



Sustainability reporting in the EU and Switzerland: Comparison of implementation practices between Kesko and Migros

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Corporate sustainability reporting has become critical for businesses to demonstrate accountability, transparency, and long-term value creation. This thesis examines how two leading large retailer groups—Kesko (Finland) and Migros (Switzerland)—implement sustainability reporting under different regulatory frameworks, offering actionable insights for decision-makers navigating the evolving ESG (Environmental, Social, and Governance) landscape.

The EU's Corporate Sustainability Reporting Directive (CSRD), which came into force in 2024, required large European companies to publish their first CSRD-aligned sustainability reports in spring 2025. Meanwhile, Swiss companies, such as Migros, align their sustainability reporting with the Global Reporting Initiative (GRI) standards, the United Nations' Sustainable Development Goals (SDGs), and national regulations. An evolving ESG landscape forces businesses to integrate sustainability while ensuring strategic compliance.

This thesis compares how mandatory (CSRD) and voluntary (GRI) frameworks shape reporting practices. The study analyzes the differences and similarities in these reporting tools and practices by focusing on the standards of "General Disclosures." These standards are required from companies, regardless of regulatory differences or business sectors. Regarding these standards, the thesis is divided into six explanatory topics, each including a comparative analysis of aspects such as materiality assessment, key sustainability topics and goals, governance, and stakeholder engagement in Kesko and Migros. This approach seeks to answer the core question: What are the similarities and differences in sustainability reporting between Kesko in Finland and Migros in Switzerland, and what best practices can be identified to enhance their sustainability reporting?

Using a qualitative comparative approach, the study examines the 2023–2024 sustainability reports of the case companies and incorporates insights from an interview with a member of Kesko's sustainability team (Migros declined participation). The data were analyzed using the Gioia method to identify key themes and practical challenges. The sustainability reports revealed that the global impact of climate change has become a direct priority for both companies. Additionally, the shared concerns of Kesko and Migros are about ethical supply chains and consumer well-being, but their strategies differ significantly. Kesko adopts a short-term, action-oriented approach, setting measurable targets such as a 50% reduction in emissions by 2034 and enforcing strict supplier audits to ensure human rights compliance.

In contrast, Migros focuses on long-term systemic change, aiming for net-zero emissions by 2050 and biodiversity protection through certified sourcing. Their materiality assessments also vary: Kesko integrates sustainability risks into its financial risk management system, while Migros evaluates impacts separately across business units using GRI's severity and scope criteria. These distinctions extend to governance structures: Kesko embeds sustainability into core operations, tying executive bonuses to sustainability KPIs to drive accountability. In contrast, Migros centralizes oversight under a dedicated department, monitors progress and involves cooperative member-owners in key decisions.

The thesis concludes that no single approach is superior. Finnish and Swiss retail Groups demonstrate that effective sustainability reporting requires contextual adaptation, whether through Migros' mission-driven, long-term sustainability goals or Kesko's financially integrated, progressive targets. To improve sustainability reporting, companies must navigate technical complexity, data gaps, and stakeholder expectations by transforming challenges into opportunities for transparency and strategic refinement.

Keywords Sustainability, reporting, CSRD, GRI

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Glossary

CSRD – Corporate Sustainability Reporting Directive (EU regulation replacing NFRD)

ESG – Environmental, Social, and Governance

ESRS – European Sustainability Reporting Standards (framework under CSRD)

GRI – Global Reporting Initiative (voluntary international sustainability reporting framework)

NFRD – Non-Financial Reporting Directive (predecessor to CSRD)

SDGs – Sustainable Development Goals (UN's 2030 Agenda for Sustainable Development)

Kesko – Finnish retail corporation (K Group)

Migros – Swiss retail cooperative (Migros-Genossenschafts-Bund)

FMC – Federation of Migros Cooperatives (central governing body of Migros)

COSO ERM – Committee of Sponsoring Organizations of the Treadway Commission's Enterprise Risk Management framework

OECD – Organization for Economic Co-operation and Development (international standards)

BSCI – Business Social Compliance Initiative (amfori's supply chain monitoring program)

GFSI – Global Food Safety Initiative (food safety standards)

LRQA – Lloyd's Register Quality Assurance (external sustainability auditing firm)

Double Materiality – Assessing both financial risks and sustainability impacts (core to CSRD)

Scope 1, 2, 3 Emissions – Greenhouse gas emission categories (direct, indirect, value chain)

PSP/KPSP – Kesko's Performance Share Plan/Key Personnel Share Plan (incentive programs)

SMEs – Small and Medium-sized Enterprises

WWF – World Wildlife Fund

RSPO – Roundtable on Sustainable Palm Oil

BCI – Better Cotton Initiative

1 Introduction

Good corporate governance is essentially important these days, where corporate social responsibility and sustainable business practices are increasingly prioritized. Corporate governance is the foundation for transparency, accountability, and building trust among a company's stakeholders, such as customers, employees, and investors. As societal expectations evolve, stakeholders now demand that companies not only achieve financial performance but also disclose their commitment to ethical practices, environmental sustainability, and social responsibility. These responsible practices are important for fostering the long-term success of an organization and stakeholder trust (Pareek, 2021).

The expanding use of sustainability reporting and the use of ESG frameworks reflect this shift in expectations. Stakeholders, ranging from investors to regulators, demand transparency and accountability in how companies manage their operations and their impact on society and the environment. Respectively, organizations report their sustainability issues and its management to showcase their adherence to sustainable and ethical commitments. Beyond mere regulatory compliance, ESG frameworks significantly influence corporate leadership. By promoting responsible and accountable governance, the ESG framework ensures leaders are prepared to integrate ESG factors into their decision-making processes (Pavelescu et al., 2023).

This thesis explores the intersection of corporate sustainability practices, sustainability reporting, and sustainability frameworks, examining how these elements collectively contribute to building trust, enhancing accountability, and promoting responsible business practices. ESG reporting practices and standards vary by region and industry. This research focuses on sustainability reporting and practices in the European Union (EU) and Switzerland, comparing the implementation practices of two major retail companies: the Finnish Kesko and the Swiss Migros. While Kesko was transitioning to the new EU Corporate Sustainability Reporting Directive (CSRD) framework in 2024 (Kesko, 2025), Migros in Switzerland continues to adhere to the globally recognized Global Reporting Initiative (GRI) standards, supplemented by the requirements of the OECD Due Diligence Guidance (Migros, 2023).

GRI and CSRD are both important initiatives in corporate sustainability reporting, but they have different scopes and requirements. GRI is an international voluntary framework that provides comprehensive guidelines for sustainability reporting (GRI, 2020). In contrast,

CSRD (ESRS standards) is a mandatory directive from the European Union that sets stricter and more standardized requirements for listed and large companies. The first CSRD-aligned reports were published at the end of February 2025 (European Commission, 2024).

The novelty of the CSRD and the absence of prior studies on its practical implementation present a good opportunity to contribute to the growing body of knowledge on sustainability reporting. This study addresses the following questions: What are the similarities and differences in sustainability reporting between Kesko in Finland and Migros in Switzerland, and what best practices can be identified to enhance their reporting practices?

The study does not aim to evaluate the detailed sustainability performance of these companies but instead examines and compares how they implement and align with their respective reporting frameworks. The thesis explores regional differences and similarities in sustainability reporting practices by narrowing the scope to these two cases—Kesko, which operates under the EU's mandatory CSRD, and Migros, which follows the GRI framework in Switzerland. Additionally, the study strives to highlight challenges and opportunities for improving sustainability reporting practices.

For this purpose, the study focuses on the “General Disclosure” standards (GRI 2 and ESRS 2), which are the foundational components of their respective frameworks. These standards address governance, strategy, and impact management, enabling a structured comparison of how each company operates under its core reporting principles.

The companies Kesko from Finland and Migros from Switzerland were selected as case studies for several reasons. First, both groups are large enough to fall under sustainability legislation. Kesko is subject to the CSRD (Corporate Sustainability Reporting Directive), while Migros is subject to the Swiss Due Diligence and Transparency Ordinance. These regulations require companies to respect human rights, conduct environmental due diligence throughout their supply chains, and report on responsible practices (Merlo, n.d.). The selection of these companies from different locations allows for an investigation of sustainability practices in various regulatory environments, which can reveal differences and similarities in understanding and improving sustainability reporting practices.

The Groups operate in the retail sector, ensuring comparability for analysis. Kesko is a Finnish retail and publicly listed corporation founded in 1940 (Inderes, 2025). The company has been ranked among the world's 100 most sustainable companies in the “consumer staples” sector globally by Corporate Knights (McCarthy & McCarthy, 2025). The ranking is

published annually in Davos, Switzerland, during the World Economic Forum. As the largest retail operator in Northern Europe, its business revolves around grocery trade, building and technical supplies, and car trade. The company operates approximately 1,700 stores across Scandinavia and the Baltic. Kesko Group employs around 45,000 people. Together with its K-retailers, Kesko forms a unified network known as the K Group (Kesko b, 2025).

Migros (officially Migros-Genossenschafts-Bund) is Switzerland's largest retail corporation, founded in 1925. The organization operates under a cooperative model, with over two million member-customers collectively owning the company. Migros's core operations are in retail, dominating Switzerland's grocery market through a network of 680 supermarkets and hypermarkets. It also runs specialized stores, such as those selling electronics and sporting goods. Beyond retail, the corporation diversifies into non-retail sectors, such as travel and leisure, banking, and health and fitness. Migros is the employer of over 98,000 people (Migros, 2024). Since January 2024, its supermarket operations have been restructured under Migros Supermarket Ltd, a centrally managed subsidiary of the Federation of Migros Cooperatives (FMC) and the ten regional cooperatives (Migros, 2025).

2 Theoretical background

The thesis's theoretical framework examines sustainability reporting, with a focus on the key frameworks and regulatory developments that shape corporate Environmental, Social, and Governance (ESG) disclosures in the European Union and Switzerland.

2.1 Sustainability reporting

Companies in the European Union and Switzerland use two primary reporting tools, such as the GRI (Global Reporting Initiative) framework and ESRS standards (European Sustainability Reporting Standards), to measure and report the impacts of their operations on the environment, social responsibility, and governance practices. Together, these three areas form the ESG concept and are an integral part of the company's strategy. The environmental part focuses on how a company and its suppliers affect the environment and the risks they face from climate change. The social part reflects how a company affects people- its employees, customers, and communities- and the potential risks arising from these interactions. The governance aspect evaluates how a company makes decisions, its organizational structure, and who is responsible for creating positive social impacts and mitigating risks (Pérez et al., 2022).

CSRD and GRI standards highlight the importance of engaging stakeholders to identify key social and environmental topics that should be reported. These reporting tools enable organizations to communicate their performance on sustainability themes, building trust and reducing the information gap between stakeholders and the company (Bonetti et al., 2023).

According to stakeholder theory, a company's success, reputation, and sustainability depend on how effectively it creates value for all its stakeholders. Companies should address the needs and expectations of all their stakeholders, not just those on the board or with direct power over the company. Although existing research shows conflicting results regarding the relationship between social orientation and firm performance, there is evidence that good stakeholder relationships promote long-term success and even help underperforming firms improve their performance faster. (Parmar et al., 2010).

2.2 ESRS Standards (CSRD)

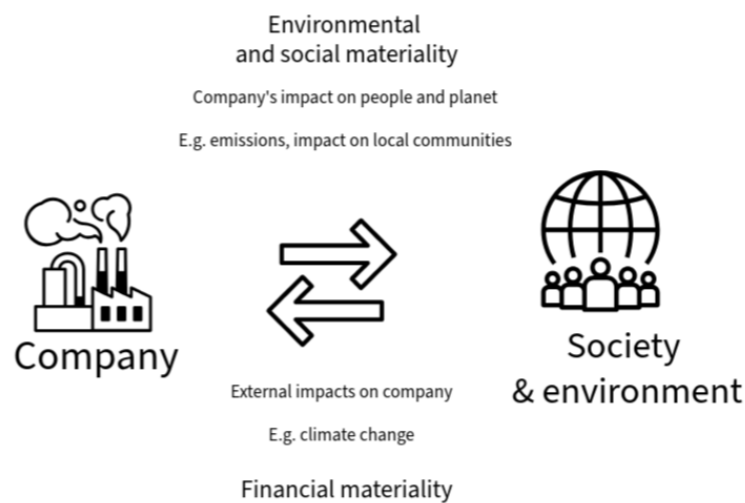
The Corporate Sustainability Reporting Directive (CSRD) incorporates the European Sustainability Reporting Standards (ESRS) as its framework (Appendix 15.2). The ESRS are structured into three categories: cross-cutting standards, topical standards, and sector-specific standards. Cross-cutting standards, such as ESRS 1 (General Requirements) and ESRS 2 (General Disclosures), apply to all companies and set the overall framework for sustainability reporting, including fundamental concepts, drafting conventions, and mandatory disclosure topics. ESRS 2 requires reporting on governance roles in sustainability matters, such as board responsibilities, incentive schemes, due diligence processes, and strategy-related disclosures covering business models and value chains (Eur-Lex, 2023).

Topical standards cover specific environmental, social, and governance (ESG) issues, organized into topics and subtopics, and may include additional disclosure requirements alongside ESRS 2. Sector-specific standards address material impacts, risks, and opportunities unique to industries, ensuring comparability. Companies must provide entity-specific disclosures to maintain transparency if an existing ESRS does not sufficiently cover a material issue. Companies rely on a materiality assessment to determine what must be reported, guided by the principle of double materiality, a core concept in ESRS standards.

Double materiality in the ESRS framework means companies must assess sustainability issues from two key perspectives, as seen in Figure 1: impact materiality (how the company affects society and the environment) and financial materiality (how external sustainability

issues create risks or opportunities for business). A Company's materiality assessment is the foundation of sustainability reporting, helping companies identify which impacts, risks, and opportunities are significant enough to disclose. ESRS 2 standard outlines disclosure requirements for this process, including how companies should identify and evaluate material issues (PwC, n.d.).

Figure 1. Double materiality (own illustration, 2025)



2.3 GRI Standards

The Global Reporting Initiative (GRI) Standards are a modular system of interconnected standards and the most extensively adopted global sustainability reporting framework. Governed by the Global Sustainability Standards Board (GSSB), they provide organizations with a structured approach to disclosing their economic, environmental, and social impacts (PwC, 2024). The GRI Standards consist of three core series: the Universal Standards, the Sector Standards, and Topic Standards.

According to the official reporting framework document (by GSSB), the GRI index begins with the general standards that apply to all organizations, regardless of size or sector (Appendix 15.1). GRI 2 "General disclosures" covers 30 disclosure items related to the organization's details, governance, policies, stakeholder engagement, and compliance. The framework includes topics about reporting scope, workforce data, governance structure, sustainability strategy, and legal and ethical adherence. The GRI 3 standards, "Material

topics," guide companies to focus on their operational environment. Companies use these standards to assess and identify potential impacts, determine their significance by listing them, plan effective impact management, and ultimately report on their findings (Jaspreet & Balbinder, 2024).

The GRI sector standards ensure higher reporting quality and consistency for specific industries. These standards help companies report on their sector's most relevant sustainability topics with tailored guidance. The GRI topic standards provide detailed reporting guidelines for specific sustainability issues, such as emissions, waste, or customer health. Companies select the most relevant material standards and report on those in the topic standards section more thoroughly (GRI, 2020).

2.4 Overview of regulatory frameworks in the EU and Switzerland

The Corporate Sustainability Reporting Directive (CSRD), created by the European Union, is meant to improve sustainability reporting. The European Union introduced the CSRD in January 2023 and replaced the older Non-Financial Reporting Directive (NFRD). CSRD requires large EU companies (from 2025) with over 250 employees and 25 million EUR total assets or more than 50 million EUR turnover to disclose detailed sustainability information. Until February 2025, this directive also covered listed SMEs (Small and medium-sized enterprises) from the year 2026, as well as substantial non-EU companies with significant EU revenue of over €150 million (PwC, 2024). However, on February 26, 2025, the European Commission announced a package of proposals to simplify EU regulations, particularly for small and medium-sized companies (SMEs). The main changes to the CSRD involve significantly reducing the number of companies subject to reporting requirements, thereby focusing the regulatory framework on the largest entities (with more than 1000 employees and revenue over 50 million net turnover or a balance sheet above 25 million EUR) with the most significant impact on the climate, environment, and people. This strategic shift aims to prevent large companies from unnecessarily burdening smaller companies within their value chains (European Commission, 2025).

