



**Environmental management and
accounting practices in retail business**

EMAN Conference 24.5.2007

Marjut Lovio

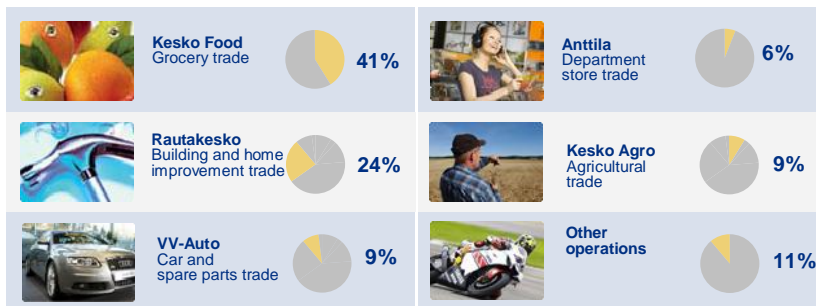
KESKO

The Kesko Group in brief



*A retail specialist in
the Nordic and Baltic
countries and Russia*

Divisions and their contributions to net sales



Group total net sales
€3,749 million (2006, IFRS)

Kesko's road map to responsibility



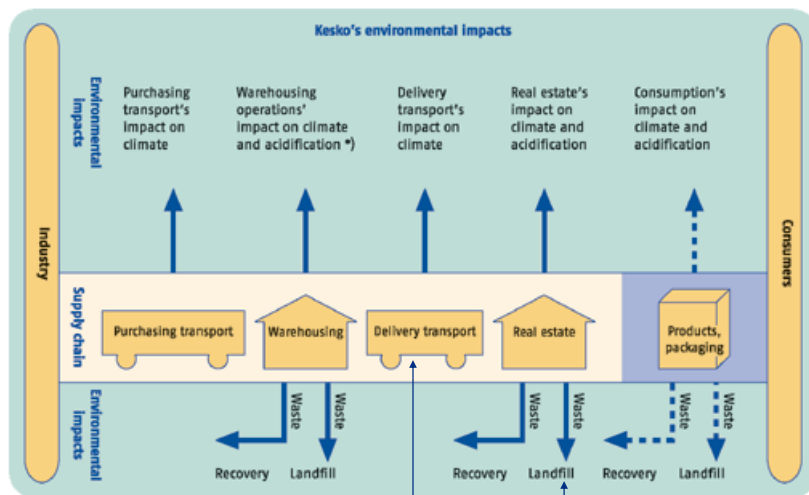
- First environmental policy in 1990, (1996 and 2007)
- Core values defined in 1996 (2001)
- ICC Business Charter, ISO 14 001 in 1997
- First environmental report in 1998
- "The way we work" guidelines in 1999 (2002, 2007)
- Ethical quality control of suppliers based on SA 8000 started in 1999, joined BSCI in 2005
- First CR report based on GRI in 2001
- On-line data management software for responsibility reporting in 2005

Kesko's accounting challenges



- A very rapid expansion rate
- Operations in the Nordic countries, in the Baltic Countries & Russia
- Number of 'sites' (stores) 2200; in Finland some 1500
- Owned or leased some 3,3 million m²
- Number of employees 24 000
- Number of suppliers 24 400; in Kesko's operating countries some 18 000

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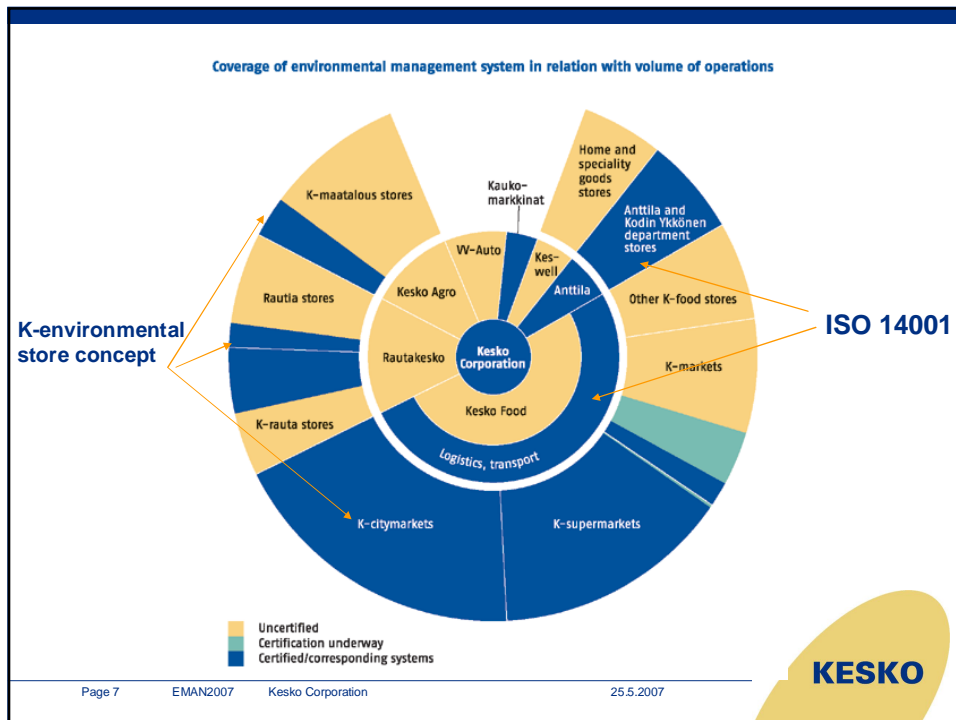


