



MERCADA

SUSTAINABILITY
FIGURES 2023



SUSTAINABLE RETAIL SPACE FOR SHOPPING

Mercada owns, manages and develops retail sites mainly used by Kesko Group. The portfolio includes three shopping centers and 32 retail sites in Finland. Shopping centers owned by Mercada are Veturi in Kouvola, Karisma in Lahti and Merituuli in Espoo. A total of 15 K-citymarkets, 16 K-supermarkets, 1 K-market and 2 K-Rauta stores are operating in the shopping centers and retail sites.

Our sustainability strategy combines the most important sustainability issues that matter the most to us and our stakeholders. We aim the best customer experience, sustainable environment and honest business.

Our key sustainability areas are closely related to UN Sustainable Development Goals. In addition to these goals we have set ambitious long-term sustainability targets for our sustainability work. These sustainability figures provide information on the key areas in our sustainability work. We focus on what we achieved in these areas during 2023. Progress in goals have been monitored with different colors.

Goal achieved

Goal partially achieved

Goal not achieved



CEO'S MESSAGE



For Mercada, fostering sustainable development is important in many ways. In practice, this can be seen in the promotion of more energy-efficient buildings, the use of energy from renewable sources, the promotion of waste management and recycling, and the use of sustainable materials. These measures will reduce the carbon footprint of buildings and protect natural resources. In addition to ecological sustainability, Mercada attaches great importance to ethical principles, both in its own operations and in the rental and management of its properties. This means, for example, choosing responsible and quality tenants, using fair and sustainable contract terms, and taking social and ethical criteria into account when managing properties.

Overall, sustainability can give a real estate investment company both a financial competitive advantage and a reputation as a responsible operator.

In line with Mercada's strategy, we offer sustainable commercial space for shopping. This focus on sustainability is also a competitive advantage, as customers and tenants value responsible and sustainable real estate. A real estate investment company should listen to the needs and expectations of its customers and strive to offer them sustainable and healthy properties that support, for example, health, well-being and energy efficiency. This will also support Mercada's long-term financial success. Energy-efficient and sustainable buildings reduce operating costs and increase property value.

The main objectives for the coming years remain unchanged. In line with our sustainability strategy, we will provide the best shopping experience for our customers, promote sustainable economic growth and aim to achieve carbon neutrality across our portfolio by 2030. The challenge, in the short term, is changing legislation and new requirements to ensure sustainability will also involve a large amount of analysis and require resources from many quarters. I see the continuous search for new technologies and best practices to finding sustainable energy solutions as a challenge, but also as an opportunity.

Society's growing concern for the environment and sustainable development also affects Mercada's activities. Mercada contributes to sustainable development through the construction and maintenance of real estate. For example, energy efficiency, recycling solutions and green practices are important factors in the development of Mercada's investments. Mercada strives to keep abreast of these societal changes and trends. It analyses the market, monitors local and international trends and makes strategic decisions that consider changing needs and expectations. This helps Mercada to succeed and create value for our customers and owners together.

Jari Koistinen,
CEO of Mercada

STARTING POINT FOR SUSTAINABILITY



Our **daily customer encounters** expect comfortable, sustainable and safe spaces for more than just shopping.



Our **tenants such as retailers and store staff** expect safe and clean environment, fair treatment and sustainable choices.



Our **owners and financiers** expect us to be profitable and a forerunner in environmental sustainability.



Good **suppliers and service providers** expect fair trading practices and open dialogue.

We are committed to high ethical principles guided by Mercada's Code of Conduct. These principles outline our environmental, social and financial norms and responsibilities that we also expect our partners to share. All our tenants are committed to pursue these norms in their everyday operations.



WE ARE COMMITTED
TO FAIR COMPETITION



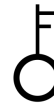
WE RESPECT
ENVIRONMENT



WE DO NOT
OFFER OR
ACCEPT BRIBES



WE COMPLY WITH
THE LAW AND
REGULATIONS



WE SECURE
CONFIDENTIAL
INFORMATION



WE RESPECT
HUMAN RIGHTS

KEY SUSTAINABILITY TOPICS



THE BEST SHOPPING EXPERIENCE

Our sustainability strategy is built around three key sustainability topics we have identified through our stakeholders. The sustainability actions are built around these key topics with our long-term sustainability promises for 2030.