Starting January 1, 2024, large Swiss companies, including public companies, banks, and insurers that meet specific size thresholds, must implement comprehensive sustainability reporting and due diligence measures. These obligations stem from the Climate Disclosures Ordinance and the indirect counterproposal to the Responsible Business Initiative. Companies falling under these regulations - those with 500 or more employees and either

CHF 20 million in total assets or CHF 40 million in annual turnover - are required to publicly disclose detailed information about their climate-related risks and impacts, as well as broader non-financial matters covering environmental, social, and governance aspects. The reporting must apply the double materiality principle, addressing how sustainability issues affect the business and how the company's operations impact society and the environment. Beyond reporting requirements, affected companies must implement enhanced due diligence procedures for their supply chains, focusing on conflict minerals and child labor risks. This means creating clear supply chain policies, implementing strong risk management systems, conducting checks on high-risk materials, and arranging independent audits for conflict minerals. While these Swiss regulations set a baseline, many companies - particularly those with European operations - must consider aligning with more stringent EU standards like the Corporate Sustainability Reporting Directive to maintain competitiveness and meet evolving stakeholder expectations (PwC, n.d.).

At the same time, Switzerland is shifting to closer regulatory harmony with the EU. It is working to expand its reporting requirements to align with the EU's CSRD, with the reform expected to take effect on January 1, 2026. Given the ongoing changes in the European Union's sustainability reporting landscape, such as the 'Omnibus' package, which reduces reporting requirements from companies, there may also be significant implications for Switzerland's sustainability regulatory framework. As Switzerland aligns its regulations with the EU's Corporate Sustainability Reporting Directive (CSRD), any amendments or easing of standards in the EU could influence the scope or stringency of Swiss reporting rules (Vogel et al., 2025).

3 Methodology

The methodology section explains the research approach used to analyze and compare the sustainability reporting practices of Kesko (Finland) and Migros (Switzerland). The study applies a qualitative comparative analysis of sustainability reports from leading retail companies. This comparison aims to examine the differences and similarities in their sustainability reporting practices and identify the best sustainability practices. Beyond document analysis, semi-structured, open-ended interview questions were designed for companies' sustainability team members to explore the human side of sustainability and the lived experiences behind corporate sustainability efforts.

3.1 Sustainability reports

The study focuses on the most recent sustainability reports from Kesko and Migros to ensure relevance and comparability. The two companies were selected for this study because both are large retail corporations subject to mandatory sustainability reporting under the EU's Corporate Sustainability Reporting Directive (CSRD) and Swiss regulations, which align with the GRI standards, respectively. Their compliance with these frameworks ensures that disclosures are legally grounded and comparable. Companies' size and regulatory adherence make them suitable for cross-border comparison of sustainability reporting practices in the retail sector.

Kesko's 2024 sustainability report, published on 28 February 2025, complies with the CSRD and provides insights into the transition from voluntary to mandatory EU-aligned sustainability reporting. Migros' reports for 2023 and the latest version for 2024 (published on 25 March 2025) follow the Global Reporting Initiative (GRI) standards, reflecting a globally recognized framework.

To compare the two companies, the study examines their alignment with shared reporting framework elements, particularly "General Disclosures", which reveal an organization's profile, sustainability policy implementation, and key environmental, social, and governance (ESG) metrics.

3.2 Interviews

To complement the analysis of sustainability reports, semi-structured interviews were conducted with member of the sustainability team from Kesko. Since Migros was unavailable for an interview, their data relies on corporate disclosures from 2023 and 2024. The goal was to gain first-hand insights into reporting practices, challenges, and strategic priorities for enriching the document-based findings with human perspectives and practical experiences.

The initial aim was to interview sustainability specialists or managers from both companies, as they possess the most profound knowledge of sustainability reporting frameworks, implementation, and internal policies. While Kesko's development manager participated in a virtual interview via Microsoft Teams, accessing the Migros team proved challenging.

Multiple contact attempts were made through different channels to obtain insights from Migros. Initially, an email request was sent to the Migros Reporting Academy, and three individuals associated with it were approached; however, no response was received.

Subsequently, a Migros employee was contacted via LinkedIn to reach a relevant sustainability expert internally. Unfortunately, the employee responded that neither he nor his manager could assist due to Migros' strict internal information-sharing policies.

Next, the sustainability department was approached through Migros Infoline (M-Infoline). A customer advisor replied via email, requesting the submission of a formal application from Migros for theses and papers. This application required:

- Detailed personal information about the student,
- A description of the thesis topic,
- A summary introducing the thesis

In addition, the interview questions had to be attached to the email. After submitting all required materials, Migros Infoline responded that they had discussed the request with the relevant department but could not participate in the study due to a lack of personnel. As a final attempt, the Head of Human Rights Due Diligence at Migros Group was contacted via LinkedIn, but no response was received. As a result, Migros' data in this study is based solely on their recent sustainability reports. Despite this limitation, Migros' publicly available disclosures remain sufficiently comprehensive to address the research question. Kesko's findings benefit from both report analysis and interview insights.

The interviews followed a semi-structured format, covering:

- Interviewee's role and day-to-day responsibilities in sustainability.
- Implementation of initiatives: benefits, challenges, and employee engagement.
- Internal and external assurance processes: advantages and limitations.

- Future directions: reporting trends, stakeholder collaboration, and strategic goals.

Appendices 15.3 and 15.4 contain the complete list of interview questions. The English transcript of the Kesko interview is provided in Appendix 15.5, and the Finnish original version is in Appendix 15.6.

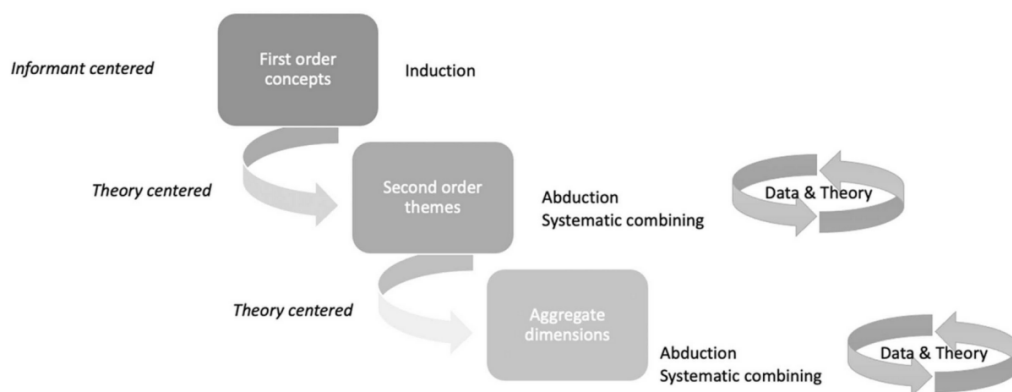
3.3 Qualitative data analysis

This section outlines the process of analyzing qualitative data applied to sustainability reports and a semi-structured interview. The interview and sustainability reports were coded based on the Gioia method.

The Gioia method is a rigorous approach designed to develop new concepts while meeting standards of academic rigor. As seen in Figure 2, this approach involves a systematic three-stage process: creating first-order (informant-based) codes of the verbal content of the interview or data from reports. The second order (theory-driven) group then codes the data into theoretical themes, merging them with the existing theory in the thesis. The third order presents findings via a structured narrative supported by direct quotes. This approach combines methodological discipline with theoretical creativity (Magnani & Gioia, 2023).

The Gioia method facilitates the discovery of deeper insights and is an ideal approach for exploring complex themes, such as sustainability topics. Each sustainability theme has been deeply considered and analyzed. The key points are summarized into concise headings (codes) to facilitate understanding of the entire text's structure.

Figure 2. The Inferential Process in developing a Data Structure (Magnani & Gioia, 2023)



4 General reporting principles

The following topic compares the core reporting frameworks used by Kesko and Migros, explaining how entities are included in sustainability practices and which organizations are covered. The topic also covers changes in disclosures caused either by transitions to new sustainability laws (as in Europe) or by continuous improvements in statistical accuracy and data integration. Additionally, it examines the companies' approaches to sustainability reporting assurance.

4.1 Kesko's general reporting principles

Kesko openly communicates about its operations and environmental and societal impacts by publishing an annual sustainability report. The report covers data at the group level. The scope of sustainability reporting includes all Kesko's subsidiaries in the consolidated financial statements, essentially all companies that Kesko directly owns and controls. Companies with only partial ownership, such as associates and joint ventures, are excluded from direct sustainability reporting. However, they are considered indirectly in Kesko's sustainability reporting by examining how these companies affect their broader value chain.

Kesko prepared its 2024 sustainability report for the first time in accordance with the EU's new Corporate Sustainability Reporting Directive (CSRD). As this is the first report under the new rules, Kesko is utilizing a transitional period during which it does not need to present comparative figures from previous years, allowing it to focus on reporting the current year's data.

In its first CSRD sustainability disclosure, Kesko did not include a separate, detailed description of its sustainability risk management and internal control processes. The company has indicated that further development of these disclosures is planned for 2025, aligning with its ongoing commitment to transparent sustainability reporting (Kesko, 2025).

Deloitte, a multinational professional services network and the world's most extensive assurance and consulting firm, has handled Kesko's audit through its Finnish subsidiary (Interviewee Kesko, 2025). Now, Deloitte's sustainability audit department has also assured Kesko's sustainability report, confirming that it is reliable and mainly correctly prepared (Kesko, 2025). However, Deloitte did not act as a third-party external consultant assisting Kesko in preparing the sustainability report. Instead, Deloitte only entered the picture around

the turn of the year, during the final stages, providing feedback and comments on the nearly completed report, suggesting further refinements before its publication (Interviewee Kesko, 2025).

4.2 Migros' general reporting principles

Migros group openly presents its sustainability information on its website, with the data integrated into its content. Sustainability reporting is conducted annually according to the Global Reporting Initiative (GRI) standards, concurrently with the annual report. Migros shares the content of its sustainability report thematically across its webpage.

The company uses GRI Index as a table of contents, guiding users directly to the web pages where they can find GRI-standard-compliant information.

Migros Group is committed to comprehensive sustainability reporting, aiming to cover the entire group. The sustainability report focuses on the group's core business, namely retail field. The sustainability report covers all those business units that are also included in the financial reporting. Migros acknowledges that not all parts of the group are included in the reporting. However, the goal is to gradually expand the reporting to encompass the entire group.

In the first quarter of 2024, Migros announced its intention to better align its financial and sustainability reporting. To this end, Migros is currently analyzing which business units belong to each report and what differences exist between them. The group's size and complexity make data integration a time-consuming process. This is the reason why Migros has not yet reported on the progress of this process in the latest report published in 2025.

According to the report published in 2024, Migros has stated that its reporting has changed compared to the previous year. It has reviewed its materiality analysis to determine the most significant sustainability themes. Migros has altered the content of GRI topic standards, as it has prioritized different sustainability topics than before. In addition, the company may adjust previous years' sustainability figures, for example, due to corporate takeovers or improved calculation methods, to ensure comparability of the statistics.

Migros' sustainability report is created by the company's employees, who specialize in sustainability issues. The Federation of Migros Cooperatives (FMC) has strategic

responsibility for sustainability management. Neither 2023 nor 2024 sustainability reports have not been reviewed by any external, independent party (Migros, 2025).

4.3 Comparison of general reporting principles

Both retail groups—Kesko and Migros—are committed to transparent and comprehensive annual sustainability reporting. However, their approaches to sustainability reporting differ, reflecting their organizational structures and regulatory environments.

Kesko's mandatory CSRD-compliant reporting and Migros' voluntary GRI-standard approach show challenges and compromises in sustainability reporting from both perspectives. In the EU, standardization is established through regulations, which limits organizational flexibility. On the other hand, the supervised sustainability reporting requirements of CSRD improve comparability and accountability. Their impact will become increasingly visible in time. The EU's reporting framework can be initially challenging during the transition period, for example, in incorporating comparative figures from previous years into the new report. Nonetheless, mandatory frameworks like CSRD improve transparency through standardized metrics and external verification, even if they cause short-term challenges.

Migros' GRI-standard reporting enables greater customization and integration with digital platforms, such as its website, where information is scattered across various hyperlinks that lead to subsequent pages. However, the decentralized presentation of data raises doubts about data consistency and reliability, as well as the lack of external verification. When examining a flexible framework, there is encouragement for broader participation in sustainability reporting. Nonetheless, this risks complexity in comparability and inconsistent data quality. The absence of an independent assessment may impact stakeholder engagement.

There is still no clarity on whether mandatory regulations, such as the CSRD, ultimately lead to better reporting than voluntary frameworks, like GRI, especially as EU companies continue to adapt to new requirements (Appendix 15.7).

5 Essential sustainability topics and goals

This section explores the sustainability efforts of case companies by focusing on sustainability topics identified through the double materiality assessment. It examines the

specific sustainability issues these companies prioritize, their impacts on both internal and external environments, and the strategies used to manage them. The section provides insights into each company's sustainability goals and the measures taken to achieve them.

5.1 Kesko's essential sustainability topics and goals

In accordance with the European Corporate Sustainability Reporting Directive (CSRD), companies are required to conduct a double materiality assessment. This assessment identifies how environmental and social factors impact the company's financial position and evaluates how the company's operations affect the environment and society (PwC, n.d.). Kesko has completed this process and, as a result, has reported the material impacts of its business operations across six ESRS standards (See Figure 3). These standards relate to environmental responsibility, such as climate change (E1) and resource use and circular economy (E5); social responsibility, such as its workforce (S1), workers in the value chain (S2), and consumers and end-users (S4), as well as governance standards, such as business conduct (G1). Each standard is accompanied by a clear explanation of the material topics it covers. The identified impacts are either actual or potential, and their timeframe has been assessed as short-term. In its report, Kesko has also highlighted the standards that have not been evaluated as having material impacts, risks, or opportunities for its operations. These standards include pollution (E2), water and marine resources (E3), biodiversity and ecosystems (E4), and affected communities (S3). The sustainability report provides detailed information on how each target has been set, what actions have been taken to achieve it, and how progress has been measured (Kesko, 2025).

Figure 3. Material sustainability topics (Kesko, 2025)



Kesko has updated its climate targets to reduce emissions by half from the baseline level (2024) by 2034. The company classifies greenhouse gas emissions according to different operational areas: emissions generated from Kesko's own operations (direct emissions, Scope 1) or purchased energy (indirect emissions, Scope 2). These include, for example, fuel consumption from company cars and logistics or energy purchased by the company, such as district heating. An interim target has been derived from the 2034 goal, aiming to reduce these emissions by approximately 30% by 2030. The company's targets also cover value chain emissions (Scope 3), which originate outside the group's operations but are related to its products and services. Kesko aims for 67% of its goods and service suppliers to set science-based emission reduction targets by the end of 2026. The targets are calculated based on procurement volumes. Additionally, the Finnish group has set a goal to improve energy efficiency by 10% between 2024 and 2030. To achieve this target, energy-efficiency measures worth 95 GWh will be implemented (Kesko, 2025). This is a significant amount: enough to power thousands of Finnish homes yearly (Tilastokeskus, 2024).

Kesko ensures that its value chain employees' working conditions and human rights are respected, which is particularly important in countries with the highest risks of human rights violations. To achieve this, the company uses international social responsibility assessment systems to evaluate the practices of its suppliers. Kesko collaborates only with suppliers that participate in social responsibility audits. Additionally, it is committed to international human rights principles, including the UN Universal Declaration of Human Rights, the UN Convention on the Rights of the Child, and the ILO core labor standards. Kesko requires similar commitment from its partners (Kesko, 2025).

Kesko has established requirements for working conditions and compiled a Code of Conduct (K Code of Conduct). The guidelines include, for example, responsible recruitment, reasonable working hours, fair wages, freedom of association, and occupational health and safety. Kesko is also a member of amfori, an international trade organization initiative. The amfori Business Social Compliance Initiative (BSCI) promotes responsible business practices by improving working conditions and respecting human rights in supply chains. By committing to the amfori's principles, businesses agree to uphold ethical practices across their operations (amfori, n.d.). Additionally, through its sustainable development policies, Kesko guides the procurement of critical raw materials, such as cocoa and cotton. The company's goal is to ensure that these raw materials are produced by following internationally recognized certification systems, guaranteeing their responsible origin and production (Kesko, 2025).

