More information about NEOT's operations can be found in NEOT's Sustainability Report 2021, available [here](#).

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Quality, safety, and environmental aspects are taken into careful consideration throughout the logistics chain.
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To keep society and critical
institutions in Kirkenes
running, the depot up north
is of key essence.
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CASE

Fighting the arctic elements

With its high mountains and deep fjords, Norway can offer many challenges. Getting fuel out to all corners of this elongated country requires skills and persistence — and a logistics team with the right can-do attitude and experience.

“Especially at our most northern depot in Kirkenes we experience the full arctic climate. The temperature between the summer and winter season can vary from minus 30 to plus 30 degrees Celsius,” explains Ole-Petter Bjørdal, Director of Logistics in St1 Norway.

Most of our products distributed in Norway come in to our fourteen depots (eight main depots and six marine depots) via ship and are then trucked out to its destination. The counties of Troms and Finnmark are known for its long distances and harsh winter weather. Between our main depot in Tromsø and Kirkenes there is a 900-kilometer drive with mountain passes often winter closed. So, to keep society and critical institutions in Kirkenes, such as the military and emergency vehicles running, the depot up north is of key essence.

Arctic in our DNA

“The arctic climate lies in our DNA and enables us to keep operations running despite winter storms and snow. Of course, we also need to take some extra measures to fight the elements,” says Bjørdal. At all depots in Norway, we have in place a winterization program to prepare teams and installations for safe operation through the winter.

Bjørdal also explains that the Kirkenes depot is the only one with built-in fueling area (garage) to protect the trucks against wind and snow. One key element is also to ensure the optimal winter quality of the fuel.

“With temperatures down to minus 30 degrees Celsius, this is vital. We have also insulated the diesel tank to prevent heat loss as another measure to tackle the cold climate,” Bjørdal explains.

It's a joint effort

In 2021 driving conditions were, at times, challenging all over Norway. Nevertheless, our trucks managed to drive four million kilometers across the country during the year. This is equivalent to 800 round trips from Oslo to Rome.

“We have managed to keep all our terminals open despite challenges due to COVID-19 thanks to a great joint effort between us and all our partners and customers. Our teams focus on safety and quality every day, and this is our receipt for keeping operations going and tackling all conditions thrown at us,” Bjørdal concludes.

“

Altogether, the nationwide energy station network, consisting of approximately 1,240 St1 and Shell energy stations in Finland, Sweden and Norway and 50 gas filling points in Sweden, is the forte of our retail business.

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Sales and customers

Customer growth through operational excellence

Our role is to secure society's fuel supply. During the pandemic, we proved our ability to ensure the continuity of our business by adapting and finding new ways to provide quality service to our customers. In 2021, our operational excellence enabled us to not only meet our volumes but also increase our market shares in certain convenience retail (CR) markets.

St1 provides private and corporate customers with a wide range of products and services. The main products sold are premium traffic fuels, heating oils, middle distillates for machinery, and marine fuels. Bioproducts, which make up an increasing share of our liquid fuels offering, accounted for 19% of our net sales in 2021. We continued to install electric vehicle (EV) charging stations as part of our retail offering, especially in Norway, and we expect to grow massively in this segment going forward.

Our offering also includes a wide range of enhanced payment cards, methods and services, for fleet customers, commercial road transportation customers, and private consumers.

Retail station network

Altogether, the nationwide energy station network, consisting of approximately 1,240 St1 and Shell energy stations in Finland, Sweden and Norway and 50 gas filling points in Sweden, is the forte of our retail business. The network of unmanned stations and service stations with shops, convenience stores, restaurants, and car washes, serves many needs of hundreds of thousands of people on the go.

Additionally, the St1 mobile refuelling concept and St1 Mastercard increase the convenience for our customers. Our app has become a significant sales channel for car wash services and coffee offers and the like.

CASE

The journey from gas stations to energy stations



The governmental incentives favoring electric cars in Norway has created a huge shift in Norwegian's interest to purchase electric vehicles (EV's). Today, almost 9 out of 10 newly registered cars are partly or fully "fueled" by battery. To remain a preferred choice for our customers, we move from operating gas stations to energy stations.

In Norway, the first EV charger installed at one of our stations was back in 2016 in Mortensrud, in Oslo.

"Speed charging was a new technology in constant development, and it quickly became outdated. So, the first chargers are already being modernized and we are immediately experiencing good growth in sales of electricity," explains Bård Granerud, Network planner at St1 Norway.

By year end in 2021, 230 charging points at 41 retail stations had been established, and we will continue full steam ahead until more or less all retail stations nation-wide can offer speed charging to our customers.

A next step

"Building a national network for charging is a key priority, and we see that our dealers are eager to get chargers at their stations. For now, we have prioritized stations with a central location by main roads, and those who are upgraded with seating areas indoors," says Granerud.

With St1's vision of being the leading producer and seller of CO₂-aware energy, this constitutes a new step in that direction.

St1's partner for charging is Recharge who is market leader in this segment in Norway.

"We are working our way through our station list to look at potential locations and opportunities. At some stations we have chosen to remove some of the fuel pumps and replace them with chargers. At other stations we have expanded or utilized some of the parking space available."

A positive experience

Granerud explains that one of the challenges is getting the extra power needed to connect the chargers.

"We experience that we are able to turn around and establish the chargers quite quickly, but then have to wait for the connection. This is a market in expansion and the energy companies receive lots of requests, which means that in worst case we must wait up to half a year to get the chargers connected to the grid."

The chargers at our Shell stations are unified and equipped with a QR code that enables the customers to monitor the progress on their phone while enjoying a coffee or meal in the restaurant area.

"There are several elements to consider when we accommodate our stations for EV customers. We wish to give them the same positive experience as the traditional fuel customers and treat them as equally important. From what we see, these customers especially appreciate standing next to the liquid fuel customer in the forecourt," Granerud concludes.

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CASE

Keeping up the momentum by fostering talents

Developing internal talent in the retail network has been a success story for St1. With a network of 310 Shell stations in Norway, the yearly talent program has proved to be an effective way to “home grow” new station managers and retailers.

“One of the things we are particularly proud of is that the talent program has been helping us recruit more female leaders. Ten years ago, we only had one female retailer, but now we have 12 women and 22 men. I believe part of the success is that the program provides a network of colleagues who can support each other to take new steps in their careers,” explains Anita Sørlungsengen, Retail Director at St1 Norway.

For more than ten years, 15–20 people have annually been admitted to the program. Here they receive training in management, business finance, and basic retail training. They meet three times a year to work together for two to three days. In between, they have homework on the daily operations of a retail station.

“The recruitment to the talent program happens in close relation between us at St1 and the retailers. Everyone working at one of our stations can ask to be considered, but mostly they are appointed



by retailers and our regional managers,” said Sørlungsengen who adds that a key point of the program is to build the participants self-esteem.

Creating unity and cooperation

“We have incredibly many talented people in our network, but traditionally being a retail manager is not seen as favorably compared to being a manager in other businesses. We think it’s important for them to understand how competent and good they are, and what kind of responsibility that lays on them. This builds confidence and makes them conscious of their important role as leaders.”

Every year a key take-away reported from the participants is that their new network of friends and supporters makes it easier to take a new step in their carrier. Often they support each other long after the talent program is over.

“We find it important to be an employer that takes care of talented people and contributes to lifting those with ambitions. And we wish to build an organization with good cooperation and unity. This we do in many ways, but the talent program is a great contributor.”

“

Our new gas distribution network consists of 50 public distribution sites.

”

Our EV charging network is expanding in tandem with the sales of electrical vehicles in the Nordic countries, turning our network of fuel stations into energy stations.

In Sweden, we have successfully introduced E10 petrol, and many sites now offer renewable HVO diesel for personal cars. We have also put outdoor payment terminals at the car wash bays for increased customer convenience. We also opened 4 new PLOQ food shops. Our new gas distribution network consists of of 50 public distribution sites.

In Norway, we built a new retail station in Trondheim, Shell Klett, which offers 16 charging points for electric vehicles alongside the traditional gasoline pumps. In Norway, we kept investing in EV charging and already in July we exceeded total numbers of charging sessions in 2020. As CR sales are increasing, we also take market shares with a growing customer base.

In Finland, we built a new unmanned St1 station with a boat refueling point in Kuopio and a new unmanned Shell TruckStation in Sipoo. We successfully launched renewable HVO diesel to both St1 and Shell sites in August. This was the first official Shell HVO product launch globally. With more than 12 million transactions, our loyalty program reached an all-time high.

In all countries our entrepreneurs and partners, together with our operational team, performed extremely well. Although they quickly and constantly had to adapt to changing conditions, regulations and standards, due to the pandemic, they did an excellent job of serving our customers. We have introduced new ways of working and processes to ensure a safe customer experience and operations.

Corporate sales

Our strengthened Nordic organizational structure continued to show its value, and our ability to solve challenging situations and find new solutions to maintain sales has created new business opportunities for St1. Our customers are increasingly asking for ways to reduce their environmental footprint. Together with our customers we have developed multiple solutions and programs to help them mitigate their climate impact.

Significant emission reductions can be achieved by using biogas, especially for heavy-duty transport. We have identified this as a strategic focus area and invested in several biogas projects to enhance our portfolio in 2021.

In July 2021, St1 acquired E.ON Biofor Sverige AB. It is now operating under the name St1 BioGas AB, making St1 the leading biogas player in Sweden with a market share of about 30% in

the traffic segment. The company produces, imports and exports biogas and delivers it to customers through several channels.

In Norway, St1 purchased 33.33% of the shares of Biogass Energi AS with the aim of building a national infrastructure of biogas filling stations. The Norwegian state-owned enterprise Enova has allocated 7.1 million NOK (approximately EUR 710 000) in support of building Biogass Energi AS's first filling station for liquid biogas (LBG) in Norway. Enova's grant will fund the construction of a filling station in the village of Aksdal in Rogaland.

In Finland, St1 and the food company Valio established a joint venture to produce renewable biogas from dairy farm manure and other agricultural by-products, mainly for heavy-duty transport. The company is targeting up to 1,000 GWh (1 terawatt-hour) of biogas production by 2030, which amounts to a third of the biogas needed for Finland's fossil-free transport roadmap.

In addition, efforts to maintain existing customer relationships and gain new corporate customers have resulted in a strong cooperation within our Nordic sales team. Despite the prevailing COVID-19 situation, our marine volumes have hardly decreased at all.

Our terminal in Gävle, Sweden, which was acquired in 2019 to complement our terminal network, has continued to strengthen our customer offering in Sweden. Our sales team, together with our energy trade and logistics teams, have succeeded in growing volumes. The terminal enhances our ability to provide our customers with a wider energy mix to meet their future needs.



CASE

Serving our customers in forecourts

In Finland, the Forecourt Service Champion concept was already introduced a decade ago. Today, we have 45 service stations, each with its own Forecourt Service Champion. Sami Strandman, who works as a Field Training Manager for St1 Oy's Retail operations, trains these professionals, shares his thoughts on this unique service concept, how the quality of the service is ensured, as well as how the COVID-19 pandemic affected the work of Forecourt Service Champions and their customer encounters.

Strandman, who has been with the company for more than ten years, is responsible for the recruitment portal and training services of the Retail station staff and the development of safety practices, such as contingency and risk management plans.

"The Forecourt Service Champions are often the first people our customers meet when they arrive at our service stations. Their job is to keep customers safe, help them choose the right fuel and refuel their vehicles. They also keep the station clean, safe, and in working order. Above all, they enjoy helping customers to have a great day," Strandman says. "Daily responsibilities include refueling customers' vehicles for them, helping customers who are using forecourt services, such as air and water, and knowing about our products and sharing that knowledge with customers," Strandman continues.

St1 is the only retail chain in Finland that offers this kind of service. Our focus is on the refueling customer. The Forecourt Service Champion concept is therefore an important competitive advantage for us.

Forecourt Service Champions are trained for their profession. The training program includes both in-person learning and independent online learning. The orientation phase also includes training sessions at the station with the help of a supervisor and a more experienced Forecourt Service Champion.

"Training is so important because it ensures that the customer receives the same quality of service at all our stations. In addition, customer satisfaction and sales results are constantly measured at each station to offer the best service quality," Strandman says.

The pandemic temporarily changed consumer behavior

At the beginning of the COVID-19 pandemic, customer behavior changed and automatic refueling was favored over service. This also affected the work situation of Forecourt Service Champions. In 2021, consumer behavior was already back to normal and demand for the service began to rise again.

"Fortunately, the effects of the pandemic on the work of our Forecourt Service Champions were short-lived. It is clear, that our customers really appreciate high-quality service. Naturally, special attention has been paid to safety and good hygiene practices," Strandman says.

"Expectations for 2022 are high. We have plenty of customers, the sales volumes are looking good, and the quality of service is excellent. I am really looking forward to the summer's domestic travel season. All in all, we are ready to serve customers in the best possible way in our station network here in Finland," Strandman summarizes.

Value chain enablers

People

The year of growth and success that our people enabled



The ambitious work of our employees continues to move our value chain toward a more sustainable one. At St1, we are a goal-oriented and high-performing organization, and our Culture for Growth will take us even further toward our vision.

During 2021 we grew both through the E.ON Biofor Sverige AB acquisition and the successful recruitments in all markets. In HR operations we have focused on HR processes and onboarded new people. The COVID-19 pandemic remained a challenge during the year. Nevertheless, we managed the situation well in terms of business operations, productivity, working methods, and collaboration. Through the pandemic, our employees exhibited true loyalty, commitment, and resilience.

The progress of our cultural development and the results we have achieved can also be seen in our annual Group wide Employee Engagement survey Ennova, which measures well-being at work, satisfaction, and motivation. The participation rate in the survey remained high and represented a total of 89%. According to our survey, 65% of our employees feel that they are on a learning curve and performing at a high level.

St1's results improved significantly in almost all areas, despite the COVID-19 pandemic. Improvements are especially evident in the areas of employees' feelings of satisfaction, motivation, loyalty, cooperation, and the quality of leadership.

However, the managers described having a higher workload. This is because leadership is more demanding in remote and hybrid settings and requires a new kind of expertise and leadership communication. Thus, HR supported and guided the managers during the pandemic.

Core leadership values in St1

Trust is the key foundation for building our Culture for Growth and therefore it is important to measure it. By measuring trust and performance expectations, we ensure that we are moving in the right direction as a company. To be a high-performing organization, we also need a high level of psychological safety. We simply want everyone to be involved and feel safe. These factors are also crucial for us to learn and develop as individuals and as an organization on a transformation journey.

We also measure the level of psychological safety and trust with the Pulse survey. In 2021 we conducted three Pulse surveys. The main takeaway from the surveys is that teams perform better when they feel safe to express their opinions and when they are held accountable for the work they carry out.

We invested heavily in developing our leadership and enhancing our internal communications in 2021. An example is the quarterly St1 Leadership Seminars. Another example is the monthly St1 Townhalls that we organized both locally and group-wide. Overall, we believe in organic growth in learning and development. This can be seen at the Open House events where teams and units can teach their own area of expertise to other employees. We want everyone to be able to grow professionally along the company's growth. We believe that our unique company culture

is our competitive advantage in the volatile circumstances in which we operate.

