



CORPORATE GOVERNANCE

KESKO ANNUAL REPORT 2021



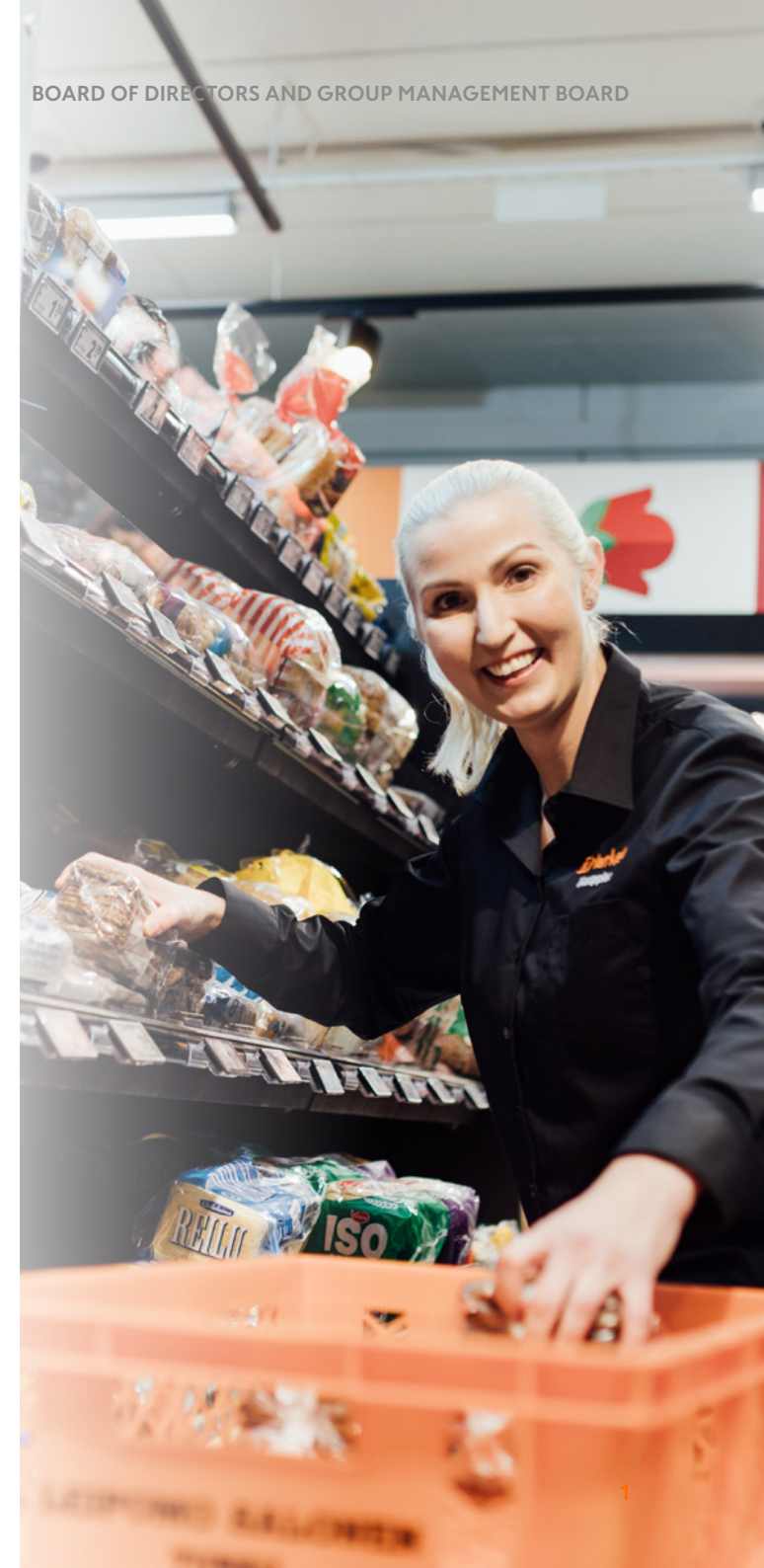
CORPORATE GOVERNANCE

This section comprises Kesko’s Corporate Governance Statement and Remuneration Report for Governing Bodies.

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CORPORATE GOVERNANCE STATEMENT 2021

KESKO ANNUAL REPORT 2021

Introduction

This Corporate Governance Statement has been reviewed at the meeting of the Audit Committee of Kesko Corporation’s Board of Directors on 1 February 2022.

This is the Corporate Governance Statement in accordance with the Finnish Corporate Governance Code issued by the Securities Market Association, effective on 1 January 2020. Kesko Corporation issues the statement separately from the Report by the Board of Directors. This statement and the other information to be disclosed in accordance with the Corporate Governance Code, as well as the Company’s financial statements, the Report by the Board of Directors, and the Auditor’s Report are available on Kesko’s website at kesko.fi/en/investor.

Kesko Corporation (“Kesko” or “the Company”) is a Finnish limited liability company in which the duties and responsibilities of management bodies are defined according to the regulations observed in Finland. The parent company Kesko and its subsidiaries form Kesko Group. The Company is domiciled in Helsinki.

In addition to the Corporate Governance Code, Kesko’s decision-making and corporate governance comply with e.g. the Finnish Limited Liability Companies Act, other laws and regulations concerning publicly quoted companies in Finland, Kesko’s Articles of Association, the charters of Kesko’s Board of Directors and its Committees, the Company’s policies and other internal guidelines, and the rules and guidelines of the European Securities and Markets Authority, the Finnish Financial Supervisory Authority, and Nasdaq Helsinki Ltd.

Corporate Governance Codes Kesko complies with and departures from them

| | |
|--|--|
| Corporate Governance Code Kesko commits to comply with | The Corporate Governance Code issued by the Finnish Securities Market Association and effective as of 1 January 2020 |
| Website where the Corporate Governance Code is publicly available | cgfinland.fi/en/corporate-governance-code/ |
| Corporate Governance Code recommendations from which the company departs | Recommendation 6 (Term of Office of the Board of Directors) |
| <p>Explanation of and grounds for the departure</p> <ul style="list-style-type: none"> • Grounds for the departure • Decision-making concerning the departure • When the company plans to adopt the recommendation (in case of temporary departure) • Where applicable, a description of the measure taken instead of compliance and an explanation of how that measure achieves the underlying objective of the specific recommendation or of the code as a whole, or a clarification of how it contributes to good corporate governance of the company | <p>The term of office of Kesko’s Board of Directors departs from the one-year term pursuant to Recommendation 6 (Term of Office of the Board of Directors) of the Corporate Governance Code. The term of office of the Company’s Board of Directors is determined in accordance with the Company’s Articles of Association. Amendments to the Articles of Association are decided by the General Meeting. According to the Articles of Association, the term of office of a Board member is three (3) years, starting at the close of the General Meeting electing the member and expiring at the close of the third (3rd) Annual General Meeting after the election.</p> <p>A shareholder who, together with related entities, represents over 10% of votes attached to all Kesko shares, has informed the Company’s Board of Directors that it considers the term of office of three (3) years good for the Company’s long-term development and has not seen any need to shorten the term stated in the Articles of Association.</p> |

Descriptions concerning corporate governance

KESKO GROUP'S CORPORATE GOVERNANCE SYSTEM

Kesko uses a so-called one-tier governance model. The highest decision-making power in Kesko is exercised by the Company's shareholders at the Company's General Meeting. At the Annual General Meeting, the Company's shareholders elect the Company's Board of Directors and Auditor. The Shareholders' Nomination Committee submits proposals to the General Meeting regarding the number, election and remuneration of board members. The Auditor plays an important role as a controlling body elected by the shareholders.

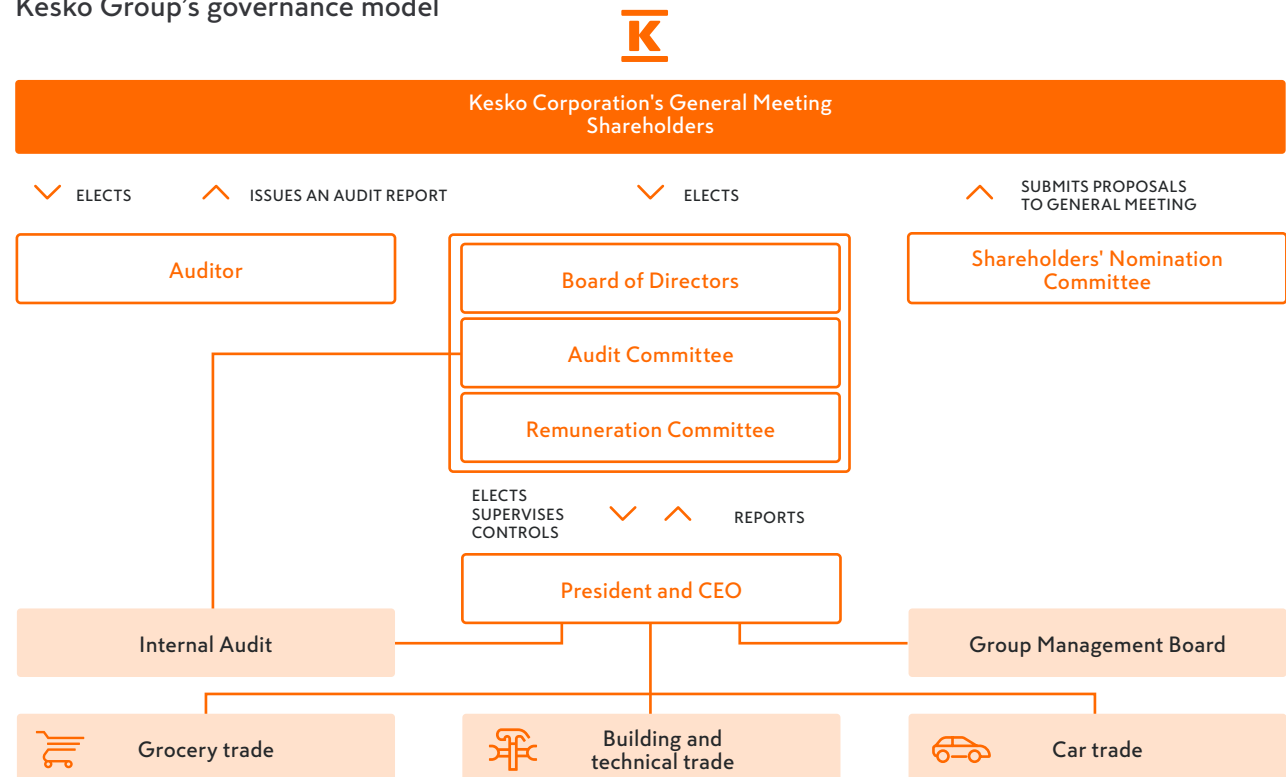
Kesko's Board of Directors is responsible for the Company's administration and its proper organisation. The Board has an Audit Committee and a Remuneration Committee, which prepare matters related to e.g. the Company's financial reporting, control and remuneration.

The Board of Directors appoints the managing director, who at Kesko is referred to as the President and CEO.

Kesko's Group Management Board supports the work of the President and CEO.

Internal audit is responsible for the Company's independent auditing, and reports to both the President and CEO and the Audit Committee.

Kesko Group's governance model



GENERAL MEETING

The Annual General Meeting is held annually by the end of June, on a date designated by the Company's Board of Directors. The most significant matters falling within the decision-making power of the General Meeting include the election of the Board members and the Auditor, the adoption of the financial statements, the resolution on discharging the Board members and the Managing Director from liability, and the resolution on the distribution of the Company's assets, such as distribution of profit.

The Company has share series A and B, which differ with respect to the number of votes attached to the shares. An A share carries ten (10) votes and a B share carries one (1) vote at a General Meeting. When votes are taken, the proposal for which more than half of the votes were given will primarily be the resolution of the General Meeting, as prescribed by the Finnish Limited Liability Companies Act. However, pursuant to the Act, certain resolutions – such as resolutions to amend the Company's Articles of Association and resolutions concerning directed share issues – require

a qualified majority of two-thirds of the votes cast and shares represented at the meeting. The Limited Liability Companies Act provides that specific shareholders or all shareholders must consent to a resolution limiting the rights arising from shares or increasing the obligations of shareholders.

Shareholders are invited to attend a General Meeting by a Notice of the General Meeting published on the Company's website. The Notice of the General Meeting is also published as a stock exchange release. The Notice and other General Meeting documents, including the Board of Directors' proposals to the General Meeting, are made available to shareholders no later than three weeks prior to the General Meeting on the Company's website at kesko.fi.

The Company aims for all members of Kesko's Board of Directors, the President and CEO, and the Auditor to be present at the Annual General Meeting. General Meeting Minutes are made available to shareholders on Kesko's website at kesko.fi within two weeks of the General Meeting. The resolutions of the General Meeting are published after the meeting without delay in a stock exchange release.