The sustainability strategy of Kesko also emphasizes the importance of the safety and quality of the products it offers to end-users and consumers. The company has established the K-brand to provide quality and use it as a competitive advantage. Kesko focuses on designing products that have precise labeling, including clear indications of allergens, which helps customers decide the product's suitability. Additionally, clear usage instructions, such as those for chemicals and electrical appliances, and product safety are prioritized. Furthermore, protecting consumer privacy in K-group retail stores and online shops is critical to maintain trust.

The company provides various contact channels to facilitate customer communication. All company business areas have websites where customers can provide feedback, report issues, or make product complaints. The communication channel is the K-Village customer community. Through this community, Kesko collects customers' feedback and enhances customer understanding through surveys, interviews, and user testing (Kesko, 2025).

Kesko's goal is to promote consumers' well-being and facilitate healthier food choices. The organization is reformulating the nutritional content of its private-label products in grocery stores by decreasing the amounts of salt, sugar, and saturated fat in its basic products. The company has clearly outlined concrete related objectives in its sustainability report: by the end of 2025, through reformulating the nutritional content of products, it aims to reduce 50,000 kg of added salt, 200,000 kg of added sugar, and 50,000 kg of saturated fat compared to the baseline levels of 2021 (Kesko, 2025).

According to the CSRD's G1 Business Operations standard, Kesko has set a goal to develop its corporate culture by strengthening employees' commitment to the K Code of Conduct. Employees annually confirm their commitment to the guidelines by participating in discussions with their supervisors. These discussions explore how employees apply the guidelines in practice and ensure they understand and can use the principles in their work. In 2024, 85% of the workforce provided their annual confirmation, to reach 100% by 2030. Kesko reinforces ethics and compliance by training its personnel. In 2024, 88% of employees completed training on the updated K Code of Conduct guidelines and participated in other mandatory training programs, such as competition law and data protection training (Kesko, 2025).

The goal of compliance activities is also to combat corruption and bribery. To this end, Kesko uses a compliance program that includes regular risk assessments across the entire group. Kesko has identified risk areas such as real estate operations, procurement, and interactions

with public officials, where the risks of corruption and bribery are higher. Employees working in these areas must complete an e-learning course that addresses corruption prevention and bribery. In 2024, 94% of office employees completed the training. This percentage corresponds to the employees' participation rate in risk areas. Kesko training programs and guidelines improve its personnel's unified understanding of anti-corruption and anti-bribery principles (Kesko, 2025).

5.2 Migros' essential sustainability topics and goals

Migros reports its material topics in accordance with the GRI 3 "Material Topics" standard, which covers the process of identifying material topics, a list of material topics, and their management. The materiality analysis defines Migros's key focus areas for its sustainability reporting. In line with European Union legislation, the company has adopted the double materiality method in compliance with the CSRD (Migros, 2025).

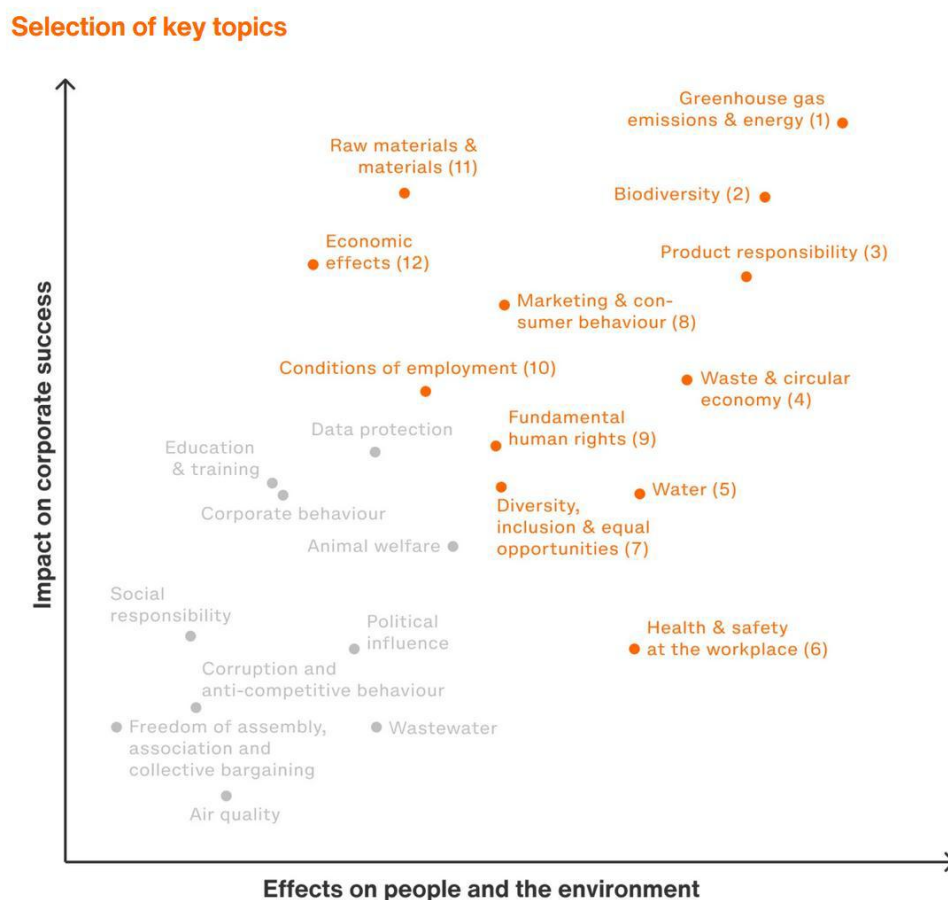
Migros Group comprises numerous companies operating in different business areas. These companies impact the environment and society in various ways, as the effects vary depending on the industry. The group has mapped its most prominent companies into seven business segments. These segments are, for example, retail, food production, and financial services. A separate materiality analysis has been conducted for each business segment. Each company's data has been integrated into the group's comprehensive materiality analysis. The process of materiality analysis was supported by an external party, sustainability experts from Lloyd's Register Assurance Ltd (LRQA).

Migros has systematically reported its most material topics using the double materiality method, conducting an impact, risk, and opportunity analysis, and eventually presenting the results in a matrix format, as seen in Figure 4. The x-axis of the matrix shows how Migros' operations impact the environment and society, while the y-axis shows how sustainability topics affect Migros' business operations. This combination highlights the prioritized sustainability topics that significantly impact and involve substantial risks and opportunities (Migros, 2024).

Migros Group has reported twelve key sustainability topics. The first three most material are greenhouse gas emissions & energy, biodiversity, and product responsibility. Migros identifies these topics with the help of external sustainability experts, who set a threshold value for sustainability themes for each business segment in the Migros Group. This

threshold is represented as a rectangle in the matrix, separating topics that exceed the set limit. Only the themes above the line are considered significantly important, and these are the ones Migros focuses on the most. In line with GRI guidelines, the impacts—how the company affects the outside world—have been given more weight than risks and opportunities. Migros's internal project team ultimately reviewed this method proposed by the external party to ensure reliable composition (Migros, 2024). According to the 2024 year's report, Migros' key material topics have stayed consistent, with no changes to the relevant GRI standards (Migros, 2025).

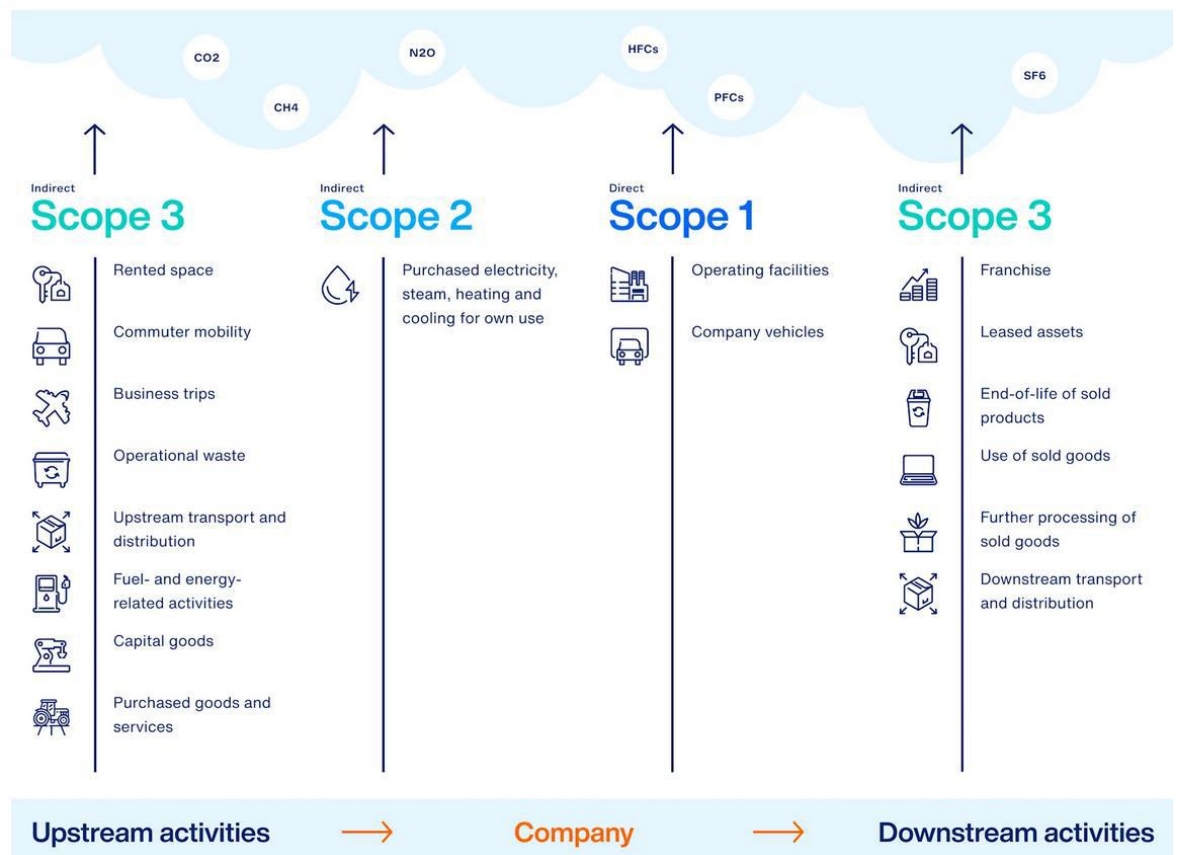
Figure 4. Materiality matrix Migros Group (Migros, 2025)



Migros, a large and diversified company, generates greenhouse gas emissions throughout its value chain, which relates to a significant impact on climate change. To understand the extent and effects of its emissions, Migros uses the Greenhouse Gas Protocol method, as illustrated in Figure 5, which categorizes emissions similarly to Kesko into three scopes. Scope 1 and 2, i.e., direct emissions from its operations, primarily arise from the company's high energy consumption in production, lighting, heating, cooling, and ventilation. Migros

aims to reduce these emissions by improving energy efficiency and transitioning to renewable energy sources. Scope 3, i.e., indirect emissions, constitute the majority of the group's total emissions. These emissions occur outside its operations in other stages of Migros' value chain. "Upstream" activities describe emissions generated before products arrive at Migros, and "downstream" activities describe emissions generated after products leave Migros (Migros, 2024).

Figure 5. Where Migros cause the most emissions (Migros, 2025)



The company's report clearly outlines the operational areas that generate the most greenhouse gas emissions. Migros is committed to addressing climate change by setting clear goals and actions. The Swiss company is dedicated to the Paris Climate Agreement, which aims to limit global temperature to 1.5 degrees Celsius above pre-industrial levels (UNFCCC, 2015). Migros strives to reduce its emissions in line with scientifically based targets. According to Migros' 2024 report, the long-term climate goal is net-zero greenhouse gas emissions by 2050 by reducing 90% of all its emissions, 72% of agricultural emissions by "carbon capture" method. Carbon capture and storage (CCS) means that carbon dioxide (CO₂) is extracted from industrial emissions. The remaining atmospheric emissions are stored permanently in stone or injected deep underground (British Geological Survey, 2023).

The net-zero target is set for 2030, with all Migros companies participating. The baseline year for comparison is 2019, as the COVID-19 pandemic caused significant changes in consumption habits in 2020 (Migros, 2025).

Migros has also implemented practices to reduce greenhouse gas emissions within its group operations (scopes 1 and 2). By 2040, the company aims to transition to fully renewable heating and 100% natural refrigerants in cooling systems. Additionally, Migros sets standards for energy efficiency in retail and aims to transition to more environmentally friendly energy sources, such as hydrogen, electricity, or biofuels. By 2030, the goal is to reduce greenhouse gas emissions by 70% in its operations and by 80% in the retail sector compared to 2019. Energy consumption in retail spaces and logistics will be reduced by 10% from 2019 to 2030 (Migros, 2025).

Migros' activities significantly impact biodiversity, both in its supply chain and in the way its products are used. On the supply side, the company depends on raw materials such as coffee, cocoa, and palm oil, which are often sourced from regions rich in biodiversity. If not managed responsibly, this reliance can lead to deforestation and damage to ecosystems. On the consumer side, the use of products, food waste, and emissions further threaten biodiversity and contribute to climate change. To tackle these challenges, Migros sources certified raw materials. The company is working on reducing its impact on biodiversity by protecting natural habitats and promoting biodiversity. By the end of 2025, Migros plans to improve sales of products that support biodiversity across its supermarkets, hypermarkets, and specialty stores. Additionally, the company is working to ensure that its products and the sourcing of raw materials do not negatively affect untouched ecosystems (Migros, 2025).

The third key sustainability topic is product and responsibility. Migros classifies this topic under "Customer health and safety" according to social topic standards. Migros Group is responsible for its product safety and customers' health. Migros products undergo rigorous testing and risk assessment through the whole value chain before they reach the market. This process is conducted by Swiss Quality Testing Services (SQTS), in the Migros' laboratory. They use Global Food Safety Initiative (GFSI) standards when they test food products. This initiative focuses on developing and improving food safety management systems to ensure food facilities produce safe and quality food (Safe Food Alliance, 2024). In addition, Migros conducts over 4000 non-food product tests and over 3000 factory inspections annually to ensure safety (Migros, 2025).

The organization has presented the topic of consumer health and safety management disclosures so far. However, Migros continues to collect comprehensive data to assess the health and safety impacts. In the 2023 report, Migros excluded specific details about these impacts because the information was incomplete or not yet ready to share. The company planned to provide initial key figures for the 2024 reporting year. However, according to the latest report, the company expects to publish initial key figures in the year 2025 reporting (Migros, 2025).

Migros' sustainability report highlights all areas where waste is generated across its entire chain. This starts with production and logistics, continues through sales, and reaches customers' homes. The company points out the importance of responsible waste prevention, separation, and disposal at every stage.

Migros focuses on environmentally friendly product packaging, preventing waste generation in the first place by designing the processes, products, and packaging in ways that minimize waste. Despite these practices, there is waste, which is inevitable. Migros focuses on recycling this waste efficiently to a high standard and returns it to the material cycle. For example, Migros saves resources and extends the product life cycle by renting products in its specialist stores. The Swiss retail company is committed to sustainability in this field through a waste reduction rate of 77, 6 % by the end of the year 2025 in their cooperatives. Migros' aim is to reduce unused waste to a maximum of 26,267 tonnes by 2025. Additionally, the company aims to train its employees in proper waste separation. Training includes employees in 1,190 stores- supermarkets, hypermarkets, and specialty markets (Migros, 2025).

5.3 Comparison of core sustainability topics

The CSRD framework has clearly influenced Kesko's approach by pushing for detailed and measurable sustainability disclosures aligned with EU regulatory expectations. The company's interim targets and comprehensive supply chain strategies reflect CSRD's emphasis on comparability, accountability, and double materiality. Kesko's strong focus on preventing corruption, human rights audits and well-being initiatives is consistent with CSRD's requirements to report not just on environmental, but also on social and governance (ESG) impacts across its value chain. This leads to a more operationally integrated sustainability strategy.

In contrast, Migros' adoption of the GRI framework has led to a different focus, reflecting GRI's strength in stakeholder inclusiveness and broad sustainability impact disclosures. Migros emphasizes biodiversity protection, product safety, and long-term environmental goals such as net-zero by 2050 and renewable energy shifts, which are all central themes in GRI's environmental standards. GRI has shaped Migros' reporting to highlight environmental stewardship and responsible consumption, even if it means relying more heavily on future technologies and systemic change.

When comparing Kesko and Migros' sustainability agendas, both companies have a serious approach to accountability. Nevertheless, their priorities, timelines, and strategies reflect the distinct nature of their business models and regional contexts.

