Water Efficiency Programme of Kesko Corporation

V1.2, last update: 6 March 2026

Content

Introduction

Water plays a critical role in supporting robust economies and is fundamental to human health and well-being. For any responsible business or organisation, monitoring water usage serves as an important indicator of environmental sustainability performance.

Kesko's Water Efficiency Programme aims to provide an overview of the water situation in Kesko's operating countries, describe Kesko's water management principles and actions to improve water efficiency, as well as outline Kesko's target for water consumption.

Among Kesko's operating countries, Finland, Sweden, Norway, Estonia and Latvia are all among Europe's most water-rich nations, with very high levels of renewable freshwater resources per capita. Finland has about 19,700 m^3 per capita, Sweden 17,500 m^3, Estonia 18,700 m^3, and Latvia 17,900 m^3, while Norway stands out with one of the highest levels in Europe, 67,200 m^3 per capita. Denmark and Lithuania have less freshwater per capita than other Kesko countries, with 2,700 m^3 in Denmark and 7,800 m^3 in Lithuania. (Eurostat, 2025) (Eurostat, 2025)

According to the World water development report of the United Nations, a country experiences 'water stress' when its annual water resources are below 1,700 m^3 per capita; this is the case in Poland, where freshwater resources per capita is 1,600 m^3. (Eurostat, 2025)

According to the WWF Water Risk Filter, a global tool for assessing water-related risks, Kesko's operating countries generally face very low to low levels of water risks (Table 1). (WWF, 2024) Poland's reputational risk score is the only one where the points reach the medium level.

The Water Risk Filter classifies risk scores as follows:

- $1.0 \leq x \leq 1.8$ Very low risk
- $1.8 < x \leq 2.6$ Low risk
- $2.6 < x \leq 3.4$ Medium risk
- $3.4 < x \leq 4.2$ High risk
- $4.2 < x \leq 5.0$ Very high risk

It is important to note that the figures in table 1 are presented at a national level and provide only a broad overview of the water risk situation in each country. Country-level data, which aggregate information across all basins, are useful for initial portfolio screening; however, more precise water risk assessments should be based on details at the site or river basin level.

Physical risks refer to operational challenges resulting from the condition of water resources and ecosystems. Regulatory risks arise from issues related to the management, regulation, enforcement, and governance of water resources. Reputational risks occur when a company is perceived as unsustainable or irresponsible in its water practices, potentially leading to stakeholder criticism or diminished trust. (WWF, 2024)

Table 1 Water risk scores in Kesko's operating countries

Operating country	Basin Physical Risk	Basin Regulatory Risk	Basin Reputational Risk
Finland	1.70	1.35	2.25
Sweden	1.75	1.15	2.14
Norway	1.62	1.31	2.04
Denmark	1.89	1.00	2.42
Estonia	2.33	1.06	2.31
Latvia	2.09	1.68	2.07
Lithuania	2.23	2.27	2.28
Poland	2.40	1.64	2.73

Despite abundant water availability, overall water withdrawals in the Nordic countries remain low: Sweden and Norway withdraw only about 1% of their internal resources, and Finland about 3%. Denmark is an exception in the region, as it has much lower freshwater availability and withdraws around 16% of its internal resources. (World Bank Group, 2022)

Additionally, the Baltic countries and Poland show low to moderate water use relative to their substantial water resources. Estonia has an annual per-capita water withdrawal of about 893 m^3, while Latvia's is 92 m^3, Lithuania's is 107 m^3, and Poland's is 256 m^3. These figures suggest there is no significant strain on their water supplies. (World Population Review, 2022)

Overall, Kesko's operating countries generally have abundant freshwater resources and low levels of water stress, and national-level water risk assessments indicate very low to low risk across most markets. While Denmark, Lithuania, and Poland show comparatively tighter water availability or higher risk indicators, these do not currently translate into significant pressure on water supplies.

Kesko's approach to water efficiency and management

Kesko's approach to water efficiency is based on responsible use of water resources, continuous improvement of water management practices, and systematic monitoring of water consumption in its operations. The objective is to ensure efficient use of water in day-to-day operations.

Water management is primarily focused on Kesko's own operations, where water use is largely related to commercial activities in retail, logistics, and office properties. The approach emphasises prevention of unnecessary water consumption and integration of water efficiency considerations into property management, maintenance, and new construction projects.