We have also recognized five Agenda 2030 Sustainability Development Goals to implement in our daily business:

Goal 7: Affordable and Clean Energy

Goal 8: Decent Work and Economic Growth

Goal 9: Industry, Innovation, and Infrastructure

Goal 12: Responsible Consumption and Production

Goal 13: Climate Action

We develop high quality and sustainable retail sites which offer the best shopping experience for customers



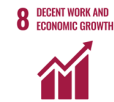
TOWARDS NET ZERO EMISSIONS

Our priority is to fight against climate change, thus we invest in green energy and pay attention to responsible consumption



SUSTAINABLE ECONOMIC GROWTH

We promote sustainable economic growth by practising stable, predictable and honest business



SUSTAINABILITY ROADMAP



THE BEST SHOPPING EXPERIENCE	
TARGETS 2022-2025	YEAR 2023
We will do continuous efforts to improve customer and tenant satisfaction. We will measure our customer and tenant satisfaction and NPS in shopping centers.	●
We will ensure the highest level of safety and security. There will not be any neglects of security or leaks of information.	●
We will follow and guide our tenants to act in accordance with common sustainability principles and maintain our BREEAM In-Use certificates in excellent level.	●
<p>Long-term promise: <i>100% of shopping centers will be BREEAM and safety certified</i></p>	

TOWARDS NET ZERO EMISSIONS	
TARGETS 2022-2025	YEAR 2023
<p>We are committed to the goals of the Paris Agreement to mitigate climate change. Our retail sites used by Kesko Group follow Kesko's sustainability strategy¹ and its targets. Our shopping centers Karisma and Veturi follow the targets below.</p> <ul style="list-style-type: none"> • We will reduce our energy consumption yearly and minimise our water consumption. • We ensure waste recycling and reusing. We will follow our waste recovery rate in shopping centers every year. • We will maximise our green energy production and minimise our greenhouse gas emissions. • We will develop an actionable carbon-neutral roadmap. 	<p>●</p> <p>●</p> <p>●</p> <p>●</p>
<p>¹Kesko. 2023. Sustainability Strategy</p>	
<p>Long-term promise: <i>Mercada will reach net zero by 2030</i></p>	

SUSTAINABLE ECONOMIC GROWTH	
TARGETS 2022-2025	YEAR 2023
We will practice honest business and do fair competition. There will not be any corruption cases or violation of human rights.	●
We will practice stable and profitable business and be transparent in economical actions. We do not implement any tax arrangements with the purpose of tax evasion and we have no links to tax havens. The payment, collection and accounting of taxes complies with the Finnish legislation.	●
<p>Long-term promise: <i>Mercada's sustainability roadmap is monitored yearly</i></p>	

THE BEST SHOPPING EXPERIENCE



Shopping centers are destinations for more than just shopping. They are natural meeting places, which provide spaces for local engagement and events. We aim to offer the best shopping experience for customers. This is why we work closely with the tenants and authorities to identify areas for improvement.

According to KTI's Tenant Satisfaction Benchmarking, Karisma was in first position among 27 shopping centers in Finland and particularly safety was rated excellent. Tenants are satisfied and feel safe in the property.

We work closely with tenants and authorities to ensure the highest level on safety and security. There were no neglects of security or leaks of information during the year 2023. Both Karisma and Veturi are Safe Retail Destinations©.

Mercada's tenants are doing excellent sustainability work. The main tenant Kesko once again makes the list of the global 100 most sustainable corporations in the world. Kesko is the only company in the world to have been included on the Global 100 Most Sustainable Corporations in the World list by Corporate Knights every year since the list was first established in 2005.

*Shopping center Karisma

1st

POSITION AMONG 27 SHOPPING CENTERS IN FINLAND*

K

RANKED AS THE LONGEST-RUNNING COMPANY ON THE GLOBAL 100 SINCE 2005

100%

SHARE* OF SHOPPING CENTERS SAFE RETAIL DESTINATIONS©

100%

SHARE* OF BREEAM IN-USE CERTIFIED SHOPPING CENTERS IN EXCELLENT LEVEL

100%

SHARE* OF SHOPPING CENTERS COVID-19 COMPLIANT CERTIFIED

THE BEST SHOPPING EXPERIENCE



CASE: KARISMA CAME FIRST IN CTI'S SHOPPING CENTRE COMPARISON

We are proud to announce that Karisma has achieved the number one position in CTI's shopping center comparison overall. The CTI is a customer satisfaction survey for shopping centers that compares different indicators such as energy consumption and number of visitors.

