



# CORPORATE GOVERNANCE STATEMENT

2023



# INTRODUCTION

This is the Corporate Governance Statement in accordance with the Finnish Corporate Governance Code issued by the Finnish Securities Market Association and effective as of 1 January 2020. Kesko Corporation issues the statement separately from the Report by the Board of Directors. The statement has been reviewed at the meeting of the Audit Committee of Kesko Corporation's Board of Directors on 29 January 2024. 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](https://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 complying 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	<a href="https://www.cgfinland.fi/en/">https://www.cgfinland.fi/en/</a>
Corporate Governance Code recommendations from which the company departs	Recommendation 6 (Term of Office of the Board of Directors)
Explanation of and grounds for the departure <ul style="list-style-type: none"> <li>• Grounds for the departure</li> <li>• Decision-making concerning the departure</li> <li>• When the company plans to adopt the recommendation (in case of temporary departure)</li> <li>• 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</li> </ul>	<p>In 2023, the term of office of Kesko's Board of Directors departed from the one-year term pursuant to Recommendation 6 (Term of Office of the Board of Directors) of the Corporate Governance Code. Up until the 2024 Annual General Meeting, 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>The Annual General Meeting on 30 March 2023 resolved to amend the Company's Articles of Association so that as of the 2024 Annual General Meeting, the term of office for a Board member will be one (1) year, starting at the closing of the General Meeting that elects the Board member and expiring at the close of the next Annual General Meeting to follow.</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.

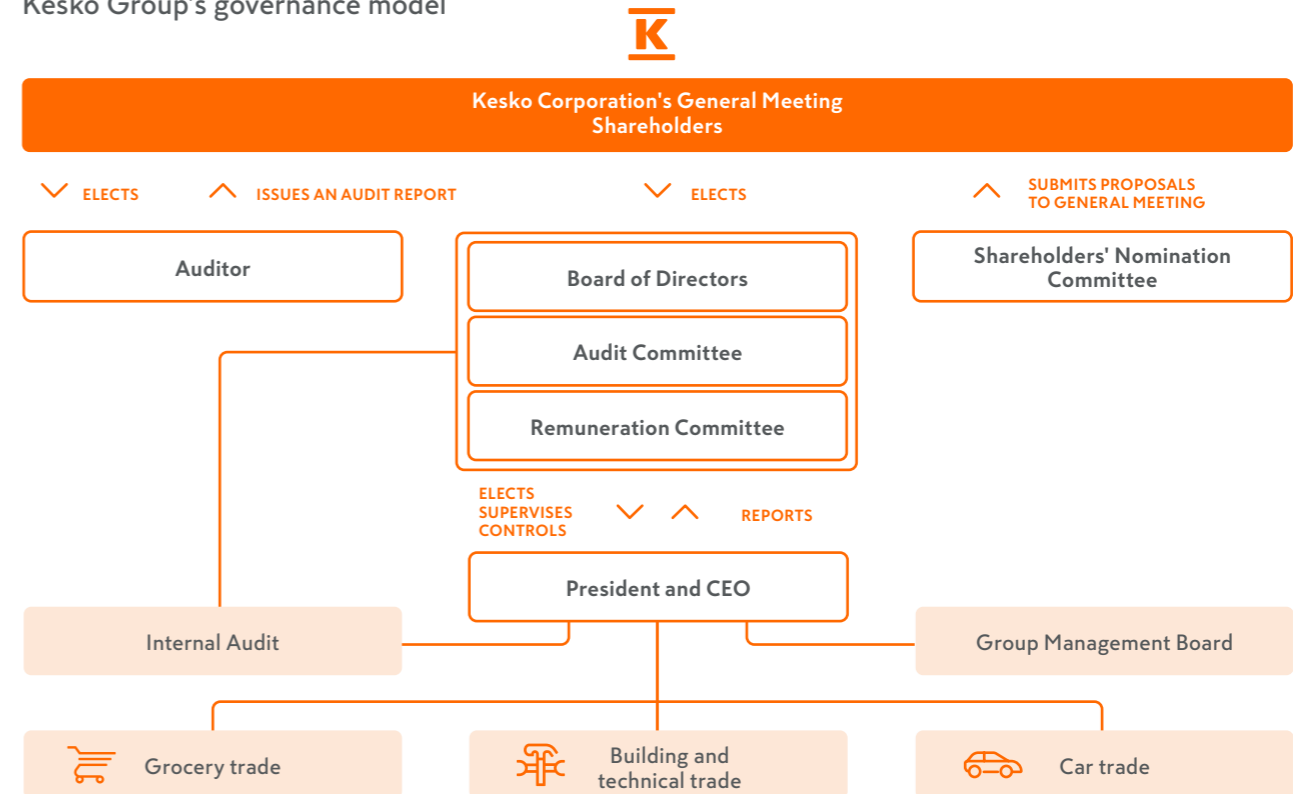
The Board of Directors appoints the Company's managing director, who at Kesko is referred to as the President and CEO. Kesko's Group Management Board supports the work of the President and CEO.

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

## 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

Kesko Group's governance model



decision-making power of the Annual 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. An Extraordinary General Meeting shall be

convened if the Board of Directors deems it necessary. In addition, the Auditor or shareholders holding in total one-tenth of all shares may demand an Extraordinary General Meeting to be held for a specific matter. 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](https://www.kesko.fi).

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.

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](https://www.kesko.fi) within two weeks of the General Meeting. General Meeting resolutions are published without delay after the meeting in a stock exchange release.

Kesko's Annual General Meeting was held on 30 March 2023 in Helsinki. The Company's Board of Directors, President and CEO and other members of the Group Management Board, as well as the auditor with principal authority were present at the meeting. The Annual General

Meeting adopted the 2022 financial statements and resolved to distribute a dividend of €1.08 per share. The Annual General Meeting discharged the Board members and the Managing Director from liability, approved the Remuneration Report for Governing Bodies, made resolutions concerning the Board members' remuneration, elected the firm of authorised public accountants Deloitte Oy as the company's Auditor, resolved to change the term of office of Board members from three years to one year, and authorised the Board to decide on the repurchase of the company's own shares, on the issuance of shares, and on donations for charitable purposes. The resolutions were communicated in a stock exchange release on the day of the General Meeting.

## Shareholders' Nomination Committee

### SELECTION PROCESS AND DUTIES OF THE SHAREHOLDERS' NOMINATION COMMITTEE

Kesko's 2020 Annual General Meeting 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 for 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,
- to prepare and present a proposal for the number of members of the Board of Directors to the General Meeting,
- to prepare and present a proposal for members of the Board of Directors to the General Meeting,
- to answer the questions asked by shareholders at the General Meeting concerning the proposals made by the Nomination Committee, and
- to 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 <https://www.kesko.fi/en/investor/corporate-governance/shareholders-nomination-committee/>.

### COMPOSITION AND ACTIONS OF THE SHAREHOLDERS' NOMINATION COMMITTEE IN 2023

The members of Kesko's Shareholders' Nomination Committee in the 2023–2024 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 20 September 2023, the Committee elected Toni Pokela as its Chair. The Committee members and Chair were the same also in the 2023–2023 term of office.

