



# **KESKO'S DATA BALANCE SHEET**

**2024**

# DATA BALANCE SHEET

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## DATA BALANCE SHEET DESCRIBES SUSTAINABLE VALUE GENERATION DRIVEN BY DATA

The use of data and artificial intelligence at Kesko is producing increasingly significant benefits for the business, customers, retailers and partners. Almost everything Kesko does has a digital dimension. Data and technology are largely intangible resources that need to be used in a responsible and human-oriented way and with the aim of achieving sustainable impacts.

In addition to generating value for business and customers, data and its utilisation involve threats and risks, which Kesko actively manages. Robust data protection, cybersecurity and digital architecture form a foundation for everything else.

Kesko's transparent and coherent communication about data and the value it creates benefits all stakeholders. This is also in line with a data economy that values the rights of the individual. It also strengthens K Group employees' understanding of sustainable value creation driven by data.

The data balance sheet report is a voluntary report that complements Kesko's statutory financial and sustainability reports. It complies with the European Financial Reporting Advisory Group's (EFRAG) recommendation for considering investor information on intangible assets. Specific perspectives include the role of data in the business model and the strategic opportunities and risks associated with data.



# FOREWORD

Dear reader,

The importance of data in implementing Kesko's strategy and reinforcing its competitiveness continued to increase in 2024. Data is a key strategic asset for Kesko, enabling us to continuously improve customer experiences, increase efficiency, and create new value for our customers, partners and K-retailers.

Our unique retailer model combined with advanced data analytics and artificial intelligence enables a personalised multichannel customer experience. K-retailers utilise data and digital tools in making decisions about selections, promotions, and services that best suit their local customer base. This combination creates significant competitive advantages, as it brings together the efficiency of chain operations and local customer focus.

We have made significant progress in developing digital services across all three divisions. The K-Ruoka grocery trade app is already used by more than two million Finns, Kespro's digital services support the success of foodservice professionals, and our digital solutions for building and technical trade help our customers work more efficiently. K-Auto's updated digital services make buying, owning and servicing a car increasingly easy.

The use of artificial intelligence and data analytics has notably increased the efficiency of our operations. We have taken decisive steps to harness AI while ensuring its responsible use. Our very strong data capital, advanced analytics and new AI tools help us optimise selections, predict demand and streamline logistics. This translates into better availability, reduced waste and more efficient operations.

Sustainability, responsibility and transparency guide all our data use, and we are committed to high standards of data protection and cyber security. At the same time, we help our customers make more sustainable choices by providing data-driven information on the climate impact, origin and healthiness of their purchases.

Our data balance sheet report provides a comprehensive picture of how we use data to create value for customers and business. It demonstrates our commitment to transparent communication and responsible use of data.

Helsinki, March 2025

**Minna Vakkilainen**

Vice President, Data & Digital development, Loyalty (K-Plussa) and e-commerce

# SUSTAINABLE COMPETITIVE ADVANTAGE THROUGH DATA

Kesko is a strongly data-driven trading sector company that strives to be the leading, most attractive operator in its sector in Northern Europe. By leveraging data, data analytics and artificial intelligence, Kesko aims to create sustainable and growing competitive advantage based on a combination of superior customer experience, operational efficiency and reliability, and profitability, with robust risk management and compliance, multi-tier cybersecurity and responsible operating practices underpinning everything.

Kesko develops its data and technology capabilities based on the strategic needs of its businesses. The synergies of digital capabilities within the grocery trade, building and technical trade, and car trade divisions and at Group level are developed to respond and anticipate the needs of the businesses and customers.

Data is a strategic asset as well as a key intangible asset for Kesko. Our investments focus on developing data and technology expertise as well as digital services that meet the needs of our customers and business operations, on utilising technology, and on constant improvement and modernising of processes.

Our growing data capital and the advances made in artificial intelligence open up significant opportunities for Kesko to create new value and sustainable competitive advantage for its business and customers as well as society.





# DATA CREATES VALUE FOR CUSTOMERS AND BUSINESS

The continuous improvement of multichannel customer experiences and further development of digital services are at the core of Kesko's growth strategy.

Data enables Kesko to differentiate itself through quality, convenience and customer experience both in physical stores and digital channels. Kesko has plenty of potential to increase its data utilisation rate. This requires continuous investment in the improvement of capabilities related to, for example, data, technology, analytics and design.

## Customers at the heart of value creation

Kesko has created a unique way to offer the best customer experience in all its divisions by combining extensive data capital, advanced analytics and the best services. Data enables a deep understanding of customer needs and preferences and the development of personalised services.

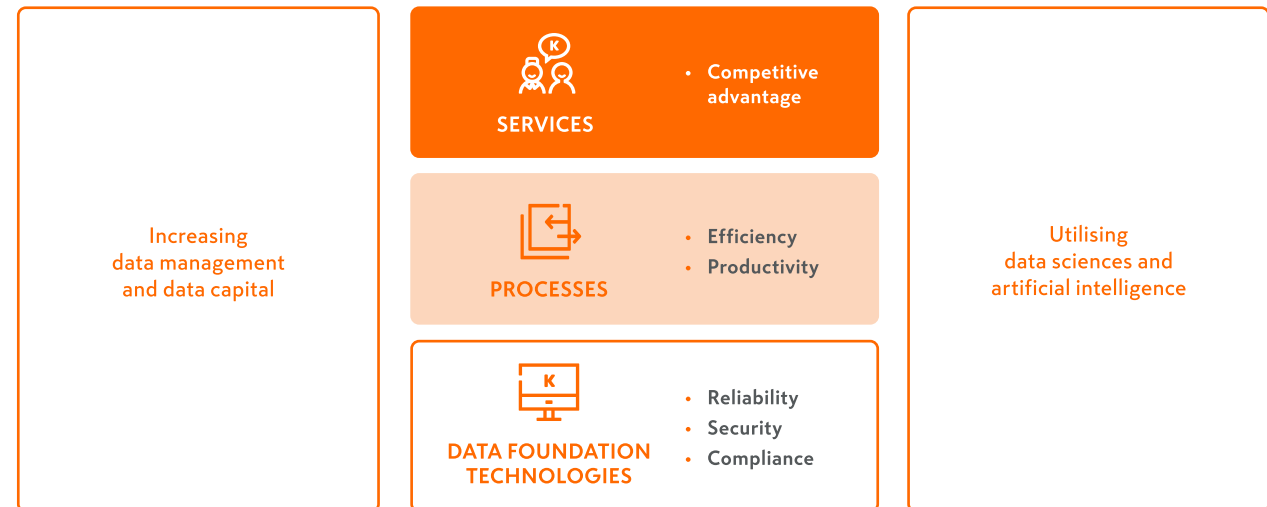
In the grocery trade business, emphasis is on the K-Ruoka mobile app's recommendations, benefits and content, and a broad understanding of customer needs, as well as data-driven selections in physical and online stores. Kespro helps foodservice professionals succeed with services that support their business. In building and technical trade, digital solutions provided by Onninen and K-Rauta increase work efficiency and bring to customers their extensive online stores and mobile apps with rich product information. In car trade, K-Auto makes it easy to buy, service and maintain a car through multiple channels.

## Growing, high-quality data capital is a unique source of value

Kesko's strength is its vast amounts of high-quality data on customers, processes, products, the value chain and the operating environment. Systematically developed data capital generates value, and is the result of years of determined work. Its value is realised in active business use.

Kesko's data capital enables unique customer and business insight and rapid responses to changing business and customer needs in all divisions. This enforces Kesko's competitive advantage in a market that can change very fast. Kesko's profound customer insight in particular creates unique competitive advantage.

### Levels of data strategy at Kesko



## Advanced analytics and artificial intelligence make data productive

Advanced analytics and AI solutions are used in business and its development. Data is productive when it is used in an analytical and automated way to support customer experience and operational efficiency and the continuous improvement of profitability.

Kesko's centralised AI competence centre ensures efficient and responsible use of technologies and the sharing of best practices across the divisions. Data science and analytics capabilities enhance, among other things, customer insight, the implementation of store-specific business ideas, goods flow optimisation, and market analysis.

Kesko develops tailored artificial intelligence solutions to create unique added value for customers and business through individual customer data and highly versatile data sources, while also utilising the best off-the-shelf solutions on the market to improve operational efficiency.

The agile development and piloting of AI solutions is easy today, but successfully introducing them into operations and delivering meaningful results requires changes to the way we do things. Kesko invests in agile, continuous development, but above all in long-term work and sustainable implementation. It is crucial to ensure that the solutions meet business needs and fit our processes and the actual context in which they are used. Our operations are always guided by business objectives, user-centred development, and an understanding of the true opportunities and limitations of technology.

## Modern data architecture

Kesko's digital architecture is a business enabler and accelerator. The business-driven approach ensures that all solutions and decisions related to data and technology help execute Kesko's strategy.

Modernised systems utilise division-specific strengths: in grocery trade, the K-Plussa customer loyalty scheme ensures efficient use of consumer data, while in building and technical trade, the digitalisation of the value chain brings significant efficiency gains. A renewed data architecture and cloud-based solutions enable the widespread adoption of advanced AI components, analytics applications, and automation across all divisions.

For new earnings models to emerge, the architecture must be open and agile and technologically compatible. It consists of a high-quality data foundation, efficient processes for data assembly, pooling and processing, and its value-generating use in business applications, processes and services.

K-Data is Kesko's modular cloud-based data and technology platform that creates benefits to business. Its development continued in 2024. K-Data provides business segments a platform for developing new and updating existing data sources, processes and use cases. The majority of K-Data's business use cases are currently based on the grocery trade division.

With its interfaces, the K-Data platform enables ecosystem collaboration and provides new value creation opportunities for both Kesko and its partners. Technology and architecture choices are always made with efficiency,

productivity and security in mind, while ensuring the scalability and flexibility of systems. The continuous development of the digital architecture aims at an increasingly varied and real-time use of data across the whole ecosystem.

## CASE

### Controlled introduction of new AI tools

Kesko's approach to generative artificial intelligence has been practical and business driven. Kesko employees have been encouraged to experiment with the technology and gain an understanding of its benefits before offering a more centralised and extensive guidance on processes and policies.

The piloting of Copilot, for example, has produced good results, and the employees involved have found it a useful tool. Joint events, such as AI workshops, have increased understanding of the technology and its potential. The approach has been experimental, but at the same time management and ownership have been developed in the organisation at large.

Balancing a culture of experimentation with managed deployment enables innovation while ensuring the safe use of technology. Managing easy-to-use and widely available generative AI requires well-defined operating models. The development of user competence and the introduction of management models support both risk management and the realisation of benefits.

## CASE

### Business benefits from ESG data

Kesko has worked hard on developing ESG data management in recent years. ESG data is linked to business management, product information and customer-facing analytics and reporting services. Other important uses include the constantly mounting requirements of ESG regulation and sustainability reporting.

ESG data has significant business potential. Focus is on its effective integration into business processes, continuously improving data quality and flow, and streamlining of reporting processes. Data is managed using a shared data governance model and linked from different source systems to the K-Data platform for further use.

So far, the largest data sources – such as emissions data for energy and logistics, and the statistical personnel data required for sustainability reporting – have already been integrated on the K-Data platform. Optimising energy consumption, managing wastage, and improving waste management bring direct cost savings. In addition, more and more customers are demanding efficient access to high-quality sustainability information related to procurement and the value chain.

Current areas of development include refining emissions calculations for logistics, collecting more accurate ESG data for product information, and reducing packaging materials. The aim is for ESG data to move seamlessly with the product, which requires close cooperation with suppliers.

Increasing EU regulation, such as CSRD reporting, the Digital Product Passport and the Ecodesign Regulation, places new demands on data management. Kesko's long-term work on automating data collection and improving reporting capabilities help it to meet these requirements efficiently.