Environmental management systems and certifications

Kesko's water efficiency practices are embedded in certified environmental management systems.

In Finland, Kesko Logistics, building and technical trade B2B sales, and K-Auto retail operations, as well as Onninen's operations in all operating countries, operate under a certified ISO 14001 environmental management system.

Within ISO 14001, water efficiency is addressed through:

- Management of water use and emissions, requiring organisations to identify and control environmental impacts related to water consumption.
- Resource efficiency, encouraging optimisation and reduction of water use.
- Continuous improvement, based on the Plan–Do–Check–Act (PDCA) model, which supports systematic improvement in water management practices.

For construction projects, Kesko applies BREEAM Very Good certification for the most significant new developments in Finland. The certification includes water-related requirements such as:

- Efficiency of water use during construction
- Water quality management
- Measurement and monitoring of water consumption
- Limits on flow rates for plumbing fixtures to improve water efficiency in use

Sustainability ratings and external assessments

Kesko's water efficiency work is also assessed through external sustainability ratings.

Kesko AB in Sweden has received an EcoVadis assessment, where water use is evaluated under the Environment theme. EcoVadis applies the Policies–Actions–Results (P-A-R) framework:

- Policies, covering formal commitments to water management and pollution prevention
- Actions, including water-efficiency programmes, wastewater management practices, and certifications such as ISO 14001.
- Results, demonstrated through reported KPIs, trend data, and measurable performance outcomes.

In addition, Kesko's Water Efficiency Programme is aligned with international assessment frameworks such as:

- CDP Corporate Questionnaire (Water Security), which evaluates governance and management, water-related targets and actions, and water risk assessment across own operations and the supply chain.
- S&P Global Corporate Sustainability Assessment (CSA), used for the Dow Jones Sustainability Indices (DJSI), which assesses water stewardship governance, management systems, performance data, region-specific water risks, and value chain impacts.

Regulatory alignment and reporting context

Kesko implements new construction projects in Finland in accordance with EU Taxonomy criteria for activity 7.1, which set requirements for environmental sustainability, including water efficiency. While some of these criteria overlap with BREEAM requirements, the EU Taxonomy applies stricter thresholds in certain areas.

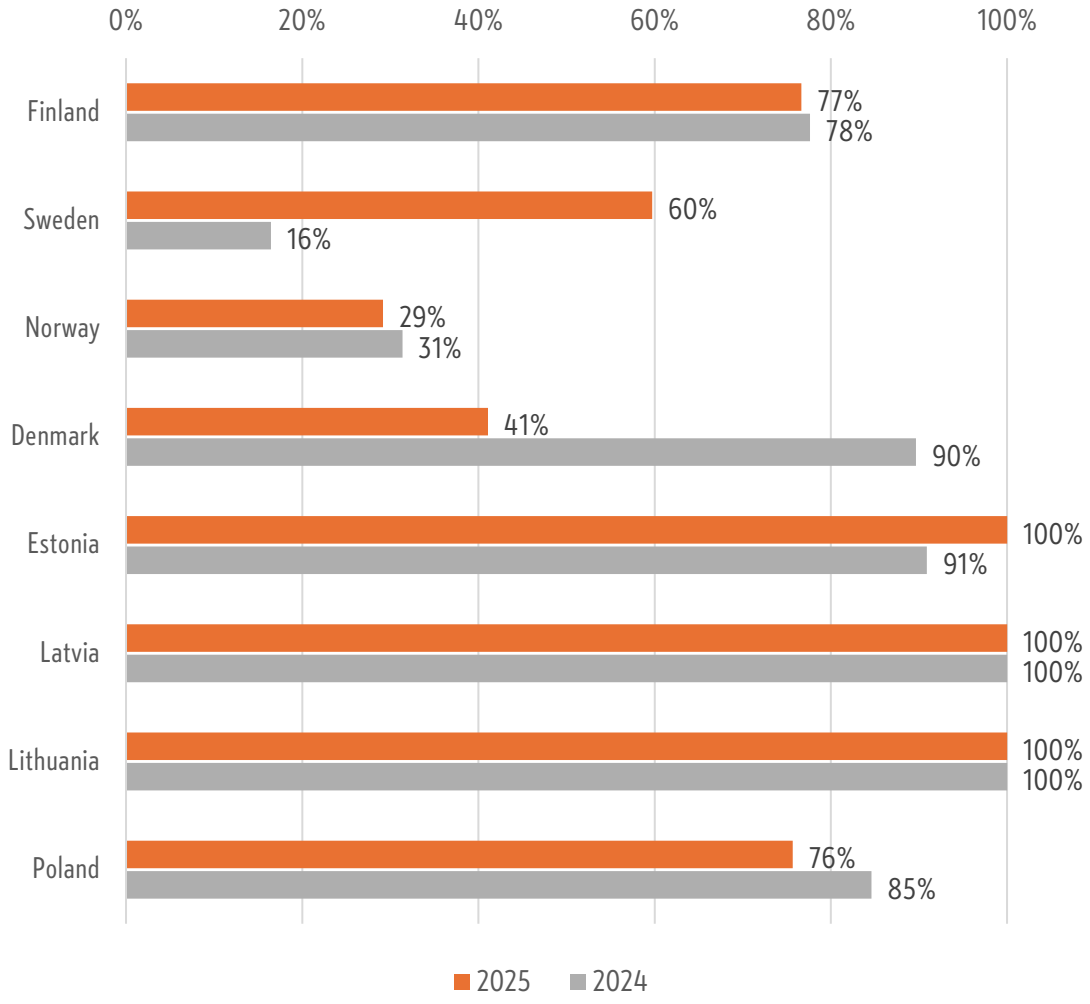
Under the European Sustainability Reporting Standards (ESRS), water and marine resources have not been identified as a material topic for Kesko based on the double materiality assessment. Nevertheless, water consumption data are collected from all operating countries, as water figures are required for greenhouse gas emission calculations and broader environmental reporting.