The 2021 Annual General Meeting was held with special arrangements in place due to the Covid-19 pandemic. Management was represented in person by Board Chair Esa Kiiskinen and President and CEO Mikko Helander. Shareholders and their proxy representatives could participate in the General Meeting by voting in advance and by submitting counterproposals and questions in advance.

SHAREHOLDERS' NOMINATION COMMITTEE

The selection process and duties of the Shareholders' Nomination Committee

Kesko's Annual General Meeting of 2020 resolved to establish a Shareholders' Nomination Committee for Kesko and confirmed rules of procedure for the Committee. The Nomination Committee is a governing body of Kesko shareholders, and has three members. Two members are appointed by Kesko's biggest shareholders and the third member is the Chair of Kesko's Board of Directors. The right of nomination of members representing the shareholders belongs to those two shareholders whose share of votes conferred by all shares in Kesko is the largest according to the register of shareholders maintained by Euroclear Finland Ltd on 1 September preceding the Annual General Meeting. The term of office of the members of the Shareholders' Nomination Committee ends when new Committee members are appointed. The Nomination Committee members do not receive fees for their membership. Their travel expenses are reimbursed in accordance with the general travel rules of Kesko.

The main duty of the Nomination Committee is to ensure that the Board of Directors and its members have the expertise, knowhow and experience adequate for Kesko's needs, and to prepare reasoned proposals for this purpose to the General Meeting. In accordance with its rules of procedure, the Nomination Committee's duties are to:

- prepare and present a proposal for the remuneration of the members of the Board of Directors to the General Meeting,

- prepare and present a proposal for the number of members of the Board of Directors to the General Meeting,
- prepare and present a proposal for members of the Board of Directors to the General Meeting,
- answer the questions asked by the shareholders at the General Meeting concerning the proposals made by the Nomination Committee, and
- look for candidates to replace members of the Board of Directors.

The Nomination Committee submits proposals to the General Meeting on the matters listed as duties of the Nomination Committee which, on the grounds of the Limited Liability Companies Act and Kesko's Articles of Association, are on the General Meeting agenda.

The Nomination Committee is established for the time being, until decided otherwise by the General Meeting. The Nomination Committee rules of procedure are available on Kesko's website at kesko.fi/en/investor/corporate-governance/shareholders-nomination-committee/

Composition and actions of Shareholders' Nomination Committee in 2021

The members of Kesko's Shareholders' Nomination Committee in the 2021-2022 term of office are

- Toni Pokela, retailer, appointed by K Retailers' Association,
- Jouko Pölönen, President and CEO, appointed by Ilmarinen Mutual Pension Insurance Company, and
- Esa Kiiskinen, Chair of Kesko's Board of Directors.

In its organisational meeting on 13 September 2021, the Committee elected Toni Pokela as its Chair. The Committee members and Chair were the same also in the 2020-2021 term of office.

Details regarding Toni Pokela and Esa Kiiskinen can be found in the section concerning the Board of Directors of this CG Statement. Jouko Pölönen (born 1970, MA (Econ.), eMBA) is the President and CEO of Ilmarinen Mutual Pension Insurance Company.

The Shareholders' Nomination Committee convened two (2) times in 2021, and the members attended all meetings. The Nomination Committee submitted to the 2021 Annual General Meeting proposals regarding the number of Board members and Board composition for the three-year term of office that will end, as determined in the Company's Articles of Association, at the close of the 2024 Annual General meeting. The Nomination Committee proposed that seven members be elected for the Board of Directors, and that those members be Esa Kiiskinen, retailer, business college graduate; Peter Fagernäs, Master of Laws; Jannica Fagerholm, M.Sc. Economics; Piia Karhu, Doctor of Science, Economics and Business Administration; Jussi Perälä, retailer, business college graduate (new member); Toni Pokela, retailer, eMBA; and Timo Ritakallio, Doctor of Science (Technology), Master's degree in law (LL.M.), MBA (new member). In accordance with the rules of procedure for the Committee, in the preparation of the proposal concerning the Board composition, the Committee took into account legislation and the requirements of the Corporate Governance Code concerning Kesko with regard

to e.g. Board independence, and the results of the Board's self-assessment. In preparing the proposal, in accordance with Kesko's diversity policy, there was focus on ensuring that Kesko's future Board composition can support the Company's current and future business. The Shareholders' Nomination Committee paid attention to factors such as the merits of the proposed members, including their educational backgrounds, the diversity of their backgrounds, their experience of the trading sector, the retailer business, and international business operations, and to their other professional competencies so that these combined support Kesko's business objectives and enable effective Board work for Kesko. In preparing the proposition, focus was on ensuring that the proposed Board would collectively possess sufficient skills and competence and that the Board members would have sufficient time to focus on Board work.

The Shareholders' Nomination Committee proposes to Kesko's 2022 Annual General Meeting that the remuneration for Board members remain unchanged. The proposal for the Board and Committee work is as follows:

- Board Chair, an annual fee of €102,000
- Board Deputy Chair, an annual fee of €63,000
- Board member, an annual fee of €47,500
- Board member who is the Audit Committee Chair, an annual fee of €63,000
- A meeting fee of €600/meeting for a Board meeting and its Committee's meeting. The meeting fee for the Board Chair is €1,200/Board meeting. However, a meeting fee of €1,200/Committee meeting is paid to a Committee Chair who is not the Chair or Deputy Chair of the Board. Meeting fees are paid in cash.

- Daily allowances and the reimbursements of travel expenses are paid to the Board members in accordance with the general travel rules of Kesko.

It is proposed that the payment of the aforementioned annual fees be made in Kesko Corporation's B shares and in cash, with approximately 30% of the fees paid in shares. After the transfer of shares, the remaining amount is to be paid in cash. The Company will acquire the shares or transfer shares held by the Company as treasury shares in the name and on behalf of the Board members. The Company will be responsible for the costs arising from the acquisition of the shares. The shares will be acquired or transferred to the Board members on the first working day to follow the publication of the interim report for the first quarter of 2022. A Board member cannot transfer shares obtained in this manner until either three years have passed from the day the member has received the shares or their membership on the Board has ended, whichever comes first.

The Nomination Committee proposal was published as a stock exchange release on 31 January 2022.

BOARD OF DIRECTORS

The number and term of Board members

According to the Articles of Association, Kesko's Board of Directors is composed of a minimum of five (5) and a maximum of eight (8) members. The General Meeting decides the number of Board members, elects all Board members, and decides on the Board members' remuneration.

The Shareholders' Nomination Committee submits proposals concerning the above matters to the General Meeting. The Board elects the Chair and the Deputy Chair from among its members for the whole term of office of the Board.

According to the Articles of Association, the term of office of a Kesko Board member is three (3) years, starting at the close of the General Meeting electing the member and expiring at the close of the third (3rd) Annual General Meeting after the election.

Board composition and shareholdings

Before the 2021 Annual General Meeting (1 Jan.–12 April 2021), Board members were Esa Kiiskinen (Chair), Peter Fagernäs (Deputy Chair), Jannica Fagerholm, Piia Karhu, Matti Kyytsönen, Matti Naumanen and Toni Pokela. The Annual General Meeting of 12 April 2021 elected Esa Kiiskinen (Chair), Peter Fagernäs (Deputy Chair), Jannica Fagerholm, Piia Karhu, Jussi Perälä, Toni Pokela and Timo Ritakallio as members of the Board. In accordance with

Kesko's Articles of Association, the term of office of the current Board members will expire at the close of the 2024 Annual General Meeting.

The Board's 2021 composition and shareholdings on 31 December 2021 are depicted in the table below.

Board composition in 2021 and shareholdings on 31 Dec. 2021

| Name | Year of birth | Education | Principal occupation | Board member since | Committee member | Kesko shares held on 31 Dec. 2021 |
|-------------------------------|---------------|---|--|--------------------|--|---|
| Esa Kiiskinen (Chair) | 1963 | Business College Graduate | Food retailer | 2009 | Remuneration Committee (Chair) | 459,200 A shares held by the member and entities controlled by the member 8,180 B shares held by the member |
| Peter Fagernäs (Deputy Chair) | 1952 | Master of Laws | Chairman of the Board, Hermitage & Co Oy | 2018 | Remuneration Committee (Deputy Chair) | 4,000 A shares held by the member 13,064 B shares held by the member |
| Jannica Fagerholm | 1961 | Master of Science (Economics) | Managing Director, Signe and Ane Gyllenberg Foundation | 2016 | Audit Committee (Chair) | 9,064 B shares held by the member |
| Piia Karhu | 1976 | Doctor of Science, Economics and Business Administration | Senior Vice President, Business Development, Metso Outotec Oyj | 2018 | Audit Committee | 3,805 B shares held by the member |
| Matti Kyytsönen* | 1949 | Master of Science (Economics) | Chairman of the Board, Silverback Consulting Oy | 2015 | Audit Committee (Deputy Chair) Remuneration Committee | |
| Matti Naumanen* | 1957 | Trade Technician | Retailer | 2016 | | |
| Jussi Perälä** | 1970 | Business College Graduate | Building and home improvement retailer | 2021 | | 133,000 A shares held by the member and entities controlled by the member 96,192 B shares held by the member and entities controlled by the member |
| Toni Pokela | 1973 | eMBA | Food retailer | 2012 | | 757,600 A shares held by entities controlled by the member 4,465 B shares held by the member |
| Timo Ritakallio** | 1962 | Doctor of Science (Technology), Master's degree in law (LL.M.), MBA | President and Group CEO, OP Financial Group | 2021 | Audit Committee (Deputy Chair) Remuneration Committee | 2,000 A shares held by the member 548 B shares held by the member |

* Kyytsönen and Naumanen were Board members until 12 April 2021.

** Perälä and Ritakallio were elected as Board members as of 12 April 2021.

Independence

The Board evaluates the independence of its members on a regular basis in accordance with Recommendation 10 of the Corporate Governance Code. A Board member is obliged to provide the Board with necessary information for the evaluation of independence. All members of Kesko's Board of Directors are non-executive directors.

The Board carried out an independence evaluation at its organisational meeting held after the Annual General Meeting of 12 April 2021. Based on the independence evaluation, the Board considers the majority of Board members to be independent of the Company. Esa Kiiskinen, Jussi Perälä and Toni Pokela are not considered independent of the Company, as they each control a company that has a chain agreement with Kesko. All the Board members apart from Toni Pokela were evaluated to be independent of Kesko's significant shareholders. Pokela is the Chairman of the Board of Kesko's significant shareholder K-Retailers' Association. The Board and Committee compositions meet the independence requirements of the Corporate Governance Code.

The Board members' independence is presented in the following table.

Board members' independence as of April 2021

| | Independent of the company | Independent of a significant shareholder |
|--------------------------------|----------------------------|--|
| Esa Kiiskinen (Chair) | No* | Yes |
| Peter Fagerhäns (Deputy Chair) | Yes | Yes |
| Jannica Fagerholm | Yes | Yes |
| Piia Karhu | Yes | Yes |
| Jussi Perälä | No* | Yes |
| Toni Pokela | No* | No** |
| Timo Ritakallio | Yes | Yes |

* Each of the companies controlled by Kiiskinen, Perälä and Pokela has a chain agreement with Kesko Corporation.

** Pokela is the Chairman of the Board of Kesko's significant shareholder K-Retailers' Association.

Matti Kyytsönen, who acted as a Board member from 1 January to 12 April 2021, was deemed independent of the Company and its significant shareholders.

Matti Naumanen, who acted as a Board member from 1 January to 12 April 2021, was deemed independent of significant shareholders but not independent of the Company, as he controls a company that has a chain agreement with Kesko.

Description of the operations of the Board of Directors and the main contents of its charter

Kesko's Board of Directors is responsible for the Company's corporate governance and for the proper organisation of its operations. The Board is responsible for the appropriate arrangement of the control of Kesko's accounts and finances. The Board of Directors has confirmed a written charter of the Board of Directors' duties, principles of operation, meeting practices and decision-making procedures.