# DATA QUALITY AND RISK MANAGEMENT ENSURE SUSTAINABLE VALUE CREATION

High-quality data is vital for Kesko and its divisions. Data governance processes and data-related collaboration are developed with an emphasis on data quality, usability and risk management. Changes in the operating environment defined by EU regulations and information security are proactively anticipated and managed. Kesko's integrated risk management model covers a wide range of risks related to data and cybersecurity, and their monitoring is systematic throughout the organisation.

## High quality data delivers value and minimises risks

Kesko's data governance safeguards the lifecycle of data and ensures the quality of data capital, while taking into account business needs and risk management. Processes and responsibilities ensure that data is managed appropriately, securely and legally.

In 2024, Kesko continued to update its data governance processes and develop internal data collaboration. Advances in data warehousing have improved scalability and usability, as well as data quality. The discussion on the potential uses of data is more practical and the perceived common data sets help to link use cases even more closely to the business.

The challenges of data governance are constantly growing: the explosive growth in data, the joining of diverse data

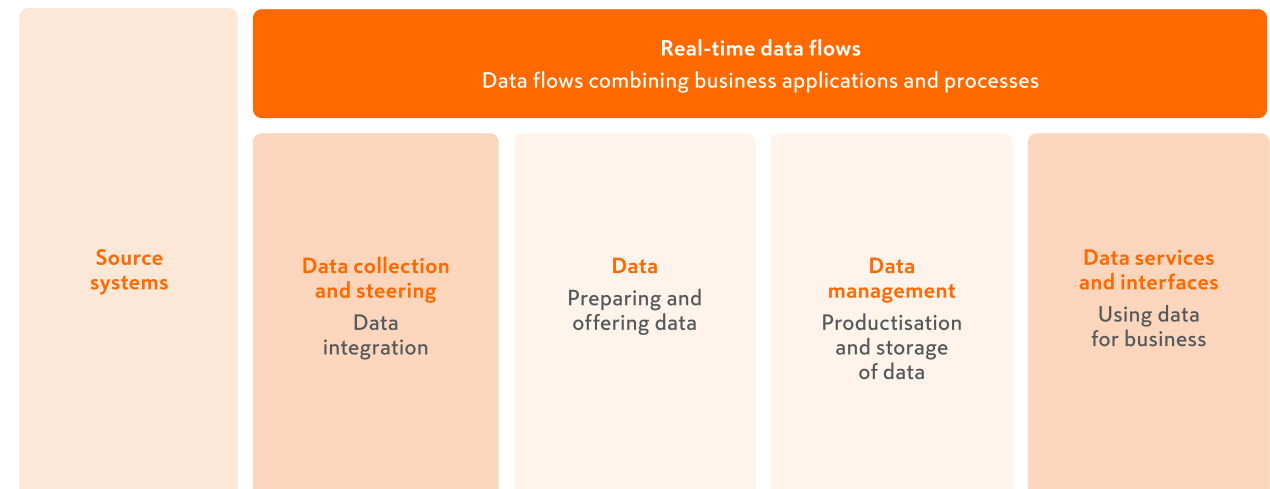
streams, and the integration of business processes require constant development, to which Kesko is responding by building shared information structures and improving access to information across organisational boundaries. Despite increasing data volumes and processing speeds, Kesko ensures data quality through accurate, automated quality metrics and processes.

Quality management is based on a clear management model. This includes data cataloguing and metadata management, as well as definitions of data capital.

The model also defines data ownership, responsibilities and roles to ensure effective quality management.

The model of ownership and governance of data sets and the entities they contain has evolved and the understanding of the value of data to business has grown. Ownership involves not only strategic business alignment, but also a holistic understanding of information content and its interdependencies.

## Overview of the K-Data platform





## Data governance processes continued to improve in 2024

### Risk management ensures continuity and security

Identifying and managing data-related risks is a critical part of Kesko's data-intensive operating model. Data risk management covers data quality, usability, security, processing security, compliance and liability issues.

Cyber risks and their management are integrated into Kesko's comprehensive risk management model which covers systematically all Group divisions and country organisations, each of which has identified cyber risk scenarios specific to its operations as part of ensuring business continuity. Risk management extends beyond Kesko's own data to customer and partner data, taking into account all risk categories from data collection to its safe disposal throughout its lifecycle.

Under the risk management model, data protection risks are reviewed twice a year and cyber risks four times a year. Identified new risks or material changes in existing risks are added to the risk management model that is the responsibility of the business division that owns the data. The Audit Committee of Kesko's Board of Directors discusses the risk universe on a quarterly basis. The documentation and monitoring of risk mitigation measures have been systematised to meet new regulatory requirements.

Internal audits of data and cybersecurity are carried out in an independent and risk-based manner. Kesko has an internal audit plan that ensures the sufficient coverage of data risk management, programmes, controls and handling of development needs. The internal audit function reports to senior management and the Audit Committee of Kesko's Board of Directors. Audits also cover the risks associated with the use of artificial intelligence and how to manage them.

### Data regulation and compliance

Compliance with data regulation is monitored with a structural and steering model that ensures that Kesko processes and utilises data overall responsibly and in compliance with regulations, while also recognising and utilising new business opportunities.

The most significant regulatory entity for Kesko is the EU General Data Protection Regulation (GDPR). Kesko's compliance with the GDPR is described in more detail in the data protection section of this data balance sheet report.

The new EU-wide 'Big Five' acts (Data Act, Data Governance Act, Artificial Intelligence Act, Digital Services Act, and Digital Markets Act) will have a major impact on data use, sharing and disclosure practices in the EU in the coming years. Kesko's operations will be most affected by the AI Act and the Data Act.

The Data Act, which will enter into force in September 2025, will open up new opportunities for Kesko, for example as a user of real estate and energy services or as a service provider in car trade, to use data collected by devices in its operations. For instance, in vehicle maintenance services

there will be better access to vehicle-generated data, which can improve the efficiency of maintenance services and enable more comprehensive diagnostics, predictive maintenance and more effective troubleshooting.

In the context of AI regulation, the focus has been on mapping and risk assessment of artificial intelligence systems from a regulatory perspective. Kesko may use artificial intelligence systems belonging to different risk categories, which places requirements on the management, monitoring and documentation of use and informing end users about how the systems and user data are utilised. Kesko is currently building a Group-level governance model and processes to ensure compliance with the AI Act once it is fully implemented with a phased approach starting in August 2026.

From a security perspective, the most relevant directives are the NIS2 cybersecurity directive and the CER directive concerning the resilience of critical entities.

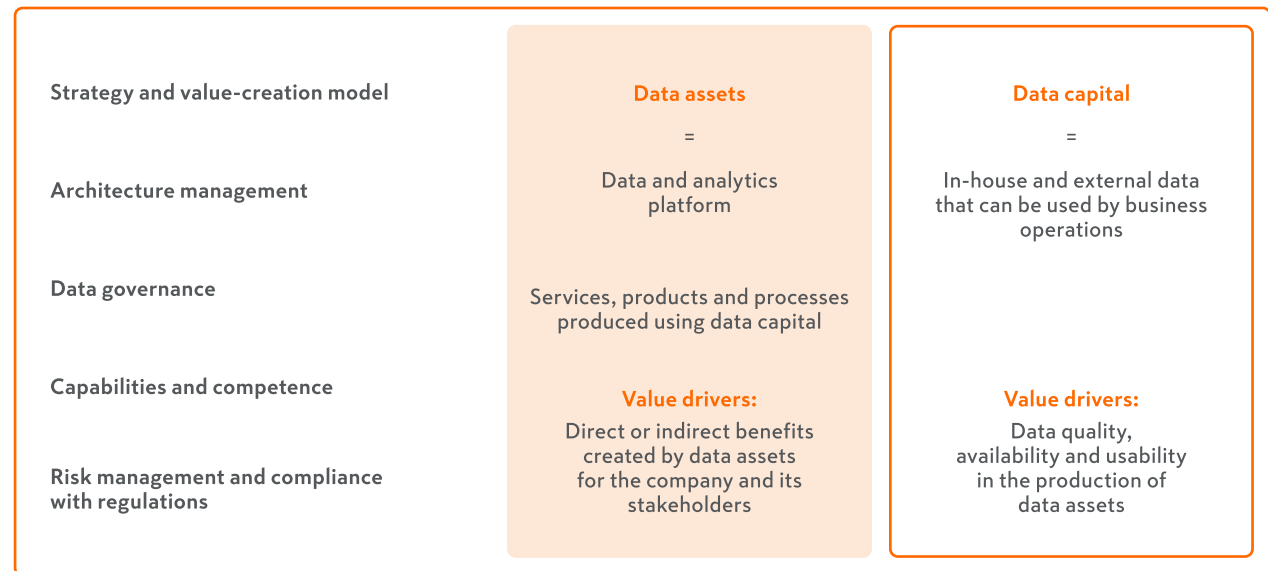
# DATA BALANCE SHEET COMBINES KESKO'S DATA CAPITAL WITH ITS USES

The data balance sheet consists of the data used by Kesko and use cases where data is utilised in services, products and processes. The two sides of the balance sheet describe how data capital delivers value to business, customers and stakeholders.

Data in itself has no value. Instead, its value is based on the benefits it generates for customers and business. The data balance sheet is used for managing data capital and its utilisation in business operations in a balanced way that increases the value of both sides of the balance sheet.

The data balance sheet combines the management of data usability (fit for use), quality and life cycle in terms of data capital with the use of data to create value in terms of data assets. Value is created through Kesko's data and analytics platform services and the digital services, products and processes that Kesko produces for its own operations and for its customers and stakeholders.

## Kesko's data balance sheet



## CASE

### From customer insight to business

Kesko has been developing its in-depth customer insight for a long time. Established research tools, evolving data analytics and a strong strategic focus together turn knowledge into tangible actions in everyday operations.

“We are not satisfied with just collecting data or making observations. The key is to process the information into conclusions first and then into insights that drive the business,” says **Heidi Jungar**, the Vice President in charge of Stakeholder Insight function.

Kesko’s customer insight is built on tools developed over the long term. The Food Trend reports that were launched in 2017, the K-Barometri started five years ago, and the growing K-Kylä customer community provide a solid foundation for the work. These are complemented by advanced customer feedback analysis, which serves as an ongoing research channel.

“For us, customer feedback is like an ongoing survey. With the help of analysis assisted by artificial intelligence, we can process large amounts of feedback into real development measures,” says Jungar.

Research and analysis activities focus on strategic priorities. Detailed surveys in critical areas, such as fruit and vegetables and bread products, directly support business development. The analyses also take into account uncertainties and changes in the operating environment.

The customer insight tools serve the entire K Group. Retailers receive information directly into their own systems,

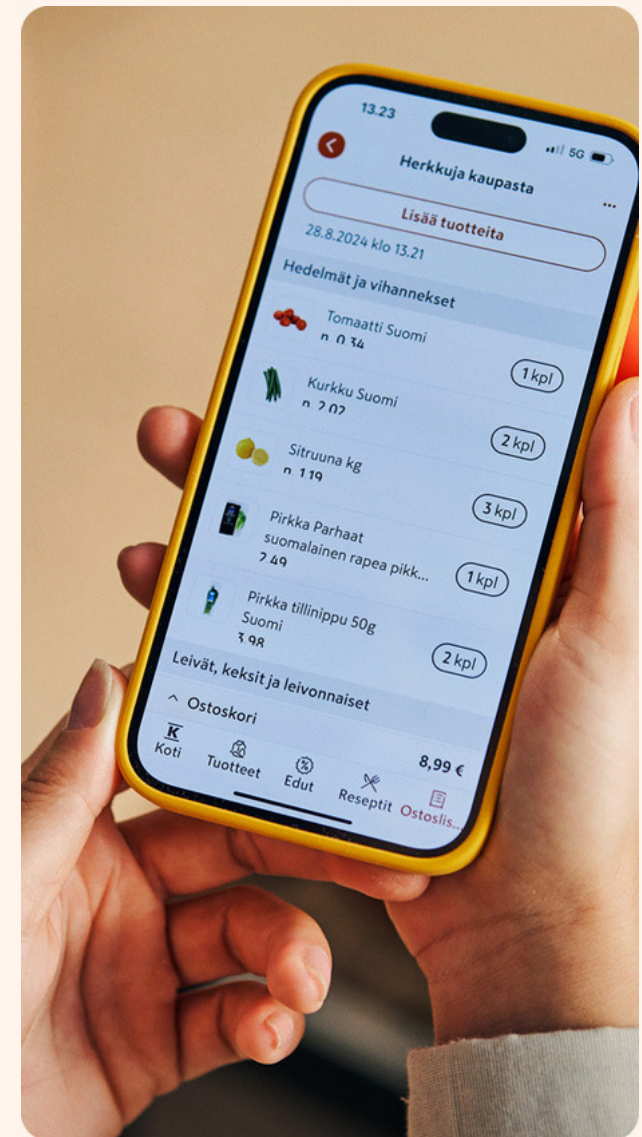
and key observations are also shared with partners. Analysing customer feedback helps to identify areas for improvement, even at the level of an individual store.