This recognition reflects our strong commitment to excellence in various areas, such as shopping center maintenance services, shopping center management, and marketing and communication. This is a significant achievement and demonstrates that our shopping center operates responsibly and efficiently, delivering added value to both customers and partners.









TOWARDS NET ZERO EMISSIONS

TOWARDS NET ZERO: OUR PORTFOLIO

We aim to do more than expected to minimise our environmental impacts and to fight against climate change. Our long-term sustainability promise is to reach net zero by 2030. Therefore, we have created a carbon neutrality roadmap for our portfolio. The carbon-neutral goal is limited to focus on the emissions of the property's energy use.

Steps for carbon neutral energy usage:

-  1. Enhancing energy efficiency
-  2. Climate profit potential of buildings
-  3. Purchasing renewable energy
-  4. Emission compensation

We will make energy efficiency measures such as lighting modernisation to minimise our energy consumption. These measures have been scheduled for the years 2023-2025 in Veturi and Karisma shopping centers. We also aim to produce more energy ourselves. Already 12 retail sites have their own solar panels on the roof that produce electricity and we aim to produce more. In addition, geothermal heat is used to reduce the need for external heat and cooling in Veturi.

Our continuous work is producing good results. The total energy consumption of Mercada's portfolio in 2023 was 75 GWh, which is 18% less than the previous year. The total energy intensity of purchased energy was 177 kWh/bm².

We minimise our water consumption by using waterless urinals and water flow limiters for faucets and toilet seats. Our water intensity decreased compared to the previous year.

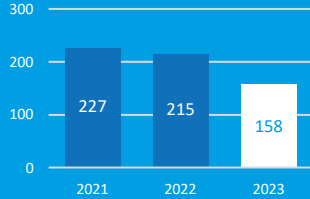
Our energy-related greenhouse gas emissions were 9,119 tons of CO₂e during the year 2023. This is more than double the amount of emissions compared to 2022. The main reason for the increase in emissions is the significant increase in the emission factor of electricity. Approximately 91% of the total electricity consumed is from renewable sources and 4.4% of this is self-produced solar energy. Electricity production remained almost unchanged from last year, increasing by around 0.8%.

We offer our clients and tenants a possibility to reduce, reuse and recycle the waste. Total 513 tons of waste was generated in Karisma and Veturi in 2023, which is 8,3 % less than the year before.

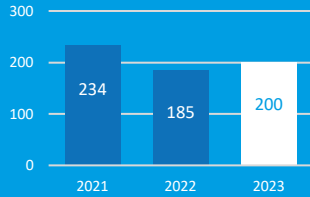
TOWARDS NET ZERO EMISSIONS

PORTFOLIO

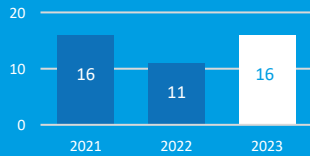
Intensity of purchased energy (kWh/sq.m)



Water intensity (m³/sq.m)

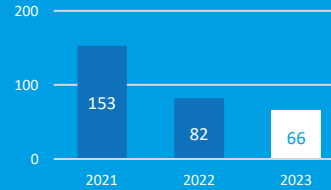


Energy-related CO₂ emissions, Scopes 1 and 2 (kgCO₂/sq.m)

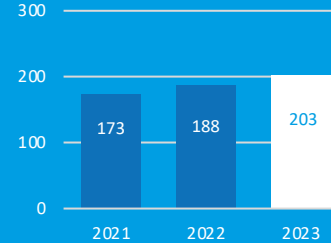


KARISMA

Intensity of purchased energy (kWh/sq.m)



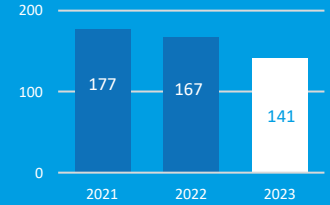
Water intensity (m³/sq.m)



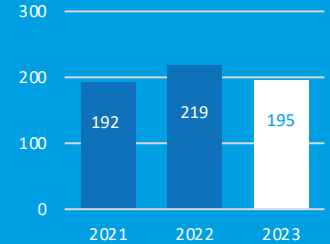
Purchased energy decreased 19 % and water intensity increased 8 % compared to 2022.