In accordance with the charter, the Board reviews and makes decisions on matters that are financially, operationally or fundamentally significant to the Group. According to the charter, the Board of Directors' duties include:

Strategic and financial matters

- deciding on the Group strategy and confirming the divisions' strategies
- confirming the Group's budget and forecast update, including a capital expenditure plan
- reviewing the Group's most significant risks and uncertainties
- deciding on strategically or financially significant individual investments, acquisitions, divestments or arrangements, and commitments
- confirming Kesko's values
- approving Group policies, such as the treasury and investment policy and risk management policy
- establishing a dividend policy and being responsible for shareholder value performance

Organisation and personnel matters

- appointing and discharging the Company's President and CEO, approving their managing director's service contract and deciding on their remuneration and other financial benefits, and making corresponding decisions for the Deputy President and CEO
- deciding on the appointments of the Group Management Board members responsible for lines of business, their remuneration and financial benefits
- deciding on the essential structure and organisation of the Group

- ensuring the proper operation and supervision of the management system
- deciding on management authorisation rules
- deciding on the principles of Kesko's commitment and incentive schemes, the terms and conditions and distribution of shares or options under the remuneration policy in force, and monitoring the results of the schemes

Reporting matters

- reviewing and adopting the Group's financial statements, half-year financial reports, and interim reports and related stock exchange releases and the Report by the Board of Directors
- reviewing Kesko's Annual Report

Other duties

- submitting Board proposals to the General Meeting on matters such as dividend distribution, Auditor, and authorisations to issue and acquire shares
- approving the Board's principles concerning diversity
- being responsible for the other statutory duties prescribed to the Board of Directors by the Limited Liability Companies Act or other, and for duties prescribed by the Corporate Governance Code.

Kesko's Board of Directors has a duty to promote the best interest of Kesko and all its shareholders. The Board members do not represent the interests of the parties that have proposed their election as Board members. A Board member is disqualified from participating in the handling of any matter between that person (including entities over which the person exercises control) and the Company. When a vote is taken,

the Board's decision will be the opinion of the majority and if a vote results in a tie, the decision will be the opinion supported by the Board Chair. If the votes taken at an election of a person end in a tie, the result will be decided by drawing lots.

Board of Directors' operations in 2021

In 2021, the Board held 13 meetings. The Board also held a seminar day with the Company's acting management. Board meetings regularly discuss the review by the President and CEO on key topical issues, as well as the reports by the Chairs of the Board's Audit Committee and Remuneration Committee on Committee meetings preceding the Board meetings. The Auditor presents their findings to the Board once a year in connection with the review of the financial statements.

As in 2020, in 2021 the Board paid particular attention to the Covid-19 pandemic and assessed its impact on the sales and profit of Kesko and K Group. Positive profit warnings were issued on 15 April 2021, 14 June 2021, and 14 October 2021 to cancel the previous profit guidances and issue new ones.

As in previous years, in 2021, the Board reviewed the financial reports and monitored the Group's financial situation, approved the most significant capital expenditure, monitored the progress of Group-level projects, and approved the interim reports, the half-year financial report and the financial statements before they were published.

In 2021, the Board confirmed an updated version of the Company's strategy as well as new medium-term financial targets for the Company (Stock exchange release 27.5.2021).

The Board monitored the financial performance of previously acquired companies and their integration into Kesko Group, and the implementation of divestments decided. Among other things, the Board reviewed Kesko's 2020 Annual Report and the results of goodwill impairment testing; decided on the acquisition of plots for new logistics centres for the grocery trade and Onninen; decided to amend the managing director's contract and retirement contract of the President and CEO (Stock exchange release 12.4.2021); discussed the appointment of Matti Virtanen as the new President of the car trade (Stock exchange release 9.4.2021); made decisions regarding the initiation of new share plans for remuneration, the performance bonus criteria for 2022, the use of donation funds approved by the General Meeting, updates to the Board's Charter and diversity policy; and approved the Group's updated governance policy, tax policy, and treasury policy.

The Board carried out a self-assessment, conducted via discussions between the Board's Chair and each Board member based on a predetermined discussion agenda. Among other things, Board members assessed the performance of the Board and its Committees and their Chairs and the working and leadership culture, Group and division strategies and related company management, how efficiently the Board received information and reports, risk management and information on key risks, and finally the Group management and related contingency planning. The Board reviewed a summary of the results at its December meeting. In addition to the summary, each Board member received personal feedback.

Attendance at meetings by members of the Board and its Committees in 2021

| | Committee membership | Attendance | | |
|---------------------------------------|---------------------------------------|--------------------|-----------------|------------------------|
| | | Board of Directors | Audit Committee | Remuneration Committee |
| Esa Kiiskinen (Chair) | Remuneration Committee (Chair) | 13/13 | | 4/4 |
| Peter Fagnäs (Deputy Chair) | Remuneration Committee (Deputy Chair) | 13/13 | | 4/4 |
| Jannica Fagerholm | Audit Committee (Chair) | 13/13 | 5/5 | |
| Piia Karhu | Audit Committee | 13/13 | 5/5 | |
| Matti Kyötsönen (until 12 April 2021) | Audit Committee (Deputy Chair) | 2/2 | 1/1 | |
| | Remuneration Committee | | | 2/2 |
| Matti Naumanen (until 12 April 2021) | | 2/2 | | |
| Jussi Perälä (as of 12 April 2021) | | 11/11 | | |
| Toni Pokela | | 13/13 | | |
| Timo Ritakallio (as of 12 April 2021) | Audit Committee (Deputy Chair) | 11/11 | 4/4 | |
| | Remuneration Committee | | | 2/2 |

Principles concerning diversity

Kesko's Board of Directors has approved the original Diversity Policy on 25 October 2016 and the updated versions on 17 December 2020 and 26 May 2021. The policy can be found on Kesko's website at: kesko.fi/en/investor/corporate-governance/board-and-its-committees/diversity-policy/ in the following form:

”Diversity is an essential component of Kesko's success, the achievement of Kesko's strategic objectives and good governance at Kesko. This diversity policy describes the objectives in the achievement of diversity in the operations and composition of Kesko Corporation's Board of Directors.

BOARD SIZE AND ELECTION OF ITS MEMBERS

According to the Company's Articles of Association, the term of office of a Board member is three (3) years, starting at the close of the General Meeting electing the member and expiring at the close of the third (3rd) Annual General Meeting after the election. According to the Articles of Association, Kesko's Board of Directors is composed of a minimum of five (5) and a maximum of eight (8) members. A sufficient number of Board members promotes the diversity of Board composition, as the areas of expertise and competence of the Board members are mutually complementary and the Board's independence requirements are satisfied.

The Board members are elected by majority votes at the General Meeting. The Board elects the Chairperson and the Deputy Chairperson from among its members for the whole term of office of the Board. In the preparation of a proposal for the Board composition, Kesko applies the practice in which a Shareholders' Nomination Committee prepares proposals to the General Meeting concerning Board members' fees and, as necessary, for the number of Board members and for the Board members.

PLANNING THE BOARD COMPOSITION

The composition of Kesko's Board of Directors shall support Kesko's current and future business operations. The Board members are appointed on their merits. One of the essential features in the Board composition is that the Board members' educational backgrounds, experience, professional competences and age and gender distribution support Kesko's business objectives and enable efficient Board work from Kesko's point of view. The Board members shall also be able to devote a sufficient amount of time to Board work. Board members are recommended to hold Board memberships or high level positions in no more than four other publicly listed companies.

Kesko aims to achieve a balanced gender distribution in the composition of its Board of Directors. The composition of the Board shall reflect experience in both national and international business operations. The educational background of the Board members shall represent multiple disciplines and diversity. In addition, Kesko's Board shall include members with strong experience in the trading sector and in-depth knowledge of the retailer business. The achievement of objectives is monitored annually and reported in the corporate governance statement.”

Monitoring the implementation of diversity policy objectives in 2021

The educational backgrounds and experience and professional competencies of the Board members elected by the 2021 Annual General Meeting represent multiple disciplines and diversity. Several Board members have experience in the trading sector and the principal occupation of two of the seven Board members is acting as a K Group grocery retailer, while one is a K Group building and home improvement retailer. Several Board members also have experience in international business operations. Two of the seven Board members are women, in other words, the proportion of the gender with the smaller representation on the Board is approximately 29%. The age of Board members varies from 45 to 69 (see the table "Board composition and shareholdings" for detailed personal data).

Board Committees

Kesko's Board of Directors has an Audit Committee and a Remuneration Committee, both of which are composed of three (3) Board members. At the close of the Annual General meeting, the Board elected the Chairs, the Deputy Chairs, and the members of the Committees from among its members.

All members of both Committees are independent of the Company's significant shareholders. All members of the Audit Committee are also independent of the Company. The majority of the members of the Remuneration Committee are independent of the Company. In the election of committee members, the competence requirements for the Committee in question have been taken into account.

The Committees regularly assess their operations and working methods and carry out a related self-assessment once a year. The Board has confirmed written charters for the Committees, which contain the main duties and operating principles of the Committees.

The Committees have no independent decision-making power. Instead, the Board makes decisions on matters based on the Committees' preparatory work. Each Committee Chair reports on the Committee's work at the Board meeting following a Committee meeting. Minutes of the Committee meetings are submitted for information to the Board members.

Kesko's Board of Directors has not established any other committees besides the Audit and Remuneration Committees.

AUDIT COMMITTEE

The Board's organisational meeting, held after the Annual General Meeting of 12 April 2021, elected the following Board members as Audit Committee members:

- Jannica Fagerholm (Chair)
- Timo Ritakallio (Deputy Chair)
- Piia Karhu

During the period before the 2021 Annual General Meeting (1 Jan.–12 April 2021), the Audit Committee members were Jannica Fagerholm (Chair), Matti Kyytsönen (Deputy Chair) and Piia Karhu.

In accordance with its charter, the Audit Committee:

- monitors Kesko Group's (Kesko) financial position and funding

- monitors and assesses Kesko's financial reporting system, including the process for financial statements reporting
- monitors and assesses the effectiveness of Kesko's internal control, internal audit, and risk management systems
- approves the operating instructions for the Company's internal audit and annually assesses the need for changes, approves the annual audit plan, budget and resources and related material changes, and reviews reports submitted to the Committee
- monitors the statutory auditing of the Company and the Group
- discusses matters that emerge in connection with auditing and in relation to the Committee's duties with the Company's Auditor when necessary, and otherwise handles contacts with the Auditor
- reviews the Auditor's Report and possible audit minutes and reports presented by the Auditor to the Committee
- monitors and evaluates the independence of the Company's Auditor and, in particular, the non-audit services provided to Kesko by the Auditor and its network audit companies
- prepares the election of the Company's statutory Auditor and recommends an Auditor
- monitors and assesses how agreements and other legal acts between the Company and its related parties meet the requirements of ordinary course of business and arm's-length terms
- prepares recommendations to the Board regarding the review of interim reports, the half-year financial report, and the financial statements
- reviews the Company's Corporate Governance Statement and non-financial report
- prepares and reviews other tasks given by the Board to the Committee

In 2021, the Audit Committee held five meetings. The attendance rate of Committee members at the meetings was 100%. At the meetings, the Group's Chief Financial Officer, the Group Controller, the director in charge of internal audit and risk management, and the Group General Counsel regularly reported on their areas of responsibility to the Committee. The Committee also receives reports on Kesko Group's funding situation, taxation, information management, risk management, compliance operations, and insurances. The Auditor is present at the Committee meetings and presents their audit plan and report to the Audit Committee.

During the year, the Committee reviewed reports on the Group's financial situation, including the financial statements release, the half-year financial report and the interim reports and updated forecasts, and made a recommendation to the Board on the review of the reports and the financial statements release. The Committee reviewed the reports of the Group's external and internal audits, risk management and compliance, the report on related party transactions, and the Corporate Governance Statement. In terms of risk management, the Audit Committee concentrated in particular on the Covid-19 pandemic and cyber security and related operational risks by reviewing the risks in each meeting. The Committee approved the 2022 audit plan, personnel resources and budget for the Group's internal audit. The Committee also reviewed the results of goodwill impairment testing, Kesko's Data Balance Sheet, and reviews for financing operations and tax matters. The Committee monitored and assessed the Auditor's independence and the non-auditing consultation services provided by the Auditor and other

auditing firms to Kesko. The Audit Committee assessed its operations as part of the Board's self-assessment.

REMUNERATION COMMITTEE

The Board's organisational meeting, held after the Annual General Meeting of 12 April 2021, elected the following Board members as Remuneration Committee members:

- Esa Kiiskinen (Chair)
- Peter Fagernäs (Deputy Chair)
- Timo Ritakallio

In the period before the 2021 Annual General Meeting (1 Jan.-12 April 2021), the Remuneration Committee composition was Esa Kiiskinen (Chair), Peter Fagernäs (Deputy Chair), and Matti Kyytsönen.