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

The Shareholders' Nomination Committee convened twice in 2023, and the members attended all meetings. The Nomination Committee proposed no changes to the remuneration of Board members to Kesko's 2023 Annual General Meeting. The Nomination Committee did not submit a proposal regarding the number of Board members or Board composition, as the 2021 Annual General Meeting elected Board members for a term of office that expires at the close of the 2024 Annual General Meeting.

The Shareholders' Nomination Committee proposes to Kesko's 2024 Annual General Meeting that seven members be elected to the Board of Directors. The Nomination Committee proposes that the following persons be re-elected as Board members: Esa Kiiskinen, retailer,

business college graduate, kauppaneuvos; Peter Fagerlös, Master of Laws; Jannica Fagerholm, M.Sc. Economics; Piia Karhu, Doctor of Science, Economics and Business Administration; Jussi Perälä, retailer, business college graduate; Timo Ritakallio, Doctor of Science (Technology), LL.M., MBA. The Nomination Committee proposes that retailer Pauli Jaakola, EMBA be elected as a new member of the Board. Of the current Board members, Toni Pokela has stated he is not available for re-election.

The Shareholders' Nomination Committee also proposes that the annual fees of Board members be raised by approximately five (5) percent, and that other remuneration of Board members and the reimbursement of their expenses remain unchanged. The proposal regarding the remuneration of Board members and the reimbursement of their expenses in 2024–2025 is as follows:

- Board Chair, an annual fee of €107,000
- Board Deputy Chair, an annual fee of €66,000
- Board member, an annual fee of €50,000
- Board member who is the Chair of the Audit Committee, an annual fee of €66,000
- A meeting fee of €600/meeting for a Board meeting and its Committee's meeting. A meeting fee of €1,200/Board meeting for the Board Chair. However, a meeting fee of €1,200/Committee meeting is to be paid to a Committee Chair who is not the Chair or Deputy Chair of the Board. The meeting fees are to be paid in cash.
- Daily allowances and the reimbursements of travel expenses are to be paid to the Board members in accordance with the general travel rules of Kesko.

It is proposed that the aforementioned annual fees be made in Kesko Corporation's B shares and in cash, with approximately 30% of the remuneration paid in shares and the remaining amount paid in cash. The company will acquire the shares

from the market or transfer shares held by the company as treasury shares in the name and on behalf of the Board members. The company is responsible for the costs arising from the acquisition of the shares. The shares are to 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 2024, or on first date enabled by applicable legislation. 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 proposals were published as stock exchange releases on 1 February 2023 with regard to the proposals to the 2023 Annual General Meeting, and on 26 January 2024 with regard to the proposals to the 2024 Annual General Meeting.

## 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 amongst its members.

Up until the 2024 Annual General Meeting, the term of office of a Kesko Board member has been 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. The Annual General Meeting of 30 March 2023 resolved to amend the Company's Articles of Association. Consequently, as of the 2024 Annual General Meeting, the term of office for a Board member shall be one (1) year, starting with the General Meeting that elects the Board member and expiring at the close of the next Annual General Meeting to follow.

### BOARD COMPOSITION IN 2023 AND SHAREHOLDINGS

In 2023, the Board members were those elected by the Annual General Meeting of 12 April 2021: Esa Kiiskinen (Chair), Peter Fagernäs (Deputy Chair), Jannica Fagerholm,

Piia Karhu, Jussi Perälä, Toni Pokela and Timo Ritakallio. The term of office of the Board members will expire at the close of the 2024 Annual General Meeting.

The Board's 2023 composition and shareholdings on 31 December 2023 are depicted in the table below.

### 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 its annual independence evaluation at its meeting on 27 April 2023. Based on the independence evaluations, 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 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 independence of each Board member is presented in the following table.

### Board composition in 2023 and shareholdings on 31 December 2023

Name	Year of birth	Education	Principal occupation	Board member since	Committee member	Kesko shares held on 31 Dec. 2023
Esa Kiiskinen (Chair)	1963	Business College Graduate	Food retailer	2009	Remuneration Committee (Chair)	459,910 A shares held by him and entities controlled by him and 11,121 B shares held by him and entities controlled by him
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 him 14,709 B shares held by him
Jannica Fagerholm	1961	Master of Science (Economics)	Managing Director, Signe and Ane Gyllenberg Foundation	2016	Audit Committee (Chair)	10,709 B shares held by her
Piia Karhu	1976	Doctor, Business Administration	President, Metals, Metso Corporation	2018	Audit Committee	5,046 B shares held by her
Jussi Perälä	1970	Business College Graduate	Building and home improvement retailer	2021		133,000 A shares held by him and entities controlled by him 97,433 B shares held by him and entities controlled by him
Toni Pokela	1973	eMBA	Food retailer	2012		792,600 A shares held by entities controlled by him 5,706 B shares held by him
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 him 1,789 B shares held by him

### Board members' independence in 2023

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

\*Companies controlled by Kiiskinen, Perälä and Pokela each have a chain agreement with Kesko Corporation.

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

### 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 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 as necessary

#### 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.

In 2024, the duties and charters of the Board of Directors and its Committees will be updated to correspond to the requirements of changes in regulation related to sustainability reporting. New legislation concerning sustainability reporting shall apply to Kesko as of the financial year 2024.

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 2023

In 2023, the Board held 9 meetings. Board meetings regularly discuss a review by the President and CEO on key topical issues, as well as 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 financial statements.

The Board appointed Jorma Rauhala as the managing director of Kesko Corporation and President and CEO of Kesko Group as of 1 February 2024 as Mikko Helander retires (stock exchange releases issued on 19 December 2023 and 8 December 2023).

In 2023, the Board continued to focus on general economic developments, the war in Ukraine and geopolitical tensions, and evaluated the impact of these factors on the sales and profit of Kesko and K Group. Due to the changes in the operating environment, the Board paid particular attention to e.g. cyber security and ensuring business continuity.

As in previous years, in 2023, 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 as well as the Report by the Board of Directors prior to their publication.

In 2023, the Board made decisions regarding, among other things, updates to the strategy, the expansion of Kesko's operations to Denmark through the acquisition of one of the country's leading building and home improvement trade operators Davidsen Koncernen A/S, and setting new long-term climate targets. The Board also reviewed, among other things, the matter of concentrating Kesko's building and home improvement trade operations in Sweden under the K-Bygg chain. In addition, the Board decided on the use of the donation funds approved by the Annual General Meeting, on the establishment of new share plans for compensation purposes and the principles for performance bonuses in 2024, and approved the updated versions of the Group's tax, treasury and governance policies. The Board appointed Sami Kiiski (M. Sc., Economics and Business) as the new President of Kesko's car trade division and a

member of Group Management Board as of 1 June 2023 (stock exchange release issued on 31 March 2023).

In addition to the Audit Committee, the whole Board of Directors focused in particular on legislative changes related to sustainability reporting. The Board received training on the new EU Corporate Sustainability Reporting Directive (CSRD), which shall be applied as of the 2024 financial year, arranged by the Company's Auditor Deloitte Oy.

The Board carried out a self-assessment regarding Board operations and working practices. The assessment was conducted via discussions between the Board's Chair and each Board member based on a predetermined discussion agenda, utilising the assessment results of an external

assessor from 2022. Among other things, Board members assessed the Company's strategy, the working practices and composition of the Board and its Committees and development measures, the performance of the Board Chair, Board members and Company management, reporting, risk management and succession planning for Company management. Moreover, the self-assessment concerned e.g. the economy, utilisation of digitalisation, sustainability issues and Board competence requirements and their impact on Kesko's strategy and leadership. The Board reviewed a summary of the assessment discussions at its December meeting. In addition to the summary, each Board member received personal feedback. A summary of the assessment results was also provided to the Shareholders' Nomination Committee.