VETURI

Intensity of purchased energy (kWh/sq.m)



Water intensity (m³/sq.m)



Purchased energy decreased 9 % and water intensity decreased 11 % compared to 2022. Geothermal heat was used to reduce the need for external heat (1,532 MWh) and cooling.

TOWARDS NET ZERO EMISSIONS

TOWARDS NET ZERO: KARISMA & VETURI

Karisma and Veturi are owned and operated by Mercada. Therefore, our reporting is more detailed in these shopping centers. We calculate both direct and indirect greenhouse gas emissions (Scope 1, 2 and 3) according to the GHG Protocol standard. In 2023, we changed our carbon footprint calculation tool and thus refined our emissions calculation.

In 2023, the total carbon footprint of Karisma and Veturi is 219 tCO₂e. Emission intensity per square meter is 1.6 kgCO₂e, including both direct and indirect emissions. Energy consumption is the largest source of emissions. However, all purchased electricity is green by origin, and thus reported as net zero emissions. Direct emissions are also reported as net zero emissions, since we do not have self-produced heat such as natural gas or other direct emissions.

Total carbon dioxide emissions of Karisma and Veturi

	2021	2022	2023
Scope 1. Direct emissions, tCO₂e			
Direct emissions from organisation owned or controlled resources (e.g. fuel combustion or company vehicles)	0	0	0
Scope 2. Indirect emissions, market-based tCO₂e			
Purchased electricity (market-based)	0	0	0
Purchased electricity (location-based) ¹	2,234	1,310	4,685
Purchased district heat (location-based)	795	588	182
Scope 3. Other indirect emissions, tCO₂e			
Water and waste water treatment	11	13	16
Waste	46	31	21
Total emissions¹, tCO₂e	852	632	219
Emission intensity, kgCO₂e/m²	6,2	4,6	1,6

¹Following the GHG Protocol standard, the location-based emission figure for electricity consumption has been reported. The market-based figure is used for the emissions totals. The emission factor for electricity has increased significantly after 2022, which is reflected in the amount of electricity purchased (location-based)

219
tCO₂
EMISSIONS
IN 2023

100%
SHARE OF
RENEWABLE
ELECTRICITY USED



TOWARDS NET ZERO EMISSIONS

CASE: Starat Stagella – event series

This year, the "Starat Stagella" event series was launched at Veturi. At the beginning of the year, our shopping center transformed into a meeting place for music and top artists. Customers and employees had the opportunity to enjoy top concerts from the front row in the middle of the shopping center, completely free of charge. We brought stars to our shopping center stage bigger than ever before.

Our "Starat Stagella" event series was designed to strengthen the sense of community among both our employees and customers. Through free performances, we aimed to provide unforgettable experiences and enhance everyone's enjoyment. This campaign not only brought joy and entertainment to our customers but also fostered a positive and enthusiastic work environment among our staff.

We were proud to provide a platform where people could come together and enjoy music and camaraderie. This investment in customer satisfaction and community spirit was a crucial part of our responsibility efforts and demonstrated our commitment to creating vibrant and pleasant environments for everyone.

SUSTAINABLE ECONOMIC GROWTH



We promote sustainable economic growth by practising stable, predictable and honest business. Honest business is our highest priority. Our financial norms and responsibilities are outlined in our code of conduct. We follow the laws on everything we do and we are committed to fair competition. Any bribes are not offered or accepted to acquire or maintain business.

We are committed to respect internationally recognised human rights in all our operations. Human rights violation is not tolerated in any form.

We respect stable and profitable business. Our principle is to adhere to transparency in our economical actions and monitor our sustainability roadmap yearly. We also promote open dialogue with our tenants.

