



SUSTAINABILITY AT K GROUP

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K GROUP IN FIGURES



K GROUP IN BRIEF

- Kesko has around **1,800 stores** engaged in chain operations in Finland, Sweden, Norway, Estonia, Latvia, Lithuania, Poland and Denmark
- Kesko's strategic business areas are grocery trade, building and technical trade, and car trade
- Kesko and K-retailers together form K Group, which is the biggest trading sector operator in Finland and one of the biggest in Northern Europe
- K Group's retail sales in 2023 totalled some **€16 billion**
- Kesko and K-retailers combined employ 39,000 people, and overall K Group employs some **45,000 people**
- Kesko's shares are listed on Nasdaq Helsinki. The company's domicile and main premises are located in Helsinki

Figures 1-12/2023

Acquisition of the Danish builders' merchant Davidsen was completed in January 2024.

As part of K Group is Kesko Senukai, a joint venture that engages in building and home improvement trade in the Baltics and Belarus.



Biggest trading sector operator in Finland, one of the biggest in Northern Europe



Profitable growth strategy, 3 divisions, 1,800 stores in 8 countries, extensive digital services



One of the most sustainable companies in the world (Global 100)

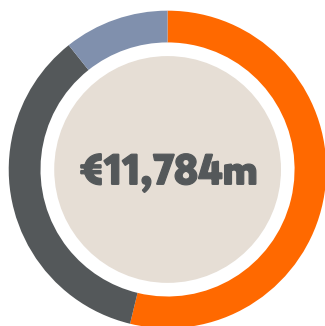


Strong financial position with good dividend capacity



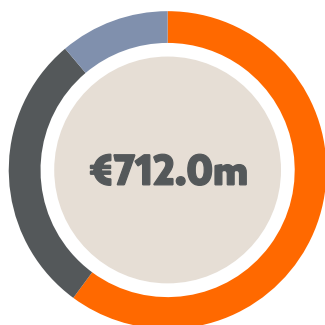
Market cap €7.1 bn, over 105,000 shareholders