In accordance with its charter, the Remuneration Committee:

- prepares the Company's Remuneration Policy and Remuneration Report for Governing Bodies
- presents the remuneration policy and report at the General Meeting and responds to questions related thereto
- monitors the implementation of the remuneration policy presented to the General Meeting and ensures that the remuneration of the Company's governing bodies is conducted under the remuneration policy presented to the General Meeting
- conducts preparatory work for the remuneration and other financial benefits for the Company's President and CEO and Deputy President and CEO and for their service contracts

- conducts preparatory work for the remuneration and other financial benefits for Group Management Board members responsible for lines of business; decisions on the remuneration and financial benefits for Group Management Board members other than those responsible for lines of business are made by the President and CEO within the limits set by the Remuneration Committee Chair
- conducts preparatory work pertaining to the appointment of a President and CEO, Deputy President and CEO, and Group Management Board members responsible for lines of business, and to identifying their potential successors
- conducts preparatory and development work on matters pertaining to remuneration schemes, including
 - evaluating the remuneration for the President and CEO, Deputy President and CEO, and other management, and ensuring the appropriateness of the Company's remuneration schemes
 - preparing potential share or share-based compensation schemes
 - preparing the distribution and terms and conditions of shares or options under any share or share-based compensation schemes the General Meeting may have decided on
 - preparing the principles for the performance and result criteria of the compensation schemes, and monitoring their implementation and evaluating their impact on Kesko's long-term financial success
- preparing and reviewing other tasks given by the Board to the Committee

In 2021, the Remuneration Committee held four meetings. The attendance rate of Committee members at the meetings was 100%. The Committee prepared, among other things, proposals to the Board for the Remuneration Report for the Governing Bodies of Kesko Corporation, the 2021–2024 share-based compensation plans, the performance criteria and target values and the target group for share awards, the principles of Group performance bonuses for 2022, as well as for the performance bonuses to be paid for 2020 to the President and CEO and Group Management Board members responsible for lines of business. The Committee monitored and evaluated the implementation of total remuneration for management. The Committee also reviewed, among other things, the amendment to the President and CEO's managing director's contract and retirement contract. The Remuneration Committee assessed its operations as part of the Board's self-assessment.

MANAGING DIRECTOR (PRESIDENT AND CEO) AND THEIR DUTIES

Kesko has a managing director who is referred to as the President and CEO. Kesko's President and CEO is Mikko Helander, M.Sc. Technology (b. 1960). He became Kesko's President and CEO on 1 January 2015. Helander was also a member of the Group Management Board and Kesko's Executive Vice President during the period between 1 October 2014 and 31 December 2014, and he has been the Chair of the Group Management Board since 1 January 2015.

The President and CEO's duty is to manage Kesko Group's operations in accordance with the instructions and orders issued by the Company's Board of Directors, and to report to the Board the developments in the Company's business

operations and financial situation. The President and CEO is also responsible for organising the Company's day-to-day governance, and for the Company's accounting complying with legislation, and financial matters being organised in a reliable manner. The President and CEO also chairs the Group Management Board.

The President and CEO is appointed by the Board of Directors. The Board has decided the terms and conditions of the President and CEO's service contract. A written managing director's service contract, approved by the Board, has been made between the Company and the President and CEO.

The Deputy CEO is Jorma Rauhala, M.Sc. (Econ.) (b. 1965).

Group Management Board 2021

| | Group Management Board member since | Area of responsibility | Kesko shares held on 31 Dec. 2021 |
|--|-------------------------------------|--|--|
| Mikko Helander, President and CEO | 1.10.2014 | Kesko's President and CEO | 5,000 A shares held by him 324,260 B shares held by him |
| Jorma Rauhala, President, building and technical trade, Deputy CEO | 5.2.2013 | Building and technical trade | 168,796 B shares held by him |
| Ari Akseli, President, grocery trade division | 15.11.2017 | Grocery trade | 324 A shares held by him 79,570 B shares held by him |
| Matti Virtanen, President, K Auto Oy | 9.4.2021 | Car trade | 1,000 B shares held by him |
| Jukka Erlund, Executive Vice President, Chief Financial Officer | 1.11.2011 | Finance, IT, risk management and M&A | 137,156 B shares held by him |
| Riikka Joukio, Executive Vice President | 12.4.2021 | Sustainability and Public Affairs | 330 B shares held by her |
| Matti Mettälä, Executive Vice President | 1.10.2012 | HR | 88,440 B shares held by him |
| Karoliina Partanen, Executive Vice President | 1.10.2020 | Communications, Branding and Stakeholder Relations | 16,344 B shares held by her |
| Anni Ronkainen, Executive Vice President | 20.4.2015 | Chief Digital Officer | 68,612 B shares held by her |
| Johan Friman, President of K Auto Oy* | 1.1.2017 | Car trade | |

* Johan Friman's Group Management Board membership ended on 9 April 2021

GROUP MANAGEMENT BOARD

Kesko Group has a Group Management Board, the Chair of which is Kesko's President and CEO. The Group Management Board does not have any powers under law or the Articles of Association. The Group Management Board's duty is to discuss Group-wide development projects and Group-level policies and procedures. In addition, the Group Management Board discusses, among other things, the Group's and the division companies' business plans, profit performance, and matters reviewed by Kesko's Board of Directors, in whose preparation it also participates. The Group Management Board typically meets 14–18 times a year. In 2021, the Group Management Board met 22 times.

Descriptions of internal control procedures and the main features of risk management systems

GROUP FINANCIAL REPORTING

Kesko's management model

Kesko's financial reporting and planning are based on Kesko Group's management model. The Group units' financial results are reported and analysed internally within the Group on a monthly basis and disclosed quarterly in interim reports, the half-year financial report, and the financial statements release. Financial forecasts are updated quarterly, in addition to which significant changes are taken into account in the monthly reported performance forecast. The Group's and its units' strategies and related long-term financial plans are updated annually.

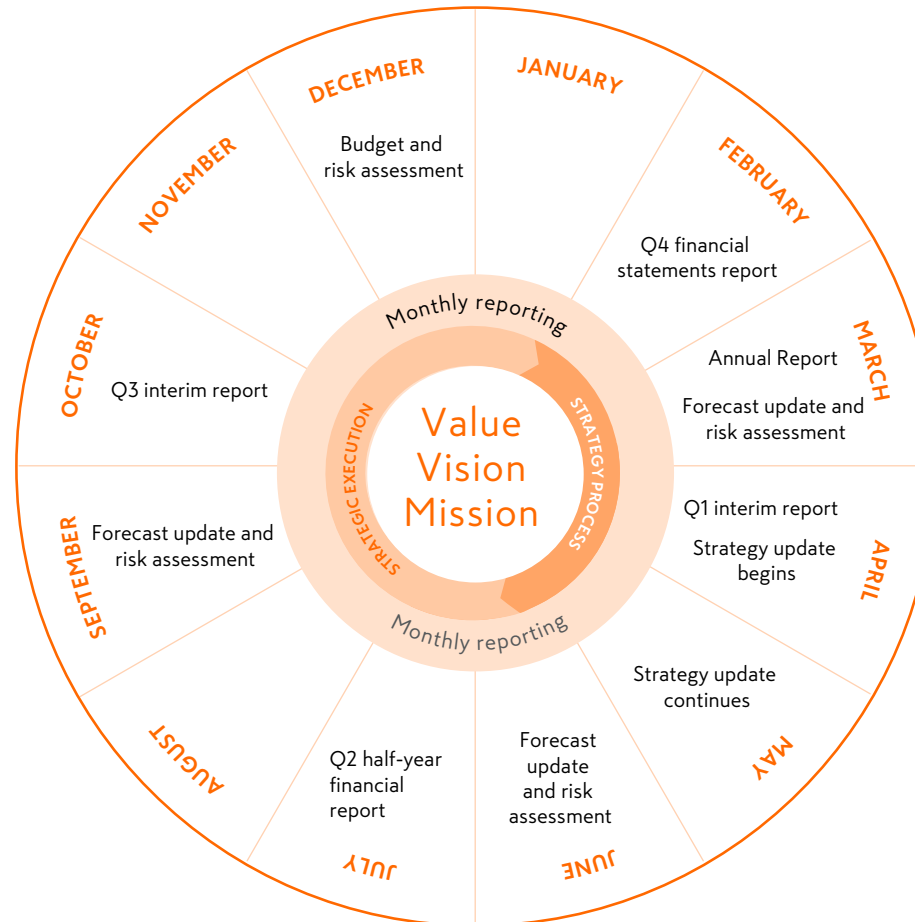
Roles and responsibilities

Kesko Group's financial reporting and its supervision are organised on three levels. Businesses analyse and report their figures to the divisions, which then report the division-specific figures to Group level. Analysis and control points for ensuring the accuracy of reporting are used on each of the three reporting levels. The accuracy of reporting is also ensured with automated and manual controls at every reporting level. The implementation of the analyses and controls is supervised on a monthly basis at company, business, division and Group levels.

Planning and performance reporting

The Group's financial development and achievement of financial objectives are monitored by financial reporting covering the entire Group. Monthly performance reporting includes actual Group, division and business specific results, changes compared to the previous year, comparison with forecasts, and forecasts

Kesko Group's management model



for the ongoing financial year. The Group's short-term financial planning is based on annual budgeting and quarterly updated forecasts extending to the end of the current financial year. The key financial indicators are sales performance for growth, comparable operating profit, comparable operating margin, and comparable return on capital employed for profitability, and free cash flow for cash flow, monitored by monthly internal reporting. Information on the Group's financial situation is provided in interim reports, the half-year financial report, and the financial statements release. The Group's sales figures are published monthly.

Performance reporting to the Group's top management

Performance reporting to the Group's top management comprises monthly reports on the Group's, divisions', businesses' and subsidiaries' sales, profits, capital employed and cash flows, as well as on the Group's financial items, cash flow, and balance sheet position. Each business is primarily responsible for the financial reporting and the accuracy of the figures. The controlling function of each division analyses the whole division's figures for which the division's financial management is responsible. The Group is responsible for the whole Group's figures. The key items in the income statement, capital employed and balance sheet are analysed monthly at business, division and Group level, based on a documented division of duties and predefined reports. This makes real-time information on the financial situation constantly available and enables real-time responses to possible issues.

Public performance reporting

Public performance reporting comprises interim reports, the half-year financial report, the financial statements release, the annual financial statements, and monthly sales reports. The same accounting principles and control methods are applied to public performance reporting as to monthly performance reporting. The Audit Committee reviews the interim report, the half-year financial report, and the financial statements and gives a recommendation on their review to the Board of Directors. The Board approves the interim report, the half-year financial report, and the financial statements before they are published.

Key actions in 2021

The Covid-19 pandemic and poor predictability of the economic operating environment continued to impact the operations of the financial organisation in 2021. This emphasised the importance of up-to-date forecasts to support management decision-making, and the ability to respond to quickly changing situations. In 2021, we continued to harmonisation and automation of financial administration processes under the Digital Finance project. In Norway and Sweden, we continued the integration of the financial administration of acquired businesses. The Group initiated a project to harmonise financial processes and financial reporting related controls, by identifying key controls and related risks, as well as practices related to their implementation, documentation and monitoring.

Key actions in 2022

In 2022, we will continue the harmonisation and automation of financial administration processes through the utilisation of modern technologies. The harmonisation of key controls related to financial processes and financial reporting will be advanced in various businesses. Reporting will be automated and developed based on business needs.

Accounting policies and financial administration IT systems

Kesko Group complies with the International Financial Reporting Standards (IFRS) approved for adoption by the European Union. The accounting policies applied by the Group have been compiled in an accounting manual, which is updated as the standards are amended. The manual contains instructions for Group companies and for preparing the consolidated financial statements. Kesko Group's financial administration information is generated from division and company specific enterprise resource planning systems and basic finance systems into the Group's centralised consolidation system to produce the Group's key financial reports. The key systems used to generate financial information have been certified and secured by back-up systems, and they are controlled and checked regularly to ensure reliability and continuity.

INTERNAL CONTROL

Internal control is an essential part of management, and involves Kesko's Board of Directors, management and personnel. The objective is to ensure Kesko achieves its targets. Efficient internal control ensures that deviations from objectives can be prevented or detected as early as

possible so that corrective measures can be taken. Internal control tools include policies and principles, working instructions, approval authorisations, authorisations for use, device and software controls, manual controls, balancing, monitoring reports and inspections and self-assessments.

The objective of internal control in Kesko Group is to ensure the efficiency, productivity, continuity and freedom from disruptions of operations, compliance with laws, regulations and agreements and Kesko's values and operating principles, the reliability of financial and operational reporting both externally and internally, as well as the safeguarding of assets, information and expertise.

Internal control is efficient when it is continuous, integrated as part of operations, and ensures sufficiently that business targets are met. For internal control to remain efficient, it is important that management identifies the risks related to achieving targets and that control measures are targeted based on risk.