“By combining different data sources and surveys, we can identify both rapid changes and long-term trends. What matters most, however, is that knowledge leads to action,” says Jungar.

The current focus in Kesko’s customer insight development is on the effective use of existing tools and on transforming information into tangible measures, while also ensuring that strategic changes are genuinely reflected in the everyday lives of customers.

“The changes have to be significant enough for the customer to notice them. That’s why we constantly monitor the impact of these development measures on the customer experience,” says Jungar.

Going forward, customer insight will be further deepened using AI, but human analysis and interpretation will remain at the core. The aim is to produce more relevant solutions to meet customer needs and strengthen K Group’s competitiveness.



## CASE

### Data keeps the grocery trade supply chain moving

Logistics at Kesko has become an increasingly data-driven operation, with AI-based systems controlling the flow of goods and optimising the supply chain in grocery trade.

Data and information systems have a crucial role in the management of flow of goods. Information must flow and it must be accurate and timely – this is just as essential as the flow of physical goods.

Kesko's logistics system processes huge amounts of data every day. It generates sales forecasts for each product per store and per day. Based on these forecasts, it automatically makes order proposals taking into account current stock levels and orders already placed.

“Artificial intelligence is used in particular for forecasting and augmentation. The system is constantly learning from historical data and is able to predict the impact of different seasons and campaigns on sales more and more accurately,” says **Jyrki Tomminen**, Vice President, Supply Chain Management, Logistics and Store Operations.

The scale of Kesko's grocery trade logistics is huge: more than 160,000 square metres of logistics space, including central warehouses for groceries, home and speciality goods, and frozen foods, as well as online store logistics centres. A special feature is the integration of the grocery trade and Kespro's foodservice deliveries into the same system. While the grocery store side has around 1,000 customers, Kespro serves 25,000 customers from restaurants to schools and hospitals. This combination

brings significant synergies, particularly in terms of transport efficiency.

Logistics is being developed with a strong customer focus, which is strategically critical in a retailer-led model. “We are not just optimising our own operations; we want to create value for retailers and therefore for consumers. This can be seen, for example, in the way the system takes into account the individual needs and characteristics of each store,” Tomminen says.

The customer-centric approach has paid off: retailer satisfaction with logistics services is high, despite a very complex operating environment. Store-specific selections, strong campaigns and a high proportion of fresh foods place high demands on logistics.

Digitalisation also supports more sustainable operations: more accurate forecasting and more efficient logistics have made it possible to significantly reduce food waste, while optimising transports has helped reduce emissions.

Future development will focus especially on improving forecast accuracy and increasing automation in warehouses. “We dream of using AI to manage our diverse store-specific traffic and volume to the last detail,” says Tomminen.





## CASE

### Data analytics boosts Kesko's energy management

Kesko has taken a significant leap forward in energy management by combining property and energy data into an intelligent overall system. The new data-analytics systems delivered temperature-adjusted savings of 11% in heating costs during autumn 2024 compared to the previous year. The systems analyse hourly temperature, consumption and building automation data, automatically identifying areas of optimisation in hundreds of properties.

The systems can anticipate potential problems and direct maintenance personnel to check, for example, heating control curves or ventilation. This allows the right measures to be taken effectively in areas where there is real potential for savings.

Kesko's properties consume a substantial amount of energy – annually the entire group's operations use around 712 GWh of electricity for refrigeration units, lighting and building services and around 202 GWh of district heat to heat properties in Finland. Advanced analytics are used extensively to optimise the consumption.

Consumption and condition data and building automation data can be used to optimise the energy use of properties in real time. This translates into both cost savings and a better customer experience in stores.

Improving energy efficiency is a key aspect of Kesko's sustainability strategy. The company both purchases electricity from the market and produces it with its own solar power plants. In addition, heat recycling systems installed in more than 80 grocery stores significantly reduce the need for purchased energy.





# DATA PROTECTION

Kesko protects the data of its customers, personnel and stakeholders and ensures that the data protection rights of individuals are fulfilled when data is processed.

Customer data is used especially in customer-oriented business management, targeted marketing, advertising and customer communications, and in selection management. Customers benefit from this through, for example, more targeted benefits and personalised services. For the stores, customer information provides tools to develop products and services that are of interest to customers.

The processing of personal data is lawful, reasonable and transparent, and personal data is processed for a specific purpose in accordance with a legal basis laid down by law. Kesko processes data only to the extent and only for as long as it is necessary for the purpose of use.

Kesko processes the health data of its employees in its occupational health function for the purpose of providing occupational health care and, to a limited extent, in its HR management as part of the payment of sick leave pay. In connection with wage payment or the provision of payroll services to retailer entrepreneurs, trade union membership data may, with the employee's consent, be used to deduct membership fees from wages. As a data controller, Kesko does not collect or process data belonging to special categories of other stakeholders' personal data.

Kesko Group's Executive Vice President of Legal and Sustainability and member of the Group Management

Board is responsible for implementing the principles of Kesko's data protection policy. The data protection policy determines principles, procedures and responsibilities to ensure the lawful processing of personal data and a high level of data protection. Ensuring data protection is part of Kesko's compliance operations, risk management and the K Code of Conduct.

Kesko's complete data protection policy is available on its website at <https://www.kesko.fi/en/company/policies-and-principles/data-protection-policy/>

## Data protection management model

The data protection management model consists of Kesko's Data Protection Officer, Corporate Counsel specialising in data protection legislation and two members of the Compliance & Ethics function who specialise in data protection matters and requests. Data Protection Impact Assessments (DPIA) are carried out as part of the data protection operating model. The related instructions and practices are based on the data protection policy confirmed by Kesko's Board of Directors.

The management of data protection risks is part of Kesko's risk management process. Risk assessments are conducted at the planning stage of personal data processing and as part of the annual risk assessment. Data Protection Impact Assessments (DPIAs) are carried out in situations where this is required by regulation and guidance from the authorities. The specification of technical and organisational



management tools for data protection is based on the results of risk assessments.

Each business unit or data controller ensures and monitors the implementation of data protection in their operations. The daily implementation of data protection and risk management in the businesses is supported by trained Data Protection Champions. Requests submitted by data subjects are processed by the business operation that owns the personal data register in question, while the Group-level data protection organisation provides support as necessary.



## Ensuring data protection in operations

Kesko's data protection programme ensures that data protection competences and awareness of data protection operating instructions remain at a high level. This supports the identification and management of data protection risks in Kesko's units.

The data protection guidelines consist of a Group-level data protection manual and supplementary country-specific instructions. Kesko's data protection guidelines concern all employees and include key rules, operating instructions and processes for implementing data protection and identifying and processing incidents and risks.

The annual data protection plan and programme maintain a high standard of data protection. Kesko also carries out internal and commissions external data protection audits, especially when there are changes in business operations and in connection with corporate arrangements.

Kesko only cooperates with personal data processing partners that comply with good processing practices by means of appropriate technical and organisational measures, meet the requirements of the GDPR and can ensure the implementation of data subjects' rights. A written agreement is made between Kesko and personal data processing partners in accordance with the law.

## Training and communication

Kesko processes a lot of customer data. The induction programme and ongoing training for each Kesko employee includes achievement and maintenance of the level of data

protection competence required for the role. Active communications, information bulletins and training ensure a high standard of data protection competence. Up-to-date instructions concerning data protection are easily available to all employees.

An eLearning course on data protection is a mandatory part of the induction of each Kesko employee. The training must be repeated every two years. In addition, experts and representatives of management must complete the data protection and information security training required for their duties. An online training environment ensures that the data protection training is widely accessible, and that the employees' competence level can be verified and documented.

Targeted training events complement the regular training. During the year, a total of 24 Data Protection Interest Group events were organised for six target groups. The events covered the latest data protection application practices, instructions issued by the authorities, amendments to legislation and best practices. Regular training and current activities are supplemented by targeted need-based data protection training events for various units.

Kesko has processes and channels in place that enable communication with consumer customers on issues related to data protection. In Finland, Kesko has a public data protection portal on its website, which contains information and guidelines on data protection. Individuals can make data protection requests regarding their personal data through the data protection portal or by contacting register-specific contact points or customer service

channels. Questions raised and requests made will be answered without undue delay.

Kesko's data protection portal  
<https://tietosuoja.kesko.fi>

## Interaction and addressing issues

Kesko ensures that the data subjects' rights are implemented in accordance with the GDPR by informing the data subjects about the processing of data and by determining operating models and instructions for situations where data subjects wish to, for example, exercise their rights to familiarise themselves with the information collected, or request the rectification or erasure of their personal data. Kesko aims to ensure the accuracy of the data used, and the data is updated from the persons themselves or from reliable sources.

Kesko documents all information security breaches and reports them to the data protection authorities if the controller is of the opinion that the event poses a risk to the data subject. If the risk of malpractice or damage is deemed to be high, Kesko also informs without undue delay the person whose personal data protection has been jeopardised about the information security breach and provides instructions on what to do in the situation.

Data subjects can contact Kesko's Data Protection officer in all data protection matters at tietosuojavastaava@kesko.fi. Suspected abuses associated with data protection can be reported anonymously also via Kesko's SpeakUp whistleblowing channel.

## Data protection requests and incidents

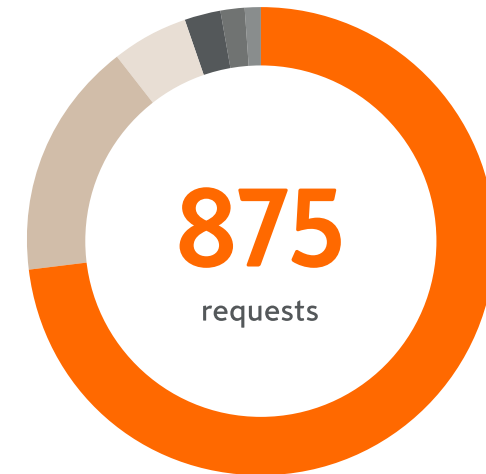
In 2024, Kesko handled 875 (2023: 1,125) data protection requests submitted through its data protection portal. Requests were also processed in other channels. The number has declined in recent years.

Most data protection requests are related to reviewing and rectifying the data subject's personal data. Other normal updates to data (e.g. changes to name and contact details) are also recorded in the statistics as a rectification of data if the data subject uses the data protection portal to make the changes. Erasure requests are typically related to situations in which the customer feels that the customer relationship has ended or otherwise wants the processing of their personal data to stop.

In Finland, Kesko Group detected and investigated a total of 347 information security breaches in its operations in 2024 (2023: 461), of which 63 (2023: 110) were also reported to the Data Protection Ombudsman's office. A total of 6 information security breaches were detected in the other operating countries. Of these, 3 were reported to the local

competent supervisory authorities. In individual cases, the affected data subject was also notified of the information security breach.

### Distribution of requests in 2024



- Reviewing data 641 (697\*)
- Erasing data 143 (158\*)
- Rectifying data 47 (214\*)
- Objecting data processing 21 (11\*)
- Restricting data processing 15 (22\*)
- Transmitting data 8 (22\*)

\* Figures for 2023 in parentheses.