Kesko's climate strategy is action-oriented, targeting a half-cut of its emissions by 2034 (with an interim drop of 30% by 2030). This goal emphasizes operational efficiency. Thinking about fuel-saving logistics, energy-efficient stores, and pressuring its suppliers, Kesko has taken a holistic approach to its entire supply chain. Their chosen approach demonstrates their aim to achieve concrete and measurable results. Migros, meanwhile, plays the long game, aligning with the Paris Agreements' 1.5 °C limit and aiming for net-zero by 2050. Their roadmap includes carbon capture for farming emissions (72% reduction) and a complete shift to renewable heating by 2040. Migros relies on significant systemic changes, like hydrogen-powered logistics and circular product design. This approach is ambitious but riskier, depending on future tech and policy shifts. From both responsibility reports, one could interpret that Kesko is already cutting emissions step by step, laying the groundwork for deeper long-term reductions, while Migros is planning decades ahead but must ensure critical interim targets (like 70% operational cuts by 2030) stay on track. However, sustainability requires both immediate action and long-term vision.

Kesko's sustainability reports strongly emphasize human well-being across its value chain. The company has strict human rights audits and requires suppliers to adhere to the ILO's core labor principles. The company has committed to anti-corruption training, with 94% of high-risk personnel completing ethics courses in 2024. Their Code of Conduct covers topics from fair wages to factory safety. The organization's investment in personnel training describes the effort to ensure that no one in its value chain faces exploitation.

Migros, on the other hand, focus more on protecting nature. Its key goal is halting biodiversity loss in critical supply chains, such as cocoa or coffee. The company promotes certified sustainable raw materials and aims to reduce packaging waste. A Swiss group has invested

in the testing of its products. Product safety for consumers is one of their top priorities. Thus, Kesko shows its strength in ethically sustainable and transparent supply chains, where worker welfare is a priority. Migros, meanwhile, prioritizes environmental protection.

When it comes to products, Kesko takes a proactive approach to promoting healthier diets. It integrates nutrition into its core business strategy by reformulating private-label products to reduce salt, sugar, and unhealthy fats. In addition, Kesko has partnerships with health organizations. Migros rigorously ensures product safety through stringent testing, certifications, and traceability systems. Migros leans more on risk mitigation.

Regarding governance and culture, Kesko and Migros take different approaches. Kesko prioritizes internal ethical integration and creates organic, employee-driven accountability. In contrast, Migros leans on external validation through third-party audits and verifies its ethics regarding its operations. This highlights two distinct approaches: shaping governance from within to build culture versus validating governance through external checks (Appendix 15.8).

6 Assessment of impacts, risks and opportunities

Materiality assessment is the basis of sustainability reporting. It is an important process for companies to identify and prioritize key sustainability topics that largely impact their stakeholders, business, and environment. The following section explains and analyzes how Kesko and Migros employ distinct approaches to this process, reflecting their different organizational structures.

6.1 Kesko's materiality assessment: Identifying key sustainability topics

In 2023 and 2024, Kesko evaluated sustainability-related material topics from two perspectives (external impact and impact on the company). The assessment was comprehensive and conducted in multiple stages.

In the first year, the focus was on risk identification and preliminary analysis. This phase considers all potential risks arising from Kesko's operations, such as energy consumption in stores, and external factors like product sourcing. By mapping these risks, Kesko formed an initial view of which ones were likely to be the most material.

The second phase involved deepening and aligning the sustainability analysis with the ESRS (European Sustainability Reporting Standards). Building on the findings of the first phase, Kesko analyzed the identified impacts in greater detail to better understand their nature and scope. Sustainability topics were mapped to the ESRS framework and included in its subtopics. The effects of these sustainability themes were preliminarily scored in workshops, after which the scoring was balanced to ensure comparability and avoid distortions (Kesko, 2025).

Kesko's existing COSO ERM (Enterprise Risk Management) framework already included systematic identification and assessment of sustainability risks and opportunities. For this reason, Kesko did not conduct a separate evaluation for sustainability risks. The COSO ERM framework helps organizations identify, assess, and manage risks (COSO, 2017). Kesko does not treat sustainability risks in isolation. The company integrated risks into its overall risk management process, comparing and evaluating them alongside other corporate risks. Risks were weighted based on their financial impact and probability. The report highlights, for example, that risks related to personnel, product safety, or data protection could lead to significant economic losses for Kesko. According to their report, no significant opportunities were identified. Nevertheless, the process still enables Kesko to manage potential threats and ensure business continuity responsibly. Kesko considers impacts and risks that exceed a defined scoring threshold as material. The final determination of key sustainability topics is approved by top management (Kesko, 2025).

According to the 2024 report, the sustainability topics assessment was primarily conducted in-house, with experts from various units covering the entire value chain. Additionally, Kesko gathered external stakeholder feedback, particularly from financiers, suppliers, and customers, to support the internal evaluation. The results were presented to the Board of Directors, which approved them as part of the sustainability report (Kesko, 2025).

6.2 Migros' materiality assessment: Identifying key sustainability topics

Migros has structured its largest companies into seven distinct business segments. To thoroughly understand their impacts, Migros conducted a materiality analysis for each segment, which was consolidated for the entire Migros Group.

The process of identifying their material topics started with a comprehensive review, guided by recognized standards such as the GRI, the Sustainable Development Goals (SDGs), Swiss legal requirements (CO 964), and EU legislation (CSRD). Furthermore, Migros considered stakeholder interests gathered through ongoing dialogue. To ensure industry comparability and rigor, external sustainability experts from LRQA collaborated in defining this initial list of potentially material topics.

Following the identification of their material topics, Migros continued with an assessment of the actual impact of their business operations on the environment, people, and the economy. This "inside-out" perspective means: how Migros' activities generate effects on the broader world. Migros assessed the impacts of each material topic across its entire value chain, applying GRI criteria: severity (how significant the effect is), scope (its reach), reversibility (whether impact can be mitigated), and probability (its likelihood of occurring).

Migros' impact analysis integrated internal metrics such as employee numbers, supply chain structures, and value generation methods, supplemented by external research and specialist findings. The organization assessed the impact of each business area separately. Representatives from Migros' various business units participated in a workshop organized by the company. Each business segment's risks and opportunities were assessed individually on a scale of 0 to 4. Based on the group discussion, these assessments were discussed and adjusted as needed. Finally, the individual business segment evaluations were consolidated at the Migros Group level, with the assessments of business segments with higher turnover carrying more weight in the overall result (Migros, 2025).

6.3 Comparison of materiality assessment

The EU's CSRD and GRI frameworks have standardized and deepened materiality assessments in sustainability reporting, as seen in Kesko's and Migros' cases. CSRD's double materiality requirement (assessing external impacts and financial risks) drove Kesko's two-perspective evaluation, aligning with ESRS for impact analysis. GRI's criteria (e.g., severity, scope) shaped Migros' impact assessments across its value chain, while CSRD's legal mandates ensured Migros incorporated EU and Swiss regulations. Both firms integrated stakeholder feedback. Kesko prioritized internal ERM integration (via COSO) for risk weighting, whereas Migros engaged external experts (LRQA) for industry benchmarking.

Kesko's sustainability risks are assessed alongside financial and operational risks, applying consistent financial-impact weighting. This approach enables Kesko to compare its sustainability issues with traditional business risks. For example, the company can quantify how a supply chain disruption might affect sustainability metrics and financial performance. Consequently, Kesko's method could be advantageous for business success, as it explicitly links important sustainability topics with potential financial risks.

According to the interview with Kesko, sustainability responsibilities are distributed across multiple teams, including group-level specialists, business-area experts, and hybrid roles in different countries. The structure ensures localized compliance while maintaining central oversight.

Migros differs from Kesko with its decentralized materiality assessments. Migros performed the assessment separately for its seven business units before group-level consolidation. The organization leans more on external expertise, such as LRQA, and aligns with GRI, SDGs, and regulations (Swiss CO, EU CSRD). Its impact assessment utilizes GRI criteria, including severity, scope, reversibility, and likelihood, and scores risks and opportunities on a scale of 0-4, weighted by business segment turnover. The method gives specific information for each of their business areas. Its use of different regulations aligns with global reporting standards and appeals to ethically conscious consumers. On the other hand, if Migros identifies, for example, water scarcity in agriculture as a high-risk, they know it is severe, but do not necessarily model its financial effect: in other words, investor-ready data (Appendix 15.9).

7 Sustainability strategy of Kesko and Migros

Sustainability strategies are essential in modern business. Those guide companies toward responsible growth while addressing environmental and social challenges. In this part, the thesis focuses on how Kesko and Migros exemplify two distinct approaches—Kesko includes sustainability into its core business strategy without separate reporting, while Migros develops a dedicated roadmap aligned with global frameworks. Their differing methods reveal how organizations balance integration with transparency, operational priorities, and stakeholder expectations.

7.1 Kesko's sustainability strategy

Kesko has updated its business strategy for 2024 to cover the following two years. The company aims for sustainable and profitable growth in all three of its business areas: grocery

trade, car trade, and building and technical trade. Kesko identifies the most significant sustainability impacts related to the manufacturing or use of its products. Responsibility has been taken into account when developing new products, and sustainability requirements continuously guide the development of new products and replacements.

Kesko has not prepared a separate analysis of its strategy and business model's resilience to sustainability challenges. This raises questions about how the company communicates these matters to its stakeholders.

According to the interviewee from Kesko, the standard's requirement for linking strategy and sustainability topics, as well as assessing the business model's sustainability, is a technically precise requirement that the company has not implemented separately. However, Kesko has a separate responsibility strategy that has been communicated to stakeholders, even though it does not fully correspond to the model expected by the standard (Interviewee Kesko, 2025).

The decision to forgo a separate analysis is based on the rationale that sustainability aspects have already been integrated into the strategy and business model, making a separate report unnecessary in their view. Kesko has included sustainability in its broader strategy, even though it has decided against a separate analysis in accordance with standard requirements.

7.2 Migro's sustainability strategy

Migros has integrated the UN Sustainable Development Goals (SDGs) into its corporate strategy at the group-wide level. The company's responsible mission is built on a strategic framework highlighting key focus areas, such as product range and services, climate and energy, circularity, and social cohesion. The mission statement, developed in collaboration with Migros' employees, is a strategic foundation that integrates the company's sustainability vision, mission, focus areas, and goals.

The strategic implementation of the Group's sustainability mission has two approaches: group-wide focus topics encompassing the whole organization and business area-specific focus topics, which are tailored initiatives addressing the different needs of various business areas.

In terms of requirements, Migros ensures that suppliers and the product range meet sustainability standards and implement environmental protection practices to safeguard the environment. The mission statement aligns with legal requirements. These requirements serve as a foundation to support the pursuit of sustainability goals (Migros, 2024).

The 2024 published report limited Migros Group's disclosure about its sustainability strategy, stating that the company was in the process of developing its strategy. Personnel changes in management roles have delayed this comprehensive process. Migros reported that the sustainability strategy is expected to be published in the 2024 reporting year's report.

According to the latest 2025 published report, Migros Group has finalized and launched its new sustainability strategy 2030. Unlike the earlier delays caused by management changes, the group has established a unified and group-wide strategy. The strategy aligns with the planetary boundaries framework and the UN Sustainable Development Goals (SDGs). The primary focus is on two themes: nature (net-zero emissions by 2050, protecting ecosystems, and advancing circular economy solutions) and people (offering affordable products, promoting responsible consumption, and transparency in the value chain). Migros adopted its 2030 sustainability strategy in January 2025. The company now focuses on its strategy implementation by defining concrete targets and action plans across all group companies. The organization aims to integrate its initiatives into the new strategy (Migros, 2025).

7.3 Comparison of the sustainability strategies

The CSRD and GRI frameworks have enhanced oversight of companies' sustainability strategies. However, Kesko's integrated approach, which lacks a standalone resilience analysis, conflicts with CSRD's requirement for clear disclosures and GRI's expectation for detailed materiality assessments. The lack of a standalone strategy can lead to weaker stakeholder understanding and comparability of Kesko's sustainability risks or opportunities. Migros' 2030 strategy, aligned with the SDGs and planetary boundaries, also meets CSRD's double materiality expectations and GRI's focus on measurable targets, enhancing comparability.

Kesko and Migros approach sustainability integration differently. Kesko has embedded sustainability within its broader business strategy for 2024–2026. The company is emphasizing sustainable growth across its three core business areas. Kesko asserts that sustainability considerations are inherently part of product development and strategic decision-making. For this reason, there is no need for a separate resilience analysis. However, this approach raises questions about transparency, as stakeholders may lack detailed insights into how Kesko assesses and mitigates sustainability risks. While the company defends its integrated model as sufficient, the absence of a standalone analysis, contrary to standard expectation, suggests a potential gap in formal accountability.

In contrast, Migros has taken a more structured, albeit delayed, path toward developing its sustainability strategy. Initially hindered by management changes, the company launched its comprehensive Sustainability Strategy 2030 in 2025. The strategy is aligned with the UN SDGs and planetary boundaries. Migros divides its sustainability mission into group-wide and business-specific initiatives. With this approach, the company fosters versatility across its business activities. Migros formalizes its commitments by prioritizing transparency and measurable progress.

While both companies implement their sustainability strategies across the entire group, the key difference between the two retail companies' sustainability strategies lies in methodology: Kesko favors implicit integration by treating sustainability as inseparable from its core strategy. Migros adopts an explicit, goal-driven framework. Both companies strive for sustainable growth. Kesko's embedded approach prioritizes operational cohesion over standalone reporting. Yet, Migros' structured, externally aligned model offers greater stakeholder clarity.

In addition, differences in Kesko's and Migros' sustainability methodologies may not stem solely from philosophical or reporting preferences but also from structural and financial factors. These factors may include company size, revenue, and strategic priorities. Kesko's implicit method aligns with its growth-oriented, investor-driven model, while Migros' explicit framework suits its larger scale and stakeholder demands. Neither is inherently "better". They reflect what each company can realistically commit to while balancing business and sustainability goals (Appendix 15.10).

8 Stakeholders' engagement

This section examines how Kesko and Migros approach stakeholder engagement. As a conventional corporation, Kesko implements structured sustainability programs with digital transparency for investors and suppliers. Migros cooperates, empowering member-owners through democratic decision-making and supporting local communities and global partnerships. Their distinct models - corporate-driven versus member-inclusive - demonstrate alternative paths to achieving sustainable business success through stakeholder collaboration.

8.1 Kesko's stakeholder engagement

Communication is crucial for business development and achieving sustainability goals. Kesko's stakeholders include consumers and end-users, corporate customers, retailers, investors, suppliers, the labor force, and non-governmental organizations (NGOs). Each has its perspectives and expectations, which Kesko strives to meet. Kesko tries to build trust through transparency and active engagement to address these. The company employs various communication channels to foster dialogue, such as customer meetings, digital platforms, and social media (Kesko, 2025).

The company provides consumers with services like customer support, social media engagement, and the K-Grocery community. Kesko engages stakeholders by focusing on product health, safety, and origin while advancing circular economy solutions and cutting waste. Additionally, Kesko boosts supply chain transparency and creates food innovations from surplus ingredients, addressing key sustainability expectations from stakeholders.

Kesko provides meetings, training, and trade fair participation for corporate customers. The key topics include responsible supply chains and product carbon footprint data. To support sustainable choices, the organization offers tools like carbon footprint calculators (Kesko, 2025).

Kesko engages its workforce by investing in employee well-being and growth. Staff surveys, development discussions, and the SpeakUp channel promote open dialogue. The company supports diversity, equality, and strong leadership through training and mentoring. Sustainability targets are set across all organizational levels, with role-specific goals to embed responsibility company-wide. While daily sustainability actions vary by role, leadership, and incentive programs include clear sustainability metrics, as highlighted in annual reports (Interviewee Kesko, 2025)

Kesko supports the implementation of sustainability practices in its K-stores. Stores focus on circular economy, waste reduction, and responsible product ranges. Kesko provides training, tools, and resources for local sustainability projects, including initiatives that promote youth activity.

For investors and shareholders, Kesko offers regular updates through annual general meetings, financial results, and investor meetings. The main topics they handle with investors and shareholders are reducing greenhouse gas emissions, preserving biodiversity, and

responsible supply chains. Kesko releases its transition plan and reports on its progress in cutting emissions.

Kesko collaborates with its suppliers and service providers to source responsibly. The company organizes information, and discussion events and participates in environmental awards. Additionally, it continuously stays up to date on relevant regulations. Kesko expects its partners to uphold human rights and encourages them to pursue ambitious climate goals (Kesko, 2025).