We do not implement any tax arrangements with the purpose of tax evasion and we have no links to tax havens. The payment, collection and accounting of taxes complies with the Finnish legislation.

Our economic development has been stable during the year 2023. The economical actions are presented in our financial statements. As said in 2024 there are also no reported evasions.

ZERO CASES RELATED
TO VIOLATION OF
HUMAN RIGHTS
DURING 2023

ZERO CASES RELATED
TO CORRUPTION OR
DOUBTS ABOUT IT
DURING 2023

CALCULATION OF DATA

The electricity, heat and water consumption data of Mercada Oy's properties in Finland are based on measured data. Total energy intensity is included only purchased energy. Energy related greenhouse gas emissions are estimated on the basis of the fuel emission factors published by Statistics Finland. The following base data was used for calculating the environmental profile of electricity consumption and municipal heating in Finland:

MARKET-BASED PURCHASED ELECTRICITY

Properties in Kesko's centralized electricity supply

2020 and 2021: The environmental profile of carbon dioxide-free electricity produced from Finnish biopower, and its daily per capita emission factors were: CO₂ 0 g/kWh.

2022: The environmental profile of carbon dioxide-free electricity produced from renewables (63 %) and nuclear power (38 %), and its daily per capita emission factors were: CO₂ 0 g/kWh.

Properties outside Kesko's centralized electricity supply

2021: The environmental profile of residual distribution calculation determined by the Energy Agency for 2020, the CO₂ emission factor 249.29 g/kWh¹.

2022: The environmental profile of residual distribution calculation determined by the Energy Agency for 2021, the CO₂ emission factor 232.41 g/kWh².

2023: The environmental profile of residual distribution calculation determined by the Energy Agency for 2022, the CO₂ emission factor 471,27 g/kWh³.

LOCATION-BASED PURCHASED ELECTRICITY

2021: The CO₂ emission factor 131 g/kWh⁴ for the statistical year 2016, for the average energy acquisition, published by Motiva. The emission factor has been calculated as a moving average for three years taken from the Statistics Finland's database.

2022: The CO₂ emission factor 77 g/kWh⁵ for the statistical years 2019-2021, for the energy method, published by Motiva. https://www.motiva.fi/ratkaisut/energiankaytto_suomessa/co2-paastokertoimet
The emission factor has been calculated as a moving average for three years taken from the Statistics Finland's database.

2023: The CO₂ emission factor 471 g/kWh⁶ for the statistical year 2023 for the average energy acquisition, published by OpenCO2.net.

LOCATION-BASED DISTRICT HEATING

2021: Calculated using the benefit sharing method for district heating joint production areas, the average CO₂ factor is 148 g/kWh⁸.

2022: Calculated using the energy method for district heating joint production areas, the average CO₂ factor is 128 g/kWh⁹.

2023: Calculated using the energy method for district heating joint production areas, the average CO₂ factor is 71 g/kWh⁹.

PRODUCTION DISTRIBUTION

2021: according to district heating statistics by Finnish Energy¹²

2022: according to district heating statistics by Finnish Energy¹³

2023: according to district heating statistics by Finnish Energy¹³

NATURAL GAS

2021: Calculated using emission factor 55.4 tCO₂/TJ based on Fuel classifications of Statistics Finland.

2022: Calculated using emission factor 55.3 tCO₂/TJ based on Fuel classifications of Statistics Finland.

WATER AND WASTE WATER TREATMENT

2021, 2022 and 2023: HSY / OpenCO2.net

WASTE

2021, 2022 and 2023: Defra / OpenCO2.net

SOURCES

¹Energy Agency. 2021. [Jäännösjakauma vuodelta 2021](#)

²Energy Agency. 2022. [Jäännösjakauma vuodelta 2022](#)

³Energy Agency. 2023. [Jäännösjakauma vuodelta 2023](#)

⁴Statistics Finland 2017, Motiva 2021

⁵Statistics Finland 2019, Motiva 2022

⁶OpenCO2.net, 2023

⁸Finnish Energy 2018, Motiva 2021

⁹OpenCO2.net, 2023

¹¹Finnish Energy, [District heating statistic 2020](#)

¹²Finnish Energy, [District heating statistic 2021](#)

