

A large, light orange circular arrow graphic is centered on the page, forming a continuous loop that surrounds the title text.

Circular Economy and Waste Management Programme of Kesko Corporation

V1.1, updated April 2025

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Strategy, targets and policies

Circular economy in Kesko's Sustainability strategy

Kesko's sustainability strategy, updated in October 2024, sets clear sustainability targets for the operations of Kesko and its divisions. One of the four focus areas is minimising impact on climate and nature; we respect planetary boundaries by minimizing negative impacts and maximizing positive impacts on climate and nature.

Circular economy is one of the key actions under the Climate and Nature focus area. We are committed to enhance circular economy by creating new circularity business models and enhancing waste management and recycling.

→ [Kesko's sustainability strategy](#)

Main targets

Kesko has set the following targets for circularity:

- Sustainable packaging for all our own brand products by the end of 2025.
- Reducing food waste by half by the end of 2030.

Target for waste management and recycling is:

- Prevent the amount of waste and increase recycling rates.

Table 1 Main targets and metrics related to circular economy

Target	Metric	Baseline year and level	Progress in 2024	Target year(s) and level(s)
Food waste in Kesko's warehousing and logistics operations	Food waste in relation to the food sold, %	2019: 0.45	0.45	Target 2030: 0.22
Food waste in K-food retailers' store operations	Food waste in relation to the food sold, %	2019: 2.12	1.68	Target 2030: 1.10
Waste recycling rate	Recycled waste in relation to the total waste, %	2024: 67	-	Target 2026: 68.5 Target 2030: 73

Division specific targets

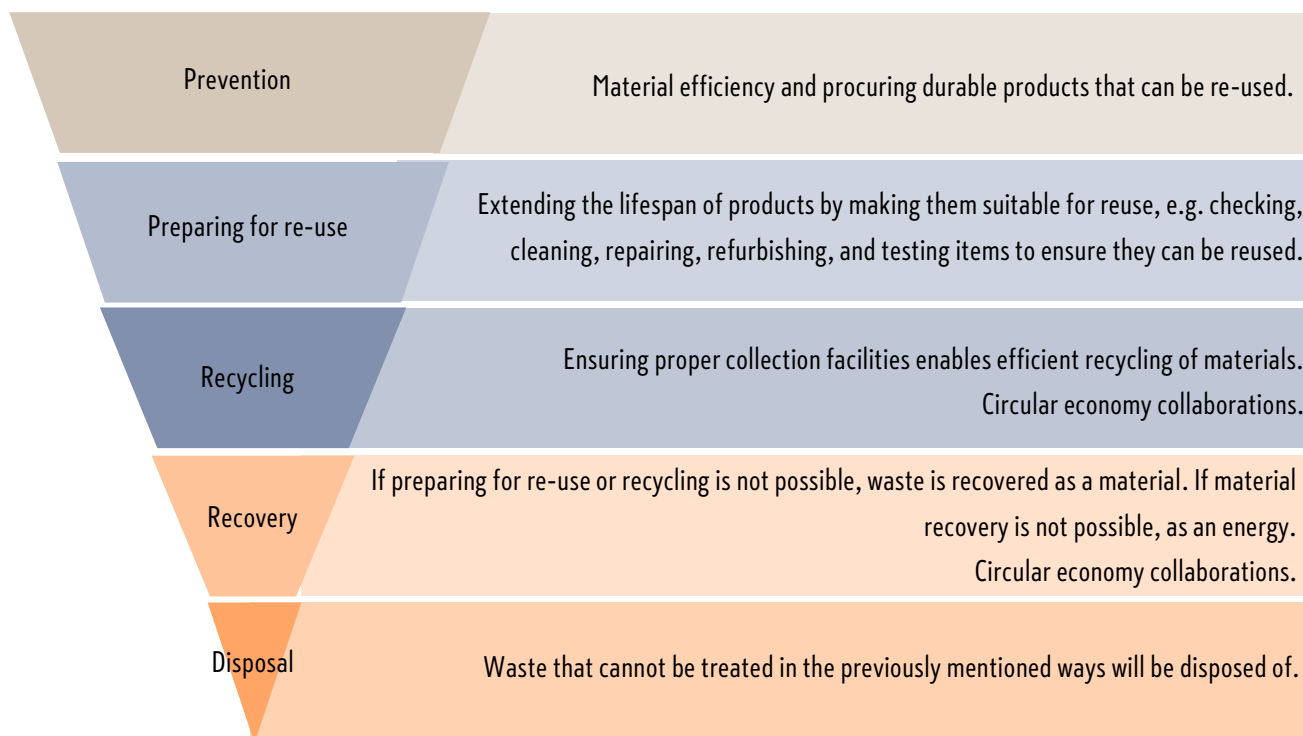
In addition to main targets, Kesko's business divisions have set division specific circular economy targets.

