

Our responsible
working principles

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KESKO

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Our operating principles

"We bear our corporate responsibility" is one of Kesko's four core values. Taking responsibility means making sustainable choices. The purpose of this guide is to help you make smart choices at work.

As a leading trade and retail business and a highly valued listed company, responsibility is part of our daily work. It is also a key factor in achieving sustainable and sound financial results.

We undertake to comply with the responsibility principles and practices laid out in this guide, and we also expect our partners to operate responsibly. Responsibility is essential for building trust between Kesko, the K-Group retailers, our customers and cooperating partners. We monitor the progress and results of our responsibility work in compliance with the best international practices.



KESKO'S VALUES

Shared principles apply to all operating countries

Our work and operations are guided by shared policies and principles. These lay the foundation for our work in all our operating countries. Kesko's key policies and principles are listed below and are provided in full online at www.kesko.fi/en/Responsibility.

- Corporate governance**
- HR policy**
- Purchasing principles**
- Risk management policy**
- Principles of internal control**
- Sponsorship principles**
- Information security policy**
- Security policy**
- Communications policy**
- Fraud investigation and reporting guidelines**
- General principles of corporate responsibility**
- Environmental policy**

Our responsibility is global

As a company, Kesko is both Finnish and global. Many international conventions and guidelines have an impact on the operations of Kesko and the entire K-Group. Our core commitments are stated in the general principles of corporate responsibility, which are described in more detail at www.kesko.fi/en/Responsibility.

- The UN Declaration of Human Rights and Convention on the Rights of the Child
- Key charters of the International Labour Organisation (ILO) covering basic rights in the workplace
- The UN Global Compact initiative on supporting human rights, rights in the workplace, environmental protection and the elimination of corruption
- OECD guidelines for multinational enterprises
- The International Chamber of Commerce (ICC) Business Charter for Sustainable Development and the ICC rules of conduct to combat extortion and bribery
- The Business Social Compliance Initiative (BSCI) purchasing principles
- The international ISO 26000 standard on social responsibility
- The International COSO ERM framework and ISO 31000 standard on risk management

Responsibility in daily work

Reading the 'Our responsible working principles' guide and discussing it is part of a new employee's induction. Supervisors must go through the issues covered by this guide with each employee and ensure they are understood. Every Kesko employee must comply with our responsible working principles and shared practices and promote them through their own actions.

The following pages address the fundamental questions of responsible operations and how we deal with a variety of situations.

I comply with laws and regulations

As a Kesko employee, I consistently comply with laws and our principles of responsibility in all my activities.

Key laws and Kesko's international commitments in this respect cover employee status, equality, respect for the individual, the battle against bribery and corruption, competition and consumer protection, work safety, the environment and product safety. As a listed company, Kesko is also subject to security market regulations and corporate governance regulations and guidelines.

I undertake to act in compliance with laws, regulations and Kesko's responsible working principles, and I expect the same of my partners. I will not prompt a partner or other party to do anything I would not do myself in view of the law, Kesko's commitments, policies and principles.

Will you accept the offer?

EXAMPLE

You head a hypermarket in a small town and, with aggressive campaigns, you compete with another store for the same customers. Your competitor is growing impatient with weakening margins and suggests that you should both stop selling a popular article under a certain price. **Will you accept the offer?**

I will not. The price cartel which the competitor is proposing is illegal. A cartel can lead to large penalties and liabilities for damages for both parties. I have to decline the proposal and promptly ignore the competitor.

EXAMPLE

You invite companies to bid for a procurement contract, and one of the competing bidders is a firm owned by a family friend. You know this family friend is reliable, but a competing bid by another firm would cost less to your employer. **Which bid will you accept?**

I make my choice in the best interests of my employer and will not allow my personal relations to affect my decision. Since I might be partial in making the decision I request that my superior makes it for me. The choice will be made on the basis of the bids placed by the suppliers in the best interests of my employer.

I avoid conflicts of interest

Decisions at Kesko are always made in the best interests of the employer. I avoid situations in which my own personal interests and the employer's interests are at odds.

It is not acceptable to promote my own interests whilst performing my job. My personal relations or the relations of my friends or family to business partners do not affect my decisions. I treat my friends or family in business as I would any other business partners.

