Game changer

YEAR 2017 / St1 Nordic Oy

Content

About this report

This is the first integrated corporate responsibility report by St1 Nordic and it is published to recount our most essential themes in corporate responsibility as well as our business activities. We have previously published separate annual reports for both St1 Nordic and St1 Group. After the merger of St1 Nordic and St1 Group at the end of last year, all our energy business in Finland, Norway and Sweden, including the Gothenburg oil refinery, are now part of the same Group.

St1 Nordic carried out the materiality assessment of corporate responsibility issues in 2016 by organizing internal workshops in all its countries of operation, supplemented by further interviewing employees in the stakeholder interface and by analyzing queries from stakeholders. In the light of St1 Group's planned merger into St1 Nordic Oy in the end of 2017, the materiality assessment was extended to cover the whole value chain based on the results of the St1 Value Chain project. The whole personnel of both groups and our supply company North European Oil Trade Oy participated in the project. The materiality assessment resulted our main themes of corporate responsibility: Renewable energy solutions, Investments in the future, World-class expertise and Customers now and in the future.

The corporate responsibility work continues in 2018 by analysing further the results of the first round of reporting and deciding on action plan.

St1 Nordic first integrated corporate responsibility report complies, as appropriate, with the Global Reporting Initiative Standards. Additionally, our oil refinery in Gothenburg complies both with ISO 14001 and EMAS environmental management system (the Eco-Management and Audit Scheme) and publishes EMAS report after auditing in June 2018. Our associated supply company NEOT publishes its own Sustainability report. www.neot.fi

St1 Nordic's Corporate Responsibility Framework

The vision of St1 is to be the leading producer and seller of CO_2-aware energy. We believe we will attain this vision by running a responsible and profitable business where economic performance, social responsibility and environmental impact are balanced. Our accompanying value creation model is presented in the infographics.

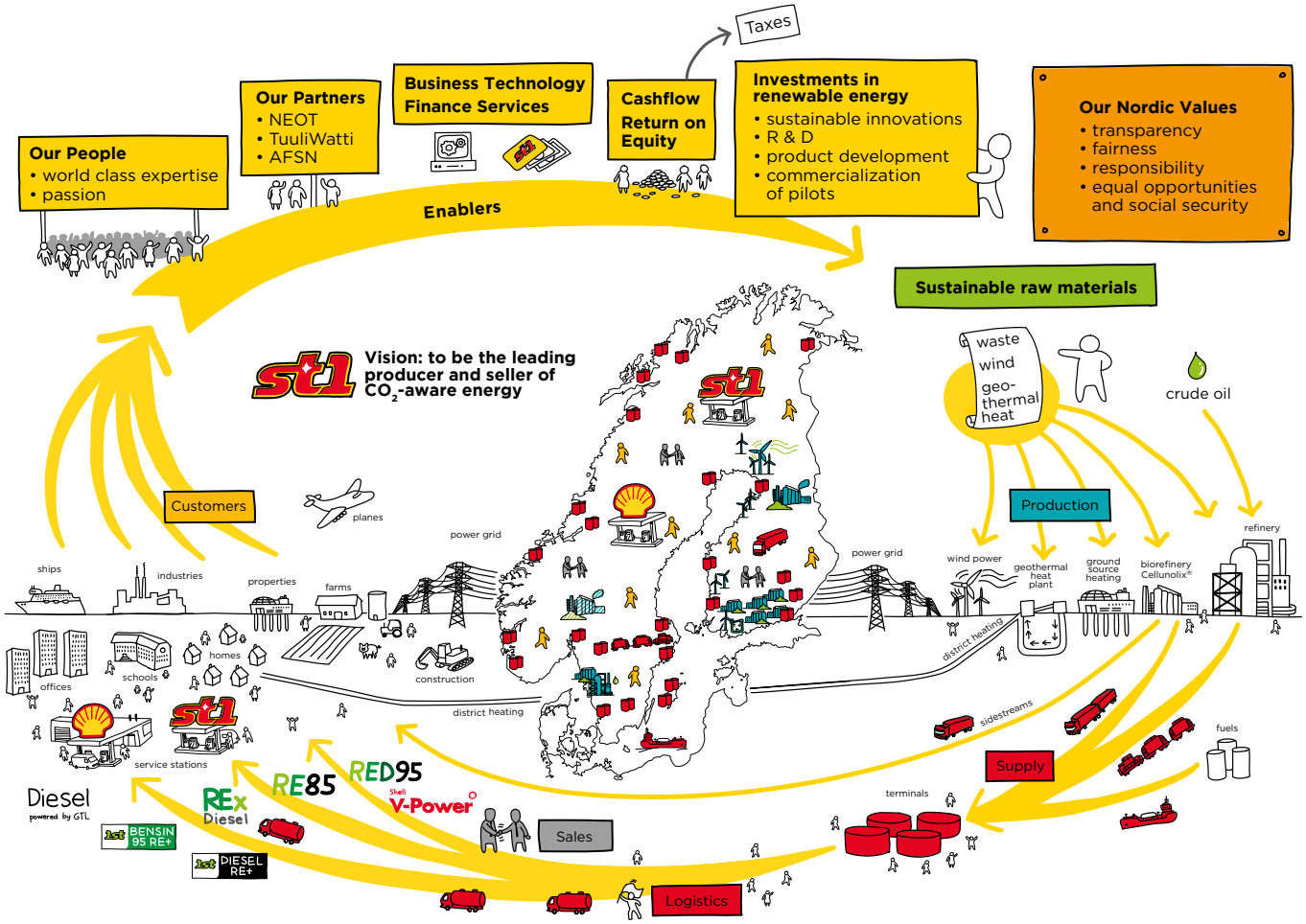
A responsible company must ambitiously take in the big picture at all times. We must keep abreast of what's going on in the world and understand what clients will need in the future. We base our growing energy business in Nordic society values. As a Nordic corporate citizen, we believe in transparency, fairness, responsibility and equal opportunities, resulting social security, equal education and health care. We believe we will attain our vision by running a responsible and profitable business where economic performance, social responsibility and environmental impact are balanced. While fossil fuels are still our main source of income, it allows us to build world-class expertise in introducing more and more renewable energy to the market.

The key enablers of our solid performance are our world-class people, partners, business technology, financing services, and cash flow together with our return on equity. Our financial performance enables new sustainable investments in the renewable energy. Passion for replacing fossil fuels also powers our research and development of new, sustainable and innovative CO_2 -aware energy solutions. Our customers benefit from the competitive edge we gain by managing the complete value chain from raw materials and energy sources to service at the pump.

Based on such an understanding and on demand, we are solving global energy challenges by taking steps into direction where we move ourselves from fossil world into renewable world. We try to ensure that everything we do in our whole value chain is based on world-conquering mentality and passion.

> **Our financial performance enables new sustainable investments in the renewable energy.**

VALUE CHAIN



St1 value chain video

St1 in brief

St1 is a Nordic energy company that operates in Finland, Sweden and Norway. In our operations we implement our vision to be the leading producer and seller of CO_2-aware energy. We research and develop economically viable, environmentally sustainable energy solutions.

Our goal is to increasingly replace fossil energy imports with domestic renewable options. Our production of renewable electricity exceeds the amount needed to compensate the fossil emissions of the energy we need for the functions of our Group.

St1 focuses on fuels marketing activities, oil refining and renewable energy solutions such as waste-based advanced ethanol fuels and industrial wind power. The Group has 1400 St1 and Shell branded retail stations in Finland, Sweden and Norway. Headquartered in Helsinki, St1 employs currently more than 750 people. Our operations are strengthened by strategic long-term partnerships in various areas.

Business segments:

RETAIL STATIONS

- The liquid fuel distribution network provides services in Finland, Sweden and Norway
- In all, 1400 St1 and Shell stations: unmanned and service stations as well as HGV sites
- Increasingly environmentally friendly liquid fuel products and high-quality services for customers

DIRECT SALES

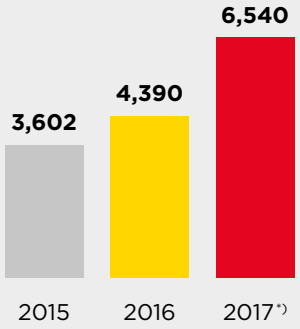
- A wide range of energy products and services for both private and corporate customers
- Premium class heating oils and liquid fuels for machinery
- Marine fuels
- Fuel cards for private and corporate use

RENEWABLE ENERGY

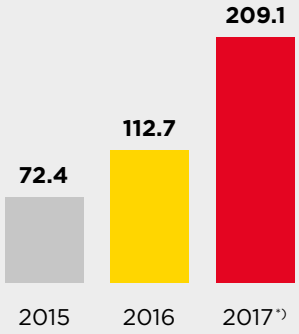
- Biorefining advanced biofuels for traffic
- Production of clean electricity from wind power
- Renewable, emission-free geothermal heat production
- Ground source heating solutions

Year 2017 in figures

Net sales / MEUR

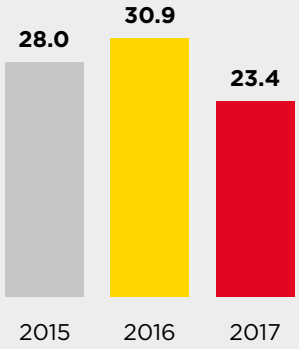


Profit for the period / MEUR



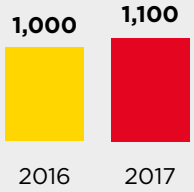
*) pro forma

Return on equity / %

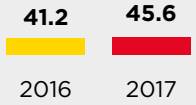


Retail net sales / MEUR

Direct sales, net sales / MEUR



Renewable energy, net sales /MEUR



Market shares

Finland

Petrol	21.9%
Diesel	18.7%
Light fuel oil	23.2%

Sweden

Petrol	19.0%
Diesel	14.6%
Light fuel oil	22.4%

NORWAY

Petrol	23.4%
Diesel	21.5%
Marine gas oil	23.9%

Personnel

757

Investments,

MEUR

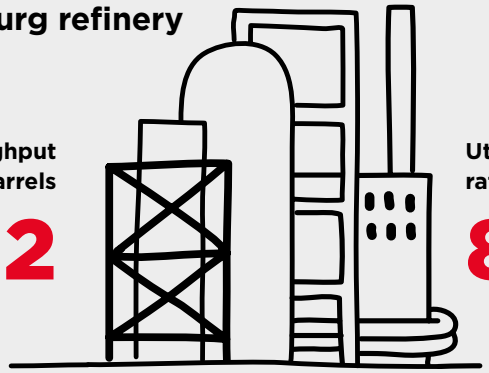
103

Renewable energy investments

MEUR (incl. TuuliWatti)

84

Gothenburg refinery



Throughput million barrels

28.2

Utilization rate

87.8%

Excise & property taxes

MEUR

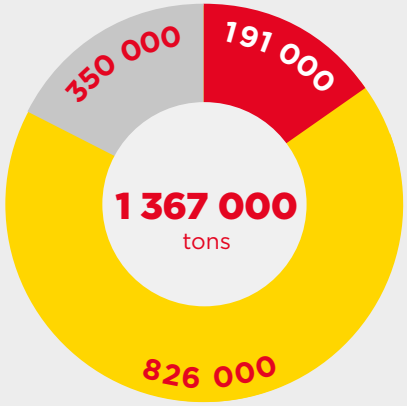
2116.4

Income taxes

MEUR

51.7

CO_2 -reduction from use of biofuels



Biorefineries

100%

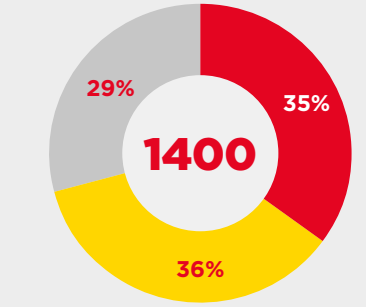
of the feedstock of our advanced ethanol production is waste and residues

Wind power production

GWh

574

Retail station network



Year 2017

1/2017

Memorandum of Understanding signed for a advanced ethanol pilot project in Thailand.

2/2017

St1 Nordic Energy Outlook 2017 edition published published.

3/2017

A contract signed with Grenselandet AS for wind farm development project in the northern Norway.

7/2017

Start of investments in renewable diesel production at St1 refinery.

8/2017

Inauguration of TuuliWatti's wind park park with 27 new wind turbines in Simo Finland.

9/2017

The Sarvankangas wind farm in Raahe completes TuuliWatti's extensive investment programme.

10/2017

St1 Way application and mobile fueling launched to support new St1 Mastercard and Apple Pay.

11/2017

St1 buys marine business in Norway.

12/2017

St1 Group Oy merged into St1 Nordic Oy.

Towards a greener planet

We have been mistreating our only planet. Our actions during the past 300 years have resulted in too much carbon in the atmosphere. In order to redirect the development, it is important to fully understand the current situation and find effective solutions. There is no one single solution to stop climate change, and it cannot be stopped by single operators. Participation is needed from everyone; from science communities and partnership organizations to companies and individuals. Legislation and international treaties also play an important role in reaching the goals.

Energy consumption is increasing at a record pace due to our consumption patterns and the continuing growth in population. Because the growth in energy consumption is significantly faster than the growth in renewable energy production, giving up fossil fuels entirely is not a realistic option in the near future. Global population policies could help in solving the problem, but such restrictions have proven to be very challenging. The most likely keys to change are new kinds of consumption patterns, developing new technologies and taking advantage of nature's own methods by adding carbon sinks, such as forests. Multi-faceted and extensive afforestation of widely desertified areas in Africa and other areas with fast growing tree species and types of grain and wood that benefit the local population would sequestrate a substantial amount of carbon to the terrain. This would also create raw material for biofuels and promote local food production. Forests should be taken into full use as carbon sinks, material for biofuels and in finding worthwhile uses for desertified areas.

The global challenge is massive, and St1 wants to be one of the gamechangers in solving it. We are investing in renewable energy production and finding solutions to decreasing carbon in the atmosphere. We produce for example waste-based advanced ethanol and wind power, and drill wells more than 6 kilometres deep to harvest geothermal energy. And this is just the beginning.

Mika Anttonen
Chairman of the Board

Full steam ahead

The past year of 2017 can be described as steady for several reasons: Our operating environment was stable, our own businesses went according to plans, and profitability stayed in line with the previous year. The sales of St1 Norge Automat AS shares was completed as planned, and the contract for the purchase of Statoil Fuel & Retail Marine AS shares St1 by Norge AS was also completed and awaiting the competition regulator's approval. On the other hand, our renewable energy projects made the year very exciting indeed. Energy consumption and the environmental impact of different energy types was a major topic of public concern. St1 wishes to be a pioneer in developing new ways to produce sustainable and renewable energy.

One of our pilot projects is the geothermal plant at Otaniemi, where construction made great progress during 2017. Our aim of drilling more than 6 kilometres deep energy wells into the Espoo bedrock turned out to be a challenging at times. We were temporarily forced to halt the drilling at the start of the year, but work resumed in the summer with a new drilling method. As we speak, we have already reached a depth of 6.4 kilometres and the thermal readings look promising. This year will determine whether the project will make possible the building of an emission free, industrial-sized power plant. Our goal is to utilize the same technology for further in such projects.

The other major sustainable project we have developed is the biorefinery in Kajaani, which uses sawdust as its feedstock for advanced ethanol. The plant already begun production during 2017, and this year we will be focusing on bringing production to capacity. We have also begun to invest in our Gothenburg refinery, where we are planning to start production of renewable diesel sometime after 2020. The decision made in July to build a hydrogen production unit at the Gothenburg refinery is the first step in our programme to invest and develop renewable diesel fuel technology. Our goal being to produce 200 000 tonnes of renewable diesel annually.

The majority of our business is still in fossil fuels, but we want to provide our customers with more and more energy produced from renewable sources.

A new impetus for growth

We have also been developing our management structure in addition to various energy projects. Along the years our company has grown due to several mergers, yet in many aspects a unified company culture has not been fully implemented. Since our aim has been to develop into an authentic Nordic multisector business within the energy industry, we have begun to consolidate our business practices, streamlining our management, and the development of a shared systems. The merger of St1 Group and St1 Nordic was finalized on the last day of 2017, so from here on everything is under one roof. These changes will support our growth-oriented business strategy, at the core of which is to become the market leader in selling and producing CO_2-aware energy.

In the future, more resources must be invested into sustainable growth. The majority of our business is still in fossil fuels, but we want to provide our customers with more and more energy produced from renewable sources. Providing a positive customer experience throughout our fuel station network has been another key element to our success. We wish to continue to develop an even more extensive and improved service.

This first report showcasing St1's business model and corporate responsibility practices is an important part of the change. Corporate responsibility is a natural part of our daily business practice, but we wish to promote it more intensively with all stakeholders. At the same time, we are setting ourselves new goals to develop our corporate responsibility. We began this process in 2016 by defining key material aspects around our business. The process continued in 2017 with a complete overview of our value chain which you can find on page 4. The whole staff of both St1 and our associated supply company North European Oil Trade Oy took part in the process. Trying to identify the value chain has been an interesting process, which not only expanded how we think about corporate responsibility, but also clarified how important each role is toward reaching our goals. Our day-to-day business also relies strongly on cooperation with several good partners.