8.2 Migros' stakeholder engagement

Similarly, the operations of the Swiss group Migros are based on the belief that active collaboration with other parties helps to achieve better results than acting alone. The company exchanges ideas with various individuals and organizations at the local and international levels, which helps improve its operations. To promote positive change in agriculture, climate action, and fair supply chains, Migros partners with well-known initiatives such as the World Wildlife Fund (WWF) Switzerland, the Better Cotton Initiative (BCI), and the Roundtable on Sustainable Palm Oil (RSPO) to promote eco-friendly products and ethical sourcing. Additionally, they work with Swiss associations, recycling programs, and health organizations to support local communities and reduce environmental impact.

Migros reports its key stakeholders, classifying them based on their interest. These include customers, employees, cooperative members, suppliers, NGOs, public authorities and politicians. Additionally, the company lists media professionals and researchers as stakeholders.

Migros communicates with customers through multiple direct and digital channels to gather feedback and improve services. Communication occurs in-person interactions at stores, on online platforms like Migros' website, and social media.

Migros also values open communication within the company. The company builds engagement and motivation and keeps its staff informed. Migros shares strategic goals, challenges, and performance through internal events, digital platforms, and training programs (Migros, 2025).

Migros engages its cooperative members as equal co-owners for long-term value creation and organizational independence. Migros members shape decisions through yearly votes on

profit and finances, and elections every four years ensure democracy. Regional media and councils provide regular updates to all members. Migros has dialogues with cooperative members, for example, through national and regional delegates' meetings and Forum Elle, which is Migros' women's network. It was founded in 1957 to empower female members through advocacy and events (Forum Elle, 2023).

Migros collaborates with suppliers and business partners through meetings, training sessions, and events to continuously improve its products and services, thereby enhancing people's well-being. Migros engages in regular dialogue with various NGOs through joint projects. Externally, Migros communicates openly with the media through press releases and organized events. Additionally, the company partners with scientists and universities to enhance product development and sustainability (Migros, 2024).

8.3 Comparison of stakeholder's engagement practices

Both the CSRD and GRI frameworks have shaped the stakeholder engagement practices of case companies, transitioning them from an optional effort into a structured, regulated necessity with precise metrics and long-term objectives.

Kesko and Migros demonstrate a strong commitment to stakeholder engagement through active collaboration, as highlighted in their sustainability reports. Their approach aligns with stakeholder theory, which states that long-term success depends on creating value for all stakeholders, not just shareholders. Rather than treating engagement as a mere reporting requirement, their active stakeholder practices reflect an understanding that businesses cannot succeed alone and must work closely with stakeholders to drive meaningful impact. This mindset also ensures compliance with modern sustainability frameworks while fostering genuine partnerships.

Kesko takes a structured, business-focused approach to working with its stakeholders. The company maintains transparency by utilizing digital tools, customer groups such as K-Grocery, and providing regular investor updates. It builds sustainability into all parts of its operations by setting clear goals for everyone, from top managers to store employees.

Migros works differently because its cooperative members own it. These members get to vote on important decisions and participate in regional meetings. The company strongly supports local projects, such as recycling programs, while also partnering with major

international organizations like WWF for global sustainability efforts. Migros focuses on both community needs and worldwide environmental goals.

Both companies exemplify how stakeholder theory translates into practice. Their methods reflect their unique organizational cultures. Migros promotes democratic participation, treating customers as co-owners and fostering deep community ties. Kesko leverages corporate discipline to drive sustainability across its supply chain and retail operations.

Kesko's and Migros' contrasting approaches show how stakeholder engagement can take multiple forms, whether through cooperative ownership or strategic corporate responsibility, if it builds trust, ensures accountability, and aligns with long-term sustainability goals (Appendix 15.11)

9 Sustainability governance

The sustainability governance part examines how Kesko and Migros structure their management and control systems to integrate sustainability into their core operations. It involves board-level oversight, cross-departmental coordination, and precise accountability mechanisms to ensure strategic alignment and measurable progress.

9.1 Kesko's sustainability management and control model

Kesko's board of directors is responsible for the organization's strategy and business decisions. The board ensures that good corporate governance is practiced within the company and bears responsibility for sustainability issues. In all critical decision-making, the board is supported by committees that enhance its work. The committees prepare essential matters before the board's actual consideration. These committees are the audit committee, which focuses on the financial statements, and the sustainability reporting assurance committee, which ensures the reliability of sustainability-related information. The chairs of the committees regularly report on the matters discussed in the committees at the board meetings. The committees monitor reports that show, for example, compliance with Kesko's rules, such as the level of employee training, and handle anonymous reports of unethical conduct. A particular emphasis is on combatting corruption. The audit committee also monitors the implementation of sustainability reporting, its progress, and potential risks. The board uses external experts when necessary to resolve legal, financial, or sustainability matters (Kesko, 2025).

Kesko's board of directors consists of 5–8 members elected at the annual general meeting. The board adheres to a diversity policy, the objectives of which include the diverse backgrounds, experience, and expertise of the members and gender distribution. In 2024, 71% of the board members were men and 29% were women, and their ages ranged from 48 to 72 years. 57% of the board members are independent of Kesko's owners, and 86% are independent of major shareholders, meaning they have no close ties to the shareholders (Kesko, 2025).

The corporate responsibility management team is a key body guiding sustainability work within the Kesko group. Its tasks include implementing the strategy, harmonizing the sustainability efforts of different departments and business areas, and sharing best practices throughout the group. When a member of this team was asked about their daily tasks, the interviewee said: "It's hard to say, as the work changes a lot during the year. Sometimes there are more meetings, and sometimes more time for other tasks. However, I usually familiarize myself with matters, coordinate them forward, and contribute my expertise. Documentation is also important. I prepared this concrete report last autumn. There is no standard workday. The work varies depending on the time and what is going on."

Kesko's various business areas, such as K-Food (grocery stores) and K-Rauta (construction industry), are responsible for their industry-specific sustainability targets. Their tasks include achieving the targets and monitoring the progress of measures. They ensure resources for sustainability projects and investments, such as energy-efficient equipment. Kesko has a clear division of labor and structure. Everyone knows what is expected of them (Kesko, 2025).

Kesko engages managers and key personnel in sustainability targets as part of its remuneration systems. They have, for example, share-based incentive programs such as the PSP program, where 10% of the reward depends on achieving sustainability targets, and the KPSP program, where sustainability metrics are related to the individual's tasks, such as responsible procurement. Sustainability targets are part of the bonus systems and are tailored to each role. Kesko's sustainability is concretely linked to remuneration, which encourages practical actions (Kesko, 2025).

9.2 Migros' sustainability management and control model

The Federation of Migros Cooperatives (FMC) manages Migros' practices. The FMC coordinates the community's operations and represents Migros externally to authorities and partners. The FMC also addresses the needs of regional cooperatives, such as joint procurement, production, and investments in other companies. The FMC's governing bodies comprise the Assembly of Delegates, the Board of Directors, and the Executive Board (Migros, 2025).

The highest responsibility for sustainable development lies with the FMC's Board of Directors, which determines strategic directions. Day-to-day sustainability efforts are led by the Head of the Sustainability and Economic Policy Department, who reports directly to the President of the FMC Executive Board.

The Executive Committee approves the sustainability strategy and key responsibility matters, such as materiality analysis. Sustainability reporting is included in the annual report, which is approved by the Board of Directors and the Assembly of Delegates. The Sustainability Department and the Executive Committee work closely and hold regular discussions (Migros, 2025).

Migros' sustainability projects are implemented through collaboration across different departments. For example, the 19-member Sustainability and Economic Policy Department team is responsible for the strategic direction and practical implementation of sustainable development. Their task is to ensure that sustainability aligns with Migros' overall strategy. The Sustainability Department does not operate in isolation but coordinates with other departments to ensure all business areas move in the same direction (Migros, 2025).

The Sustainability Core Group, led by the Sustainability and Economic Policy Department, includes representatives from various business units. This group manages sustainability strategy priorities and ensures everyone understands their responsibilities.

Decision-making occurs at different levels: some issues are resolved within the Sustainability Department, while key matters are escalated to the Executive Committee or the Board of Directors, distributing responsibility (Migros, 2025).

The FMC conducts a centralized annual review to assess progress toward Migros Group's and individual companies' sustainability goals. Progress is measured using strategic Key

Performance Indicators (KPIs), each with specific targets. The achievement of KPIs is evaluated using a traffic light system. Additionally, Migros has defined annual milestones to stay on track. All data is collected from a group-wide sustainability database. The reliability of the data is verified in advance (Migros, 2025).

Migros' internal monitoring and reporting system tracks progress for the FMC Board of Directors and the Executive Committee. They receive regular updates on strategy implementation and emerging trends. Migros' systematic approach to sustainability management ensures integrated sustainability in its business operations (Migros, 2025).

9.3 Comparison of sustainability management

The CSRD and GRI frameworks strengthen Kesko's and Migros' sustainability efforts by mandating stricter governance and reporting transparency. Both companies follow the rules of their framework for board-level checks. Kesko uses its Audit Committee, and Migros has a Sustainability Department. Both standards help them gather and share data consistently, as shown by Migros' tracking and Kesko's reporting checks. The focus on broad impact pushes companies to consider their sustainability effects carefully when making choices. Ultimately, these frameworks improve teamwork across different parts of the company.

Kesko and Migros's sustainability management models share many similarities, such as board-level oversight, cross-departmental coordination, and structured reporting. However, the main differences are found in their governance structures, decision-making processes, and operationalization of sustainability across the organization.

Kesko's Board of Directors is responsible for sustainability and is supported by dedicated committees (the Audit Committee and Sustainability Reporting Assurance Committee). Sustainability is integrated into financial oversight, with execution carried out by individual business units such as K-Food and K-Auto.

At Migros, the FMC Board sets strategy, but daily leadership falls under a dedicated Sustainability Department, which reports directly to the President of the Executive Board. Once the executive board approves the sustainability strategy, it moves forward to the Board of Directors and the Assembly of Delegates for approval. This creates a more centralized approach than Kesko's committee-driven model.

Kesko's business units manage their sustainability targets independently, with a Corporate Responsibility Team ensuring alignment. Accountability is enforced through financial incentives. Additionally, the company relies on committees to verify compliance and ethical conduct, and external experts are brought in as needed.

Migros's Sustainability Core Group ensures that the strategy is applied consistently. Progress is tracked with KPIs and a traffic-light system, with annual reviews. The company utilizes a group-wide sustainability database for real-time tracking, verifying data before use. Reporting is more systematic and data-driven than Kesko's audit-based approach. While Kesko's model may drive faster operational changes due to incentives, Migros ensures tighter strategic alignment through centralized control (Appendix 15.12).

10 The key challenges and opportunities

Kesko and Migros must deal with a continuously evolving sustainability reporting landscape, facing challenges and opportunities, whether operating under mandatory frameworks like the EU's Corporate Sustainability Reporting Directive (CSRD) or voluntary ones like the Global Reporting Initiative (GRI). The dynamic nature of sustainability regulations complicates long-term strategic planning. For instance, the European Commission's February 2025 amendments to the CSRD eased reporting obligations for smaller companies, illustrating how regulatory shifts can reshape compliance strategies.

Despite their differing regulatory environments, both companies must monitor developments across jurisdictions. Although Migros is not bound by EU law, Switzerland's deep economic integration with the EU necessitates close tracking of CSRD updates. Conversely, Kesko, while primarily focused on EU regulations, cannot overlook Swiss rules if engaged in cross-border trade or partnerships.

Another challenge on the European side with the new CSRD is understanding of the latest standards. Kesko did not find the implementation of themes particularly difficult, but rather how those standards are explained. However, regardless of the transition to CSRD, Kesko feels there is a significant amount of work to do regarding data alignment and enhancing data quality. They hope to eventually bridge the gap in understanding what the standards require, for example, regarding their sustainability strategy and how to lead those sustainability initiatives specifically. Much development is needed, and these are long-term

activities. At the same time, this presents an opportunity to improve reporting and enhance transparency, though this will naturally take time.

Kesko's decentralized approach, where sustainability is integrated into their risk management system, offers opportunities to directly link sustainability risks to financial impacts. On the other hand, they might overlook social or environmental issues that are harder to quantify. Migros takes the opposite approach, using the GRI and SDG frameworks to assess risks separately in different units. The company can provide an ethical report, but it can be challenging when translating risks into financial terms. Managing sustainability decentralized, as Kesko does, risks inconsistent implementation across business units. Migros addresses this challenge through centralized control, ensuring greater coherence. However, this approach introduces its own drawback—multiple top-down approval layers can slow responsiveness to changes. Therefore, a balanced approach is necessary for both companies. Table 1 provides a condensed overview of the distinctive features of each case company, as well as their shared key challenges and opportunities in relation to various aspects.

Table 1. Challenges and opportunities of Kesko and Migros (own table, 2025)

Aspect	Kesko	Migros	Shared
Regulatory & reporting frameworks	Follows stricter CSRD (mandatory external assurance)	Follows GRI (voluntary, using CSRD's double materiality)	Both face challenges in compliance complexity but benefit from enhanced transparency and stakeholder trust
Strategic approach	Short-term, actionable goals with strong ethical oversight	Long-term systemic shifts, transformational change	Opportunity: Sector-wide leadership (Kesko in supply chain ethics, Migros in climate innovation)
Materiality assessment	Integrated into COSO ERM, aligns financial & sustainability risks	Decentralized, GRI-based, tailored to business units	Both use double materiality but face challenges in balancing financial vs. non-financial impacts
Governance model	Decentralized, business-unit autonomy with financial incentives	Centralized, Sustainability Department reports to top leadership	Challenge: Balancing top-down control vs. flexibility
Strengths	Well-structured reporting, supply chain ethics, Investor appeal via financial-sustainability alignment	Clear sustainability topic disclosures, Stakeholder trust via SDG-aligned strategy & cooperative model	Both integrate sustainability at the board level for oversight

11 Discussion

Despite operating in different regulatory environments, Kesko and Migros exhibit significant similarities in their sustainability reporting, primarily driven by reporting framework requirements and stakeholder expectations for comparability. Both companies apply CSRD's double materiality approach. Migros uses GRI standards while maintaining flexibility to align with the EU's mandatory CSRD framework, which Kesko follows.

Both retail companies have climate as a central theme, employing a similar evaluation method. Kesko's and Migros' emissions are categorized into scopes—assessing direct operational impacts (Scopes 1 and 2) and indirect value chain emissions (Scope 3). Through the EU's mandatory double materiality assessment, case companies have listed energy as their most material topic, which plays a critical role in their sustainability performance. However, their broader materiality analyses reveal distinct secondary priorities: Kesko emphasizes workforce-related issues, whereas Migros focuses more on biodiversity.

Their goal-setting strategies also differ, with Kesko adopting incremental 5–10-year targets and Migros pursuing long-term objectives spanning over two decades. This divergence raises a further research question about effectiveness—whether gradual, adaptable targets are more practical in a rapidly evolving regulatory landscape or if visionary, long-term commitments drive more profound systemic change.

The methodologies for assessing material topics also vary between the two companies. Migros employs a decentralized approach, conducting group-wide and business-unit-level evaluations where representatives score sustainability topics based on scope, severity, reversibility, and probability, weighted by turnover. In contrast, Kesko uses a centralized, two-phase process to identify group-level risks and then align them with ESRS standards to ensure balanced and comparable scoring. This distinction reflects their broader strategic orientations: Migros treats sustainability as a standalone mission, appealing to climate-conscious stakeholders through SDG commitments, while Kesko integrates sustainability as a business enabler, linking it to financial performance to attract investors.

Both companies engage similar stakeholder groups. Kesko enhances transparency by providing detailed disclosures on how it addresses key concerns for each category. The company has developed a clear, structured table in the 2024 report to explain its stakeholder engagement. In addition to traditional stakeholders, Migros highlights its collaboration with research institutes and media in its report. The company not only reports to investors but

also leverages and values the knowledge of partners. However, combining the best features of both approaches, such as Kesko's structured stakeholder mapping and Migros' dynamic engagement with research institutions, as a hybrid model would maximize clarity and innovation in sustainability reporting.

Accountability mechanisms also differ. Kesko utilizes role-based monetary incentives to ensure adherence to sustainability, whereas Migros emphasizes democratic governance, allowing member-owners to vote on key decisions. Their approaches highlight how organizational differences shape sustainability strategies, even when overarching goals overlap.

