Kesko Oyj Environmental reporting principles

11.3.2022

This document discusses reporting methodologies used by Kesko for reporting energy and water consumption and related scope 1 and 2 emissions accounting in the Kesko Annual Report 2021.

1. Energy and water consumption in properties in Finland managed by Kesko

1.1. Consumption tracking methods

The properties' consumption tracking is centralised in the EnerKey SaaS service. For consumption reporting, consumption data are collected to the service either by reading the meters remotely or by receiving consumption measurement data from property automation systems or energy companies via data transfer. Depending on the originating system, the frequency of data-collection varies from daily to weekly meter readings. The largest properties have municipal heating and water consumption measurements linked to either separate remote access measurement systems or property automation systems.

In addition to remotely-read meters, the properties also include manually monitored measuring devices. Real estate management companies are responsible for collecting and recording readings from manually monitored properties and meters.

The procedure for normalizing heat consumption is to specify the amount of heating energy required monthly by each property for heating water. During the heating period, the proportion of consumption that exceeds this limit value represents heating the property and is adjusted by the degree day.

1.2. Tracking coverage

The coverage of consumption tracking has been evaluated by comparing the gross areas of tracked properties with the total gross area of the stock of buildings managed by Kesko. There are two levels of tracking:

- The consumption of electricity, heating energy and water is monitored in properties under multi-energy surveillance.
- In addition to the above, there are also properties in which only the consumption of electricity is monitored.

The coverage percentages of tracking have been calculated by comparing the gross areas of tracked properties with the total gross area of the real estate category in question.

1.3. Overall consumption calculation method and the comparability of data

Kesko's overall consumption has been calculated by expanding the overall consumption of each real estate category by the consumption figures of tracked properties. In other words, we calculated specific consumption figures for tracked properties by real estate category (kWh/gr.m2 for electricity and municipal heating and l/gr.m2 for water). The resulting specific consumption figures are assumed to correspond to the average level of consumption in the real estate category, and this is multiplied with the gross area of the real estate category to obtain the overall consumption for the category in question.

2. Energy and water consumption in properties outside Finland

The energy consumption data from subsidiaries in other countries is compiled from fuel and purchased energy consumption data reported by subsidiaries. At some properties located in leased premises outside Finland, the heat energy data is not reported because it is included in the lease or data is not available.

The water consumption data from other countries is compiled from water billing or consumption data reported by subsidiaries. At some properties located in leased premises outside Finland, water consumption is included in the lease and data is not available for reporting.

3. Emissions from energy consumption of properties in Finland

- 3.1. The following base data was used for calculating the environmental profile of electricity consumption:
 - For electricity purchases with Renewable Energy Guarantees of Origin (REGOs), the environmental profile of Finnish bioelectricity and hydroelectric power was used, with emission factor of: CO2 0 g/kWh
 - As the location-based emission coefficient, we used the national average electricity procurement CO2 emission factor of 131 g/kWh, as published by Motiva for the statistical year 2019¹. The emission coefficient has been calculated as a moving average for three years (2017-2019) taken from the Statistics Finland's database.
 - For the calculation of acidifying emissions and emissions that affect tropospheric ozone, we have used the daily per capita emissions caused during the production stage of electricity production in 2010, reported in VTT's Lipasto system²

¹ <u>https://www.motiva.fi/ratkaisut/energiankaytto_suomessa/co2-paastokertoimet</u>

² VTT. 2012. Suomen rautatieliikenteen päästöjen laskentajärjestelmä RAILI 2011 TUTKIMUSRAPORTTI (in Finnish; The Research Report of 2011 for RAILI, The calculating system for the emissions in the Finnish railroads) VTT-R-03247- 12

- 3.2. The following base data was used for calculating the environmental profile of heating:
 - Statistics Finland publication on the coefficient reported by Motiva on average CO2 emissions from municipal heating in Finland (average over past five years, joint production distributed using the benefit sharing method, statistical year 2019): 148 g/kWh¹. This coefficient is used to calculate both market-based and location-based emissions.
 - For other atmospheric emissions, we used average emission factors for municipal heating, calculated by VTT in 2008²
 - The total greenhouse gas emissions generated by own heat production have been estimated on the basis of the fuel emission factors published by Statistics Finland: Emission factors used in Statistics Finland's Fuel classification 2020³

¹ <u>https://www.motiva.fi/ratkaisut/energiankaytto_suomessa/co2-paastokertoimet</u>

² VTT. 2012. Suomen rautatieliikenteen päästöjen laskentajärjestelmä RAILI 2011 TUTKIMUSRAPORTTI (in Finnish; The Research Report of 2011 for RAILI, The calculating system for the emissions in the Finnish railroads) VTT-R-03247- 12

³ <u>http://www.tilastokeskus.fi/tup/khkinv/khkaasut_polttoaineluokitus.html</u>

4. Emissions from energy consumption in properties in other operating countries

The electricity and heat production profiles by country used in the calculations are based on the IEA statistics from 2015 on production diffusion¹ and carbon dioxide emissions for the production methods².

¹IEA. Statistics. 2015. http://www.iea.org/statistics/statisticssearch/

² IEA. 2017. CO2 emissions per kwh of electricity and heat (gCO2/kWh).

5. Logistics' fuel consumption and emissions

Energy consumption and emissions of Kesko Logistics in Finland was calculated using data on kilometres driven, volumetric efficiencies and the transportation fleet according to the Lipasto calculation system of the VTT Technical Research Centre of Finland using Euro 6 emission standards.

Energy consumption and emissions for logistics in other operating countries were calculated based on fuel consumption.