The Board of Directors and the President and CEO are responsible for organising internal control. The management of each division, company and unit is responsible for developing, implementing and maintaining an efficient and functional internal control system in their area of responsibility. The management is responsible for extending control also to outsourced services. Everyone working at Kesko is obliged to comply with the K Code of Conduct and Kesko's policies, principles and work-related instructions, and to report any defects they identify to their manager. People can also use the SpeakUp channel

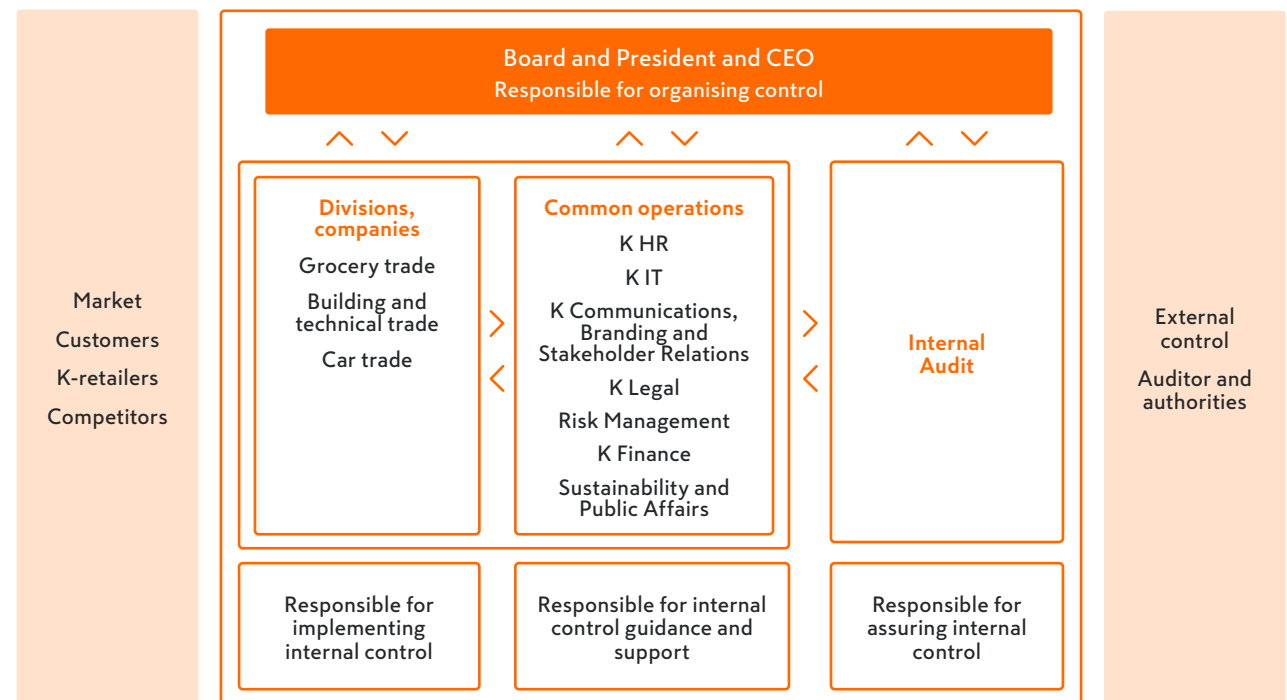
to inform the Company of suspected breaches of law or internal misconduct.

Kesko's common operations guide and support the divisions, companies and units with Group-level policies, principles and instructions pertaining to their respective areas of responsibility. Kesko Group's internal audit function assesses and verifies the effectiveness and efficiency of Kesko's internal control, reports on it to the President and

CEO and the Audit Committee of Kesko Corporations' Board of Directors, and assists management and Kesko's units in the development of the internal control system.

Kesko's Board has approved Kesko's internal control policy, which is based on good control principles widely accepted internationally (COSO) and Kesko's document management model, which comprises policies, principles and instructions that must be complied with throughout Kesko Group.

Roles and responsibilities in Kesko Group's internal control



RISK MANAGEMENT

Kesko’s risk management is proactive and an integral part of day-to-day management. The objective of risk management is to support the implementation of Kesko’s strategy.

Risk management in Kesko Group is guided by the risk management policy approved by Kesko's Board of Directors. The policy defines the goals and principles, organisation, responsibilities and practices of risk management in Kesko Group. In the management of financial risks, the Group's treasury policy, confirmed by Kesko's Board of Directors, is observed.

The management of businesses and common operations are responsible for the implementation of risk management. The finance director is responsible for the execution of risk management in each division. The risk management unit coordinates the risk management process and is responsible for risk reporting and executes risk identification, the determination of risk management responses and their implementation jointly with the businesses and common operations. Every member of Kesko personnel must know and manage the risks in their areas of responsibility.

Kesko Group applies a business-oriented and comprehensive approach to risk assessment and management. This means that key risks are identified, assessed, managed, monitored and reported as part of business operations at Group, division, company and function levels throughout the Group.

Risk management steering model



Kesko has a uniform risk assessment and reporting model. Risk identification is based on business objectives and opportunities and the defined risk appetite. Risks are prioritised on the basis of their significance by evaluating their impact in euro terms and their probability. When assessing the impact of realisation, the impacts on e.g. reputation, the wellbeing of people and the environment are assessed in addition to the impact in euros.

Risk identification and assessment play a key role in Kesko's strategy work and operations planning. In addition, risk assessments are made of significant projects related to capital expenditure, business arrangements, or changes in operations. The risk assessments of the divisions and common operations which include a risk map, risk management responses and indicators, responsible persons and schedules, are reviewed regularly by the management of the respective division or common operation.

Risks and risk management responses are reported in accordance with Kesko's reporting responsibilities. The divisions and common operations report on risks and changes in them to the Group's risk management function. Risks are reviewed by the risk management steering group, which includes representatives of the divisions and common operations. On that basis, the Group's risk management function prepares quarterly a Group risk report, which is reviewed by the Governance, Risk and Compliance (GRC) steering group, after which the risk report is approved by Kesko's President and CEO.

The Group's risk map, the most significant risks and uncertainties, as well as material changes in and responses to them are reported to the Kesko Board's Audit Committee in connection with the review of interim reports, the half-year financial report, and financial statements. The Audit Committee also evaluates the efficiency of Kesko's risk management system. The Audit Committee Chair reports on risk management to the Board of Directors as part of the Audit Committee Report.

Kesko's Board reviews Kesko Group's most significant risks and uncertainties. The most significant risks and uncertainties are reported to the market by the Board in the Report by the Board of Directors, and any material changes in them in the half-year financial report and the interim reports.

Risk management responses in 2021

Due to the Covid-19 pandemic, the Group preparedness management team continued to operate and coordinate the situation, decide on measures and direct their implementation. The health and safety of personnel and customers and business continuity continued to be the focus areas. In risk management, separate risk assessments were initiated in cooperation with the Group Legal Affairs regarding data protection, competition law, consumer protection, and corruption, to support the planning of the compliance programmes decided. A separate extensive study and assessment of occupational safety was conducted in Finland; the results will be used to develop and assess

occupational safety in all operating countries. Instructions and tools for managing business continuity were updated, and an update of continuity plans for logistics initiated in accordance with the new model. An analysis of alternatives for Group insurance coverage was initiated in an effort to reduce challenges related to the cyclical nature of the insurance markets. We continued to improve the efficiency of security technology and security services by concentrating acquisitions and developing the lifecycle management of security and real estate systems.

Focus areas for risk management in 2022

Focus areas for risk management include the further development and expansion of integrated risk management. In continuity management, we will expand the implementation of the new steering model and make changes to management reporting. The structures for insuring Kesko Group will be examined based on the results of the analyses conducted, and if necessary, changes will be made to insurance cover on a risk-basis. In terms of risks related to climate change, risk assessment for grocery trade will be deepened based on TCFD recommendations. We will continue to improve the efficiency of security technology and security services by concentrating acquisitions, developing the lifecycle management of security and real estate systems and preventing related cyber threats. Special measures for the protection of personnel and customers and for securing business continuity in relation to the Covid-19 pandemic will continue.

Other information to be provided in the CG statement

INTERNAL AUDIT

Kesko's internal audit is responsible for the Group's independent evaluation and assurance function required of a listed company, which systematically examines and verifies the efficiency of risk management, management, control and governance. The Audit Committee of Kesko's Board of Directors has confirmed the operating instructions for Kesko's internal audit function.

The internal audit function is organised under Kesko's President and CEO and the Audit Committee, and it reports on its findings and recommendations to the Audit Committee, the President and CEO, the management of the audited operation, and the Auditor. The function covers all Kesko's divisions, companies and functions. Auditing is based on risk analyses, as well as risk management and control discussions conducted with the Group's and divisions' management. Meetings with the Auditor are arranged on a regular basis in order to ensure sufficient audit coverage and to eliminate overlapping operations.

An internal audit plan, subject to approval by the President and CEO and the Audit Committee, is prepared annually. The audit plan is modified on a risk basis, if necessary. As necessary, the internal audit function purchases external services for added resources or for the purpose of

conducting audit operations which require special expertise. Audits can also make use of the expertise and work contribution of Kesko Group's other specialists.

Internal audit operations in 2021

Key focus areas for internal audit in 2021 were data security, business continuity, business and IT related projects, and process efficiency and process controls.

Focus areas for internal audit in 2022

In 2022, focus areas for internal audit will include cyber security, IT and business projects, sustainability, process controls and process efficiency, business continuity, and vendor audits.

RELATED PARTY TRANSACTIONS

In accordance with the Corporate Governance Code, Kesko's Board of Directors has determined the principles for monitoring and evaluating related party transactions complied within the Group. The principles determine Kesko's related parties, and a list of related parties is maintained. Business operations that are part of ordinary course of business and implemented under arms-length terms have been identified. These include chain agreements in the K-chain operations used to join retailers to Kesko's retail chains, such as the K-Citymarket, K-Supermarket,

K-Market and K-Rauta chains, and the terms and conditions of sales for K-chain commerce and services operations. Kesko has made chain agreements also with companies controlled by Board members engaged in retailer operations. Like other chain agreements, these are part of Kesko's ordinary course of business. The agreements are made at the same organisational level following the same principles as other similar chain agreements. The Board makes decisions on agreements and other legal acts that are not part of Kesko's ordinary course of business or are not implemented under arms-length terms. The matter and related decision-making are prepared with care utilising, for example, external evaluations. Decision-making complies with the conflict of interest provisions of the Finnish Limited Liability Companies Act. Related party transactions and information concerning the monitoring of related party transactions are reported to Kesko's Audit Committee, and the supervision of related party transactions is part of Kesko Group's internal control. Kesko regularly reports related party transactions as part of its financial reporting, and publishes related party transactions in a manner determined by regulations. Kesko Group's related party transactions are reported in **note 5.3 to the consolidated financial statements**.

MAIN PROCEDURES RELATING TO INSIDER ADMINISTRATION

Insider regulations

Kesko complies with the EU and Finnish regulations concerning insiders, the insider guidelines of Nasdaq Helsinki Ltd, and the complementary insider instructions confirmed by Kesko.

Managers and management transactions

Kesko has determined that 'managers' (persons discharging managerial responsibilities) in Kesko, as referred to in the EU Market Abuse Regulation (MAR), comprise the members of Kesko Corporation's Board of Directors, and the President and CEO and other members of the Group Management Board. The managers and their related parties are obliged to inform Kesko and the Finnish Financial Supervisory Authority of transactions they make with Kesko's financial instruments such as shares. Transactions by the managers and their related parties are disclosed in accordance with MAR.

Closed period

A closed period of 30 calendar days before the publication of interim reports, the half-year financial report, and the financial statements release is applied to members of management at Kesko. The Company has imposed a corresponding 30-day closed period also on persons involved in the preparation of Kesko's interim reports, the

half-year financial report, and the financial statements. During the closed period, the persons are prohibited from trading in Kesko's shares and other financial instruments.

Insider projects

A project-specific insider list is established for projects involving insider information. Persons on the list cannot trade in financial instruments in Kesko during the project.

Duties

Insider management at Kesko is concentrated in Legal Affairs. Kesko's Legal Affairs

- provides information, instructions, training and advice on insider matters internally,
- develops insider administration,
- monitors regulatory changes concerning insider matters,
- is responsible for insider lists, the list of management and related parties, and other insider administration-related procedures,
- participates in internal investigation of concerns and suspected breaches related to insider matters, and
- monitors compliance with insider guidelines together with Kesko's internal audit.

AUDITING

According to Kesko's Articles of Association, Kesko's Auditor shall be an Authorised Public Accountants Organisation which shall designate an Authorised Public Accountant as the auditor with principal responsibility.

The Audit Committee conducts preparatory work for the election of the Company's Auditor, and recommends an Auditor. The Board submits a proposal to the Annual General Meeting for the Company's Auditor. The Audit Committee monitors and assesses the Auditor's operations and services annually. The Auditor's term of office is the financial year during which the Auditor is elected, and the Auditor's term continues until the close of the next Annual General Meeting to follow. An audit company belonging to the same network of audit companies as the audit firm elected by Kesko's Annual General Meeting as Auditor is elected as the auditor of each of the Group's subsidiaries outside Finland.