The research methodology addressed the core question, though the topic remains broad due to the evolving nature of sustainability reporting. ESG reporting is still relatively new, and the dynamic regulatory environment means that practices are continuously adapting.

Kesko's interview revealed practical challenges in sustainability reporting, particularly regarding the interpretation of ESRS standards, which are presented in highly technical and complex language. Meanwhile, Migros' decision to decline interview participation limited opportunities to understand their reporting challenges firsthand, highlighting potential gaps in the transparency of stakeholder engagement.

The EU's CSRD exemplifies how structured clarity is a step forward, but overly technical standards can impose rigid constraints, creating additional work for companies. For instance, while some sustainability strategies may technically comply with ESRS, a company's internal risk analysis might be more integrated and actionable, enabling faster crisis response. This suggests that reporting frameworks should balance standardization with flexibility, allowing companies to align disclosures with their operational realities while maintaining comparability. Ultimately, Kesko and Migros demonstrate that sustainability reporting is not one-size-fits-all. Best practices emerge from contextual adaptation rather than strict uniformity.

12 Conclusion

Kesko and Migros demonstrate that sustainability leadership can take multiple forms, even when grounded in shared scientific foundations. Both companies align their goals with global frameworks, such as climate targets, human rights, and biodiversity, but diverge in their timelines and prioritization. Migros recently launched its long-term Sustainability Strategy 2030, and is now defining interim milestones, while Kesko has already established shorter-term, actionable objectives. Despite their differences, both companies are heading toward the same goal: a sustainable future shaped by evidence-based imperatives.

The key distinction lies in their sustainability implementation methodologies. Kesko integrates sustainability into its core business strategy and risk management, appealing to investors through financial-materiality linkages. Migros adopts a mission-driven approach, decentralizing materiality assessments across business units and emphasizing stakeholder democracy through its cooperative model. Both leverage external frameworks (CSRD and GRI, respectively), yet face difficulties in data alignment and regulatory interpretation, highlighting the challenges between standardization and adaptability in sustainability reporting. Neither strategy model is superior. Each case demonstrates how companies must tailor sustainability strategies to their operational realities and stakeholder ecosystems. The key takeaway is that good sustainability reporting needs continuous adaptation. It means that technical and regulatory complexities must become opportunities for better transparency and strategic evolution.

This study also underscores gaps in CSRD implementation research due to its novelty. Future studies should conduct a broader investigation of various companies from diverse sectors to gain a more comprehensive understanding of the reporting directive's influence on sustainability practices and disclosures. Further, investigating stakeholder and investor perspectives—how they engage with reports and what they prioritize—could enhance the utility of disclosures.

Bridging the data divide between large and small companies remains a critical challenge. Supporting yet non-mandated SMEs in improving data accuracy (e.g., as supply chain partners) would strengthen holistic sustainability ecosystems. The complexity of sustainability demands patience. Strategically collaborating and iteratively learning, as embodied by Kesko's phased targets and Migros' comprehensive vision, can significantly accelerate progress. Given that time is a limited resource, the imperative is to use it wisely.

Declaration

The length of this text, including chapter 1 heading and up to the declaration, is 13 196 words.

I hereby certify that I have independently written this term paper. Any text passages that I did not write are quoted as citations, and specific references to their origins are made.

I also declare that I have worked with the AI-based tools Gemini and Grammarly when preparing this assignment. I used the tools for the following work: conducting linguistic and grammatical revisions. I confirm that I have critically reviewed AI-generated texts or text fragments.

Bern, 21.5.2025



Triin Ujok

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Appendix 15.1. GRI index- General Disclosures

GRI content index	
Statement of use	[Name of organization] has reported the information cited in this GRI content index for the period [reporting period start and end dates] with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021
	2-7 Employees
	2-8 Workers who are not employees
	2-9 Governance structure and composition
	2-10 Nomination and selection of the highest governance body
	2-11 Chair of the highest governance body
	2-12 Role of the highest governance body in overseeing the management of impacts
	2-13 Delegation of responsibility for managing impacts
	2-14 Role of the highest governance body in sustainability reporting
	2-15 Conflicts of interest
	2-16 Communication of critical concerns
	2-17 Collective knowledge of the highest governance body
	2-18 Evaluation of the performance of the highest governance body
	2-19 Remuneration policies
	2-20 Process to determine remuneration
	2-21 Annual total compensation ratio
	2-22 Statement on sustainable development strategy
	2-23 Policy commitments
	2-24 Embedding policy commitments
	2-25 Processes to remediate negative impacts
	2-26 Mechanisms for seeking advice and raising concerns
	2-27 Compliance with laws and regulations
	2-28 Membership associations
	2-29 Approach to stakeholder engagement
	2-30 Collective bargaining agreements
GRI 3: Material Topics 2021	3-1 Process to determine material topics
	3-2 List of material topics
	3-3 Management of material topics

Appendix 15.2. CSRD ESRS-s (2 cross-section & ESG Standards)

European sustainability reporting standards (ESRS)

ESRS 1	General requirements
ESRS 2	General disclosures
ESRS E1	Climate change
ESRS E2	Pollution
ESRS E3	Water and marine resources
ESRS E4	Biodiversity and ecosystems
ESRS E5	Resource use and circular economy
ESRS S1	Own workforce
ESRS S2	Workers in the value chain
ESRS S3	Affected communities
ESRS S4	Consumers and end-users
ESRS G1	Business conduct

Appendix 15.3 Interview questions for Kesko

1) Could you tell us something about yourself? What role do you have at Kesko?

2) Could you describe a typical workday in Kesko's sustainability team? What are the most important tasks, activities, or inter focus areas in your daily work to advance the company's sustainability goals?

Transition and Alignment with CSRD

3) How has aligning your previous sustainability reporting practices with the new EU Corporate Sustainability Reporting Directive (CSRD) affected your reporting processes? What positive impacts or benefits have you observed as a result of this transition?

4) What challenges did you face during the transition period (from the previous GRI framework to the new CSRD)?

5) What benefits have you noticed from implementing sustainability initiatives in your department or in the company's daily operations in general?

6) What are the biggest challenges in implementing sustainability initiatives in your department or in the company's business operations? Could you give an example?

External Assurance

7) Did Deloitte have any key observations or recommendations that influenced or helped your reporting practices?

Future Trends in Sustainability Reporting

8) What potential new trends in sustainability reporting do you think could change your approach in the coming years? (e.g., stakeholder expectations, technological advancements [data management tools], challenges in adopting frameworks)

Employee Engagement

9) How does Kesko ensure that employees at all levels understand and actively participate in the company's sustainability goals? Could you share examples of successful employee engagement projects/initiatives? (e.g., idea competitions, volunteer days, workshops, recycling campaigns)

Strategy

10) According to a recent sustainability assessment, Kesko does not have a separate analysis of its strategy and business model's resilience in addressing material sustainability topics. How does Kesko communicate its sustainability efforts and progress to stakeholders—such as customers, investors, and employees—without a dedicated sustainability strategy analysis?

Stakeholder Collaboration

11) Kesko's report states that the goal is to develop stakeholder collaboration by 2025. How can Kesko improve its stakeholder collaboration, and what are the key areas for development?

Haastattelukysymykset Keskolle (Finnish)

1) Kertoisitko jotain itsestäsi? Minkälainen rooli sinulla on Keskossa?

2) Voisitko kuvailla tyypillistä työpäivää Keskon vastuullisuustiimissä? Mitkä ovat tärkeimmät toiminnot, tehtävät tai painopisteet päivittäisessä työssänne yrityksen vastuullisuustavoitteiden edistämiseksi?

Siirtymä ja linjaus CSRD:n kanssa

3) Kuinka aikaisemman vastuullisuusraportointikäytäntöjenne linjaaminen uuden EU:n yritys vastuullisuusdirektiivin (CSRD) kanssa on vaikuttanut raportointiprosesseihinne? Mitä positiivisia vaikutuksia tai hyötyjä olette havainneet tämän siirtymän seurauksena?

4) Mitä haasteita teillä oli siirtymäkauden aikana (aikaisemmasta GRI:stä uuteen CSRD:iin)

5) Mitä hyötyjä olette havainneet vastuullisuusaloitteiden käyttöönotosta osastollanne tai yrityksen päivittäisessä toiminnassa yleisesti?

6) Mitkä ovat suurimmat haasteet vastuullisuusaloitteiden toteuttamisessa osastollanne tai yrityksen liiketoiminnassa? Voisitko antaa jonkun esimerkin?

Ulkopuolinen varmennus:

7) Oliko Deloitella mitään tärkeitä huomioita tai suosituksia, jotka vaikuttivat tai auttoivat teidän raportointikäytäntöjanne?

Tulevat trendit ja vastuullisuusraportointi

8) Mitkä mahdolliset uudet suuntaukset/trendit vastuullisuusraportoinnissa voisivat mielestäsi muuttaa teidän lähestymistapaanne tulevina vuosina? (esim. sidosryhmiltä tulevat odotukset, teknologian kehitys [tiedonhallintatyökalut], haasteet viitekehysten käyttöönotossa)

Työntekijöiden osallistaminen ja sitouttaminen

9) Miten Kesko varmistaa, että työntekijät kaikilla tasoilla ymmärtävät ja osallistuvat aktiivisesti yrityksen vastuullisuustavoitteisiin? Voisitko kertoa esimerkkejä onnistuneista työntekijöiden osallistamisprojekteista/ aloitteista? (ideakilpailut, vapaaehtoistyöpäivät, työpajat, kierrätyskampanjat)

Strategia

10) Uuden vastuullisuusselvityksen mukaan Keskolla ei ole erillistä analyysia sen strategian ja liiketoimintamallin resilienssistä olennaisten kestävyysaiheiden käsittelyssä. Miten Kesko viestii kestävyyspanostustaan ja edistymistään sidosryhmilleen, kuten asiakkaille, sijoittajille tai henkilöstölle, ilman erillistä kestävyysstrategian analyysia?

Sidosryhmäyhteistö

11) Keskon raportin mukaan tavoitteena on kehittää sidosryhmäyhteistyötä vuoteen 2025 mennessä. Miten Kesko voi parantaa sidosryhmäyhteistyötään ja mitkä ovat keskeisimmät kehittämiskohteet?

Appendix 15.4 Interview questions for Migros

1) Would you like to say something about yourself? What role do you have in the company?

2) Can you describe a typical workday for the sustainability team at Migros? What key activities, tasks, or priorities define your daily efforts to advance the company's sustainability goals?

GRI Standards:

3) How would you describe Migros' current reporting by the GRI standards?

4) What are the key strengths of the GRI framework, especially considering the complexity of your organization?

5) What benefits have you observed from implementing sustainability initiatives in your department or company's day-to-day operations generally?

6) What are the biggest challenges in implementing sustainability initiatives within your department or the company's business operations?

Internal assurance:

7) What are the advantages and limitations of this approach (internal assurance), and are there plans to seek external assurance in the future?

8) What (possibly) emerging trends in sustainability reporting practices do you believe will shape your approach in the coming years?

9) How does Migros ensure that employees across all levels understand and actively contribute to the company's sustainability goals? Can you share examples of successful employee engagement initiatives?

Strategy

10) How does Migros Group's new shared Sustainability Strategy 2030 make a difference? Why is it better than letting each Migros Group company set its own goals?

Stakeholders' engagement

11) How do you further develop stakeholder engagement? Can you give me some examples?

Appendix 15. 5 Interview with Kesko**Interview with Kesko (translated from Finnish)****Date: 14.4.2025****Channel: via Microsoft Teams, online meeting****Length: 29min 44s**

[I]

Good morning once again. I'm Triin Ujok from BFH Business School in Bern. I originally came from Finland to complete a double degree in International Business Administration. Sustainability topics have always greatly interested me, particularly those related to sustainable development management. This led me to research the sustainability practices and reporting of two large corporations for my thesis. I thought it would be valuable to create interesting, useful work that might also provide recommendations.

Could you introduce yourself? What's your role at Kesko?

[IP1]

Yes, my name is [Firstname Lastname]. I've been with Kesko for three and a half years, working in the Group's finance team. My background is in finance, specifically IFRS standards - financial reporting and international reporting standards.

My first exposure to sustainability reporting came through EU taxonomy reporting, which started before the CSRD framework preparation began. After working with EU taxonomy, my role expanded when we began preparing for CSRD compliance. Together with my supervisor who leads our Group Control team, we've been driving this initiative forward. I've been responsible for the overall project to complete and publish our first CSRD-aligned sustainability statement early this year. So while my background is strongly financial, I've found this knowledge very valuable when dealing with sustainability reporting.

[I]

Yes, these two areas go hand in hand anyway.

Regarding sustainability-related tasks - in such a large corporation, can these responsibilities be divided between just a couple people, or does this require a larger dedicated team given the scope?

[IP1]

Actually, these responsibilities are distributed across multiple teams. We have a Group-level team of several specialists that I collaborate with closely. Additionally, each business

area - grocery retail, construction, and automotive - has their own sustainability experts handling operational sustainability matters within their divisions. HR representatives are also involved.

In different countries, we have hybrid roles where employees have other primary responsibilities but also handle sustainability matters. Nearly every country has someone responsible for sustainability, and we're gradually adding more such roles. Comprehensive expertise is needed across all locations, and we must understand local regulations and practices in each market.

[I]

Could you describe your typical workday? What are your main responsibilities?

[IP1]

It's hard to define a "typical" day as it varies significantly throughout the year. Some periods involve more meetings, others more independent work. Generally, I research topics, coordinate initiatives, and provide my expertise. Documentation is important too - like preparing our sustainability report last autumn. There's no standard routine - it depends on current priorities. My role has evolved considerably through various projects over these 3.5 years.

[I]

Let's discuss the transition from GRI to CSRD reporting. What impact have you noticed on your reporting? Any positive effects?

[IP1]

Having not worked with GRI reporting myself, I lack direct comparison. Those familiar with GRI might offer more insights. Generally, improving data quality and coverage is an ongoing effort regardless of CSRD changes. Sustainability data involves much more than just reporting. CSRD brings more focus on having consistent, high-quality data available group-wide with unified definitions.

This transition has added more structure overall. While standards describe an ideal scenario where all data exists, in reality we're building robust foundations - clear objectives, methodologies, and communication approaches. The reporting style has become somewhat different too, with stronger emphasis on communication aspects.

[I]

Any concrete challenges in this transition?

[IP1]

Understanding the standards themselves is challenging - not necessarily the content, but how they're written. Another challenge is maintaining the right reporting level - strategic enough for board oversight without becoming too granular. For those familiar with previous frameworks, adapting to CSRD's different approach requires adjustment. We're

continuously developing our understanding - even now, reviewing the standards again requires significant effort.

[I]

What benefits have you observed from sustainability initiatives in daily operations?

[IP1]

We're still in early stages where benefits are just beginning to emerge. Producing quality reports will certainly bring long-term value, but it's too soon to gauge stakeholder feedback. The more structured approach itself is already an improvement over previous practices, but realizing full benefits will take time.

[I]

Conversely, any challenges or drawbacks?

[IP1]

The main challenge is bridging the gap between standard requirements and practical implementation. Standards specify how sustainability should be governed at board level, but operationalizing this requires careful consideration: How to integrate these into our specific context? How to identify material topics? How to ensure this isn't just reporting compliance but drives real action?

Materiality assessment is crucial here. While I can't provide specific examples yet (being relatively new), requirements are demanding. The key is to ensure this translates into actual business practices rather than just technical reporting. We need to find the right balance - critically evaluating how standards apply to our company and making them meaningful in our context, which varies by business area.

[I]

You worked with Deloitte for assurance. How did they support you? Any recommendations they provided?

[IP1]

They didn't serve in a consulting capacity - assurance requires independence. For consulting, we used another provider initially for materiality assessment. While we had some dialogue with Deloitte later, most substantive feedback came during final stages when we were already quite far along in the process. Having now completed this first cycle, both sides have learned a lot that will inform future collaboration.

[I]

Looking ahead, what trends might influence your sustainability reporting approach?

[IP1]

With such strong regulatory direction, traditional "trends" may be less relevant. Certain topics like climate remain prominent, but materiality assessment determines their

emphasis. While stakeholder trends previously influenced reporting, the methodology is now more regulated. That said, strong stakeholder signals about particular topics would naturally warrant attention.

[I]

Regarding employee engagement - how does Kesko ensure all staff understand and participate in sustainability goals?

[IP1]

This isn't my direct area, but I understand sustainability-linked objectives are set across the organization through annual targets. Leadership and compensation programs incorporate sustainability metrics, though I can't speak to specific engagement initiatives.