# CYBERSECURITY

Kesko ensures the continuity and security of its digital infrastructure at multiple levels. The rapid progress of technology further increased the risks and negatives of the information security environment. Kesko was successful in protecting its systems and data in 2024.

Kesko's digital infrastructure comprises significant databanks, cash register systems, ERP systems, money and transaction data traffic and building technology systems. As a multinational trading sector company, Kesko is regularly exposed to different types of disruptions and attacks in the digital environment.

Relevant and effective information security ensures the accessibility of IT solutions, and the integrity of the information used in processes and services, as well as confidentiality, with regard to Kesko's operations under all circumstances in all its operating countries.

In 2024, Kesko implemented new Microsoft information security services, replacing the services previously in use, including some of the security control room's capabilities. This provided Kesko with new functionalities that will further improve visibility, automation and the ability to influence Kesko's systems and IT services. This will allow Kesko to respond faster when an account or session is hijacked, for example. Device and identity controls were also strengthened.



## Managing digital security

The protection of Kesko, customer and stakeholder data and of systems and connections has been designed and deployed on the principle of multiple lines of defence. The systems have been assigned a class according to their importance and have recovery plans that are tested and rehearsed regularly. The cybersecurity technology utilises automation and machine learning, which enables rapid detection of and response to threats. The detection of and response to threats is managed using a centralised information security control room.

## Information security management and steering model

Kesko's information security policy – approved by its Board of Directors – defines basic requirements for information security and that conditions exist for implementing the policy in practice. The information security steering model is part of Kesko's risk management steering model. Responsibilities for the management of information security are defined throughout the chain of management up to the level of Board of Directors.

The Group's information security team serves as the in-house competence and service centre. The team is responsible for information security architecture and operating models, and it provides training and services to Group units. In line with its role, the team's tasks also include supporting internal audit and Due Diligence investigations in business acquisitions. Kesko's information security policy is available on its website at <https://www.kesko.fi/en/company/policies-and-principles/information-security-policy/>

## Continuous ensuring of information security

Kesko conducts information security audits using both internal and external experts. Special themes in 2024 included risk management and risk mitigation. In addition, efforts were made to ensure a high level of critical capacity services and strengthen capabilities for defending against ransomware.

Strong risk management is based on common, carefully trained operating models that ensure the readiness needed to respond to different situations. Information security risks are regularly assessed as part of the development and roll-out of systems and services, and especially in connection with significant changes. All contractual partners commit to complying with Kesko's information security requirements, and audits are conducted to monitor compliance.

Kesko cooperates with the Finnish Transport and Communications Agency Traficom in several areas. Traficom's high-quality and up-to-date data on cybersecurity is valuable for sustained preparedness and readiness. Kesko has also adopted the Traficom Kybermittari (cyber meter) as an internal assessment tool and it is updated annually for each division and at the mid-group level.

The status of information security is reported in connection with normal internal control, as well as internal and external audits. Technical information security is assessed continuously, and separate information security audits are conducted in the most significant environments.

## Communication and training on information security issues

Kesko has various regularly implemented measures in place to improve awareness of security issues. These include online training, phishing message simulations, and internal communication about significant topical information security matters.

Training operations remained active in 2024. Mandatory basic information security training for all employees was provided online, as was training tailored for cashiers and customer service personnel. In addition, the information security team actively trained personnel according to the requirements of their respective roles.

Information security and cyber exercises are actively and routinely organised. Kesko also participates in national information security exercises organised by Traficom, such as the Tieto24 exercise. In addition, Kesko and Traficom organised a one-day cyber exercise or critical companies in the food sector to practice cooperation and preparedness for cyber threats. Kesko actively participates in information exchange groups, where confidential information on cyber threats and related reports is shared with other companies and authorities.

**Kesko works actively with Traficom, the Finnish National Emergency Supply Agency and in various information exchange groups**



# GROCERY TRADE – AIMING FOR THE BEST CUSTOMER EXPERIENCE

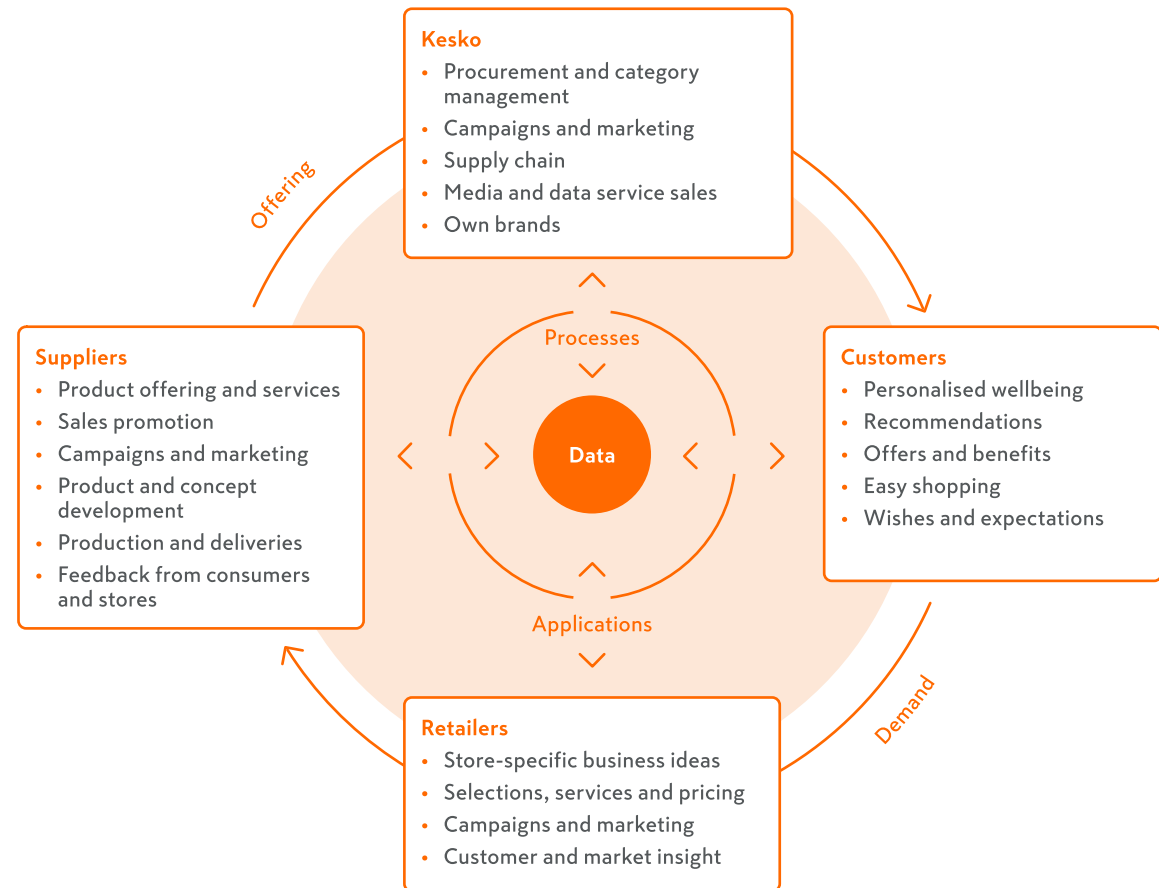
In Kesko's grocery trade division, the use of data supports the provision of services to both consumers and foodservice customers in a changing market. In K Group grocery stores, data-driven multichannel services enable local business ideas and personalised customer experiences. Kesko supports the business of its foodservice customers with a wide range of digital services and profound industry expertise. Digital services and automation are used to create value for customers and improve operational efficiency.

## Our grocery trade turns data into value for customers

Data-driven K Group grocery stores combine retailer entrepreneurship with comprehensive digital services. For customers, the K-Ruoka mobile app, K-Plussa customer loyalty scheme, and online stores enable a personalised customer experience both in physical stores and digital channels.

K Group's unique retailer model combines chain efficiency with the data-driven management of individual stores. Every store is different based on its location, customer base and local needs.

Digital business platform for Kesko's grocery trade



The effective use of digital tools designed for stores creates value for the retailer and the customer. They help retailers to offer the right selection to their customers, with the right balance of benefits and experiences. In particular, store-specific AI-based predictions and recommendations enable retailers to make the right choices regarding selections, promotions, pricing and concepts.

Near real-time sales reporting and the use of customer and market data allow for quick responses and campaign management. The development of the K-Kampanja tool has provided retailers with more accurate information on the implementation and effectiveness of campaigns faster than before.

Developments in selection management have been particularly notable. Improved understanding of how successful selections are in terms of turnover rate, sales and margin structure have generated financial value for retailers, while improving environmental responsibility by reducing food waste.

## **K-Ruoka at the forefront of customer experience – rapid growth in mobile service use**

The K-Ruoka service provides customers with all the essentials: it combines personalised benefits, everyday inspiration and effortless shopping. Customers can easily find the products, recipes and offers that best suit their needs, while monitoring the health and environmental impact of their purchases. AI-based personalisation ensures that each customer receives recommendations useful specifically for them. .

The service works seamlessly both online and in the local store – ingredients for recipes can be delivered to the customer or collected ready for pick-up, and the mobile app's personalised benefits can also be used at the checkout.

In 2024, the mobile channel became a major sales promoter in the K-Ruoka app. Digital campaigns increased sales in a directly measurable way, and the role of Kesko's own media channels in marketing grew significantly. The strategy has delivered cost-effective results in reaching customers and providing them with relevant content.

## **The number of K-Ruoka mobile app users grew by 38%**

The further development of the K-Ruoka service will focus on a more seamless customer experience and smarter personalisation. The aim is to offer the most personalised solutions on the market and make everyday grocery shopping effortless, and for K-Ruoka to be the most personalised and attractive app in grocery trade.

## **E-commerce evolves with customer needs – ease and speed are key**

Online grocery sales adapt in an agile way to changing consumer needs. Ease and speed have become key factors in improving customer experience. A concrete example of this is express delivery services, which the K-Market and K-Supermarket chains significantly expanded in 2024.

Alongside the strong growth in express deliveries, the popularity of the click & collect service also increased significantly. This dual trend reflects the diverse and varying needs of customers: some value the flexibility of being able to pick up their grocery shopping when it suits them, while fast home delivery is a top priority for others.

At the end of 2024, a total of some 780 K Group grocery stores around Finland offered online grocery services. Online sales amounted to some €294 million in 2024 (incl. VAT), accounting for 3.7% of K Group's total grocery sales (incl. VAT).

## **The NPS for K-Ruoka online grocery sales is over 80**

The development of the online grocery sales has focused on four areas: service reliability, collection efficiency, improving the user experience and the visibility of store-specific selections. Development of these areas will help ensure an effortless online shopping experience for customers.

Extensive store-specific selections lend us a notable competitive advantage in online grocery. Local and speciality products are available also online. In addition, we have paid particular attention to the quality of product information, especially for customers who want detailed information concerning allergens and nutritional content.

## Online grocery sales were up 13.5% y/y (K-Ruoka and express deliveries)

Online sales development emphasises continuous improvement at a smaller scale rather than major one-off updates. This allows Kesko to respond quickly to customer feedback and continuously improve the user experience. The development work actively uses customer data and feedback and closely monitors the use of online sales services.

## K-Plussa forms the foundation of a multichannel customer experience and rewards

K-Plussa is a comprehensive customer loyalty scheme that serves all K-Plussa customers in the best possible way through multiple channels, whether they join as students or shareholders or become Best Customers by concentrating their shopping in K Group stores.