*) included in real estate's impact


•loads
•tons, m3
•km

•land filled
•recovered
•hazardous

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CSM software used for data management



- KELO model introduced in 1996 delivers Kesko Food specific waste data, model partly outdated
- CSM implemented in 2005-2006
- CSM collects all data according to GRI guidelines
- Data input possible at all organizational levels
- Automatic data gathering from selected source systems: Hyperion HFM, **EnerKey**, KELO, SAP/R3 Retail, Persona HR
- Automatic calculations, documentation and consolidation of data
- Effective benchmarking possibilities

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KESKO Admin Organisation Help Switch site Logout

user name: urehell site name: Helsinki JK period: raportointikausi 2006

Policies and management systems Economic Environmental Social Reports

your location: Home » Environmental » Transport » EN34 Transportation

Environmental

Transport

EN34 Transportation

EN34 TRANSPORTATION status: Approved last modified: 29.01.2007 Ulla Rehell

frequency: Year 2006

change status to: Completed proceed

EN34. Significant environmental impacts of transportation used for logistical purposes. (more info >>)

| mode of transportation | distance | fuel used | transported weight | transported volume | CO2 | CO | HC | NOx | particulates | energy use |
|------------------------|------------|-----------|-----------------------|--------------------|---------|---------|---------|---------|----------------|------------|
| Kesped distribution | 6852528 km | 306134 t | 952873 m ³ | 8696,543 t | 7,538 t | 3,426 t | 95,25 t | 2,056 t | 32892,134 MW·h | |

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Audit trail

Approved Ulla Rehell 29.01.2007

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Kesko Sustainability Report

Kesped Distribution Figures

| | km / load | | | | tons / load | | | | m3 / load | | | |
|----------------------|--------------|--------------|--------------|---------------|-------------|------------|------------|---------------|-------------|-------------|-------------|---------------|
| | 2003 | 2004 | 2005 | development % | 2003 | 2004 | 2005 | development % | 2003 | 2004 | 2005 | development % |
| Helsinki JK | 117,0 | 151,1 | 83,2 | -44,8% | 6,1 | 6,7 | 6,9 | 1,8% | 19,2 | 21,0 | 20,5 | -2,1% |
| Tampere JK | 144,8 | 206,5 | 180,8 | -12,4% | 7,4 | 7,7 | 8,5 | 9,9% | 16,9 | 22,1 | 22,6 | 2,2% |
| Turku JK | 101,4 | 96,5 | 87,6 | -9,3% | 5,0 | 6,0 | 5,3 | -11,1% | 15,1 | 15,7 | 14,8 | -5,3% |
| Kuopio JK | 240,5 | 216,8 | 196,2 | -8,8% | 7,9 | 8,0 | 8,0 | 0,2% | 23,7 | 22,8 | 23,0 | 0,9% |
| Oulu JK | 275,6 | 243,6 | 256,3 | 5,2% | 6,4 | 7,6 | 6,9 | -8,3% | 19,1 | 17,6 | 18,6 | 5,4% |
| Jyväskylä JK | 117,5 | 145,5 | 60,9 | -58,1% | 5,4 | 4,8 | 3,9 | -19,1% | 13,0 | 11,1 | 9,2 | -17,2% |
| Mikkeli JK | | 251,0 | 153,9 | -38,7% | | 5,8 | 7,8 | 33,1% | | 18,1 | 24,0 | 33,1% |
| Total, Kesped | 143,7 | 165,4 | 110,9 | -32,9% | 6,3 | 6,8 | 6,7 | -0,9% | 18,4 | 19,4 | 19,5 | 0,5% |

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Environmental performance in 2006



- Total use of electricity same as in 2005 (Finnish operations)
- Share of renewable energy has grown and CO₂-emissions have diminished:
 - 45% produced by renewable energy
 - Electricity supplied by Kesko: 50 % CO₂ reduction since 2001
 - Overall 15 % reduction in CO₂ emissions since 2001
- Average recovery rate of waste was 90 %, in department stores 98 %
- Use of efficient return logistics

 **Dow Jones
Sustainability Indexes**
Member 2006/07

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