[I]

Your report mentions lacking separate analysis of strategy resilience regarding material sustainability topics. Without this, how do you communicate with stakeholders?

[IP1]

This is quite a technical requirement in the standards about linking strategy and business model resilience to sustainability topics. As noted, we haven't conducted this specific analysis. We do have a separate sustainability strategy that we communicate, though it may not fully align with the standard expected model.

[I]

Finally, your report aims to enhance stakeholder engagement by 2025. How might Kesko improve this? Key development areas?

[IP1]

This fall outside my direct responsibilities, but engagement occurs across customer, supplier, and financial stakeholder groups (investors, banks, etc.). Potential improvements include better sharing engagement outcomes across the organization and developing more transparent processes - though I can't comment in detail.

[I]

That concludes our questions. Thank you very much for your participation! [Recording ends]

Appendix 15. 6 Interview with Kesko

Interview with Kesko (original language: Finnish)

Date: 14.4.2025 at 10 AM (Swiss time)

Channel: via Microsoft Teams, online meeting

Length: 29min 44s

[I]

Nyt on nauhoitus päällä.

Aloitetaanko sitten, oletko valmis?

[IP1]

I: Joo. Annetaan mennä vaan.

[I]

Hyvää huomenta taas kerran. Olen Triin Ujok BFH Business Schoolista Bernistä. Tulin tosiaan Suomesta tänne suorittamaan kaksoistutkintoa. International Business Administration -linjalla, ja oikeastaan kestävyysaiheet on minua aina tosi paljon kiinnostanut, ja varsinkin sellaiset kestävän kehityksen johtamiseen liittyvät aiheet. Niin, siitä tuli sitten ajatus lähteä tutkimaan kahden ison konsernin vastuullisuuskäytäntöjä ja raportointia. Ja sitten ajattelin, että olisi tosi kiva saada aikaan sellainen mielenkiintoinen ja hyödyllinen, ja ehkä suosituksia antava kokonaisuus opinnäytetyönä.

Mutta kertoisitko itsestäsi? Mikä rooli sinulla on Keskossa?

[IP1]

Kyllä, nimeni on (Etunimi Sukunimi). Olen ollut Keskossa kolme ja puoli vuotta. Ja minä olen tuolla konsernin talouden tiimissä. Eli minulla on taloustaustaa, ja sitten varsinkin IFRS-standardeista, eli tilinpäätösraportoinnista ja kansainvälisistä raportoinneista, ja se on minun taustani.

Ensimmäinen kosketus tähän kestävyysraportointiin oli EU-taksonomiaan liittyvä raportointi, jos se on tuttu, mikä jo tuli vähän aikaisemmin, ennen kuin toi CSRD-kokonaisuus ja siihen valmistautuminen alkoi. Mä olen tehnyt EU-taksonomiaa ennen, ja siitä se rooli lähti laajenemaan. Sitten kun piti alkaa tätä CSRD:tä valmistelemaan, niin minä ja meidän esihenkilö, joka vetää tätä meidän Group controllin tiimiä, oltiin siinä sitten tietyllä tavalla sitä ajamassa eteenpäin. Sitä kautta olen ollut vastuussa siitä kokonaisprojektista, että saatiin meidän ensimmäinen CSRD-mukainen kestävyys selvityksemme sitten tehtyä ja nyt julkaistua alkuvuodesta. Eli sellaisella tavalla

vahvasti taloustaustainen, mutta kyllä huomasi, että siitä on paljon hyötyä tässä, kun tietää tilinpäätösraportoinnin puolelta pääasioita.

[I]

Joo, ja nämä kaksi menee käsi kädessä kuitenkin.

Miten sitten kestävyyteen liittyvät työtehtävät – niin, pystyykö niitä niin isossa konsernissa jakamaan vain parin henkilön kesken, vai onko tarvetta oikeasti sellaiseen isompaan tiimiin ja enempään ihmisiin, kun miettii, että tämä on kuitenkin aika laaja toiminta?

[IP1]

Joo, meillä on aika paljon... tai [ne] jakautuvat moneen tiimiin nämä tehtävät. Meillä on tällainen konsernitiimi, jossa on muutama henkilö – eli se on oma tiiminsä, jonka kanssa mä teen paljon yhteistyötä – ja he vastaavat näistä aihealueista ja toivat kestävyysaiheiden osaamisen.

Ja sitten Keskossa on päivittäistavarakauppa, rakentamisen toimiala ja autokauppa, niin jokaisella toimialalla on omia vastuullisuusasiantuntijoita, jotka sitten vievät eteenpäin toimialakohtaisia, konkreettisia kestävyysasioita. Mutta he ovat silloin oman toimialan organisaatiossa, ja näin se jakautuu. Sitten toki näissä on myös HR-edustajia mukana.

Erilaisissa maissa saattaa olla muutamia hybridirooleja, jotka ovat muuten eri tehtävissä, mutta vastaavat myös näistä vastuullisuusasioista. Mutta periaatteessa melkein joka maassa on joku, jolla on vastuuta vastuullisuusasioista, ja näitä rooleja pikkuhiljaa lisätään. Laaja-alaista osaamista vaaditaan joka maassa, konsernin eri osissa. Ja jokaisessa maassa pitää tuntea paikalliset käytännöt ja säädökset, jotka ovat voimassa tai tulevat voimaan.

[I]

Kyllä. Voitko kuvailla tyypillisiä päiviäsi? Mitkä ovat tärkeimmät toiminnot ja tehtävät tai pääkohdat päivittäisessä työssäsi?

[IP1]

Tietyllä tavalla sitä on vaikea sanoa, koska se muuttuu paljon vuoden aikana. Joskus on enemmän kokouksia, joskus enemmän aikaa tehdä muita asioita. Mutta yleensä perehdyn asioihin, koordinoin niitä eteenpäin ja tuon omaa asiantuntemustani mukaan. Dokumentointi on myös tärkeää – esimerkiksi viime syksynä tämä konkreettinen raportin tekeminen. Ei ole sellaista standardityöpäivää, se vaihtelee ajankohdan ja sen mukaan, mitä on juuri meneillään. Oma roolini on muuttunut projektien kautta näiden kolmen ja puolen vuoden aikana.

[I]

Selvä, kiitos. Sitten siirrytään siirtymään ja linjaukseen CSRD:n kanssa. Teillä oli joskus GRI-viitekehys käytössä, ja nyt piti siirtyä uuteen CSRD-viitekehukseen. Miten tämä

siirtymä on vaikuttanut teidän raportointiin? Onko siinä ollut positiivisia vaikutuksia tai hyötyjä, mitä olette havainneet?

[IP1]

Minä en ole ollut mukana aikaisemmassa GRI-raportoinnissa, joten minulla ei ole suoraa vertailukohtaa. Olen keskittynyt suoraan tähän CSRD-mukaiseen raportointiin. Varsinkin se, joka on tehnyt GRI-raportointia, voisi ehkä tuoda enemmän näkökulmia esiin.

Yleisesti – riippumatta siitä, tuleeko CSRD:ssä muutoksia vai ei – datan kattavuuden ja laadun parantaminen on pitkäjänteistä työtä. Siinä on vielä paljon kehitettävää. Kestävyydataan liittyy paljon muutakin kuin pelkkä raportointi. Tämä tuo fokusta siihen, että samat tiedot ovat saatavilla samalla tasolla koko konsernissa ja että data on laadukas (ilman suuria virheitä) ja määrittelyt yhtenäiset. Työtä on tehty, ja se jatkuu. Tämä [CSRD] tuo nyt varmennusta asioille, ja on hyvä, että saadaan ulkopuolista palautetta varmennusvaiheessa.

Kyllä tämä kaikki tuo ylipäättään enemmän struktuuria. Toki standardit on kirjoitettu tietyllä tavalla, ja oletuksena on, että asiat ovat ideaalimaailmassa kunnossa... Näistä olisi helppo raportoida, jos kaikki tiedot olisivat jo olemassa. Mutta on tärkeää, että taustaperiaatteet ja strukturoitu lähestymistapa ovat selkeät – miten tavoitteet on määriteltä ja miten niistä kerrotaan.

Tämä on tuonut hieman erilaista raportointityyliä verrattuna aiempaan. Monilla on ollut vahva viestinnällinen näkökulma, joten siirtymä on muuttanut raportin tyyliä.

[I]

Onko mitään konkreettista esimerkkiä haasteista siirtymään liittyen tai ylipäättään sellaisia asioita, jotka ovat vaikeuttanut prosessia?

[IP1]

Kyllä. Ylipäättään standardien ymmärtäminen on melko haastavaa. Asiat eivät ehkä itsessään ole niin monimutkaisia, mutta tekstin kirjoitustyyli ja rakenne tekevät siitä vaikeaselkoista. Toinen haaste on se, että kun hallitus vastaa näistä asioista, on nostettava taso tarpeeksi korkealle – ei liian yksityiskohtaiseen raportointiin, vaan oikealle strategiselle tasolle.

Myös raportin sisällön taso on tärkeä. Varsinkin niille, jotka ovat tehneet tällaista raportointia aiemmin, uusi viitekehys tuo haasteita, koska se edellyttää erilaista ymmärrystä. Kokonaisuuden käsittäminen on vaativaa, ja sitä on harjoiteltu ja harjoitellaan edelleen. Kun otan standardit nyt uudestaan käteeni, huomaan, että niiden läpikäyminen uusin silmin vaatii työtä.

[I]

Mutta jos nyt mietitään yleisellä tasolla... Edellinen kysymys liittyi siirtymään, mutta mitä hyötyjä olette havainneet vastuullisuusaloitteista yrityksenne päivittäisessä toiminnassa?

[IP1]

No, nyt täytyy tehdä vähän käytävätutkimusta [*huom. ilmaisu voi viitata epäviralliseen tiedonkeruuseen*]. Luulen, että hyödyt ovat vielä melko alkutekijöissä – ne alkavat näkyä vasta pikkuhiljaa. Olemme vielä matkan alussa, joten...

[I]

Eli se vaatii vielä aikaa?

[IP1]

Niin, se vaatii jonkin verran aikaa. Juuri näin. Tottakai yleisesti ottaen, kun ajattelee, miten raportteja luetaan ja miten ne vaikuttavat sidosryhmiin... Se, että pystymme tuottamaan laadukkaita raportteja, on pitkällä tähtäimellä iso hyöty. Mutta tässä vaiheessa on vielä vaikea arvioida, millaista palautetta sidosryhmiltä tulee.

Kuitenkin strukturoidumpi lähestymistapa on jo itsessään hyöty verrattuna aiempaan. Prosessi vaatii kuitenkin aikaa ja kypsymistä, jotta hyödyt näkyvät laajemmin sekä sidosryhmien että sisäisesti.

[I]

Entä päinvastoin – onko haasteita tai jopa haittoja havaittu?

[IP1]

Kyllä. Suurin haaste on kaventaa kuilua (gap) standardien vaatimusten ja todellisen toiminnan välillä. Standardit määrittelevät, miten kestävyysasioita tulisi johtaa hallituksen ja johtoryhmän tasolla, mutta käytännön toteuttaminen vaatii paljon pohdintaa: Miten nämä asiat integroidaan yrityksemme kontekstiin? Miten tunnistamme olennaisimmat kestävyysaiheet? Miten varmistamme, että ne eivät jää pelkäksi raportointivelvoitteeksi, vaan liittyvät konkreettiseen toimintaan?

Olenaisuusarviointi on keskeinen osa tätä työtä. Vaikka en vielä osaa antaa konkreettisia esimerkkejä (olen suhteellisen uusi), tiedän, että vaatimukset ovat korkeat. Tärkeintä on, että toiminta ei jää teknisen raportoinnin tasolle, vaan että se heijastaa oikeaa työtä.

Täytyy löytää balanssi – arvioida kriittisesti, miten standardit soveltuvat yritykseemme ja miten teemme asioista merkityksellisiä omassa kontekstissamme. Tämä vaihtelee toimialoittain.

[I]

Teillä oli ulkopuolinen varmennus – käytitte Deloittea?

[IP1]

Joo, Deloitte on meidän tilintarkastajamme, ja he tekivät myös tämän kestävyys selvityksen varmennuksen.

[I]

Miten he ovat olleet teidän tukenanne? Saitteko heiltä jotain suosituksia tai vinkkejä silloin, kun teitte kestävyys selvitystä?

[IP1]

He eivät ole toimineet konsultoivassa roolissa. Ylipäätään varmentajan tulisi pysyä riippumattomana, joten heidän on pysyttävä melko tarkasti tässä roolissa. Jos konsulttiapua tarvitaan, pitäisi käyttää erillistä osapuolta.

Me käytimme kyllä ulkopuolista konsulttia alkuvaiheessa, kun teimme harjoitusta ja olennaisuus arviointia. Myöhemmin viime syksynä oli jonkin verran dialogia varmentajan kanssa, ja jälkikäteen ajatellen sitä olisi voinut olla enemmänkin. Kuitenkin heidänkin näkemyksensä ja tulkintansa alkoivat selkeytyä vasta loppuvaiheessa – erityisesti siinä, mitä he odottivat ja miten asiat piti heidän näkökulmastaan tehdä.

Vuodenvaihteen tienoilla ja loppuvaiheessa saimme paljon kommentteja, joita piti ottaa huomioon. Mutta silloin olimme jo niin pitkällä projektissa, että emme juurikin "sparailleet" heidän kanssaan. He eivät olleet mukana itse työvaiheessa, vaan lähinnä lopputarkastuksessa.

Nyt kun molemmat osapuolet ovat käyneet tämän kierroksen läpi, olemme oppineet paljon – ja hekin. Joten seuraavan raportin yhteydessä keskustelu varmaan käydään eri tavalla. Mutta tämän ensimmäisen kerran osalta emme hakenut heiltä valmisteluvaiheessa erityiseen tukeen.

[I]

Sitten tulevat trendit ja vastuullisuus raportointi. Millaisia suuntauksia tai trendejä näet, jotka voisivat muuttaa teidän lähestymistapaanne tulevina vuosina?

[IP1]

En tiedä, voidaanko enää puhua "trendeistä" samassa mielessä, kun säätely ohjaa tätä alaa niin vahvasti. Tietyt aiheet saattavat korostua, mutta on vaikeaa sanoa, tuleeko raportointiin uusia trendejä.

[I]

Ehkä sidosryhmien vaatimukset vaikuttavat?

[IP1]

Totta kai, vaatimukset kasvavat – mutta onko se raportoinnin kannalta vai yleisemminkin,

on vaikea arvioida. Esimerkiksi päästötietojen jakaminen asiakkaille tuotetasolla on eri asia kuin raportointi kokonaisuudessaan.

Yksi mahdollinen muutosalue on luontoaiheet – ilmastokysymykset ovat olleet johtavia, mutta niiden painotus riippuu olennaisuusarviosta. Aiemmin GRI-maailmassa trendit saattoivat vaikuttaa arviointiin, mutta nykyään metodologia on tiukemmin säännelty.

Kuitenkin, jos jokin aihe nousee vahvasti esiin sidosryhmiltä, se voi olla merkki siitä, että siihen tulisi kiinnittää erityistä huomiota raportoinnissa.

[I]

Sitten työntekijöiden osallistaminen ja sitouttaminen. Miten Kesko varmistaa, että työntekijät kaikilla tasoilla ymmärtävät ja osallistuvat aktiivisesti yrityksen vastuullisuustavoitteisiin? Onko sinulla esimerkkejä onnistuneista osallistamisaloitteista?

[IP1]

No, sehän menee myös... kysytkö nyt päivittäisistä vastuullisuustoimista? En ole itse täysin näiden asioiden parissa, joten en voi täydellisesti kommentoida. Kuitenkin ymmärtääkseni vuositavoitteet asetetaan henkilöstölle johdon puolelta – ja riippuen roolista, vastuullisuuteen liittyviä tavoitteita on laajalti eri tasoilla organisaatiossa. Näitä pyritään jalkauttamaan koko henkilöstölle juuri näiden tavoitteiden kautta.

Konkreettisista esimerkeistä en osaa tarkemmin sanoa, koska se on melko kaukana omista tehtävistäni. Kuitenkin erityisesti johtotasolla ja palkitsemisohjelmissa – kuten tilinpäätöksessäkin mainitaan – on vastuullisuuteen liittyviä mittareita.

