



Code of Conduct

EN Guide for Kesko personnel

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President and CEO's message

Responsibility is more than just a word for us at Kesko. It is displayed in our everyday actions. Responsible business activities are crucial for achieving sustainable financial results. All our operations are built on trust between Kesko, the K-Group stores, our customers and partners.

We operate in an increasingly globalised world, where many conventions and guidelines have an impact on the operations of Kesko. Our responsibility is global. Our core commitments are stated in the general principles of corporate responsibility. The principles are complemented by more detailed policies and statements and the K Code of Conduct, which lays the foundation for everything we do.

By complying with our jointly agreed operating models we support the three cornerstones of our strategy:

- Value: "Customer and quality – in everything we do"
- Vision: "We are the customer's choice and the quality leader in the European trading sector"
- Mission: "We create welfare responsibly for all our stakeholders and the whole society"

This K Code of Conduct contains the principles by which we put Kesko's values into action in our daily work. The entire Company and its every single employee are committed to complying with the principles and practices described in this code. We also expect our business partners to operate responsibly. We monitor compliance with the code in line with globally proven best practices and aim for continuous improvement.

Responsibility starts with each of us. This code guides us in our day-to-day choices and activities. Together we put Kesko's Code of Conduct into action.

Helsinki, 1 October 2016



Mikko Helander
President and CEO
Kesko Corporation



We comply with the law



We do not offer or accept bribes



We comply with the Kesko policies on hospitality and gifts



We avoid conflicts of interest



We respect human rights



We treat one another equally



We minimise our environmental impacts



We communicate transparently and protect the Kesko brand



We do not disclose business secrets



We process customer information and other personal data in confidence



We are committed to fair competition



We comply with insider regulations and Kesko's insider guidelines

At Kesko, we consistently comply with the law in all our activities.

We also expect all our business partners to comply with the law.

At Kesko, we consistently comply with the law and our operating principles in all our activities. We do not condone any breach of law, and we will never incite or advise anyone to violate applicable laws and regulations. Of particular significance are laws concerning the status of employees, equality, privacy, prevention of bribery and corruption, competition and consumer protection, occupational safety, environmental protection and product safety.

As a listed company, Kesko is also bound by securities market regulations and regulations and guidelines for good corporate governance.

We also do not ask our business partners or other third parties to do anything we may not do ourselves under applicable law, Kesko's commitments, policies or principles.

Kesko actively monitors and anticipates societal changes in close cooperation with its stakeholders. We cooperate and engage in open dialogue with non-governmental organisations, public authorities and other decision-makers.

Example

You work in a specialist role at Kesko, and legislation regarding your particular area of expertise is about to be amended. How do you prepare yourself?



As a specialist it is important you must stay on top of regulatory developments in your area and ensure that our operations always comply with applicable laws and regulations. A good way to make sure you keep up to date is to actively engage in trade associations. This may allow you to influence how the sector and relevant regulations evolve.

[More details on Kesko employees' activities in associations](#)



We do not tolerate bribery in any form. We do not promise or pay bribes or illegal payments to authorities or other parties or incite or advise anyone to offer or accept them.

Kesco has zero tolerance towards all forms of bribery. We do not promise or pay bribes or illegal payments to authorities or anyone else to secure the Company's business or its development. We are committed to not advising, inciting, enticing or advising anyone to accept or offer bribes through third parties or directly.





Example

You work with the public official in charge of zoning a plot for a future store site. He or she asks your employer to buy an advertising slot in a publication by his or her child's football team. What do you do?



I decline, as a working relationship does not justify sponsorship. All sponsorship deals must be geared towards clear business aims. Besides, buying the slot might give rise to a suspicion of bribing a public official.



We may give or accept a personal gift but only of little value. The same applies to business-related hospitality.

Acceptable hospitality or gift is casual and does not give rise to explicit or implicit obligations for either party or create expectations of anything in return. An acceptable gift or hospitality is always given openly. We always comply with guidelines issued by organisations and public authorities on accepting gifts or hospitality.

There are situations in which hospitality or a gift is never acceptable, as in the course of contract negotiations with a supplier or a service provider.

Decisions regarding Kesko Group funds available for donations are made at the Annual General Meeting of Kesko Corporation, and Kesko Corporation's Board of Directors makes any decisions regarding monetary donations within the authorisation of the Annual General Meeting. We do not donate cash to political parties.





Example

A key supplier invites you to go abroad for a long weekend to attend a seminar and to discuss developing the cooperation with them. The supplier promises to cover all your expenses. Will you take part in the seminar?



