



KCODE OF CONDUCT FOR BUSINESS PARTNERS



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MESSAGE FROM KESKO'S PRESIDENT AND CEO

Sustainability plays a key role in Kesko's strategy and is part of the everyday work of every K Group employee. We carry out long-term sustainability work in various retail functions. By acting sustainably, we build and maintain trust between Kesko, K-retailers, and their personnel, as well as customers and business partners, and ultimately also increase the shareholder value of Kesko.

Today, K Group is a leading Northern European trading sector operator. We have 1,800 stores in eight countries and some 45,000 employees. Kesko's decades-long sustainability work yields results and has also been recognised internationally. As one of the most sustainable retail companies in the world, we have a unique opportunity to promote sustainability throughout the value chain—to spur our business partners in their sustainability work and, at the same time, to help our customers make sustainable choices.

The sustainability of operations is measured through actions. This K Code of Conduct serves as a guide to sustainable business practices and as a reference for the corporate culture of doing the right thing for Kesko. It helps and supports in making responsible decisions and choices. We also expect our business partners to act sustainably and in accordance with the guidance directed at them.

It is also the duty of all of us to address possible misconduct and have the courage to voice concerns and potential violations of this code. In this way, we can ensure that the K Code of Conduct is effective and misconduct can be addressed properly.

Thank you for committing to adhering to our K Code of Conduct. Sustainability begins with us.

Jorma Rauhala
President and CEO
Kesko Corporation

Helsinki, 1.2.2024



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1 COMMITMENT TO SUSTAINABLE BUSINESS

COMMITMENT TO SUSTAINABLE BUSINESS

Sustainability is at the core of K Group's operations. We promote sustainability throughout the entire value chain, from production to customer choices. Responsible business activities are crucial for achieving financial results. All our operations are built on trust between Kesko, independent K-retailers, our customers and business partners. All employees at K Group are committed to complying with the principles and practices described in the K Code of Conduct for Business Partners.

We also expect our business partners to operate sustainably. All our business partners must transparently demonstrate their commitment to responsible business practices. Accordingly, this K Code of Conduct for Business Partners is not merely a guide for K Group's business partners but also forms a binding component of any contract entered into with a company affiliated with K Group. In this K Code of Conduct for Business Partners, K Group refers to Kesko Group and independent K-retailers.

1.1. LEGAL COMPLIANCE AND ETHICAL CONDUCT

Business partners must comply with all applicable laws, regulations, and international standards relevant to their operations. This encompasses for example labour laws, health and safety regulations, environmental protection laws as well as anti-money laundering and anti-corruption legislation. Should local norms or customs differ from requirements set forth in this document, the stricter provisions will prevail.

We expect our business partners to consistently practice and promote the highest standards of business ethics. This means always being honest in business dealings, making transparent transactions, and ensuring that business decisions are made without any undue influence or bias. Business partners are expected to resonate with these values in all their dealings with K Group and other stakeholders.

Business partners are also entrusted with the responsibility of actively safeguarding the reputation and brand image of K Group.

This duty extends beyond mere compliance, requiring business partners to abstain from any actions or associations that could potentially tarnish or misrepresent the K brand. This includes, but is not limited to, avoiding controversial or unethical practices that could be detrimental to the public perception of K Group.

By adhering to these general legal and ethical standards, business partners not only protect their own reputation but also contribute to strengthening the collective reputation with K Group and enable sustainable and ethical business operations.

1.2. VALUE CHAIN SUSTAINABILITY

Business partners will promote responsible business conduct throughout their supply and value chains. Ensuring sustainability throughout the supply and value chains is fundamental to creating a sustainable and ethical business ecosystem.

Accordingly, business partners must also ensure that their subcontractors and suppliers meet similar principles and standards as set forth in this K Code of Conduct for Business Partners. Business partners are expected to establish appropriate due diligence processes to monitor and manage their subcontracting relationships' alignment. Beyond monitoring, business partners are also encouraged to actively offer training sessions, workshops, or resources to their subcontractors and suppliers, ensuring they understand, maintain and elevate these standards.

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1 COMMITMENT TO SUSTAINABLE BUSINESS

1.3. STAKEHOLDER ENGAGEMENT

Business partners engage with their stakeholders to build and maintain trust, and to achieve sustainable business outcomes.