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 support employees' own initiatives. Our employees have access to comprehensive occupational health services. In 2021, absence rate among our employees continued to remain low.

We plan our operations with the aim of maximizing safety. We take a proactive approach to prevent

accidents at work regardless of working conditions—from production and logistics facilities to our offices. We take our employees as well as our external workforce into consideration.

In 2021, the incident and accident rates remained equally low in all our operating countries. We review all accidents and dangerous incidents closely to develop our Health, Safety, Security, and Environmental (HSSE) management practices in ways that would allow us to continue to avoid high-consequence injuries. During 2021, we set HSSE development as a high-importance development topic for all our business units. The work continues throughout 2022.

We are committed to offering a safe working environment for everyone at St1. Our business is based on equality, and our behavior toward each other is professional and fair. We have a zero-tolerance policy for harassment and discrimination of any kind. In 2021, we continued our work on our Code of Conduct, which emphasizes our ethical business principles and our expectations of our partners. We also continued our work on our Human Rights policy stating our commitment and respect for internationally proclaimed human and labor rights.

We launched our ethical reporting channel, SpeakUp in 2020, and during 2021 we focused on creating awareness of the channel for employees. In the SpeakUp channel, suspected breaches of our Code of Conduct can be reported anonymously.

Well-being has also been a special focus area in all business units during 2021 and to improve the well-being of the employees, we have had training for managers in all markets. The themes

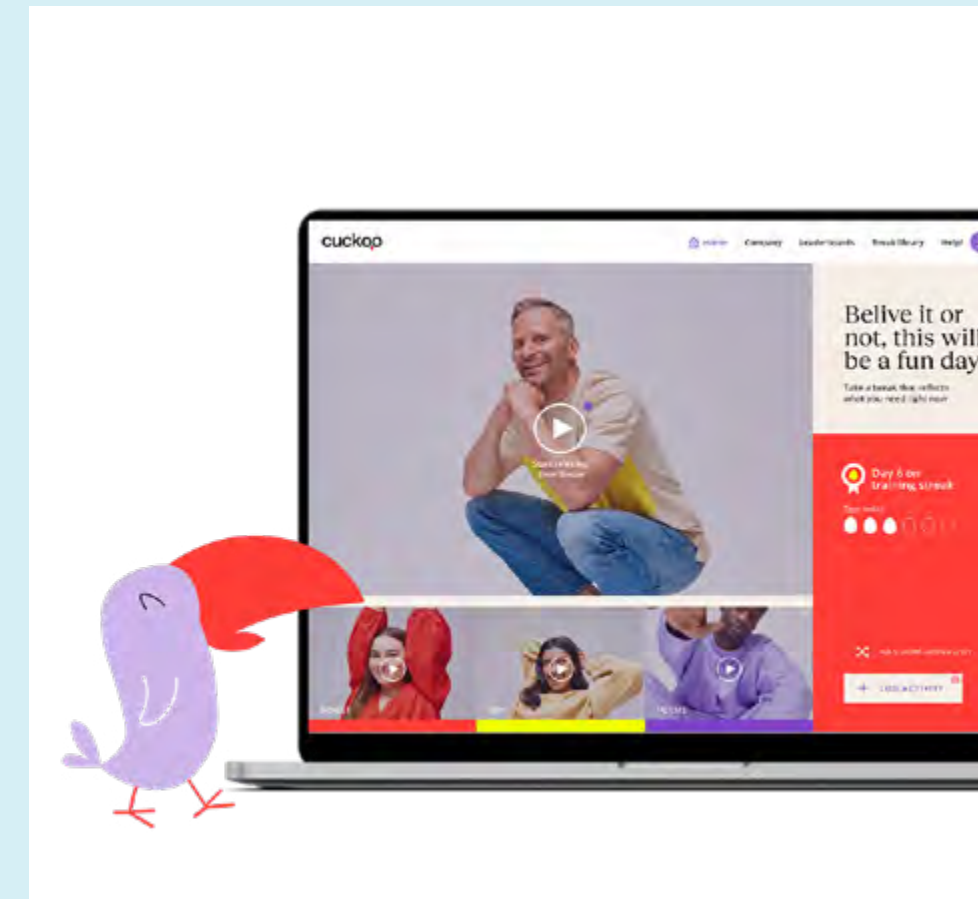


Image: Cuckoo.fi

Cuckoo was first introduced in Finland in spring 2021, when the pandemic forced us to work remotely. Cuckoo was perfect for making our home offices more ergonomic as it enabled digital get-togethers and laid-back encounters with colleagues while increasing energy levels and well-being.

“We wanted to start supporting the well-being of our personnel in everyday life. In Finland, the reception of the program was good. With the increase in the number of users, we were in the spirit of our Culture for Growth, inspired to export the concept to our other operating countries as well,” says HR Coordinator Nicole Innocenti from St1 Oy’s Finnish HR team.

Innocenti assures that the Cuckoo online workout sessions will continue when we begin returning to the offices because they are not tied to time or place and suits all ages and physical conditions. We now have 326 active users and owing to our various planned measures that number is only expected to increase in 2022.

“You can choose the most suitable form of training from various workout programs. When exercising, you should listen not only to the body, but also to the mind. Sometimes you might need some cheering up whereas other times calming down might be better for your well-being,” Innocenti explains.

“Taking a break is important for physical and mental recovery, as it also activates the recovery after the working day. Another important aspect is to support a sense of community. And with Cuckoo you can work out together with your colleagues, make new friends at the office or even have friendly competitions,” Innocenti encourages.

CASE

Let’s Cuckoo – boosting energy levels during the work day

Well-being has been a special focus area in HR operations during 2021. One measure taken is the launch of the Cuckoo initiative. Cuckoo is a gamified well-being app that brings joy to the work day and boosts energy levels by taking a break. Through the Cuckoo well-being app our employees can have short online workout sessions during the day both at the office and remotely.

Occupational health and safety results 2021, own employees

Number of high consequence injuries	0
High consequence injuries frequency	0
Work-related fatalities	0
Number of lost-time injuries	2
Lost time injuries frequency	1.2

Absence rate

3.1%

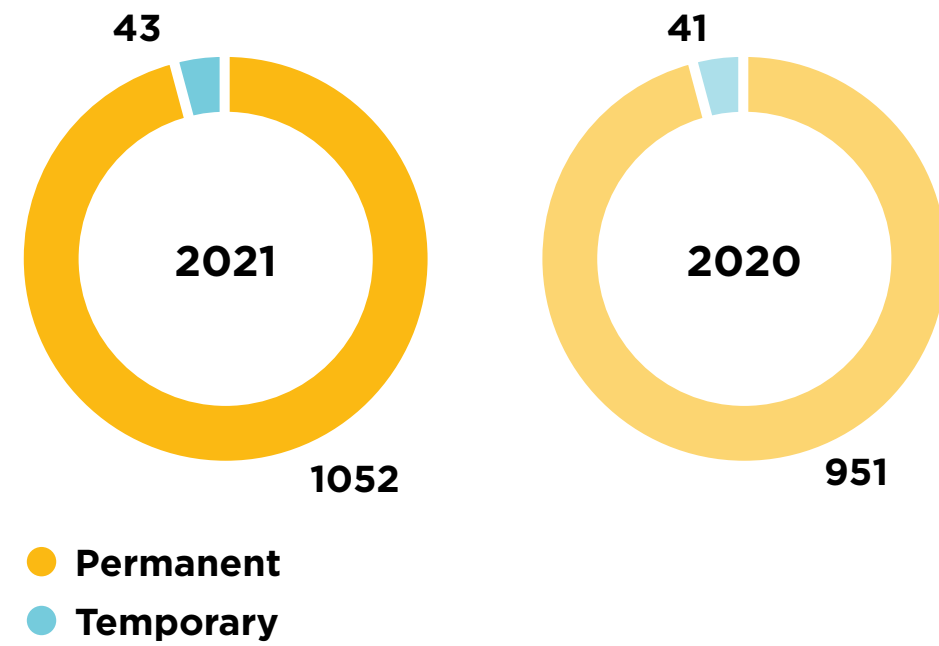
Safety observations including safety walks

1,116

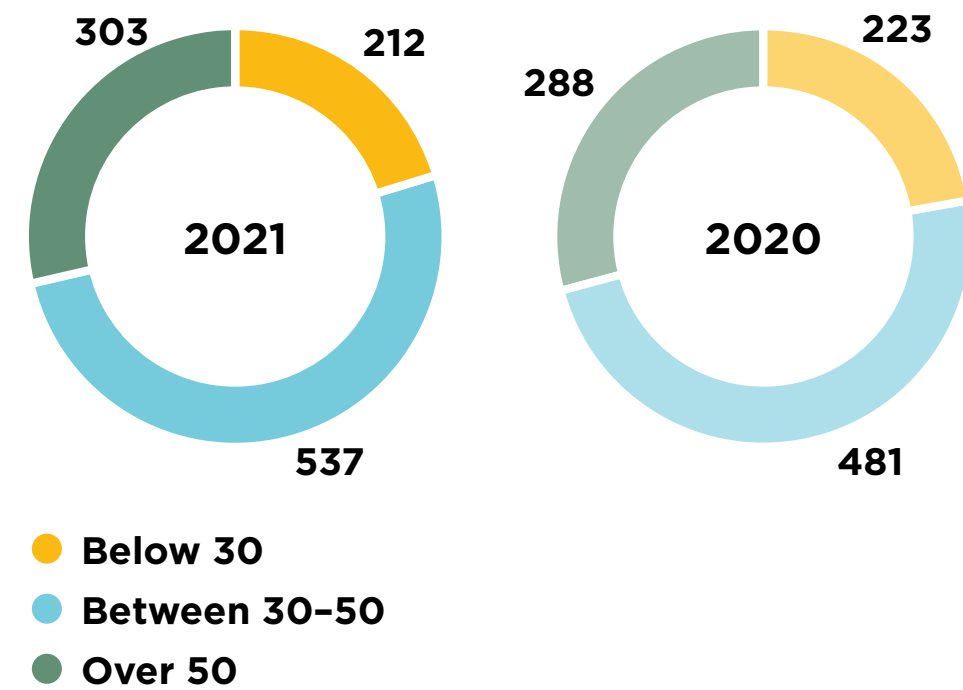
of the training have been about improving leadership communication skills and supervisors' responsibilities of the physical working environment.

Overall, we have done well in the challenging circumstances of the COVID-19 pandemic. We have managed to keep our employees safe and secure by working remotely and taking into account critical functions and business continuity. In the production operations, we have created our own safety procedures to keep people safe and the business operations up and running. In 2021, we started to prepare for a return to offices in all markets. That is why we have paid special attention to the functionality of our office spaces. At the Helsinki headquarters in Tripla, we have collected feedback and development proposals for our new multipurpose facilities. The Oslo office underwent renovations and the search for new office spaces began for the Stockholm and Malmö offices.

Employees by contract



Breakdown of employees by age



Employees by gender





CASE

Safety first at St1 Refinery

At the St1 Refinery, we always put safety first. Indeed. Given the nature of the work and the products we handle daily, safety is the highest priority by necessity. Accordingly, we are constantly working on improving the health, safety, security, and environment (HSSE) processes and activities of our safety management system.

To focus more on HSSE and better meet our future needs in this area, the refinery and its management team were joined by a new HSSE manager. Karin Sandell, who has a background in chemical engineering and many years of experience in process industries, was welcomed to St1 in October 2021.

“My team and I are working on creating a stronger safety culture, establishing processes and structures, driving new approaches and attitudes, and developing work methods around behavioral safety. The HSSE work is crucial and extensive because safety and health are important for our employees as well as our community and neighbors. St1 has a clear vision to be the leading producer and seller of CO₂-aware energy. To reach that vision we need to work in a safe workplace, both from a human and an environmental perspective. Our employees should be safe, healthy, and happy,” says Karin Sandell HSSE Manager, St1 Refinery.

HSSE is about protecting our employees and facility, as well as our surroundings and our neighbors. To succeed with our HSSE work, we must work preventively.

“We need to work proactively and minimize the consequences of any discrepancies that may arise. We are working on building an HSSE culture amongst our employees, and we work both with behavior-based safety and with a concept called ‘Perfect days,’” says Sandell.

Our ‘Perfect days’ is a concept where we try to visualize our daily achievements from an HSSE perspective. A perfect day at the refinery is when we:

- Work safely and securely
- Protect our environment and each other (no spills or leaks)
- Meet the conditions in our permits
- Avoid unplanned downtime or production losses
- Respect our neighbors and nearby businesses (no complaints)
- Maintain our perimeter protection (no intrusion)
- Carry out at least one dialogue round

“The Perfect days is a good visualization of how we’re doing and what we need to improve. It is a way for us to continuously work on the HSSE issue and constantly evolve,” concludes Sandell.

[Read more](#)

Business technology & finance services

Ensuring business continuity

Payment services and business technology play a key role in enabling the flawless operation of our value chain. We are constantly developing and improving the services we provide our customers, for whom a smooth and swift experience is increasingly important.

In 2021, we continued our journey to a sustainable IT landscape that enables us to build better services for our customers. Because of growing business operations and the demands it puts on business continuity, we strengthened our operational capability through a significant number of recruitments.

We had two major acquisitions underway in 2021. The acquisition of E.ON Biofor in Sweden led to the establishment of St1 BioGas in the summer and the acquisition of Brocklesby Ltd was completed in early 2022. The major efforts in the evaluation of the IT landscape and the design of a roadmap to ensure business continuity were successfully executed.



In Norway, we had two significant projects for business continuity; the renewal of the retail back-office system and the mobility service provider application, allowing the charging of electrical vehicles.

In all markets we migrated our B2B cards to our new payment platform to facilitate new digital capabilities for our customers.

Our work to enhance our digital workspace continued following the evaluation of the need to change working methods and improve our digital collaboration tools. As the sudden shift to remote work during the pandemic makes abundantly clear, internal communication is increasingly important.

We provide continuous training to our employees in effectively using the enhanced communication tools. Providing a constantly evolving digital workplace is a prerequisite for our organization to be able to form agile value chains around the tasks at hand and deliver successfully.

The reliability of our operations as well as a good customer experience hinge on the effectiveness of our business technology. We continuously improve our IT systems to make them more agile to meet the rapidly changing needs of our organization and customers. Cybersecurity risks are clearly a growing challenge, and we constantly guard against this threat by investing in our group's

cybersecurity capabilities and providing regular mandatory data protection training for our staff.

St1 Finance Oy provides payment services with a license 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 app and Apple Pay. Our Nordic App concept facilitates our organization to serve our customers with services, such as mobile payments for fueling, car wash and coffee offers, in addition to other useful features. Our apps have become a significant sales channel, used by almost 600,000 customers across all our operating countries. The possibility to pay contactless has been a valued feature during the COVID-19 pandemic.

Last year, we continued strengthening our business and service offering with an even stricter focus on safety, security and responsible credit granting.

In 2021, we continued implementing the Payments Service Directive 2 (PSD2) and Strong Customer Authentication legislation, which had a significant impact on the entire digital payment landscape.