We do not accept hospitality or a gift of more than minor value from a supplier or some other partner. Kesko always pays its employees' travel and accommodation costs, even if the travel arrangements are made by a supplier or cooperation partner. If I and my supervisor think that the conference is important for my duties, we will ask the unit manager for permission to my travel.



Decisions at Kesko are always made in the best interest of the employer.

We avoid situations in which the employee's and the employer's interests are at odds.

It is not acceptable to promote one's own interest in performing one's job or the interest of anyone closely associated with oneself. We treat our friends and relatives as we treat other cooperation partners, and our personal ties to cooperation partners will not affect our decisions. We inform the employer without delay of conditions which could be perceived as a conflict of interest and consider solutions together. We do not take part in activities that hinder fair competition.





Example

You invite companies to bid for a large procurement contract, and one of the bidders is a firm owned by a family friend. You know this family friend is reliable, but a competing bid would cost less to your employer and be better as a whole. Which bid do you choose?



My employer's interest determines the choice, and I must not allow personal relations to affect the decision. Since I might be partial in making the decision, I ask my supervisor to make it. The choice of supplier is made based on the bids in the best interest of my employer.



At Kesko we are committed to respecting internationally recognised human rights in all our operations and promoting them in practice. We do not tolerate human rights violations in any form.

We have established procedures and practices that ensure due respect of human rights in all Kesko operations. We listen to our stakeholders' views on human rights and take them into consideration when developing our activities. Our operations impact the human rights of four groups in particular:

- customers
- personnel
- the communities in which we operate
- supply chains

We ensure a safe shopping environment and product safety of the goods on offer. We pay attention to ethics in marketing. We treat and serve all customers equally without discrimination.

We treat our employees equally and comply with applicable labour laws. We respect the individual's worth,

privacy and freedom of religion and conscience. We do not tolerate discrimination, harassment, threats or insults. We respect the freedom of association and employees' right to organise professionally. We actively ensure safe working conditions.

We build a better society together. We create partnerships and participate in the development of local communities.

Kesko requires that its partners respect all internationally recognised human rights.

We do not tolerate the use of child labour, any form of forced labour nor other human rights violations in our supply chain.





Example

The supplier of our private label product invokes the competitive situation and trade secret and will not disclose the details of a factory manufacturing a product.
Do you accept this?



No. I insist on getting the details. We need factory details to ensure that an appropriate social responsibility assurance has been conducted at the factory.



At Kesko we are committed to treating employees equally and justly in all personnel matters. We assess individuals on their merits and value responsible performance.

Equality, non-discrimination and fairness are key principles in recruitment, compensation, career progress and other personnel matters in Kesko. We assess individuals based on competence, skills and achievements. We value a proactive approach, initiative, team skills and responsible performance.

We take responsibility for our work at Kesko. We are personally in charge of our performance and decisions and for working with efficiency and integrity. We all share responsibility for creating and maintaining a good working atmosphere. A fair and well-functioning workplace is created through mutual trust, respect for individuals, genuine caring, a willingness to help and a straightforward team spirit.

It is the supervisor's responsibility to promote direct, open and constructive dialogue on all matters at work and to encourage staff to raise questions, suggest

improvements and bring up any grievances. He or she is responsible for the induction of new employees, intervenes if any practices need corrective action and ensures that everyone is aware of the K Code of Conduct and our shared principles. The supervisor must set an example of responsible actions and must not set goals that could only be achieved by ignoring our shared principles.

Bullying at work, discrimination and other forms of inappropriate behaviour are unacceptable. Joining, or not joining, a trade union or similar organisation is a personal decision. Party politics are kept out of the workplace.





Example

You are recruiting a new employee and have narrowed the choice down to two candidates: both are young, one is male and one female. The young woman has indicated in the interview that she has moved to town with plans of starting a family. Do you allow this to influence your decision?



No. I will base my decision on the candidates' skills and competence.

Working in an environmentally sustainable way is everyone's responsibility at Kesko.

In our operations we strive to promote the mitigation of climate change and sustainable use of natural resources.

The management of environmental impacts is part of our daily work in Kesko. The mitigation of climate change is a key theme of our sustainability work. We reduce emissions through energy efficient solutions and by adopting renewable and low-carbon energy sources.

In collaboration with partners Kesko wishes to promote sustainable production and consumption. We develop circular economy in cooperation with supply chains, logistics and consumer services. Product and package design and recycling are key in achieving increased recovery and reuse of materials.

We continuously cooperate with the food supply chain, logistics, K-stores and consumer communications to reduce and utilise food waste.

Together we ensure that our workplaces operate energy-efficiently.

The sustainable use of natural resources requires that we are not wasteful at the workplace and that we sort discarded materials properly.

