

# Measuring Corporate Responsibility

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**KESKO**

# Basic facts about Kesko

- Biggest trade company in Finland, also active in Sweden, Estonia, Latvia, Lithuania
- Turnover 7,1 bill. €, 12 500 + 7 000 employees
- Listed in HEX, 29 000 shareholders: K-retailers, pension funds, insurance companies, foreign investors (16 %), private people
- Store network covers 391 Finnish municipalities out of 445: 1 100 food stores, 700 specialty stores
- 3 million Plussa-cards in 1,6 million households
- 120 000 articles in the warehouse selection

# CR development in Kesko

- First environmental policy in Nov 1990
- Core values in 1996 (renewed 2001)
- ICC Business Charter, new environmental policy in 1996, ISO 14000 started
- First environmental report in 1998
- "The way we work" guidelines in 1999 (2002)
- Ethical quality control (SA 8000) in 2000
- First CR report (GRI) in 2001
- First assurance on CR report in 2003

# Requirements for CR

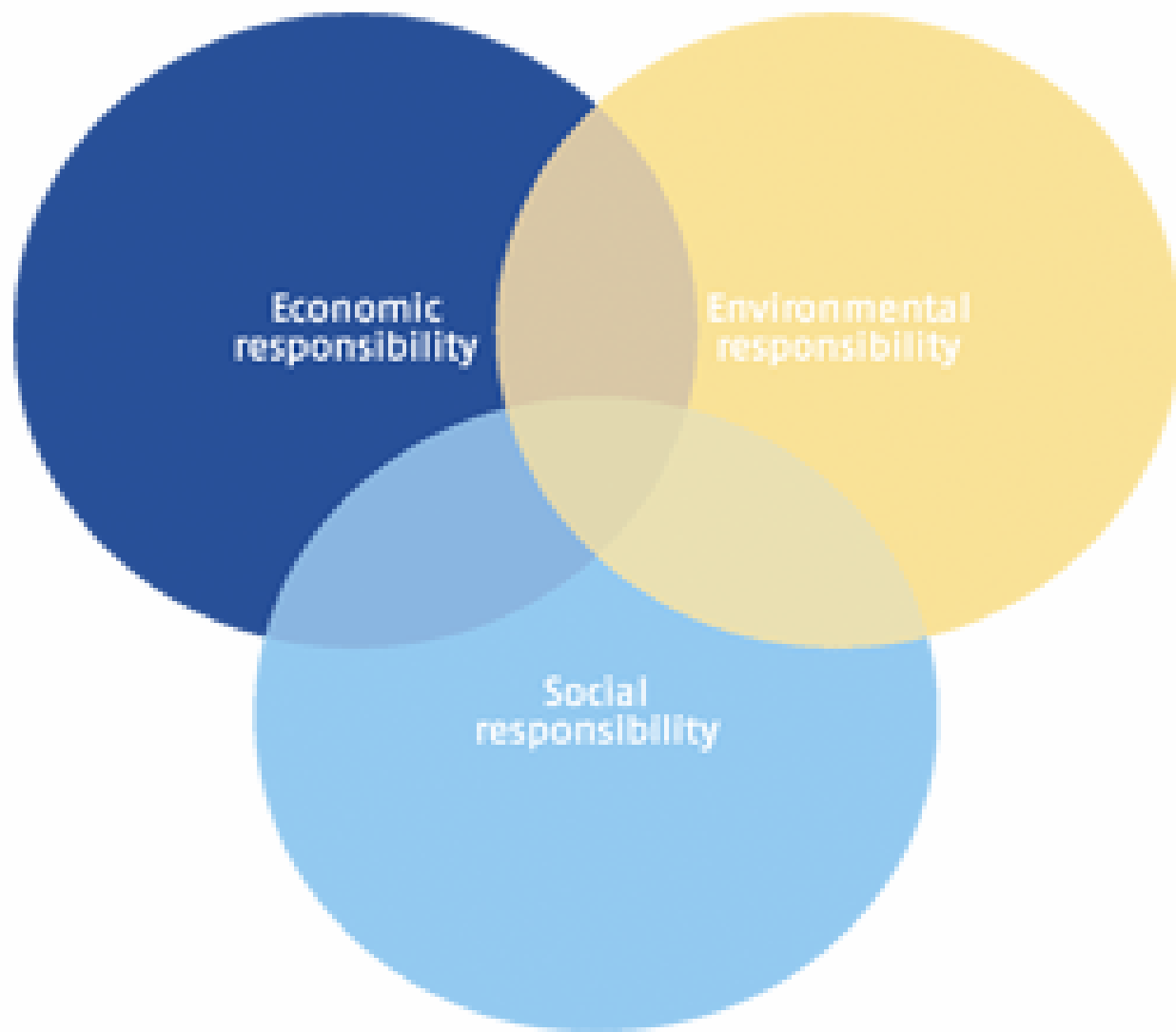
- CR has to be based on core values, included in business strategies and integrated into everyday work and job descriptions
- Commitment is important (and shall be measured) and begins from top management
- Facts, facts, facts, nothing but facts!
- Transparency is the key word – public reporting is necessary
- Reporting and assurance go hand in hand