### Attendance at meetings by members of the Board and its Committees in 2023

	Committee membership	Attendance		
		Board	Audit Committee	Remuneration Committee
Esa Kiiskinen (Chair)	Remuneration Committee (Chair)	9/9		3/3
Peter Fagerlös (Deputy Chair)	Remuneration Committee (Deputy Chair)	9/9		3/3
Jannica Fagerholm	Audit Committee (Chair)	9/9	5/5	
Piia Karhu	Audit Committee	9/9	5/5	
Jussi Perälä		9/9		
Toni Pokela		9/9		
Timo Ritakallio	Audit Committee (Deputy Chair) Remuneration Committee	9/9	5/5	3/3



### BOARD DIVERSITY POLICY

Diversity is an essential component in Kesko's success, the achievement of Kesko's strategic objectives and good governance at Kesko. The principles regarding Board diversity are included in the diversity policy approved by Kesko's Board of Directors. The policy describes the objectives in the achievement of diversity in the operations and composition of the Board of Directors.

The diversity policy is applied in the presented form to the Board that operated in 2023. The amendment to the Company's Articles of Association, resolved by the 2023 Annual General Meeting, regarding a 1-year term of office for Board members, shall apply to Board members elected by the 2024 Annual General Meeting.

#### ” 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. Essential features in the Board diversified composition are that the Board members' educational and cultural backgrounds, experience and professional competences for example in the social, business and cultural conditions of the markets in which Kesko operates in as well as the nationality, country of origin, 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 policy is available on Kesko's website at <https://www.kesko.fi/en/investor/corporate-governance/board-of-directors/diversity-policy/>. The Shareholders' Nomination Committee must take the diversity policy into account when preparing proposals for Board members to the Annual General Meeting.

#### DIVERSITY POLICY IMPLEMENTATION IN 2023

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 the Board members varies from 47 to 71 years (see the table "Board composition and shareholdings" for detailed personal data).

## BOARD COMMITTEES

Kesko's Board of Directors has established an Audit Committee and a Remuneration Committee to support the Board's work and prepare matters the Board is responsible for. Each Committee is composed of three (3) Board members. At the close of the 2021 Annual General Meeting, which elected the Board members, the Board elected the Committee Chairs, Deputy Chairs, and members from amongst 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 members of the Committee in question have been taken into account.

The Committees have no independent decision-making power. Instead, the Board makes decisions on matters based on the Committees' preparatory work. The Board has confirmed written charters for the Committees detailing the Committees' duties and operating principles. 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. The actions and working practices of the Committees are assessed annually in conjunction with the Board evaluation.

## Audit Committee

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

- Jannica Fagerholm (Chair)
- Timo Ritakallio (Deputy Chair)
- 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 2023, the Audit Committee held five meetings. The attendance rate of the Committee members at the meetings was 100%. The Group's Chief Financial Officer, the Group Controller, the Chief Audit and Risk Officer, and the Group General Counsel regularly reported on their areas of responsibility to the Committee at the meetings. 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 reports on the Group's external and internal audits, risk management, cyber security and compliance, the report on related party transactions, and the Corporate Governance Statement. The Committee also reviewed reports related to the Company's financing, taxation,

requirements of EU taxonomy, and insurance. In terms of risk management, the Audit Committee concentrated in particular on the challenging operating environment, the inflation trend, other general economic developments, the availability and price of energy, cyber security, as well as business risks related to these. The Audit Committee approved the Group internal audit plan, personnel resources and budget for 2024. The Committee also reviewed the results of goodwill impairment testing. The Committee monitored and assessed the Auditor's independence and the additional services provided by the Auditor and other auditing firms to Kesko.

A significant new agenda item for the Audit Committee were the regular reviews regarding the implementation of the EU Corporate Sustainability Reporting Directive (CSRD) at Kesko. The regulation shall apply to Kesko as of the 2024 financial year. In 2023, measures related to the implementation of the sustainability reporting, the progress made in relation to them, and the risks related to the implementation were reviewed in four of the Audit Committee's five meetings. The members of the Audit Committee took part in the sustainability reporting training organised for the whole Board.

The actions of the Audit Committee were assessed as part of the evaluation of Kesko's Board work.

### Remuneration Committee

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

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

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 related questions
- 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 within 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 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 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 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
- prepares and reviews other tasks given by the Board to the Committee

In 2023, the Remuneration Committee held three meetings. The attendance rate of Committee members at the meetings was 100%. The Committee prepared, among other things, proposals to the Board for Kesko's Remuneration Report for the Governing Bodies, Kesko's 2023–2026 share-award plans, the performance criteria and target values and the target group for share awards, the principles of Group performance bonuses for 2024, as well as for the performance bonuses to be paid for 2022 to the President and CEO and Group Management Board members responsible for lines of business. The Committee also prepared a proposal for the Board for the appointment of Sami Kiiski (M. Sc., Economics and Business), as the new President of Kesko's car trade division and member of Group Management Board. The Committee monitored and evaluated the implementation of management total remuneration. The actions of the Remuneration Committee were assessed as part of the evaluation of Kesko's Board work.

## Managing Director (President and CEO) and their duties

Kesko's managing director is referred to as the President and CEO. Mikko Helander (born 1960, M.Sc. Technology) 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 acted as the Chair of the Group Management Board as of 1 January 2015. The Board of Directors appointed Jorma Rauhala as the managing director of Kesko Corporation and President and CEO of Kesko Group as of 1 February 2024 as President and CEO Mikko Helander retires (stock exchange releases issued on 19 December 2023 and 8 December 2023). Jorma Rauhala (born 1965, Master of Science, Econ.) has acted as Deputy CEO since 2017.

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.

## 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, the preparation of which it also participates in. The Group Management Board typically meets 14–18 times a year. In 2023, the Group Management Board met 21 times.

## Group Management Board 2023

	Group Management Board member since	Area of responsibility	Kesko shares held on 31 Dec. 2023
Mikko Helander, President and CEO	1.10.2014	Kesko's President and CEO	5,000 A shares, 431,385 B shares
Jorma Rauhala, President, building and technical trade, Deputy CEO	5.2.2013	Building and technical trade	228,691 B-shares
Ari Akseli, President, grocery trade division	15.11.2017	Grocery trade	1,824 A shares, 122,670 B shares
Sami Kiiski, President, car trade division and K Auto Oy; director in charge of Kesko's sports trade and Managing Director of Intersport Finland Oy	1.6.2023	Car trade	11,932 B shares
Jukka Erlund, Executive Vice President, Chief Financial Officer	1.11.2011	Finance, IT, risk management and M&A	177,527 B shares
Riikka Joukio, Executive Vice President	12.4.2021	Sustainability and Public Affairs	10,678 B shares
Matti Mettälä, Executive Vice President	1.10.2012	HR	1,000 A shares, 114,888 B shares
Karoliina Partanen, Executive Vice President	1.10.2020	Communications, Branding and Stakeholder Relations	32,026 B shares
Matti Virtanen, President of K Auto Oy*	9.4.2021	Car trade	-

\*Matti Virtanen's Group Management Board membership ended on 31 May 2023.