I would like to thank you customers and partners for the very fruitful cooperation during this past year. I would also like to thank all my co-workers for their numerous efforts and the many great moments which we have shared. The winds of change are also blowing in my direction this year. I will be moving over to the role of full-time board member and focus my attention on future acquisitions. I am handing the position of CEO to Henrikki Talvitie, who is already familiar to many of us as a key collaborator in our associated company North European Oil Trade. I wish Henrikki the best of luck with his new role. This is a good place for us all to build from, so it's full steam ahead.

Kim Wiio
CEO

Stakeholder engagement

Stakeholder dialogue is important to ensure the success of all our operations and it is thus vital part of the daily work of Group's management and employees. We engage with our many stakeholder groups continuously in a variety of formal and informal settings across the markets where we operate. Examples of engagement cover from day-to-day interaction with our customers and employees to memberships of business and industry associations, community meetings and organizing seminars. Active and open dialogue helps us to live up to our stakeholders' expectations in matters related to our business environment and sustainability matters.

Key stakeholders

Customers	Extended personnel and management	Partners	Financiers	Media	Society
• Consumers • Companies • Public entities	• More than 750 employees in Group's and its subsidiaries' offices and production facilities in Finland, Sweden and Norway • 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	• Distribution chain entrepreneurs and traders • Strategic product and service providers • Business partners • Organizations • Research organisations and universities	• Banks and financial institutions • Investors • Analysts	• Domestic and international media • Social media	• Local communities • Authorities, decision-makers and legislators • Academy • Non-governmental organizations, industry associations and cooperation bodies • National Emergence Supply Agency

An annual refining capacity of our oil refinery is approximately 30 million barrels of crude oil.

Raw materials

Our value chain begins with the raw materials. We produce and invest in CO_2-aware energy in our home market - the Nordics: wind power, geothermal heat, ground source heating, biorefineries as well as oil refining.

While majority of our raw materials are of fossil origin, our goal is to increase the share of the renewable energy sources in our production with our renewable energy technologies. Advanced fuels, wind power and geothermal energy are therefore our strategic focus areas. The objective of our long-term advanced renewable fuels strategy is to enhance our competitiveness by fulfilling the renewable energy and GHG reduction requirements in our home market, Finland, Sweden and Norway. We are also looking for new renewable energy sources to power research and development for new CO_2-aware energy solutions.

Crude oil

We are purely a buyer of crude oil. We are not owners in any companies producing crude oil, nor are we engaged in oil exploration or drilling.

Our fuels also contain one or several bio components that are mainly sourced from the global market with the objective to use waste and residue-based biofuels as much as possible. The blends of fossil and bio components in our products vary by operating country depending on the national regulations and demand factors. We constantly aim to develop and bring to the market new products that enable better fuel economy and are more environmentally friendly.

The major part of the fuels we sell come from our own oil refinery in Gothenburg that has an annual refining capacity of approximately 30 million barrels of crude oil.

The procurement and use of raw materials of the Gothenburg refinery
Production mainly for the Nordic market but some volumes as well for export

	2017
Crude oil of North Sea origin:	4 500 000 m³
Bio blending as part of the refinery production:	
HVO:	155 200 m³
FAME:	39 300 m³
Ethanol:	96 100 m³
ETBE:	24 700 m³
HVO-Naphtha:	30 600 m³

The proportion of renewable components used at the Gothenburg refinery in 2017 was 7.7 percent (4 500 000 m³ fossil /346 000 m³ renewable). In recent years, the share of renewable components has increased by introduction of more volumes of ETBE and HVO-naphtha. Additional renewable volumes are added to fuels at depots.

The volume of refined crude oil at the Gothenburg refinery is expected to remain stable in the near future, but the ratio of renewable raw material/feedstock is expected to increase further as we plan is to start own production of renewable diesel in next coming years.

We also sell fuels that our partner NEOT supplies us from other refineries mostly located in Finland, Denmark, Norway, and Poland. High quality and responsible production of raw materials is emphasized also in the selection of fuels from these refineries. Although the origin of crude oil can not yet be verified, refineries already report on their purchases.

Waste and residues

We are a pioneer in waste- and residue-based ethanol production technologies. 100 percent of the feedstock of our advanced ethanol production is waste and residues. We have been building a network of advanced ethanol production since 2007 and have today three types of biorefineries producing advanced ethanol from various kinds of fermentable waste and residues. In 2017 we recycled 160 000 tonnes of waste and residues to advanced ethanol that is ready for use in high blend ethanol fuels or as a bio component in low blends.

We have been building a network of advanced ethanol production since 2007 and have today three types of biorefineries producing advanced ethanol from various kinds of fermentable waste and residues.

St1 Biorefinery feedstocks

Etanolix®-solution refines advanced ethanol from fermentable waste and process residues which are rich in starch and sugar. At moment the feedstock includes bakery waste and process residues, e.g. dough, brewery waste and residues such as excess yeast and confectionery production waste. Also packaged feedstock, such as surplus bread can be utilised. The feedstock base in ethanol production results also animal feed as co-product.

Bionolix®-solution produces advanced ethanol biofuel from municipal and commercial biowaste. Pre-handling of packaged biowaste enables more efficient recycling. Thus, the amount of biodegradable waste ending up in landfills can be minimized. The Bionolix® biorefinery meets the criteria set by EU legislation for the treatment of out-of-date food. Instead of mere energy recovery, biowaste can be treated as feedstock for advanced ethanol production. The stillage from the process can be used in biogas production. Biogas can be used for local electricity and district heating or other local energy needs. The biorefining process results also organic soil improvers and fertilizers as co-products.

Cellunolix® solution enables the use of forest industry side products like saw dust and chips in advanced ethanol production. We have developed a technology to utilize saw dust from soft wood, such as pine and spurge. Cellunolix®-process results also co-products such as vinasse, furfural and turpentine.

St1's advanced ethanol produced from waste and residues has a uniquely low CO_2 balance; it generates up to 90 percent lower fossil CO_2 emissions than conventional fossil fuels. Thanks to its feedstocks, production does not have any direct or indirect impacts on food security, biodiversity or land use.

The growing trend for recycling and rational use of resources in many industries has resulted in increasing competition for the feedstock of advanced ethanol production. Waste and residue streams are utilized more widely e.g. in biogas production, district heating and animal feed. At the same time, the suppliers of feedstocks are more environmentally aware. They are trying to reduce the amount of waste and residues and want to deliver the generated streams to companies whose operations are sustainable.

In the increasingly competitive feedstock market, we have moved our focus on improving the output of our production to get more advanced ethanol from the same amount of feedstock. By using new manufacturing technologies and chemical additives, we have been able to increase our yields substantially.

Contrary to our other waste-based feedstock materials, there is an oversupply of sawdust. Sawmilling is a stable industry, and the demand for sawdust has not increased. On the contrary, the demand for sawdust for example at CHP plants has decreased, after the production of CHP has lost its profitability due to the decline in electricity prices. This means the supply of raw material for our Cellunolix® plant in Kajaani as well the new plants planned, is secured.

We are also continuously looking for new potential sustainable raw materials for the production of ethanol both in our own R&D activities and by participating in partnership-funded R&D projects. Recycled wood, bark and waste streams of chemical forest industry are potential new raw materials for us in the future, for example.

St1's advanced ethanol produced from waste and residues has a uniquely low CO_2 balance; it generates up to 90 percent lower fossil CO_2 emissions than conventional fossil fuels.

Wind Power

Wind power is a renewable energy form that decreases the need for the production of electricity with fossil fuels that cause CO_2 emissions. Compared to other sources of renewable energy in use to day, wind power is the most cost-efficient way to produce electricity. Wind is free of charge, and there are almost no limitations to its utilization.

From all sources of renewable energy, wind power has the most potential in the Nordic countries, where the wind conditions are sufficient for building wind power production. Especially the conditions in the arctic areas of Norway's northern parts may in the future offer renewable energy for the needs of large areas.

Compared to other sources of renewable energy in use to day, wind power is the most cost-efficient way to produce electricity.

Geothermal Heat

Geothermal heat is a renewable, emissions-free, energy efficient and easy-to-use form of energy. We are active in two kinds of operations that produce energy from geothermal heat. In our ground source heating solutions the production wells are typically drilled to the depth where the temperature is between 0–5 degrees. In some larger projects the wells can extend even to 600 metres where the temperature is 10–15 degrees depending on input power.

In the development of a geothermal deep heat plant the drilling is extended down over to 6 kilometres in the bedrock where the temperatures are approximately 120 degrees.

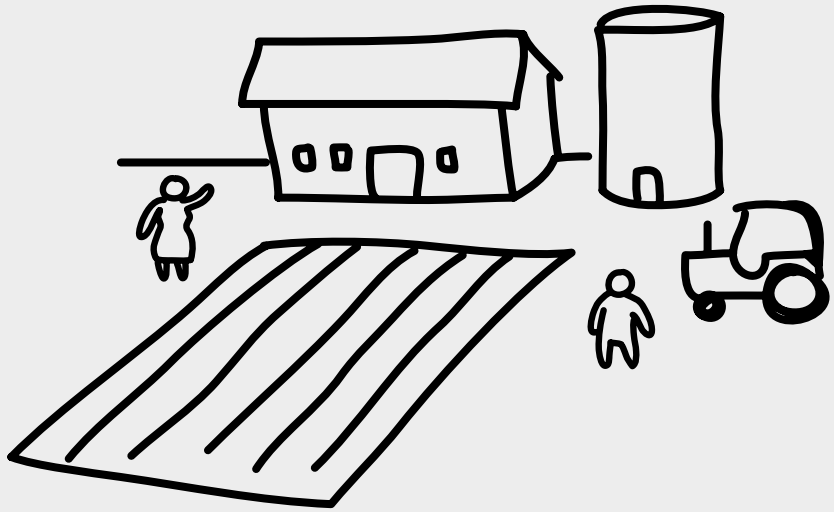
CASE: Recycling side streams of the Bionolix® process to nutrients

BIOREFINING PROCESSES based on St1's advanced ethanol production concepts generate also side streams that can be utilized to various purposes. At our Hämeenlinna Bionolix® biorefinery we cooperate with Soilfood Oy in order to recycle the side streams from the production process into fertilizers and thus improve the sustainability of agriculture and food production.

In 2017, a total of 93 tonnes of nitrogen, 14 tonnes of phosphorus and 93 tonnes of sulphur were recycled in this cooperation by using St1 side streams. By recycling nutrients we can save mineral phosphorus and nitrogen produced with large amounts of fossil energy. When used with fibrous soil amendment products, recycled nutrients are stocked in soil for plants to use – instead of flowing to water bodies causing eutrophication.

Furthermore, increasing the amount of soil organic carbon in order to enhance the growth of plants is an easy way to sequester CO_2 from the atmosphere. A part of organic carbon added in soil is stocked as long lasting organic compounds. Replacing mineral fertilizers with recycled products decreases CO_2 emissions. For example in 2017, 164 tonnes of CO_2 emissions were saved by using recycled nutrients from Hämeenlinna plant instead of mineral fertilizers and 581 tonnes of CO_2 were sequestered in soil as long lasting organic compounds.

Recycling the side streams increases the sustainability of *Bionolix®* biorefinery - which as such is already doing circular economy in an efficient way. The *Bionolix®* process itself recycles municipal and commercial biowaste into advanced ethanol for traffic use. Besides fertilizers, the biorefinery generates co-products, such as renewable electricity and heat. ●



St1 refinery's recycled production heat keeps almost 70,000 homes warm in Gothenburg.

Production

Our oil refinery in Gothenburg, Sweden, has an annual refining capacity of approximately 30 million barrels of crude oil. In 2017, the refinery throughput was 28.2 million barrels. The utilisation rate, which describes the utilisation of all different units in the refinery, was as high as 87.8 percent. The operations also continued at an excellent level in terms of safety and emissions to the environment.

The refinery's products include petrol, sulphur-free MK-1 diesel and other middle distillates as well as liquid gas - most of which are sold through our own network in Sweden, Finland and Norway. All the products comply with the applicable environmental requirements.

The Gothenburg refinery is one of the most energy-efficient refineries in the world. Nearly a third of the heat generated by the production equipment is recycled to Goteborg's district heating network to heat almost 70,000 homes in the city area. We systematically develop both our operations to ensure low-emission production and new fuel products to reduce fossil CO_2 emissions in traffic. E.g. for St1's Swedish retail station network we produce 1st REnewable -branded fuels, which offer the highest guaranteed bio content available for standard diesel and gasoline cars on the Swedish fuel market.

St1's *Etanolix®* plant - first in Sweden - is integrated into the refinery. It produces advanced ethanol for transport from local bakery waste and process residues. The *Etanolix®* plant and especially its integration into the existing refinery operations, has been awarded support from the Life+ programme of the European Commission. This programme is focusing on projects on energy, the climate, environmental management, industry and production, waste management and environmental policy.

- Products and production volumes, will be added after check of data
- Energy consumption of production, energy efficiency and GHG emissions, will be added after check of data
- Harmful emissions or leaks, interruption of production, accidents, fires, etc. (will be added after check of data, which ones are relevant)

St1 Refinery was the first refinery in Europe to acquire ISO 14001 environmental management certification and was registered according to the EMAS (Eco-Management and Audit Scheme) in 1997. It also has in place a HSE Management System to minimize risk of incidents and insurance policies to cover the incidents occurred. External audits of the environmental management system are carried out annually by accredited bodies. Internal audits are carried out by trained St1 personnel and cover the entire management system for health, safety and environment. The audits are conducted so that the entire system is reviewed within a three-year period, but some specially selected areas are revised each year.

More detailed refinery's EMAS report will be published after external auditing in June 2018.

Renewable energy production

Our vision is to be the leading producer and seller of CO_2-aware energy. Our operations are based on how we can be in our turn transforming energy production and business into a more sustainable base. We create innovations and new ways of working in order to move from a fossil energy system to a renewable energy system.

We have identified three focus areas in our renewable business development:

1. Biorefining, especially focusing on advanced waste-based ethanol and renewable diesel
2. Geothermal heat, both ground source heating and deep heat
3. Wind power

We believe that within these areas we can within 5–10 years achieve the needed cost level to make our solutions competitive to fossil energy sources.

Biorefining

The objective of our long-term advanced renewable fuels strategy is to competitively fulfil the 2030 regulations planned in its home market, Finland, Sweden and Norway. Sweden will face a challenging GHG reduction obligation, while Finland and Norway must meet tightening biofuels mandates.

In 2017 we took the first step in the series of planned investments, which will enable St1 Refinery to start the production of renewable diesel in the early 2020'ies. The construction work of the new hydrogen unit is estimated to be completed by the end of 2018. We also continue developing new advanced ethanol production technologies with a strong focus on ligno-cellulosic feedstocks.

St1 Biorefinery solutions

St1 biorefineries produce advanced ethanol with uniquely low CO_2-balance

Life cycle emissions are cut down by using waste and process residues as feedstock. Renewable energy is used in production and energy efficiency has been one of the top priorities in technology development. As waste is local, the transportation needs are minimal. High blend ethanol fuels made from waste reduce CO_2–emissions by up to 90 percent. Ethanol production from domestic biowaste and residues does not have direct or indirect impacts on food security, biodiversity or land usage.

Etanolix® **biorefineries:**

Lahti Finland

- Integrated with the Oy Hartwall Ab brewery
- Production capacity of 1.25 Ml/a advanced ethanol
- Feedstock: brewery, bakery waste and process residues packed and unpacked bread waste
- Co-products: liquid animal feed

Hamina Finland

- Integrated with a dehydration plant
- Production capacity of 1 Ml/a advanced ethanol
- Feedstock: waste and process residues of bakery and confectionery industries
- Co-products: liquid animal feed

Vantaa Finland
- Stand alone plant
- Production capacity of 1.25 Ml/a advanced ethanol
- Feedstock: bakery waste and process residues, packed and unpacked bread waste
- Co-products: liquid animal feed

Jokioinen Finland
- Integrated with the DuPont enzyme production facilities
- Production capacity of 9 Ml/a advanced ethanol
- Feedstock: process residue of enzyme production
- Co-products: liquid animal feed

Gothenburg, Sweden
- integrated with St1 Oil Refinery
- Production capacity of 5 Ml/a advanced ethanol
- Feedstock: bakery industry and retail waste, packed and unpacked
- Co-products: liquid animal feed, feedstock for biogas production

***Bionolix*® biorefinery:**

Hämeenlinna Finland
- Integrated with a biogas plant
- Production capacity of 1 Ml/a advanced ethanol
- Feedstock: municipal biowaste collected by Kiertokapula Oy, biowaste from retail and industries, packed and unpacked
- Co-products: renewable electricity, heat, organic liquid soil fertilizer

***Cellunolix*® biorefinery:**

Demonstration plant in Kajaani, Finland
- Commissioned in 2017, in 2018 focus on increasing production towards target capacity
- Production capacity of 10 Ml/a advanced ethanol
- Feedstock: local sawdust
- Co-products: at the moment solid and liquid boiler fuels, in the future: renewable products for various industries

Dehydration plant
- Production capacity of 88 Ml/a of 99.8 percent ethanol
- Dehydration of hydrous ethanol produced in St1 biorefineries in Finland and from third party producers
- Dehydration in Gothenburg is done on-site

Wind Power

Our partnership company TuuliWatti is responsible for our wind power production. TuuliWatti has successfully executed its strategy for the years 2013-2017, and carried out an investment program worth EUR 650 million to initiate extensive wind power production. Executing the strategy has resulted in building 131 wind power plants with close to 500 MW of wind power capacity in different parts of Finland. The final investments of the program were completed during 2017 and new plants were inaugurated in both Simo and Raahe. In 2017 TuuliWatti produced 1.15 TWh, i.e. approximately 24 percent of the wind power produced in Finland. The annual production correlates with the electricity used on lighting yearly in Finland, reduces the need to imported energy with approximately EUR 40 million, and the costs of international emissions trading with approximately EUR 4 million.