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# GRI guidelines – our major tool

- We believe that the GRI Guidelines will be the "one and only" non-financial reporting standard
- GRI has helped us define what our CR consists of and what major indicators we need to choose
- Through measuring our non-financial performance, we have systematized our way of working, increased our efficiency and saved costs
- Measuring means better quality of management
- Measuring cannot succeed without well-developed, partly tailored IT systems



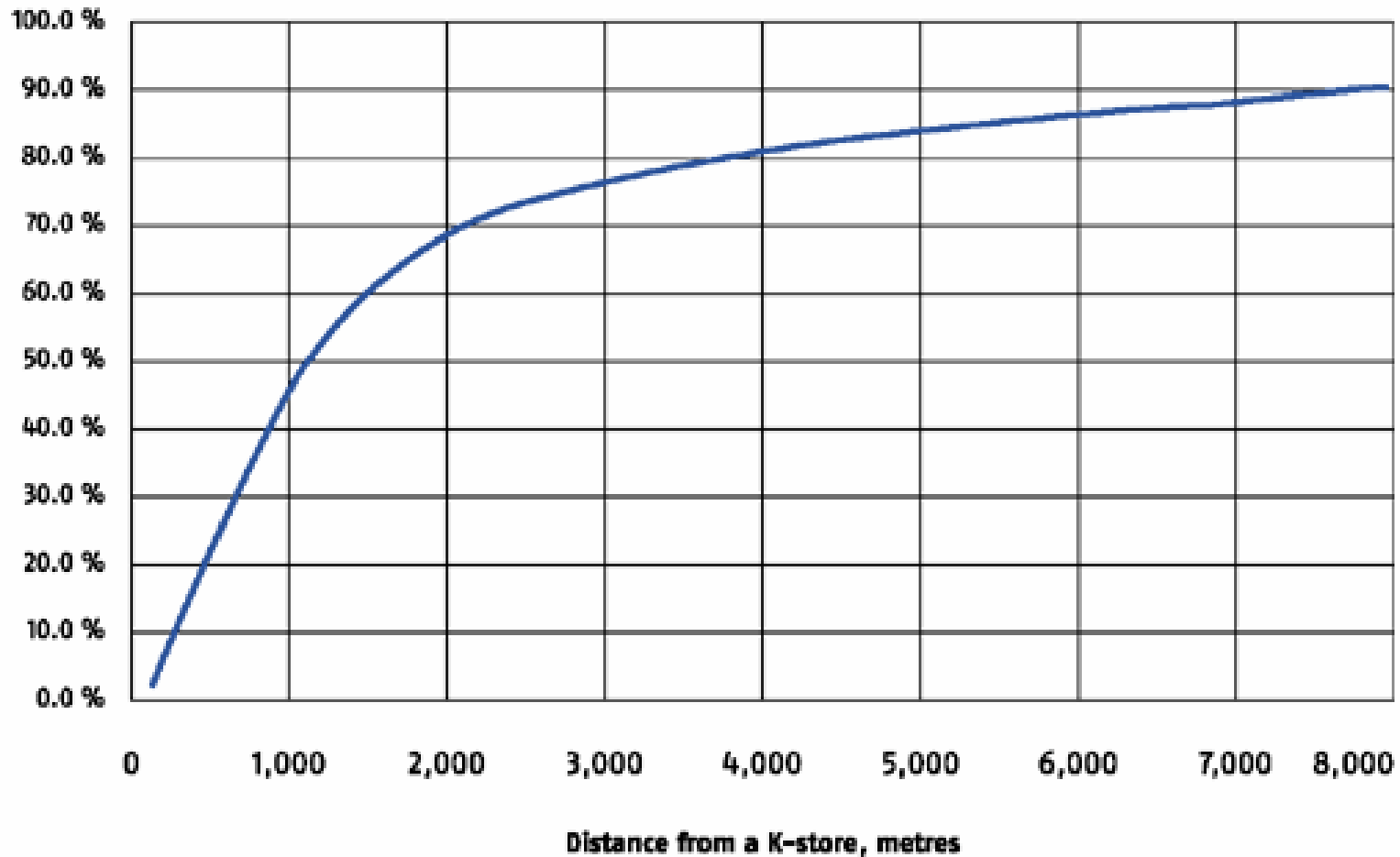
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# Economic performance