Table 2 Other targets related to circular economy

Division	Target	Metric	Baseline year and level	Progress in 2024	Target year(s) and level(s)
Grocery trade, Building and technical trade	All the packaging of Kesko's private label products is recyclable	Share of private label packaging, %	-	97	2025: 100
Building and technical trade	Develop and implement new operating and business models that embrace the principles of the circular economy	Models implemented per country, pcs	-	-	1 pcs/year/country
Building and technical trade	Reduce the amount of mixed waste and increase in recycling rates	Recycling rate, %	2023: 48.6	2024: 52	2026: 50.1 2030: 54.7
Car trade	Increasing the amount of plastic recycling	Amount of plastic recycled, t	-	12	2025: 14

Kesko waste hierarchy

Kesko waste hierarchy is based on European Commission's Waste Framework Directive. Waste hierarchy establishes an order of preference for managing and disposing of waste.



Picture 1 Kesko waste hierarchy

Other objectives and commitments

Kesko participates in various national Green Deals focused on the circular economy.

The grocery trade is committed to the food industry's material efficiency commitment and the SUP (Single Use Plastic) Green Deal. These Green Deals include targets and actions on food waste, increasing waste recycling rates and reducing single-use plastics. The commitments cover both Kesko's own operations and the operations of downstream K-food retailer entrepreneurs.

The building and technical trade in Finland has joined the Construction Plastics Green Deal, which aims to accelerate the circular economy of plastics by reducing the use of single-use plastics, to increase the use of recycled plastics and promote the recycling of plastics in the construction sector.

Policies related to circular economy and waste management

Kesko's Sustainability policy's purpose is to ensure responsibility and sustainability in all our operations. In our sustainability policy, we are committed to reducing food waste in our own operations as well as in collaboration with stakeholders such as K-food retailers who operate downstream in Kesko's value chain.

We also commit to reducing the use of packaging materials, especially plastic, and promoting recyclable packaging material in our private label products' packaging. The policies for Kesko's private label products' packaging and logistics packaging are described in the packaging policy.

Kesko's packaging policy concerns the retail packaging of our own brand products, logistics packaging and shopping bags offered to customers.

The plastics policy describes in more detail the use of plastic in our products and packaging.

Our plastics reduction target is also part of the Ellen MacArthur Foundation's and the UN's New Plastics Economy Global Commitment, which aims to reduce the unnecessary consumption of plastic.

→ [Sustainability policy](#)

→ [Packaging policy](#)

→ [Plastics policy](#)

Environmental management systems and frameworks

ISO 14001

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 to circularity and waste management are:

- Resource efficiency: Optimize the use of raw materials, energy, and water to create closed-loop systems within the organisation.
- Sustainable practices: Implement practices that support the reuse and recycling of resources, reducing the need for new materials.
- Waste reduction: Implement efficient processes and improved waste management practices to minimize waste generation within the organization.
- Zero waste: Adopt practices to ensure no waste from organisational activities goes to landfill, promoting reuse and recycling.
- Iterative process: Mandate continual improvement of environmental management systems, aligning with circular economy principles to foster innovation and adaptation.

BREEAM

The BREEAM Very Good certification is pursued for the most significant construction projects in Finland. The certification includes several key aspects related to circular economy and waste management:

- The development and implementation of Site Waste Management Plans (SWMPs) are essential to minimize waste during construction and ensure proper disposal. BREEAM also establishes requirements for the recycling rate of construction site waste.
- Promotes the recycling and reuse of materials.

- Ensures the provision of accessible and appropriately sized waste storage facilities to manage recyclable materials and general waste.