# DESCRIPTIONS OF INTERNAL CONTROL PROCEDURES AND THE FEATURES OF RISK MANAGEMENT SYSTEMS

## Group financial reporting

### KESKO'S MANAGEMENT MODEL

Kesco's financial reporting and planning are based on Kesko Group's management model. The financial results of the Group's units 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 strategies and related long-term financial plans of the Group and its units are updated annually.

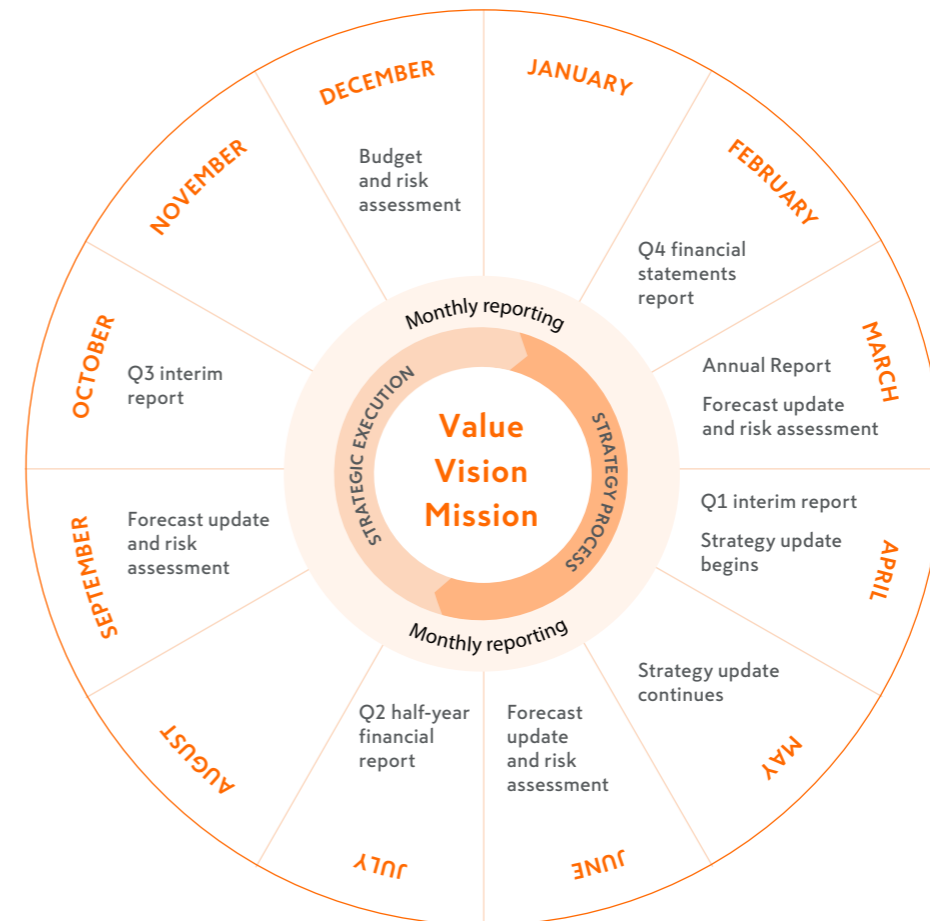
### ROLES AND RESPONSIBILITIES

Kesco Group's financial reporting and its supervision are organised on three levels. The 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.

### PLANNING AND PERFORMANCE REPORTING

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

Kesco Group's management model



previous year, comparison with forecasts, and forecasts 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 ongoing 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 through 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 GROUP 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. Key income statement, capital employed and balance sheet items are analysed monthly at business, division and Group level, based on an agreed division of duties. 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 2023**

In 2023, the harmonisation and automation of financial administration processes and the documentation of key controls continued according to plans. The concentration of basic finance processes to the service centre located in Finland continued in those companies outside Finland where common Group financial information systems were adopted. Processes and reporting were automated and developed based on business needs. The implementation project for the EU Corporate Sustainability Reporting Directive (CSRD) was initiated by mapping out the materiality of sustainability themes included in the directive for Kesko Group, and by comparing the CSRD content requirements to the existing sustainability report.

#### **KEY ACTIONS IN 2024**

Key actions in Kesko's Group-level overall financial reporting in 2024 will be the practical implementation of the requirements of the EU Corporate Sustainability Reporting Directive (CSRD) and preparations for the publication of the first CSRD-compliant sustainability report as part of the Report by the Board of Directors. The harmonisation and automation of financial administration processes and reporting will continue with a business focus.

#### **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 adopted by the Group have been compiled in an accounting manual, which is updated as standards and interpretations 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 generate the Group's key financial reports. The key systems used to generate financial information have been certified and secured with back-up systems, and they are controlled and checked regularly to ensure reliability and continuity.

## Internal control

### CONTROL ENVIRONMENT

Internal control is an integral part of management and involves Kesko's Board of Directors, management and personnel. The objective is to ensure Kesko can achieve 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, principles and instructions, approvals, access rights and system and manual controls, reconciliations, monitoring reports, inspections and control 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.

### RISK ASSESSMENT AND CONTROL ACTIVITIES

The objective of Kesko's control activities is to ensure, among other things, the efficiency, continuity and compliance of operations, the reliability of financial reporting, and the safeguarding of assets and information. Internal control is efficient when it is continuous, integrated as part of operations, and ensures sufficiently that business targets are met. For the internal control system to remain efficient, it is important that management identifies the risks related to achieving targets and that control activities are targeted based

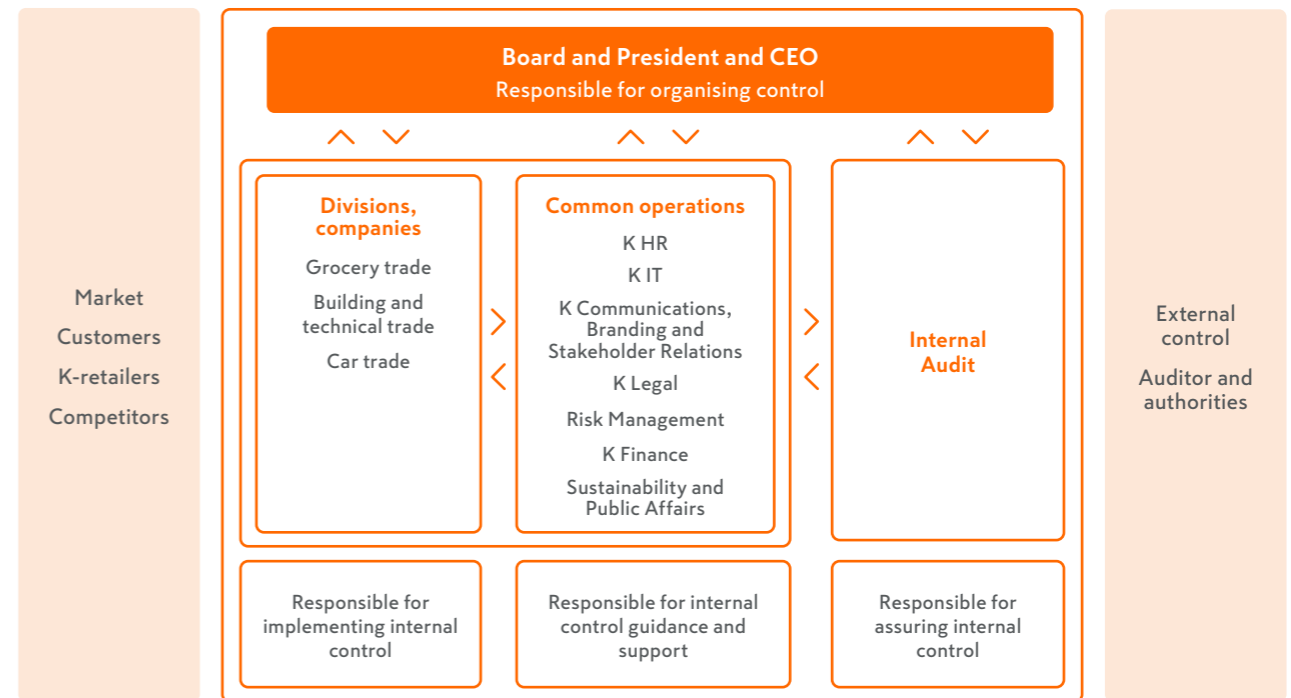
on risk. The objective of control activities is to achieve an acceptable level for identified risks. Kesko's risk assessment process is described in more detail in the section on risk management.