- Traditional profitability figures
- Investments and assets
- Annual yield to shareholders
- Statistics on our store network
  - coverage of municipalities
  - share of big stores vs. small
  - distance of population from a K-food store
- Job development, salaries...
- Economic benefits for stakeholders/regions
- Support for the public good

## Distance of population from a K-food store in Finland

Share of population



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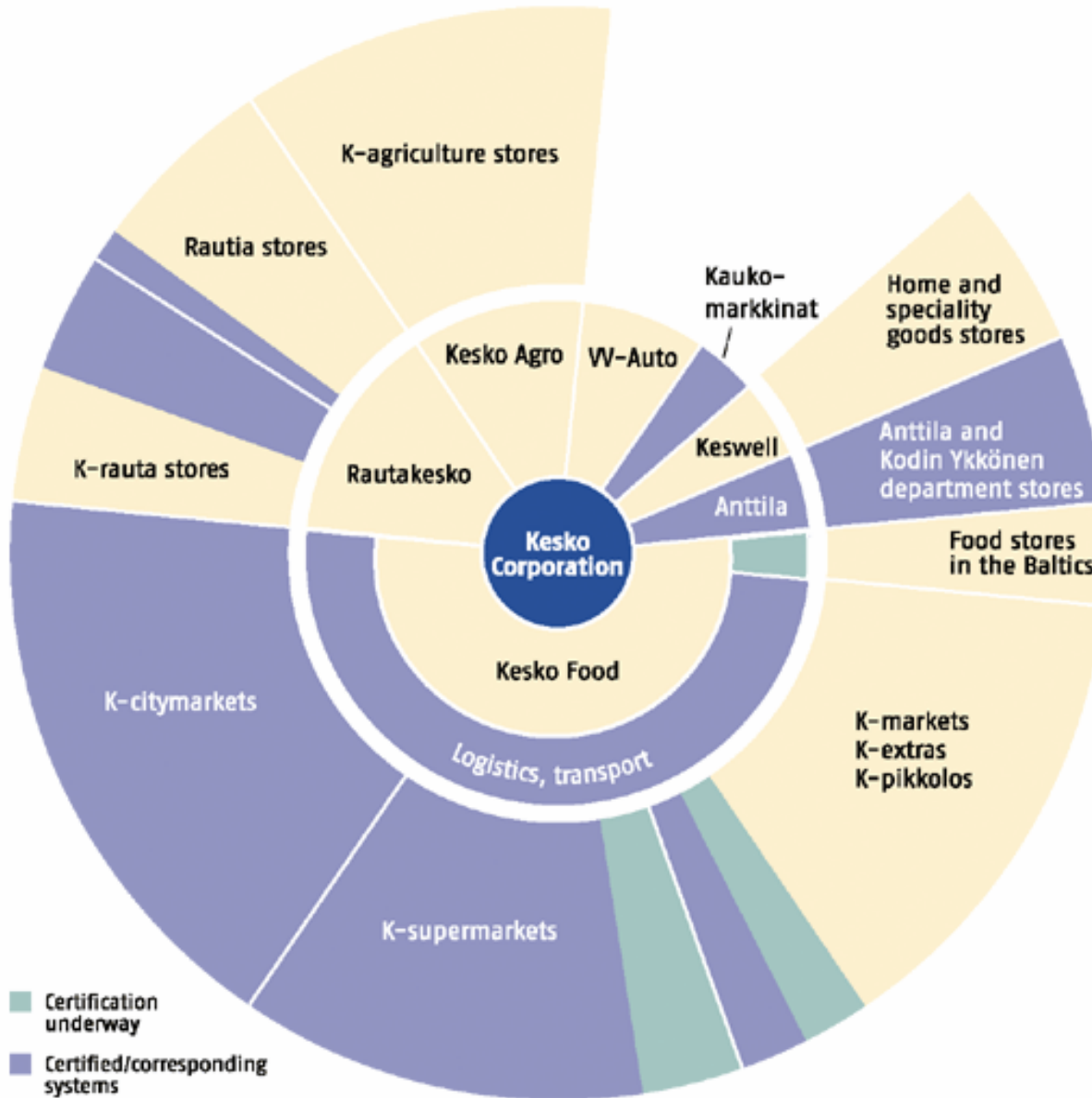
# Economic benefits for various stakeholder groups