EU taxonomy

Kesko's new construction projects in Finland adhere to the EU Taxonomy Class 7.1 requirements, which focus on minimizing waste generation during construction and demolition processes. This includes complying with the EU Construction and Demolition Waste Management Protocol, using best available techniques, and implementing selective demolition to safely manage hazardous substances and promote reuse and high-quality recycling. While these requirements align with BREEAM standards, the EU Taxonomy imposes stricter regulations in certain areas.

Green Office

The Kesko head office, K-Kampus, in Helsinki has an environmental management system that is WWF Green Office certified.

Green Office requires us to comply with minimum criteria for circular economy:

- Favor durable products: Evaluate which disposable products can be replaced with durable ones (e.g., dishes, hand towels, office supplies, and bottled water). There must be a justified reason for using disposable dishes.
- Recycle and sort efficiently: Prioritise the reuse of goods and equipment. Determine which waste fractions can be sorted and recycled. Ensure that each waste fraction has a properly labelled container.

Prevention of waste

Kesko is committed to prevent the amount of generated waste and increase recycling rates in all divisions and operation countries.

Most of the waste is generated in Kesko's own retail store operations, warehousing and logistics operations. The largest waste fraction in Kesko's operations is cardboard, which is generated from packaging used during the transportation and storage of products. The second largest is energy waste, which is incinerated to produce heat and electricity.

Table 3 Total waste amount

Total waste	Amount in 2024, tonnes
Non-hazardous waste	27,177
Hazardous waste	782
Total	27,959
Total recycled waste	18,854
Total non-recyclable waste	9,105
Percentage of non-recyclable waste from total waste, %	33%

Table 4 Amount of non-hazardous waste

Non-hazardous waste	Amount in 2024, tonnes
Waste diverted from disposal	
Preparation for reuse	0
Recycling	18,470
Other recovery operations	7,959
Total waste diverted from disposal	26,430
Waste directed to disposal	
Incineration	210
Landfill	531
Other disposal operations	6
Total waste directed to disposal	747
Total non-hazardous waste	27,177

Grocery trade

In the grocery trade, other significant waste stream besides cardboard is biowaste, which includes food products that are no longer fit for human consumption such as fruit and vegetable, products of animal origin (category 3 by-product), such as meat and fish products and by-products from food storage, handling and manufacturing.

Kesko has developed a food waste roadmap and a food waste hierarchy to reduce the amount of food waste. In line with the target to halve food waste, the food waste hierarchy also considers the food waste generated by both Kesko's and K-food retailers' operations and the measures to reduce it.

The primary means of preventing food waste include selection management at K-food stores and Kespro's cash-and-carry outlets, as well as forecasting and demand planning. The most important decisions in terms of preventing food waste are made at the selection planning stage.

In addition to preventing food waste, a key means to reduce waste is to sell products at a discount price as the products' 'best before' or 'use by' date approaches.

The foodservice sector accounts for around 17% of all food waste in Finland. Almost 60% of foodservice waste is service waste such as left-over food from buffets. Kespro helps its B2B customer to reduce food waste. Waste can be reduced, for example, by streamlining kitchen processes at the preparation stage and by using appropriate tableware and presentation in buffets.



Picture 2 Kesko food waste hierarchy

In addition to the food waste hierarchy, the grocery trade has implemented a non-food product waste hierarchy in the spring of 2025. The objective of the non-food product waste hierarchy aligns with that

of the food waste hierarchy: to mitigate waste and loss, reduce the quantity of waste designated for incineration, and promote the redirection of materials towards reuse or recycling



Picture 3 Kesko non-food product waste hierarchy

Building and Technical trade

Waste streams in the building and technical trade include wood waste, cardboard, mixed waste and various construction product waste.

Key actions to prevent waste focus on transport packaging, especially the re-use of wooden pallets in internal transport. Onninen central warehouse in Finland has set targets to increase the use of recycled plastic in packaging's and reduce the amount of single-use plastic by increasing the reusable wooden and plastic packaging in internal transport.

Besides transport packaging initiatives, there are other circular economy and waste prevention measures in place. For instance, cable reels are returned and reused.

Building and technical trade focuses on the amount of incinerated waste, that need to be prevented in all operations and in all operating countries. We are aiming to develop innovative circular economy solutions with external stakeholders.