Our share of TuuliWatti's production of renewable electricity exceeds the amount needed to compensate the fossil emissions of the energy we need for the functions of our Group.

The quota for the production subsidy scheme for electricity production from renewable energy sources was filled at the end of 2017. There are plans for a national subsidy scheme for the years 2018–2020 that is based on technology neutral tendering for the most cost-efficient and competitive investments in the production of renewable energy. Sweden continues to use the green certificates it has had instead of the feed-in tariffs for supporting renewable production of electricity, while Norway plans to give up all aid for wind power after 2021.

The production of wind power is gradually reaching the cost level needed for being profitable without public subsidies. The increased cost-efficiency has been achieved by advances in production technology. The diameter has multiplied during the past years, and the units have become higher. It is estimated that the decrease in production costs will continue.

CASE: Recycling model that works

St1 HAS DEVELOPED a recycling model, Leipärinki (Bread ring), together with the environmental management company Remeo Finland. The recycling model is an innovative way to support sustainable development. Several times a week, Remeo's vehicle, which uses the RED95 ethanol diesel produced by St1, collects out-of-date leftover bread from over 100 shops and bakeries in the Helsinki metropolitan area, Lahti and Turku.

The almost carbon neutral advanced ethanol used in liquid transport fuels, is produced by St1 from various forms of waste and residues. For example, the RED95 ethanol diesel manufactured using advanced ethanol cuts fossil carbon dioxide emissions by up to 90 percent and particulate emissions around 80 percent. Advanced ethanol production from bakery waste produced e.g. from out-of-date leftover bread, collected by Leipärinki, also generates liquid feed as a co-product, which St1 delivers to meat production farms in cooperation with its partner.

RED95 ethanol-diesel can be used in Scania's ethanol-diesel engines, which are now in use in delivery trucks and buses. •

Geothermal Heat

Ground source heating

In ground source heating our subsidiary St1 Lähienergia (St1 Local Energy) sells, drills, installs and maintains ground source heat pump solutions for real estate properties.

Our goal is to shift our business from selling thermal pumps to selling energy. According to the new concept we build and own our production units and provide the customer with heat. We tested the interest towards the concept during 2016, and the tests showed there clearly was demand for this kind of service. We have already made more than 100 contracts with the new concept, and selling geothermal heat energy will become one of our focal points. The customer base for thermal heat consists of larger properties and apartment buildings that aim to switch from fossil energy to emissions-free geothermal energy. During 2017 we invested EUR 7 million to property specific ground source heating units.

Geothermal heating plant project

In 2016, we made the decision to invest in the construction of a geothermal heating plant. The goal is to build Finland's first industrial scale heat plant running on geothermal energy by using the heat of the bedrock more than 6 kilometres below the ground. Energy company Fortum will act as a partner and buy the energy for the city of Espoo's district heating network.

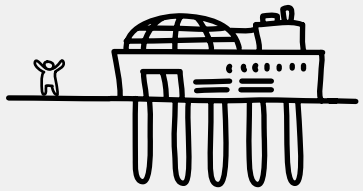
The drilling of the deep-heat production wells began in spring 2016 in Otaniemi, Espoo. The challenge of the project is Finland's hard bedrock that even the specially manufactured drills have been having difficulties to get through. In early 2017, the project was discontinued for a few months to develop and test hammer technology, but drilling continued again in the autumn. Also the next phase, the so-called stimulation phase, where the precise location of the second hole will be initiated in order to create an optimal flow of water between the two holes, is expected to be challenging. Our goal is to launch the simulation phase during 2018.

Geothermal energy has been utilized elsewhere in the world for years. However, a similar project has not been attempted before on the granite-hard bedrock of Finland or to the same target depth. Setbacks were therefore expected. The most important goal of the pilot project is to test and develop technically and financially feasible solutions for all phases of the geothermal business concept so that it can be commercialized.

If successful, the pilot project will offer a renewable, zero-emission energy source and produce up to 10 percent of the district heating of Espoo. Such an energy source would be most welcome in Finland where district heat based mainly on fossil energy is the most common form of heating. For this reason we drew up a letter of intent with the energy company Turku Energia in 2016 for the construction of a corresponding geothermal heat plant. The final decision about building the plant in Turku will be made after the completion of the pilot project in Espoo.

> **Geothermal energy has been utilized elsewhere in the world for years. However, a similar project has not been attempted before on the granite-hard bedrock of Finland or to the same target depth.**

CASE: Geothermal energy keeps Cultural Center Sofia warm



CULTURAL CENTER SOFIA, located in Kallvik, Helsinki, switched from a single oil-based boiler room to individual geothermal system for each unit.

Geothermal energy is an ecologic, environmentally friendly alternative for heating. Switching to geothermal energy decreases the Cultural Center's emissions with more than 300 CO_2-tons per year. In addition to being environmentally friendly, geothermal energy is also a cost-effective alternative.

"The payback period for investing in geothermal energy is usually about 10 to 12 years. Sofia chose an energy supply agreement that immediately gives them an approximately 20 percent decrease in heating costs," says Kristian Savela, CEO of St1 Lähienergia Oy.

St1 had the overall responsibility for the Center's geothermal energy project, which included everything from planning to ready-to-use equipment. Altogether 40 heating wells were drilled 250 meters deep into the bedrock. The contract with St1 includes environmental measurements as well as monitoring the property automation, in addition to the heating energy.

The contact made with Cultural Center Sofia is so far the largest sales contract for St1 in the Helsinki area. •

Together with NEOT, we have a comprehensive logistics chain in all of our operating countries.

Supply and logistics

Throughout our supply and logistics chains, we co-operate closely with our associated company North European Oil Trade Group (NEOT). Co-owned by us and the Finnish S Group, NEOT is a significant independent supply and distribution company for fuels in the Baltic Sea area. The purpose of NEOT's operations is to acquire fuels for its owners as cost-effectively as possible at a competitive price, and in a manner that secures the relative competitive advantage of the customer chains in the market.

Our associated supply company NEOT publishes also its own Sustainability report. www.neot.fi

Supply

NEOT acquires its fuels from the global trading markets and handles their storing and transport from refineries to terminals and further to stations and direct customers. Our Gothenburg refinery is the most important source of supply for NEOT, but the company also supplies oil products from other refineries mainly from Finland, Norway, Denmark and Poland. These refineries acquire their crude oil directly from producers, most commonly from the North Sea area. High quality and sustainability of raw materials are emphasized when selecting fuels.

Neot supplies St1 Gothenburg refinery with biofuels that are increasingly used in blending fuels. When supplying bio-components, NEOT utilises the waste and residue based advanced ethanol produced by our biorefineries and ethanol dehydration plant in Finland.

The sustainability of our supply chain is based on a sustainability scheme that follows the principles of the European Directive on Renewable Energy. The scheme has been approved as a Finnish national sustainability scheme and as an ISCC trading scheme.

Logistics

Together with NEOT, we have a comprehensive logistics chain in all of our operating countries consisting of terminals for storing the products and a wide transport network. The terminals are located in six cities in Finland, eight in Sweden and eleven in Norway. The transport network includes shipping as well as road and rail transports. The biofuel components from producers to refineries as well as the end products and clean petroleum products from the refineries to terminals are delivered by sea by mainly time charter vessels.

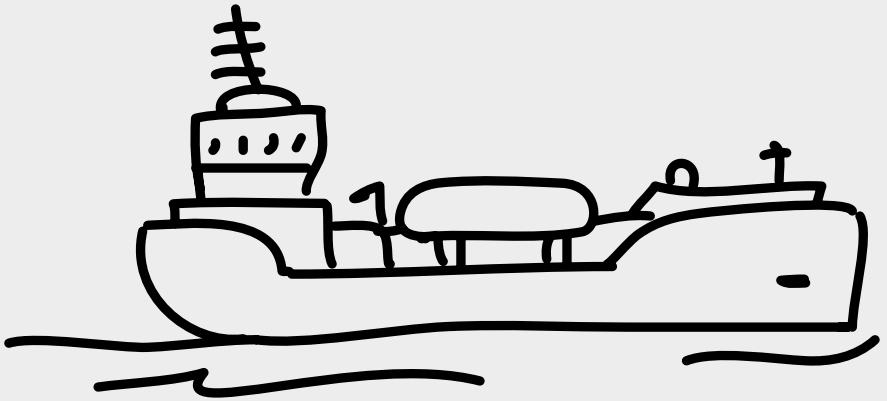
The main activities focus on the Baltic Sea area, but a part of the stem is shipped from farther. The road transport is taken care of by a co-operation partner network. In Finland, NEOT is responsible for the logistics chain from the refinery all the way to fuel stations and to hundreds of thousands of homes and companies. In Sweden and Norway other transportation operators are responsible for deliveries to St1 stations and direct sales customers.

Railways are used for the transportation of motor fuels between Hamina seaside terminal and Varkaus inland terminal in Finland using fleet leased from the government owned railway company VR. In Sweden products are delivered by train from Gothenburg to Karlstad and Jönköping and from Gävle to Arlanda Airport.

Quality, safety and environmental aspects are taken into careful consideration throughout the logistics chain.

NEOT utilises the waste and residue based advanced ethanol produced by our biorefineries and ethanol dehydration plant.

CASE: LNG technology for a cleaner Baltic Sea



THE STATE OF THE BALTIC SEA concerns all of us in the Nordics. St1's logistic partner NEOT wants to do its part by investing in efficient and environmentally friendly shipping. New emission limitations for shipping in the Baltic Sea area have been in use since 2015. NEOT wants to exceed the goals mentioned in the emission limitations with the help of LNG, liquefied natural gas.

NEOT's partner Terntank Rederi AS owns world's first four cargo ships powered by LNG technology. Two of these, Tern Sea and Ternsund, are operated by NEOT at the Baltic Sea. LNG technology makes the ships more environmentally friendly in two different ways. Firstly, they use less energy than traditional, older oil tankers. Compared to older ships in the same size category, the new ships use up to five tons less fuel per day. In addition to the decrease in fuel use, the LNG ships generate less particulate and greenhouse gas emissions. Tern Sea and Ternsund have more than 90 percent less particulate emissions and over 80 percent less nitrogen oxide, NOx emissions.

All new ships also have almost 40 percent less greenhouse gas emissions compared to older oil tankers. The new ships with LNG technology fulfilled all of the emission limitations in the Baltic Sea area during their first year of operation. The new technology eases the burden on the environment and also allows us to maintain an active use of the Baltic Sea as a shipping route uniting the Nordic countries. •

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Tern Sea and Ternsund have more than 90 percent less particulate emissions and over 80 percent less nitrogen oxide, NOx emissions.

Our retail business has its foundation in a strong Nordic petrol station network.

Sales & customers

Our customers are in the top of our value chain. More than 600.000 daily customer visits at our station network together with all the business transactions we have with our direct sales customers daily sets high demands for us to understand and fulfill customers' needs today and in the future. Our customers benefit from the competitive edge we gain by managing the complete value chain from raw materials and energy sources to service at the pump. Safety, customer experience and Premium fuels, products and services are the basis for customer satisfaction and loyalty.

In accordance with St1's vision, our goal is to keep introducing more renewable energy solutions to the market. However, the majority of our business operations is still based on fossil fuels, which is why we aim to develop and enter into the market with fuels for use in conventional vehicles as well that enable better fuel economy, performance and are more environmentally friendly.

All biofuels we sell

1) Fulfill EU and National sustainability criteria set by the law
2) Are covered by officially approved sustainability scheme(s):
   - ISCC EU or other EU Voluntary Scheme
   - National sustainability schemes (Finland, Sweden, Norway)
3) Fulfill the minimum GHG reduction requirement of 50 percent set by the law
4) Are traceable

Retail station operations

Our retail business has its foundation in a strong petrol station network that comprises approximately 1 400 St1 and Shell petrol stations, the latter under a licence agreement. We have nationwide station network in all of our home market countries: Finland, Sweden and Norway. The network serves different needs of hundreds of thousands of people on the go. The Retail network consists of unmanned stations and service stations with convenience stores, restaurants and car wash, which fulfills customer needs from just filling up the car or having break and enjoying high quality food. We have been building a strong, wide retail presence in order to create a platform for introducing and commercialising new high quality and environmentally friendly fuel products.

We maintain constantly our network and in 2017 we improved energy efficiency and environmental aspects in selected sites of the network by replacing lightning with led-lights, special windows, pipes and cisterns and installing solar panels and ground source heating systems.

Key events and developments in our operating countries in 2017:

	FINLAND	SWEDEN	NORWAY
Retail Network	Our fuel distribution network has been optimized and the number of stations in Finland has stabilised at roughly 500. We are investing in the quality of the stations by replacing stations that are exiting with new ones, and upgrading large stations.	We gained both volume and market share on all of our chains: the automatic St1 network, the Shell network and on the Shell Truck Diesel network.	Our service station network was developed during 2017. We managed to increase the amount of both Shell service stations and stations for heavy vehicles in strategic places of business. During the latter part of the year we sold the 39 unmanned filling stations, as required by the Norwegian competition authorities in relation to the acquisition of Shell's marketing company in 2015. The transaction was finalised in September, 2017. The buyer has the right to use St1 brand at the stations until January 2019.
Products & Services	A new top-quality Shell diesel GTL was added to the product selection of our Shell network while the St1 network and direct delivery selections were complemented with a superior off road diesel MPÖ Plus which ensures the engine's operability, keeps the filters clean and lowers the emissions. In the beginning of 2017 we renewed the partnership contract made in 2016 with Restel Liikenneasemat Oy, which has given us good results in the restaurant and cafeteria sector. At the same time we opened Restel's Burger King restaurants at several of our stations. The renewed contract aims for more effective partnership operations and growth.	The growing interest in bio products resulted in fast growth in the sales of our HVO100 renewable diesel launched in 2016. We made preparations to transfer the operations to ourselves in order to improve our customer experience. The transfer will take place in 4Q2018–1Q2019.	The shops located at our service stations are an essential part of our operations in Norway. Our investments during the last years have focused on modernizing the shops and bringing new food concepts produced from Norwegian produce into their assortment. In 2017 we modernized approximately 30 shops.
Operational environment	The competition throughout the year was exceptionally tense, which can be seen in for example in the pricing and customer loyalty programs of many service station chains.	The Swedish market was stable in 2017 with no particular disruptions or structural renewals.	During the year, the development in the sector in Norway was focused on several changes in ownership.

Direct sales

Along with our retail operations, we are engaged in direct sales of fuels and other energy products. We provide private and corporate customers a wide range of products and services. The main products sold are Premium class heating oils, middle distillates for machinery and marine fuels. Direct sales focus areas also includes a wide range of enhanced payment cards, methods and services, both for fleet customers and commercial road transportation customers as well as for consumers.

Development in our operating countries in 2017:

	FINLAND	SWEDEN	NORWAY
The biggest customer sectors	Mining industry, construction, transport, car leasing companies	Transport, car leasing companies, resellers and marine industry	Transport, car leasing companies, construction, Off-shore, shipping companies
Sales	General sales development, particular products Our daughter company Lämpöpuisto Oy, the authorised reseller of Shell-branded fuels and heating oils, grew its sales substantially in marine, off-road diesel and heating sector by acquiring new clients.	General sales development, particular products The depot co-operation agreements ended in 2017 and were replaced with simplified and transparent sales agreements. This caused a major decline in the resellers' sales in 2017, but enables us to flexibly optimize our product portfolio with renewable components as well as our fuels to meet the new requirements coming into force in 2018 and beyond.	General sales development, particular products We have systematically worked towards developing our content and geographical coverage to a level that allows us to supply fuels to large, nationwide operators, such as the Norwegian train and coach transport. In 2017, our main focus was on finding new clients for our marine business, which we did successfully. To further expand our presence in Norway and the marine sector, we signed a share and purchase agreement with Alimentation Couche-Tard to buy the marine business of Circle K in Norway. The deal is still pending approval from competition authorities. We also established a joint venture with our Norwegian reseller Knapphus Energi to strenghen our foothold in bulk fuels buy offering nationwide supply agreements.

CASE: Transforming gasoline vehicles into flexfuel cars by ethanol conversion

ST1 PRODUCES ADVANCED ETHANOL for traffic use in its biorefineries. Waste-based ethanol is used e.g. in the company's high-blend ethanol fuel RE85 which is suited for flexfuel car models. RE85 contains up to 85 percent advanced ethanol, which ensures extremely low fossil CO_2 emissions for the fuel. In addition, it is more affordable in use than regular gasoline.

In order to provide the owners of gasoline-run cars the opportunity to use RE85 fuel, St1 is working in cooperation with StepOne Tech Oy. StepOne Tech has developed technology that enables converting an old gasoline car into one that can utilize high-blend ethanol fuel.

By investing a few hundred euros into an easy-to-install full automatic ethanol conversion kit for gasoline engines, the drivers can fill the tank with environmentally friendly and considerably affordable RE85 fuel, regular gasoline, or any mixture of the two.

Together St1 and StepOne Tech keep working in order to increase the awareness of ethanol conversion and its benefits among Finnish car drivers. In addition, the government of Finland made a decision in 2017 to support car owners financially when they have ethanol conversion kit installed in their vehicles.