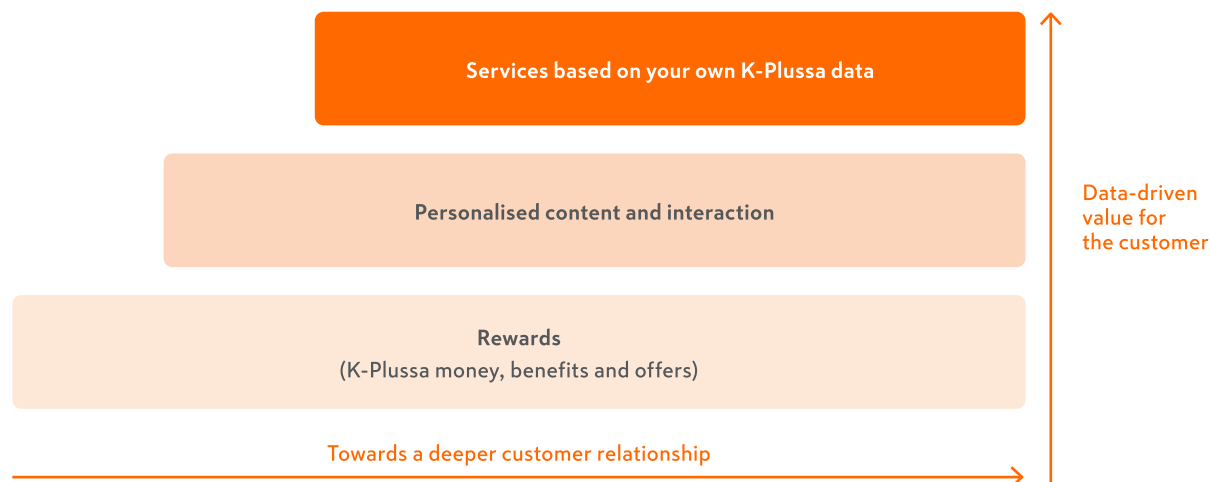
The K-Plussa customer programme uses customer data and advanced data analytics as the basis for applications that strive to deliver the best customer experience. It combines personalised loyal customer benefits with smart digital services that support personal preferences and value choices.

Kesko's data-driven approach is based on trust and genuine value creation from customer data. Advanced data analytics and artificial intelligence enable deep understanding and anticipation of customer needs, resulting in increasingly relevant services and recommendations. Kesko sees customers as individuals, families and communities, which is reflected in the development of personalised benefits and services.

Modern digital tools also allow customers to monitor and analyse their own consumption habits and their evolution over time, supporting informed consumption that is driven by the customer's own values.

## The use of K-Ruoka mobile benefits doubled in 2024

### Data enables an even more personalised K-Plussa customer relationship



## CASE

### Personalised wellbeing service always at hand

Holistic wellbeing has become the number one trend among customers. The K-Hyvinvointi service, which focuses on customer wellbeing and is linked to the K-Ruoka mobile app, was developed comprehensively during 2024. The latest features include tracking of vitamins and minerals in the customer's purchases and promoting 13 Finnish nutritional recommendations with goals each customer can set for themselves.

"In our Food Trends report, holistic wellbeing emerged as the most important trend. Customers clearly want services that measure their wellbeing," says **Hayde Furubacka**, who is in charge of developing K-Hyvinvointi.

K-Hyvinvointi has been more tightly integrated into the K-Ruoka service. It takes into account the customer's dietary preferences and incorporates them into the Oma Plussa benefits and offers as well as recipes. At the end of

2024, K Group also launched a fruits and vegetables challenge to encourage customers to eat the recommended daily amount. The K-Ruokavuosi feature summarises each year's grocery purchase highlights from a wellbeing perspective.

Healthier food choices also make a difference at the checkout. "We have found that customers who eat according to nutritional recommendations have a higher-than-average shopping basket value. This is also in line with international studies," says Furubacka.

The development of the K-Hyvinvointi service continues, with the aim of making wellbeing a more integral part of customers' everyday shopping.



## The K-Ruoka service is full of features



### Your store, your benefits and your content

- The main digital channel for purchases and content for consumer customers
- Online grocery services, including smart shopping lists and high-quality product information
- Product, recipe and store searches
- Personalised customer-specific content and product recommendations and offers
- Interaction with local K-retailer(s)
- Description of customer rewards



### Monitoring the sustainability of your purchases

- Helps customers track and adjust their purchase behaviour in terms of spend, health aspects, carbon footprint and share of Finnish products bought.
- Customers can track how many products of Finnish origin they are buying and set goals to increase this. Customers will then be provided with recommendations on Finnish products.
- Customers can monitor the climate impacts of their grocery shopping with relevant indicators. Customers can set goals to reduce the carbon footprint of their grocery purchases, after which they will be provided with practical advice on how to reduce the climate load of their purchases.



### Promoting wellbeing

- Comparing your purchases against Finnish nutritional recommendations
- Experts' ideas and advice on promoting wellbeing
- The possibility to set and monitor personal goals
- Recipes, product recommendations and Oma Plussa benefits that support set goals



### Plussa services and paperless service

- Real-time and archived receipts
- Online order history
- Warranty certificates
- Electronic K-Plussa loyalty card in the K-Ruoka mobile app



# KESPRO HELPS ITS CUSTOMERS SUCCEED

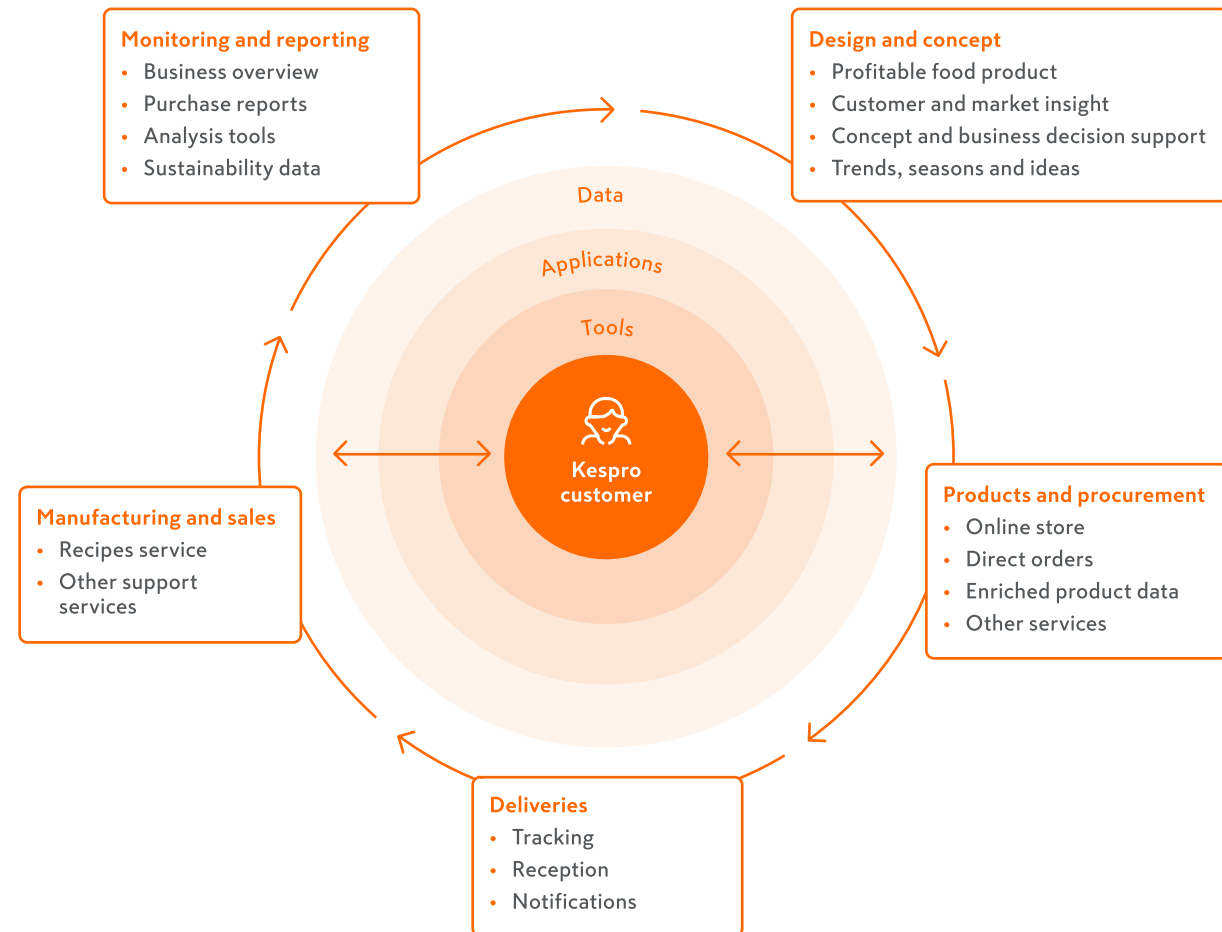
Kespro has evolved from a foodservice wholesaler to a comprehensive and data-driven service platform for industry professionals. In addition to ingredients, Kespro offers restaurateurs a wide range of solutions that support their business, with the aim of understanding and strengthening the business of Kespro customers as a whole.

Kespro's digital offering brings together services that make life easier for foodservice professionals and offer Finland's largest selection of ingredients and customer-specific useful content, inspiration and tips. Comprehensive real-time product and price information supports the planning of profitable portions and menus in the Reseptit service, and helps customers understand and manage their overall purchases in the Raportit service, taking sustainability aspects into consideration. Use of the service has been made as easy possible – all services are available with a single sign-in.

## Superior online store

Some 75% of Kespro's sales take place digitally, either through the online store or through order interfaces directly from the customer's own ordering system. Kespro's sales through digital channels total nearly €900 million, which is the highest figure within K Group. The online store offers a selection of over 55,000 products and smart features to meet all the needs of foodservice professionals.

Kespro's digital business platform creates customer value across the value chain



In 2024, the online store introduced many new features related to e.g. product recommendations, substitute products and product search. The advanced product search helps customers find inspiration and suitable products. The potential of artificial intelligence is being utilised in a variety of ways to develop the best customer experience on the market. The NPS for Kespro's online store varied between 51–62 in 2024.

Some 75% of Kespro's sales are digital

## New business value through analytics

Kespro's customer journey is based on data-driven management. Data products support business and decision-making. Products developed in 2024 focused on deepening customer insight using classificatory and predictive analytics.

Customer insight is built through the use of multi-dimensional customer data. This helps to better identify what different customer groups need and how they make purchase decisions. Kespro has defined customer segments based on extensive customer data and data analytics for its business needs. This segmentation, built in close collaboration with business operations, allows for more effective targeting of services and products to different customer groups, such as restaurants of different sizes, public sector organisations and chain operators. Customer insight and data analytics are widely used to support decision-making in sales and business management.

Kespro utilises Kesko's extensive expertise and operating model in the development of data-driven management. The virtual data-driven management team brings together experts from Kespro and Kesko, which enables the sharing of best practices and the scaling of competencies. A key area for joint development is the growing use of artificial intelligence and data analytics, with in-house data scientist resources supporting the development work.

Data-driven management capabilities are systematically developed through three strategic competences: data analysis and decision-making, understanding the customer's business, and collaboration. These competences are rolled out throughout the Kespro organisation as part of personnel development and change management.

## Kespro service highlights

### Recipes

- Your own recipes and inspiration safely in one place
- Shareable video-enriched recipes with pictures
- Allergens, nutritional contents and special diets
- Portion costs and margins and sales simulation

### Offering

- Customer-specific prices and selections produced as a service directly into the purchasing systems of large customers
- Integration into the customer's system greatly improves the efficiency of the customer's processes

### Reports

- Provides customer purchase data in an easy-to-use format
- Enables purchases of ingredients to be viewed and analysed in terms of euros, kilos, suppliers, Finnish origin and sustainability
- Enables logistics costs, efficiency and carbon footprint of ingredient purchases to be monitored at location and company level
- Offers ready-made reports and the ability to create your own
- Supports business management and development from financial, efficiency and sustainability perspectives

### Deliveries

- Tells you what is coming in the next delivery
- Also tells you if there are products missing
- Replaces paper delivery lists, plus complaints can be made directly in the service when checking the delivery
- Smart notifications that can be tailored to your needs, simplify everyday work
- Displays all orders placed by customer, including delivery dates and delivery history
- Digital complaints process saves everyone's time

## CASE

### Recipe service changing the foodservice market

In August 2024, Kespro introduced Reseptit, a professional recipe service that enables customers to digitise their own recipes and order related ingredients directly from Kespro's online store. The service represents a shift from traditional wholesale to a holistic approach of facilitating, improving and developing the business operations of Kespro customers.