Water use assessment in Kesko's properties

Coverage

In 2025, measured water consumption covered 76.6% of total gross area of the properties owned or leased by Kesko in Finland (Picture 1).

Picture 1 Coverage of measured consumption in Kesko's operating countries



In Finland, coverage of measured water consumption is based on the total floor area of the sites. In other operating countries, consumption coverage is determined based on the number of properties, as gross area data is not available.

Water consumption in properties that are owned or leased, and operated by the independent K-retailers, are not included in the coverage assessment.

Measuring and monitoring the water consumption

The technical implementation of water metering and the required accuracy of the measurements are defined in Kesko's energy measurement guidelines. The measurement guide is part of the design

guidelines and can be found in Kesko's design guidelines for construction. The measurement guide is regularly reviewed and updated as necessary. The most recent update is from 2024.

The general principle is that at least the connection meters for electricity, heat and water of sites are monitored on an hourly basis. Metering will be improved as necessary, e.g. in the context of modernising of building automation systems, to ensure cost-effectiveness.

The water consumption of Kesko's properties is monitored through the EG EnerKey reporting system. EG EnerKey is responsible for managing the measurement data and monitoring the performance of the measurements. Metering data is collected on an hourly basis.

Water consumption measurement in EG EnerKey is also applicable in Denmark. In other operating countries, water consumption is measured and monitored through invoices. Kesko's goal is to include water consumption in the scope of EG EnerKey reporting in these countries as well, but in the first phase, the work has focused on electricity and heating energy measurements.

Treatment of water consumption deviations

In EG EnerKey, there are three types of alarms:

- Minimum consumption level: EG EnerKey expects that at some point during the week, water consumption should drop to zero (e.g., in the middle of the night at a store), and if this does not happen, an alarm is triggered.
- Changes in weekly consumption level: If weekly water consumption rises by 15-20% compared to the previous week, an alarm is triggered. This includes a site-specific minimum change threshold in some locations, which prevents alarms from being triggered by very small changes.
- Changes in yearly consumption level: If annual change in water consumption is >20% and >2m^3, alarm is triggered.

When abnormal consumption is detected, causes are investigated by site manager. If necessary, faulty water fixtures are replaced. An effective maintenance organisation and response to deviations ensure the proper functioning of the systems.

In the operating countries, where consumption is followed based on billing, the detecting of the possible abnormal consumption would be somewhat slower, which is why there is a desire to increase EG EnerKey reporting in these countries as well.

Water consumption and targets

Water consumption in Kesko's properties

The majority of Kesko's water usage takes place in Finland (Picture 2). In 2025, properties in Finland accounted for 96.1% of the recorded water consumption. The total volume of water used across all operating countries was 722,857 m (Table 2). In Finland, most water is consumed in the operations of the grocery trade sector. Most of Kesko's water use is commercial, occurring at store locations, logistics centres, warehouses, and office facilities.