CASE: Improving air quality in cities

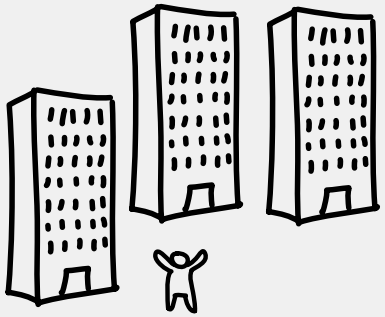
TRANSPORTATION OF PEOPLE and goods from one spot to another is needed every single day. Especially in bigger cities with high population density there is a huge amount of passenger cars, vans, lorries and buses in traffic within a very limited area. On top of that come all heavy vehicles transporting millions of tonnes of goods from harbours and airports to their final destinations.

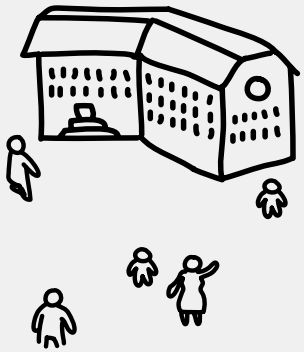
All this traffic decreases the quality of air that people breathe in cities. What can we do about it? There is a lot of discussion about the electrification of road traffic. However, that does not improve the efficiency of the use of roads, because it is mostly considered from the viewpoint of private passenger cars only. In addition, the electrification of commercial vehicles would just mean more heavy traffic on the roads since the vehicle batteries take part of the space meant for transported goods.

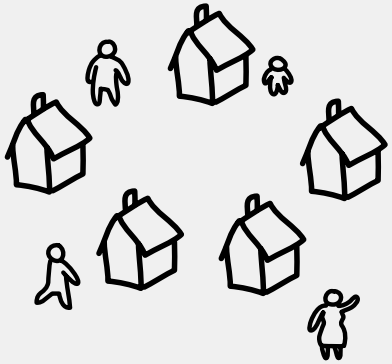
The use of diesel fuels continues, however, the consumption can be decreased to some extent by driving behaviour training, as well as follow-up measures and incentives. Bigger impact on air quality can be made by using new innovative fuels.

St1 already sells in its retail network Shell Diesel GTL – a gas-to-liquid top-class diesel fuel that can be used in all diesel motors. It has a great positive impact on the quality of air by decreased local emissions, such as NOx and PM – especially when used in heavy vehicles.

The next step on the way to smaller local emissions, will be advanced ethanol diesel fuels. St1 is promoting ethanol diesel development based on the company's waste-based ethanol production. The goal of the RED95 ethanol diesel technology is to increase the use of vehicles running on ethanol diesel in city traffic, because it is the fastest and most cost-efficient method of reducing CO_2 and small particle emissions in cities. RED95 cuts fossil carbon dioxide emissions by up to 90% and particulate emissions around 80%.







More than

7,300

people worked directly or indirectly for St1 in 2017.

People

Our passionate world-class employees are the key in realizing the vision of being the leading producer and seller of CO_2-aware energy. Our traditional oil business generates the cash flow enabling development of new CO_2-aware energy solutions. Thus our employees working in oil business are strategy enablers and employees working in renewable energy are strategy executors – both in equally important roles to reach the goals.

At the end of 2017 St1 employed 757 energy business professionals of whom 309 in Finland, 330 in Sweden and 118 in Norway. 96 percent of the employment contracts are permanent. Including the personnel and contractor of associated companies and retail stations, the total number of people employed directly or indirectly by St1 was approximately more than 7 300 in 2017.

Our flat organisation and open operating culture encourage the employees to engage in internal entrepreneurship and active interaction, as well as to think in new ways. Because we are all interlinked through our value chain, we particularly want to encourage and support co-operation between individuals and teams.

The principles of equal treatment are applied to all our employees of with regard to, for example, the allocation of work tasks, advancement opportunities, employee transfers, payroll issues, the planning of training, or the termination of an employment relationship. We actively support diversity among our personnel with regard to, for example, gender, age and cultural backgrounds. We have 0-tolerance for harassment of any kind.

Employee satisfaction and internal work environment

We annually measure employee satisfaction and work environment related issues in all of our operating countries. So far, different surveys are used in different countries, which makes it challenging to summarise and compare the results directly. It can, however, be said that our employees find their work meaningful and motivating, are satisfied with their work environment and experience fair and equal conduct by their superiors and colleagues. Our typically long employment relationships and low employee turnover confirm these results.

Performance development

The need for competence development and training of our employees is identified through annual performance and career development reviews and daily managerial work. In 2017, 88 percent of our employees participated in performance and career development reviews.

In 2017, we concentrated on the development of managerial, leadership and influencing skills in Finland. In Norway, which is a relatively new St1 country, we are building the framework for competence development. In the Norwegian station network, we continued a training programme called Talent Program mainly intended for managers of Shell service stations. The one-year program covers a wide range of topics, such as the retail concept, leadership and financial administration. In Sweden, our corporate level training concentrated on organizational development, working climate and corporate culture. The training involved in varying ways all of our business units and each and every employee working at them. In addition to corporate level activities, our business units organize task specific trainings to meet their needs.

Remuneration

To guide the promotion of the interests of the entire St1 Nordic, we have built a new bonus model to be applied in all of our operating countries. In addition to Group level goals, it also includes local and personal goals as remuneration criteria. The new model has been applied from the beginning of 2018.

Well-being and safety at work

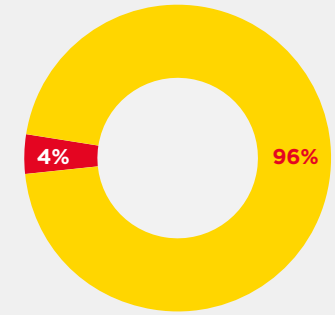
Maintaining well-being at work is a key priority for us. We engage in a variety of activities to ensure the physical, mental, social and organizational well-being of our employees and actively support their own initiatives to that end. Our employees also have access to comprehensive occupational health services. In 2017, the absence rate among our employees remained low at 2,1 percent (absence hours per theoretical working hours).

Our operations are planned with a view of maximising safety throughout our value chain, and we take a proactive approach to preventing accidents at work. In 2017, the incident and accident rates remained similarly low in all of our operating countries, and there were no work related fatalities. We review all accidents and dangerous occurrences closely in order to avoid them in the future. Safety is also maintained by providing training on a regular basis for example together with our fuel procurement partner NEOT.

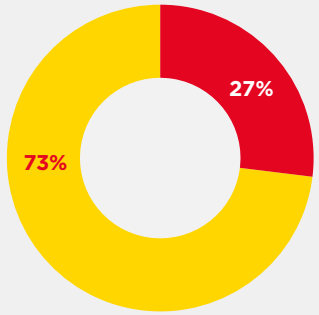
As we are currently working to consolidate our business practises and systems to become a truly Nordic operator, we will also unify the practises, processes and measurements related to personnel.

> **Our passionate world-class employees are the key in realizing the vision of being the leading producer and seller of CO_2-aware energy.**

Employees by contract



Employees by gender



Occupational health and safety results

Number of lost-time injuries	4
Lost time injuries frequency	2.6
Work-related fatalities	0
Absence rate, %	2.1

Partners

To ensure the cost-effectiveness and success of our operations, we collaborate with various strategic partners along our value chain.

NEOT Group

North European Oil Trade Group (NEOT) is significant independent supply and distribution company for fuels in the Baltic Sea area. NEOT acquires its fuels from the global trading markets and handles the fuels' storing and transport from the refineries to terminals and stations. NEOT provides approximately 7 billion liters of fuels annually to Nordic service station chains. In Finland, NEOT delivers fuels to ABC, St1 and Shell stations; in Sweden and Norway it delivers fuels to St1 and Shell stations. NEOT also delivers fuel oils to hundreds of thousands of homes and companies as well as fuels for seagoing vessels and the aviation industry. North European Oil Trade is owned by SOK (51 percent) and St1 Nordic (49 percent). NEOT Oy operates in Finland and owns NEOT Ab (Sweden) and NEOT AS (Norway). Together NEOT Oy, NEOT AB and NEOT AS form NEOT Group.

TuuliWatti Oy

Our partnership company TuuliWatti, owned in equal parts by St1 and S-Voima Oy, aims to offer its owners with cost efficient wind power. TuuliWatti Oy operates in the business of industrial scale project development of wind power units, building and wind power production. By the end of 2017 TuuliWatti Oy operated 131 wind power plants with altogether close to 500 MW of wind power capacity and an electricity production of 1,4 TWh, i.e. approximately 24 percent of wind power produced in Finland. Until now, the company has operated only in Finland, but the aim is to gain foothold in other Nordic countries as well.

Aviation Fuelling Services Norway AS (AFSN)

Owned by St1 Nordic and Shell Exploration and Production Holdings B.V. (50 percent/ 50 percent ownership of shares), AFSN is a provider of aviation fuelling at Norwegian airports. AFSN is present at 11 airports in Norway serving both Norwegian and international customers, ranging from big international airline companies to smaller local companies and private owners.

Business Technology/ Finance Services

CASE: St1 brings mobile fueling and Apple Pay to it's customers

IN 2017, St1 Finance Oy was established to provide new payment services with the license issued by the Financial Supervisory Authority. New St1 Mastercards were launched in Finland and Sweden to enable the use of the new St1 Way application and Apple Pay.

The St1 Way application, downloaded on a smart phone, facilitates the introduction of mobile fueling and other useful features. It displays nearby stations with their services and navigates drivers to the desired St1 or Shell service station. Customers can also buy car washes and wash their cars at a convenient point of time as well as monitor transactions, receipts and St1 Mastercard information. We are actively developing the mobile application further and are constantly bringing new features to our customers.

In both Finland and Sweden St1 was among the first issuers to bring Apple Pay to its customers. Being a fast, convenient and secure way to pay, Apple Pay enhances the customer experience significantly. ●

Tuuliwatti Oy is planning to expand its operations to the Nord-Pool power market area.

Investments in the future

We are solving global energy challenges by taking steps into direction where we move ourselves from fossil world into renewable world. Passion for replacing fossil fuels also powers our research and development of new, sustainable and innovative CO_2 -aware energy solutions

Our vision is to be the leading producer and seller of CO_2-aware energy

In the spirit of the vision, our goal is to
- Develop and commercialize functional and environmentally sustainable solutions
- Deliver these solutions profitably

Each solution must be
- Technically ready for use today
- Ecologically and ethically sustainable
- Logistically feasible

New raw materials and enzyme development

Searching for potential waste-based feedstock for biorefining

St1's research and development laboratory is testing and screening new potential raw materials to be used as feedstock in biorefining. The research is focused on waste-based feedstock, the main feasibility criteria being the availability and cost-efficiency of the raw material and sustainability of the biorefining process. According to EU regulations, advanced bioethanol can be produced from limited variety of feedstocks outside the food chain. Especially in the Nordic countries there are plenty of non-food materials available – such as sawdust and forest industry residues. St1 is also looking into Thailand where there is a great potential in cassava starch production waste. Our pilot tests in the laboratory have discovered that waste from cassava starch production is one of the best feedstock sources for our *Etanolix*® technology.

St1 has ongoing research program to develop own enzyme for cellulosic ethanol production. Enzyme use cost is one of the major cost components in cellulosic ethanol production. Our aim is to set up onsite own enzyme production for next *Cellunolix*® biorefinery investment.

Production optimisation

Optimizing the different production phases and deliverables

St1 scientists are working closely together with the process engineers and business developers to develop future biorefineries. New processes are first studied in the bench scale laboratory at very small scale until they are ready to be transferred to the process engineers for designing industrial scale plants.

St1's biorefineries produce also other products than advanced ethanol which are important to the overall cost efficiency of the process. For example, one co-product of our St1 *Cellunolix*® process is ligning – a residue of the enzyme hydrolysis step, which can be used to produce biocrude and co-fed into the traditional oil refinery for renewable diesel production. Other valuable co-products are turpentine and furfural. As our production volumes increase, we are looking for higher added value use to the process co-products e.g. in the steel, concrete, fertilizer or plastics industries. Obtaining additional income from co-products is important for us to secure the profitability of biorefining.

***Cellunolix®* biorefinery concept optimization and construction**

The demonstration plant, built in Kajaani in 2017, is the first of its kind in the world to to produce advanced ethanol from coniferous sawdust. We continue to develop new, advanced ethanol production technologies with a strong focus on ligno-cellulosic feedstocks. Based on the pilot project in Kajaani, letters of intent have been drawn concerning the construction of an industrial scale *Cellunolix®* plant in Pietarsaari, Finland, and Hønefoss, Norway. The final decisions on the implementation of the next production plant, the annual capacity of which would be 50 million litres, will be made after the completion of the project in Kajaani. An expansion of similar size may also be implemented in Kajaani.

Production of advanced ethanol from cassava waste.

In our research, we have discovered that waste from cassava starch production is one of the best feedstock sources for our *Etanolix®* technology. In 2017, we launched a pilot project for the production of bioethanol from cassava starch waste, with the aim of setting up a joint venture for ethanol production in Thailand. Thailand is a forerunner in use of renewable energy. The country uses over 3 million litres of ethanol per day as transport fuel, and the Thai government plans to raise the consumption to 11.3 million litres per day by 2036. The amount of cassawa strach production waste generated by Thailand's largest starch production plants would enable the construction of units producing 10–30 million litres of ethanol annually. Our goal is to build as many as 20 *Etanolix®* plants in Thailand, with a combined production capacity of 400 million litres of ethanol per year.

Renewable diesel production

In 2017, a decision was made to invest in a new hydrogen manufacturing unit to be built in the Gothenburg refinery. This is the first step in the series of planned investments, which will enable the refinery to start the production of renewable diesel in the early 2020'ies. The target is to produce 200,000 tonnes of renewable diesel annually.

Geothermal heating plant

There lies great potential for the production of renewable, emissions-free energy deep in the bedrock. Several European countries, such as Germany, France and Iceland, are already successfully using geothermal energy in heat or electricity production.

St1 started a pilot project in spring 2015 in order to search the opportunities to use geothermal heat from the Finnish bedrock in district heating and to build Finland's first industrial scale geothermal heating plant in Espoo. The drilling of the over 6 kilometres deep production wells began in spring 2016. The challenge of the project is Finland's hard bedrock that even the specially manufactured drills have been having difficulties to get through. Also the following phase, the so-called stimulation phase, where the absorption capacity of the crystalline rock is studied, is expected to be challenging. Our goal is to launch the stimulation phase during 2018. If successful, the pilot project will offer a renewable, zero-emission energy source and could produce approximately up to 10 per cent of the district heating of the city of Espoo.

The main goal of the project is to test and develop technically and financially profitable solutions for the geothermal business concept so that it can be commercialized after the pilot.

Windpower

Tuuliwatti Oy

Tuuliwatti Oy, our partnership company specializing in wind power production, is planning to expand its operations to the Nord-Pool power market area operating in Finland, Sweden, Norway and Estonia. The goal is to take use of the competence achieved in wind power building and operations, to secure the company's profitable growth and competitiveness both short and long term as well as to decentralize wind power production geographically in order to minimize wind risk and political risks. The aim is to define the business plans and models as well as business goals concerning the expansion during the year 2018.

Grenselandet AS

In 2017, our Norwegian subsidiary, St1 Norge AS, signed a contract with a consortium consisting of Vindkraft Nord AS and Ny Energi AS to establish a company aiming to develop two wind park projects in the Finnmark area in northern Norway. The joint venture named Grenselandet AS will manage a wind farm development project.

At the first stage Grenselandet will focus on the development work and the environmental impact assessment. Based on the outcome of this process further steps will be determined. The wind farm development work consists of 2 planning areas with a total production capacity of 900 MW.

The Finnmark area bordering Finland is considered one of the best in Norway in

terms of wind conditions. The location would also enable investigation of the possibility of connecting the farms to both the Norwegian and Finnish grids. When in production, the farms would generate 3.6 TWh annually.

The project is probably the first project in Norway that can be developed without governmental subsidies, and marks a step change for the renewable energy industry in Finnmark.

Carbon farming pilot

Over hundreds of years, humankind has created a carbon debt of over 100 billion tons, and even if the whole world stopped emitting greenhouse gases right now, climate change would still continue. There is a well-functioning tool that is globally recognized and cost effective. It's about planting trees and forests, i.e. afforestation or reforestation. Carbon Farming is a supplementary to sectoral decarbonization measures, and paramount tool to fight climate change.

1. Planting forests is a globally recognized way, and the only feasible way, to reduce atmospheric carbon. Forests act as natural carbon sinks that capture CO_2 from the atmosphere, and the results of Carbon farming are measurable and verifiable.
2. In desert or semi-desert areas, Carbon farming can be achieved by producing a well-functioning irrigation system combined with suitable soil improvement. Sea water that has been desalinated using solar power or treated wastewater can be used to irrigate a plantation. Additionally, there are large areas on the planet where Carbon farming can be deployed without artificial irrigation.
3. Carbon farming benefits local populaces too. Large tree plantations can be combined with crop farming, leading to an increase in clean water, food production and monetary value. This could even ease the living conditions of populations who might otherwise be forced to migrate.

Climate change is a global problem, and we need to take all means to solve it simultaneously and on every corner of the Earth. We need a regulatory framework that enables cross-sectoral and global flexibility to mitigate climate change. This way companies could fulfil part of their CO_2 abatement obligation with a greater impact for the environment compared to merely minding their own country's carbon emissions.