I do not take part in activities that might be detrimental to fair competition.

I will neither accept bribes nor bribe anyone

We condemn all forms of bribery. I may give or accept a personal gift but only one of little value. The same applies to business-related hospitality. I will also not promise or pay bribes or facilitation payments or any other illegal payments to the authorities or other parties to promote or secure our business activities.

Acceptable hospitality or a gift is casual and does not give rise to explicit or implicit obligations for either party or create expectations to return a favour. An acceptable gift or hospitality is always given openly and with regard to guidelines the recipient is bound by when it comes to accepting gifts and hospitality. There are situations in which an otherwise acceptable gift or hospitality is not acceptable; for example, during contract negotiations with a supplier.

Decisions regarding Kesko Group funds available for donations are made at the Annual General Meeting of Kesko Corporation, and the Board of Directors makes any decisions regarding monetary donations within the mandate issued by the Annual General Meeting. We do not make other monetary donations. We do not donate funds to political parties.

Will you take part in the seminar?

EXAMPLE

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A supplier invites you to a seminar, which involves a trip abroad for a weekend, at the supplier's expense, with the intention of also discussing the future of your cooperation. New annual contract negotiations are about to begin in a few weeks. **Will you take part in the seminar?**

I will not take part in the seminar. Having the partner's offer coincide with pending competitive bidding or contract negotiations is an appropriate reason for non-attendance.

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EXAMPLE

A supplier's representative asks the firm to sponsor his rally team. **What should I do?**

All sponsorship deals must be geared towards distinct business aims. We only give our name and brand to purposes which help to build and reinforce our corporate image and business operations as planned. Partnership with a supplier does not justify sponsorship. The executives of Kesko Corporation lay down the sponsorship principles at their discretion.

I contribute to creating a good working community

I take responsibility for my actions at work. This means that I take full responsibility for my performance and decisions and for working with efficiency and integrity. I also do my share to create and maintain a good atmosphere in the workplace. A fair and well-functioning workplace where everyone is at ease is created through mutual trust, respect for individuals, genuine caring, a willingness to help and a straightforward team spirit.

Equality, non-discrimination and fairness are key principles in recruitment, hiring and other personnel matters in Kesko and the K-Group. I assess individuals based on competence, skills and achievements. I value a proactive approach, initiative, team skills and responsibly achieved results.

It is the supervisor's responsibility to promote a direct, open and constructive dialogue on all matters related to work. The supervisor encourages staff to raise questions, suggest improvements and bring up any grievances. The supervisor is responsible for the induction of new employees and immediately intervenes where there are improper practices. He or she makes sure that everyone in the unit is aware of our responsible procedures and shared principles. The supervisor must set an example on responsible actions and must not announce goals which can only be achieved by jeopardising our shared principles.

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

What will you do?

EXAMPLE

In your role as a supervisor, you are hiring a new staff member. Two good candidates have made it to the final round. One of the candidates is not the same gender as the majority of your team. **What will you decide?**

Each role is awarded to the most qualified individual with the greatest potential. The age, gender, faith or ethnicity of the individual must not feature as a relevant factor at any stage of the individual's employment.

EXAMPLE

You are about to launch an important campaign in your store. The key items of the campaign must be visible in a high position, and you need to move things around to achieve this. You are running out of space, but you notice that the emergency exit route would have plenty of room for additional merchandise. The passage and doorway would be narrowed down to half of their width, and the fire extinguisher would still be accessible from behind the lightweight cardboard stand. **Will you move the merchandise to the exit route?**

I will not. I leave the emergency exit routes clear and unobstructed. The regulatory minimum width of aisles and corridors may not be compromised. I also have to ensure that fire extinguishers are clearly visible and instantly accessible.

I ensure safe operations free from interruptions

Safe and uninterrupted operations ensure the continuity of our business.

I also ensure that I am aware of the threats and risks present daily in my workplace. I take safety precautions into account in daily work. Compliance with instructions ensures my own safety as well as that of my personnel, customers and partners, and protects property, information, reputation and the environment.

It is the superior's duty to familiarise employees with good practices and conditions and safety routines in the unit. This work comprises workplace induction, safe working practices, a rescue plan and in-house control.