Business partners are strongly encouraged to actively engage with a diverse range of stakeholders, which encompasses for example local communities and relevant organisations, to understand their concerns and expectations and address them appropriately. Proactive engagement ensures that actions and strategies are not only responsive but also aligned with stakeholder interests, thereby enhancing the overall value and impact of business operations.

1.4. TRANSPARENCY AND REPORTING

Business partners will strive for transparency in their operations.

Transparency in operations and reporting is essential for ensuring accountability, fostering trust, and promoting informed decision-making among K Group, business partners and their stakeholders. Business partners commit to furnishing K Group with all relevant data in compliance with applicable laws and regulations, enabling K Group to fulfill its reporting requirements and obligations towards its customers.

1.5. CONFLICTS OF INTEREST

Business partners must avoid situations that might give rise to or appear to generate conflicts of interest concerning K Group or its employees. Maintaining objectivity and impartiality in all business dealings is crucial for preserving the integrity and trustworthiness of both K Group and its business partners.

A conflict of interest arises when a business partner's private or outside interest interferes with, or appears to interfere with, the best interests of K Group. This can relate to personal, financial, or other interests that might influence a business partner's objectivity in performing business tasks. For that purpose, the business partner must inform K Group if a business partner's employee, family member, or any other affiliated person has a relationship with an employee of K Group who can make decisions which may affect business partner's business, or if an employee of K Group has any interest of any kind in the business partner's business.

Even the mere perception of a conflict can be damaging. Hence, business partners should proactively disclose any relationships, associations, or activities that might lead to potential conflicts of interest with K Group.



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HUMAN RIGHTS

K Group respects all internationally recognised human rights. In line with Kesko's human rights commitment, K Group is committed to several international declarations and conventions, the most important of which are:

- The UN Universal Declaration of Human Rights and UN Convention on the Rights of the Child
- The OECD guidelines for Multinational Corporations and Due Diligence Guidance for Responsible Business Conduct
- The ILO convention on the Fundamental Rights and Principles at Work
- The UN Global Compact initiative
- The UN Sustainable Development Goals (SDGs)
- amfori BSCI Code of Conduct
- UN Guiding Principles on Business and Human Rights

Business partners must respect, protect and endorse all internationally recognised human rights standards, including those listed above.

Furthermore, business partners must commit to following fair employment practices.

2.1. FORCED LABOUR

Business partners will not use any form of forced, bonded, or involuntary labour, including human trafficking. All work must be voluntary, and employees should have the freedom to terminate their employment with reasonable notice.

2.2. RESPONSIBLE RECRUITMENT

All business partners must adhere to international principles of responsible recruitment, including the Employer Pays Principle and require the same from their recruitment partners. They must provide all their employees with written and understandable employment agreements and ensure that work is performed on the basis of a recognised and documented employment relationship, established in compliance with relevant national legislations, custom or practice, and international labour standards.

2.3. PROHIBITION OF CHILD LABOUR AND PROTECTION OF YOUNG WORKERS

Business partners must categorically abstain from directly or indirectly employing children below the legal minimum age for employment. This age corresponds to the age at which compulsory schooling is completed in accordance with local laws, but in no circumstance should it be less than 15 years. The only exceptions that might be considered are those recognised by the International Labour Organization (ILO), and even in these situations, utmost caution and care must be exercised.

Business partners must further ensure that young people do not work at night and that they are protected against conditions of work which are prejudicial to their health, safety, morals and development. Where young workers are employed, their working hours must further be arranged in a manner that does not interfere with their educational commitments or vocational training programs. Moreover, business partners should strive to offer opportunities for these young workers to continue their education and provide access to training that can support their professional development.

2.4. PROPER WORKING CONDITIONS

Business partners must establish and maintain an environment where employees can work without compromising their health or safety. Commitment to the well-being and safety of employees is one of the non-negotiable aspects of sustainable business practices. Further, employees must be provided with the necessary protective gear and be adequately trained in safety protocols and the proper use of equipment. Recognising the diverse needs of the workforce, business partners should also be prepared to provide reasonable accommodations for employees with disabilities or other special needs.

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2 HUMAN RIGHTS

2.5. NON-DISCRIMINATION AND EQUAL OPPORTUNITY

Business partners will treat all employees with dignity and respect.