KESKO'S NET SALES AND OPERATING PROFIT 2023



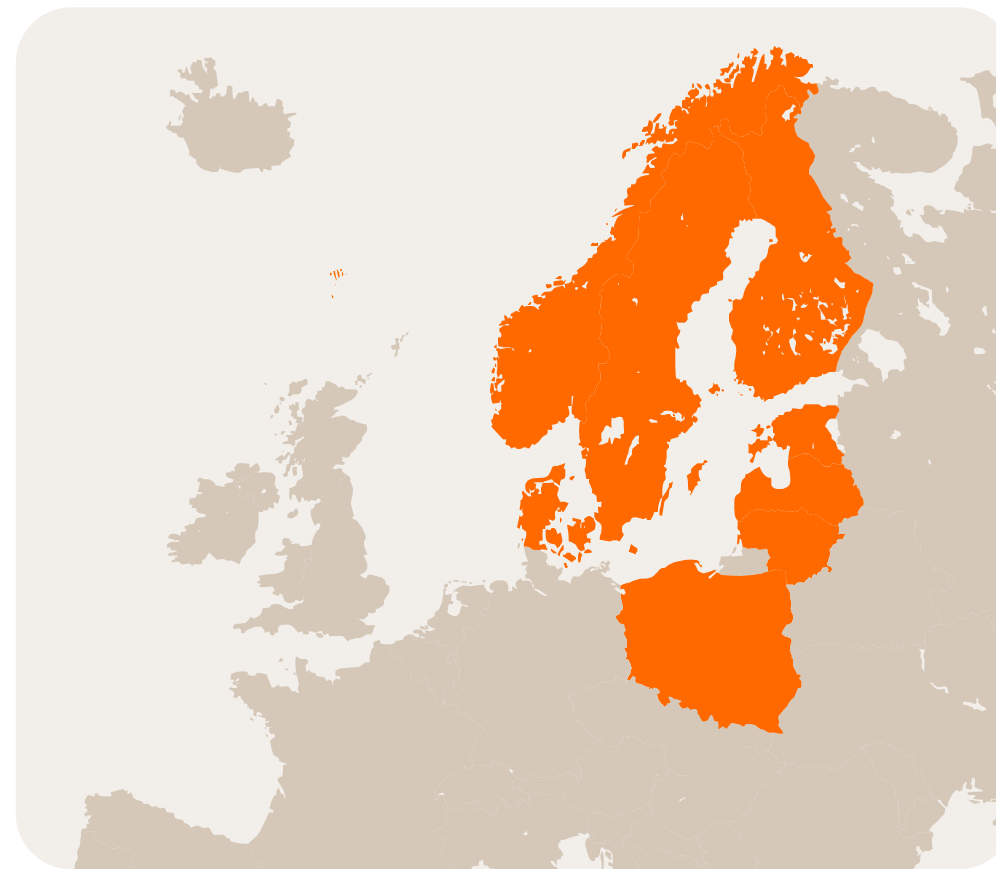
NET SALES

Grocery trade	6,351.6 € million
Building and technical trade	4,193.2 € million
Car trade	1,262.3 € million



OPERATING PROFIT*

Grocery trade	444.8 € million
Building and technical trade	212.5 € million
Car trade	82.6 € million



*) Comparable
Acquisition of Davidsen in Denmark was completed in January 2024.

KESKO'S THREE DIVISIONS

Grocery Trade



Net sales **€6,351.6m**
Operating profit
€444.8m*
Personnel **6,257**

- The second biggest grocery trade operator in Finland
- Some 900 independent K-retailers at 1,200 K Group grocery stores
- Over 700 of the stores also offer online grocery sales
- The grocery store chains are K-Citymarket, K-Supermarket, K-Market and Neste K
- Kespro is the leading foodservice wholesale provider in Finland

*) Comparable

Building and Technical Trade



Net sales **€4,193.2m**
Operating profit
€212.5m*
Personnel **6,075**

- Operates in 8 countries: Finland, Sweden, Norway, Estonia, Latvia, Lithuania, Poland and Denmark
- Some 500 stores and extensive online services
- Onninen serves technical trade customers, while K-Rauta, Bygghälsan and K-Bygg and Davidsen serve professional builders and consumers
- In the Baltics and Belarus, operations are handled by the joint venture Kesko Senukai

Acquisition of Davidsen in Denmark was completed in January 2024.

Car Trade



Net sales **€1,262.3m**
Operating profit
€82.6m*
Personnel **1,531**

- K-Auto is a leading operator in Finnish car trade with import and sales of new cars, used car sales, extensive servicing, repairs and K-Lataus EV charging
- The division also includes sports trade with Intersport and Budget Sport chains
- The brands imported and sold by K-Auto are Volkswagen, Audi, SEAT, CUPRA, Porsche and Bentley passenger cars and Volkswagen Commercial Vehicles in Finland, SEAT and CUPRA in the Baltics

SUSTAINABILITY AT THE CORE OF KESKO'S STRATEGY



GROWTH STRATEGY

FOCUS:



GROCERY TRADE



BUILDING AND TECHNICAL TRADE



CAR TRADE

ONE UNIFIED 

CUSTOMER EXPERIENCE

DIGITALISATION

SUSTAINABILITY

KESKO IS INCLUDED IN THE MAJOR SUSTAINABILITY INDICES AND LISTS

Sustainability indices are key tools for investors to assess the ESG level of corporations

