

## **Kesko's Annual Report tells about Kesko's strategy implementation and renewal**

Kesko's Annual Report 2016 describes the recent steps that Kesko has taken to strengthen the customer experience for consumers and businesses, both in-store and in digital channels. In addition to the progress of Kesko's strategy and sustainability work, the report presents a comprehensive package of interesting stories.

Kesko's Annual Report 2016 was published on March 10 at <http://annualreport2016.kesko.fi/> . The integrated report consists of the Strategy report, the GRI report, the Financial statements, and the Corporate Governance section. The report is prepared in accordance with the GRI Standards and includes Kesko's UN Global Compact Communication on Progress.

### **Main strategic events in 2016**

The most significant events in 2016 in terms of Kesko's growth strategy were the acquisitions of Suomen Lähikauppa, a grocery trade company, and Onninen, a company specialising in HEPAC and electrical products.

In the grocery trade, Kesko's strategic objective is to provide the most inspiring stores and digital services of the market. One step towards accomplishing this was expanding and the renewal of the grocery store chains.

In the building and technical trade, Kesko's strategic objective is profitable growth and a further reinforcement of its position in Europe. Onninen and Kesko represent a unique combination in the building and technical trade, offering B2B customers in the construction sector the most diverse selection of products and services on the market.

In the car trade, Kesko expanded its collaboration with Volkswagen Group by acquiring the right to represent and import Porsche vehicles. Adding Porsche to the selection will increase sales and improve the profitability of the car trade.

### **A frontrunner in corporate responsibility**

For Kesko, it is of utmost importance to ensure that the principles of corporate responsibility are fulfilled every day in all operations in every operating country. The K Code of Conduct, updated in 2016, requires all Kesko employees and business partners to commit to it.

In 2016, Kesko published 'the UN Sustainable Development Goals and Kesko' web pages to explain how it is promoting the 17 UN Sustainable Development Goals. Kesko carried out a human rights impact assessment in compliance with the UN's Guiding Principles on Business and Human Rights, and published a human rights commitment.

According to its plastics policy, Kesko is committed to reducing the consumption of plastic bags in the K-stores. The latest alternative for a plastic bag is the Pirkka ESSI circular economy bag, made from plastic packaging recycled by households.

### **Performance highlights:**

- Since the beginning of 2017, all electricity purchased by Kesko in Finland is renewable.
- Increased use of solar energy: 16 solar power plants will be in use on the rooftops of K Group stores by summer 2017. Thus, Kesko is Finland's largest producer and user of solar energy.

- In 2016, 210 full BSCI audits and 60 BSCI follow-up audits were conducted in the factories and farms of Kesko's suppliers in high-risk countries. At the beginning of 2017, Kesko's suppliers in high-risk countries had a total of 386 valid social responsibility audits.
- Kesko is a founding member in the Finnish soy commitment group, which pledges to ensure that by 2020 all the soy used in the production chain of their own brand products will be responsibly produced, and be either RTRS or ProTerra certified.
- The products sold by Kesko's grocery trade generated €649,459 in Fairtrade premiums for social development projects

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