Picture 2 Distribution of water consumption in 2025

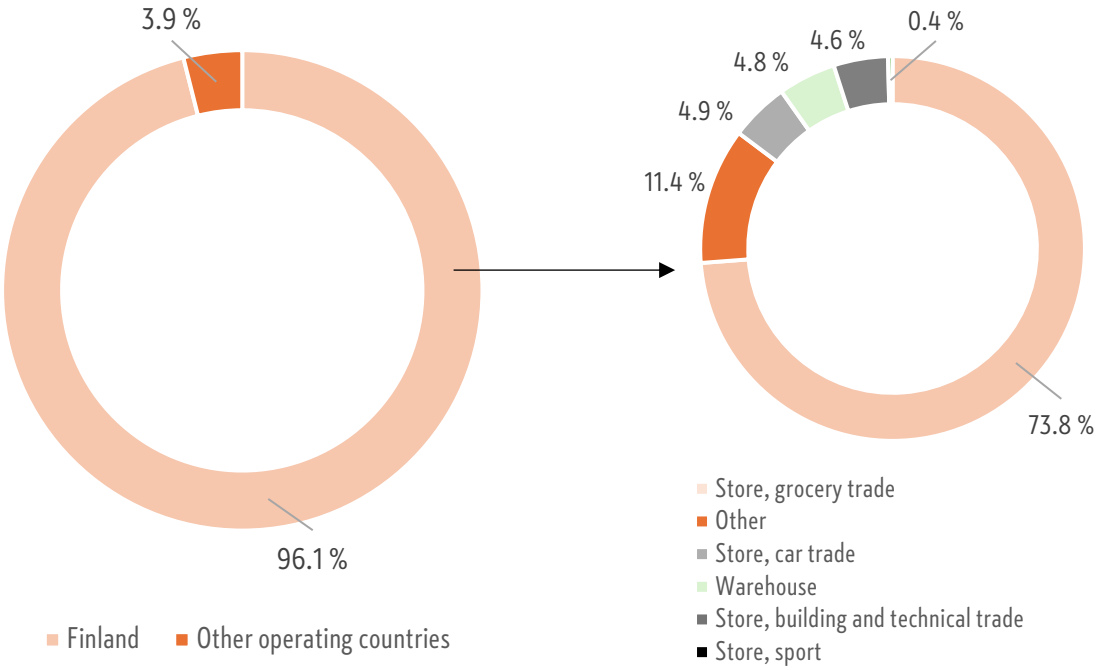


Table 2 Water consumption in Kesko's operating countries, m^3

Operating country	2025	2024
Finland	694,315	733,072
Sweden	8,277	5,502
Norway	4,970	4,576
Denmark	6,081	4,666
Estonia	1,593	1,784
Latvia	1,266	1,361
Lithuania	953	689
Poland	5,402	5,161
Total	722,857	756,811

Kesko's target for water consumption

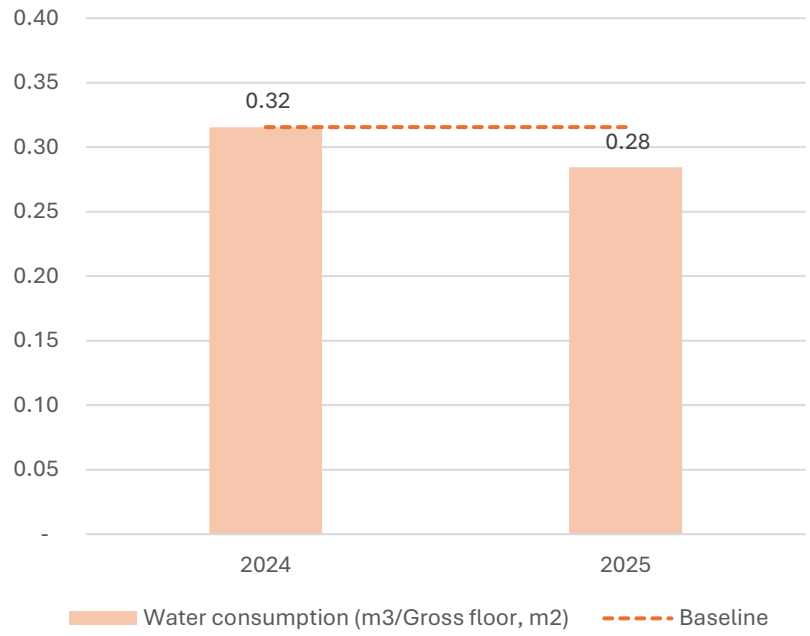
Kesko's target for water consumption is to maintain the good, achieved level of water use. The baseline year is 2024, and the baseline level for water consumption is 0.32 m^3/m^2 (Picture 3). The target only covers Kesko's properties owned or leased in Finland.