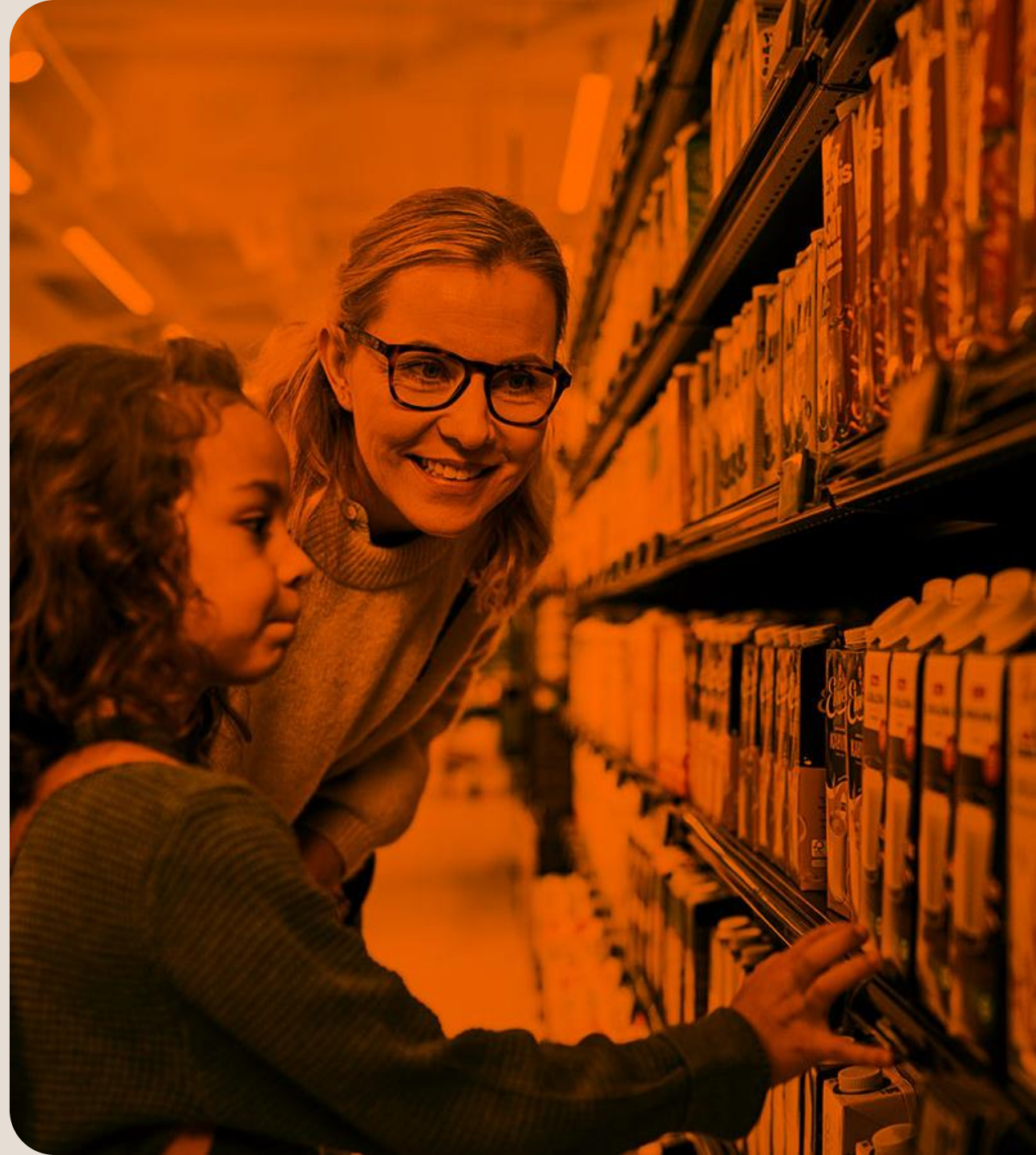


Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA





SUSTAINABILITY STRATEGY GUIDING OUR WORK



**Sustainability is at the core of K Group's strategy.
Everyone has a role to play in turning sustainability into action.**



1 MINIMISING IMPACT ON CLIMATE AND NATURE

We respect planetary boundaries by minimising negative and maximising positive impacts on climate and nature.

2 CHALLENGING SUPPLIERS AND ENCOURAGING CUSTOMERS

We drive sustainability throughout the value chain and help our customers make sustainable choices.



SUSTAINABILITY IN ACTION

Sustainability is embedded in the K Group strategy. The effects of what we do spread far and wide through society.

3 SUPPORTING THE WELLBEING AND SUCCESS OF OUR PEOPLE

We create safety, wellbeing and success within the K Group. We foster diversity and inclusion, and offer equal opportunities for both current and future employees.

4 ENSURING GOOD AND TRANSPARENT GOVERNANCE

We create long-term value by embedding sustainability in everything we do.