We have been preparing a Carbon Farming pilot in Morocco to start in 2018. The negotiations with potential partners for the pilot project are ongoing. The aim of the pilot project is to test fast growing tree species in three different locations in Morocco. Irrigation, soil improvement and fertilizer are included in the test and the target is to find the most suitable combination of all above mentioned.

Besides the pilot project, the carbon capture measurement and verifying methods are studied. The amount of carbon sequestered in the concept should be measured according the IPCC Guidelines XYZ to give precise and reliable data. The entire process needs to be regularly verified and audited to ensure legislative compliance. Verified and widely accepted measurement method will be the prerequisite for economic basis and wider use of the Carbon Farming concept.

St1 Nordic Energy Outlook

We continue to operate in line with our strategy during the current global energy challenge. In summer 2016, we published the first ever St1 Nordic Energy Outlook – a comprehensive roadmap, based on various sources, of our views on the changes and challenges of the energy market in the Nordic countries for the next couple of decades. An update to the first edition was published in 2017 and the next edition will be published in 2018. We are updating the outlook on a needs basis, as well as using it as the foundation in the realization of our strategy in our home markets in Finland, Sweden and Norway.

We also invite our stakeholders to give us feedback on the views presented in the Energy Outlook.

Climate change is a global problem, and we need to take all means to solve it simultaneously and on every corner of the Earth.

Involvement in organizations and joint projects

Trade associations and industry platforms

- Leaders of Sustainable Biofuels
- Chemical Industry Federation of Finland
- Finnish Petroleum and Biofuels Association
- FuelsEurope (previously “Europia” or European Petroleum Industry Association), represent the interests of companies conducting refinery operations in the EU
  - Also consists of Concawe, the oil companies’ European association for environment, health, and safety in oil refinining
- Svenska Petroleum och Biodrivmedel Institutet (SPBI)
- Drivkraft Norge
- Lähienergialiitto

Sustainability and environmental initiatives

- CLC (Climate Leadership Council), the purpose is to improve the Finnish businesses’ and research organizations’ competitiveness and ability to respond to climate change and the scarcity of natural resources
- Helsinki Metropolitan Smart & Clean Foundation, collaboration aims at making the metropolitan area a global reference area for intelligent and ecologically sustainable solutions
- Responsible Care, a voluntary initiative by the global chemical industry aimed at supporting sustainable development in the industry
- Sustainable Use of Natural Resources Advisory Board at Technical Research Centre of Finland (VTT)
- Bio4Fuels aims to develop viable technologies that are relevant for the sustainable commercial conversion of biomass feedstocks to biofuels and other products.

GRI index

GRI-code	Disclosure	Location in the Report	Additional information
	GRI 102: General Disclosures		
	Organisational profile		
102-1	Name of the organization		St1 Nordic Oy
102-2	Activities, brands, products, and services	St1 Nordic's Corporate Responsibility Framework, p. 3, St1 in brief, p. 5	
102-3	Location of headquarters		Helsinki, Finland
102-4	Location of operations	St1 Nordic's Corporate Responsibility Framework, p. 3, St1 in brief, p. 5	
102-5	Ownership and legal form	St1 in brief, p. 5, Report on operations, p. 55	
102-6	Markets served	St1 in brief, p. 5	
102-7	Scale of the organization	Year 2017 in brief, p. 6–7	
	Products and by-products		
	Ethanol production		**2017**
	- Ethanol, t		14 300
	- Lignin, t		9 800
	- Vinasse, t		2 400
	- Furfural, t		263
	- Turpentine, t		9
	- Electricity, GWh		5
	- Heat, GWh		6
	- Feed, t		64 300
	- Biogas drank, t		10 700
	- Fertilizers, t		7 800
	Oil production		
	- Sold refined component, t		74 500

	- Petrol, t		936 300	
	- Diesel, t		1 100 800	
	- Other middle distillates, t		686 900	
	- LPG, t		117 000	
	- Light fuel oil (JET A1), t		20 100	
	- Heavy fuel oil, t		632 900	
	- Sulfur, t		4 000	
	Heat, GWh		668	
	Wind power production			
	- Electricity produced, GWh		574	
	St 1 Sold fuels:			
	- Gasoline, 1000 m^3		1 468	
	- Diesel and Light Fuel Oil, 1000 m^3		3 938	
	- JET, 1000 m^3		436	
	- Marine gas oil, 1000 m^3		351	
102-8	Information on employees and other workers	People, p. 35–36		
	Number of employees		**2017**	
	- Total number of employees, 31.12		757	
	- Average number of employees during the year		761	
	Total number of employees by employment contract			
	- Permanent		730	96%
	- Temporary		27	4%
	- Total		757	100%
	Total number of employees by employment type			
	- Full-time		749	99%
	- Part-time		8	1%
	- Total		757	100%
102-9	Supply chain	Supply and logistics, p. 26		
102-10	Significant changes to the organization and its supply chain	Report on operations, p. 55–56		

102-11	Precautionary Principle or approach	Report on operations, p. 57–58	Precautionary principle is included in risk management based on legal requirements Precautionary principle is included in risk management based on legal requirements
102-12	External initiatives	Involvement in organizations and joint projects, p. 42	
102-13	Membership of associations	Involvement in organizations and joint projects, p. 42	
	Strategy		
102-14	Statement from senior decision-maker	Chairman's statement, p. 10, CEO's review, p. 11–12	
102-15	Key impacts, risks, and opportunities	St1 Nordic's Corporate Responsibility Framework, p. 3–4, Chairman's statement, p. 10, CEO's review, p. 11–12	
	Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	Report of operations p. 59	
	Governance		
102-18	Governance structure	Report on operations, p. 56	
	Stakeholder engagement		
103-40	List of stakeholder groups	Stakeholder engagement, p. 13	
103-41	Collective bargaining agreements		
	Employees covered by collective bargaining agreements		**2017** 84,5%
103-42	Identifying and selecting stakeholders	Stakeholder engagement, p. 13	
103-43	Approach to stakeholder engagement	Stakeholder engagement, p. 13	
103-44	Key topics and concerns raised	Stakeholder engagement, p. 13	
	Reporting practice		
102-45	Entities included in the consolidated financial statements	About this report, p. 2 Notes to the Financial Statement, p. 71	
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:* • Economic performance • Indirect economic impacts • Anti-corruption *Environment:* • Materials • Energy • Water • Emissions • Effluents and waste • Environmental compliance *Social:* • Employment • Occupational health and safety • Training and education • Diversity and equal opportunity • Non-discrimination • Customer health and safety • Marketing and labeling • Customer privacy • Socio-economic compliance
102-48	Restatements of information		This report is the first integrated report for St1 Nordic
102-49	Changes in reporting		No major changes
102-50	Reporting period		1.1 – 31.12.2017
102-51	Date of most recent report		This report is the first integrated report for St1 Nordic
102-52	Reporting cycle		Annual

102-53	Contact point for questions regarding the report		http://www.st1.eu/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 content index, p. 43–52	
102-56	External assurance		This report is not externally assured by an independent third-party.
	Material Topics		
	GRI 103: Management Approach		
103-1	Explanation of the material topic and its Boundary	Disclosure of non-financial information, p. 59	
103-2	The management approach and its components	Disclosure of non-financial information, p. 59	
103-3	Evaluation of the management approach	Disclosure of non-financial information, p. 59	
	GRI 200: Economic Standard Series		
	GRI 201: Economic Performance		
201-1	Direct economic value generated and distributed	Pro forma consolidated income statement, p. 60	
	Economic impact		**2017**
	- Renewable energy investments, (incl. TuuliWatti), M€		84,2
	- Environmental investments, M€		9,4
	- Renewable energy sales, M€		90,2
	- Investments, M€		103,3
	- Personnel cost, M€		72,0
	- Excise and property taxes, M€		2 116,4
	- Income taxes, M€		51,7
	GRI 203: Indirect Economic Impacts		
203-2	Significant indirect economic impacts	Investments in the future, p. 39–41	
	GRI 205: Anti-corruption		
205-3	Confirmed incidents of corruption and actions taken		No cases in 2017
	GRI 300: Environmental Standard Series		
	GRI 301: Materials		

301-1	Materials used	Raw materials, p. 16-18	
	Ethanol production feedstock		**2017**
	- Biowaste and residues, t		160 000
	Raw materials		
	- Crude oil, million t		3,74
	Paraffinic fuels		
	- Paraffinic fuels, million l		740
	- 1st generation biofuels, million l		357
	- 2nd generation biofuels, million l		326
	GRI 302: Energy		
302-1	Energy consumptio	Production, p. 20–24, Supply and logistics, p. 26	**2017**
	Energy consumption in production		
	Ethanol production		
	- Electricity, GWh		20
	- Heat, GWh		79
	Oil production		
	- Natural gas, GWh		258
	- Refinery gas, GWh		2 140
	- Electricity, GWh		144
	- Heat, GWh		0
	Total energy consumption, GWh		**2 641**
	Energy consumption in supply and logistics		
	Terminals in Finland (NEOT)		
	- Electricity, GWh		5
	- Heat, GWh		2
	Terminals in Norway and Sweden		
	- Electricity, GWh		7
	- Heat, GWh		3
	Total energy consumption in supply and logistics, GWh		**17**
	GRI 303: Water		

303-1	Water withdrawal		
	Water use in production		**2017**
	- Water use in ethanol production, 1000 m^3		200
	- Water use in oil production, 1000 m^3		605
	Total water consumption, 1000 m^3		805
	GRI 305: Emissions		
305-1	Direct (Scope 1) GHG emissions	Production, p. 20–24	
	GHG-emissions (scope 1) from production		**2017**
	- GHG-emissions from ethanol production, tCO_2		8 400
	- GHG-emissions from oil production, tCO_2		522 500
	Total GHG-emissions (scope 1), tCO_2		**530 900**
305-5	Reduction of GHG emissions	Production, p. 20–24, Sales and customer, p. 29–33	
	Reduction of GHG-emissions from production		**2017**
	- Reduction of GHG-emissions according to Renewable Energy Sources Directive, tCO_2		18 400
	Reduction of GHG-emissions from the use of products		
	-CO_2-reduction from use of biofuels, tCO_2		1 367 000
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions		
	VOC-emissions from production		**2017**
	- VOC-emissions from ethanol production, t		11
	- VOC-emissions from oil production, t		937
	- VOC-recovery from oil production, t		20,5
	Nox-emissions from production		
	- Nox-emissions from oil production, t		283
	Particulates from production		
	- Particulate emissions from oil production, t		12
	GRI 306: Effluents and waste		
306-1	Water discharges		

	Waste water discharges from production		**2017**
	-Waste water from ethanol production:		
	- Process water, 1000 m^3		216
	- Cooling water, 1000 m^3		3 210
	- Waste water from oil production:		
	- Process water, 1000 m^3		646
	- Cooling water, 1000 m^3		7 753
	Total waste water, 1000 m^3		11 825
306-2	Waste by type and disposal method		
	Waste from production		**2017**
	Non-hazardous waste, utilized, t		11504
	- from ethanol prodcution, t		10189
	- from oil production, t		1315
	Non-hazardous waste, landfilled, t		1778
	- from ethanol prodcution, t		463
	- from oil production, t		1315
	Total non-hazardous waste, t		**13281**
	Hazardous waste, utilizied, t		462
	- from ethanol production, t		81
	- from oil production, t		381
	Hazardous waste, landfilled, t		4328
	- from ethanol production, t		0
	- from oil		4328
	Total hazardous waste, t		**4790**
	Waste from supply and logistics		
	Hazardous-waste, utilized, t		
	- from terminals in Finland (NEOT), t		151
	- from terminals in Sweden and Norway, t		1086
	Total hazardous waste, utilized, t		**1237**

306-3	Significant spills	Report on operations, p. 58	
	Number of significant spills		**2017**
	- from ethanol production		0
	- from oil production		3
	- from logistics in Finland (NEOT)		1
	- from terminals in Sweden and Norway		0
	Total number of significant spills		**4**
	GRI 307: Environmental compliance		
307-1	Non-compliance with environmental laws and regulations		No cases in 2017
	GRI 400: Social Standards Series		
	GRI 401: Employment		
401-1	New employee hires and employee turnover	People, p. 36	
	Changes in employees		**2017**
	- Total number of new employee hires		78
	- Total number of leavers		94
	- Employee turnover, %		12,9
	GRI 403: Occupational Health and Safety		
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	People, p. 36	
	Occupational health and safety results		**2017**
	- Number of lost-time injuries		4
	- Lost time injuries frequency		2,6
	- Work-related fatalities		0
	- Absence rate, %		2,1
	GRI 404: Training and Education		
404-3	Percentage of employees receiving regular performance and career development reviews	People, p. 36	
	Performance and career development reviews		**2017**

	- Percentage of employees receiving regular performance and career development reviews, %		88,0	
	GRI 405: Diversity and Equal Opportunity			
405-1	Diversity of governance bodies and employees	People, p. 36		
	Breakdown of employees by gender		**2017**	
	- Female		205	27,1 %
	- Male		552	72,9 %
	- Total		757	100,0%
	Breakdown of employees by age group			
	- Below 30		96	12,7%
	- Between 30–50		409	54,0%
	- Over 50		252	33,3%
	- Total		757	100,0%
	GRI 406: Non-discrimination			
406-1	Incidents of discrimination and corrective actions taken		No cases in 2017	
	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 2017	
	GRI 417: Marketing and Labeling			
417-2	Incidents of non-compliance concerning product and service information and labeling		No cases in 2017	
417-3	Incidents of non-compliance concerning marketing communications		In 2017 St1 paid a fine of 20.000€ related to an incident of non-compliance with good marketing practice in Sweden.	
	GRI 418: Customer Privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		No cases in 2017	
	GRI 419: Socioeconomic Compliance			
419-1	Non-compliance with laws and regulations in the social and economic area		See 417-3	

Financial Statements 2017

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Report for 1 January 2017–31 December 2017

1. Business operations and financial performance of St1 Nordic Oy

St1 Nordic Oy is the parent company to St1 Nordic group whose principal line of business is the sale of traffic and heating fuels to consumers and the corporate sector in Finland, Sweden and Norway. The group operates a total of 1,370 retail stations under the St1 and Shell brands in Finland, Sweden and Norway.

The sister company St1 Group Oy merged with St1 Nordic Oy at the end of 2017. As a result the group manufactures, develops and refines liquid fuels at its oil refinery in Gothenburg, Sweden. The refinery's annual capacity is 30 million barrels of crude oil. The majority of the refinery's production is sold in Sweden through the retail station network and other sales channels.

Through its subsidiary St1 Renewable Energy Oy (former St1 Biofuels Oy), the group manufactures, develops and sells biofuels. The subsidiary St1 Lähienergia Oy sells and installs devices based on renewable energy sources. Through its associated company Tuuliwatti Oy, the group participates in the production of industrial wind power.

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

The group's pro forma (* net sales in the year 2017 were MEUR 6,540.7. 22 percent of the pro forma revenue was generated in Finland, 52 percent in Sweden and 26 percent in Norway. The group's pro forma operating profit in 2017 was MEUR 263.1.

*) Unaudited pro forma income statement information and the principles for compiling the information are presented at the end of the Report in section 12.

The old St1 Nordic group's net sales in 2017 were MEUR 5,099.8; an increase of MEUR 709.4 from the previous year. The group's operating profit amounted to MEUR 176.6 which was MEUR 26.1 more than in the previous year.

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

	2017	2016	2015	2014	2013
Net sales, MEUR	37.5	30.3	7.8	3.5	0.0
Operating profit/loss, MEUR	15.8	6.6	7.7	-0.6	-0.1
Operating profit, % of net sales	42.2	21.7	97.6	-16.6	-
Profit for the period, MEUR	159.4	172.8	37.6	28.2	-0.2
Return on equity %	40.1	69.0	31.3	27.3	-0.4
Equity ratio	65.0	50.8	29.8	35.5	44.4

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

	2017 pro forma	2017	2016	2015	2014	2013
	unaudited					
Net sales, MEUR	6 540.7	5 099.8	4 390.4	3 602.4	2 720.8	1 678.0
Operating profit/loss, MEUR	263.1	176.6	150.5	86.7	45.3	32.9
Operating profit % of net sales	4.0	3.5	3.4	2.4	1.7	2.0
Profit for the period, MEUR	209.1	372.8	112.7	72.4	38.2	25.8
Return on equity %		23.4 *)	30.9	28.0	24.0	23.1
Equity ratio		42.7	31.3	26.7	28.3	25.0

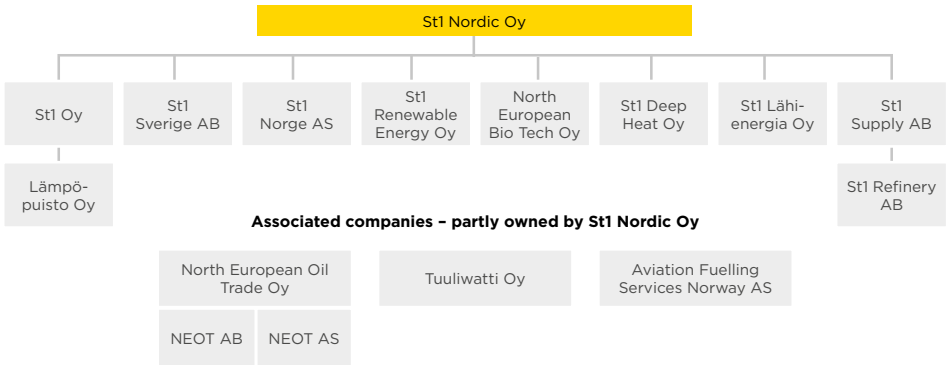
*) Calculated without merger profit

2. Group structure

St1 simplified its group structure on Dec. 31, 2017 by merging the sister group's parent company St1 Group Oy with St1 Nordic Oy. Now all of St1's energy business is in the same group. St1 Finance Oy which provides payment services is outside the St1 Nordic group.