The service is linked to Kespro's online store, which enables the customer to order ingredients directly from the recipe or alternatively, the customer can place an order in the online store based on a recipe and customise the number of portions to be cooked. The online store automatically calculates the amount of ingredients to be ordered on behalf of the customer when the number of portions is changed.

The service utilises automation: for customers buying from the Kespro selection, ingredients, nutritional content and customer price information are automatically updated on the recipe.

The new service automates key functions in the restaurant industry. It uses the customer's own real-time purchase prices to calculate costs and allows for the simulation of margins within the service. This enables the customer to verify that the target sales margin for portions is met and there is enough margin to cover other fixed and variable costs. Allergens and nutritional information such as fats, proteins and salts are automatically updated for Kespro products and basic general products.

Kespro's 'Reseptit' service won first price in the esteemed Grand One competition



# BUILDING AND TECHNICAL TRADE – BUILDING THE GREATEST EFFICIENCY AND CUSTOMER EXPERIENCE

In the building and technical trade division, growth is built around the best customer experience and proactive sales. User-centric digital services, scalable solutions, and a strong data foundation improve customer experience and efficiency.

We know our customers and their needs well. Selection management, digital services, marketing and sales make extensive use of customer and product data to build the best customer experience. The systems ensure that data is efficiently linked to business processes. Automation and AI are used effectively in a variety of ways.

The digital channels of Onninen, K-Rauta, K-Bbygg, Bygghjælper and Davidsen aim to be the leading local services for B2B customers and consumers. A distinctive multichannel customer experience is created through the synergy of digital services and in-store customer and sales applications.

The division's order-delivery process, procurement and inventory management are comprehensively digitised, creating a strong basis for operational control, fact-based development and optimisation. Large flows of goods, a wide range of products, ensuring good availability and timely delivery of materials and supplies to customers, construction sites and maintenance work sites are demanding on the systems.





The digital order-to-delivery process enables continuous efficiency improvement and intelligent optimisation of logistics. The services have been developed to best serve local customers and their needs in each country.

## Technical trade close to customers in Finland

Technical trade serves HVAC and electrical contractors, industry, infrastructure operators and retailers. With the large sales volumes, data and digital solutions are used to boost the efficiency of procurement, logistics, purchasing and product use. Personal service provided by experts is also extremely important. Onninen delivers almost 12 million sales rows to its customers every year.

## Around 80% of Onninen's order rows are processed digitally

The main channels for Onninen's digital sales are its online store, the OnniAPP mobile app and direct orders from customers' own systems. Onninen offers customer-specific tailored digital solutions and integrations that meet the customer's needs and procurement processes. OnnSale, an electronic desktop for sales personnel, makes customer service more efficient.

The OnniAPP mobile app makes it easier for customers to shop at Onninen Express stores and service warehouses. The app makes it faster to locate and collect products, which further speeds up the buying process.

Comprehensive product information helps customers choose the right product and compare products.

Onninen's electronic sales desk OnnSale for sales personnel brings together the essential information and applications that support customer service and sales in one easy-to-use interface. The service is not only easy to use but also efficient, and allows salespeople to focus on identifying and responding to customer needs. To ensure the best customer experience and efficiency, useful information such as customer order history, quotes, deliveries and Onninen's rich product data and documentation is easily accessible to sales personnel in OnnSale.

Onninen has expanded its online sales services to all operating countries, most recently to Latvia and Lithuania in 2024. This enables online stores based on common technical solutions in all countries and supports the development of customer experience and sales growth through digital channels. Despite the common technical solutions, the selections and processes of each online store are local, allowing for the best possible customer experience.

The online store of the Norwegian Elektroskandia, acquired in 2023, was integrated into Onninen's online store in Norway in 2024. Elektroskandia's customers are now served through the Onninen.no online store and other Onninen digital services. New services essential for customers in the infrastructure sector have been added to Onninen's online store to maintain and further improve customer service levels.

Onninen's digital customer process has been modelled end-to-end, which enables us to forecast which steps along the customer journey bring value to the customer and to manage these steps with data. Browsing and purchasing has

been made as easy as possible and the customer can select a range of additional services related to e.g. reporting, logistics and deliveries.

In Finland, the average NPS for Onninen's was 69 in 2024 (2023: 66) and for OnniAPP 81

## Selections continued to grow in Onninen Finland

A selection that meets customer needs is one of the most important factors contributing to customer experience and satisfaction. Onninen's aim particularly in Finland is to offer the widest, constantly updated selection in its sector, drawing on both customer insight and the expertise of suppliers. Onninen's in-depth understanding of the sector is used in modelling demand for new products and a supply chain that is as efficient as possible.

The selection offered by Onninen's online store in Finland was further increased in 2024, by some 20%. The customer benefits when a wide selection of products is more readily available and buying is made easier by improved availability and ease of purchase. Expanding the range of products available online has involved both adding new products and bringing products previously available in the terminal store to the online store.



Selections at Onninen.fi grew by some 20% in 2024

## Enriched product information brings value to the customers

Offering more enriched product information serves customers and helps our salespeople in their work. We enrich product information by adding relevant and correct instructions on, for example, product use, installation and maintenance. We utilise both the knowhow of our own people and data from Kesko and its suppliers.

Comprehensive information includes a product's intended use, technical characteristics, product code, colours, dimensions, weights and certificates, among other things. Linked product images, technical documentation, installation instructions, videos and information on spare parts and products needed in the installation complete the information provided about the product.

## K-Rauta attracts customers both online and in physical stores

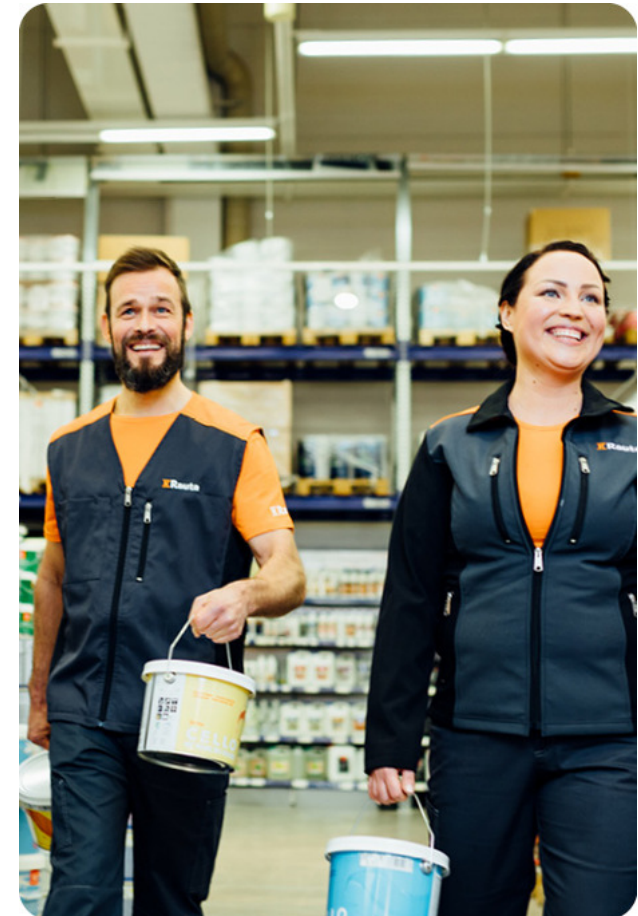
The digital operating model and high-quality product data of Kesko's Finnish building and home improvement trade chain K-Rauta allow it to serve customers by combining the strengths of its online sales and physical stores. Almost 80% of the traffic on K-Rauta.fi comes from search engines, so product information, ideas and inspiration are of key importance. At K-Rauta's 124 stores customers can see, test, touch and compare products. Our skilled sales staff helps customers select the right products and use them successfully.

The online store with its comprehensive product information allows visitors to explore an extensive selection and find and buy the right products. K-Rauta offers comprehensive delivery options: in-store, pick-up point, home delivery, or delivery to a worksite.

K-Rauta stores are developed and managed utilising various data sources. Each K-Rauta store analyses the demographic, purchase and customer data of its operating area and customers and uses the results to guide its business operations. This is particularly significant for customer experience, as the retailers use the data to implement their store-specific business ideas and marketing.

Data-driven management helps K-Rauta's selections and services meet customer expectations and needs as well as possible. Group-level synergies are achieved by utilising the common K-Plussa customer data, and the new K-Data platform opens up entirely new possibilities for utilising our shared data foundation and analytics.

The NPS for the K-Rauta.fi online store was at an excellent level of 65 in 2024



## CASE

### Starting an Onninen customer journey in just a few minutes

Onninen's automated customer onboarding has proven to be a significant competitive advantage in the technical trade sector. What used to be a slow manual process now takes just minutes.

"Small and medium-sized contractors in particular benefit from quick access to purchasing. When a contractor receives a work order, they need the supplies immediately. From Onninen's perspective, it is obviously also an advantage that the customer has immediate access to making purchases," says **Martti Forss**, Director for Onninen Finland.

The automated process improves customer experience, streamlines operations, and supports risk management. The system automatically checks the company's basic information and creditworthiness and whether the person setting up the account is authorised to represent the company.

The service is available in Finland, Sweden, Norway and Estonia. In Finland, more than 31,000 accounts have already been set up in the system, and it is now the only way to set up a new account at Onninen. A standardised process brings efficiency and faster access to services.

"This is an excellent example of how we can simultaneously streamline processes and improve customer experience. Automation frees up resources for customer service and sales by reducing manual paperwork," says Martti Forss.





## CASE

### Updated online store search knows the professional lingo

The Onninen.fi online store's search engine was comprehensively updated in 2024. The aim was to make it easier to find the right product, regardless of who is making the search and which search terms, technical or colloquial, they were using, as any search that produces irrelevant or no results is frustrating and can cause the customer to exit the online store.

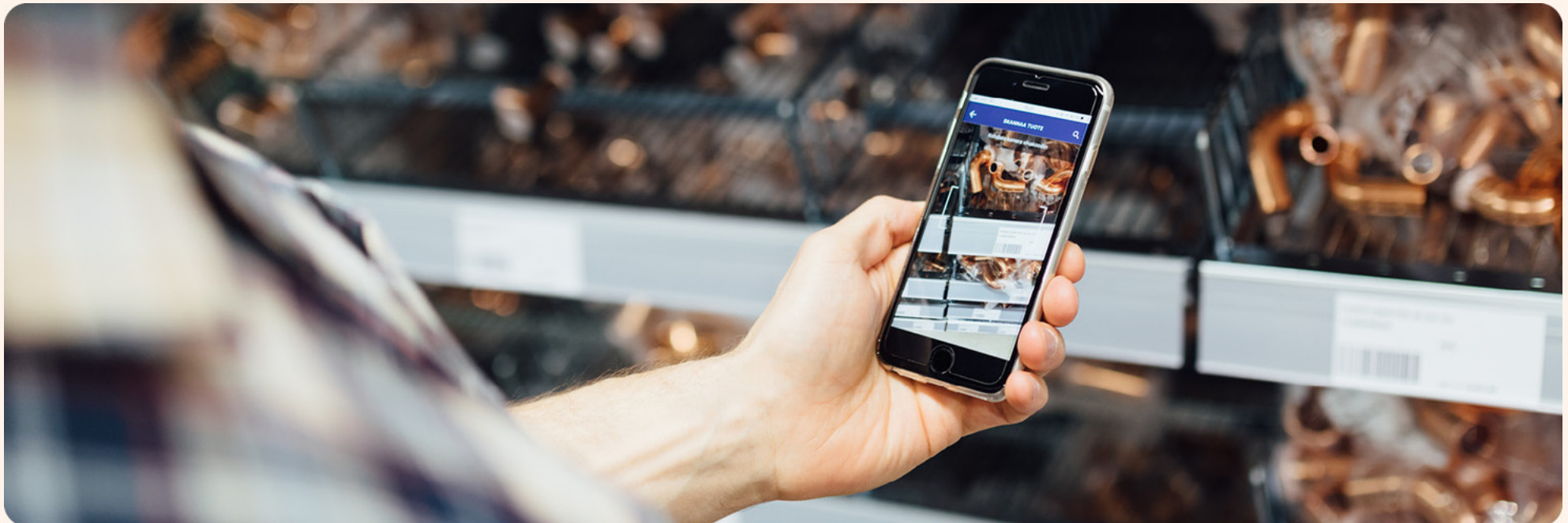
The search engine was updated from the customer perspective, using agile development methods. An extensive analysis of customer data and search behaviour was carried out to optimise the search engine logic and

vocabulary to meet the needs of professionals. The new search engine is better at recognising different spellings and forms of compound words, for example. The search is based on a wide range of product data, including basic product information and product-related metadata. Finding products is also made easier by offering users related, substitute or alternative products, which will make it easier to find the relevant products and groups of products.