Business partners must ensure that their workplaces are free from any form of discrimination based on gender, ethnicity, nationality, colour, religion, political views, civil status, sexual orientation, age, disability, class/caste or any other protected characteristic.

At K Group, we believe that diversity is a strength that leads to innovation, creativity, and improved performance. All recruitment, training, promotion decisions or other career opportunities must be based on merit and skills. Furthermore, equal pay for equal work is a fundamental principle that business partners uphold. K Group strictly prohibits any form of bullying, harassment, and molestation — whether physical or verbal. Business partners establish strong anti-harassment policies, ensuring swift action against offenders and support for victims.

2.6. DECENT WORKING HOURS

Business partners will comply with all relevant local and international laws, regulations, and industry standards concerning working time, overtime, and daily and weekly rest periods as well as annual holidays. Work-life balance is essential for the well-being and motivation of employees.

While occasional surges in work demand can happen, employees should never be subjected to excessively long working hours.

Business partners are encouraged to offer decent, and where relevant, flexible working arrangements where possible, such as flextime, part-time work, or remote working options. This flexibility can be particularly beneficial for parents, caregivers, migrants, seasonal workers or those with other significant personal commitments or unique challenges.

2.7. FAIR REMUNERATION

Business partners are committed to adopting and practicing the principles of fair remuneration. It is essential that the remuneration provided can comfortably address the basic living needs of employees and their families. Compensation must always meet the minimum legal requirements or the prevailing industry standards, whichever is higher. Deductions from wages should always comply with legal standards. They should never be arbitrary or used as a punitive or disciplinary measure against employees. While cash must be the primary method of payment, business partners must ensure the mode of payment is in line with local legislation and customs.

2.8. FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Business partners will uphold the principles of freedom of association and collective bargaining as fundamental rights. Business partners will recognise and respect the right of all employees to form, join, or refrain from joining trade unions or any other employee organisations and to engage in collective bargaining without fear of retaliation, interference, or harassment. Furthermore, this involves good faith negotiations with representatives chosen by employees to establish working conditions, wage scales, and other aspects of employment.

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3 OCCUPATIONAL HEALTH AND SAFETY

OCCUPATIONAL HEALTH AND SAFETY

Business partners must provide a safe and healthy working environment and working conditions for all of its employees and subcontractors.

The safety, health, and well-being of employees are of paramount importance to K Group.

Business partners should conduct systematic and regular assessments to identify potential hazards, risks, and areas of improvement.

Any identified risks should be addressed promptly with preventive and corrective action. Business partners should also engage with occupational health and safety professionals, wellbeing experts, and other relevant specialists to ensure they are up to date with the latest practices and guidelines.

To foster a safety-conscious culture, business partners are also expected to have active dialog between management and employees and/or representatives, as this is essential in order to develop and implement activities toward ensuring a safe and healthy work environment. All employees, especially those in high-risk areas, should be provided with regular and comprehensive training on health and safety practices.

Business partners should conduct systematic and regular assessments to identify potential hazards, risks, and areas of improvement. Any identified risks should be addressed promptly with preventive and corrective actions.



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4 CLIMATE AND ENVIRONMENT

CLIMATE AND ENVIRONMENT

Business partners must commit to minimise negative and maximise positive impacts on climate and nature in their own operations and throughout their entire value chain. These include, but are not limited to, climate, biodiversity and circular economy, water and deforestation. Business partners must comply with all applicable environmental laws, regulations, environmental permits, licenses and registrations relevant for their operations.

Business partners are also encouraged to:

- identify the environmental impacts of their own operations and value chain, and minimise negative and maximise positive impacts on climate and nature.
- identify and quantify the greenhouse gas emissions of their operations and value chain, and set science-based emissions reduction targets.
- identify, monitor and control negative impacts and promote nature-positive actions of their operations on biodiversity.
- promote circularity and efficient use of resources.



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5 BUSINESS INTEGRITY

5.1. ANTI-CORRUPTION AND BRIBERY

Business partners must not engage in any form of corruption, bribery, kickbacks, or unethical practices. At K Group, we maintain a strict zero-tolerance policy toward corruption, as it erodes trust, distorts competition, and poses significant legal and reputational risks.