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

### COMMUNICATION

Efficient communication supports the achievement of internal control objectives. Policies, principles and instructions have been made available to personnel, and regular training is arranged on internal control. Kesko Group's internal audit reports on internal control effectiveness to the President and CEO and the Audit Committee of Kesko Corporation's Board of Directors. Close cooperation and good communication between different lines of defence also support clear division of responsibilities with regard to control measures.

## Roles and responsibilities in Kesko Group's internal control



### MONITORING

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 respective area of responsibility. The management is responsible for extending control also to outsourced services. The objective of monitoring is also to identify potential changes in the operating environment and processes, seen to impact the control measures required.

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.

### REPORTING SUSPECTED BREACHES

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 issues they identify to their manager. People can also use the SpeakUp channel to report suspected breaches of law or internal misconduct. The head of Kesko Group's Compliance & Ethics function and the Compliance & Ethics Officer working in the function review reports received via the SpeakUp channel when they are to be investigated by Kesko. Some investigations may necessitate the contribution of Group internal audit, other experts, or the authorities.

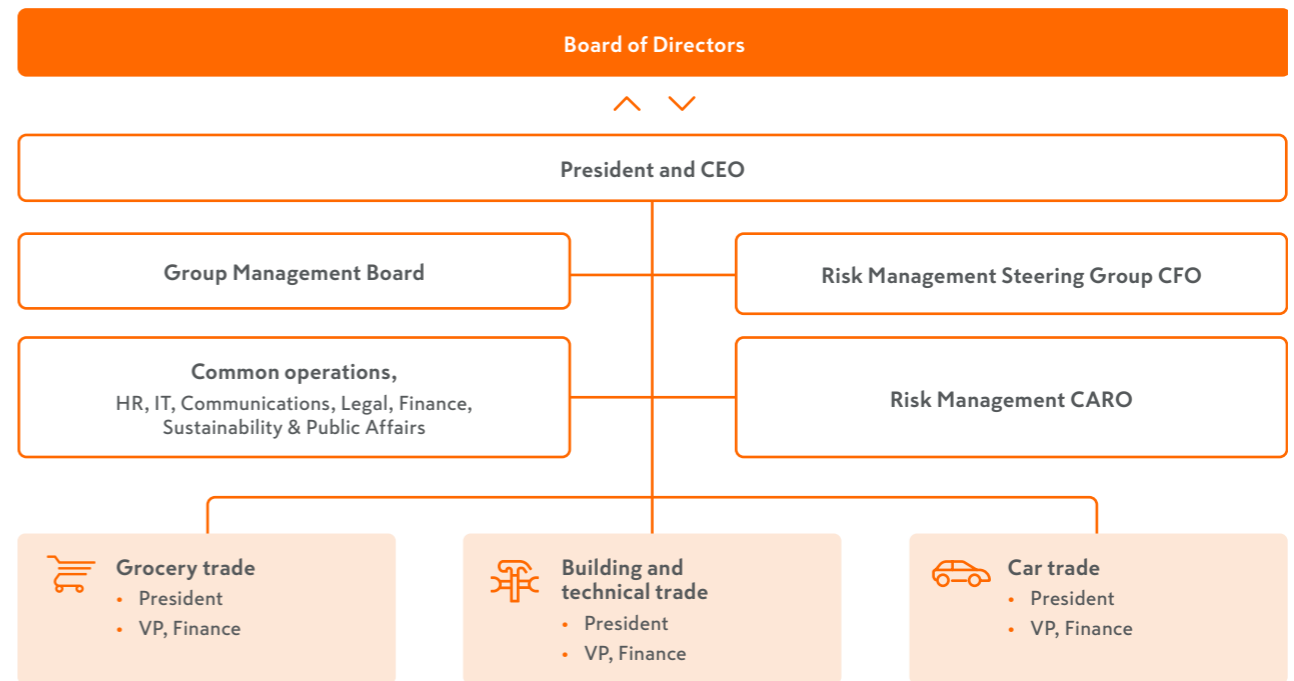
### Risk management

Kesko's risk management is proactive and an integral part of day-to-day management. 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.

### RISK MANAGEMENT STEERING MODEL AND RESPONSIBILITIES

Kesko's business divisions are responsible for implementing risk management in their respective areas of responsibility, for identifying, assessing, handling and managing risks related to their operations, and they report on risks, risk management responses and the results of those responses to the risk management function. Common operations are responsible for Group-level policies, principles and

Risk management steering model





instructions and for implementing risk management in their respective areas of responsibility. A risk management function independent of businesses is responsible for providing a framework and guidance for internal control and risk management, and it supports, coordinates and supervises risk management implementation in Kesko Group. Members of the Group Management Board are responsible for the effective and efficient implementation of internal control and risk management in their respective areas of responsibility. The Risk Management Steering Group headed by the Chief Financial Officer is responsible for establishing the Group's overview of the risk situation.

The Chief Audit and Risk Officer reports functionally to the Chair of the Audit Committee and administratively to Kesko's President and CEO on matters related to internal audit, and to the Group's Chief Financial Officer on matters related to risk management.

The President and CEO is responsible for the effectiveness and efficiency of the Group's risk management, and approves Group risk reports before they are reviewed by the Board of Directors. Kesko's Board of Directors monitors and assesses the effectiveness of risk management and supervises the assessment of risks related to the Company's strategy and operations and their management, supported by the Audit Committee.