Other significant events related to the structure of the group in 2017 were the completion in September of the sale of St1 Norge Automat AS, a company operating unmanned St1 branded service stations in Norway, as well as the acquisition in full of the former associated company North European Bio Tech Oy in October. North European Bio Tech owns bioethanol production plants in Kajaani and Gothenburg.

Chart of the group's main companies



In addition to the parent company, St1 Nordic group consists now of the operative subsidiaries St1 Oy, Lämpöpuisto Oy, St1 Sverige AB, St1 Norge AS, St1 Renewable Energy Oy (former St1 Biofuels Oy), St1 Lähienergia Oy, St1 Deep Heat Oy, North European Bio Tech Oy as well as Kiinteistö Oy Olarinluoman huoltamo. St1 Biofuels Sweden AB was merged with St1 Sverige AB. Lämpöpuisto Oy's daughter company Pohjolan Polttoainepalvelu Oy merged with its parent company.

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

3. Company shares

	31 Dec 2017	31 Dec 2016	31 Dec 2015	31 Dec 2014	31 Dec 2013
Share capital	100,000	100,000	100,000	100,000	100,000
A-shares	38,737,118	20,000,000	20,000,000	20,000,000	21,351,836
B-shares	4,912,285	4,912,285	4,912,285		

According to St1 Group Oy merger plan, St1 Nordic Oy issued 18,737,118 new A shares without nominal value. The shares were given as merger compensation to the shareholders of St1 Group Oy in accordance with their ownership.

The parent company owned 3.2 percent of its own shares at the end of 2017 (B shares). The shares do not have voting rights.

4. Investments

The group's largest investment in 2017 was St1 Deep Heat Oy's drilling activity for a geothermal heat plant. Other investments focused on the development and maintenance of current business activities as well as new IT systems.

In addition, St1 Nordic Oy fully acquired its former associated company North European Bio Tech Oy. Furthermore, St1 Norge AS acquired 49 percent of Knapp Energi Norge AS and 22 percent of Grenselandet AS. The former operates as a fuels reseller in Norway and the latter develops arctic wind power in Norway. The group's investments in intangible and tangible assets and daughter company and associated company shares amounted to MEUR 106.8.

Daughter company St1 Norge AS signed at the end of November an agreement to acquire the entire share capital of the Norwegian company Statoil Fuel & Retail Marine AS from Alimentation Couche-Tard. The company is engaged in marine fuel sales and the transaction will strenghten St1 Norge AS's current business. The transaction is currently being reviewed by the competition authorities and is expected to be completed during the first half of 2018.

The subsidiaries St1 Renewable Energy Oy and St1 Deep Heat Oy have capitalized

development expenses. The costs of St1 Renewable Energy Oy's development project "Conceptualisation of the new dispersed ethanol plant" have been capitalised into capitalised development expenditure. Technological initialisation expenditure includes developmental projects aimed at developing methods of utilising waste and process residues in the production of ethanol and energy. St1 Renewable Energy Oy has received as apport property the rights to the process to produce the water and ethanol mix. A patent has been granted for said process. The item is presented in intangible rights.

The development costs for the construction of St1 Deep Heat Oy's geothermal pilot heat plant have been capitalized into capitalized development expenditure.

5. Assessment of the most significant risks and uncertainties

5.1 Risk management policy and arranging risk management

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

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

5.2. Strategic and operational risks

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

- Prolonged unhealthy competition in the traffic fuel retail market may reduce profitability also in the future
- Refining margins on petroleum products may turn out to be insufficient to cover the costs related to refining.
- The company may incur considerable costs due to environmental legislation and regulations, affecting the group's financial performance.
- Political, financial and legislative changes may affect demand for the company's products.
- The price risks related to petroleum products and refining margins can be managed with derivatives.

In accordance with the nature of the group's business operations, the largest balance sheet items consist of trade receivables and inventories. The credit loss risk related to sales receivables is managed through a uniform credit policy and efficient debt-collection activities. Principles used for the measurement of trade receivables and inventories in the financial statements are consistent and based on the principle of prudence.

The group's business operations are based on functional and reliable information systems. The group seeks to manage the risks related to information systems through measures such as duplicating critical information systems and data communications links, paying attention to the selection of partners and standardising the work station models, software and information security practices used in the group. To mitigate risks and improve efficiency, the group is continuing an extensive program, initiated in 2015, to integrate IT solutions.

The group's core competencies are related to business processes comprising oil refining, sales and procurement and to the requisite support functions, such as information management, finance, human resources, real estate services, logistics, marketing and communications. Unexpected and significant weakening of the group's core competencies would present a risk. The company continuously seeks to improve the core competencies and other significant competencies of its personnel by offering opportunities for in-work learning and training, as well as by recruiting competent new employees, as needed. The most significant portion of the group's revenue consists of retail and wholesale trade of liquid fuels as well as exports. Historically, the demand for these products has not been subject to sudden, drastic changes. Taking the company's line of business and products into account, factors that might affect the company's revenue include decisions by the government or the authorities on how different forms of energy are combined, subsidised or taxed, as well as general economic trends and, with regard to heating oil, regionally prevailing temperatures. All of these factors may influence demand across the whole sector.

5.3. Risks of loss or damage

The company seeks to protect itself from significant risks to its assets by regularly reviewing its insurance policies as part of the overall risk management process. The company strives to cover with insurance all risks which are financially or otherwise reasonable. The group's insurance portfolio's coverage was retendered in autumn 2017 and 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 company's operations.

5.4. 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 share of interest rate-sensitive loans in the group's whole interest-bearing loan portfolio was approximately EUR 105 million, compared to approximately EUR 109 million in the previous year. Derivative agreements can be used to help in the management of interest rate risks.
Interest rate derivates were not in use at the end of the year.

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

5.5. Environmental risks

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

6. An estimate of probable future development

In the view of the group management, the business environment will remain challenging and volatile. In the traffic fuels trade, competition in the group's home market, particularly in Finland, remains over-emphasised. The group aims to further improve its competitiveness by rationalising systems and business processes, by measures to improve the average sales of retail stations as well as through carefully targeted investments. When feasible, refining margin is hedged.

7. Significant events after the end of the financial period

St1 Nordic has decided to adopt Nordic responsibility areas in its organization structure during 2018. Henrikki Talvitie has been appointed as the group's CEO as of June 1, 2018.

8. Personnel

Key figures describing the group's personnel

	2017	2016	2015	2014	2013
Average number of personnel during the financial period	556	537	419	286	193
Wages and salaries during the financial period, MEUR	40.4	40.2	37.9	18.2	12.5

9. Organisation

The company's Board of Directors consisted of Mika Anttonen (chair), Mikko Koskimies, Juha Kokko and Mika Jokinen. Kim Wiio was the company's Chief Executive Officer. The company's auditor was PricewaterhouseCoopers Oy.

10. Disclosure of non-financial information

The vision of St1 is to be a leading producer and seller of CO_2 aware energy. We believe we will attain this vision by running a responsible and profitable business where economic performance, social responsibility and environmental impact are balanced.

Attaining goals is important, but so are the means for attaining them. The company management and personnel are expected to comply with the principles of business code of conduct approved by the board, together with the laws and other regulation of the countries where we operate.

We respect the United Nations Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work, which aim at promoting sustainable and fair business. We expect our business partners and their business partners to be committed to ethical and sustainable business principles and actively supporting their use within their own sphere of influence.

St1 Nordic carried out the materiality assessment of corporate responsibility issues in 2016 by organizing internal workshops in all its countries of operation, supplemented by further interviewing employees in the stakeholder interface and by analyzing queries from stakeholders.

In the light of St1 Group's planned merger into St1 Nordic Oy in the end of 2017, the materiality assessment was extended to cover the whole value chain based on the results of the St1 Value Chain project. The whole personnel of both groups and our supply company North European Oil Trade Oy participated in the project. The corporate responsibility work continues in 2018 by analysing further the results of the first round of reporting and deciding on action plan.

St1 Nordic publishes its first integrated corporate responsibility report at its internet site www.st1.eu in 30 April 2018. The report complies, as appropriate, with the Global Reporting Initiative Standards and contains the non-financial information material to St1 as required by the Accounting Act. Additionally our oil refinery in Gothenburg complies both with 14001 and EMAS environmental management system (the Eco-Management and Audit Scheme) and publishes EMAS report after auditing in June 2018 the latest.

11. Proposal for profit distribution

The Board of Directors proposes that the company will pay a dividend of EUR 5.810.567.70 to the A-shares and EUR 2,631,588.75 to the B-shares for the financial year ended and transfer the remaining financial year's profit to the 'Retained earnings' account.

12. Pro forma income statement information

St1 Group Oy merged with St1 Nordic Oy on 31 December 2017 and its assets and liabilibities were transferred to St1 Nordic Oy. The company has prepared a pro forma income statement to illustrate what St1 Nordic group result could have been if St1 Group Oy had merged with St1 Nordic on 1 January 2017. The unaudited pro forma income statement information for the financial period 1 January 2017 to 31 December 2017 has been compiled by aggregating St1 Group consolidated income statement information for the same financial period with St1 Nordic group income statement. Internal income and expenses between the group have been eliminated inpro forma income statement information. During the financial year 2017 St1 Group Oy and its subsidiaries belonged to the same owner, the Keele group, and therefore the accounting policies applied by the companies have already been aligned and no adjustments related to the differences between accounting policies are needed. The assets and liabilities transferred in connection with the merger have been included in the consolidated balance sheet of St1 Nordic as of 31 December 2017 and therefore no pro forma balance sheet information has been presented. Because of its nature, this pro forma income statement information addresses a hypothetical situation, and therefore neither presents the actual results of the operations of St1 Nordic group for the year ended 31 December 2017 nor is intended to project the results of St1 Nordic operations for any future period.

Pro forma consolidated income statement

1 000 euros	1.1.–31.12.2017
NET SALES	6 540 659
Other operating income	140 790
Materials and services	
Materials, supplies and products	
Purchases during the period	-6 225 256
Change in inventories	127 084
External services	-11 406
	-6 109 579
Personnel expenses	
Wages and salaries	-52 618
Social security costs	
Pension costs	-8 072
Other social security costs	-11 352
	-72 042
Depreciation and amortisation	
Depreciation and amortisation according to plan	-58 352
Amortisation of goodwill	-11 437
	-69 789
Other operating expenses	-166 905

1 000 euros	1.1.–31.12.2017
OPERATING PROFIT	263 134
Finance income and costs	
Income from other investments of non-current assets	
Share of profit of investments using the equity method	1 889
Other interest and finance income	4 592
Impairment of investments in non-current assets	-821
Interest expenses and other finance costs	
To others	-9 110
	-3 450
PROFIT BEFORE APPROPRIATIONS AND TAX	259 684
Current income tax	-51 778
Deferred tax	1 201
	-50 578
PROFIT FOR THE PERIOD	**209 106**

Consolidated income statement

1 000 euros	Notes	1.1.–31.12.2017	1.1.–31.12.2016
NET SALES	1.	5 099 772	4 390 372
Other operating income	2.	132 300	101 588
Materials and services			
Materials, supplies and products			
Purchases during the period		-4 956 657	-3 917 781
Change in inventories		170 977	-111 462
External services		-11 406	-5 406
		-4 797 086	-4 034 649
Personnel expenses			
Wages and salaries		-40 386	-40 238
Social security costs			
Pension costs		-7 830	-6 810
Other social security costs		-5 253	-5 773
		-53 469	-52 821
Depreciation and amortisation			
Depreciation and amortisation according to plan	5.	-44 522	-50 314
Amortisation of goodwill	5.	-10 915	-10 287
		-55 437	-60 601
Other operating expenses	6.	-149 466	-193 367

1 000 euros	Notes	1.1.–31.12.2017	1.1.–31.12.2016
OPERATING PROFIT		176 614	150 523
Finance income and costs			
Income from other investments of non-current assets			
Share of profit of investments using the equity method	7.	1 889	3 492
Income from group undertakings	7.	0	388
Other interest and finance income	7.	4 591	3 657
Merger profit		231 761	0
Impairment of investments in non-current assets	7.	-821	0
Interest expenses and other finance costs			
To others	7.	-8 558	-12 864
		228 862	-5 327
PROFIT BEFORE APPROPRIATIONS AND TAX		405 476	145 196
Current income tax	9.	-33 275	-35 107
Deferred tax	9.	625	2 587
		-32 649	-32 520
PROFIT FOR THE PERIOD BEFORE MINORITY INTEREST		372 826	112 676
PROFIT FOR THE PERIOD		**372 826**	**112 676**

Consolidated balance sheet

1 000 euros	Notes	31.12.2017	31.12.2016
NON-CURRENT ASSETS			
Intangible assets			
Capitalised development expenditure	10.	2 401	2 116
Intangible rights	10.	19 087	12 709
Goodwill	10.	120	992
Goodwill on consolidation	10.	181 784	187 703
Other capitalised long-term expenditure	10.	3 271	4 443
		206 664	207 964
Tangible assets			
Land and water areas	11.	196 264	123 208
Buildings and structures	11.	127 034	108 869
Machinery and equipment	11.	322 083	199 007
Other tangible assets	11.	24 139	18 476
Advance payments and construction in progress	11.	66 004	40 831
		735 524	490 390
Investments			
Investments in associated companies	13.	88 611	96 050
Other shares and holdings	13.	1 130	3 263
Other receivables	13.	33	18 252
Other investments	13.	30 771	260
		120 545	117 826

1 000 euros	Notes	31.12.2017	31.12.2016
CURRENT ASSETS			
Inventories			
Materials and supplies		194 746	69 878
Receivables			
Non-current receivables			
Deferred tax assets	17.	1 600	1 586
Loan receivables		5 733	1 562
		7 333	3 148
Current receivables			
Trade receivables		443 318	286 268
Receivables from Group companies:	14.		
Other receivables		117	2 007
Loan receivables		10	14
Other receivables		34 140	22 061
Prepayments and accrued income	19.	61 606	52 436
		539 191	362 786
Cash and cash equivalents		79 324	60 928
		1 883 327	**1 312 920**

1 000 euros	Notes	31.12.2017	31.12.2016
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.	95 253	58 801
Retained earnings	15.	291 873	197 179
Profit (loss) for the period	15.	372 826	112 676
		759 953	368 656
Total equity		800 146	408 849
PROVISIONS			
Other provisions	16.	54 403	47 556
		54 403	47 556

1 000 euros	Notes	31.12.2017	31.12.2016
LIABILITIES			
Non-current			
Loans from financial institutions		105 365	108 730
Bonds		100 000	100 000
Deferred tax liabilities	17.	15 066	0
Other liabilities		220	250
		220 651	208 980
Current			
Loans from financial institutions		111	111
Commercial paper		55 000	50 000
Advance payments		7 598	7 251
Trade payables		284 126	104 319
Liabilities to Group companies:			
Trade payables	18.	175	49 428
Deferred tax liabilities	17.	65 587	40 975
Liabilities to associated companies:			
Trade payables		165 909	143 987
Other liabilities		129 959	148 038
Accruals and deferred income	20.	99 661	103 425
		808 127	647 535
		1 883 327	**1 312 920**

Consolidated cash flow statement

1 000 euros	1.1.–31.12.2017	1.1.–31.12.2016
Cash flow from operating activities:		
Profit (loss) before appropriations and income tax	405 476	145 196
Merger profit	-231 761	0
Profit (loss) before appropriations and income tax	173 715	145 196
Adjustments:		
Depreciation and amortisation according to plan	55 437	60 601
Other income and expenses with non-cash transactions	-1 715	-3 649
Other finance income and costs	4 788	5 327
Other adjustments	-37 247	0
Cash flow before change in working capital	194 978	207 475
Change in working capital:		
Increase (-)/ decrease (+) in current non-interest bearing receivables	-68 435	-50 084
Increase (-)/ decrease (+) in inventories	11 701	-11 588
Increase (+)/ decrease (-) in current non-interest bearing payables	-23 753	23 593
Cash flow from (used in) operating activities before financial items and taxes	114 491	169 396
Interest paid and charges on other finance costs	-6 800	-7 889
Interest received	3 153	3 555
Taxes paid	-30 792	-11 794
Net cash generated from operating activities (A)	80 051	153 267

1 000 euros	1.1.–31.12.2017	1.1.–31.12.2016
Cash flow from investing activities:		
Purchase of tangible and intangible assets	-84 897	-73 717
Acquisitions deducted by acquired cash and cash aquivalents	-21 920	-10 801
Proceeds from sale of tangible and intangible assets	2 174	10 326
Loans granted	0	-3 377
Purchase of other investments	-31 992	-39 383
Proceeds from other investments	39 314	0
Dividends received	6 363	0
Net cash used in investing activities (B)	-90 957	-116 951
Cash flow from financing activities:		
Purchase of own shares	0	-16 220
Proceeds from current loans	5 000	50 000
Repayment of current loans	0	-120 020
Proceeds from long-term loans	-3 365	31 140
Dividends paid and other profit distribution	-5 632	-6 684
Net cash used in financing activities (C)	-3 996	-61 784
Net increase (+) / decrease (-) in cash and cash equivalents (A+B+C)	-14 902	-25 468
Cash and cash equivalents at beginning of period	60 928	86 396
Cash and cash equivalents received from merger	33 299	0
Cash and cash equivalents at end of period	79 324	60 928