Our payment services and business technologies — along with marketing, sales and customer service — work seamlessly together to prepare for the ever-increasing demand for safe, secure and convenient payment services.

As one of the main sponsors of our national ski team, we are proud of our athletes and the way they have spread the enthusiasm of winter sports throughout the nation. Our partnership with Finnish Ski Association is one of the longest stemming collaborations in sports sponsorship – 2021 was our 20th anniversary. Our collaboration has developed from mere sponsoring into partnership with shared values and joint passion towards sports, and also towards sustainability. Winter sports being one of the most affected when it comes to climate change, we are working together to determine what actions we should take in order to build a more sustainable future. This work is only in the beginning and there is a lot to be done.



Partners

Collaboration will take us further

Our vision is to be the leading producer and seller of CO₂-aware energy. However, we don't not pursue this vision alone. Our operations are strengthened by strategic associated companies and long-term partnerships in various areas.

St1 Nordic's associated companies

NEOT Group

North European Oil Trade Group (NEOT) is a significant independent fuel supply company in the Baltic Sea region operating in the global trade market. NEOT supplies oil products mainly from Finland, Sweden, Denmark, and Norway. NEOT provides approximately 6 billion liters of fuel to Nordic service station chains annually and delivers fuel oils to hundreds of thousands of homes and companies, as well as the shipping and aviation industry. 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 2021 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.

Partners

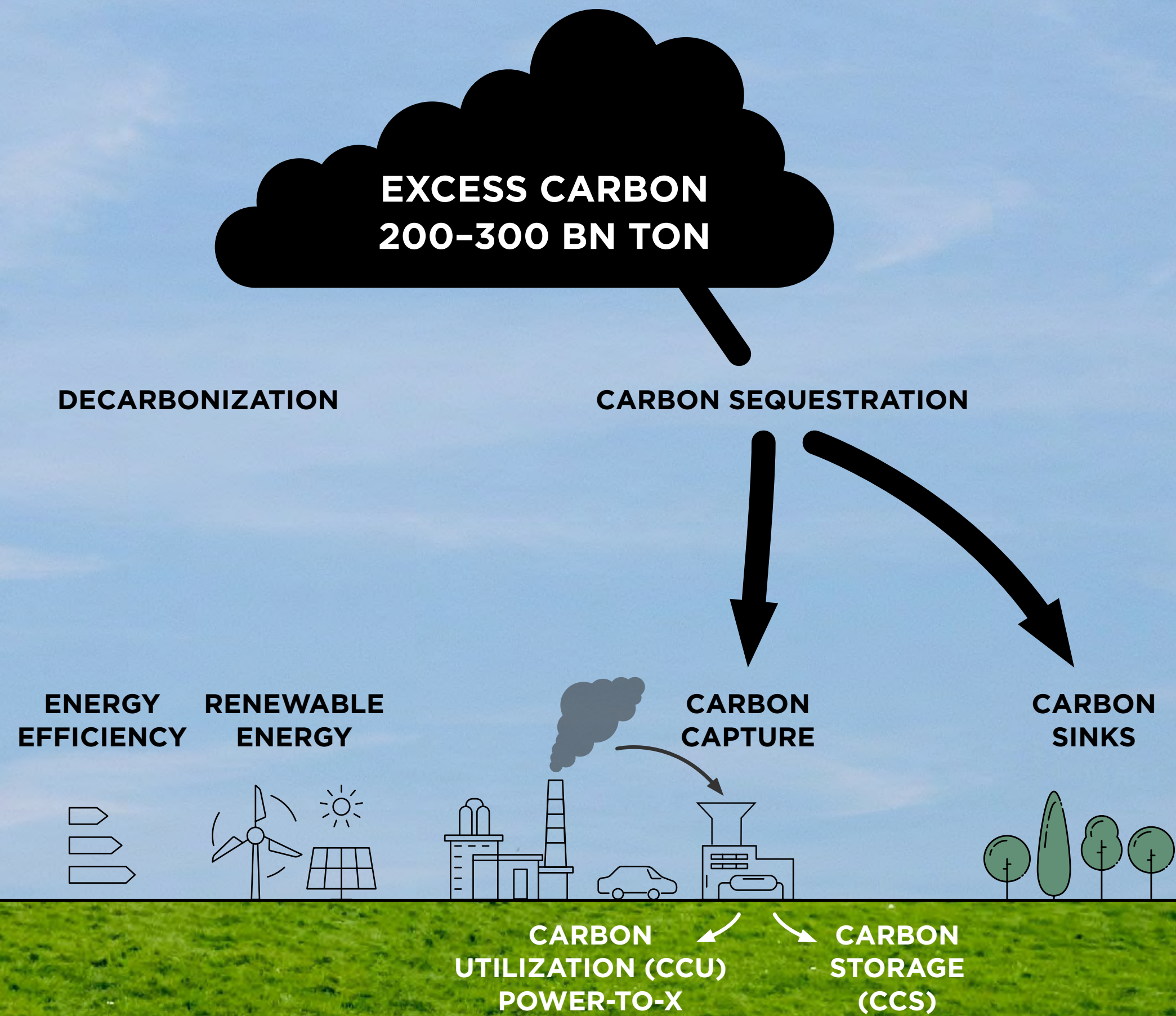
SCA

SCA and St1 have a joint venture to produce and sell liquid biofuels. The core of SCA's business is the growing forest, Europe's largest private forest holding. Around this unique resource, SCA have built a well-developed value chain based on renewable raw material from the company's own and others' forests. SCA offer packaging paper, pulp, wood products, renewable energy, services for forest owners and efficient transport solutions.

Valio

Valio and St1 have a joint venture to produce renewable biogas from dairy farm manure and other agricultural by-products. Valio is a brand leader in Finland and a major player in the international dairy ingredients market. Owned by Finnish dairy farmers, Valio is Finland's biggest food exporter and has subsidiaries in Sweden, the Baltics, USA, and China. The company employs a total of 25,000 people at dairy farms and 4,000 professionals at Valio.

Sustainable carbon cycle requires massive investments in



Investments in the future

Promoting a sustainable carbon cycle

The entire energy system is transitioning away from fossil fuels. The emission targets will require global actions, significant investments, and innovative collaborations. But to limit global warming to well below 2 °C we must considerably accelerate the pace and increase the efforts as current policies and mitigation tools are inadequate.

Phasing out fossil energy is and will continue to be, challenging, since the economic well-being of mankind is built on combustion energy. As an example, getting rid of oil is a challenge because when crude oil is refined, a host of other products are always produced as part of the process: petrol, diesel, aviation fuel, marine and heating oil, liquefied petroleum gas, plastic raw materials, bitumen for asphalt, among many others. That's why we must find sustainable substitutes for all those products to reduce the demand for oil.

To meaningfully reduce the atmosphere's excess carbon content, we must use all available means and at the same time develop new ones. Besides decarbonizing through energy efficiency, as well as developing and producing more renewable energy to replace fossil energy, we need to take significant measures in carbon sequestration.

In 2021, we accordingly continued to work on our existing projects and to set up new projects

and partnerships to develop sustainable future business opportunities.

Carbon capture and utilization (CCU)

Power-to-X

Power-to-X, a category of technological solutions for converting electricity into energy carriers, offers the possibility to integrate different energy sectors. The idea is that by using renewable electricity to synthesize CO₂ and hydrogen, we will be able to produce a wide range of hydrocarbon products, including liquid and gaseous synthetic fuels. By combining our Nordic wind potential with low-carbon fuels and energy carriers, Power-to-X also promises to boost investments and create employment. One of the biggest advantages of these synthetic fuels is their compatibility with existing liquid and gaseous fuel storage and distribution infrastructure. We are setting up new Power-to-X projects and partnerships to move towards our first production site.

Green ammonia project in Norway

In 2021, St1 and Horisont Energi started to conduct prestudies on the potential of green ammonia production in Finnmark based upon electrolysis using wind power, hydrogen from various green feedstocks. In addition, they began exploring the use of several new and alternative technologies for green ammonia production. Together we also study the value chain for negative emissions – from carbon capture to final storage – to create carbon removal credits (CRCs) for commercialization and to contribute to the development of related legislation. Positive results from the prestudies may lead to jointly developing a hybrid green ammonia plant.

By combining the competencies in our respective fields, we will model a viable non-fossil ammonia value chain from feedstock to consumer. As part of the study, we will also be assessing potential locations for green ammonia production in Finnmark.

The electrolysis will require the wind power that St1 plans to produce in Finnmark. St1 has already submitted a permit application for the development of Davvi wind park (800 MW), in addition to other pipeline projects.

Feasibility study on synthetic fuels pilot plant

LUT University headed a feasibility study on an industrial scale Power-to-X-pilot plant for synthetic fuels in Joutseno, Finland. An extensive business consortium, including St1, participated in the study that started in late 2019 and ended in April 2021.

The study showed that the technology needed for fuel production is sufficiently advanced for

applications on an industrial scale. The pilot plant would produce synthetic methanol from recovered industrial carbon dioxide and hydrogen emissions. The methanol could, then, be further refined into carbon-neutral transport fuels. The researchers and corporate representatives involved in the study consider that the possibilities for establishing such a plant are good. Synthetic methanol provides a great opportunity for the decarbonization of transport and industrial production. That is, detaching them from fossil energy sources. The study focused on the production of transport fuel but also shed light on methanol's other potential advantages.

The production of hydrogen needed in the large-scale production of synthetic fuels is a considerable challenge as it requires a great deal of electricity. The investments' profitability would require adjustment of legislation.

Carbon sequestration

Significant investments must be made in preserving and restoring biological carbon sinks, which, for example, capture CO₂ through photosynthesis and sequester it to plants and soils. This process of carbon sequestration can be better achieved if economic models for promoting carbon sinks are created.

We are developing our nature-based programs, sequestering carbon in the forests and soil. Additionally, we are looking to offer a role for companies to invest in such carbon sequestration programs.

[Watch our Carbon Farming video](#)



CASE

Exploring the X in “Power-to-X”

The global willingness to replace fossil fuels with low-carbon options is increasing. To help the transition toward more sustainable energy sources, St1 started looking into how renewable power production can be transformed into “X,” where the “X” stands for multiple forms of energy, including hydrogen and e-fuels.

Water can be split into hydrogen and oxygen. This process—known as water splitting—has so far not been widely applied because of high electricity prices rendering it economically unfeasible.

Hydrogen can be stored and used as fuel, and oxygen is useful in, for example, industrial applications and burning processes. Taking this even further, you can combine hydrogen with carbon dioxide (CO₂) using synthesis, and “voila”: You have endless opportunities to create chains of molecules representing different liquid or gaseous synthetic fuels called electric fuels or e-fuels.

However, this process is tremendously power demanding, and for the e-fuels to be truly sustainable the process, including the entire value chain, must run on renewable energy sources, such as wind power.

“We in St1 are working broadly with this in Finland, Sweden, and Norway. One of the projects, now in the prestudy phase, is carried out in cooperation with Horisont Energi in Norway, aims to develop a green ammonia plant in Northern Norway that, in turn, will be connected to the wind power ambitions stated for Finnmark,” says Riitta Silvennoinen, Head of energy transition business.

In Finland, a prestudy in cooperation with LUT University is conducted to establish an industrial pilot for eMethanol (synthetic methanol). “In addition, we have been working with eMethane,

which is the same as biogas but produced by synthesis. We are working to establish a network for biogas and to figure out how to utilize it,” Silvennoinen explains.

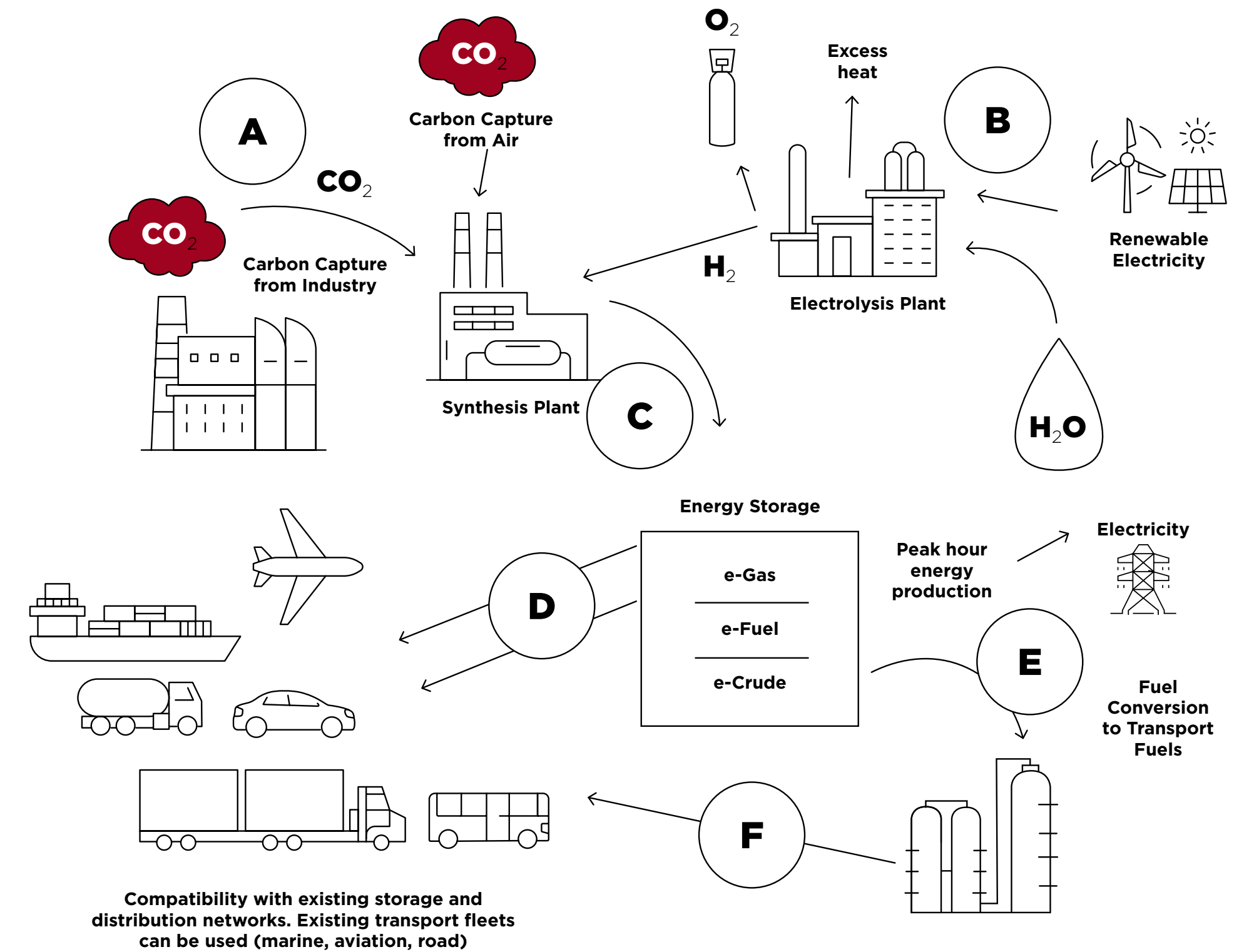
Meanwhile, in Sweden, much of the focus is on building a biorefinery, the St1 Future business team is also exploring the potentials of electric jet fuel (eKerosine).