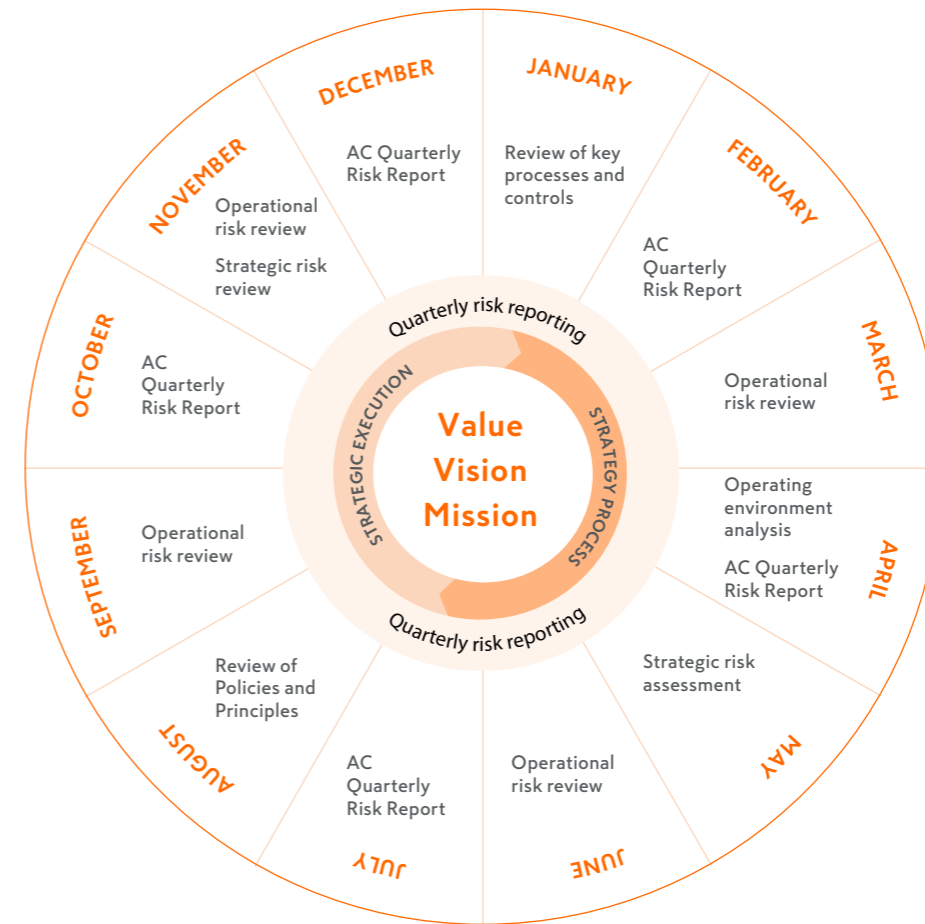
### RISK MANAGEMENT PROCESS

Kesco's risk management process is based on the Group's management model and follows the schedule for financial reporting. Kesko employs uniform risk assessment and reporting models. Risk identification is based on business objectives and opportunities and the defined risk appetite. Risks are prioritised by assessing their impacts in euros in

case of realisation, and by the likelihood of their realisation. When assessing the impact of a risk, the impacts on e.g. reputation, the wellbeing of people, and the environment are taken into account in addition to the impact in euros.

Risk identification and assessment play a key role in Kesko's strategy work and operational planning. In addition, risk assessments are made on significant projects related to significant investments, business arrangements, or

Risk management annual cycle



changes in operations. The risk assessments of business divisions and common operations, including a risk map, risk management responses and indicators, responsible persons and schedules, are reviewed regularly by the management of the respective business divisions or common operations.

The assessment of strategic and emerging risks and opportunities is part of Kesko's strategy process and is based on the assessment of changes in the operating environment and risks related to strategic business objectives. The impact and likelihood of strategic risks and the effectiveness of risk management responses and controls are assessed not only for the strategy period but also in the medium term (3–5 years), and in the long term (over 5 years) for emerging risks. The assessment of strategic and emerging risks is carried out annually in April-May and updated in October-November.

The assessment of operational and financial risks is based on systematic and continuous assessment of risks in the divisions and common operations. The impact and likelihood of new and already identified operational and financial risks and the effectiveness of risk management responses and controls are assessed in the short term (1–2 years). The assessment of operational and financial risks is carried out quarterly.

Risks and risk management responses are reported in accordance with Kesko's reporting responsibilities. The business divisions and common operations report on risks and changes in them to Group risk management. The risks are reviewed, and significant risks are consolidated by the

Risk Management Steering Group in a Group risk report, which is reviewed and approved by the President and CEO.

The Group's most significant risks and uncertainties, as well as material changes in and management responses to them, are reported to Kesko Board's Audit Committee in accordance with the annual risk management schedule. The Audit Committee reviews the risks and assesses the efficiency of Kesko's risk management system. The Audit Committee Chair reports on risk management to the Board as part of Audit Committee reporting.

Kesko's Board of Directors 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.

A review regarding the need to amend risk management key processes and controls and policies and principles is conducted annually in accordance with the annual risk management schedule. Amendments to the risk management policy are approved by Kesko's Board of Directors before they take effect.

#### **RISK MANAGEMENT IMPLEMENTATION IN 2023**

Risk management continued to monitor the impacts of the war in Ukraine and the energy crisis, and to coordinate related risk management responses. A special focus in risk management was on estimating the impacts of a weakening of the overall economy on the operating environment

and business operations. In addition, the assessment of the financial impact of climate risks in grocery trade was deepened, and the continuity management steering model and responsibilities were clarified, while contingency plans were made for scenarios regarding potential changes in the security situation of the operating environment.

The reporting of risks and topical issues related to areas of risk management to the Board's Audit Committee continued and was further developed. In addition to the Group risk report, Audit Committee in its meetings reviewed, among other things, topical issues related to cyber security and continuity management.

#### **RISK MANAGEMENT FOCUS AREAS IN 2024**

Risk management will continue to focus especially on the constant assessment of risks related to the overall economy, and on determining and monitoring efficient management measures. In addition, focus will be on ensuring the functioning of risk management processes related to cyber and sustainability risks, and their integration into the Group overall risk management process. In continuity management, focus areas will continue to be monitoring and preparing for potential geopolitical risks.

# 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 approved the operating instructions for Kesko's internal audit function.

The internal audit function operates 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 external auditor. Internal audit covers all Kesko's divisions, companies and functions. Auditing is based on risk assessments, as well as risk management and control discussions conducted with the management of the Group and the divisions. Regular meetings are arranged with the external auditor to ensure sufficient audit coverage and to eliminate overlapping operations.

An internal audit plan is prepared annually, and it is approved by the President and CEO and the Audit Committee. If needed, the audit plan is modified on a risk basis. If necessary, the internal audit function acquires external services for additional resources or for conducting audit operations requiring particular expertise. Internal audit can also make use of the expertise and work contribution of Kesko Group's other specialists.

The Chief Audit and Risk Officer reports functionally to the Chair of the Audit Committee, and administratively to Kesko's President and CEO on matters related to internal audit, and to the Group's Chief Financial Officer on matters related to risk management.

## INTERNAL AUDIT IN 2023

The main focus areas for internal audit in 2023 were cyber security, IT supply chain management, credit management processes, inventories, indirect purchasing, customer and vendor bonuses, processes of the shared services centre, and Treasury operations.

## FOCUS AREAS FOR INTERNAL AUDIT IN 2024

The main focus areas for internal audit in 2024 will be store site investments, acquisitions and their integration, targeted audits for key projects, retailer operations, inventory and credit management processes, cyber security, identity and access management, vendor bonuses, and processes of the shared services centre.

## 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. The principles identify business operations that are part of ordinary course of business

and implemented under arms-length terms. 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. 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 5.2 to the consolidated financial statements](#).