Car trade

The car trade operations generate especially cardboard and metal and steel waste.

In car trade, we prevent the generation of waste by identifying potential efficiency measures and enhancing recycling. We promote this by raising awareness and training our staff through workshops and sustainability training. We also collaborate with our waste management partner to increase the amount of plastic recycled instead of incineration.

Recycling and circular economy practices

Key measures to increase recycling rates include ensuring proper collection facilities at each Kesko operating site, ensuring personnel competence, and implementing circular economy practices.

Food waste -based products

Waste is generated in the warehousing operations of fruit and vegetables. Fruit and vegetable products may be damaged on their way to or at the warehouse, and some of them fail to meet the required standards because of their appearance. Part of edible but unsaleable fruit and vegetable waste generated in Kesko's warehouse and logistics operations is used to produce waste-based products:

Waste bell peppers from Kesko's central warehouse are used in Hyvis bell pepper and lentil soup. Waste tomatoes are used in Hyvis tomato cheese soup.

In cooperation with Olvi, we have launched the Olvi lisalmi non-alcoholic orange long drink, which is flavoured with handmade orange distillate, made with surplus oranges from Kesko's central warehouse and orange peels from K-stores' orange juice machines.

K-food stores have also developed their own innovative food waste products from brown bananas, for example.

Inedible food waste to biogas

The biowaste generated at K Group locations covered by the centralised waste management agreement is taken to Gasum's biogas plants for biogas production. Biogas is used as energy in the production of new Pirkka products, such as sausages and Karelian pasties. Pirkka is Kesko's private label.

Donations to food aid

K-food stores and Kespro cash-and-carry outlets donate edible products removed from sale for distribution as food aid.

Reused packaging in logistics operations

Kespro uses durable plastic crates that have a deposit for its B2B customer deliveries instead of cardboard boxes, reducing the amount of cardboard delivered by more than 50 tonnes per year.

Reducing use of virgin plastic

Daidsen in Denmark has completed a pilot project focused on circular economy in the construction industry. In collaboration with Daidsen's partners, a model for recycling plastic packaging was developed and tested.

In the project, plastic packaging is collected from logistics centers and construction sites where new building materials are delivered. The plastic waste is pressed and sent for further processing, where it is

used in the production of new packaging products and building materials. This creates a closed material stream that decreases the need for virgin plastic and reduces emissions.

Daidsen is now implementing the solution across the Denmark and offers all its customers the opportunity to participate in a circular cycle. The goal is to deliver 150 tons of plastic back to the manufacturer by 2025, with plans to further increase this target thereafter.

Circular economy in car trade

In Kesko's car trade division, K-Auto and K-Auto leasing operates according to circular economy model. In K-Auto, we enable the extension of car lifecycles through the used car business. Our selection also includes used electric and hybrid cars. Through K-Auto Leasing's services, we ensure proper maintenance and care for leased cars, so their lifecycle remains as long as possible.

In car trade's maintenance and repair services, whenever possible considering safety, we use original quality-checked parts and factory-refurbished parts instead of new ones. We can also repair high-voltage batteries of electric cars by replacing battery modules and base plated instead of replacing the entire car battery.

Other circular economy practices and collaborations

In collaboration with Lassila & Tikanoja and Sinituote, the buckets used for transporting and storing cut-flowers that accumulate at K-stores are used as a raw material in the manufacture of Sinituote cleaning products.

With Touchpoint and Rester, discarded workwear of K Group is recycled and converted into a new raw material for textiles. Potential uses for the fibre are currently being sought out in our own operations.

In cooperation with Lassila & Tikanoja and Amerplast, we recycle plastic film used in product transportation to K-food stores and to Kespro's B2B customers into packaging material for Pirkka soft tissue and toilet papers.

With Berner, coffee grounds collected from Kespro's B2B customers are used as raw material for Pirkka Kaffe plant soil and plant nutrients.

In co-operation with VG-Ecofuel, vegetable oils collected from Kespro's B2B customers are utilized in biofuel production for e.g. cargo ships.

Hazardous waste management

Generation, storage, and handling of hazardous waste are subject to stricter regulations than ordinary waste. Hazardous waste is always collected separately from other waste streams, and proper collection facilities exist in relevant operations.

