

Water Efficiency Programme of Kesko Corporation

v1.1, updated April 2025

<u>Content</u>

Introduction
Water use in Kesko
ISO 14001
BREEAM
EU taxonomy
Reporting of water use
Water use assessment in Kesko's properties5
Coverage5
Measuring and monitoring the water consumption6
Treatment of water consumption deviations6
Water consumption and targets8
Water consumption in Kesko's properties8
Kesko's target for water consumption8
Actions related to water use9
Internal awareness and training9
Water systems and fixtures in repair and new constructions9
Wastewater10

Introduction

Water is essential for developing and maintaining successful and healthy economies, as well as for human health and well-being. In any responsible business or organization, monitoring water use is a relevant indicator of environmental sustainability performance.

Water use in Kesko

Kesko Water Efficiency Programme aims to address the role of water in our own operations. By implementing specific water management practices, we strive to enhance our water efficiency performance continually. This programme focuses on reviewing our water use, measuring and monitoring relevant water indicators, and improving efficiency by reducing unnecessary water use in our operations. Through these efforts, we aim to ensure sustainable water use in our own properties.

In 2024, 96.9% of the measured water consumption in Kesko was consumed in properties in Finland. Also, monitoring of water consumption is also more accurate in Finland compared to other operating countries. Water use in Kesko's properties is mainly commercial water use.

<u>ISO 14001</u>

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

In ISO 14001, main aspects related water efficiency are:

- Management of water use and emissions: Organizations should identify and manage environmental aspects and impacts related to water use. This includes reducing water consumption and controlling emissions.
- Resource efficiency: The standard encourages organisations to improve their resource efficiency, which means optimising and reducing water use.
- Continuous improvement: ISO 14001 follows the PDCA (Plan-Do-Check-Act) model, which requires continuous improvement in environmental protection levels, including water consumption management.

BREEAM

The BREEAM Very Good certification is pursued for the most significant construction projects in Finland. The certification includes requirements for water use efficiency, such as:

- Efficiency of water use on the construction site
- Water quality
- Water consumption measurement
- Efficiency of water use in plumbing fixtures by setting limits on the flow rates of these fixtures.

EU taxonomy

Kesko implements its new construction projects in Finland in accordance with the requirements of EU Taxonomy Class 7.1. This classification mandates standards for energy efficiency and environmental sustainability, including specific criteria for water use and efficiency. While some of these requirements align with those of BREEAM, the EU Taxonomy imposes stricter standards in certain areas.

Reporting of water use

While our water efficiency programme emphasises the importance of effective water management, it is important to note that within the principles of the European Sustainability Reporting Standards (ESRS), water and marine resources has not been identified as a material topic for Kesko in the context of double materiality assessment process.

However, water consumption figures are collected from all operating countries since figures are used as part of Kesko's emission calculations and reporting.

Water use assessment in Kesko's properties

<u>Coverage</u>

In 2025, water consumption is measured and reported in 57,1% of properties, which is 77,6% of the total gross area of the Finnish properties. Water consumption is considered in properties that are owned or leased by Kesko, where water consumption is not included in rent of the property, and where water consumption is measured to be $>0 \text{ m}^3$. Water consumption in properties that are owned and operated by the independent K-retailers, are not included in the coverage assessment.

Property type	Water consumption measured, number of properties	Total number of properties	Coverage, % based on pcs	Water consumption measured, gross m ²	Total gross m ²	Coverage, % based on gross m ²
K-Citymarket	51	59	86.4	590,891	663,204	89.1
K-Supermarket	145	220	65.9	405,043	571,513	70.9
K-Market	261	563	46.4	206,706	379,689	54.4
K-Rauta	46	52	88.5	307,779	348,513	88.3
Onninen	28	50	56.0	61,454	87,496	70.2
K-Auto	17	29	58.6	106,783	157,208	67.9
K service station	49	57	86.0	36,180	41,116	88.0
Cash-and-carry outlet	11	14	78.6	42,597	47,239	90.2
Real estate property	16	34	47.1	266,885	309,111	86.3
Other retail store	28	64	43.8	296,912	383,834	77.4
Other (not included above)	4	6	66.7	1,845	3,653	50.5
Finland total	656	1,148	57.1	2,323,075	2,992,576	77.6

Table 1 Coverage of water measurement in properties of Finland

In other operating countries, water consumption coverage is determined based on the number of properties, as gross area data is not available. The coverage of water consumption measurement varies among operating countries. In some cases, data may be unavailable due to a lack of metering or because water consumption is included in the rent.

Table 2 Coverage of water measurement in properties of other Kesko operating sites

Country	Water consumption measured, number of properties	Total number of properties	Coverage, % based on pcs
Sweden	13	79	16.5
Norway	32	102	31.4

Denmark	26	29	89.7
Estonia	10	11	90.9
Latvia	6	6	100
Lithuania	5	5	100
Poland	33	39	84.6

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 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 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 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 EnerKey, there are three types of alarms:

- Minimum consumption level: 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 >2m³, 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 Enerkey reporting in these countries as well.

Water consumption and targets

Water consumption in Kesko's properties

The majority of Kesko's water consumption occurs in Finland. In 2024, 96.9% of the measured water consumption was consumed in properties in Finland. Total amount water consumed in 2024 was 756,811 m³.

Kesko's water consumption is mainly commercial water use. In Kesko's properties, water is consumed in mainly in store sites, logistic centres and warehouses, and office premises.

Country	Water consumption in 2024, m ³	Share of total water consumption, %
Finland	733,072	96.9
Sweden	5,502	0.7
Norway	4,576	0.6
Denmark	4,666	0.6
Estonia	1,784	0.2
Latvia	1,361	0.2
Lithuania	689	0.1
Poland	5,161	0.7
Total	756,811	

Table 3 Water consumption in Kesko's operating countries in 2024

Kesko's target for water consumption

The target for water consumption covers only properties in Finland. The majority of Kesko's water consumption occurs in Finland, and the measurement accuracy is at the highest level for Finnish properties.

Kesko's target for water consumption is to maintain the good, achieved level of water consumption.

Table 4 Water consumption target

Water consumption, m ³	Gross floor area, gross m ²	Baseline, m ³ /gross m ²	Target, m ³ /gross m ²
733,072	2,323,075	2024: 0.32	Yearly target level: 0.32

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 save water consumption. In locations where the fixtures are old and, for example, electric faucets are not in use, we instruct users to minimize 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 help to separate oils and other fat-soluble substances from water before they enter 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.