¹³Finnish Energy, [District heating statistic 2022](#)

DATA TABLES

Total energy consumption of Mercada's portfolio (MWh)

	2021	2022	2023	Change (%) 2022-2023
Purchased electricity	69,256	65,410	51,226	-21.7
Self-produced solar electricity	2,174	2,471	2,487	0.6
Purchased district heat	23,410	22,552	21,137	-6.3
Natural gas	260	165	0	-100.0
Total	95,100	90,598	74,850	-17.4
Total purchased	92,626	88,127	72,363	-17.9

Total water consumption of Mercada's portfolio

	2021	2022	2023	Change (%) 2022-2023
Water (m ³)	95,575	75,551	82,722	9.5

Energy and water intensity of Mercada's portfolio

	2020	2021	2022	2023	Change (%) 2022-2023
Electricity (kWh/brm ²)	161	169	160	125	-21.8
Heat (kWh/brm ²)	49	57	55	52	-5.5
Total (kWh/brm²)	204	227	215	177	-17.7
Water (l/brm ²)	225	234	185	202	9.2

Purchased energy for Mercada's portfolio (MWh)

		Electricity	District heat	Total
Non-renewable	2023	35,920	6,552	42,472
	2022	2,517	11,502	14,019
	2021	4,960	13,110	18,070
Renewable	2023	5,983	14,585	20,568
	2022	59,944	11,050	70,994
	2021	57,992	10,300	68,292
Nuclear	2023	9,323	0	9,323
	2022	2,949	0	2,949
	2021	6,302	0	6,302

Greenhouse gas emissions of Mercada's portfolio

	2021	2022	2023	Change (%) 2022-2023
Direct (Scope 1), tCO₂e				
Natural gas	52	33	0	-100
Indirect (Scope 2), tCO₂e				
Purchased electricity (market based)	2,841	1,426	2,141	50.1
Purchased electricity (location based)	9,073	5,037	4,685	-7.0
Purchased district heat (location based)	3,465	2,887	2,292	-20.6
Indirect (Scope 3), tCO₂e				
Water and waste water treatment	38	34	48	41.2
Waste (only Karisma and Veturi)	46	31	21	-32.3
Total (tCO₂)	6,442	4411	4502	2.0
Total (kgCO₂/brm²)	16	11	11	

DATA TABLES

Self-produced solar energy (MWh) in retail spaces

TOTAL OF
12
RETAIL SPACES WITH
SOLAR PANELS

3
NEW RETAIL
SPACES WITH
SOLAR PANELS
COMPARED 2020

4.4%
OF TOTAL ENERGY
CONSUMPTION IS
SELF-PRODUCED


Self-produced solar energy (MWh)	2021	2022	2023
KCM Rauma	384	350	439
KCM Imatra			
KCM Pietarsaari			
KCM Kankaanpää			
KSM Uusikaupunki			
KSM Huittinen	48	48	45
K-Rauta Helsinki Oulunkylä			
KCM Loimaa			
KCM Mäntsälä	77	69	113
KCM Helsinki Malmi			
KCM Kuopio Päiväranta	476	407	162
KSM Haukipudas			
KSM Rauma Monnankatu			
KSM Kempele			
KSM Järvenpää Peltola	32	49	40
K-Rauta Kauhajoki			
KCM Vantaa Koivukylä			
KSM Helsinki Torpparinmäki			
KSM Kangasala			
KSM Kouvola Kankaro			
KSM Sodankylä			
KSM Jalasjärvi	52	71	71
KSM Savonlinna Mertala			
KSM Kirkkonummi Veikkola	60	53	66
KCM Äänekoski			
KSM Lappeenranta Kaukas	55	55	57
Kauppakeskus Lahti Karisma			
KCM Kauhajoki	237	242	236
KCM Lieksa			
KSM Pihtipudas			
Kauppakeskus Veturi	804	579	699
KCM Kokkola Heinola	346	355	351
Kauppakeskus Merituuli		192	209
KSM Kuhmo			
KM Helsinki Oulunkylä			
K-Rauta Eskilstuna			
K-Rauta Halmstad			
K-Rauta Haparanda			
Total	2571	2470	2488



SUSTAINABLE RETAIL SITES



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