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Kesko updates sustainability strategy, and ties management remuneration to sustainability targets

The Board of Directors of Kesko Corporation has approved a new sustainability strategy for Kesko. The strategy sets clear sustainability targets for the operations of Kesko and its three divisions. The focus areas of the sustainability strategy are climate and nature, sustainable value chain, responsibility for people, and good governance.

“Sustainability is at the heart of Kesko’s strategy. Our objective is to enable sustainable choices for our customers and drive change throughout our value chain from production to consumption. The purpose of our new sustainability strategy is to ensure that we remain at the forefront of development amidst ever tightening competition also when it comes to sustainability,” says **Riikka Joukio**, Kesko’s Executive Vice President, Sustainability and Public Affairs.

Kesko has received significant recognition for its sustainability work over the years, and is, for example, the only company in the world to have made the Global 100 Most Sustainable Corporations in the World list by Corporate Knights every year. Inclusion and ranking in e.g. the Dow Jones sustainability indices and CDP assessments also act as proof of the level of our sustainability work.

Updated strategy extensively covers various aspects of sustainability

Kesko’s updated sustainability strategy has four focus areas: climate and nature, value chain sustainability, responsibility for people, and good governance.

In terms of **climate and nature**, Kesko focuses on reducing emissions from its own operations and in the whole value chain. In its own operations, Kesko aims to reach carbon neutrality by 2025 and to cut emissions to zero by 2030. The new strategy also stresses the importance of biodiversity. In circular economy, the focus is on packaging and reducing food waste, for example.

Kesko is developing its **value chain** sustainability by e.g. supporting sustainable choices by its customers, challenging suppliers to set emissions reduction targets, increasing purchasing chain audits, and increasing the share of sustainable products of its net sales.

In terms of **people**, Kesko focuses especially on employee safety and wellbeing, and on fostering diversity, inclusion, and equal opportunities.

For **good governance**, key aspects include commitment to the K Code of Conduct, linking management remuneration to sustainability performance, and building stronger sustainability competencies among personnel.

Sustainability criteria for share-based commitment and incentive plan for Kesko management

As part of the sustainability strategy, Kesko's Board of Directors decided to set sustainability-related criteria for Kesko's share-based commitment and incentive plans (Performance Share Plans, PSP), i.e. the PSP 2021-2024 and the PSP 2022-2025. In addition to financial indicators, the share award plan includes targets linked to emission reductions and international sustainability indices and assessments. The sustainability target concerns year 2022. Kesko announced the plan in a stock exchange release on 3 February 2022.

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Kesko and K-retailers together form K Group, whose retail sales total over €15 billion. K Group is the third biggest retail operator in Northern Europe and it employs some 45,000 people. Kesko operates in the grocery trade, building and technical trade, and car trade. Its divisions and chains act in close cooperation with retailer entrepreneurs and other partners. Kesko's net sales total over €11 billion and it employs approximately 17,000 people. Kesko has around 1,800 stores engaged in chain operations in Finland, Sweden, Norway, Estonia, Latvia, Lithuania and Poland. Kesko's shares are listed on Nasdaq Helsinki. The company's domicile and main premises are located in Helsinki. www.kesko.fi