Example

Your work involves annual travel, both domestically and abroad. What should you take into account from an environmental viewpoint?



I consider environmental aspects in all work-related travel.

Remote meetings are the primary alternative to travel. If a meeting does require physical presence, I will consider whether I could take the environmentally friendlier train instead of flying. Are others heading for the same meeting? I will offer others a ride if I am driving, or we will take a bus or tram together. I always consider whether there are other meetings to take care of at the same location.



We strive in all our operations **to build a good corporate image** and to further Kesko's success. We communicate openly, directly and with integrity.

We cherish and protect the Kesko brand. We build the brand on the basis of our values, vision and mission.

In marketing communications we present product, service, price and other details clearly and truthfully, refraining from misleading expressions. We respect the principles of trademark protection and expect our partners to do the same.

Our media relations are handled by appointed individuals. Everyone should know the individuals in charge at their own company or division, and direct media queries to the right source.

Kesko is a listed company, and we are therefore obliged to consider insider regulations and confidential business secrets which we may not disclose. Market releases are guided by the disclosure policy approved by the President and CEO of Kesko.

In social media, we comply with the same principles of confidentiality and accuracy as in other communications and interactions.

We never act in a way that could harm Kesko's reputation or competitive success.





Example

You spot a competition in social media that uses the Kesko logo in its marketing. But Kesko does not in fact sponsor the competition. What do you do?



I notify Kesko legal affairs services of the competition.

The legal affairs department will intervene in any unauthorised use of our trademarks and try to reduce the risk of consumers being misled.



We maintain the secrecy of confidential information entrusted to us at work regarding the company's operations, personnel, customers and business partners, and we will not disclose this information to unauthorised parties.

Confidential information also includes matters pertaining to security arrangements, such as cash processing, data security, alarm systems and emergency instructions.

We use information systems and software in compliance with relevant agreements and access rights. We always ensure that confidential or important information is not lost or passed on to third parties. We handle electronic tools with care. When leaving a desk, we do not leave storage devices or documents containing confidential information in view.

Kesko Corporation, the parent company of Kesko Group, is listed on the main market of Nasdaq Helsinki Ltd. Kesko and all its employees and officers are bound by insider information regulations at all times.





Example

You work at a Kesko purchasing unit. When attending a spring fete of your child's day-care centre one evening, an employee of a competitor in the same town asks you about Kesko's sales in recent weeks. Do you disclose the sales trends?



No. I do not inform a competitor of sales trends. Unpublished business data related to Kesko's business are confidential and I will not disclose them to third parties.



Customer information and other personal data are strictly confidential.

This information can only be gathered on legal grounds and for purposes specified in the law.

At Kesko we comply with best practices in processing and protecting personal data and with local national laws and regulations. Due processing of personal data enables us to maintain customer trust and improve the efficiency of operations.

We plan ahead how personal data are processed. We only collect information which is relevant for the purpose of the data file. We ensure the accuracy of data on file and ensure that their processing does not jeopardise the privacy of individuals on file. We inform the indi-

viduals on file of the file's existence and their right to review the data on themselves. The persons processing confidential data may not disclose personal data they have accessed without lawful justification. Public authorities may have a legal right of access.





Example

You are about to send Christmas greetings to friends and relatives, but have lost your address book. No worries; you know that many of them are your employer's customers, and you can find the addresses you need from the company's loyal customer register. Is this appropriate?



Disclosing customer data unlawfully is prohibited.

Local laws and regulations, good practices regarding personal data processing and privacy policy dictate that personal data files kept by Kesko may not be used by employees for private purposes.



We strictly comply with applicable competition law in all our activities. We do not take any part in activities that might restrict or impede effective competition.

We are committed to compliance with applicable competition law in all our activities. Our market operations are based on open and effective competition. Effective competition is beneficial not only to Kesko, but to our partners and customers as well.

At Kesko we are aware of key competition law policies pertaining to our work. For example, we do not agree or discuss prices, customers or other business secrets with Kesko's competitors. We do not participate in activities that are aimed at or potentially lead to restricting or

impeding effective and fair competition. We understand that in addition to other serious consequences, competition law violations would harm Kesko's reputation.



Example

You are discussing the merits of a seminar with a competitor's representative on a break at the seminar. After a while of chatting, the person changes the subject and expresses his frustration at narrowing margins of a brand product. He or she suggests that you should both stop selling this popular article under a certain price. What do you do?



I understand that the competitor's representative suggests a price cartel, which restricts competition with very severe effects. I immediately decline the suggestion and leave. I notify my supervisor and Kesko legal counsel of the matter so that they can assess how else we should react to the situation. A price cartel can lead to large penalties and liabilities for damages for both parties. In addition, it could severely harm Kesko's image as a responsible operator.