While K Group expects adherence to zero tolerance for corruption across all regions, business partners must be particularly vigilant when operating in countries or sectors where corruption risks are more pronounced. This might necessitate implementing additional checks and balances, more frequent audits, and continuous monitoring.



5.2. GIFTS AND HOSPITALITY

Business partners will not offer hospitality or gifts to K Group employees, customers, or governmental authorities aimed at influencing, or even appearing to influence, business decisions. Any hospitality or gift provided should be for genuine purposes of goodwill and fall within the boundaries of what is generally considered normal, reasonable, and appropriate.

All gifts and hospitality must be transparently given and infrequent in nature. The offering of cash or gifts that can be equated to cash is strictly prohibited at all times. In line with our commitment to transparency and avoiding conflicts of interest, K Group employees are responsible for their own travel and accommodation costs when visiting business partners or attending events. Business partners should not offer to cover these expenses.

5.3. COMPETITION AND FAIR BUSINESS PRACTICES

Business partners will compete fairly, honestly, and transparently in all business transactions. K Group is committed to the principles of free and fair competition. Furthermore, our business partners must compete on the merits of their products, services, and capabilities without resorting to anti-competitive, deceptive, or otherwise unethical practices. This includes, but is not limited to, price fixing, market division, bid rigging, and other collusive behaviours.

Business partners must exercise caution when interacting with competitors of K Group. Explicitly, there should be no discussions or agreements regarding K Group's prices, customer data, market strategies, or any other sensitive information that could harm K Group or undermine the principles of fair competition.

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5 BUSINESS INTEGRITY

5.4. INTELLECTUAL PROPERTY AND CONFIDENTIAL INFORMATION

Business partners must recognise and respect all forms of intellectual property and confidential information, acknowledging the significant value and importance they hold for K Group.

Any unauthorised use, reproduction, distribution or disclosure of K Group's intellectual property or confidential information is strictly prohibited. Business partners must always seek necessary licenses or permissions before using or distributing any protected materials such as K Group's trademarks, logos, other intellectual property, or confidential information that they may come into contact with during the course of their partnership with K Group.

Business partners must diligently implement appropriate measures and safeguards to protect K Group's intellectual property and the confidentiality of sensitive information.

5.5. TRADE SANCTIONS AND EXPORT CONTROLS

Business partners must comply with all applicable trade sanctions and export control laws and regulations. This encompasses not only local regulations but also international sanctions and export controls set by the United Nations, the European Union, the United States, and the United Kingdom.

At no point should business partners initiate or partake in transactions or business activities that fall under the restrictions or prohibitions outlined by trade sanctions and export control regulations. Business partners bear the responsibility of ensuring that their suppliers and subcontractors remain in strict adherence to these laws and regulations.

5.6. DATA PROTECTION

Business partners are required to manage personal data in compliance with all relevant laws, regulations, and best practices as well as any instructions given by K Group surrounding data processing. It is imperative for business partners to lawfully and responsibly collect, use, disclose, and retain personal data, always honoring individuals' rights and privacy preferences. All data processing activities should be transparent to the individuals concerned, and personal data must be utilised solely for the purposes communicated to them.

Responsible data management also entails comprehensive safeguards. Business partners will deploy robust adoption of both technical and organizational measures to ensure the integrity, confidentiality, and security of personal data.

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Business partners are encouraged to establish and maintain appropriate management systems to actively support compliance with this K Code of Conduct for Business Partners throughout daily operations, whether in the form of comprehensive policies, effective procedures, internal controls, or otherwise. Furthermore, business partners must implement mechanisms to receive, address, and respond to complaints or concerns pertaining to potential non-compliance with the K Code of Conduct for Business Partners.

Business partners are also expected to develop and promote their own whistleblowing policies, reassuring employees and other stakeholders that they can voice their concerns effectively without fear of any form of retaliation.

K Group retains the right to initiate audits or inquiries to validate compliance with this K Code of Conduct for Business Partners, either using a third-party service provider or themselves. Non-compliance may prompt corrective measures, up to and potentially including termination of the partnership.

Any grievances concerning K Group's operations may be reported to K Group's SpeakUp channel (<https://www.kesko.fi/speakup-en>) or amfori BSCI Speak for Change channel (<https://www.amfori.org/en/solutions/governance/speak-for-change>).





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