The Auditor provides Kesko's shareholders with the statutory Auditor's Report in connection with the Company's financial statements and regularly reports on its findings to the Audit Committee of Kesko's Board of Directors. The Annual General Meeting of 2021 elected the firm of authorised public accountants Deloitte Oy as the Company's Auditor, with APA Jukka Vattulainen as the auditor with principal responsibility.

The Annual General Meeting resolved that the Auditor's fee and the reimbursement of the Auditor's expenses be paid according to an invoice approved by the Company.

Auditors' fees in 2020–2021 (€1,000)

| | 2021 | | | 2020 | | |
|-------------------|-------------------|-----------------------|--------------|-------------------|-----------------------|--------------|
| | Kesko Corporation | Other Group companies | Total | Kesko Corporation | Other Group companies | Total |
| Auditing | 377 | 639 | 1,016 | 420 | 566 | 986 |
| Tax consultation | 0 | 3 | 3 | 6 | 5 | 11 |
| IFRS consultation | 0 | 0 | 0 | 0 | 0 | 0 |
| Other services | 111 | 6 | 117 | 8 | 5 | 13 |
| Total | 488 | 648 | 1,136 | 434 | 576 | 1,010 |



REMUNERATION REPORT FOR THE GOVERNING BODIES OF KESKO CORPORATION

KESKO ANNUAL REPORT 2021

1. Introduction

This is the remuneration report for governing bodies applied within Kesko Corporation (“Kesko”) that complies with legislation and the Finnish Securities Market Association’s Corporate Governance Code that entered into force on 1 January 2020. This remuneration report concerns the remuneration of the members of Kesko’s Board of Directors as well as the President and CEO and the Deputy CEO of Kesko in 2021. This remuneration report is based on the remuneration policy for Kesko’s governing bodies reviewed by the Annual General Meeting of 28 April 2020. The Annual General Meeting resolved in favour of the proposed remuneration policy.

The Remuneration Committee of Kesko’s Board of Directors prepared this remuneration report, and the Board approved it in its meeting on 2 February 2022. Kesko’s auditor, Deloitte Oy, has audited this remuneration report to confirm that it contains the information referred to in the Ministry of Finance Decree on the remuneration policy and remuneration report of a share issuer (608/2019). This remuneration report will be reviewed by Kesko’s 2022 Annual General Meeting. Kesko’s 2021 Annual General Meeting was held on 12 April 2021 under exceptional arrangements because of the coronavirus pandemic, in accordance with the temporary legislation (677/2020) approved by the Finnish Parliament. All items on the agenda of the Annual General Meeting were subjected to voting, and around 91% of the votes cast were in favour of approving the remuneration report for 2020. No questions concerning the remuneration report were presented to the Annual General Meeting.

This remuneration report is available on Kesko’s website at www.kesko.fi/en/investor/corporate-governance.

In accordance with the remuneration policy, the Board’s Remuneration Committee supervises the policy’s implementation and ensures that the Company’s governing bodies are remunerated within the limits of the policy presented to the Annual General Meeting. In the 2021 financial year, the remuneration of Kesko’s Board members and President and CEO, as well as its Deputy CEO, has been in line with the remuneration policy approved by the Annual General Meeting in 2020. No fees already paid have been clawed back.

In accordance with what is presented in Kesko’s remuneration policy, the aim of remuneration is to align

the objectives of the shareholders and the members of the Board, the President and CEO, and the Deputy CEO in order to increase the value of the Company and to execute its business strategy in the long term. As a result, remuneration promotes the Company’s long-term financial success.

Kesko’s business has grown steadily over the past five years. The good performance is also reflected in the remuneration of the President and CEO and the Deputy CEO. Changes in the total remuneration of the President and CEO and the Deputy CEO are mostly due to changes in their realised performance bonuses and share awards. The annual fees of Board members were raised through a resolution of the 2021 Annual General Meeting.

Fees paid and operating profit for the past five years

| Role | 2017 | 2018 | 2019 | 2020 | 2021 |
|-------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Board Chair | 87,500 | 106,500 | 109,000 | 118,000 | 119,900 |
| Board Deputy Chair | 60,000 | 63,000 | 67,000 | 70,500 | 74,900 |
| Other Board members, average | 44,800 | 56,000 | 56,100 | 59,300 | 61,160 |
| President and CEO, Mikko Helander | 2,849,437 | 2,299,656 | 2,633,100 | 2,997,382 | 4,381,783 |
| Deputy CEO, Jorma Rauhala | 1,028,176 | 959,543 | 1,088,999 | 1,269,791 | 2,123,288 |
| Employees, Finland | 40,247 | 39,523 | 40,578 | 41,127 | 42,974 |
| Operating profit*, € million | 296 | 332 | 371 | 486 | 698 |

* Comparable operating profit excluding the impact of IFRS 16.

The fees of the Board Chair, Deputy Chair and other members include annual and meeting fees. The remuneration paid to the President and CEO and the Deputy CEO includes their fixed annual salary, car and mobile phone benefits, and variable components, namely performance bonuses and share awards. The employee salary is the average base annual salary (personnel expenses as presented in the financial statements divided by the number of full-time employees in Finland). All sums are reported on a cash basis.

2. Board of Directors' Fees

In accordance with Kesko's remuneration policy for governing bodies, the Annual General Meeting on 12 April 2021 made resolutions regarding the Board members' remuneration and the basis for reimbursement of their expenses. The proposal had been submitted to the General Meeting by the Shareholders' Nomination Committee.

The annual and meeting fees determined for the members of the Board of Directors by the Annual General Meeting are presented in the following tables. In accordance with the resolution of the Annual General Meeting, the annual fees were paid in Kesko Corporation's B shares and cash, with approximately 30% of the fees paid in shares. After the transfer of shares, the remaining amount was paid in cash. The Company paid the asset transfer taxes related to the shares. The Company transferred treasury shares held by the Company to the members of the Board of Directors on 29 April 2021. A Board member cannot transfer shares until either three years have passed from the day the member received the shares or their membership on the Board has ended, whichever comes first.

RESOLUTION OF THE 2021 ANNUAL GENERAL MEETING ON THE ANNUAL AND MEETING FEES OF BOARD MEMBERS

Annual remuneration to Board members (€)

| | 2021 |
|---|---------|
| Chair | 102,000 |
| Deputy Chair | 63,000 |
| Member | 47,500 |
| Board member who is the Audit Committee Chair | 63,000 |

Meeting fees / meeting (€)

| | 2021 |
|---|-------|
| Board meeting | |
| Chair | 1,200 |
| Member | 600 |
| Committee meeting | |
| Committee Chair who is not the Chair or Deputy Chair of the Board | 1,200 |
| Member | 600 |

Annual and meeting fees paid to Board members for Board and Committee work in 2021 (€)

| | Meeting fees* | | | | Remuneration, total | Number of B shares transferred based on annual fee** |
|-------------------------------|----------------|--------------------|--------------------|---------------------------|------------------------|--|
| | Annual fee | Board of Directors | Audit Committee | Remuneration Committee | | |
| Esa Kiiskinen (Chair) | 102,000 | 15,200 | | 2,700 | 119,900 | 1,176 |
| Peter Fagernäs (Deputy Chair) | 63,000 | 8,600 | | 3,300 | 74,900 | 727 |
| Jannica Fagerholm | 63,000 | 8,600 | 6,800 | | 78,400 | 727 |
| Piia Karhu | 47,500 | 8,600 | 3,400 | | 59,500 | 548 |
| Jussi Perälä*** | 47,500 | 6,600 | | | 54,100 | 548 |
| Toni Pokela | 47,500 | 8,600 | | | 56,100 | 548 |
| Timo Ritakallio*** | 47,500 | 6,600 | 2,400 | 1,200 | 57,700 | 548 |
| Matti Kyytsönen*** | | 2,000 | 1,000 | 1,500 | 4,500 | |
| Matti Naumanen*** | | 2,000 | | | 2,000 | |
| Total | 418,000 | 66,800 | 13,600 | 8,700 | 507,100 | 4,822 |

* Meeting fees for the Board meeting, Audit Committee meeting, and Remuneration Committee meeting in December 2020 were paid in January 2021 and are included in the figures presented in the table, excl. the Board meeting fee paid to Esa Kiiskinen in 2020.

** Kesko's treasury shares were transferred on 29 April 2021. The average price on the transfer date was €25.51.

*** Kyytsönen and Naumanen were Board members until 12 April 2021. Perälä and Ritakallio have been Board members since 12 April 2021.

In addition, Kesko's Board members were paid reimbursements for their expenses in accordance with the resolution of the 2021 Annual General Meeting.

There are no share compensation schemes for Board members nor do they participate in the Company's remuneration schemes or pension plans.

3. Remuneration of the President and CEO and the Deputy CEO

The Company's managing director, referred to as the President and CEO, was Mikko Helander throughout the 2021 financial year. Jorma Rauhala, whose principal position is President of the building and technical trade division, served as Deputy CEO throughout the 2021 financial year.

FEES PAID AND FALLING DUE

Kesko's Board has decided on the remuneration of the President and CEO and the Deputy CEO based on a proposal prepared by the Remuneration Committee. The remuneration scheme of the President and CEO and the Deputy CEO has consisted of a fixed monetary salary (a monthly salary), a short-term incentive scheme (a performance bonus) and a long-term commitment and incentive scheme (share award), and other financial benefits (a company car, mobile phone and a supplementary pension). A health insurance, life insurance and leisure travel insurance have been taken out for the President and CEO. The President and CEO and the Deputy CEO have leisure accident insurance and they are provided with an employer-subsidised benefit for cultural activities and physical exercise.

The remuneration of Kesko's President and CEO and Deputy CEO has been compared with the remuneration levels and practices of similar companies. Based on the comparisons, it was decided that the President and CEO and Deputy CEO will be remunerated for 2021 within the limits provided for by Kesko's remuneration policy. The base salaries of Kesko's President and CEO and Deputy CEO were not raised in 2021. In 2021, the President and CEO and the Deputy

SALARIES, BONUSES AND FRINGE BENEFITS FOR THE PRESIDENT AND CEO AND DEPUTY CEO (€)

| Description | President and CEO | Deputy CEO |
|-------------------------------|-------------------|------------|
| Fixed monetary salary* | 935,258 | 435,694 |
| Performance bonus | 787,500 | 281,400 |
| Share awards** | 2,625,028 | 1,381,594 |
| Car and mobile phone benefits | 33,997 | 24,600 |
| Total | 4,381,783 | 2,123,288 |
| Supplementary pension plan*** | 1,000,000 | - |

* Includes holiday pay and holiday bonus.

** The euro value of the share awards has been calculated using the trade-weighted average share price on the date of assignment, 19 March 2021. The euro amounts of share awards are gross amounts, from which the applicable withholding tax has been deducted and the remaining net amount has been paid in shares. The gross number of Kesko B shares transferred to the President and CEO in 2021 was 108,832 shares, and the net amount 54,416 shares. The gross number of Kesko B shares transferred to the Deputy CEO in 2021 was 57,280 shares, and the net amount 28,640 shares.

*** The Deputy CEO is a member of Kesko Pension Fund and his pension is determined in accordance with the rules of the pension fund. No contributions were made to the Deputy CEO's supplementary pension in 2021.

The performance bonus to be paid to the President and CEO for 2021 will be €787,500, and the performance bonus to be paid to the Deputy CEO €263,953. In accordance with Kesko's performance bonus rules, the bonuses will be paid on the final day of April at the latest. Moreover, the President and CEO will be paid share awards totalling 123,052 shares (gross) in spring 2022 based on the 2020 and 2021 performance the PSP 2020-2023. The Deputy CEO will be paid share awards totalling 64,764 shares (gross) in spring 2022 based on the 2020 and 2021 performance under the PSP 2020-2023.

CEO were paid the salaries, bonuses, fringe benefits and retirement benefits presented in the above table.

SHARE-BASED COMPENSATION

The President and CEO and the Deputy CEO were paid share awards in line with what is presented in the table above. Under the Performance Share Plan (PSP) for 2019-2022, shares were transferred in the spring of 2021 based on the performance indicators for 2019 and 2020. Under the Performance Share Plan (PSP) for 2020-2023, shares will be transferred in the spring of 2022 based on the performance indicators for 2020 and 2021.

After the two-year performance period, a two-year commitment period begins. During the commitment period, the shares cannot be pledged or transferred, but the other

rights attached to the shares remain in force. If a person's employment or service relationship terminates prior to the expiry of the commitment period, the person must, as a rule, return the shares under transfer restriction to Kesko or its designate for no consideration. In individual cases, the Board may decide that the grantee may keep some or all of the shares under the return obligation. If the grantee retires during the commitment period, the grantee is entitled to keep the shares and other securities already received.

The President and CEO and the Deputy CEO are required to hold a number of Kesko shares equivalent to at least one year of their gross salary, so as to ensure that the interests of the Company's management and shareholders are aligned. The requirement concerning the shareholding in Kesko is fulfilled by both the President and CEO and the Deputy CEO.