## Insider administration

### INSIDER REGULATIONS

Kesko complies with the EU and Finnish insider regulations, 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 persons discharging managerial responsibilities at Kesko. The Company has imposed a corresponding 30-day closed period also on persons involved in the preparation, drafting or publication of Kesko’s interim reports, the half-year financial report, and the financial statements. During the closed period, the persons are prohibited from trading on Kesko’s shares and other financial instruments.

### INSIDER PROJECTS

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

## REPORTING BREACHES

Kesko has a confidential channel for reporting suspected violations of securities markets regulations. The channel is maintained by an external company independent of Kesko Group. Within Kesko Group, the Compliance & Ethics function is responsible for the channel, for conducting investigations, and for taking further action.

### 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 persons discharging managerial responsibilities 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 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.

The Annual General Meeting of 2023 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.

## Auditor’s fees in 2022–2023 (€1,000)

	2023			2022		
	Kesko Corporation	Other Group companies	Total	Kesko Corporation	Other Group companies	Total
Auditing	335	903	1,238	399	782	1,181
Tax consultation	0	6	6	0	6	6
IFRS consultation	0	0	0	0	0	0
Other services	157	2	159	130	0	130
<b>Total</b>	<b>492</b>	<b>911</b>	<b>1,403</b>	<b>529</b>	<b>788</b>	<b>1,317</b>

# 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

**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:** Saija ja Esa Kiiskinen Oy: Chair of the Board 1995–.

**Board member since:** 30 March 2009.

### Kesko shares held:

- 31 December 2022: 459,200 A shares held by him and entities controlled by him and 9,380 B shares held by him.
- 31 December 2023: 459,910 A shares held by him and entities controlled by him and 11,121 B shares held by him and entities controlled by him.



## Peter Fagernäs

Deputy Chair, Deputy Chair of the Remuneration Committee

b. 1952, Master of Laws

**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 2003–2023, 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, Wipak 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 2022: 4,000 A shares and 13,805 B shares held by him.
- 31 December 2023: 4,000 A shares and 14,709 B shares held by him.



### Jannica Fagerholm

Chair of the Audit Committee

b. 1961,  
Master of Science  
(Economics)

**Independence:** She 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.

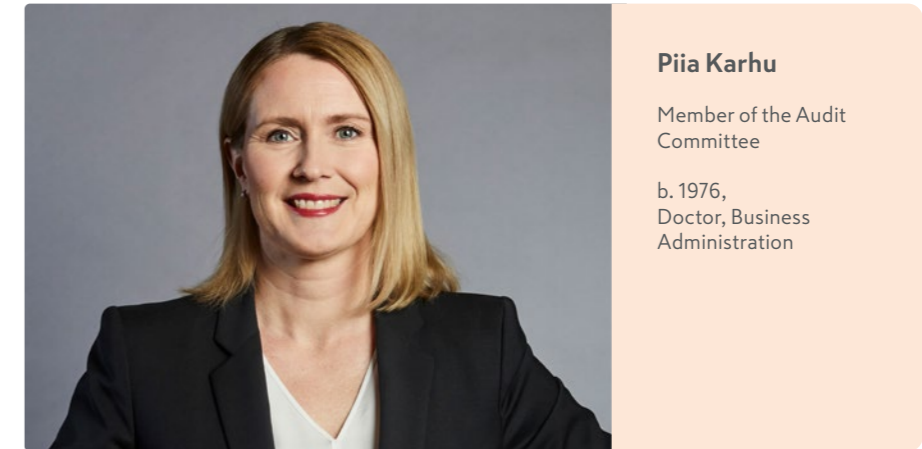
**Main positions of trust:** Mandatum plc: Vice Chair of the Board 2023–; Sampo plc: member of the Board 2013–; Solidium Oy, member of the Board 2019–, Kelonia Ab, member of the Board 2010–; Veritas Pension Insurance, member of the Supervisory Board

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–; Föreningen Stiftelser och Fonder (Säätiöt ja rahastot ry): member of the Board 2015–2021, Chair of the Board 2022–2023, Hanken School of Economics: member of the Board 2008–2022, 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 2022: 9,805 B shares held by her.
- 31 December 2023: 10,709 B shares held by her.



### Piia Karhu

Member of the Audit Committee

b. 1976,  
Doctor, Business  
Administration

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

**Domicile:** Kauniainen, Finland.

**Principal occupation:** President.

**Main employment history:** Metso: President, Metals 2022–, SVP Business Development 2020–2022; 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 2022: 4,364 B shares held by her.
- 31 December 2023: 5,046 B shares held by her.



### Jussi Perälä

b. 1970,  
retailer, Business  
College Graduate

**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.

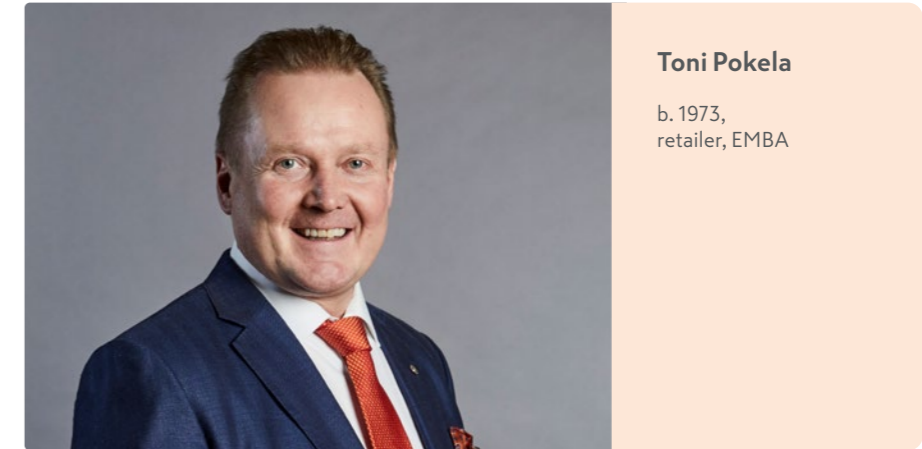
**Main positions of trust:** K-Retailers' Association: Vice Chairman of the Board 2016–2021, Board member 2009–2014,

K-rautakauppiaisyhdistys: Board member 2008, Vice Chairman of the Board 2009–2014, Vähittäiskaupan Takaus Oy: Board member 2018–2021, Vähittäiskaupan Tilipalvelu Oy: Chair of the Board 2020–2021, Board member 2017–2020, Finnish Hardware Association: Board member 2009–2011 and 2016–2021, Rautia Chain Board: Chairman 2008, member 2001–2007, K-Rauta planning group: 2011–2014.

**Board member since:** 12 April 2021.

**Kesko shares held:**

- 31 December 2022: 133,000 A shares and 96,751 B shares held by him and entities controlled by him.
- 31 December 2023: 133,000 A shares and 97,433 B shares held by him and entities controlled by him.



### Toni Pokela

b. 1973,  
retailer, EMBA

**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 Yrittäjäyhdistys 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 2022: 757,600 A shares held by entities controlled by him and 5,024 B shares held by him.
- 31 December 2023: 792,600 A shares held by entities controlled by him and 5,706 B shares held by him.



### Timo Ritakallio

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

b. 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.