Challenges and opportunities

Being a front runner has its challenges. “We don’t have many benchmarks to compare with. So our biggest challenge lies in optimizing the turning of wind power into synthetic fuel. Nobody has done this at an industrial scale before. To figure out, for example, what size of different equipment and storages to use is truly an unprecedented challenge,” Silvennoinen states.

Despite the challenges there are also great opportunities. “The Nordic countries, in which we operate, have a unique opportunity to develop synthetic fuels and the technology that they require. The potential to produce wind power is significant, and we can harvest carbon from the air or local industry. In addition to the domestic demand, there is a considerable potential for exports of synthetic fuels as we expect global demand will grow fast,” she concludes.

Power-to-X process



- A** Carbon dioxide is captured from air or industrial sites by using carbon capture technologies
- B** Water is split into oxygen and hydrogen by using low-cost renewable electricity. Excess heat can be utilized in district heating networks.
- C** Carbon dioxide and hydrogen are combined into hydrocarbon products
- D** Synthetic hydrocarbon products are stored, thus providing converted solution for electricity storing. Fuels can be used for transportation
- E** e-Crude can replace fossil crude oil in refineries
- F** Refined fuel products for transportation



We are investigating locally approved and well-implemented afforestation projects, combined with agriculture, which would benefit communities in areas suffering from land degradation. Regarding these projects, we must consider a variety of other factors, such as the social sustainability, the aspirations of and benefits to the local population. The ecological impact, including biodiversity, must also be noted, as well as the issues of human rights in general and workers' rights in particular. In addition, we must take the verification of carbon sequestration and transparency of carbon credits into account.

Carbon sinks should be considered as an incremental tool, not a substitutive one. For carbon sinks to become an official and commercial method for reducing carbon dioxide emissions, an internationally accepted verification method for sustainable carbon sequestration will be the prerequisite for the economic basis and a wider use of the concept.

Afforestation pilot in Morocco

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. The field tests are directed and monitored by LUKE, the Natural Resource Institute of Finland. The pilot project is funded by Business Finland.

In the pilot project, we are examining carbon sequestration by trees under various controlled conditions. 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. 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, methods for measuring

and verifying carbon capture are also being studied.

The project has advanced well but the second sampling was delayed due to the COVID-19 pandemic. The project will be finished, and the final conclusions will be documented, in April 2022. The results will be utilized in the coming carbon sequestration projects.

The preliminary results conclude that carbon sequestration is possible even in dry areas with small amounts of irrigation. The roots of the planted trees have grown well and accumulated more carbon than was anticipated at the start of the project. 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. However, it is economically challenging.

The pilot has created a new research area in the carbon sequestration for the university and they will continue the measurements in the area and explore the concept of a carbon market.

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.

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.

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) emissions, alongside supply from the agricultural and forest sector.
- Demonstrate the rules in 10 test farms and 10 forests, two from each of five different pedoclimatic regions in Europe.

The project has advanced well and already delivered interim results. LUKE has drafted a report on calculation methods to be applied in estimating quantitatively agricultural and forest carbon sinks and their stability. The survey has been conducted in 20 different European countries to research the views of farmers on carbon farming (BSAG). Puro.earth has piloted carbon credit trading using soil amendment methodology developed in the project (Puro.earth). NEOT has produced a cost-analysis and proposal for incentivizing demand and supply by carbon contract for difference.

The project will finish in 2022. The project consortia are now working on guidance for policy makers as an input for EU work on certification of carbon removals. The guidance will introduce supply and demand measures to invite the private sector to accelerate climate action.

[Read more](#)

The carbon market

We believe the climate actions should be generated on a global carbon market where the key target is to reduce CO₂ in the atmosphere in the future regardless of the different sector or national borders. The multiple benefits of carbon sequestration can be more effectively achieved if economic models for promoting carbon sinks and trading carbon credits are created. The sustainable global climate actions should start on the initiatives where the most cost-efficient impact will be achieved.

A successful carbon market would foster private capital investments directed into sequestering carbon from the atmosphere, additionally countering deforestation, erosion, and other types of environmental degradation. Such a marketplace would also create new business opportunities and economic value in the forestry and agricultural sectors.

If such a marketplace allows for actions and projects outside the EU, major investment projects can be initiated in regions affected by poverty, climate change, as well as 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

Environmental projects are more important than ever – Afforestation pilot in Morocco

The Carbon Farming research project in Morocco was created to meet the needs of marginalized dry areas and companies wanting to fulfill their obligations to decrease CO₂ emissions. The tripartite agreement that was launched to seize this opportunity, consists of two interrelated environmental and societal components. First, to establish the economically viable CO₂ sequestration in dry areas and initiate the reclamation of mined land. And second, to improve the livelihoods of the local farmers.

“The initial idea behind the project was ambitious and straightforward. The vision was, if biologically



achievable and economically viable, to achieve a large area of irrigated afforestation in a dry area using desalinated water. I joined the pilot research project as a postdoc researcher at the end of 2018 because I was convinced of the importance of that vision for both the region and globally, and I wanted to participate in making the full-scale carbon sequestration project a reality,” says Mohamed Louay Metougui, Ph.D. Scientist in Agroforestry and Rehabilitation.

The first question was which tree species to plant and how to plant them to maximize carbon sequestration. “However, in our regions carbon

sequestration always raises questions about water conservation and food security. Therefore, optimization, finding the proper balance between the different trade-offs, and the best scenario for water use is the ultimate goal of mitigating global climate change and safeguarding water, food, and social security,” says Metougui.

The preliminary results are exciting and support the possibility of achieving significant carbon sequestration levels while using low water resources. If confirmed, they may be the springboard for reshaping drylands for higher ecosystem services outputs.

Nevertheless, many carefully developed research questions remain unanswered, including: How many trees to plant — and where — given available land? What are the environmental implications? How can we deliver a sustained regional development promising farmers a livelihood? What kind of system would be able to achieve the environmental objectives while at the same time providing high food or industrial, agricultural product yields? Is agroforestry the better alternative?

“The solutions to these and other issues should consider research support, socioeconomic preferences, an eco-compensation mechanism, and self-sustainability,” says Metougui.

Research and development projects supported by various stakeholders, such as private sector, governmental institutions, and NGOs, are what will allow local communities and society as a whole to thrive. Environmental projects are undeniably more important than ever and fundamental to the survival of our planet and humanity.

4

GRI index

GRI standards index

GRI standards index

GRI-standard	GRI-code	Disclosure	Location in the report	Additional information	Global Compact Principle
GRI 102: General Disclosures					
Organisational profile					
	102-1	Name of the organization		St1 Nordic Oy	
	102-2	Activities, brands, products, and services	St1 in brief, p. 6 Value chain, p. 31		
	102-3	Location of headquarters		Helsinki, Finland	
	102-4	Location of operations	St1 in brief, p. 6 Value chain, p. 31		
	102-5	Ownership and legal form	Report on operations, p. 75–79		
	102-6	Markets served	St1 in brief, p. 6		
	102-7	Scale of the organization	Year 2021 in figures, p. 7–8		
Products and by-products					
		Ethanol production	2021	2020	2019
		Ethanol, t	8,466	10,378	8,662
		Lignin, t	7,557	11,685	11,004
		Vinasse, t	0	0	0
		Furfural, t	108	192	165
		Turpentine, t	0	0	0
		Electricity, GWh	4	4	3
		Heat, GWh	6	6	13
		Feed, t	48,927	45,766	50,420
		Biogas drank, t	3,969	3,980	4,295
		Fertilizers, t	7,821	10,915	5,661
		Oil production	2021	2020	2019
		Sold refined component, t	20,600	35,800	24,100
		Petrol, t	906,800	901,000	813,200
		Diesel, t	1,132,200	1,128,400	1,010,200
		Other middle distillates, t	498,300	479,900	526,400
		LPG, t	81,900	100,800	78,800
		Light fuel oil (JET A1), t	5,900	0	14,200
		Heavy fuel oil, t	643,800	595,800	556,700
		Sulphur, t	2,500	2,600	3,100
		Heat, GWh	637	628	571
		Biogas production	2021		
		Biofertilizer, t	84,389		
		Feed, t	90,032		
		Wind power production	2021	2020	2019
		Electricity produced, GWh	-	1,082	615
		St 1 Sold fuels	2021	2020	2019
		Gasoline, 1,000 m ³	1,234	1,218	1,300
		Diesel and Light Fuel Oil, 1,000 m ³	2,836	2,767	2,998
		JET, 1,000 m ³	188	227	596
		Marine gas oil, 1,000 m ³	837	895	984
		Total	5,095	5,107	5,878
		Sales of vehicle gas GWh	298	-	-

GRI-standard	GRI-code	Disclosure	Location in the report	Additional information	Global Compact Principle	
	102-8	Information on employees and other workers	People, p. 45-48		6	
		Number of employees, St1 Group	2021	2020	2019	
		Total number of employees, 31 Dec	1,052	984	767	
		Average number of employees during the year	970	917	779	
		Total number of employees by employment contract				
		Permanent	1,009	96%	943	96%
		Temporary	43	4%	41	4%
		Total	1,052	100%	984	100%
		Total number of employees by employment type				
		Full-time	899	85%	831	84%
		Part-time	153	15%	153	16%
		Total	1,052	100%	984	100%
	102-9	Supply chain	Energy trade and logistics, p. 37			
	102-10	Significant changes to the organization and its supply chain	Report on operations, p. 75-79			
	102-11	Precautionary Principle or approach	Report on operations, p. 75-79	The precautionary principle is included in risk management based on legal requirements.	7	
	102-12	External initiatives	Involvement in organizations and joint projects, p. 27-28			
	102-13	Membership of associations	Involvement in organizations and joint projects, p. 27-28			
Strategy						
	102-14	Statement from senior decision-maker	CEO's review, p. 4-5 Statement of the Chairman of the Board, p. 11-13			
	102-15	Key impacts, risks, and opportunities	COVID-19 pandemic, p. 13 CEO's review, p. 4-5 Statement of the Chairman of the Board, p. 11-13 Sustainability agenda and objectives, p.23-25 Impacts on people, p. 19-20 Investments in the future, p. 51-55			
Ethics and integrity						
	102-16	Values, principles, standards, and norms of behavior	Sustainability agenda and objectives, p.23-25 Impacts on people, p. 19-20 Report on operations, p. 75-79			
	102-17	(New) Mechanism for advice and concerns about ethics	Impacts on people, p. 19-20	SpeakUp channel introduced in 2020.		

GRI-standard	GRI-code	Disclosure	Location in the report	Additional information	Global Compact Principle
Governance					
	102-18	Governance structure	Report on operations, p. 75-79		
Stakeholder engagement					
	103-40	List of stakeholder groups	Stakeholder engagement, p. 26		
	103-41	Collective bargaining agreements			
		Employees covered by collective bargaining agreements		2021: 99.5%, 2020: 99%, 2019: 98%	3
	103-42	Identifying and selecting stakeholders	Stakeholder engagement, p. 26		
	103-43	Approach to stakeholder engagement	Stakeholder engagement, p. 26		
	103-44	Key topics and concerns raised	Stakeholder engagement, p. 26		
Reporting practice					
	102-45	Entities included in the consolidated financial statements	About this report, p. 2 Notes to the financial statement, p. 88		
	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. Economic: <ul style="list-style-type: none"> • Economic performance • Indirect economic impacts • Anti-corruption • Anti-competitive behavior Environment: <ul style="list-style-type: none"> • Materials • Energy • Water and effluents • Emissions • Effluents and waste • Environmental compliance Social: <ul style="list-style-type: none"> • Employment • Occupational health and safety • Training and education • Diversity and equal opportunity • Non-discrimination • Freedom of association and collective bargaining • Child labor • Local communities • Public policy • Customer health and safety • Marketing and labeling • Customer privacy • Socio-economic compliance 	

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		1.1-31.12.2021	
	102-51	Date of most recent report		30.4.2021	
	102-52	Reporting cycle		Annual	
	102-53	Contact point for questions regarding the report		https://www.st1.com/about-st1/contact-us	
	102-54	Claims of reporting in accordance with the GRI Standards		This report has been prepared in accordance with the GRI Standards Core option.	
	102-55	GRI content index	GRI index, p. 57-69		
	102-56	External assurance		The data and GRI compliance of the Report has been reviewed by a third party - Mitopro Oy, a specialist in corporate sustainability reporting.	
Material Topics					
GRI 103: Management Approach					
	103-1	Explanation of the material topic and its Boundary	About this report, p. 2, Sustainability agenda and objectives, p.23-25		
	103-2	The management approach and its components	Sustainability agenda and objectives, p.23-25		
	103-3	Evaluation of the management approach	Sustainability agenda and objectives, p.23-25		
GRI 200 Economic Standard Series					
GRI 201: Economic Performance					
	201-1	Direct economic value generated and distributed	Consolidated income statement, p. 80		
		Economic impact	2021	2020	2019
		Renewable energy investments, M€	86.9	51.6	42.1
		Environmental investments, M€	6.4	7.2	6.8
		Investments, M€	197.5	121.2	135.9
		Personnel cost, M€	96.7	80.0	79.1
		Excise and property taxes, M€	2,146.5	1,957.4	1,978.7
		Income taxes, M€	42.1	16.7	31.4
GRI 203: Indirect Economic Impacts					
	203-2	Significant indirect economic impacts	Key figures, p. 7-9 Investments in the future, p. 51-55		
GRI 205: Anti-corruption					
	205-1	Operations assessed for risks related to corruption	Sustainability agenda and objectives, p.23-25 Impacts on people, 19-20	Assessed as part of Human Rights risk assessment - basic level analysis. Further development to be defined based on due diligence process development	

GRI-standard	GRI-code	Disclosure	Location in the report	Additional information	Global Compact Principle
	205-2	Communication and training about anti-corruption policies and procedures		Topic integrated into St1 Code of Conduct trainings. Further development to be done in 2022.	
	205-3	Confirmed incidents of corruption and actions taken		No cases in 2021.	
GRI 206: Anti-competitive behavior					
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		No cases in 2021.	
GRI 300 Environmental Standard Series					
GRI 301 Materials					
	301-1	Materials used	Raw materials and production, p. 32-36 Key figures, p. 7-9		7, 8, 9

	2021	2020	2019
Ethanol production feedstock			
Biowaste and residues, t	57,400	69,000	98,000
Raw materials			
Crude oil, million t	3.46	3.39	3.17
Paraffinic fuels			
Paraffinic fuels, million l	488	538	666
Biofuels			
1st generation biofuels, million l	204	244	332
2nd generation biofuels, million l	399	260	234

*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.