Parent company income statement

€	Notes	1.1.–31.12.2017	1.1.–31.12.2016
NET SALES	1.	37 516 378.31	30 318 965.46
Other operating income	2.	17 554 124.15	7 582 003.89
Raw materials and services			
Raw materials and consumables			
Purchases during the financial year		-18 014 707.12	-12 190 331.23
Personnel expenses			
Wages and salaries		-4 015 870.64	-4 898 049.78
Social security costs			
Pension costs		-787 196.63	-915 857.29
Other social security costs		-148 540.17	-382 719.76
		-4 951 607.44	-6 196 626.83
Depreciation according to plan	5.	-2 821 859.22	-853 721.33
Other operating expenses	6.	-13 433 861.70	-12 095 013.23
OPERATING PROFIT		15 848 466.98	6 565 276.73
Finance income and costs			
Income from shares in group companies	7.	111 398 667.71	167 665 219.27
Income from shares in associated companies	7.	6 363 359.10	909 881.31
Other interest and finance income			
From group companies	7.	3 957 363.72	3 665 798.71
From others	7.	38 710 389.98	1 206 073.54
Impairment of investments in non-current assets	7.	-821 342.45	0.00
Interest expenses and other finance costs			
To group companies	7.	-4 752 035.00	-4 469 804.73
To others	7.	-4 471 430.96	-9 489 999.07
		150 384 972.10	159 487 169.03
PROFIT BEFORE APPROPRIATIONS AND INCOME TAX		166 233 439.08	166 052 445.76
Appropriations			
Change in cumulative accelerated depreciation		-66 674.15	0.00
Received (+), given (-) group contributions	8.	-5 000 000.00	6 750 000.00
		-5 066 674.15	6 750 000.00
Income taxes		-1 753 503.71	0.00
PROFIT FOR THE PERIOD		**159 413 261.22**	**172 802 445.76**

Parent company balance sheet

€	Notes	1.1.–31.12.2017	1.1.–31.12.2016
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Intangible rights	10.	18 851 678.01	11 908 640.03
Advance payments	10.	0.00	0.00
Other capitalised long-term expenses	10.	602 305.13	423 854.22
		19 453 983.14	12 332 494.25
Property, plant and equipment			
Machinery and equipment	11.	809 986.75	721 139.16
Advance payments and construction in progress	11.	0.00	0.00
		809 986.75	721 139.16
Investments			
Shares in group companies	13.	447 645 198.57	446 611 371.15
Receivables from group companies		38 111 392.55	2 521 342.45
Investments in associated companies	13.	66 126 917.03	69 226 917.03
Receivables from associated companies		0.00	18 190 198.19
Other shares and holdings	13.	30 507 641.09	20 765.69
		582 391 149.24	536 570 594.51

€	Notes	1.1.–31.12.2017	1.1.–31.12.2016
CURRENT ASSETS			
Receivables			
Non-current receivables			
Loan receivables		167 758 336.60	59 579 243.00
		167 758 336.60	59 579 243.00
Current receivables			
Trade receivables		0.00	2 786.89
Receivables from group companies	14.	311 526.83	7 844 143.70
Receivables from associated companies	14.	0.00	108 371.56
Loan receivables		8 951.39	8 907.08
Other receivables		0.00	198 118.51
Prepaid expenses and accrued income	19.	6 185 902.18	3 106 581.75
		6 506 380.40	11 268 909.49
Cash and cash equivalents		1 113 244.96	33 188.46
		778 033 081.09	620 505 568.87

€	Notes	31.12.2017	31.12.2016
EQUITY AND LIALIBITIES			
EQUITY			
Share capital	15.	100 000.00	100 000.00
Reserve for invested unrestricted equity	15.	94 871 713.04	58 670 475.98
Retained earnings	15.	251 037 96.97	83 867 112.96
Profit for the period		159 413 261.22	172 802 445.76
		505 322 944.23	315 340 034.70
TOTAL EQUITY		505 422 944.23	315 440 034.70
APPROPRIATIONS			
Cumulative accelerated depreciation		66 674.15	0.00

€	Notes	31.12.2017	31.12.2016
LIABILITIES			
Non-current			
Bonds		100 000 000.00	100 000 000.00
Liabilities to group companies	18.	104 262 416.75	145 592 067.76
		204 262 416.75	245 592 067.76
Current			
Commercial paper		55 000 000.00	50 000 000.00
Trade payables		1 844 199.76	1 383 431.41
Liabilities to group companies	18.	5 995 276.11	3 192 561.12
Other liabilities		1 094 655.49	623 635.37
Accruals and deferred income	20.	4 346 914.60	4 273 838.51
		68 281 045.96	59 473 466.41
TOTAL LIABILITIES		272 543 462.71	305 065 534.17
		778 033 081.09	**620 505 568.87**

Parent company cash flow statement

€	1.1.–31.12.2017	1.1.–31.12.2016
Cash flow from operating activities:		
Profit (loss) before appropriations and income tax	166 233 439.08	166 052 445.76
Adjustments:		
Depreciation and amortisation according to plan	2 821 859.22	853 721.33
Unrealised exchange rate profits and losses	2 500 412.66	244 094.23
Finance income and costs	-148 960 973.15	-159 487 169.03
Other adjustments	-8 646 253.10	-2 225 819.76
Cash flow before change in working capital	13 948 484.71	5 437 272.53
Change in working capital:		
Increase (-)/ decrease (+) in current non-interest bearing receivables	6 630 512.66	1 016 491.84
Increase (+)/ decrease (-) in current non-interest bearing payables	3 731 609.13	-4 399 709.38
Cash flow from operating activities before financial items and taxes	24 310 606.50	2 054 054.99
Interest paid and other financial expenses	-4 405 905.66	-9 881 951.65
Interest received from operating activities	367 950.69	2 917 213.57
Taxes paid (received)	-3 204 923.16	0.00
Net cash generated from operating activities (A)	17 067 728.37	-4 910 683.09

€	1.1.–31.12.2017	1.1.–31.12.2016
Cash flow from investing activities:		
Other investments	-32 137 806.92	0.00
Purchase of property, plant and equipment and intangible assets	-10 032 195.70	-9 019 040.39
Proceeds from sale of property, plant and equipment and intangible assets	43 147 718.20	495 000.00
Investments in associated and subsidiary companies	-4 653 926.44	-39 379 417.03
Loans granted	-88 690 857.07	-55 596 100.00
Dividends received	117 762 026.81	168 581 100.58
Repayment of loan receivables	0.00	16 650 000.00
Net cash used in investing activities (B)	25 394 958.88	81 731 543.16
Cash flow from financing activities:		
Purchase of own shares	0.00	-16 255 898.40
Proceeds from current loans	5 000 000.00	50 000 000.00
Repayment of current loans	0.00	-119 408 468.80
Repayment of long-term loans	-40 918 000.00	-7 667 449.34
Dividends paid and other profit distribution	-5 631 588.75	-6 684 215.75
Net cash used in financing activities (C)	-41 549 588.75	-100 016 032.29
Net increase (+) / decrease (-) in cash and cash equivalents (A+B+C)	913 098.50	-23 195 172.22
Cash and cash equivalents at beginning of period	33 188.46	23 228 360.68
Cash and cash equivalents received from merger	166 958,00	0.00
Cash and cash equivalents at end of period	1 113 244.96	33 188.46

Notes to the financial statements 31 December 2017

Accounting principles for the financial statements

Financial period

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

Consolidated financial statements

St1 simplified its group structure at the end of 2017 by merging the sister group's parent company St1 Group Oy with St1 Nordic Oy. Now all of St1's energy business is in the same group. Merger profit (231,761 teur) generated in the merger is presented in Finance income and costs. St1 Finance Oy which provides payment services is outside the St1 Nordic group.

The subsidiaries St1 Oy, St1 Renewable Energy Oy, North European Bio Tech Oy, North European Bio Tech AB, St1 Lähienergia Oy, St1 Deep Heat Oy, Lämpöpuisto Oy, St1 Sverige AB, St1 Norge Group AS, St1 Norge AS, Shell Ski AS, Shell Bilbyen AS, St1 Polska Sp z.o.o and Kiinteistö Oy Olarinluoman huoltamo are consolidated in St1 Nordic group financial statements. The balance sheets of St1 Sweden Holding AB, St1 Supply AB and St1 Refinery AB which were transferred to St1 Nordic through the merger at year end are also consolidated. The associated companies North European Oil Trade Oy, Tuuliwatti Oy and Aviation Fuelling Services Norway 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, Purotie 1, 00380 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 be valued using the FIFO method, the difference would not be material. Other inventories are valued according to the FIFO principle using cost of purchase, or cost of repurchase, or likely sale price, if lower.

Measurement of non-current assets

Intangible and tangible assets have been capitalised at cost. Depreciation and amortisation according to plan have been recognised on a straight-line basis during the economic life of the assets. Depreciation and amortisation starts in the month when the assets have been taken into use. A revaluation of land has been recognised in the consolidated financial statements based on the land's market value.

Depreciation and amortisation periods in the group

capitalised development expenditure	10 years
intangible rights and other long-term capitalised expenditure	5 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

	Consolidated		Parent company	
Meur	**2017**	**2016**	**2017**	**2016**
Liquid fuels	5055.4	4 355.3	0.0	0.0
Energy products and electricity	38.5	26.5	18.0	12.2
Other	5.9	8.5	19.5	18.1
	5099.8	4 390.4	37.5	30.3
Domestic	1 430.2	1 301.6	37.5	30.3
Foreign	3 669.5	3 088.8	0.0	0.0
	5 099.7	4 390.4	37.5	30.3

2. Other operating income

	Consolidated		Parent company	
Meur	**2017**	**2016**	**2017**	**2016**
Gains on sale of non-current assets and shares	38.2	19.5	0.0	0.3
Other operating income	94.1	82.1	17.6	7.3
	132.3	101.6	17.6	7.6

3. Average number of personnel

	Consolidated		Parent company	
	2017	**2016**	**2017**	**2016**
Personnel on average	556	537	51	54
	556	537	51	54

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 1,186,737.54 (1,008,820.31 in 2016).

5. Depreciation, amortisation and impairment charges

	Consolidated		Parent company	
€	**2017**	**2016**	**2017**	**2016**
Depreciation and amortisation according to plan				
Intangible assets				
Capitalised development expenses	299 251.24	299 251.24	0.00	0.00
Intangible rights	3 050 240.34	1 383 496.34	2 520 707.16	757 973.78
Goodwill	844 910.46	1 050 469.77	0.00	0.00
Other long-term capitalised expenditure	1 669 597.03	3 157 646.78	171 187.97	70 642.23
Tangible assets				
Buildings and structures	10 788 842.96	14 958 670.71	0.00	0.00
Machinery and equipment	24 935 838.95	26 217 812.84	129 964.09	25 105.32
Other tangible assets	2 933 217.10	3 246 928.77	0.00	0.00
	44 521 898.09	50 314 276.45	2 821 859.22	853 721.33
Amortisation of goodwill on consolidation	10 915 078.45	10 286 747.83		
	10 915 078.45	10 286 747.83		
Depreciation and amortisation according to plan, total	55 436 976.54	60 601 024.28	2 821 859.22	853 721.33

6. Other operating expenses

	Consolidated		Parent company	
€	**2017**	**2016**	**2017**	**2016**
Rents	46 868 811.61	46 591 296.62	736 121.00	786 549.97
Advertising and sales promotion	25 782 041.99	24 036 773.41	61 415.66	23 009.23
Operating and maintenance expenses	52 935 991.43	58 628 123.15	89 431.95	7 699.19
Other operating expenses	23 962 251.15	64 111 148.0	12 546 893.09	11 277 754.84
	149 549 096.18	193 367 341.18	13 433 861.70	12 095 013.23

7. Finance income and expenses

	Consolidated		Parent company	
€	**2017**	**2016**	**2017**	**2016**
Income from investments in other non-current assets				
From group companies	0.00	388 095.55	111 398 667.71	167 665 219.27
From associated companies	1 889 062.04	3 492 474.48	6 363 359.10	909 881.31
	1 889 062.04	3 880 570.03	117 762 026.81	168 575 100.58
Other interest and finance income				
From group companies	0.00	0.00	3 957 363.72	1 717 140.03
Merger profit	231 761 154.11	0.00		
From others	4 591 340.63	3 656 938.85	38 710 389.98	1 206 073.54
	236 352 494.74	3 656 938.85	42 667 753.70	2 923 213.57
Impairment of investments				
Impairment of investments to non-current assets	821 342.45	0.00	821 342.45	0.00
Interest costs and other finance costs				
To group companies	0.00	0.00	4 752 035.00	2 521 146.05
To others	8 558 358.39	12 864 493.09	4 471 430.96	9 489 999.07
	8 558 358.39	12 864 493.09	9 223 465.96	12 011 145.12
Finance income and expenses, total	228 861 855.94	-5 326 984.21	150 384 972.10	159 487 169.03

8. Appropriations

	Consolidated		Parent company	
€	**2017**	**2016**	**2017**	**2016**
Change in accelerated depreciation	0.00	0.00	-66 674.15	0.00
Group contribution received/given	0.00	0.00	-5 000 000.00	6 750 000.00
			-5 066 674.15	6 750 000.00

9. Income taxes

	Consolidated		Parent company	
€	**2017**	**2016**	**2017**	**2016**
Current tax on profits for the financial period	33 274 546.28	35 106 906.24	1 753 503.71	0.00
Change in deferred taxes	-625 333.51	-2 586 809.15	0.00	0.00
	32 649 212.76	32 520 097.09	1 753 503.71	0.00

Notes to the balance sheet

Tangible and intangible assets in the group

Capitalised development expenditure and intangible rights

The costs of St1 Renewable Energy Oy's development project "Conceptualisation of the new dispersed ethanol plant" have been capitalised into capitalised development expenditure. Said expenditure fulfills requirements set by the Ministry of Trade and Industry. Depreciation for the capitalised development expenses has been recognised for the current year starting from the initialisation of the first ethanol plant.

Technological initialisation expenditure includes developmental projects aimed at developing methods of utilising waste and process residues in the production of ethanol and energy.

St1 Renewable Energy Oy has received as apport property the rights to the process to produce the water and ethanol mix. The item is presented in intangible rights. A patent has been granted for the said process. The anticipated return of the capitalised development expenditure significantly exceeds 5 years.

The development costs for the construction of St1 Deep Heat Oy's geothermal pilot heat plant have been capitalized into capitalized development expenditure. The said expenditure fulfills requirements set for capitalization by the Ministry of Trade and Industry. Planned depreciation for the development costs is 10 years straight-line depreciation. During the financial year depreciation was accounted for a full year.

Current development expenditure confirms the transition into the actual investment and investment is in progress. The longer planned depreciation period is founded on income expectations which significantly exceed 5 years. Should actual construction be interrupted, the development expenses would be written off.