• Suppliers (Finland)	4 485 mill. €
• Suppliers (other countries)	1 675 mill. €
• Suppliers of services	98 mill. €
• Suppliers of capital goods	259 mill. €
• Personnel (salaries etc.)	316 mill. €
• Shareholders (dividends)	91 mill. €
• Tax authorities	60 mill. €
• Social security	75 mill. €
• Support for the public good	2 mill. €

# Environmental performance

- Coverage of environmental management system (incl. K-environmental stores)
- Energy and water consumption
- Environmental profile of energy
- Transport statistics + transport emissions
- Use of materials (packaging)
- Waste management and recycling
- Sales of products with environmental labelling
- Risks, damage, incidents

## Coverage of environmental management system in relation with volume of operations



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# Social performance

- Employee structure (type and duration of employment, age, vocational training...)
- Employee turnover, reasons for terminating
- Kesko's attraction as workplace
- Job satisfaction
- Sickness absence, workplace accidents
- Salaries, other benefits, pensions
- Equality (gender) statistics
- Complementary training
- Unionisation, employment disputes

## Women by employee category in Finland in 2000–2003

	2000	2001	2002	2003
Top management	8.3	10.2	10.4	8.9
Middle management	18.1	19.1	22.2	23.9
Superiors, specialists	54.6	55.8	56.8	58.2
Workers, office workers	63.4	64.8	65.5	64.3
Total	60.5	62.1	62.8	61.9

# Social quality in the supply chain



- Risk analysis of imports, 300 suppliers included in 35 countries = 300 000 employees
- SA 8000 –standard as tool
- Indicators: complying with ILO labour standards
- So far only 19 SA 8000 - certified suppliers with 47 000 employees = 15 %

# Awards

- **GLOBAL:**  
UNEP/ICC World Summit Business Award (2002)  
Global Reporters Survey 2002: Best trade company
- **EUROPEAN:**  
Best Retailer in Euro Implementation (2002)
- **FINNISH:**  
Best waste management (2001)  
Best reporting on Corporate Responsibility (2001,2002)  
Best financial information (2002, 2003)  
Best stakeholder magazine (2002,2003)

# Kesko rated by sustainability analysts in 2003

- Dow Jones STOXX Sustainability Index
- Nordic Sustainability Index
- Kempen SNS Smaller Europe SRI Index
- Storebrand SRI: best in class (retail trade)
- Ethibel Investment Register: best in class (retail trade)
- Zürich Kantonalbank: AA (max AAA)

# Participation in economic and trading sector development

- Finnish Federation of Commerce and Trade (vice chair)
- Service Employers' Federation (chair)
- Responsible Importers' Network (chair)
- Finnish Business & Society Network (board)
- International Chamber of Commerce  
World Council, Commissions on Environment and Energy, Business in Society
- EuroCommerce  
CSR Experts Working Group, Environment Committee

# Challenges

- **Domestic vs. imported products analysed in each country**
- **Regional welfare – all small suppliers, all investments, retailers' own purchasing**
- **Full environmental statistics from all countries**
- **Documenting stakeholder dialogue and measuring the results**
- **Clear proof of better profitability**