FOCUS AREAS OF THE SUSTAINABILITY STRATEGY



Climate and nature

Carbon neutral K, Net Zero 2050

Promoting biodiversity

Enhancing circular economy



Value chain

Ensuring sustainability in the supply chain

Enabling sustainable choices for our customers

Creating value for society through sustainable supply chains



Our people

Increasing the safety and wellbeing of our employees

Fostering diversity, inclusion and equal opportunities for our current and future employees



Good governance

Committing to K Code of Conduct

Remunerating based on sustainability performance

Strengthening sustainability competencies

Using data in a responsible and ethical way that creates value

AMBITIOUS EMISSIONS TARGETS

EMISSIONS

SCIENCE-BASED TARGETS

MEASURES

Scope 1:
Direct GHG emissions from own operations

1.5°C:
90%

emissions reductions of absolute emissions from own operations by the end of 2030 (tCO₂e compared to 2020).

Scope 2:
Indirect GHG emissions from energy consumption



Purchased electricity: Increasing the purchase of zero-emission electricity.

Self-generated energy: Minimising emissions by reducing the use of oil and natural gas.

Energy-efficiency: Improving energy efficiency and utilising waste heat.

Transports: Increasing the number of electric vehicles.

Refrigerants: Renewing refrigeration systems to be more energy-efficient and into systems that use natural refrigerants.

Net-Zero:

We commit to setting new long-term emissions reductions targets and to reduce emissions in the whole value chain to net zero by the year 2050.

Scope 3:
Indirect GHG emissions from value chain

1.5°C:
17%

emissions reductions of absolute emissions from the use of sold products by the end of 2026 (tCO₂e compared to 2020).

1.5°C:
67%

of suppliers and service providers by spend will have science-based emissions reductions targets by the end of 2026.

We are moving towards our 2050 net-zero targets by establishing a roadmap and reviewing new measures needed.

During the first phase, we expand our current measures: suppliers are encouraged to set their own science-based emissions targets, and the share of sustainable products in selections is increased.

98 %

of Scope 3 emissions is generated from the production, use and end-of-life treatment of the products sold.



2050



BIODIVERSITY

Biodiversity underpins all life on Earth. Biodiversity loss is mainly caused by changes in land use, overexploitation of animals and plants, pollution and climate change.

Our goal is to prevent biodiversity loss both in our own operations as well as in the value chain.

CLIMATE AND NATURE

- We create a biodiversity roadmap and set goals to decrease our biodiversity impact
- We study and minimise biodiversity impacts when building logistical centres, stores and in store maintenance
- When building our selections, we ensure that our products harm biodiversity as little as possible throughout their life cycle



We supply raw materials with a particular concern of deforestation only when they are sustainably produced.

100% of cocoa and chocolate in our own brands are of sustainable origin.



100 % of timber and paper products in our own brands are of sustainable origin by 2025.