GRI-standard	GRI-code	Disclosure	Location in the report	Additional information	Global Compact Principle
GRI 302 Energy					
	302-1	Energy consumption	Raw materials and production, p. 32-36 Energy trade and logistics, p. 37		7, 8

GRI-standard	GRI-code	Disclosure	Location in the report			Additional information	Global Compact Principle
			2021	2020	2019		
		Energy consumption in production	2021	2020	2019		
		Ethanol production					
		Electricity, GWh	14.4	16.3	16.1		
		Heat, GWh	33.1	44.8	47.3		
		Oil production					
		Natural gas, GWh	221	361	228		
		Refinery gas, GWh	1,865	1,603	1,630		
		Electricity, GWh	73.7	138.7	125.4		
		Heat, GWh	0	0	0		
		Biogas production					
		Electricity, GWh	3.5	-	-		
		Heat, GWh	8.9	-	-		
		Total energy consumption in oil production, GWh	2,172	2,103	1,983.4		
		Energy consumption in supply and logistics					
		Terminals in Finland (NEOT)					
		Electricity, GWh	5	5	5		
		Heat, GWh	2	1	2		
		Terminals in Norway and Sweden					
		Electricity, GWh	3	6	7		
		Heat, GWh	2	2	2		
		Total energy consumption in supply and logistics, GWh	11	14	16		

*Emissions from energy consumption are disclosed and broken down in more detail on page 22.

GRI 303 Water and effluents (2018)

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 wastewaters of plants and environmental permits are followed. 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
		Wastewater discharges from production	2021	2020	2019		
		Wastewater from ethanol production:					
		Process water, 1,000 m ³	102	118	139		
		Cooling water, 1,000 m ³	1,712	2,002	3,043		
		Wastewater from oil production:					
		Process water, 1,000 m ³	739	658	670		
		Cooling water, 1,000 m ³	7,652	7,485	6,754		
		Total wastewater, 1,000 m³	10,205	10,263	10,606		
	303-5	Water consumption					7, 8
		Water use in production	2021	2020	2019		
		Total water consumption, 1,000 m³	8,286	2,662	4,013		

*The figures for water use in production have been updated for 2020 & 2019.

GRI 305 Emissions							
	305-1	Direct (Scope 1) GHG emissions	Raw materials and production, p. 32–36 Production, p. 29–33				
		GHG-emissions (Scope 1) from production	2021	2020	2019		
		GHG-emissions from ethanol production, tCO ₂ e	-	3,809	6,500		
		GHG-emissions from oil production, tCO ₂ e	-	500,033	456,600		
		Total GHG-emissions (Scope 1), tCO₂e	509,000	503,842	463,100		
	305-2	Energy indirect (Scope 2) GHG emissions	Raw materials and production, p. 32–36 Production, p. 29–33				
		GHG-emissions (Scope 2) from production	2021	2020	2019		
		GHG-emissions from ethanol production, tCO ₂ e	-	4,626	66		
		GHG-emissions from oil production, tCO ₂ e	-	46,953	31,445		
		Total GHG-emissions (Scope 2), tCO₂e	42,000	51,579	31,463		
		(New) Market-based emissions, tCO ₂ e	42,000				
		(New) Location-based emissions, tCO ₂ e	15,000				

GRI-standard	GRI-code	Disclosure	Location in the report			Additional information	Global Compact Principle
	305-3	Other indirect (Scope 3) GHG emissions					7, 8
			2021	2020	2019		
		GHG-emissions from ethanol production, tCO ₃	-		282		
		Business travel, tCO ₂	-	294			
		Total GHG-emissions (scope 3), tCO₂e *	14,090,000				
		*Please see emissions table on page 22 for further information regarding Scope 123. *The metrics and calculations in 2021 for Scope 123 have been upgraded accordingly to match GHG protocol standards. Prior to 2021, Scope 123 were broken down according to ethanol and oil production.					
	305-4	GHG emissions intensity				Will be implemented in 2023.	
	305-5	Reduction of GHG emissions				Raw materials and production, p. 32–36 Investments in the future, p. 51–55	8, 9
		Reduction of GHG-emissions from ethanol production	2021	2020	2019		
		Reduction of GHG-emissions according to Renewable Energy Sources Directive, tCO ₂	80%	76%	78%		
		*Weighted average of reduction percentages of all production units based on RED's fossil fuels comparative.					
		Reduction of GHG-emissions from the use of products	2021	2020	2019		
		CO ₂ -reduction from use of biofuels, tCO ₂	1,442,976	1,035,883	1,160,647		
	305-7	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions					8
		VOC-emissions from production	2021	2020	2019		
		VOC-emissions from ethanol production, t	10	16	18		
		VOC-emissions from oil production, t	-	847	858		
		VOC-recovery from oil production, t	1,336	14.3	24.6		
		NOx-emissions from production					
		NOx-emissions from oil production, t	303	278	280		
		Particulates from production					
		Particulate emissions from oil production, t	13	11	12		

*VOC-emissions capture has been re-assessed in 2021 for oil production. The VOC-emissions in St1 operation are captured as recovery.

GRI-standard	GRI-code	Disclosure	Location in the report	Additional information	Global Compact Principle
GRI 306 Waste					
	306-1	(New) Waste generation and significant waste related impacts (qualitative description)		St1 adheres to strict local and country level environmental laws. All waste generated are disposed according to environmental guidelines. Majority of hazardous and non-hazardous waste utilized takes place in Hämeenlinna, Kajaani and Malmö (Biogas). We are continuously developing ways to use materials more effectively and finding ways to reuse and recycle. The quantity of waste will fluctuate annually according to equipment and fuel tank upkeep and maintenance.	8
	306-2	(New) Waste generation and significant waste related impacts (qualitative description)		Our operations waste is handled by contracted third parties locally and our waste reporting is based on data provided by them. We follow the local waste regulations.	
	306-3	(New) 306-3 Waste generated			

	2021	2020	2019
Waste from production			
Non-hazardous waste, utilized, t	19,013	32,455	12,825
from ethanol production, t	3,801	4,047	1,531
from oil production, t	15,212	28,408	11,294
Non-hazardous waste, landfilled, t	43,675	24,995	1,339
from ethanol production, t	11,074	0	0
from oil production, t	43,664	24,995	1,339
Total non-hazardous waste, t	62,688	57,447	14,164
Hazardous waste, utilized, t	13,955	12,198	2,150
from ethanol production, t	138	218	244
from oil production, t	12,693	11,980	1,906
Hazardous waste, landfilled, t	1,026	2,041	13,732
from ethanol production, t	0.27	0	0
from oil production, t	1,026	2,041	12,732
Total hazardous waste, t	14,981	14,239	15,882
Waste from supply and logistics			
Hazardous waste, utilized, t			
from terminals in Finland (NEOT), t	783	38	213
from terminals in Sweden and Norway, t	741	456	567
Total hazardous waste, utilized, t	1,524	494	780

GRI-standard	GRI-code	Disclosure	Location in the report	Additional information			Global Compact Principle
GRI 307 Environmental compliance							
	307-1	Non-compliance with environmental laws and regulations		No cases in 2021.			8
		Number of significant spills		2021	2020	2019	
		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		1	0	0	
		Total number of significant spills		1	0	0	
GRI 400 Social Standards Series							
GRI 401: Employment							
	401-1	New employee hires and employee turnover	People, p. 45-48				6
		Changes in employees		2021	2020	2019	
		Total number of new employee hires		87	223	100	
		Total number of leavers		64	93	108	
		Employee turnover, %		7.5%	9.5%	9%	
GRI 403: Occupational Health and Safety							
	403-1	Occupational health and safety management system	Raw materials and production, p. 32-36 People, p. 45-48				
	403-2	Hazard identification, risk assessment, and incident investigation	Raw materials and production, p. 32-36 People, p. 45-48				
	403-3	Occupational health services	Raw materials and production, p. 32-36 People, p. 45-48				
	403-4	Worker participation, consultation, and communication on occupational health and safety	Raw materials and production, p. 32-36 People, p. 45-48				
	403-5	Worker training on occupational health and safety	Raw materials and production, p. 32-36 People, p. 45-48				
	403-6	Promotion on worker health	Raw materials and production, p. 32-36 People, p. 45-48				
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked with business relationships	Raw materials and production, p. 32-36 People, p. 45-48				
	403-9	Work-related injuries	Enablers, p. 40-41				

GRI-standard	GRI-code	Disclosure	Location in the report	Additional information			Global Compact Principle
				2021	2020	2019	
		Occupational health and safety results		2021	2020	2019	
		Own employees:					
		Work-related fatalities, own employees		0	0	0	
		Number of high consequence injuries, own employees		0	1		
		High consequence injuries frequency, own employees		0	0.7		
		Number of lost-time injuries, own employees		2	3	8	
		Lost time injuries frequency, own employees		1.2	2.1	6.9	
		Number of recordable injuries, own employees		8	6		
		Recordable injuries frequency, own employees		6.1	6.4		
		Near-miss reports, own employees		865	741		
		Safety observations, own employees (including safety walks)		1,116	860		
		Absence rate, %		3.1	2.1	1.7	
		Occupational health and safety results		2021	2020	2019	
		External workforce:					
		Work-related fatalities, external workforce		0	0		
		Number of high consequence injuries, external workforce		0	0		
		High consequence injuries frequency, external workforce		0	0		
		Number of lost-time injuries, external workforce		5	1		
		Lost time injuries frequency, external workforce		12	4.2		
		Number of recordable injuries, external workforce		7	4		
		Recordable injuries frequency, external workforces		42.9	21.1		
		Total recordable injuries frequency, all employees		7.8			
	403-10	Work-related ill health	People, p. 45-48				
GRI 404: Training and Education							
	404-3	Percentage of employees receiving regular performance and career development reviews	People, p. 45-48				
		Performance and career development reviews		2021	2020	2019	
		Percentage of employees receiving regular performance and career development reviews		96%	93%*	100%	

* Nemob excluded due to nature of business.

GRI-standard	GRI-code	Disclosure	Location in the report	Additional information	Global Compact Principle																																								
GRI 405: Diversity and Equal Opportunity																																													
	405-1	Diversity of governance bodies and employees	People, p. 45-48		6																																								
				<table border="1"> <thead> <tr> <th></th> <th>2021</th> <th>2020</th> <th>2019</th> </tr> </thead> <tbody> <tr> <td colspan="4">Breakdown of employees by gender, St1 Group</td> </tr> <tr> <td>Female</td> <td>353</td> <td>324</td> <td>204</td> </tr> <tr> <td>Male</td> <td>699</td> <td>668</td> <td>563</td> </tr> <tr> <td>Total</td> <td>1,052</td> <td>992</td> <td>767</td> </tr> <tr> <td colspan="4">Breakdown of employees by age group, St1 Group</td> </tr> <tr> <td>Below 30</td> <td>212</td> <td>223</td> <td>111</td> </tr> <tr> <td>Between 30-50</td> <td>537</td> <td>481</td> <td>397</td> </tr> <tr> <td>Over 50</td> <td>303</td> <td>288</td> <td>259</td> </tr> <tr> <td>Total</td> <td>1,052</td> <td>992</td> <td>767</td> </tr> </tbody> </table>		2021	2020	2019	Breakdown of employees by gender, St1 Group				Female	353	324	204	Male	699	668	563	Total	1,052	992	767	Breakdown of employees by age group, St1 Group				Below 30	212	223	111	Between 30-50	537	481	397	Over 50	303	288	259	Total	1,052	992	767	
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GRI 406: Non-discrimination																																													
	406-1	Incidents of discrimination and corrective actions taken		1 case with immediate actions taken. After further inquiry no harassment found. No disciplinary action required.	6																																								
GRI 407: Freedom of association and collective bargaining																																													
	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Sustainability agenda and objectives, p. 23-24 Impacts on people, p. 19-20 https://www.st1.com/sustainability/policies-principles		3, 4																																								
GRI 408: Child labor																																													
	408-1	Operations and suppliers at significant risk for incidents of child labor	Sustainability agenda and objectives, p. 23-24 Impacts on people, p. 19-20 https://www.st1.com/sustainability/policies-principles		5																																								
GRI 412: Human rights assessment																																													
	412-1	Operations that have been subject to human rights reviews or impact assessments	Sustainability agenda and objectives, p. 23-24 Impacts on people, p. 19-20 https://www.st1.com/sustainability/policies-principles		1, 2																																								
	412-2	Employee training on human rights policies or procedures	Sustainability agenda and objectives, p. 23-24 Impacts on people, p. 19-20 https://www.st1.com/sustainability/policies-principles																																										

GRI 413: Local communities					
GRI-standard	GRI-code	Disclosure	Location in the report	Additional information	Global Compact Principle
	413-1	Operations with local community engagement, impact assessments, and development programs		Sustainability agenda and objectives, p. 23-24 Impacts on people, p. 19-20 https://www.st1.com/sustainability/policies-principles	1, 2
	413-2	Operations with significant actual and potential negative impacts on local communities		Sustainability agenda and objectives, p. 23-24 Impacts on people, p. 19-20 https://www.st1.com/sustainability/policies-principles	1, 2
GRI 415: Public policy					
	415-1	Political contributions		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
GRI 416: Customer Health and Safety					
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		No cases in 2021.	
GRI 417: Marketing and Labeling					
	417-2	Incidents of non-compliance concerning product and service information and labeling		No cases in 2021.	
	417-3	Incidents of non-compliance concerning marketing communications		No cases in 2021.	
GRI 418: Customer Privacy					
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		Total 7 cases. 4 personal data breaches were reported to data protection authorities. 3 cases where the notification to the authorities has not been notified because the notification threshold was not exceeded. Some of the notifications have been submitted to the Data Protection Ombudsman and others to the Financial Supervisory Authority. Notifications are submitted to the Data Protection Ombudsman and the Financial Supervisory Authority.	
GRI 419: Socioeconomic Compliance					
	419-1	Non-compliance with laws and regulations in the social and economic area		No cases in 2021.	