Continuous development and AB testing were used to ensure that the search engine worked in practice. The results show a significant improvement in search accuracy

and customer satisfaction, which is reflected in the high NPS figure for the online store. The update will also make the work of Onninen's sales staff more efficient, as it gives them better tools to find products and utilise information.

The results of the search engine update show a clear improvement in the functionality of the online store. The accuracy of the search engine has improved significantly, resulting in fewer unsuccessful searches. This has led to an increase in customer satisfaction, as shown by the high NPS figures for the online store and OnniAPP.



## CASE

### New digital services for B2B customers in K-Rauta

In late 2024, two features were introduced to the K-Rauta PRO online shop to help B2B customers in their work and make both their work and our store operations more efficient.

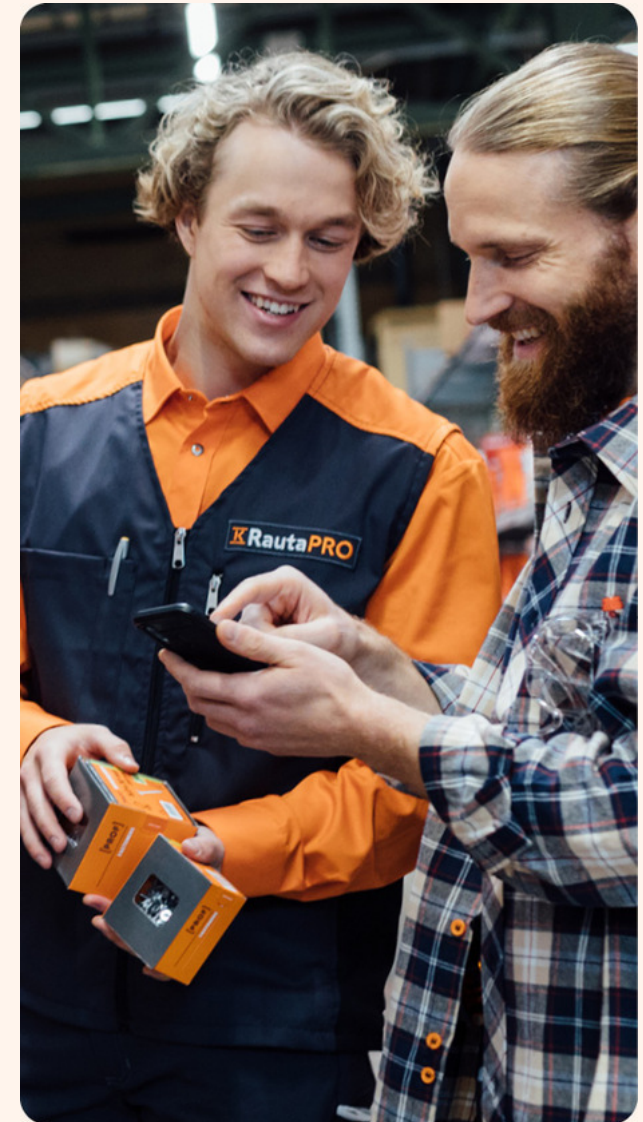
The purchase history functionality allows customers to view their own purchase transactions per store and per project. The service covers purchases from physical stores and online, and allows customers to e.g. view their purchases at product level and to repurchase products. The purchase history also includes product-related certificates, which facilitates and improves documentation and reporting to end customers.

The new user management function allows B2B customers to manage their users independently. In the past, user accounts were maintained manually by the stores. The service now allows users to define, for example, purchasing rights, visibility of contract prices and time-limited purchasing and access rights. Effective user management, including rules on purchasing rights, strengthen the secure management of procurement in customers' operations.

Technically, the update is based on a modern microservice architecture. A completely new, scalable microservice was developed for the purchase history, which will allow the functionality to be extended later to B2C customers and other operating countries.

Both functionalities were introduced in October 2024, and are available also in Sweden in the K-bygg.se online store and in Norway in the Byggmakker.no store.

“We’ve seen a nice increase in the utilisation rate of services following the launch. In addition to customers, the stores have also requested these functionalities. They will now be able to market the constantly improving digital service to their own customers on the PRO side,” says **Olli Pere**, K-Rauta’s Chain Director.





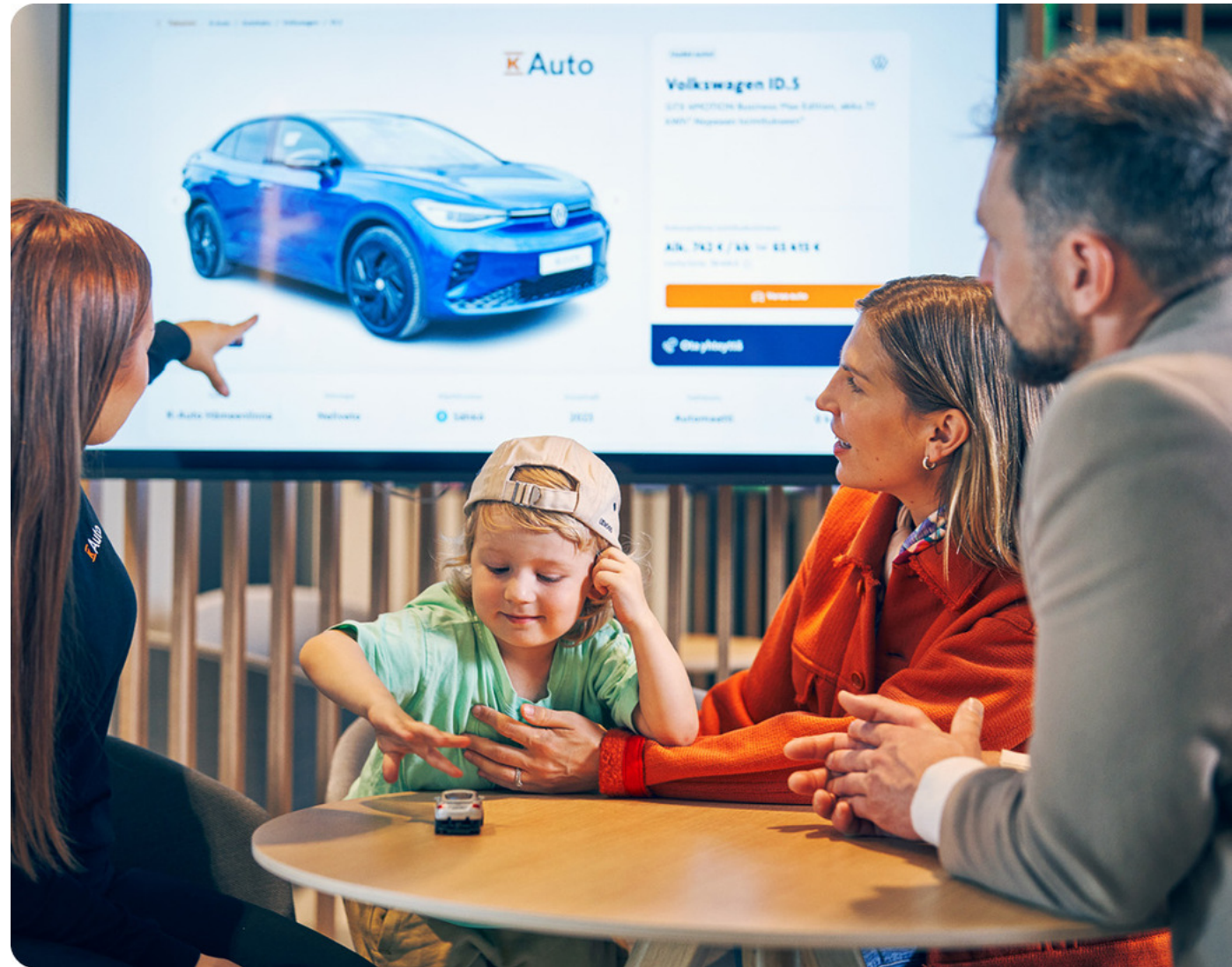
# CAR TRADE ACCELERATES IN ALL CHANNELS

K-Auto has accelerated its progress at the forefront of data-driven car sales and servicing and charging services. It responds to new types of customer needs and new ways of buying and owning a car. Key themes in 2024 included the best multichannel customer experience and continuous improvement in efficiency.

With the vehicle stock and mobility undergoing a major transformation, customers also expect new approaches to buying, servicing and charging a car. K-Auto is taking a long-term approach to building a customer-centric set of digital channels and data-driven customer relationships that make it easy to buy and use a car that suits the customer's needs, while at the same time making it easy to get key car maintenance and usage services from K-Auto.

The role of data, analytics and automation is growing all the time as customers tend to follow an increasingly multi-channel path at their own pace when buying a new or used car. The improvements made to the system architecture for car sales and servicing in 2023 increased efficiency and improved customer experience in digital channels in 2024. They also enabled the development of new features and functions.

K-Auto is investing heavily in digital channels and sales. In 2024, there were around 1.2 million customer encounters per month in digital channels, generating almost €10 million in sales. Digital sales come from three sources: chat sales, online sales and sales through leads.





Customer data is used extensively to improve customer service experience and increase sales. For example, customer data is used to draw up car replacement and maintenance forecasts that make sales and marketing activities feel as relevant and useful as possible to customers. Accurate measurement and development of these activities ensures that, for example, service models based on customer data increase both satisfaction and sales.

K-Auto uses a variety of data sources to understand regional trends at different times, as well as the market and the customers. Advanced analytics are used in particular in processes that support marketing and sales, such as dynamic pricing of used cars, identifying customer needs and supporting the production of marketing texts.

## Best multichannel customer experience

By far the majority of customers initiate their car purchases through the digital channels. A key area is the continuous development of a multichannel approach and enhancing the role of data-driven operations. The aim is to deliver the best customer experience across all channels, regardless of how the customer moves through their purchase journey in digital channels, physical dealerships or a combination of both. This approach has proven successful, with, for example, chat sales volumes increasing significantly in recent years. Sales through the chat service are already measured in the tens of millions of euros, a significant increase compared to a few years ago.

In car trade, customer relationship management is a long-term commitment. K-Auto applies several customer care

models, which include services and interaction in the context of services associated with buying a new car, selling a used one or after-sales.

## Over 90 % of customers now start the process of buying a car digitally

During 2024, the coverage of the care models was significantly expanded, reaching 110,000 customers by the end of the year.

## Servicing made easy

Car maintenance and servicing needs are changing dramatically as the car stock is being renewed and becoming more electric. K-Auto strives to make car maintenance and servicing as hassle-free as possible. The online servicing booking and Oma Auto service have been designed to meet customer expectations by offering convenience, speed, reliability and expertise.