Performance Share Plan (PSP) indicators

| | 2021 | 2020 | 2019 |
|--|--------|--------|--------|
| Absolute total shareholder return (TSR) of a Kesko B share | 100.0% | 100.0% | 100.0% |
| Kesko's return on capital employed (ROCE, %) | 100.0% | 100.0% | 70.0% |
| Kesko's sales development | 100.0% | 39.9% | 20.1% |

The share awards paid in 2021 were earned in 2019 and 2020. The share awards to be paid in 2022 were earned in 2020 and 2021. The criteria for Kesko's Performance Share Plan have been Kesko's return on capital employed (ROCE, %), Kesko's sales development, and the absolute total shareholder return (TSR, %) of a Kesko B share.

The table below presents information on the share awards granted and paid in the previous financial year as well as on the principal terms and conditions for Kesko's share plans.

Share award plans for the President and CEO and Deputy CEO

| | PSP 2019-2022 | PSP 2020-2023 |
|---|---------------|---------------|
| President and CEO, maximum share allocation | 152,000 *** | 136,800 *** |
| Deputy CEO, maximum share allocation | 80,000 *** | 72,000 *** |
| Actual earnings | 71.6% * | 89.95% ** |
| Performance period ends | 31.12.2020 | 31.12.2021 |
| Shares transferred | 2021 | 2022 |
| Commitment period ends | 10.2.2023 | 10.2.2024 |

* PSP 2019-2022 was earned in 2019 and 2020, and the shares were paid to the participants' book-entry accounts in spring 2021.

** PSP 2020-2023 was earned in 2020 and 2021, and the shares will be paid to the participants' book-entry accounts in spring 2022.

*** The stated share number represents the gross amount, from which the applicable withholding tax is deducted. The remaining net amount is paid to the participants in shares.

RELATIVE PROPORTIONS OF FIXED AND VARIABLE REMUNERATION

The President and CEO was paid a total of €3,412,528 in performance bonuses and share awards in 2021, representing 78% of his total remuneration. The Deputy CEO was paid a total of €1,662,994 in performance bonuses and share awards, representing 78% of his total remuneration.

The maximum amount of the performance bonus for 2021 was 100% of the President and CEO's annual salary and 67% of the Deputy CEO's annual salary. The performance bonus paid to the President and CEO amounted to €787,500, which is equivalent to 87.5% of his annual salary. The performance bonus paid to the Deputy CEO amounted to €281,400, which is equivalent to 67% of his annual salary.

The gross share compensation paid to the President and CEO amounted to €2,625,028, which is equivalent to 290% of his annual salary. The gross share compensation paid to the Deputy CEO amounted to €1,381,594, which is equivalent to 329% of his annual salary.

APPLICATION OF PERFORMANCE CRITERIA TO VARIABLE REMUNERATION

The performance bonuses paid in 2021 were earned in 2020 and the performance bonuses to be paid in 2022 were earned in 2021. The key indicators for the President and CEO's performance bonus in 2020 and 2021 were the development of Kesko's shareholder value, Kesko's operating profit, the return on capital employed (ROCE, %) and the development of sales. The key indicators for the Deputy CEO's performance in 2020 and 2021 were Kesko's operating profit and the operating profit of the building and technical trade division, the return on capital employed (ROCE, %) and the development of sales. The overall performance of the President and CEO and the Deputy CEO was also used as a criterion for determining their remuneration.

The share awards paid in 2021 were earned in 2019 and 2020. The criteria for Kesko's performance-based share compensation plan were Kesko's return on capital employed (ROCE, %), the development of Kesko's sales, and the total shareholder return of a Kesko B share. The development of these criteria in 2019, 2020 and 2021 is presented in the table. The share awards paid in 2021 were paid based on the average actual indicators for 2019 and 2020 as presented in the table. The share awards to be paid in 2022 will be paid based on the average actual indicators for 2020 and 2021.

SUPPLEMENTARY PENSIONS

The old-age pension based on a defined benefit plan is accumulated for President and CEO Mikko Helander until 30 June 2023. The amount of his old-age pension based on

Performance bonus targets and levels achieved in 2020 and 2021 by the President and CEO and Deputy CEO

| President and CEO | | Level achieved in 2021 | Level achieved in 2020 |
|---|--|-------------------------------|-------------------------------|
| Financial performance for Kesko and K Group | Kesko's EBIT | At maximum level | At maximum level |
| | Kesko's ROCE, % | At maximum level | At maximum level |
| | Kesko's sales development | At maximum level | Below target level |
| Personal targets | Targets related to strategy execution have been set for the President and CEO, which are taken into account in the total assessment. | Above target level | Above target level |
| Total assessment on a scale of 0 to 100 | | 87.5 | 87.5 |
| Deputy CEO | | Level achieved in 2021 | Level achieved in 2020 |
| Financial performance for Kesko and the building and technical trade division, weight 80% | Kesko's EBIT | At maximum level | At maximum level |
| | EBIT in building and technical trade | At maximum level | At maximum level |
| | ROCE, % in building and technical trade | At maximum level | At maximum level |
| | Sales development in building and technical trade | At maximum level | At maximum level |
| Personal targets, weight 20% | Targets related to strategy execution have been set for the Deputy CEO and President of the building and technical trade division, which are taken into account in the total assessment. | Above target level | At maximum level |
| Total assessment on a scale of 0 to 100 | | 93,8 | 100 |

a defined benefit plan is 60% of his pensionable earnings in accordance with the Employees Pensions Act (TyEL) for the ten (10) years preceding his retirement. Supplementary pension based on a defined contribution plan will be accumulated for the President and CEO from 1 July 2023. In accordance with the stock exchange release issued on 12 April 2021, Helander will continue as the President and CEO of the Company until further notice. Based on the previous

agreement, he would have retired when he turns 63 in June 2023.

The old-age pension for the Deputy CEO begins at the age of 63. The Deputy CEO is a member of the Kesko Pension Fund. The amount of his old-age pension is 66% of his pensionable earnings for the ten (10) years preceding his retirement in accordance with the Employees Pensions Act (TyEL). The pension is based on a defined benefit plan.



BOARD OF DIRECTORS AND GROUP MANAGEMENT BOARD

KESKO ANNUAL REPORT 2021

BOARD OF DIRECTORS



Esa Kiiskinen

Chair, Chair of the Remuneration Committee

b. 1963,
Kauppaneuvos
(an honorary title granted by the President of the Republic of Finland),
Business College Graduate



Peter Fagernäs

Deputy Chair,
Deputy Chair of the Remuneration Committee

b. 1952,
Master of Laws

Independence: He is considered not to be independent of the Company (entity controlled by him has a chain agreement with a Kesko Group company) but to be independent of its significant shareholders.

Domicile: Helsinki, Finland.

Principal occupation: Food retailer.

Main employment history: K-food retailer since 1990.

Main positions of trust: Taaleri Plc: member of the Board 2014–2019; Confederation of Finnish Industries EK: Chair of the Delegation for Entrepreneurs 2012–2014; Confederation of Finnish Industries EK: Vice-Chair of the Board 2012–2014; Finnish Family Firms Association: member of the Board 2011–2012; The Foundation for Vocational Training in the

Retail Trade: Chair of the Board 2008–2012; Saija ja Esa Kiiskinen Oy: Chair of the Board 1995–; Finnish Commerce Federation: member of the Board 2008–2012; K-Retailers' Association: Chair of the Board 2008–2012; Vähittäiskaupan Tilipalvelu VTP Oy: member of the Board 2008–2012.

Board member since: 30 March 2009.

Kesko shares held:

- 31 December 2020: 7,004 B shares held by him and 447,200 A shares held by him and entities controlled by him.
- 31 December 2021: 8,180 B shares held by him and 459,200 A shares held by him and entities controlled by him.

Independence: He is considered to be independent of the Company and of its significant shareholders.

Domicile: Helsinki, Finland.

Principal occupation: Chairman of the Board.

Main employment history:

Hermitage & Co Oy: Chairman of the Board 2003–, Pohjola Group Plc: Chairman of the Board 2001–2003, Conventum Ltd: CEO 1996–1999 and Chairman of the Board 1999–2002, Merita Bank Ltd: member of management board 1995–1996, Prospectus Ltd: CEO 1993–1995, Kansallis-Osake-Pankki: 1977–1993.

Main positions of trust:

Oy Hermitage Ab: Chairman of the Board 2003–, Taaleri Plc: Chairman of the Board 2007–2020, Amanda Capital Plc: member of the Board 2007–2011, Winpak Ltd: member of the Board 2006–2011, Fortum Corporation: Chairman of the Board 2004–2009.

Board member since: 11 April 2018.

Kesko shares held:

- 31 December 2020: 13,337 B shares and 4,000 A shares held by him.
- 31 December 2021: 13,064 B shares and 4,000 A shares held by him.



Independence: He is considered to be independent of the Company and of its significant shareholders.

Domicile: Helsinki, Finland.

Principal occupation: Managing Director.

Main employment history: Signe and Ane Gyllenberg Foundation: Managing Director 2010–; SEB Gyllenberg Private Bank: Managing Director 1999–2010; Handelsbanken Liv Finland: Country Director 1998–1999.

Main positions of trust:

Sampo plc: member of the Board 2013–; Solidium Oy, member of the Board 2019–; Kelonia Ab, member of the Board 2010–; Veritas Pension Insurance, member of the

Supervisory Board 2010–; The Society of Swedish Literature in Finland, member of the Board 2015–; member of the Financial Board 2001–2015; Eira Hospital Ltd: member of the Board 2010–; Hanken School of Economics: member of the Board 2008–; Chair of the Board 2019–2021; Teleste Corporation: member of the Board 2013–2020; Aktia Abp: member of the Board 2012–2013; Partiosäätiö foundation: member of the Board 1997–2013.

Board member since: 4 April 2016.

Kesko shares held:

- 31 December 2020: 8,337 B shares held by her.
- 31 December 2021: 9,064 B shares held by her.

Independence: He is considered to be independent of the Company and of its significant shareholders.

Domicile: Kauniainen, Finland.

Principal occupation: Senior Vice President.

Main employment history: Metso Outotec: SVP Business Development 2020–; Finnair Plc: Senior Vice President, Customer Experience and member of the Executive Board 2016–2020. Various leadership positions at Finnair Plc since 2013. Previously worked as a management consultant for 12 years at Ernst & Young and Capgemini.

Main positions of trust: -

Board member since: 11 April 2018.

Kesko shares held:

- 31 December 2020: 3,257 B shares held by her.
- 31 December 2021: 3,805 B shares held by her.



Jussi Perälä

b. 1970, retailer,
Business College
Graduate



Toni Pokela

b. 1973, Retailer,
EMBA

Independence: He is considered not to be independent of the Company (entity controlled by Perälä has a chain agreement with a Kesko Group company), but to be independent of its significant shareholders.

Domicile: Helsinki, Finland.

Principal occupation: Retailer, J & M Perälä Oy

Main employment history: Retailer: K-Rauta Oulunkylä 2014– and K-Rauta Procenter Pasila 2020–, K-Rauta Palokka Jyväskylä 2010–2014, Rautia-maatalous Vasarakatu Jyväskylä 2003–2010, K-Rauta Kangasniemi 1998–2008, K-Rauta Laukaa 1997–2013, Rautia Joutsa 1997–2012, K-Rauta Toivakka 1997–2005.

Main positions of trust:

K-Retailers' Association: Vice Chairman of the Board 2016–, Board member 2009–2014, K-rautakauppiasyhdistys: Board member 2008, Vice Chairman of the Board 2009–2014, Vähittäiskaupan Takaus Oy: Board member 2018–, Vähittäiskaupan Tilipalvelu Oy: Board member 2017–, Finnish Hardware

Association: Board member 2009–2011 and 2016–, Rautia Chain Board: Chairman 2008, member 2001–2007, K-Rauta planning group: 2011–2014.

Board member since: 12 April 2021.

Kesko shares held:

- 15 January 2021: held by him and entities controlled by him 105,910 A shares and 95,593 B shares.
- 31 December 2021: held by him and entities controlled by him 133,000 A shares and 96,192 B shares.

Independence: He is considered not to be independent of the Company (entity controlled by him has a chain agreement with a Kesko Group company) and of significant shareholders (Chair of the Board of a significant Company shareholder, the K-Retailers' Association).

Domicile: Helsinki, Finland.

Principal occupation: Food retailer.

Main employment history: K-food retailer since 1997.