Hazardous waste is generated especially in car trade and building and technical trade operations.

The car trade operations generate the biggest share of hazardous waste in Kesko's operations.

Hazardous waste is generated e.g. from car batteries, paints and oils used in servicing and damage repair work.

Typical hazardous waste at Building and Technical trade operations includes e.g. aerosols and paints; chemicals; solvent-based detergents; oils, fuels, and lubricants; adhesives and varnishes; and pesticides and disinfectants.

Table 5 Amount of hazardous waste

Hazardous waste	Amount in 2024, tonnes
Waste diverted from disposal	
Preparation for reuse	2
Recycling	384
Other recovery operations	376
Total waste diverted from disposal	762
Waste directed to disposal	
Incineration	9
Landfill	2
Other disposal operations	9
Total waste directed to disposal	21
Total non-hazardous waste	782

Stakeholder engagement

Circular Economy Agreement

We offer all K retailers in Finland the opportunity to participate in the national centralised waste management framework agreement (Circular Economy Agreement).

The Circular Economy Agreement includes the services of a circular economy manager who visits 150-170 K-stores annually. The manager conducts waste audit, trains the personnel in circular economy helping K-retailers to identify and execute waste management improvement activities. This ensures that the waste management is done according to law and is cost-effective. Cost-effective waste management solutions improve, for example, plastic, paper and cardboard recycling, and reduce the amount of mixed waste.

Internal training

An online Circular Economy Training is available for the staff of Kesko and the independent K-retailers. The topics covered in the Circular Economy Training include waste sorting, recycling, and the basics of the circular economy. The number of participants completing the training is monitored by the circular economy steering group.

In August 2024, we published a mandatory online training for Onninen Express and Onninen's warehouse staff about waste management practices in operations of Onninen.

The Circular Economy Agreement includes the services of a circular economy manager who provides on-site waste assessments to staff in K-Group stores for improving waste performance.

Research projects

VTT Technical Research Centre of Finland and the University of Vaasa, in collaboration with 21 other organisations, one of them Kesko, have launched a major research project with the aim of making Finland a pioneer in the reuse of packaging.

The Reusify research project, which is based on co-innovation and funded mainly by Business Finland, aims to develop a system that enables the reuse of packaging in Finland. It also aims to reduce the use of packaging materials, reduce fossil raw materials used in the manufacturing and reduce packaging waste.

→ [Reusify research project](#)

Extended Producer Responsibility

Extended Producer Responsibility (EPR) is a policy approach where producers are responsible for the entire lifecycle of the products, including waste management. In Finland EPR applies to batteries and accumulators, and electrical and electronic equipment, and we receive products under EPR in our stores. Also, in all other Kesko's operating countries EPR applies with similar demands.

Recycling facilities for our customers

We provide recycling facilities for our customers at our stores.

Customers may bring household packaging waste to the Rinki eco take-back points located at K-food stores. By the end of 2024, a total of 17,597 tonnes of waste was sorted and delivered to the 387 eco take-back points.

K-Rauta stores offer their customers the possibility to order the Siistipiha skip bag to their renovation site. Helpposäkki skip bags are suitable for garden and renovation waste and other miscellaneous junk.

Kespro offers reverse logistics to its B2B customers, allowing its customers to decrease their waste management costs and contribute to the circular economy. Kespro's logistics can collect reusable plastic crates used for deliveries, roll containers, cardboard and clear wrapping plastic. In addition, Kespro offers a free collection service for used vegetable oils, coffee grounds and wine bottle tops to the B2B customers through partner services.

Compliance and reporting

Compliance with international and national waste management regulations

Kesko follows the EU's Waste Framework Directive, which sets the basic concepts and definitions related to waste management, including definitions of waste, recycling, and recovery.

In accordance with the directive, we manage waste

- without endangering human health and harming the environment without risk to water, air, soil, plants or animals
- without causing a nuisance through noise or odours
- and without adversely affecting the countryside or places of special interest.

We also follow the EU's five-step waste hierarchy, which establishes an order of preference for managing and disposing of waste.

Kesko works in 8 operating countries. In addition of EU's Waste Framework Directive, we follow national waste legislation of every operating country. For example, waste legislation in our biggest operating country, Finland has stricter standards and limits compared to EU legislation.