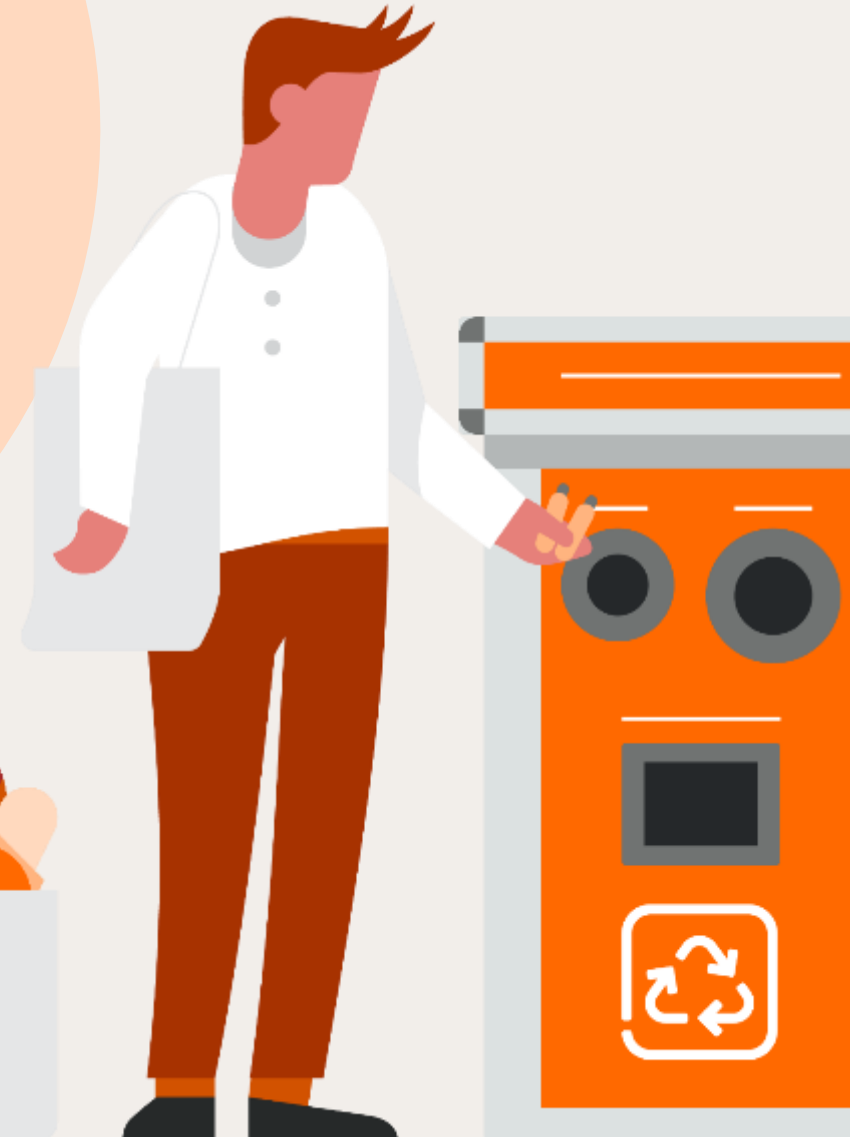


CIRCULAR ECONOMY

Circular economy requires increasingly efficient use and circulation of materials.

- Sustainable packaging for all of our own brand products by 2025
- Reducing food waste by half by 2030
- Increasing recycling rates

CLIMATE AND NATURE



SUSTAINABLE SOURCING GLOBALLY

We promote sustainability and transparency in our supply chains with our sustainability policies, factory and plantation audits, products' sustainability certifications and by working in cooperation with international organisations.



No deforestation
policy

Soy policy

Coffee and
tea policy



FINLAND

the purchases of goods by
Kesko Group's Finnish
companies totalled*

€8.2 billion

of which

79.9%

were from Finland.

Thank the
Producer



Local Food
Dates



Fish and
shellfish
policy



Timber and
paper policy



CDP Supply Chain:
suppliers' emissions
reductions



Fairtrade
collaboration



Cocoa policy



Cotton
policy

International
Accord



amfori BSCI: social
responsibility audits at
factories and plantations



Suppliers'
sustainability
training sessions



Palm oil
policy



* In 2023, the purchases of all Kesko companies from suppliers operating in Finland totalled €6.6 billion, or 67.4% of the Group's total purchases.



ENCOURAGING CUSTOMERS

Our job is to make it as easy and attractive as possible for our customers to make sustainable choices.

Increasing the share of sustainable products in net sales by, for instance:

- Products with sustainability certification
- Plant-based products
- Products reducing energy consumption and emissions
- Vehicles with 0-50 g CO₂ emissions