I keep business secrets confidential

I maintain the secrecy of confidential information entrusted to me at work regarding the company's operations, personnel, customers and business partners, and I will not divulge or pass on this information to unauthorised parties.

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

I use information systems and software in compliance with agreements and user rights. I always ensure that confidential or important information is not lost or passed on to third parties. I handle my electronic tools with care. When leaving the office, I do not leave confidential information or records containing confidential information on my desk.

Will you reveal how your store is doing?

EXAMPLE

You work at one of our hypermarkets. When attending your child's football practice in the evening, an employee of a competing store in the same town asks you about recent sales trends in your store. **Will you tell the other person how your store is doing?**

I will not. The information regarding the store's operations are confidential and I will not disclose them to third parties.

EXAMPLE

I want to send Christmas greetings to friends and relatives, but I have lost my address book. However, because I know that many of them are my employer's customers, I can check the addresses I need at work from the company's loyal customer register.

No way! Local laws and regulations, sound practices regarding personal data and corporate principles dictate that personal data files kept by the Group's companies may not be used for private purposes.

I keep customer information confidential

At the K-Group, we follow sound practices in processing and protecting personal data, and comply with relevant laws and regulations. Appropriate processing of personal data enables us to maintain customer trust and improve the efficiency of operations.

We comply with the key principles of personal data processing. We only collect information which is relevant for the purpose of the data file. We attend to the accuracy of data in our data file and ensure that the processing of the data does not jeopardise the privacy of individuals on file. We keep the individuals on file informed of the data file. The individuals on file have the right to access the data regarding themselves upon request.

The persons processing confidential data may not divulge personal data they have accessed to unauthorised parties.

Tricky question



EXAMPLE

Do you know how to respond when a reporter calls and poses a tricky question?

The media is a key stakeholder group in external communications. Find out who is responsible in your company and help the media get in touch with that person. We always strive to answer reporters' questions with the highest level of expertise.

I build trust through positive dialogue and communication

The exchange of information and open dialogue are important in building and maintaining trust and in ensuring our shared success. Kesko is a listed company, and as an employee I have the duty to consider insider rules and business secrets which I may not divulge. I also decline to comment on competitors' activities.

We undertake to present the product, service, price and other details with clarity and integrity in our marketing messages, refraining from the use of misleading expressions. We respect the principles of trademark protection and expect others to do the same.

The corporation deals with the media in accordance with agreed roles. Everyone should be aware of the individuals responsible in their own company and be able to assist reporters, as required, in contacting the correct person.

In social media, we comply with the same principles of confidentiality and accuracy as in other communications and interactions. We have laid down general rules for the use of social media. These rules provide assistance and guidance for the use of social media services, both as a private user and as an employee.

Kesko's netiquette and practical recommendations for the most common applications are available in the company's intranet, Keskonet.

Communication is always a two-way street, and each of us contributes to Kesko's image through our own actions and behaviour.

I help our customers make smart choices

I aim to exceed our customers' expectations. I strive for smooth encounters and treat all my customers and business partners with respect. I do my share in ensuring that customers can trust the quality and safety of our products every day.

In customer service, I keep in mind that a smile and a few kind words make everyone's day better.

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Help tips

We all act in compliance with Kesko's values and responsible working principles in the workplace. You may, however, face a difficult or conflict situation or notice that someone has breached our responsible working principles.

To resolve the situation, first consider whether the activity is legal and whether it is in compliance with Kesko's values and responsible working practices.

Your supervisor is the first person to turn to in the workplace.

If it is not possible to speak with your supervisor, you can contact Kesko Corporation's internal audit by email: IA@kesko.fi. In matters regarding occupational health and safety, contact the HSE organisation of your company.

For feedback and questions regarding Kesko's responsible working principles, you can use the direct feedback channel in Keskonet. The questions posted and answers provided are published in Keskonet.

When asking a question using your own name, you also receive the answer directly to your e-mail. Keskonet also allows you to give feedback regarding the working principles to Kesko's President and CEO.

Posting questions and discussing our working principles is important, as it allows us to continuously develop our operations.

Kesko Corporation
Satamakatu 3, FI-00016 KESKO
Tel. +358 10 5311
www.kesko.fi
Business ID 0109862-8

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This guide has been translated into the official languages of Kesko's operating countries.