Management

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Board of Directors



Mika Anttonen
Chairman of the Board of Directors
St1 Nordic Oy



Sampsa Halinen
Board Professional
Until 31 December 2021



Kati Ihamäki
Vice President Sustainability
Fiskars Group



Mikko Koskimies
Managing Director
eQ Varainhoito Oy



Kim Wiio
Managing Director
Mininvest Oy

Management 2021



Henrikki Talvitie
CEO
St1 Nordic Oy



Miika Eerola
CEO
St1 Refinery AB



Timo Huhtisaari
Director, Sustainability and
Future Business



Miika Johansson
Director, Renewable Energy



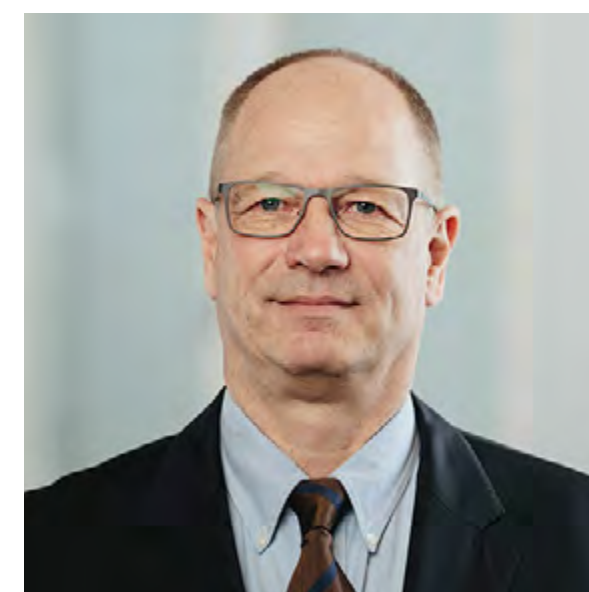
Timo Jokinen
Director, Supply and Logistics



Kristine Vergli Grant-Carlsen
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

Management 2022



Henrikki Talvitie
CEO
St1 Nordic Oy
St1 Oy



Miika Eerola
CEO
St1 Refinery AB



Sampsa Halinen
Director, Energy Trade
and Logistics



Henri Halmelahti
Director, Business Technology



Timo Huhtisaari
Director, Sustainability and
Future Business



Miika Johansson
Director, Renewable Energy



Kristine Vergli Grant-Carlsen
CEO
St1 Norge AS



Hilde Wahl
Director, Brands and Sales
CEO St1 Sverige AB



Kati Ylä-Autio
CFO



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Report for 1 January 2021–31 December 2021

Business operations and financial performance of St1 Nordic Oy

St1 Nordic Oy is the parent company to St1 Nordic group which is a versatile 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 expanded to the biogas sector by acquiring E.ON Biofor Sverige AB in Sweden on June 30, 2021. The company (now called St1 BioGas AB) produces, imports and exports biogas and delivers it to customers through several sales channels. 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 hundreds of thousands of customer visits daily for refueling as well as food, shop and car wash offering. EV charging is currently offered in Norway and 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. Most of the refinery's production is sold in Sweden through the retail station network and other sales channels. St1 focuses heavily on the energy transition at the refinery; a renewable diesel facility is under

construction at the refinery site. The group has also strengthened its waste raw material business by acquiring Brocklesby Ltd in the UK in early 2022.

St1 also focuses strongly on other renewable energy initiatives. The group has production facilities producing bioethanol from waste in Kajaani, Vantaa, Lahti, Hamina and Gothenburg in connection with the refinery. The Kajaani facility focuses particularly on product development. The subsidiary St1 Lähienergia Oy installs devices based on geothermal heat. St1 operates wind parks on a service agreement in Finland. The group has industrial wind power projects in Northern Norway, Sweden and Finland. The Norwegian projects are the largest.

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

The group's revenue in 2021 was MEUR 6,381.5 which was MEUR 1,458.4 more than in the previous year. The increase in turnover was due to the sharp increase in oil product prices on the world market during the year and to some extent

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

	2021	2020	2019	2018	2017
Net sales, MEUR	30.9	41.8	51.1	50.5	37.5
Operating profit/loss, MEUR	-3.7	11.0	13.0	14.8	15.8
Operating profit, % of net sales	-11.9	26.2	25.4	29.3	42.2
Profit for the period, MEUR	78.3	28.6	27.1	44.0	159.4
Return on equity %	14.0	5.5	5.3	8.7	40.1
Equity ratio %	80.7	63.6	63.5	67.2	65.0

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

	2021	2020	2019	2018	2017
Net sales, MEUR	6,381.5	4,923.1	6,588.0	6,885.2	5,093.5
Operating profit/loss, MEUR	181.4	162.9	150.1	63.1	176.6
Operating profit % of net sales	2.8	3.3	2.3	0.9	3.5
Profit for the period, MEUR	148.8	126.8	119.1	55.3	372.8
Return on equity %	14.0	13.5	14.3	7.0	23.4*
Equity ratio	53.8	57.7	46.3	40.7	42.7

* calculated excluding the merger profit on the profit and loss statement

to the increase in service stations and direct sales volumes. An increasing part of liquid fuels are bio products, whose share increased to almost 19 % of 2021 revenue.

24 % of revenue came from Finland, 50 % from Sweden and 26 % from Norway.

The group's operating profit was MEUR 181.4 which was MEUR 18.5 more than in the previous year. The refinery and wholesale margin were significantly above prior year's level as demand in the oil market recovered from the COVID-19 pandemic. In addition, the significant increase in the oil price during the year contributed positively to the result through inventory impact. Despite fierce price competition and the local effects of the COVID-19 pandemic, the Retail and Commercial Fuels markets somewhat improved the result levels.

The subsidiary St1 Oy booked a write-off on the Otaniemi geothermal pilot heat plant investment. The originally planned ESG technology has proven very challenging and the project now explores the best techno-economic solution. The company also made a write-off on the Hämeenlinna Bionolix plant which produces ethanol and biogas as the plant's productivity has remained very low.

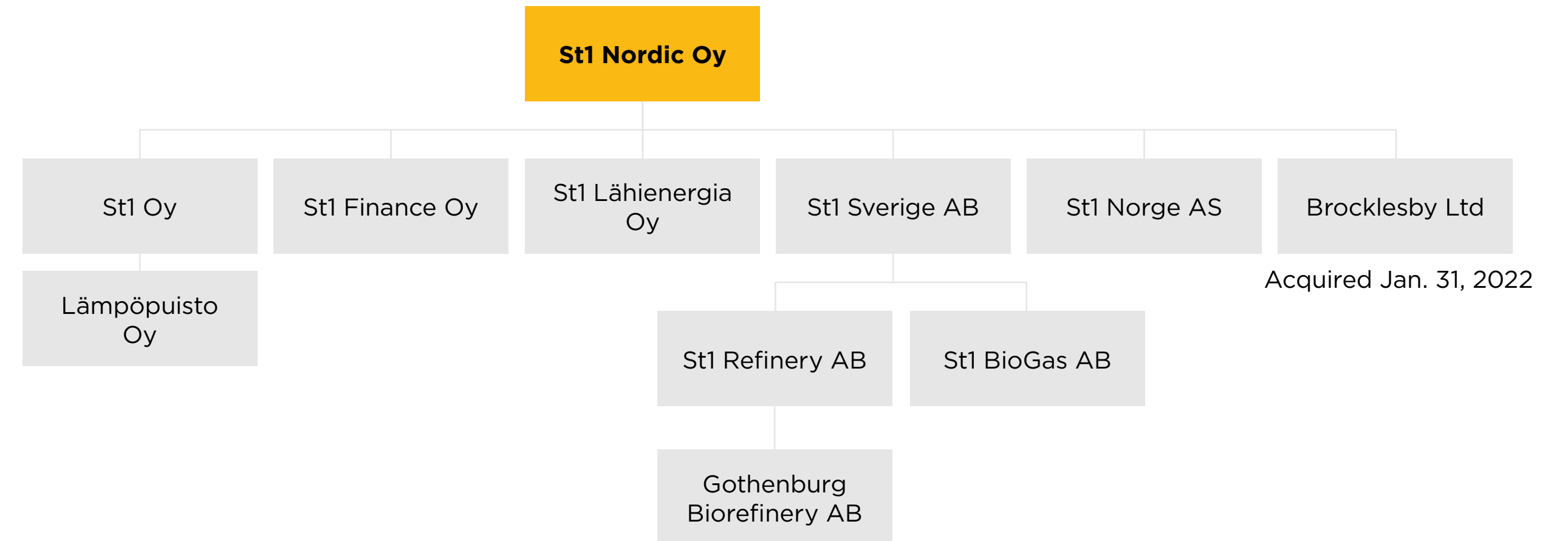
Group structure

The most notable change in the group structure during 2021 was the above-mentioned acquisition of biogas business in Sweden, the company operates under the name St1 BioGas AB.

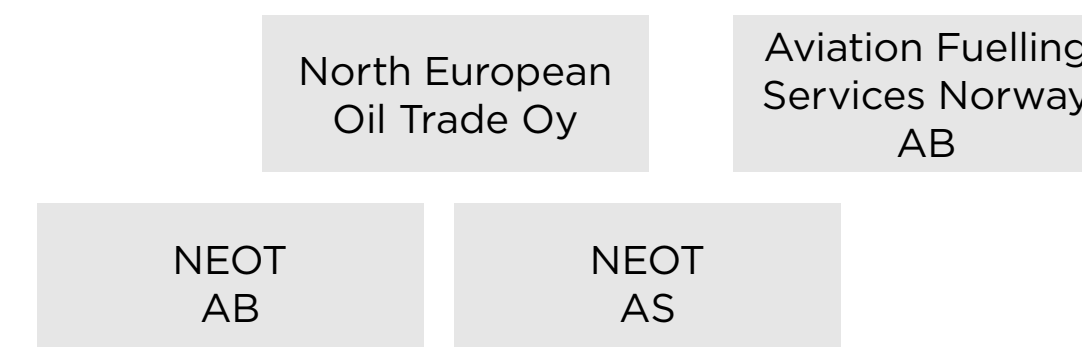
In addition to the parent company, St1 Nordic group consists now of the operative subsidiaries St1 Oy, Lämpöpuisto Oy, St1 Finance Oy, St1 Lähienergia Oy, St1 Sverige AB, St1 Refinery AB, St1 Gothenburg Biorefinery AB, St1 BioGas AB and St1 Norge AS.

St1 Nordic Oy's most significant associated companies comprise North European Oil Trade Oy and the Norwegian Aviation Fuelling Services Norway AS, of which the latter conducts aircraft refueling 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 2021	31 Dec 2020	31 Dec 2019	31 Dec 2018	31 Dec 2017
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	38,737,118
B-shares				4,912,285	4,912,285

Investments

The group's largest investment in 2021 was focused on the construction of the renewable diesel plant in Gothenburg. The plant is estimated to be in production in the third quarter of 2023.

In June 2021, the subsidiary St1 Sverige AB acquired the entire share capital of E.ON Biofor Sverige AB. The company operates under the name St1 BioGas AB and is engaged in biogas production, distribution and export in Southern and South-Western Sweden and in the Stockholm area.

In the Retail business, the investments were focused on selected growth targets and, among others, EV charging stations in Norway. 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 279.2. Of this, investments in renewable energy amounted to MEUR 86.9.

Technological initialization 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.

The said expenditure fulfills requirements set for capitalization by the Ministry of Trade and Industry. The capitalized development expenses are shown as a separate item and depreciated

over their economic lifetime, however, as a maximum of 10 years. Depreciation starts when the projects are in production. Should an 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 83.3. in 2021 (MEUR 15.4 in prior year). Research and development expenses comprise the expenses for development of new production technologies and production methods for fuels from solid biomass, biogas, and synthetic fuels, as well as expenses for the development of geothermal energy. The expenses were higher in 2021 due to one-time bookings in the Otaniemi and Hämeenlinna projects.

Assessment of the most significant risks and uncertainties

Risk management policy and risk management arrangement

In the St1 Nordic group, risk management refers to a systematic and proactive approach to analyze and manage the threats and opportunities for the operations, rather than solely eliminating the risks. For this purpose, the group's risk management is based on an awareness of the key threats, including strategic, operational and financial risks that can prevent the group from achieving its objectives.

The Board of Directors is responsible for the company's and group's risk management policy and for monitoring its implementation. The CEO

is responsible for the appropriate organization 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 in the responsibility for identifying risks that might threaten the achievement of the group's objectives.

Strategic and operational risks

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

- Prolonged fierce competition in the traffic fuel retail market may reduce profitability also in the future.
- Insufficient refining margins on petroleum products to cover the refining costs.
- 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 of 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 of sales receivables is managed through a uniform credit policy and efficient debt-collection. Principles used for the measurement of trade receivables and inventories in the financial statements are consistent with

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 of information systems through measures such as duplicating critical information systems and data communications links, paying attention to the selection of partners and standardizing the workstation models and information security practices used in the group.

The group continuously takes various measures aiming to protect it from cyber risks. This includes both preventive and continuous monitoring work. External resources are also regularly used to assess cyber risks. The personnel's awareness of cyber security issues is enhanced by regular training.

The group's core competencies are related to business processes comprising oil refining, sales and procurement as well as the requisite support functions, such as information management, finance, human resources, real estate services, logistics, marketing and communications. In addition, the personnel gains significant technical knowledge in renewable energy projects. Unexpected and significant weakening of the group's core competencies is an identified risk. The group 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 may affect the group's revenue include decisions by the government or authorities on how different forms of energy are combined, subsidized or taxed, general economic trends, and, in the case of heating oil, regionally prevailing temperatures. The COVID-19 pandemic and the energy crisis in 2021 led to volatility in the energy market and showed that the group's operations can face sudden and strong impacts.

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. The group's environmental protection obligations have been defined by legislation and the quality programs applied by the company. The financial statements include a provision for environmental liabilities, that is reviewed for each financial period.

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 insure itself against all risks that are financially or otherwise reasonable. The group's insurance 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 25 million of interest rate-sensitive loans (appr. EUR 10 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 by 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.

An estimate of probable future development

From the group management's perspective, the business environment will remain challenging and volatile. In the traffic fuels trade, competition in the group's home market remains over emphasized. The group aims to further improve its competitiveness by rationalizing systems and business processes, taking measures to improve the average sales of retail stations as well as making carefully targeted investments. When feasible, refining margin, utilities and end

products are price hedged. The group's financing position is strong per se, and the group believes that its liquidity will remain good.

Significant events after the end of the financial period

The company acquired the entire share capital of the UK based Brocklesby Limited on January 31, 2022. The company is engaged in waste raw material collection to serve, for example, as renewable diesel raw material.

As planned, the transition to a joint venture with SCA on the production of renewable diesel was carried out on February 1, 2022. St1 Refinery AB sold 50 % of St1 Biorefinery Gothenburg AB to Scastone AB, a company set up in the autumn. St1 Sverige AB sold 50 % of Scastone AB to SCA.

Subsidiary St1 Oy established according to plan a joint venture, Suomen Lantakaasu Oy, together with Valio Oy on February 4, 2022. The company will focus on biogas production.

The group follows tightly the impacts of the war in Ukraine on the energy market. In particular, the large price fluctuations of crude oil and energy products are expected to bring uncertainty to the operating environment. St1 does not use Russian crude oil at its refinery.

Personnel

Key figures describing the group's personnel

	2021	2020	2019	2018	2017
Average number of personnel during the financial period	970	880	793	774	556
Wages and salaries during the financial period, MEUR	72.5	60.0	58.4	53.1	40.4

Organisation

The company's Board of Directors consisted until December 31, 2021 of Mika Anttonen (chair), Mikko Koskimies, Kim Wiio, Sampsa Halinen and Kati Ihamäki. Sampsa Halinen resigned from the board on January 1, 2022 upon transferring to the operative position of Director, Energy Trade and Logistics. 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 CO₂-aware energy, thereby enabling positive societal impact through our operations. We work constantly toward enabling a more sustainable value chain. We believe that we will achieve 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 just as important is the way

we reach our goals. We have committed to United Nations Global Compact and its ten principles, which is one step toward making our responsible business principles and sustainability targets more transparent in our daily operations. The corporate management, the Board of Directors, and the personnel shall respect and follow these principles that 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 United Nations Guiding Principles on Business and Human Rights (UNGP) which states the governments' duty is to protect human rights and the businesses' responsibility is 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 respective business partners, to commit to these ethical and sustainable principles within their business operations, and to support their use within their sphere of influence and decision-making.