**Main employment history:** 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.

**Main positions of trust:** Finance Finland, FFI: Chairman of the Board of Directors 2020–2021, Deputy Chairman of the Board

of Directors 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–, Chairman of the Board 2022–, 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:**

- 31 December 2022: 2,000 A shares and 1,107 B shares held by him.
- 31 December 2023: 2,000 A shares and 1,789 B shares held by him.



# 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), Doctor honoris causa (Dr. h. c. ), Economic Sciences

**Other major duties:** 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, 2021–2022; China Office of Finnish Industries Oy: member of the Board and working committee 2022–; Ilmarinen Mutual Pension Insurance Company: member of the Board 2015 and Chair of the Board 2016–2019; Stora Enso Oyj: member of the Board 2019–2022; 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 1985–1990 and 1993–2003; Managing Director of Kasten Hövik 1990–1993.

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

**Kesko shares held:**

- 31 December 2022: 5,000 A shares, 385,786 B shares.
- 31 December 2023: 5,000 A shares, 431,385 B shares.



**Jorma Rauhala**

President, building and technical trade, Deputy CEO

b. 1965, Master of Science (Economics)

**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 2022: 205,178 B-shares.
- 31 December 2023: 228,691 B-shares.



### Ari Akseli

President, grocery trade

b. 1972,  
Master of Science  
(Economics)

**Other major duties:** The Finnish Grocery Trade Association: Member of the Board 2019–, Deputy Chair of the Board 2023–, Chair of the Board 2021–2022 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 2022: 1,824 A shares, 105,476 B shares.
- 31 December 2023: 1,824 A shares, 122,670 B shares.



### Sami Kiiski

President, car trade division

b. 1976,  
Master of Science  
(Economics)

**Other major duties:** Member of the Board of Association of Automobile Industry in Finland since 2023; member of the Board of the Finnish Central Organisation for Motor Trades and Repairs (AKL) since 2023; member of the Board of Intersport International Corporation (IIC) since 2022; member of the Board of the Fashion and Sports Commerce Association since 2020–2023; member of the Board of the Sport Retail and Wholesale Association (UVT) 2014–2019.

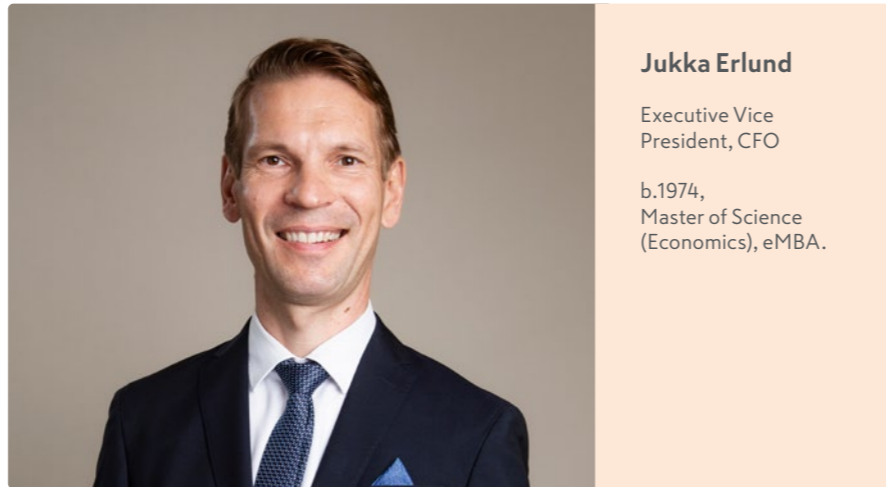
**Employment history:** Employed by Kesko Corporation since 2020. President of Kesko’s car trade division since 1 June 2023; Director in charge of Kesko’s sports trade

and CEO of Intersport Finland Oy since 2020; CEO of Halti Oy 2015–2020; Executive Vice President of Sultrade Oy 2014–2015 and International Sales Director 2009–2014; head of leisure trade business at Solifer Group 2007–2009.

**Member of the Group Management Board since:** 1 June 2023.

**Kesko shares held:**

- 1 June 2023: 11,932 B shares.
- 31 December 2023: 11,932 B shares.



### Jukka Erlund

Executive Vice  
President, CFO

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

**Other major duties:** Ilmarinen Mutual Pension Insurance Company: member of the Board 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 2022: 160,427 B shares.
- 31 December 2023: 177,527 B shares.



### Riikka Joukio

Executive Vice  
President, Sustainability  
and Public Affairs

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

**Other major duties:** EuroCommerce: Board member 2023–; Natural Resources Institute Finland (Luke): Board member 2024–, PEFC International: Board Vice Chair, Board member 2014–2022; Climate Leadership Coalition (CLC): Deputy Member of the Board 9/2021–; Keskuskauppakamari: Elinkeino- ja ilmastoaliokunta 2022–; Encore Ympäristöpalvelut Oy: Board member 2018–2021; Puunjalostusinsinöörit ry - Forest Products Engineers: Board Chair, Board member 2014–2021; UNA Europa: advisory board member 2020–2023.

**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:**

- 31 December 2022: 4,153 B shares.
- 31 December 2023: 10,678 B shares.



### Matti Mettälä

Executive Vice President, Human Resources

s. 1963,  
Master of Laws

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

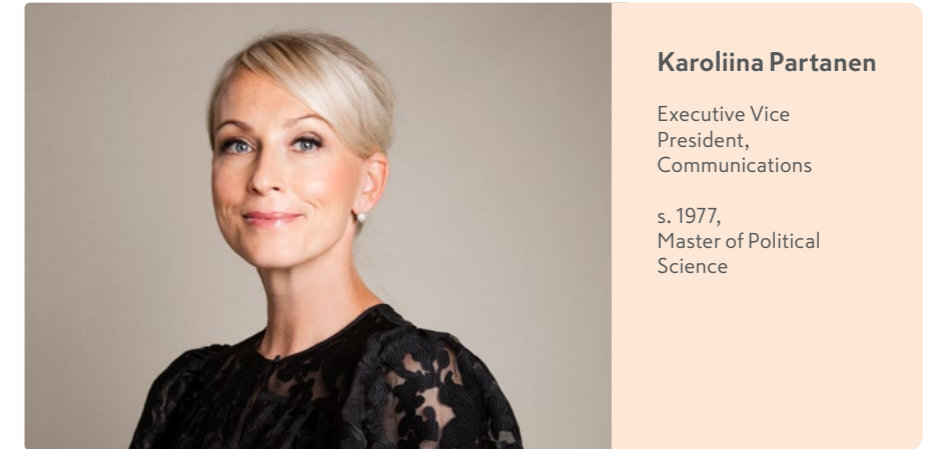
**Employment history:** Employed by Kesko Corporation 1990–2005 and since 2012. Executive Vice President, Human Resources 12 April 2021–. Executive Vice President, Human Resources, Corporate Responsibility and Regional Relations 2018–2021. Senior Vice President, Human Resources 2015–2017. Senior Vice 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 Takaus 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 2022: 1,000 A shares, 104,631 B shares.
- 31 December 2023: 1,000 A shares, 114,888 B shares.



### Karoliina Partanen

Executive Vice President, Communications

s. 1977,  
Master of Political Science

**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 2022: 25,182 B shares.
- 31 December 2023: 32,026 B shares.



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[www.kesko.fi/investor](http://www.kesko.fi/investor)

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