We comply with applicable securities market regulations and the Kesko insider guidelines.

We avoid any activities in the securities market which might reduce Kesko's shareholder value or general trust in the securities market.

Kesko Corporation is listed on the main list of Nasdaq Helsinki Ltd. Our employees must behave impeccably in the securities market to not interfere with shareholder value development. Trading practices must also nurture trust in the Finnish securities market.

The use and disclosure of inside information is prohibited. Insider information is specific, undisclosed information directly or indirectly linked to Kesko or its share, which would likely have a significant impact on the share price if disclosed.

Insider information is always confidential, and its abuse is punishable by administrative sanctions, fines or im-

prisonment. The prohibition to use insider information means, for example, that a person in possession of it may not trade in Kesko shares or advise or incite others to trade in them. Also changing or reversing a previously issued trading order on the basis of insider information is prohibited and potentially punishable.

Insider matters are regulated, among others, by the Market Abuse Regulation, the Finnish Securities Markets Act, the Financial Supervisory Authority guidelines and the Nasdaq Helsinki rules. Kesko's insider guidelines are approved by the Board of Directors of Kesko Corporation, and every Kesko employee and officer is bound by them.



Example

I received a bonus today, and it inspired me to consider buying more Kesko shares. I made a purchase order in my online bank that is valid for the next 24 hours. Just as I logged out from my bank, I received a notification by email from our insider assistant, stating that I had just been added on the new insider list. The project manager also called me and gave me further information. The purchase order I made online has not been fulfilled yet. Can I cancel it?



No. You cannot cancel the trading order. You have received insider information on Kesko and are bound by the trading restriction until the insider information you have received is made public or the insider project in question becomes void. Reversing a trading order on the basis of insider information may be punishable. If you need advice or counsel in insider matters, you can always contact the Kesko legal counsel in charge of insider matters. You can find the relevant contact information in Keskonet under legal affairs services.

Putting the code into practice

Every Kesko employee is responsible for implementing the K Code of Conduct in their daily work. As Kesko employees we undertake to get properly acquainted with the K Code of Conduct, to comply with its practices, to ask for help when needed and to report violations of the Code if we detect any.

Further we have outlined the following division of duties in Kesko Group to put the Code into action:

K Code of Conduct: Division of duties at Kesko

RESPONSIBILITY	<p>Board of Kesko Corporation</p> <ul style="list-style-type: none"> • Approves the K Code of Conduct 	<p>President and CEO</p> <ul style="list-style-type: none"> • Leads the implementation of the K Code of Conduct 	<p>Division Presidents, directors of common operations, and managing directors of subsidiaries</p> <ul style="list-style-type: none"> • In charge of practical adoption of the Code and full compliance at company division and function levels
EXECUTION	<p>Steering Group</p> <ul style="list-style-type: none"> • Kesko legal affairs services is in charge of drawing up the Code and arranging monitoring • The Steering Group convenes twice a year under the leadership of Senior Vice President, Group General Counsel • The Steering Group monitors that the Code is up to date and assesses any needs to revise it • The Steering Group plans training measures and monitors and reports on actual completed training rate 	<p>Ambassadors</p> <ul style="list-style-type: none"> • Act as messengers, information channels and contacts both with respect to their own organisations and the Steering Group 	<p>All Kesko employees</p> <ul style="list-style-type: none"> • Familiarise themselves with the K Code of Conduct and commit to it • Take part in meetings • Request additional information as needed • Report concerns and violations either to the supervisor or via reporting channels

Reporting concerns and instances of non-compliance

Any activity violating the K Code of Conduct will negatively affect the Kesko brand and stakeholders' trust in the Company and may cause significant business or personal risks. It is the duty of each Kesko employee to request assistance where needed and to immediately report any suspected or detected violations.

1

If you face a difficult situation or detect behaviour that violates this Code of Conduct, you can always discuss the matter with your supervisor.

2

For help and guidance, please see kesko.fi/codeofconduct-en

You can also submit feedback and questions regarding the K Code of Conduct using the Direct Line feedback channel in Keskonet. The questions posted and answers provided on the direct feedback channel are published in Keskonet. Keskonet also allows you to send feedback to Kesko's President and CEO.

3

If the options above do not meet your need, you may give feedback confidentially via kesko.fi/speakup-en.

Please note that this channel is only intended for reporting violations of this Code of Conduct and suspected violations of securities markets regulations. Any customer feedback received via the SpeakUp channel will not be processed. Customer feedback must be submitted via the appropriate channel.

Kesko's channels for customer feedback are presented [online](#).



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