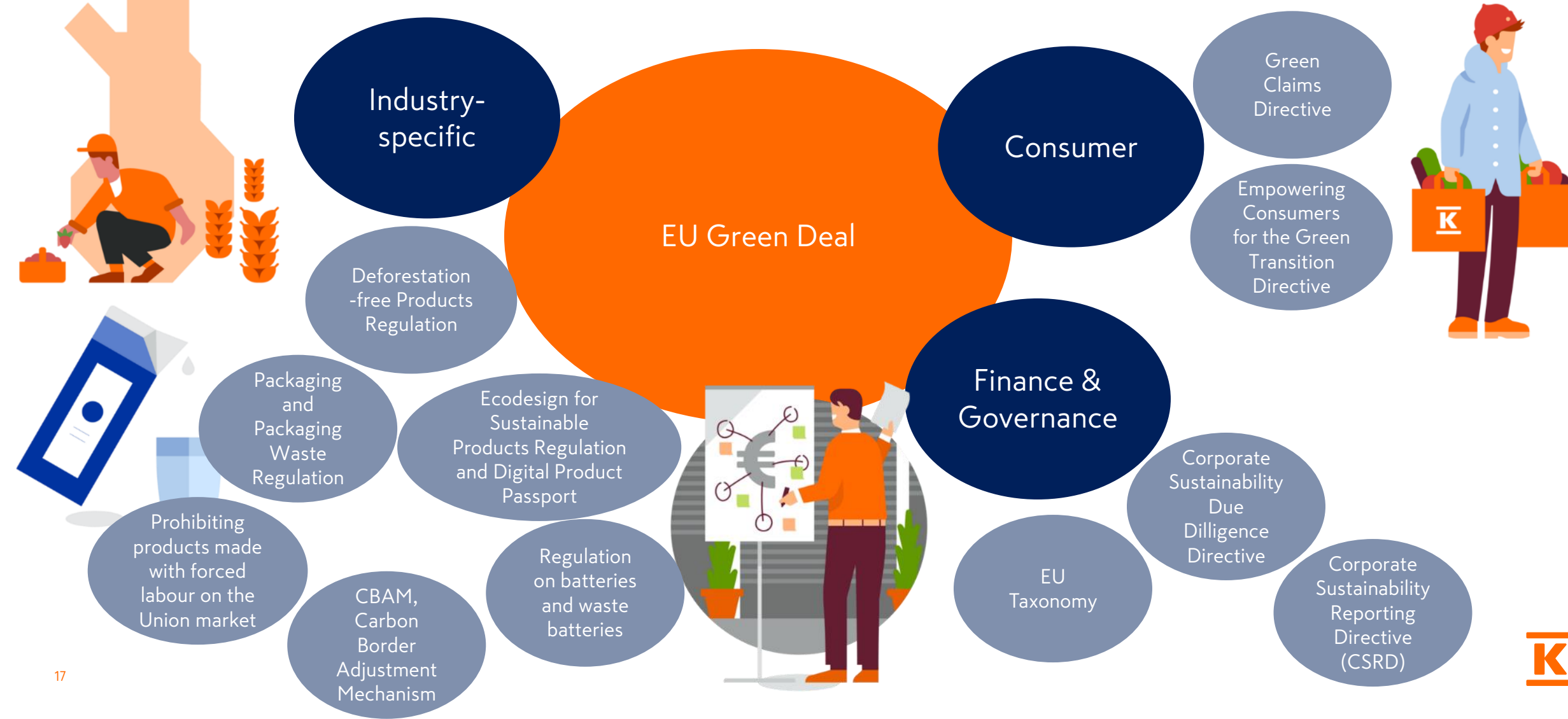
Using data-based tools and communication to make sustainable choices attractive

- K-Ruoka application shows the carbon footprint, healthiness and domesticity of bought groceries
- Promoting health and wellbeing

VALUE CHAIN



NEW ESG-REGULATION FROM EU SIDE REQUIRES DATA THROUGH WHOLE VALUE CHAIN



ELEMENTS OF SUSTAINABILITY COMPLIANCE PROGRAMME

COMMON DUE DILIGENCE FRAMEWORK

K Sustainability Compliance Programme

Control Environment

- K Code of Conduct / Partner Code
- Roles & Responsibilities
 - Compliance & Ethics
 - Risk Management
 - Sustainability
 - IT
 - Business

Risk Assessment

- Risk analysis model
- Templates
- Measures

Control Activities

- Third-party DD checklists
- Supplier Audits
- Remedial measures/ actions
- Certifications like Fair Trade
- Contract clauses

Training & Comms

- External Policy statements
- Training modules by regulation
 - For business
 - For K-retailers
 - For suppliers

Monitoring & Reporting

- Executive Summary described in CSRD
- All sustainability indices
- Annual reporting to regulations
- Whistleblowing channel and investigations

- Documented Word for each detailed regulation by the owners for each regulation

- Regulation specific requirements

- Regulation specific actions and checklists

- Regulation Specific trainings

- Regulation specific monitoring like DDS statements in EUDR and DD system reporting

Regulation specific DD programmes (as appendices)

THIS JOURNEY IS WELL ON ITS WAY...

... but a lot remains to be done. Every step we take benefits all of us from customers and shareholders to suppliers, employees and the planet. We welcome everyone to join us on this journey.