In 2021, the St1 group's sustainability team was reinforced through additional recruitments and the emphasis for the development work was adjusted with our updated materiality analysis and the principles prioritization in line with the UN SDG Ambition Program. The themes for our sustainability work remained to be Impacts on People, Sustainable Carbon Cycle, Transparency and Competence Development. The focal points of our sustainability work in 2021 were developing the Group level sustainability agenda and objectives for the upcoming years, and further enhancing our capabilities in assessing the overall impact of our value chain. In addition, we conducted a group-wide gap analysis for our internal management systems to further develop our compliance and reporting practices. We continue our development endeavors 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 on the company's website www.st1.com on April 30, 2022, at the latest. The report complies, as appropriate, with the Global Reporting Initiative Standards and contains the non-financial information material of St1 as required by the Accounting Act. Our oil refinery in Gothenburg also complies with the ISO 14001 environmental management system requirements.

Proposal for profit distribution

The Board of Directors proposes to the general meeting that the company will pay a dividend of 15,882,218 euros and transfer the remaining

financial year's profit to the Retained earnings account.

There have 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.-31.12.2021	1.1.-31.12.2020
NET SALES	1.	6,381,515	4,923,130
Manufacturing for own use	2		141
Other operating income	2.	138,164	181,244
Materials and services			
Materials, supplies and products			
Purchases during the period		-5,877,041	-4,555,911
Change in inventories		59,547	175
External services		-9,069	-7,093
		-5,826,563	-4,562,829
Personnel expenses			
Wages and salaries		-72,481	-59,953
Social security costs			
Pension costs		-9,201	-8,201
Other social security costs		-15,047	-11,894
		-96,729	-80,048
Depreciation and amortisation			
Depreciation and amortisation according to plan	5.	-76,928	-71,677
Amortisation of goodwill	5.	-14,383	3,589
Reduction in value of noncurrent assets	5.	-69,902	-5,776
		-161,212	-73,864
Other operating expenses	6.	-253,754	-224,838

In thousand euros	Notes	1.1.-31.12.2021	1.1.-31.12.2020
OPERATING PROFIT		181,423	162,936
Finance income and costs			
Income from other investments of non-current assets			
Share of profit of investments using the equity method	7.	4,710	-2,282
Other interest and finance income	7.	3,455	6,771
Exchange rate gain	7.	2,948	318
Interest expenses and other finance costs			
To others	7.	-4,909	-27,067
		6,204	-22,260
PROFIT BEFORE APPROPRIATIONS AND TAX		187,627	140,676
Current income tax	9.	-42,182	-16,690
Deferred tax	9.	3,408	2,812
		-38,774	-13,879
PROFIT FOR THE PERIOD BEFORE MINORITY INTEREST		148,853	126,797
Minority interest		-96	0
PROFIT FOR THE PERIOD		148,756	126,797

Consolidated balance sheet

In thousand euros	Notes	31.12.2021	31.12.2020
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Capitalised development expenditure	10.	1,175	1,652
Intangible rights	10.	34,819	30,926
Goodwill	10.	1,459	2,478
Goodwill on consolidation	10.	178,938	156,564
Other capitalised long-term expenditure	10.	1,026	1,280
		217,417	192,900
Tangible assets			
Land and water areas	11.	210,392	209,662
Buildings and structures	11.	149,751	137,383
Machinery and equipment	11.	410,455	381,805
Other tangible assets	11.	37,248	28,455
Advance payments and construction in progress	11.	194,515	163,755
		1,002,361	921,060
Investments			
Investments in associated companies	13.	23,834	23,221
Other shares and holdings	13.	2,415	2,416
Other receivables	13.	357	263
		26,605	25,900

In thousand euros	Notes	31.12.2021	31.12.2020
CURRENT ASSETS			
Inventories			
Materials and supplies		228,985	169,438
Receivables			
Non-current receivables			
Trade receivables		1,447	1,940
Deferred tax assets	17.	13,509	1,690
Loan receivables		4,225	3,768
Other receivables		6,129	4,259
		25,310	11,656
Current receivables			
Trade receivables		497,337	301,919
Loan receivables		0	2
Other receivables		6,561	30,490
Prepayments and accrued income	19.	65,036	46,285
		568,933	378,697
Cash and cash equivalents			
		26,521	29,429
		2,096,132	1,729,079

In thousand euros	Notes	31.12.2021	31.12.2020
EQUITY AND LIABILITIES			
EQUITY			
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.	884,283	775,347
Profit (loss) for the period	15.	148,756	126,797
		1,087,271	956,376
Total equity		1,127,464	996,569
MINORITY SHARE		1,532	4
PROVISIONS			
Other provisions	16.	53,289	53,629
		53,289	53,629

In thousand euros	Notes	31.12.2021	31.12.2020
LIABILITIES			
Non-current			
Loans from financial institutions		9,756	9,966
Deferred tax liabilities	17.	35,509	36,751
Other liabilities		45	76
Accruals and deferred income		8,242	8,036
		53,551	54,829
Current			
Loans from financial institutions		15,288	1,176
Commercial paper		72,000	59,000
Advance payments		666	808
Trade payables		126,850	103,702
Deferred tax liabilities	17.	58,312	44,422
Liabilities to associated companies			
Trade payables		291,297	134,994
Other liabilities		199,027	204,166
Accruals and deferred income	20.	96,854	75,780
		860,295	624,048
		2,096,132	1,729,079

Consolidated cash flow statement

In thousand euros	1.1.-31.12.2021	1.1.-31.12.2020
Cash flow from operating activities:		
Profit (loss) before appropriations and income tax	187,627	140,676
Adjustments:		
Depreciation and amortisation according to plan	91,310	68,087
Other income and expenses with non-cash transactions	-9,004	-47,546
Other finance income and costs	-1,494	19,978
Impairment of investments in non-current assets	69,902	0
Cash flow before change in working capital	338,341	181,195
Change in working capital:		
Increase (-)/ decrease (+) in current non-interest bearing receivables	-184,804	144,492
Increase (-)/ decrease (+) in inventories	-59,547	-175
Increase (+)/ decrease (-) in current non-interest bearing payables	190,335	-195,162
Cash flow from (used in) operating activities before financial items and taxes	284,325	130,351
Interest paid and charges on other finance costs	-3,130	-3,500
Interest received	1,911	1,962
Taxes paid	-49,361	-21,946
Net cash generated from operating activities (A)	233,745	106,866

In thousand euros	1.1.-31.12.2021	1.1.-31.12.2020
Cash flow from investing activities:		
Purchase of tangible and intangible assets	-197,529	-121,187
Acquisitions deducted by acquired cash and cash equivalents	-81,646	-3,516
Proceeds from sale of tangible and intangible assets	26,528	131,419
Investments in associated companies	-661	0
Proceeds from sale of associated companies	4,753	0
Dividends received	1,453	4,293
Net cash used in investing activities (B)	-247,100	11,010
Cash flow from financing activities:		
Proceeds from current loans	26,051	0
Repayment of current loans	0	-88,137
Proceeds from non-current loans	0	9,966
Repayment of non-current loans	0	-3,915
Dividends paid and other profit distribution	-15,604	-15,107
Net cash used in financing activities (C)	10,448	-97,193
Net increase (+) / decrease (-) in cash and cash equivalents (A+B+C)	-2,908	20,683
Cash and cash equivalents at beginning of period	29,429	8,746
Cash and cash equivalents at end of period	26,521	29,429

Parent company income statement

In euros	Notes	1.1.-31.12.2021	1.1.-31.12.2020
NET SALES	1.	30,861,012.00	41,779,988.76
Other operating income	2.	1,585,416.37	13,681,563.01
Raw materials and services			
Raw materials and consumables			
Purchases during the financial year		-346,080.00	-11,613,126.88
Variation in stocks		346,080.00	0.00
		0.00	-11,613,126.88
Personnel expenses			
Wages and salaries		-6,834,115.71	-5,723,333.09
Social security costs			
Pension costs		-1,033,698.32	-835,745.67
Other social security costs		-359,685.03	-249,811.00
		-8,227,499.06	-6,808,889.76
Depreciation according to plan	5.	-7,471,131.91	-6,850,280.53
Other operating expenses	6.	-20,409,416.61	-19,237,900.99

In euros	Notes	1.1.-31.12.2021	1.1.-31.12.2020
OPERATING PROFIT (-LOSS)		-3,661,619.21	10,951,353.61
Finance income and costs			
Income from shares in group companies	7.	74,353,534.19	16,339,669.49
Income from shares in associated companies	7.	4,604,197.81	4,293,106.87
Other interest and finance income			
From group companies	7.	3,589,712.41	5,199,701.31
From others	7.	2,290,246.88	591,576.33
Interest expenses and other finance costs			
To group companies	7.	-1,598,785.30	-5,004,636.84
To others	7.	-1,249,125.29	-1,861,969.95
		81,989,780.70	19,557,447.21
PROFIT BEFORE APPROPRIATIONS AND INCOME TAX		78,328,161.49	30,508,800.82
Appropriations			
Change in cumulative accelerated depreciation	8.	0.00	0.00
		0.00	0.00
Income taxes	9.	1,681.63	-1,955,402.42
PROFIT FOR THE PERIOD		78,329,843.12	28,553,398.40

Parent company balance sheet

In euros	Notes	31.12.2021	31.12.2020
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Intangible rights	10.	34,215,653.68	29,976,885.99
Advance payments and construction in progress	10.	3,363,040.82	5,100,681.63
Other capitalised long-term expenses	10.	191,894.59	252,492.79
		37,770,589.09	35,330,060.41
Property, plant and equipment			
Machinery and equipment	11.	519,696.89	690,423.41
Advance payments and construction in progress	11.	0.00	0.00
		519,696.89	690,423.41
Investments			
Shares in group companies	13.	456,270,198.67	498,903,698.67
Receivables from group companies	14.	1,340,000.00	1,290,000.00
Investments in associated companies	13.	23,476,917.03	25,079,124.31
Other shares and holdings	13.	20,765.69	20,765.69
		481,107,881.39	525,293,588.67

In euros	Notes	31.12.2021	31.12.2020
CURRENT ASSETS			
Inventories			
Materials and supplies		346,080.00	0.00
		346,080.00	0.00
Receivables			
Non-current receivables			
Receivables from group companies	14.	101,495,447.50	148,685,535.45
		101,495,447.50	148,685,535.45
Current receivables			
Receivables from group companies	14.	104,816,612.85	103,349,006.49
Trade receivables		605,202.15	2,914.00
Other receivables		879,204.00	686,451.22
Prepaid expenses and accrued income	19.	5,747,399.04	3,929,692.24
		112,048,418.04	107,968,063.95
Cash and cash equivalents			
		2,885.71	13,684,947.73
		733,290,998.62	831,652,619.62

In euros	Notes	31.12.2021	31.12.2020
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15.	100,000.00	100,000.00
Reserve for invested unrestricted equity	15.	54,231,561.66	54,231,561.66
Retained earnings	15.	459,064,355.97	446,005,804.77
Profit for the period		78,329,843.12	28,553,398.40
		591,625,760.75	528,790,764.83
TOTAL EQUITY		591,725,760.75	528,890,764.83

In euros	Notes	31.12.2021	31.12.2020
LIABILITIES			
Current			
Loans from financial institutions		15,287,554.17	1,175,659.46
Commercial paper		72,000,000.00	59,000,000.00
Trade payables		2,951,105.14	2,407,443.54
Liabilities to group companies	18.	47,685,967.00	236,026,867.44
Other liabilities		149,050.17	134,505.01
Accruals and deferred income	20.	3,491,561.39	4,017,379.34
		141,565,237.87	302,761,854.79
TOTAL LIABILITIES		141,565,237.87	302,761,854.79
		733,290,998.62	831,652,619.62

Parent company cash flow statement

In euros	1.1.-31.12.2021	1.1.-31.12.2020
Cash flow from operating activities:		
Profit (loss) before appropriations and income tax	78,328,161.49	30,508,800.82
Adjustments:		
Depreciation and amortisation according to plan	7,471,131.91	6,850,280.53
Finance income and costs	-80,926,406.26	-23,647,592.78
Cash flow before change in working capital	4,872,887.14	13,711,488.57
Change in working capital:		
Increase (-)/ decrease (+) in inventories	-346,080.00	0.00
Increase (-)/ decrease (+) in current non-interest bearing receivables	-1,472,391.95	10,760,185.81
Increase (+)/ decrease (-) in current non-interest bearing payables	2,973,564.77	5,470,042.44
Cash flow from operating activities before financial items and taxes	6,027,979.96	29,941,716.82
Interest paid and other financial expenses	-1,788,901.97	-4,365,330.02
Interest received from operating activities	570,460.05	1,276,439.50
Taxes paid (received)	-3,847,459.13	-737,172.11
Net cash generated from operating activities (A)	962,078.91	26,115,654.19

In euros	1.1.-31.12.2021	1.1.-31.12.2020
Cash flow from investing activities:		
Purchase of property, plant and equipment and intangible assets	-9,740,934.07	-8,543,313.82
Proceeds from sale of property, plant and equipment and intangible assets	0.00	42,500.00
Investments in associated and subsidiary companies	-16,500.00	-1,505,120.67
Proceeds from sale of associated and subsidiary companies	4,753,200.00	0.00
Loans granted	-50,000.00	0.00
Dividends received*	3,504,465.29	4,293,106.90
Net cash used in investing activities (B)	-1,549,768.78	-5,712,827.59
Cash flow from financing activities:		
Proceeds from current loans	27,111,894.71	105,268,805.07
Repayment of current loans	-24,711,419.66	-99,387,405.52
Repayment of long-term loans*	0.00	0.00
Dividends paid and other profit distribution	-15,494,847.20	-15,107,476.02
Net cash used in financing activities (C)	-13,094,372.15	-9,226,076.47
Net increase (+) / decrease (-) in cash and cash equivalents (A+B+C)	-13,682,062.02	11,176,750.13
Cash and cash equivalents at beginning of period	13,684,947.73	2,508,197.60
Cash and cash equivalents at end of period	2,885.71	13,684,947.73

* The comparison year figure has been adjusted

Notes to the financial statement

31 December 2021

Accounting principles for the financial statements

Financial period

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

Consolidated financial statements

Changes occurred in the group structure during the year 2021 due to acquisitions, mergers and disposals. St1 Sverige AB established the daughter company Scastone AB in October 2021. On June 30, 2021, St1 Sverige AB acquired St1 BioGas AB (former E.ON Biofor AB) entire share capital. The company owns the production companies Falkenbergs Biogas AB (65 %) and Söderåsens Bioenergi AB (63,25 %). St1 Norge AS acquired 33 % of the company Biogas Aksdal AS in April 2021. The company focuses on biogas. St1 Sverige AB acquired Wästgötavind AB, a company developing industrial windpower, in April 2021. The Norwegian daughter company Shell Narvik AS dissolved and the Swedish company Skansfred AB merged into St1 Sverige AB, both occurred during the first quarter. St1 Nordic Oy sold its 20 % share in Lamia Oy in November 2021.