[I]

Minulle jäi vielä hieman epäselväksi strategiaan liittyvä kohta raportissa. Vastuullisuusselvityksessä mainitaan, että Keskolla ei ole erillistä analyysiä strategian ja liiketoiminnan resiliensistä olennaisten kestävyysaiheiden käsittelyssä. Jos tällaista analyysiä ei ole, miten Kesko viestii näistä sidosryhmille?

[IP1]

Se on standardien kannalta melko tekninen vaatimus – strategian ja kestävyysaiheiden linkitys sekä liiketoimintamallin kestävyden arviointi. Kuten raportissa todetaan, tätä emme ole tehnyt. Keskolla on kyllä erillinen vastuullisuusstrategia, josta on viestitty, mutta se ei ehkä vastaa täysin standardin odottamaa mallia.

[I]

Viimeinen kysymys liittyy sidosryhmäyhteistyöhön. Teidän vastuullisuusraporttinne mukaan tavoitteena on kehittää sidosryhmäyhteistyötä vuoteen 2025 mennessä. Miten Kesko voi parantaa tätä yhteistyötä? Mitkä ovat keskeisimmät kehittämiskohteet?

[IP1]

Tämä on hieman hankala kysymys, koska se ei ole suoranaisesti minun vastuualueeltani. En osaa valitettavasti antaa konkreettisia vastauksia. Kuitenkin sidosryhmäyhteistyötä käydään laajasti koko konsernissa – asiakkaiden, tavarantoimittajien ja rahoituspuolen (kuten sijoittajaviestinnän ja pankkien) kanssa.

Kehityskohteena on ehkä se, miten näiden keskustelujen tulokset ja tärkeät aiheet saataisiin paremmin koko organisaation tietoon. Läpinäkyvyyttä ja yhteisten prosessien kehittämistä tarvittaisiin, mutta en osaa tarkemmin kommentoida, koska se ei kuulu suoraan omiin tehtäviini.

[I]

Selvä, ymmärrän. Tässä oli kaikki kysymykset. Kiitos paljon osallistumisestasi! Suljen nyt nauhoituksen.

Appendix 15. 7 Codes for General Reporting Principles

KESKO	1 order codes:	
	Scope of reporting	"Includes all subsidiaries in consolidated financial statements; excludes associates/joint ventures (indirectly considered in value chain)." "No comparative figures in 2024 due to CSRD transition period."
	Assurance & Transparency	"Deloitte assured the report but provided feedback only in final stages (not as a consultant)." "No detailed sustainability risk management disclosure in 2024; its development planned for 2025."
	Regulatory Transition	"First CSRD report for 2024 reporting year; transitional flexibility utilized."
MIGROS		
	Scope of Reporting	"Covers core retail business; goal to expand to entire group." "GRI Index links to webpages; data decentralized."
	Data Quality & Revisions	"Adjusted prior-year figures due to takeovers/improved methods." "Materiality analysis reviewed; GRI topic standards reprioritized."
	Assurance & Governance	"No external assurance for 2023/2024 reports." "Sustainability team internally manages reporting; FMC oversees strategy."
	2 order codes:	
	Regulatory vs. voluntary	CSRD's mandatory rules vs. GRI's flexibility
	Transparency & accountability	Trade-offs: Comparability (CSRD) vs. adaptability (GRI) Kesko's external assurance; Migros self-reporting CSRD's standardized metrics vs. GR's thematic decentralization
	Transitional challenges	Kesko's phased CSRD adoption (no prior-year comparisons) Migros data integration delays (organizational complexity)

3 order concepts

Regulatory pressure shapes reporting rigor

CSRD enforces comparability, but limits flexibility

GRI encourages innovation but risks inconsistency

Assurance enhances credibility

Kesko's external verification strengthens trust

Absence of external assurance raises reliability concerns

Institutional isomorphism explain adoption patterns

Kesko's CSRD compliance reflects coercive pressures

Migros aligns with GRI to mirror industry peers

Appendix 15. 8 Codes for Essential Sustainability Topic

KESKO 1 order codes:

Double materiality assessment

"Identifies impacts across 6 ESRS standards (E1, E5, S1, S2, S4, G1)"

Climate targets

"Reduce Scope 1 & 2 emissions by 50% by 2034 (30% by 2030); 67% suppliers to set science-based targets by 2026"

Human rights due diligence

"Mandatory supplier audits (amfori BSCI), adherence to UN/ILO principles, Code of Conduct (K Code)"

Consumer health

"Reformulating products (reducing salt/sugar/fat), allergen labeling, customer feedback channels (K-Village)"

Anti-corruption

"94% of high-risk employees trained (real estate, procurement), annual Code of Conduct confirmations (85% in 2024 → 100% by 2030)"

MIGROS

GRI 3 materiality matrix

"Prioritizes GHG emissions, biodiversity, product responsibility (double materiality aligned with CSRD)"

Net-zero goal	"90% emission reduction by 2050 (72% via carbon capture), 70% operational reduction by 2030 (2019 baseline)"
Biodiversity focus	"Certified sourcing (coffee, cocoa), zero-deforestation commitments, biodiversity-friendly product sales"
Product safety	"4,000+ annual product tests (SQTS lab), GFSI standards, delayed health/safety KPIs (2025 target)"
Waste reduction	"77.6% waste reduction goal by 2025, circular packaging, employee training in 1,190 stores"

2 order codes:

Regulatory-driven materiality	Kesko's ESRS-aligned disclosures vs. Migros' GRI-CSR hybrid approach. Double materiality (ESRS) vs. impact-focused materiality (GRI) .
Climate strategy dichotomy	Kesko's incremental targets (2030/2034) vs. Migros' systemic shifts (carbon capture, hydrogen fuels). Short-term operational efficiency vs. long-term transformative adaptation.
Supply chain accountability	Kesko's human rights audits (ILO/UN) vs. Migros' biodiversity certifications. Stakeholder theory (worker welfare vs. environmental externalities).
Consumer-Centric Governance	Kesko's nutritional reformulation vs. Migros' product safety testing. Cultural embeddedness vs. external validation.

3 order concepts

Operationalized Materiality	Kesko and Migros implementation of materiality assessments (ESRS mandates vs. GRI flexibility) to align with stakeholder expectations
Temporal trade-offs in sustainability	Kesko's immediate emission cuts vs. Migros' long-term systemic bets (e.g., carbon capture), reflecting divergent risk appetites.
Governance as culture vs. governance as audit	Kesko's employee-driven ethics (e.g., annual confirmations) vs. Migros' externally verified standards (e.g., SQTS labs), illustrating contrasting trust-building mechanisms.

Appendix 15. 9 Codes for Sustainability Assessment

KESKO 1 order codes:

Centralized process	"Two-phase evaluation (external impact + company impact)"
Integration with ERM	"Uses COSO ERM framework; sustainability risks weighted alongside financial risks"
Stakeholder involvement	"Internal experts + external feedback (financiers, suppliers, customers)"
Threshold-based materiality	"Topics exceeding defined scores are deemed material; approved by top management"

MIGROS

Decentralized process	"Separate assessments for 7 business units, consolidated group-wide"
External alignment	"Relies on GRI, SDGs, Swiss/EU laws (CO 964, CSRD); collaboration with LRQA experts"
GRI criteria for assessment	"Severity, scope, reversibility, probability; scored 0–4, weighted by turnover"
Inside-out perspective	"Focus on operational impacts across the value chain"

2 order codes:

Centralized vs. Decentralized assessment	Kesko's top-down COSO ERM integrated; Migros' bottom-up, business unit-specific assessment (GRI modularity)
Risk vs. Impact focus	Kesko's financial materiality, Migros' impact materiality
Stakeholder engagement	Kesko's internal experts, Migros' broad external alignment
Governance structures	Distributed teams and hybrid roles in Kesko; Turnover-weighted consolidation in Migros

3 order concepts

Hybrid materiality governance	Kesko's model merges financial and sustainability risk management (COSO ERM + ESRS), suggesting a financial-first approach to materiality.
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Regulatory hybridity in non-EU contexts	Contrasts with Migros' impact-first GRI model, prioritizing stakeholder concerns
Dynamic materiality thresholds	Migros' use of Swiss CO, GRI, and CSRD reflects adaptive compliance in non-EU Kesko's scoring threshold vs. Migros' turnover weighting

Appendix 15. 10 Codes for Sustainability Strategy

KESKO	1 order codes:
Integrated strategy	"Sustainability embedded in core business strategy (2024–2026) without separate analysis"
Rationale for integration	"Claims sustainability is "inherent" in operations; standalone report deemed redundant"
Criticism/ Gaps	"No formal resilience analysis; stakeholders question transparency."
Responsibility strategy	"Exists but diverges from standard expectations"
MIGROS	
Explicit framework	"2024 delayed due to management changes; aligned with SDGs and planetary boundaries". "2025 launched Sustainability Strategy 2030 with two pillars: nature and people"
Implementation	"Group-wide + business-specific initiatives"
External alignment	"SDGs, Swiss/EU regulations (CO 964, CSRD)"
	2 order codes:
Strategy integration models	Sustainability as a business enabler in Kesko Reflects shared value logic Sustainability as a standalone mission in Migros
Transparency and Governance	Integrated but opaque in Kesko Management changes disrupted timelines, but the 2030 strategy offers structured metrics
Structural drivers	Kesko: investor priorities; operational efficiency Migros cooperative model and scale, good stakeholder accountability

3 order concepts

Structural materiality

Kesko formally adheres to double materiality, but the implementation reveals financial focus.

Kesko uses COSO ERM, which is a financial risk framework.

No standalone impact materiality analysis in Kesko's report.

Migros prioritizes social materiality due to its member ownership.

Delay as "strategy" in sustainability

Migros' 2-year delay (management changes) can lead to stronger alignment with planetary boundaries.

Strategic patience can yield deeper integration, but risks stakeholder trust.

Implicit and explicit strategy

Kesko's sustainability as operational DNA (no separate reporting).

Migros sustainability as governance artifact (SDGs, KPIs).

Future strategies may blend embedded actions with explicit disclosures.

Appendix 15. 11 Codes for Stakeholder engagement

KESKO

1 order codes:

Stakeholder groups

"Kesko's stakeholders include consumers and end-users, corporate customers, retailers, investors, suppliers, the labor force, and non-governmental organizations (NGOs)".
"Each has its perspectives and expectations, which Kesko strives to meet."

Communication & trust-building

"Kesko tries to build trust through transparency and active engagement."

"The company employs various communication channels to foster dialogue, such as customer meetings, digital platforms, and social media."

Consumer engagement

"The company offers consumers services like customer support, social media engagement, and the K-Grocery community."
"It focuses on product health, safety, and origin while advancing circular economy solutions and cutting waste."

Corporate costumers

"The company provides meetings, training, and trade fair participation for corporate customers."
"Key topics include responsible supply chains and product carbon footprint data."

Employee engagement	<p>"For workforce engagement, Kesko invests in employee well-being and growth."</p> <p>"Staff surveys, development discussions, and the SpeakUp channel promote open dialogue."</p> <p>"Sustainability targets are set across all organizational levels, with role-specific goals to embed responsibility company-wide."</p>
Retailer (K-Store) Support	<p>"Kesko supports the implementation of sustainability practices in its K-stores."</p> <p>"Stores focus on circular economy, waste reduction, and responsible product ranges."</p>
Investor relations	<p>"For investors and shareholders, Kesko offers regular updates through annual general meetings, financial results, and investor meetings."</p> <p>"The main topics they handle with investors and shareholders are reducing greenhouse gas emissions, preserving biodiversity, and responsible supply chains."</p>
Supplier collaboration	<p>"Kesko collaborates with its suppliers and service providers to source responsibly."</p> <p>"Kesko expects its partners to uphold human rights and encourages them to pursue ambitious climate goals."</p>
MIGROS	
Stakeholder groups	<p>"Migros reports its key stakeholders, classifying them based on their interest. These include customers, employees, cooperative members, suppliers, NGOs, public authorities , and politicians."</p> <p>"The company also lists media professionals and researchers as stakeholders."</p>
Partnerships & sustainability initiatives	<p>"Migros partners with well-known initiatives like World Wildlife Fund (WWF) Switzerland, the Better Cotton Initiative (BCI), and the Roundtable on Sustainable Palm Oil (RSPO)."</p> <p>"They work with Swiss associations, recycling programs, and health organizations to support local communities and reduce environmental impact."</p>
Customer communication	<p>"Migros communicates with customers through multiple direct and digital channels to gather feedback and improve services."</p> <p>"Communication happens in in-person interactions at stores, online platforms like Migros' website, and social media."</p>
Employee engagement	<p>"Migros values open communication. The company builds engagement and motivation and keeps its staff informed."</p>

Cooperative member involvement	"Migros shares strategic goals, challenges, and performance through internal events, digital platforms, and training programs."
Supplier & NGO collaboration	<p>"Migros engages its cooperative members as equal co-owners for long-term value creation and organizational independence." Migros members shape decisions through yearly votes on profits and finances, and elections are held every four years to ensure democracy.</p> <p>"Regional media and councils provide regular updates to all members."</p>
Media and research engagement	<p>"Migros collaborates with suppliers and business partners through meetings, training, and events."</p> <p>"They continuously improve their products and services together to improve people's well-being."</p> <p>"Migros meets and has joint projects with various NGOs for regular dialogue."</p> <p>"Migros communicates openly with the media through press releases and organizational events."</p> <p>"They also work with scientists and universities to improve products and sustainability."</p>
2 order codes:	
Diverse communication channels	Digital/ social media, in-person meetings, customer communities. Press releases, investor reports, internal training.
Sustainability-driven engagement	Circular economy, waste reduction, carbon footprint tools. Ethical sourcing.
Participatory governance	Cooperative member voting, regional delegate forums.
Knowledge and innovation partnerships	Employee surveys, SpeakUp channels, leadership training. NGO projects (WWF), academic research. Training sessions, trade fairs, innovation hubs.
3 order concepts	
Organizational culture shapes engagement	Kesko's integration of sustainability; corporate discipline. Migros' Participatory democracy (member voting, regional councils).

Appendix 15. 12 Codes for Sustainability Governance

KESKO 1 order codes:

Governance structure

"Kesko's board consists of 5-8 members elected annually, adhering to a diversity policy (71% men, 29% women in 2024)".

"Board committees include an Audit Committee (financial oversight) and Sustainability Reporting Assurance Committee (sustainability data reliability)".

Operational implementation

"Business units (e.g., K-Food, K-Rauta) manage industry-specific sustainability targets independently".

"Corporate Responsibility Team harmonizes efforts across departments through best practice sharing".

Accountability mechanisms

"10% of PSP program rewards tied to sustainability KPIs.

KPSP program links metrics to role-specific tasks like responsible procurement".

"Anonymous whistleblowing channels monitor compliance with anti-corruption policies".

MIGROS

Governance structure

"FMC Board sets strategy; Sustainability Department reports directly to Executive Board President".

"19-member Sustainability and Economic Policy Department leads cross-departmental coordination".

Operational implementation

"Sustainability Core Group (business unit representatives) ensures strategy alignment".

	"Centralized sustainability database tracks KPIs with traffic-light progress ratings".
Accountability mechanisms	"Annual reviews assess Group/company-level KPI achievement against predefined milestones". "Assembly of Delegates (elected representatives) approves annual sustainability reports".
2 order codes:	
Structural differentiation	Kesko's committee-driven oversight reflects CSRD's ESRS 2 governance disclosures (board-level accountability). Migros' dedicated Sustainability Department aligns with GRI's emphasis on operationalizing governance.
Operational integration	Cross-departmental coordination (e.g. Sustainability Core Group). Business-specific sustainability targets (K-Food, K-Rauta).
Accountability mechanisms	Remuneration tied to sustainability performance. Compliance monitoring. Data-driven progress tracking.
3 order concepts:	
Regulatory archetypes	CSRD-Embedded Model (Kesko): Board committees integrate sustainability into financial governance, reflecting ESRS' double materiality as coexisting oversight streams. GRI-Institutionalized Model (Migros): Standalone sustainability units manifest GRI's standard approach through departmentalized impact management.
Control paradigms	Performance-Based Control: Kesko's incentive systems are converting targets into individual accountability. Systems-based control: Migros' traffic-light KPIs operationalize transparency principles via standardized progress visualization.
Stakeholder internalization	Kesko's explicit internalization; Whistleblowing channels and committee oversight externalize stakeholder concerns as compliance mechanisms (Stakeholder concerns into formal company rules and reporting systems). Migros' implicit internalization: Cooperative governance embeds stakeholder voices structurally through elected delegates.