10. Intangible assets

€	Intangible rights	Other long-term expenses	Advance payments and construction in progress	Total
Parent company				
Acquisition cost January 1, 2017	12 868 554.64	591 728.69	0.00	13 460 283.33
Additions	9 426 099.54	387 284.48	0.00	9 813 384.02
Disposals	0.00	0.00	0.00	0.00
Acquisition cost December 31, 2017	22 294 654.18	979 013.17	0.00	23 273 667.35
Accumulated depreciation	-959 914.61	-167 874.47	0.00	-1 127 789.08
Amortisation during the financial period	-2 483 061.56	-208 833.57	0.00	-2 691 895.13
Accumulated depreciation December 31, 2017	-3 442 976.17	-376 708.04	0.00	-3 819 684.21
Net book value December 31, 2017	18 851 678.01	602 305.13	0.00	19 453 983.14

€	Development expenses	Intangible rights	Goodwill
Group			
Acquisition cost January 1, 2017	3 095 261.39	20 369 568.37	10 080 387.46
Additions	745 479.15	9 600 428.90	0.00
Disposals	-161 301.02	-159 960.38	0.00
Translation difference	0.00	-12 099.16	-27 706.29
Acquisition cost December 31, 2017	3 679 439.52	29 797 937.73	10 052 681.17
Accumulated depreciation	-978 876.21	-7 660 361.91	-9 087 919.88
Amortisation during the financial period	-299 251.26	-3 050 240.34	-844 910.46
Accumulated depreciation December 31, 2017	-1 278 127.47	-10 710 602.25	-9 932 830.34
Net book value December 31, 2017	2 401 312.05	19 087 335.48	119 850.83

€	Goodwill on consolidation	Other long-term expenses	Assets transferred in merger	Total
Acquisition cost January 1, 2017	205 434 398.65	15 327 321.86	5 220 711.08	259 527 648.81
Additions	432 835.20	908 170.68	9 866 781.80	21 553 695.73
Disposals	0.00	-394 827.94	-10 175 960.42	-10 892 049.76
Translation difference	0.00	-15 783.49	4 707.21	-50 881.73
Acquisition cost December 31, 2017	205 867 233.85	15 824 881.11	4 916 239.67	270 138 413.05
Accumulated depreciation	-17 731 674.78	-10 884 107.82	-130 517.78	-46 473 458.38
Depreciation during the financial period	-10 915 078.45	-1 669 597.03	-222 025.87	-17 001 103.41
Accumulated depreciation December 31, 2017	-28 646 753.23	-12 553 704.85	-352 543.65	-63 474 561.79
Net book value December 31, 2017	177 220 480.62	3 271 176.26	4 563 696.02	206 663 851.26

11. Tangible assets

€	Machinery and equipment	Advance payments and construction in progress	Total
Parent company			
Acquisition cost January 1, 2017	753 596.58	0.00	753 596.58
Additions	218 811.68	0.00	218 811.68
Disposals	0.00	0.00	0.00
Acquisition cost December 31, 2017	972 408.26	0.00	972 408.26
Accumulated depreciation	-32 457.42	0.00	-32 457.42
Depreciation during the financial period	-129 964.09	0.00	-129 964.09
Accumulated depreciation December 31, 2017	-162 421.51	0.00	-162 421.51
Net book value December 31, 2017	809 986.75	0.00	809 986.75

€	Land	Buildings	Machinery and equipment	Other tangible assets
Group				
Acquisition cost January 1, 2017	53 561 798.34	187 602 068.79	327 845 655.43	37 573 656.32
Additions	2 419 044.34	22 751 653.85	60 272 162.09	7 294 248.67
Disposals	-3 322 216.93	-2 746 826.83	-2 820 388.32	318 126.29
Translation difference	-1 764 827.72	-2 517 587.54	-8 082 457.16	-346 349.54
Acquisition cost December 31, 2017	50 893 798.03	205 089 308.27	377 214 972.04	44 839 681.75
Accumulated depreciation	0.00	-100 792 440.40	-152 631 320.38	-21 741 829.88
Depreciation during the financial period	0.00	-10 788 842.96	-24 935 838.94	-2 933 217.10
Accumulated depreciation December 31, 2017	0.00	-111 581 283.36	-177 567 159.32	-24 675 046.98
Revaluation January 1, 2017	69 646 002.39	22 058 992.18	23 793 158.15	2 643 684.24
Additions	0.00	0.00	0.00	0.00
Disposals	0.00	0.00	0.00	0.00
Revaluation December 31, 2017	69 646 002.39	22 058 992.18	23 793 158.15	2 643 684.24
Net book value December 31, 2017	120 539 800.42	115 567 017.09	223 440 970.88	22 808 319.01

€	Advance payments and construction in progress	Assets transferred in merger	Total
Acquisition cost January 1, 2017	40 830 995.56	241 812 324.27	889 226 498.71
Additions	47 741 771.65	28 228 884.31	168 707 764.91
Disposals	-22 015 077.88	-8 833 283.70	-39 419 667.37
Translation difference	-554 054.68	-2 760 718.86	-16 025 995.50
Acquisition cost December 31, 2017	66 003 634.65	258 447 206.02	1 002 488 600.76
Accumulated depreciation	0.00	-57 152 760.19	-332 318 350.85
Depreciation during the financial period	0.00	-14 129 980.69	-52 787 879.69
Accumulated depreciation December 31, 2017	0.00	-71 282 740.88	-385 106 230.54
Revaluation January 1, 2017	0.00	0.00	118 141 836.96
Additions	0.00	0.00	0.00
Disposals	0.00	0.00	0.00
Revaluation December 31, 2017	0.00	0.00	118 141 836.96
Net book value December 31, 2017	66 003 634.65	187 164 465.14	735 524 207.19

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%
Kiinteistö Oy Olarinluoman huoltamo	100.00%	100.00%
St1 Lähienergia Oy	79.11%	79.11 %
St1 Polska Sp. z.o o	100.00%	100.00%
St1 Sverige AB	100.00%	100.00%
St1 Sweden Holding AB	100.00%	100.00%
St1 Supply AB	100.00%	0.00%
St1 Refinery AB	100.00%	0.00%
St1 Norge AS	100.00%	0.00%
St1 Norge Group AS	100.00%	100.00%
Shell Ski AS	100.00%	0.00 %
Shell Bilbyen AS	100.00%	0.00%
St1 Renewable Energy Oy	100.00%	100.00%
North European Bio Tech Oy	100.00%	100.00%
North European Bio Tech AB	100.00%	0.00%
St1 Lämpöpuisto Oy	100.00%	0.00%
St1 Deep Heat Oy	99.05%	99.05%

Associated companies	Group ownership	Parent ownership
Tuuliwatti Oy		
Equity EUR 85,463,048.41 and profit for the period EUR 3,715.68	50%	50%
North European Oil Trade Oy		
Equity EUR 8,464,035.79 and profit for the period EUR 46,416.80	49%	49%

Aviation Fuelling Services Norway AS	50%	50%
Equity EUR 19,589,421.33 and profit for the period EUR 7,305,535.73		
Knapphus Energi Norge AS	49%	0%
Equity EUR 53,575.02 and profit for the period EUR 3,512.84		
Grenselandet AS	22%	0%
Equity EUR -577,650.07 and profit for the period EUR -580,849.89		

Investments, parent company

Shares

€	Group companies	Associated companies	Others	Total
Acquisition cost January 1, 2017	446 611 371.15	69 226 917.03	20 765.69	515 859 053.87
Additions	357 747 170.35	0.00	30 486 875.40	388 234 045.75
Disposals	-356 713 342.93	-3 100 000.00	0.00	-359 813 342.93
Acquisition cost December 31, 2017	447 645 198.57	66 126 917.03	30 507 641.09	544 279 756.69
Net book value December 31, 2017	447 645 198.57	66 126 917.03	30 507 641.09	544 279 756.69

Investments in the group

	Shares		Receivables	
€	Associated companies	Others	Others	Total
Acquisition cost January 1, 2017	96 049 942.96	3 523 512.26	18 252 288.45	117 825 743.67
Additions	24 897.61	28 377 116.77	0.00	28 402 014.38
Disposals	-7 463 832.48	0.00	-18 219 250.06	-25 683 082.54
Acquisition cost December 31, 2017	88 611 008.09	31 900 629.03	33 038.39	120 544 675.51
Net book value December 31, 2017	88 611 008.09	31 900 629.03	33 038.39	120 544 675.51

14. Receivables from group companies

	Consolidated		Parent company	
€	2017	2016	2017	2016
Current				
Trade receivables	0.00	0.00	311 526.83	7 844 143.70
Other receivables	116 517.43	2 006 963.60	0.00	0.00
Loan receivables	0.00	0.00	0.00	0.00
	116 517.43	2 006 963.60	311 526.83	7 844 143.70
Long-term				
Loan receivables	0.00	0.00	167 758 336.60	59 579 243.00

Receivables from associated companies

	Consolidated		Parent company	
€	2017	2016	2017	2016
Equity loans	0.00	18 190 198.19	38 111 392.55	20 711 540.64
Current				
Trade receivables	0.00	108 371.56	0.00	108 371.56

15. Equity

	Consolidated		Parent company	
€	**2017**	**2016**	**2017**	**2016**
Share capital January 1	100 000.00	100 000.00	100 000.00	100 000.00
Increase in the share capital				
Share capital December 31	100 000.00	100 000.00	100 000.00	100 000.00
Revaluation reserve January 1	40 093 293.39	45 907 770.53	0.00	0.00
Change	0.00	-5 814 477.14	0.00	0.00
Revaluation reserve December 31	40 093 293.39	40 093 293.39	0.00	0.00
Reserve for invested unrestricted equity January 1	58 801 475.98	75 021 374.38	58 670 475.98	74 926 374.38
Change	36 451 720.12	-16 219 898.40	36 201 237.06	-16 255 898.40
Reserve for invested unrestricted equity December 31	95 253 196.10	58 801 475.98	94 871 713.04	58 670 475.98
Retained earnings January 1	309 854 305.88	199 737 828.29	256 669 558.72	90 551 328.71
Dividend distribution	-5 631 588.75	-6 684 215.75	-5 631 588.75	-6 684 215.75
Translation differences of foreign subsidiaries	-12 349 858.69	4 125 042.01	0.00	0.00
Retained earnings December 31	291 872 858.45	197 178 654.55	251 037 969.97	83 867 112.96
Profit for the period	372 826 447.25	112 675 651.33	159 413 261.22	172 802 445.76
	759 952 501.80	368 655 781.86	505 322 944.23	315 340 034.70
Capitalized development expenditure	-2 401 312.05	-2 116 385.18	0.00	0.00
Distributable earnings December 31	757 551 189.75	366 539 396.69	505 322 944.23	315 340 034.70

The company's share capital by type of shares

	31.12.2017	31.12.2016
Shares, amount	100 000	100 000
A-shares (1 vote / share)	38,737,118 (88.7%)	20,000,000 (80.3%)
B-shares (no voting rights)	4,912,285 (11,3 %)	4,912,285 (19.7%)

B-shares carry a 5-fold dividend right compared to A-shares. At the end of the accounting period the company owned 1,403,500 B-shares (28,6 percent of B-shares, 0 percent of votes). According to St1 Group Oy merger plan, St1 Nordic Oy issued 18,737,118 new A shares without nominal value. The shares were given as merger compensation to the shareholders of St1 Group Oy in accordance with their ownership. The Board of Directors proposes that the company will pay a dividend of EUR 5,810,567.70 to the A-shares and EUR 2,631,588.75 to the B-shares for the financial year ended and transfer the remaining financial year's profit to the 'Retained earnings' account.

16. Provisions

	Consolidated	
€	2017	2016
Certain retirement pensions for which company is liable	38 154 351.39	33 453 560.35
Other provisions	2 929 281.94	535 241.12
Expected environmental obligations	13 319 734.26	13 567 572.97
Total provisions	54 403 367.59	47 556 374.44

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

	Consolidated	
€	2017	2016
Deferred tax assets		
From provisions	1 599 560.60	1 585 982.80
	1 599 560.60	1 585 982.80
Deferred tax liabilities		
From appropriations	26 278 105.20	9 063 916.69
From revaluations and goodwill allocations	40 903 932.91	25 540 548.29
From consolidation	13 471 048.64	6 370 719.44
	80 653 086.75	40 975 184.42

18. Liabilities to group companies

	Consolidated		Parent company	
€	**2017**	**2016**	**2017**	**2016**
Non-current loans	0.00	0.00	104 262 416.75	145 592 067.76
Current loans:				
Trade payables	174 630.60	49 428 486.07	272 134.26	1 019 464.19
Other liabilities	0.00	0.00	0.00	0.00
Accruals and deferred income	0.00	0.00	5 723 141.85	2 173 096.93
	174 630.60	49 428 486.07	110 257 692.86	148 784 628.88

19. Adjusting entries for assets/ Receivables carried forward

	Consolidated		Parent company	
€	**2017**	**2016**	**2017**	**2016**
Cost allocations	54 770 186.83	16 750 398.68	3 664 849.89	1 547 381.59
Financing cost allocations	681 768.72	0.00	681 768.72	1 559 200.16
Tax receivables	2 432 561.72	822 602.16	1 839 283.57	198 118.51
Other adjusting entries	3 721 488.23	34 863 251.71	0.00	0.00
	61 606 005.50	52 436 252.55	6 185 902.18	3 304 700.26

20. Accrued expenses

	Consolidated		Parent company	
€	**2017**	**2016**	**2017**	**2016**
Personnel cost accruals	20 682 947.97	7 740 862.10	445 341.81	648 658.96
Interest accruals	2 644 536.11	2 628 356.20	2 373 287.70	2 373 287.70
Cost provisions	3 189 859.03	1 920 861.33	1 524 485.09	1 248 091.85
Tax accruals	43 675 609.94	52 985 719.63	0.00	0.00
Other accrued expenses	29 468 419.85	38 149 560.90	3 800.00	3 800.00
	99 661 372.90	103 425 360.16	4 346 914.60	4 273 838.51

21. Financial instruments

Bond

St1 Nordic Oy issued its first bond on June 4th, 2014. The size of the issue was 100 MEUR and the bond is listed on First North Bond Market Finland. The bond (ISIN FI4000097191) matures in 5 years and has an annual coupon of 4.125 percent.

Commercial paper program

St1 Nordic launched a Commercial paper program in November 2016. Maximum size of the program is 150 MEUR and it is used for short-term working capital purposes. Outstanding amount at the end of the year was 55 MEUR.

Revolving Facility Agreement

St1 has a 150 million euro revolving facility agreement which has been extended until 20 May, 2019.

Oil financing facility

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

22. Commitments and contingencies

	Consolidated		Parent company	
€	**2017**	**2016**	**2017**	**2016**
Liabilities for which business mortgage, real estate mortgage or shares have been given as collateral				
Loans from financial institutions	209 334.43	320 445.55	0.00	0.00
Guarantees on behalf of others	0.00	0.00	0.00	0.00
Total	209 334.43	320 445.55	0.00	0.00
Mortgages given as collateral				
Business mortgages	6 000 000.00	6 000 000.00	0.00	0.00
Bearer bonds and mortgage bonds	0.00	0.00	0.00	0.00
Mortgage on lease agreement on a place of business	3 700 000.00	3 700 000.00	0.00	0.00
Shares	0.00	0.00	0.00	0.00
Other guarantees	4 200 000.00	4 200 000.00	4 200 000.00	4 200 000.00
Total	13 900 000.00	13 900 000.00	4 200 000.00	4 200 000.00
Guarantees given				
Other guarantees	8 275 899.45	8 000 000.00	7 500 000.00	8 000 000.00
	8 275 899.45	8 000 000.00	7 500 000.00	8 000 000.00

	Consolidated		Parent company	
€	**2017**	**2016**	**2017**	**2016**
Mortgages and guarantees on own operations				
Business mortgages	6 000 000.00	6 000 000.00	0.00	0.00
Bearer bonds and mortgage bonds	0.00	0.00	0.00	0.00
Mortgage on lease agreement on a place of business	3 700 000.00	3 700 000.00	0.00	0.00
Shares	0.00	0.00	0.00	0.00
Other guarantees	4 975 899.45	4 200 000.00	0.00	0.00
Total	14 675 899.45	13 900 000.00	0.00	0.00
Guarantees on behalf of others	7 500 000.00	8 000 000.00	7 500 000.00	8 000 000.00
Guarantees on behalf of group companies				
Other guarantees	91 567 359.03	67 409 646.63	91 567 359.03	67 409 646.63

In addition, a guarantee was given for the associated company North European Oil Trade Oy's accounts payable amounting to EUR 21.934.359.06, derivatives liabilities EUR 118.512.91 and L/C liabilities EUR 23.144.081.06 on 31 December 2017. St1 Nordic Oy has also pledged for Tuuliwatti Oy's loans receivables from any balance responsible party acting on the electricity market (FI: tasevastaava).According to an investor undertaking issued by the St1 Nordic Oy and S-Voima Oy, Tuuliwatti and/or the agent of the finance parties may require the shareholders to make an equity investment into Tuuliwatti to enable it to ensure that any leasehold registered to Tuuliwatti remains in force if any mortgages registered to the relevant real estate are enforced.

	Consolidated		Parent company	
Meur	**2017**	**2016**	**2017**	**2016**
Rent liabilities				
No later than one year	37.1	35.8	0.5	0.5
Later than one year	127.2	126.5	1.6	2.0
Future leasing payments, €				
No later than one year	1 536 660.75	1 527 145.13	114 300.48	169 766.10
Later than one year	1 279 611.75	1 069 407.73	127 728.47	97 160.35
Total	2 816 272.50	2 596 552.86	242 028.95	266 926.45
Residual value liability	127 723.16	627 507.45	0.00	15 421.99

In addition, guarantees have been given for environmental obligations related to the lease agreements of the subsidiaries.

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 commodiry 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 2018 to 2021. There are contracts with several counterparties. Fair values at the closing date are presented in the table.

	Consolidated		Parent company	
	2017	**2016**	**2017**	**2016**
Volume, mill. bbl	25.1	0.0	0.0	0.0
Fair value, MEUR	-36.9	0.0	0.0	0.0
Foreign exchange derivatives				
Volume, MEUR	128.0	0.0	0.0	0.0
Fair value, MEUR	2.6	0.0	0.0	0.0
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 2018

Mika Anttonen
Chairman of the Board

Mika Jokinen

Juha Kokko

Mikko Koskimies

Kim Wiio
CEO

Auditor's Note

Our auditor's report has been issued today.

Helsinki, 29 March 2018

PricewaterhouseCoopers Oy
Authorised Public Accountants

Johan Weckman
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 year ended 31 December 2017. 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 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 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 on 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise profes-

sional 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 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 company 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 29 March 2018

PricewaterhouseCoopers Oy
Authorised Public Accountants

Johan Weckman
Authorised Public Accountant (KHT)

Board of Directors

St1 NORDIC

Mika Anttonen
Chairman of the Board of Directors
St1 Nordic Oy

Mikko Koskimies
Managing Director
eQ Varainhoito Oy

Juha Kokko
COO
STR Tecoil Oy

Mika Jokinen
COO
St1 Renewable Energy Oy

Management

St1 NORDIC

Kim Wiio
CEO
St1 Nordic Oy

Mika Wiljanen
CEO
St1 Oy, St1 Norge AS

Hilde Wahl
CEO
St1 Sverige AB

Jari Suominen
CEO
St1 Renewable Energy

Kati Ylä-Autio
CFO

Mika Aho
Director, Public Affairs

Marko Korhonen
CIO

Bo-Erik Svensson
CEO
St1 Supply AB.
St1 Refinery AB

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