Main positions of trust:

Chamber of Commerce: member of the Board 2021–; Finnish Commerce Federation: member of the Board 2017–; Finnish Tennis Federation: Chair of the Board 2017–, member of the Board 2014–2016; K-Retailers' Association: Chair of the Board 2016–, member of the Board 2008–2012; Pokela Oy Iso Omena: member of the Board and Managing Director 1998–; Iso Omenan Yrittäjähdistys ry: Chair of the Board 2003–; Foundation for Vocational

Training in the Retail Trade: Chair of the Board 2016–; Confederation of Finnish Industries EK: member of the Skilled Workforce Committee 2014–2016, member of the Delegation for Entrepreneurs 2017–; K-instituutti Oy: Deputy Chair of the Board 2010–2012; Vähittäiskaupan Takaus Oy: member of the Board 2010–2012; K-Food Retailers' Club: Chair of the Board 2010–2012; Deputy Chair 2008–2010; Finnish Grocery Trade Association: member of the Board 2010–2011.

Board member since: 16 April 2012.

Kesko shares held:

- 31 December 2020: 3,257 B shares held by him and 745,600 A shares held by entities controlled by him.
- 31 December 2021: 4,465 B shares held by him and 757,600 A shares held by entities controlled by him.



Timo Ritakallio

Deputy Chair of the Audit Committee, Member of the Remuneration Committee

born 1962, Doctor of Science (Technology), Master's degree in law (LL.M.), MBA

Independence: He is considered to be independent of the Company and of its significant shareholders.

Domicile: Helsinki, Finland.

Principal occupation: President and Group Chief Executive Officer.

Career: OP Financial Group: President and Group Chief Executive Officer 2018–, Ilmarinen Mutual Pension Insurance Company: President and CEO 2015–2018, Deputy Chief Executive Officer 2008–2015, Pohjola Bank Group: Deputy Executive Officer and Vice Chairman of the Executive Committee 2006–2008, OKO Bank: Deputy Chief Executive Officer and Member of the Executive Board 2001–2005, OKO Bank: Executive Vice President and Member of the Executive Board 1997–2001, Opstock Securities Ltd: Managing Director 1993–1997, Uudenkaupungin Seudun Osuuspankki: Managing Director 1991–1993.

Key positions of trust: Finance Finland, FFI: Chairman of the Board 2020–2021, Deputy Chair of the Board 2022–, Member of the Board of Directors 2017–2019, Confederation of Finnish Industries EK: Member of the Board of Directors 2020–2021, Finnish Chamber of Commerce: Member of the Board of Directors 2019–, OP Corporate Bank plc: Chairman of the Board of Directors 2018–, Pohjola Insurance Ltd: Chairman of the Board of Directors 2018–, The Finnish Olympic Committee: Chairman of the Board of Directors 2016–2020, Outotec Oyj: Vice Chairman of the Board of Directors 2013–2019, Technopolis Oyj: Member of the Board of Directors 2008–2015, Nasdaq OMX Nordic Inc: Member of the Board of Directors 2003–2011, SSH Communication Security Oyj: Member of the Board of Directors 2003–2009.

Board member since: 12 April 2021.

Kesko shares held:

- 14 January 2021: 2,000 A shares.
- 31 December 2021: 2,000 A shares, 548 B shares.

GROUP MANAGEMENT BOARD



Mikko Helander

President and CEO of Kesko Corporation and Chairman of the Group Management Board

b. 1960, Vuorineuvos (an honorary title granted by the President of the Republic of Finland), Master of Science (Technology)



Jorma Rauhala

President, building and technical trade, Deputy CEO.

b. 1965, Master of Science (Economics)

Other major duties: Stora Enso Oy; member of the Board 2019–; Confederation of Finnish Industries EK; member of the Board 2016–, Deputy Chair of the Board 2016, 2019–2021; Finnish Commerce Federation; member of the Board 2015–, Chair of the Board 2018–2019, Deputy Chair of the Board 2015, 2021–; Ilmarinen Mutual Pension Insurance Company; member of the Board 2015 and Chair of the Board 2016–2019; Finland Chamber of Commerce; member of the Board 2016–2020; Finnish Business and Policy Forum EVA; member 2015–; Rajamme Vartijain Säätiö; member of the Board 2019–2021, Chair of the Board 2020–2021.

Employment history: employed by Kesko Corporation since 2014. Kesko Corporation's Managing Director and Kesko Group's

President and CEO since 1 January 2015. Kesko Corporation's Executive Vice President 2014. Metsä Board Corporation: Chief Executive Officer 2006–2014; Metsä Tissue Corporation: Chief Executive Officer 2003–2006; Various management positions at Valmet Corporation between 1993 and 2003; Managing Director of Kasten Hövik 1990–1993.

Member of the Group Management Board since: 1 October 2014.

Kesko shares held:

- 31 December 2020: 269,844 B shares.
- 31 December 2021: 5000 A shares, 324,260 B shares.

Other major duties: European DIY Retail Association (EDRA): Member of the Board 2019–; Haaga-Helia University of Applied Sciences Ltd: Chair of the Board 2021–; The Finnish Grocery Trade Association: Chair of the Board 2017 (until 20.11.2017) and 2013–2014; member of the Board 2013–2016; the Association of Finnish Advertisers: member of the Board 2014–2017 (until 24.11.2017).

Employment history: employed by Kesko Corporation since 1992. President of Kesko's building and technical trade since 15 November 2017. Senior Vice President, grocery trade division 2015–2017. President of Kesko Food Ltd 2013–2017. Vice President for the K-citymarket chain's food trade 2012–2013; Managing Director of Kespro Ltd 2007–2012; Purchasing Director of Kespro Ltd 2003–2007.

Member of the Group Management Board since: 5 February 2013.

Kesko shares held:

- 31 December 2020: 140,156 B shares.
- 31 December 2021: 168,796 B shares.



Ari Akseli

President,
grocery trade
b. 1972, Master of
Science (Economics)



Matti Virtanen

President, car trade
b. 1958, Master of
Science (Tech.)

Other major duties: The Finnish Grocery Trade Association: Member of the Board 2019–, Chair of the Board 2021– and 2017–2018; Varma Mutual Pension Insurance Company: member of the Supervisory Board 2021–; AMS Advisor Board: member 2013–2019; IGS Advisor Board: member 2016–; Ruokatieto: Vice Chairman of the Board 2016–2019, member of the Board 2013–2015; Association for Finnish Work: member of the Executive Committee 2014–2019.

Employment history: Employed by Kesko Corporation since 1995. President of Kesko's grocery trade division since 15 November 2017. Vice President for Commerce, Kesko's grocery trade 2013–2017; President, Anttila Oy 2010–2013; President, K-citymarket Oy 2008–2013.

Member of the Group Management Board since: 15 November 2017.

Kesko shares held:

- 31 December 2020: 324 A shares, 59,504 B shares.
- 31 December 2021: 324 A shares, 79,570 B shares.

Other major duties: Roima Intelligence Oy; Chair of the Board 2019–, HopLop Holding Oy; Chair of the Board 2018–2021, Kamux Corporation; Chair of the Board 2016–2020.

Employment history: employed by Kesko Corporation and President of car trade division since 9 April 2021, CEO of Norpe Oy 2010–2016, CEO of Perlos Oy 2006–2008, Vice President of Solectron Corporation and CEO of Solectron EMEA area 2004–2005, Vice President of Hewlett-Packard & Compaq Computer 1990–2003, CEO and Managing Partner of Virtanen Consulting GmbH 2003–, Executive positions with Nokia 1984–1990.

Member of the Group Management Board since: 9 April 2021.

Kesko shares held:

- 9 April 2021: 1,000 B shares.
- 31 December 2021: 1,000 B shares.



Jukka Erlund

Executive Vice
President, CFO

b. 1974, Master
of Science
(Economics), eMBA



Riikka Joukio

Executive Vice
President, Sustainability
and Public Affairs

b. 1965, Master of
Science (Technology),
eMBA

Other major duties: Ilmarinen Mutual Pension Insurance Company: member of the Board 3/2021–; Finnair Plc: member of the Board 2019–; Finnish Commerce Federation: Chair of the Tax and Economic Policy Committee 2011–; Confederation of Finnish Industries EK: member of the Economy and Tax Committee 2012–; Suomen Luotto-osuuskunta: member of the Board 2012–.

Employment history: employed by Kesko Corporation since 2004. Senior Vice President, CFO since 1 November 2011. Kesko Food Ltd's Vice President for Finance 2010–2011; Kesko Corporation's Vice President, Corporate Controller 2007–2010;

Kesko Corporation's Corporate Business Controller 2004–2007.

Member of the Group Management Board since: 1 November 2011.

Kesko shares held:

- 31 December 2020: 115,676 B shares.
- 31 December 2021: 137,156 B shares.

Other major duties: PEFC International: Board Vice Chair, Board member 2014–; Climate Leadership Coalition (CLC): Deputy Member of the Board 9/2021–; Encore Ympäristöpalvelut Oy: Board member 2018–2021; Puunjalostusinsinöörit ry - Forest Products Engineers: Board Chair, Board member 2014–2021; UNA Europa: advisory board member 2020–.

Employment history: Employed by Kesko Corporation since 12 April 2021. Metsä Group: SVP, Climate and Circular Economy 2020–2021; Metsä Tissue: SVP, Greaseproof papers and Consumer Nordics 2018–2019; Metsä Group: SVP, Sustainability and Corporate Affairs 2010–2018; Metsä Board Consumer Packaging: VP, Marketing 2004–2010; M-real Consumer Packaging:

Assistant VP, technical sales and marketing 1999–2004; several technical positions at Metsä-Serla 1998–1999.

Member of the Group Management Board since: 12 April 2021.

Kesko shares held:

- 12 April 2021: 330 B shares.
- 31 December 2021: 330 B shares.



Matti Mettälä

Executive Vice
President,
Human Resources.

b. 1963, Master of
Laws



Karoliina Partanen

Executive Vice
President,
Communications

b. 1977, Master of
Political Science

Other major duties: Employment Fund: member of the Supervisory Board 2018–; Foundation for Vocational Training in the Retail Trade: member of the Board 2005–.

Employment history: employed by Kesko Corporation 1990–2005 and since 2012. Executive Vice President, Human Resources 12 April 2021–. Executive Vice President, Human Resources, Corporate Responsibility and Regional Relations 2018–2021. Senior Vice President, Human Resources 2015–2017. Senior Vice President, Human Resources and Stakeholder Relations 2012–2014. K-retailers' Association: Managing Director 2005–2012; Kesko Hardware and Builders' Supplies: Vice President for Finance 2002–2005; Rautakesko Ltd: Development Director 2001–2002; Builders' and Agricultural Supplies Division: Project Manager 1999–2000; Kesko Hardware and Builders' Supplies:

Vice President for the Rautia chain 1998–1999; Builders' and Agricultural Supplies Division: Retail Services Manager 1996–1998; Vähittäiskaupan Takaos Oy: Retail Services Manager 1994–1996; Kesko Ltd's Credit Department: Credit Manager 1991–1992; Kesko Ltd's Credit Department: Legal Counsel 1990–1991.

Member of the Group Management Board since: 1 October 2012.

Kesko shares held:

- 31 December 2020: 74,120 B shares.
- 31 December 2021: 88,440 B shares.

Areas of responsibility: Communications, Brand and Stakeholder Relations.

Employment history: employed by Kesko Corporation since 2015. Kesko Corporation's Executive Vice President, Communications 2017–. Kesko grocery trade, Vice President, Communications 2015–2017. Metso Corporation: Vice President, Global Brand and Marketing 2013–2015; Vice President, Marketing and Communications 2009–2013; Communications Manager 2005–2009. Pohjoisranta Burson-Marsteller Oy: Communications Consultant 2000–2005.

Member of the Group Management Board since: 1 October 2020.

Kesko shares held:

- 31 December 2020: 11,188 B shares.
- 31 December 2021: 16 344 B shares.



Anni Ronkainen

Executive Vice
President, Chief Digital
Officer.

b. 1966, Master of
Science (Economics)

Other major duties:

Member of the Personnel Committee: 2019–; Fennia Mutual Insurance Company: member of the Board 2019–; Ministry of Economic Affairs and employment of Finland: The Artificial Intelligence 4.0 programme, member of the steering group 11/2020–; Statistics Finland: Member of the Advisory Board 2019–; Marketing Finland ry: member of the Board 2018–.

Employment history: employed by Kesko Corporation since 2015. Chief Digital Officer as from 20 April 2015. Google Finland Ltd: Country Manager Finland 2009–2015; Industry Head, Multi-sector 2008–2009;

McCann Worldgroup Helsinki Oy: CEO 2006–2008; Satama Finland Oy: Business Group Director 2001–2006.

Member of the Group Management Board since: 20 April 2015.

Kesko shares held:

- 31 December 2020: 55,724 B shares.
- 31 December 2021: 68,612 B shares.



Head office K-Kampus
PO Box 1, FI-00016 Kesko
Street address: Työpajankatu 12, 00580 Helsinki
tel +358 10 5311

www.kesko.fi/investor



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