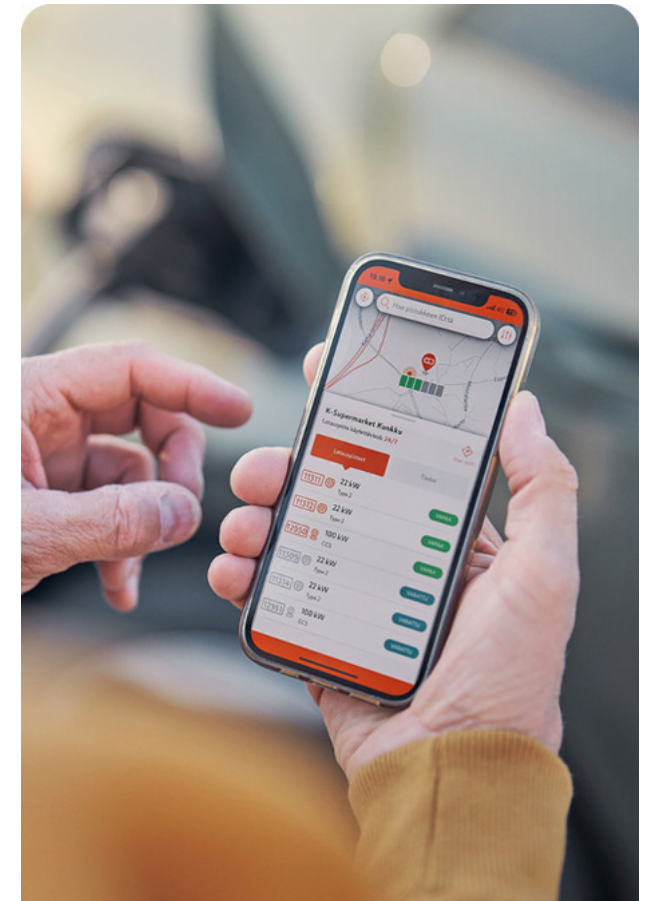
Most car servicing reservations are made online. The online service booking feature automatically generates a recommended service programme for the vehicle based on age, mileage, service history and manufacturer's service schedule. According to the booking availability of locations and installers, the customer can choose at which location to service their car.

The customer can also choose from a wide range of additional services to be carried out during maintenance. When configuring a car servicing package is easy, customers are

tempted to take care of the rest of the car's usability at the same time. Sales of additional services can be higher in the servicing online store than they are when service appointments and details are booked with a customer service representative.

## Built-in efficiency

A significant share of car sales and service processes is based on step-by-step workflows and the use of internal and external systems. Processes related to car registration, insurance policy changes, test drive management, and financing and sales contracts are highly automated at K-Auto. Significant gains in efficiency are achieved with software robotics.



## CASE

### Updated Oma Auto service deepens the customer relationship

K-Auto made an update that makes car ownership easier. The updated Oma Auto service offers customers a wide range of functionalities, including the possibility to track information related to their car, book services, and receive personalised offers. All with the aim of having all information and services related to your car and its maintenance available in one place.

One of the most significant updated features is the proactive price quote for the car. The service uses various methods to identify cars that their owners might be interested in exchanging. Customers who have given permission to send marketing offers are informed of purchase offers, which they can view in the Oma Auto service if they wish. Offer prices are automatically generated by K-Auto using an advanced AI-based pricing tool.

Another important update is the option of choosing the delivery date of a new car. The customer will automatically receive a message when their new car is about to arrive in Finland. The time of sending the message is automatically selected based on logistics data. The customer can choose the delivery date for the car using the Oma Auto service. The seller is automatically notified of the delivery date and will arrange the delivery of the car personally with the customer.

Oma Auto also offers proactive and comprehensive tyre services at the right time. By recording the customer's summer and winter tyre data with each change of tyres, the purchase of new tyres will be automatically recommended to customers when the current ones reach the end of their life. Customers can buy tyres directly through the Oma Auto service and online store and book a date for when the new tyres will be changed.

In the future, the Oma Auto service will become a more versatile and integrated part of the everyday life of a car owner. K-Auto will increasingly use artificial intelligence and customer data to offer more personalised services and offers. EV and charging features are also part of the development roadmap.



# RESPONSIBLE AND SUSTAINABLE DATA USE

Data responsibility at Kesko is based on protecting the individual's data and using it sustainably in business operations, while creating shared positive impacts on customers, stakeholders and the society. Trust in the execution of these factors is a key requirement for sharing data between an individual and Kesko.

## Data contributes to positive impact

Kesko helps its customers to act sustainably and provides them with advice, recommendations and useful information based on their data. Data helps customers understand how their shopping impacts the climate and their health, and supports local production. It supports customer wellbeing by providing information on the nutritional properties of food products. An understanding of the sustainability and broader impacts of their purchasing behaviour helps customers make more sustainable choices in their daily lives.

Data-driven forecasting and continuous optimisation of the product selection helps the K-retailers to significantly

reduce food waste. Kesko's store properties and store fixtures and furniture enable the continuous improvement of energy efficiency without degrading the conditions.

## Processing and sharing data

Kesko's data responsibility also extends to sharing new statistical data and insights generated by data with customers, retailers and partners. One example is illustrative reporting, analysis and recommendation services based on grocery store shopping history. In the case of statistical data, a vast understanding of trends in Finnish eating habits has been shared with various stakeholders. Data protection considerations are taken into account very carefully when sharing compiled data.

## Responsible and human-centred data use

The use of data and artificial intelligence is based on responsibility and ethical principles. Customer data is used for the customer's benefit, and uses such as special offers

product recommendations and targeted communications, are always based on the customer's preferences. The customer has the right to choose their preferred forms of communication and to limit or prevent the use of their data if they so choose.

Kesko protects customer data. Kesko processes personal data carefully, securely and in compliance with the applicable rules and regulations and responds to data protection requests quickly. Comprehensive information about data use and life-cycle management is provided in the relevant register descriptions.

Read Kesko's ethical principles for utilising artificial intelligence [here](#)

## Kesko's key data responsibility perspectives

Perspective	Explanation
Compliance	<ul style="list-style-type: none"> <li>• Kesko manages data use compliance throughout the data life cycle</li> <li>• Individuals' rights to their own data are comprehensively secured and access to data is made easy</li> </ul>
Fair data economy and data citizenship	<ul style="list-style-type: none"> <li>• Kesko returns the benefits produced by the data to its customers, suppliers and partners</li> <li>• Kesko creates sustainable value from data for its own business, its stakeholders, society and the environment</li> </ul>
Climate and environment	<ul style="list-style-type: none"> <li>• Understanding and managing the climate impacts of your own shopping and purchases</li> <li>• Minimising product waste</li> <li>• Minimising the carbon footprint of logistics</li> <li>• Other product-level indicators and certificates of environmental responsibility</li> </ul>
Supply chain	<ul style="list-style-type: none"> <li>• Understanding and managing how many personal purchases are Finnish products</li> <li>• Ensuring the sustainability of the supply chain</li> <li>• Finnish origin of individual products</li> <li>• Other social responsibility certification (e.g. Fair Trade) for individual products</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Data offered by Kesko helps suppliers to improve their own operations and security of supply and develop their product offering and new products</li> <li>• Data connects local demand to local producers and their supply</li> </ul>
Wellbeing, health and safety	<ul style="list-style-type: none"> <li>• Enriched product information that supports wellbeing</li> <li>• Comprehensive health labelling, such as the Heart label</li> <li>• Understanding the health and wellbeing profile of personal purchases with the K-Hyvinvointi wellbeing service</li> <li>• Opportunities to include recommendations that increase personal wellbeing (e.g. smart shopping lists, recipes, product recommendations based on personal goals, inspiration)</li> </ul>
Energy resource and material efficiency	<ul style="list-style-type: none"> <li>• Enriched product data in building and technical trade helps to choose products that promote sustainability</li> <li>• Continuous optimisation of energy efficiency based on condition and equipment data in properties and store fixtures and furniture</li> <li>• Optimisation of goods flows and logistics and delivery routes</li> <li>• Minimising waste by means of predictive analytics and selection planning</li> </ul>
Ethical artificial intelligence	<ul style="list-style-type: none"> <li>• Solid ethical principles and practices for using artificial intelligence, customer data and analytics (profiling, automatic decision-making, transparency)</li> </ul>





# KESKO'S LIMITED DATA BALANCE SHEET FOR 2024

	DATA ASSETS	DATA CAPITAL
<b>Definition</b>	Value-creating digital services, products and processes produced using data capital	Available in-house and external data
<b>Purpose</b>	Managing the business value and the benefits for customers and stakeholders of data	Managing data quality, quantity, usability and risk management
<b>Operating models</b>	Customer and business processes Analysis, decision-making and risk management processes Data protection and information security operating models	Data quality management and correction process Data governance
<b>Examples of services</b>	<b>FOR CONSUMER CUSTOMERS</b> <ul style="list-style-type: none"> <li>• K-Ruoka (mobile, website and online store)</li> <li>• K-Rauta online store</li> <li>• K-Hyvinvointi and K-Ostokset</li> <li>• K-Kuitit</li> <li>• K-Plussa</li> <li>• K-Tunnus</li> <li>• Data protection services</li> </ul>	<b>IN-HOUSE DATA CAPITAL (examples)</b> <ul style="list-style-type: none"> <li>• Consumer customer data (including Plussa data, customer feedback, K-Kylä research data)</li> <li>• Receipt data (retail sales from physical stores, online stores, express deliveries and wholesalers)</li> <li>• B2B customer data</li> <li>• Wholesale</li> <li>• Selection and pricing data</li> <li>• Enriched product data</li> <li>• Procurement data</li> <li>• Logistics data (warehousing operations, transport operations, product replenishments and store logistics, traceability)</li> <li>• Web browsing data (sites, apps and the online store)</li> <li>• Store site and retailer data</li> <li>• Campaign and media data</li> <li>• Operational ERP data</li> <li>• HR data</li> <li>• ESG data</li> </ul>
	<b>FOR B2B CUSTOMERS</b> <ul style="list-style-type: none"> <li>• Online stores (Kespro, K-Rauta, Onninen)</li> <li>• Interface and EDI services</li> <li>• Reporting services</li> <li>• Product information services</li> <li>• Deliveries service</li> <li>• Procurement</li> </ul>	<b>EXTERNAL DATA CAPITAL (examples)</b> <ul style="list-style-type: none"> <li>• Information from the Finnish Digital and Population Data Services Agency (including address information)</li> <li>• Carbon footprint and other sustainability data</li> <li>• Product information, groceries (Synkka)</li> <li>• Product information, building and technical trade</li> <li>• Statistics from Statistics Finland</li> <li>• Market statistics, other statistics</li> <li>• External (surveys and) studies</li> <li>• Data on the use and conditions of store and logistics properties</li> </ul>
	<b>FOR K-RETAILERS</b> <ul style="list-style-type: none"> <li>• K Valikoima</li> <li>• K Kampanja</li> <li>• K Markkinointi</li> <li>• K Ruokakauppa platform</li> <li>• K Työvuorot</li> <li>• Hymy, NPS</li> <li>• K Raportointi</li> <li>• Digital Signage display services</li> <li>• Electrical price displays</li> </ul>	
	<b>FOR PARTNERS AND SUPPLIERS</b> <ul style="list-style-type: none"> <li>• K-Toimittaja (including information-sharing services)</li> <li>• K-Mediaratkaisut</li> <li>• Data services to support production and product development</li> </ul>	
	<b>KESKO'S INTERNAL SERVICES</b> <ul style="list-style-type: none"> <li>• Forecasting and reporting</li> <li>• Network planning</li> <li>• Risk management</li> <li>• Property management</li> <li>• Business Insight</li> <li>• K Consent</li> </ul>	

The report and its data balance sheet model are based on the Balanced Data Insight concept of the Finnish Functos Oy.



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