The target's scope is reasonable because most of the water usage takes place in Finland, where water metering for properties is at its highest level of coverage.

Annual water consumption and baseline level are calculated by dividing the measured total water consumption by the floor area covered by metering (water consumption m^3 / floor area m^2).

In 2025, water consumption was 0.28 m^3/m^2, which is 10% lower than in the baseline year 2024.

Picture 3 Water consumption target and progress



Actions related to water use

Internal awareness and training

The electric faucets and water-saving fixtures in the properties make it easy for our employees and other users of the buildings to decrease water consumption. In locations where the fixtures are old and, for example, electric faucets are not in use, we instruct users to minimise unnecessary water consumption.

We ask our employees to report faulty water fixtures or issues. Each property in Finland has its own procedure for reporting detected faults. Reported faults are addressed, and faulty water fixtures are replaced if necessary.

Water systems and fixtures in repair and new constructions

Kesko has developed design guides for both technical and architectural designers involved in Kesko construction projects. The KESKO HVAC design guide addresses the design requirements related to mechanical and water systems as specified by Kesko.

For all Kesko construction projects, the selection of water fixtures adheres to the following criteria:

- Electric faucets are used for handwashing in public and service premises.
- Single-lever faucets include components to limit flow and temperature.
- Shower fixtures are equipped with flow and temperature controllers.
- Dual flush toilets with pre-set flows.
- Waterless urinals are implemented.

The design and implementation of water systems are regulated by statutory provisions in Finland. These regulations encompass specific features of water networks, including:

- Quality standards for domestic water.
- Nominal water consumption parameters for water fixtures.
- Minimum and maximum flow pressure specifications for water fixtures.
- Maximum flow speed in water pipes, ensuring proper pipe dimensioning.
- Minimum and maximum temperature ranges for domestic water within networks and fixtures.
- Maximum time delay in the delivery of warm water through fixtures.
- Appropriate materials for water fixtures, fittings, and pipes in water networks.

Wastewater

In all Kesko's operating countries, wastewater is treated by municipal wastewater treatment plants ensuring comprehensive wastewater management.

Actions to improve the quality of wastewater generated:

- Properties that generate greasy wastewater has grease traps to help prevent grease and solid substances from entering the sewer system, reducing the risk of blockages and making wastewater treatment easier.
- Oil separators are used in properties where there is a risk of oil entering the sewer system. Oil separators remove oils and other fat-soluble materials from water before it flows into the sewer.
- Sand separation wells separate sand and other solid materials from water before it is drained. These wells are used as floor drains e.g. in garages and parking areas. As water flows through the well, sand and other solid materials settle at the bottom. The purified water then continues to the drainage system. This process helps prevent blockages and reduces maintenance needs.

In Finland, Kesko's maintenance organisation, together with its partners, ensure the timely emptying and maintenance of grease, sand, and oil separators. The maintenance organisation also takes care of the cleaning, emptying, and maintenance of wastewater and groundwater pumping stations.

Municipal sewer systems in Finland, Sweden, Norway, Denmark, Estonia, Latvia, Lithuania, and Poland share several common features aimed at ensuring efficient wastewater management and environmental protection. These countries have developed extensive networks of wastewater treatment plants that serve both urban and rural areas. The treatment processes typically involve advanced biological, chemical, and physical methods to remove contaminants.

Our operating countries follow the EU regulations related to wastewater treatment, e.g. The Urban Waste Water Treatment Directive (UWWTD). In some operating countries, national legislation might be stricter than EU regulation.

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Version history

Table 3 Version history of the programme

Version	Time of publishing	Description
1.0		Internal working version of the programme.
1.1	April 2025	First published version of the programme.
1.2	March 2026	Version history table added. Content and figure updates. References added.