The subsidiaries St1 Oy, Lämpöpuisto Oy, St1 Lähienergia Oy, St1 Finance Oy, Tuulivoitto Oy, St1 Renewable Energy (Thailand) Ltd, St1 Sverige AB, St1 Refinery AB, St1 Biorefinery Gothenburg AB, St1 BioGas AB, Falkenbergs Biogas AB, Söderåsens Bioenergi AB, Wästgöta Wind AB, St1 Norge Group AS, St1 Norge AS, Shell Madla AS, Nemob 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, 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 inter-company 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	5-10 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	
	2021	2020	2021	2020
Fuels	6,347.7	4,878.1	0.0	0.0
Energy products and electricity	26.8	38.2	0.0	11.6
Other	7.0	6.9	30.9	30.2
	6,381.5	4,923.1	30.9	41.8
Domestic	1,545.8	1,243.3	12.5	12.1
Foreign	4,835.8	3,679.8	18.3	29.7
	6,381.5	4,923.1	30.9	41.8

2. Other operating income

MEUR	Consolidated		Parent company	
	2021	2020	2021	2020
Gains on sale of non-current assets and shares	16.0	53.5	0.0	0.0
Other operating income	122.2	127.7	1.6	13.7
	138.2	181.2	1.6	13.7

3. Average number of personnel

	Consolidated		Parent company	
	2021	2020	2021	2020
Personnel on average	970	880	66	60
	970	880	66	60

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 2,629,878 (EUR 2,316,836 in 2020).

5. Depreciation, amortisation and impairment charges

In thousand euros	Consolidated		Parent company	
	2021	2020	2021	2020
Depreciation and amortisation according to plan				
Intangible assets				
Capitalised development expenses	483	1,247	0	0
Intangible rights	7,563	6,881	7,240	6,570
Goodwill	970	1,000	0	0
Other long-term capitalised expenditure	400	926	61	58
Tangible assets				
Buildings and structures	12,890	12,817	0	0
Machinery and equipment	51,751	45,649	171	173
Other tangible assets	2,870	3,158	0	0
	76,928	71,677	7,471	6,801
Amortisation /recognition of goodwill on consolidation	14,383	-3,589		
	14,383	-3,589		
Impairment of investments to non-current assets				
Intangible rights	46	0	0	0
Other long-term capitalised expenditure	17	0	0	0
Buildings and structures	2,065	3,275	0	0
Land and water areas	88	161	0	0
Machinery and equipment	7,211	2,333	0	49
Other tangible assets	60,475	7	0	0
	69,902	5,776	0	49
Depreciation and amortisation according to plan, total	161,212	73,864	7,471	6,850

The subsidiary St1 Oy booked a write-off on Otaniemi geothermal pilot heat plant investment. The originally planned ESG technology has proven very challenging and the project now explores the best techno-economic solution. The company also made a write-off on the Hämeenlinna Bionolix plant which produces ethanol and biogas as the plant's productivity has remained very low.

The subsidiary St1 Norge AS booked a write-off on the Kirkenäs terminal in Norway as there was uncertainty about the continuation of its operation.

6. Other operating expenses

In thousand euros	Consolidated		Parent company	
	2021	2020	2021	2020
Rents	36,715	35,659	1,204	1,216
Advertising and sales promotion	26,656	25,797	66	43
Operating and maintenance expenses	88,491	73,137	112	123
Other operating expenses	101,892	90,245	19,028	17,855
	253,754	224,838	20,409	19,238
Audit expenses				
Audit	685	698	101	93
Tax consultation	364	81	57	32
Other services	58	734	0	158
	1,107	1,513	158	283

7. Finance income and expenses

In thousand euros	Consolidated		Parent company	
	2021	2020	2021	2020
Income from investments in other non-current assets				
From group companies	0	0	74,354	16,340
From associated companies	4,710	-2,282	4,604	4,293
	4,710	-2,282	78,958	20,633
Other interest and finance income				
From group companies	0	0	3,590	5,200
From others	6,404	7,089	2,290	592
	6,404	7,089	5,880	5,791
Impairment of investments				
Impairment of investments to non-current assets	0	0	0	0
Impairment of investments to current assets	0	0	0	0
Interest costs and other finance costs				
To group companies	0	0	1,599	5,005
To others	4,909	27,067	1,249	1,862
	4,909	27,067	2,848	6,867
Finance income and expenses, total	6,204	-22,260	81,990	19,557

8. Appropriations

In thousand euros	Consolidated		Parent company	
	2021	2020	2021	2020
Change in accelerated depreciation	0	0	0	0
Group contribution received/given	0	0	0	0
	0	0	0	0

9. Income taxes

In thousand euros	Consolidated		Parent company	
	2021	2020	2021	2020
Current tax on profits for the financial period	-42,182	-16,690	2	-1,955
Change in deferred taxes	3,408	2,812	0	0
	-38,774	-13,879	2	-1,955

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.

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
Parent company				
Acquisition cost January 1, 2021	49,807	1,200	5,101	56,108
Additions	18	0	9,723	9,741
Disposals	0	0	0	0
Transfers	11,461	0	-11,461	0
Acquisition cost December 31, 2021	61,285	1,200	3,363	65,849
Accumulated amortisation January 1, 2021	-19,830	-948	0	-20,778
Amortisation during the financial period	-7,240	-61	0	-7,300
Accumulated amortisation December 31, 2021	-27,070	-1,008	0	-28,078
Net book value December 31, 2021	34,216	192	3,363	37,771

In thousand euros	Goodwill	Development expenses	Intangible rights
Group			
Acquisition cost January 1, 2021	15,224	4,850	58,757
Additions	0	6	11,488
Disposals	0	0	-46
Translation difference	-49	0	14
Acquisition cost December 31, 2021	15,175	4,856	70,214
Accumulated amortisation January 1, 2021	-12,746	-3,197	-27,832
Amortisation during the financial period	-970	-483	-7,563
Accumulated amortisation December 31, 2021	-13,716	-3,681	-35,395
Net book value December 31, 2021	1,459	1,175	34,819

In thousand euros	Other long-term expenses	Goodwill on consolidation	Total
Acquisition cost January 1, 2021	16,142	221,816	316,789
Additions	163	36,813	48,471
Disposals	-17	0	-63
Translation difference	0	-56	-92
Acquisition cost December 31, 2021	16,288	258,573	365,106
Accumulated depreciation January 1, 2021	-14,862	-65,252	-123,889
Depreciation during the financial period	-400	-14,383	-23,799
Accumulated depreciation December 31, 2021	-15,262	-79,634	-147,688
Net book value December 31, 2021	1,026	178,938	217,417

11. Tangible assets

In thousand euros	Machinery and equipment	Advance payments and construction in progress	Total
Parent company			
Acquisition cost January 1, 2021	1,329	0	1,329
Additions	0	0	0
Disposals	0	0	0
Transfers	0	0	0
Acquisition cost December 31, 2021	1,329	0	1,329
Accumulated depreciation January 1, 2021	-638	0	-638
Depreciation during the financial period	-171	0	-171
Accumulated depreciation December 31, 2021	-809	0	-809
Net book value December 31, 2021	520	0	520

In thousand euros	Land	Buildings	Machinery and equipment	Other tangible assets
Group				
Acquisition cost January 1, 2021	140,016	271,992	725,978	59,869
Additions	205	27,029	87,793	88,791
Disposals	-111	-1,963	-8,613	-77,220
Translation difference	635	192	1,210	104
Acquisition cost December 31, 2021	140,746	297,250	806,367	71,544
Accumulated depreciation January 1, 2021	0	-156,668	-367,966	-34,058
Depreciation during the financial period	0	-12,890	-51,739	-2,882
Accumulated depreciation December 31, 2021	0	-169,558	-419,705	-36,940
Revaluations January 1, 2021	69,646	22,059	23,793	2,644
Additions	0	0	0	0
Disposals	0	0	0	0
Revaluations December 31, 2021	69,646	22,059	23,793	2,644
Net book value December 31, 2021	210,392	149,751	410,455	37,248

In thousand euros	Advance payments and construction in progress	Total
Group		
Acquisition cost January 1, 2021	163,755	1,361,610
Additions	184,849	388,668
Disposals	-153,579	-241,486
Translation difference	-510	1,630
Acquisition cost December 31, 2021	194,515	1,510,422
Accumulated depreciation January 1, 2021	0	-558,692
Depreciation during the financial period	0	-67,511
Accumulated depreciation December 31, 2021	0	-626,203
Revaluation January 1, 2021	0	118,142
Additions	0	0
Disposals	0	0
Revaluation December 31, 2021	0	118,142
Net book value December 31, 2021	194,515	1,002,361

Disposals include 69,839,124 eur reduction in value of tangible assets and 62,583 eur reduction in intangible assets.

12. Revaluations

The revaluation is based on discounted cash flow calculation made by the company, income value and in some cases on building rights 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	100.00%	100.00%
St1 Sverige AB	100.00%	100.00%
St1 Refinery AB	100.00%	0.00%
St1 Gothenburg Biorefinery AB	100.00%	0.00%
Wästgöta Wind AB	100.00%	0.00%
St1 BioGas AB	100.00%	0.00%
Falkenbergs Biogas AB	65.00%	0.00%
Söderåsens Bioenergi AB	63.25%	0.00%
Scastone 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%
Grenselandet 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 28,153,252.25 and profit for the period EUR 3,481,380.06	49%	49%
Brang Oy, Turku Equity EUR 158,543.56 and profit for the period EUR -26,499.82	25%	0%
Aviation Fuelling Services Norway AS Equity EUR 11,685,502.38 and profit for the period EUR 4,720,995.94, remaining goodwill on consolidation EUR 5,121,304,24	50%	50%
Biogass Energi Aksdal AS Equity EUR 103,313.16 and profit for the period EUR -59,942.18, remaining goodwill on consolidation EUR 555,729,53	33.3%	0%
Knapphus Energi Norge AS, Vindafjord Equity EUR 28,546.78 and profit for the period EUR -41,664.42	49%	0%

Investments, parent company

In thousand euros	Shares			Total
	Group companies	Associated companies	Others	
Acquisition cost January 1, 2021	498,904	25,079	21	524,003
Additions	17	0	0	17
Disposals	-42,650	-1,602	0	-44,252
Acquisition cost December 31, 2021	456,270	23,477	21	479,768
Net book value December 31, 2021	456,270	23,477	21	479,768

Investments in the group

In thousand euros	Shares		Receivables	Total
	Associated companies	Others	Others	
Acquisition cost January 1, 2021	23,221	2,416	263	25,900
Additions	613	0	0	613
Disposals		0	0	0
Acquisition cost December 31, 2021	23,834	2,416	263	26,513
Net book value December 31, 2021	23,834	2,416	263	26,513

14. Receivables from group companies

In thousand euros	Consolidated		Parent company	
	2021	2020	2021	2020
Current				
Trade receivables	0	0	3,435	2,654
Other receivables	0	0	63	116
Equity loans	0	0	1,340	1,290
Loan receivables	0	0	101,319	100,580
	0	0	106,157	104,639
Non-current				
Loan receivables	0	0	101,495	148,686

15. Equity

In thousand euros	Consolidated		Parent company	
	2021	2020	2021	2020
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	
Reserve for invested unrestricted equity December 31	54,232	54,232	54,232	54,232
Retained earnings January 1	902,145	784,113	474,559	461,113
Dividend distribution	-15,495	-15,107	-15,495	-15,107
Adjustment to prior period taxes	0	-1,203	0	0
Translation differences of foreign subsidiaries	-2,367	7,545	0	0
Retained earnings December 31	884,283	775,347	459,064	446,006
Profit for the period	148,756	126,797	78,330	28,553
	1,087,271	956,376	591,626	528,791
Capitalized development expenditure	-1,175	-1,652	0	0
Distributable earnings December 31	1,086,095	954,724	591,626	528,791
Equity total	1,127,464	996,569	591,726	528,891

The company's share capital by type of shares	31.12.2021	31.12.2020
Shares, amount	38,737,118 (100%)	38,737,118 (100%)

The Board of Directors proposes to the general meeting that the company pays a dividend on the previous financial year's profit of EUR 15,882,218 (0,41 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	
	2021	2020
Certain retirement pensions for which company is liable	34,353	36,314
Other provisions	648	474
Expected environmental obligations	18,289	16,841
Total provisions	53,289	53,629

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	
	2021	2020
Deferred tax assets		
From provisions	13,509	1,690
	13,509	1,690
Deferred tax liabilities		
From appropriations	58,312	44,422
From revaluations and goodwill allocations	35,509	36,751
From consolidation	0	0
	93,821	81,174

18. Liabilities to group companies

In thousand euros	Consolidated		Parent company	
	2021	2020	2021	2020
Current loans:				
Trade payables	0	0	534	268
Other liabilities	0	0	47,151	234,560
Accruals and deferred income	0	0	0	1,199
	0	0	47,686	236,027

19. Adjusting entries for assets/Receivables carried forward

In thousand euros	Consolidated		Parent company	
	2021	2020	2021	2020
Financing cost allocations	90	479	90	99
Tax receivables	6,877	1,552	2,896	0
Other adjusting entries	58,069	44,253	2,761	3,830
	65,036	46,285	5,747	3,929

20. Accrued expenses

In thousand euros	Consolidated		Parent company	
	2021	2020	2021	2020
Personnel cost accruals	33,991	29,770	861	822
Interest accruals	85	23	0	0
Tax accruals	25,935	26,500	0	953
Other accrued expenses	36,842	19,487	2,630	2,243
	96,854	75,780	3,492	4,017

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 72 MEUR (59 MEUR in 2020 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	
	2021	2020	2021	2020
Bank guarantees	7,937	8,105	0	0
Guarantees on behalf of group companies				
Other guarantees	155,540	179,758	154,877	179,054

Oil has been pledged as against the oil financing facility (EUR 102,955,570) and oil (EUR 110,041,860) and oil products receivables (EUR 103,795,170) 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 37,116,406,80, derivatives liabilities EUR 6,511,231 and L/C liabilities EUR 25,815,168 on 31 December 2021.

In thousand euros	Consolidated		Parent company	
	2021	2020	2021	2020
Rent liabilities				
No later than one year	25,955	24,634	1,230	1,222
Later than one year	164,547	154,729	9,038	10,096

In thousand euros	Consolidated		Parent company	
	2021	2020	2021	2020
Future leasing payments:				
No later than one year	2,006	1,965	381	369
Later than one year	1,943	1,794	287	260
Total	3,949	3,759	668	629
Residual value liability	50	37	7	7

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 2022 to 2023. There are contracts with several counterparties. Fair values at the closing date are presented in the table.

	Consolidated		Parent company	
	2021	2020	2021	2020
Volume, mill. bbl	3.5	1.7	0.0	0.0
Fair value, thousand euro	522	14,719	0	0
Foreign exchange derivatives				
Volume, mill. Eur	182	155	85	71
Fair value, thousand euro	-58	2,338	-247	947

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

Signatures to the financial statements and the report on operations

Helsinki, 29 March 2022

Mika Anttonen
Chairman of the board

Kim Wiio
member of the board

Mikko Koskimies
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, 30 March 2022

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.-31.12.2021. 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 30 March 2022

PricewaterhouseCoopers Oy

Authorised Public Accountants

Janne Rajalahti

Authorised Public Accountant (KHT)



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