Current changes in legislation relevant for waste management

Battery Regulation

The EU's Battery Regulation (EU) 2023/1542 came into effect in July 2023 and is applicable to Kesko starting from February 2024. Regulation aims to create harmonized legislation for the sustainability and safety of batteries across the EU.

Key action from Kesko's perspective related to the regulation are:

- Requirements related to recycling rates and the use of recycled raw materials.
- Recovery obligations, including extended producer responsibility.
- Due diligence policies.
- New information requirements and electronic battery passport.

The Ecodesign for Sustainable Products Regulation

The EU's Ecodesign for Sustainable Products Regulation (ESPR) regulation (EU) 2024/1781 came into effect in July 2024. The first reporting obligations are applicable to Kesko in 2025. Regulation aims to improve the environmental sustainability of products throughout their lifecycle. Regulation will include product-specific requirements such as energy efficiency, durability, reparability, and recyclability. Products that do not meet these requirements cannot be marketed in the EU.

Key action from Kesko's perspective related to the regulation are:

- Products need to be more environmentally friendly throughout their entire lifecycle. Information about the product lifecycle need to be traced in the digital product passport.

- The first product regulations likely to be completed are for textiles and iron and steel, with requirements coming into effect around June 2027.
- Extended producer responsibility related to textiles.
- Regulations related to the disposal of unsold products will be issued in the summer of 2025.
- Annual reporting of the quantity and weight of discarded products; reason for disposal; information on how the products have been processed; measures to prevent unsold consumer products.
- Starting from July 2026, operators are prohibited from destroying unsold clothing, clothing accessories, and footwear products.

The Packaging and Packaging Waste Regulation

The EU's Packaging and Packaging Waste Regulation (PPWR) regulation (EU) (EU) 2025/40 was approved in December 2024 and is applicable to Kesko starting from June 2026. Regulation aims to reduce the environmental impact of packaging within the EU.

Key action from Kesko's perspective related to the regulation are:

- Reducing packaging waste, increasing recycling requirements and targets for packaging, prohibition of over-packaging.
- Extended producer responsibility, reuse and refill obligations, obligation to use recycled materials.

Waste reporting in Kesko Sustainability Statement

Kesko's sustainability statement in Annual report 2024 has been prepared in accordance with the principles of the European Sustainability Reporting Standards (ESRS) as defined in the EU's Corporate Sustainability Reporting Directive (CSRD).

As a result of the double materiality assessment, we have identified material impacts related ESRS E5 standard, Resource use and circular economy.

Material impacts on the environment arise from the waste generated by Kesko's operations, particularly as part of warehousing and logistics operations and retail trade operations. The largest waste fraction in Kesko's operations is cardboard, which is generated from packaging used during the transportation and storage of products. The waste generated by Kesko's operations is mainly non-hazardous waste, and the amount of hazardous waste in our operations is low.

In terms of resource use, resource outflows are generated particularly from packaging. The product's logistical chain includes several packages, from logistics packaging to the sales packaging of a single product.

As a food industry operator, preventing food waste plays a key role in our operations. Food waste is generated as part of warehousing and logistics operations, as well as in cash-and-carry outlets. However, the most significant aspect is the prevention of food waste downstream of our value chain, in K-food retailers' store operations, where most of the food waste is generated.

→ [Kesko's latest Annual Report](#)

Data management of waste amounts

Data on the amount of waste generated is obtained from the databases of waste management partners and from invoices or lessors of properties. Data on individual sites has been estimated based on existing data if the amount of waste generated by Kesko's operations is not directly available. Such sites include, for example, locations in shopping centers where Kesko does not have its own waste management contract. The amount of waste in outsourced storage services and in some department stores in the K-Citymarket chain includes estimates of the amount of waste generated by Kesko.

Innovation and technology

Many circular economy measures are already part of everyday operations at Kesko's sites, and new circular economy operating models are being explored, and efforts are being made to continuously improve the efficiency of operations. More information about circular economy practices already in place can be found under [Recycling and circular economy practices](#).

Kesko has an internal Circular Economy Task Force. The task force is to share information, inspire, and engage in seeking and identifying new business benefits across all Kesko's sectors. In the group, sustainability and business meet. We meet four times a year, and external speakers are also invited to the meetings.