



## KESKO CORPORATION'S ANNUAL GENERAL MEETING 8 APRIL 2019

### Questions and answers

#### What is the dividend amount proposed by Kesko's Board?

The Board of Directors of Kesko has proposed that a dividend of €2.34 per share be paid for the year 2018 on the basis of the adopted balance sheet. The proposed dividend is in line with Kesko's stated dividend policy. The proposed dividend is higher than the so-called minority dividend according to the Limited Liability Companies Act (€1.07 per share).

Over the past ten years, Kesko has paid the following dividends per share:

- 2018: €2.20
- 2017: €2.00
- 2016: €2.50
- 2015: €1.50
- 2014: €1.40
- 2013: €1.20
- 2012: €1.20
- 2011: €1.30
- 2010: €0.90
- 2009: €1.00

A dividend is paid on the basis of the balance sheet adopted for the year preceding the year of dividend distribution. The amount of dividend per share is the same irrespective of whether the shareholder holds Kesko A or Kesko B shares.

#### Who is entitled to the proposed dividend?

The dividend is paid on shares held outside the Company at the date of dividend distribution.

The first dividend instalment, €1.17 per share, will be paid to shareholders registered in Kesko's register of shareholders kept by Euroclear Finland Ltd on the first dividend instalment payment record date 10 April 2019. As registration practice in share trade settlement takes two banking days, the dividend will be paid to those who hold Kesko shares at the end of the General Meeting date, 8 April 2019. In other words, dividends on shares traded on the Annual General Meeting date are paid to the buyers of the shares. If shares are purchased on the day following the Annual General

Meeting, 9 April 2019 (the ex-dividend date of the first dividend instalment) or thereafter, the buyer of the shares will not be entitled to the proposed dividend.

The second dividend instalment, €1.17 per share, will be paid to shareholders registered in Kesko's register of shareholders kept by Euroclear Finland Ltd on the second dividend instalment payment record date 10 October 2019. As registration practice in share trade settlement takes two banking days, the dividend will be paid to those who hold Kesko shares at the end of 8 October 2019. If shares are purchased on 9 October 2019 (the ex-dividend date of the second dividend instalment) or thereafter, the buyer of the shares will not be entitled to the proposed dividend.

### **When will the dividend be paid?**

For the first dividend instalment, Kesko's Board has proposed that the dividend pay date be 17 April 2019. The proposed dividend pay date is the earliest date permitted by the rules of Euroclear Finland Ltd, which maintains Kesko's register of shareholders. If the General Meeting accepts the pay date proposed by the Board, Kesko will pay the first dividend instalment to bank accounts in Finland on 17 April 2019. If a shareholder's bank account is outside Finland, the shareholder will receive the dividend through his or her bank, account operator or securities broker shortly after 17 April 2019, depending on their ability to transfer the payment.

For the second dividend instalment, Kesko's Board has proposed that the dividend pay date be 17 October 2019. If the General Meeting accepts the pay date proposed by the Board, Kesko will pay the second dividend instalment to bank accounts in Finland on 17 October 2019. If a shareholder's bank account is outside Finland, the shareholder will receive the dividend through his or her bank, account operator or securities broker shortly after 17 October 2019, depending on their ability to transfer the payment.

### **What does discharging the Board members and the Managing Director from liability mean?**

This is one of the matters to be resolved by the Annual General Meeting according to Finnish law and Kesko's Articles of Association. The resolution concerns the Board members' and the Managing Director's liability towards Kesko for the financial year 2018. The discharge from liability only applies to matters that Kesko and the shareholders have been aware of at the time of the resolution.

### **What is the proposal regarding the remuneration of Board members and the reimbursement of their expenses?**

Shareholders jointly holding over 10% of the votes attached to Kesko Corporation's shares have made the following proposals regarding fees and the reimbursement of expenses for Kesko Corporation's Board members:

- Board Chairman, an annual fee of €97,000
- Board Deputy Chairman, an annual fee of €60,000
- Board member, an annual fee of €45,000
- Board member who is the Chairman of the Audit Committee, an annual fee of €60,000
- A meeting fee of €500/meeting for a Board meeting and its Committee's meeting. The meeting fee for the Board Chairman is €1,000/Board meeting. However, a meeting fee of €1,000/Committee meeting is paid to a Committee Chairman who is not the Chairman or Deputy Chairman 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 fee amount is 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 is 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 2019. 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.

### **What is the proposal regarding the number of Board members and Board composition?**

Shareholders jointly representing over 10% of the votes attached to Kesko Corporation shares have informed the Company that they will propose at the Annual General Meeting that a resolution be passed to leave the number of members of the Board unchanged at the present seven (7).

According to section 4 of the Company's Articles of Association, the term of office of the Board of Directors' members is three (3) years, so that the term of office begins at the close of the General Meeting electing the members and expires at the close of the third (3rd) subsequent Annual General Meeting.

The Annual General Meeting held on 11 April 2018 resolved that the number of Board members was seven (7) and elected seven (7) Board members for terms of office in accordance with the Articles of Association, expiring at the close of the Annual General Meeting to be held in 2021. The members elected were retailer Esa Kiiskinen, Peter Fagernäs, Master of Laws, Jannica Fagerholm, Master of Science (Economics), Piia Karhu, Doctor of Science (Economics and Business Administration), Matti Kyytsönen, Master of Science (Economics), retailer Matti Naumanen, and retailer Toni Pokela, eMBA. More detailed information on all the Board members is available at [www.kesko.fi/en/investor/General-Meeting](http://www.kesko.fi/en/investor/General-Meeting).

The Board elects its Chairman and Deputy Chairman and the Chairmen, Deputy Chairmen and members of its Committees at its organisational meeting held after the General Meeting. The Chairman and Deputy Chairman of the Board are elected at the organisational meeting held after the General Meeting that has elected the Board members for the full three-year term of the Board members. The Chairmen, Deputy Chairmen and members of the Committees are elected at the Board's organisational meeting held after each Annual General Meeting for one year at a time.

### **What is the procedure for the proposals regarding the remuneration of Board members and the reimbursement of their expenses and the number of Board members?**

The proposals have traditionally been made by Kesko Corporation's shareholders jointly holding over 10% of the votes attached to the Company's shares, based on their own decision-making procedures.

Kesko does not have a shareholders' nomination board or a Board's nomination committee that would make the proposals. Instead, the proposals have traditionally been made by the shareholders.

### **How has the Board's proposal for the auditor and the auditor's remuneration been prepared for the General Meeting?**

According to Kesko's Articles of Association, the election of auditors, their remuneration, the basis of their remuneration, and the reimbursement of their expenses have to be resolved by the Annual General Meeting. At the recommendation of the Board's Audit Committee, the Board has prepared a proposal for the above matters to the General Meeting.

### **Whom does the Board propose as the auditor?**

The Board proposes to the General Meeting, at the recommendation of the Board's Audit Committee, that Authorised Public Accountants PricewaterhouseCoopers Oy be elected as the Company's auditor for the 2019 financial year. If the firm is elected as Kesko's auditor,

PricewaterhouseCoopers Oy has announced that APA Mikko Nieminen will be the auditor with principal responsibility. The Board proposes that the auditor's remuneration and the reimbursements of the auditor's expenses be paid according to an invoice approved by the Company.

**Who has the right to attend the 2019 Annual General Meeting and what is the last day to purchase shares if you want to participate in the decision-making at the Annual General Meeting?**

Shareholders have the right to attend the General Meeting if they are registered as shareholders in the Company's register of shareholders kept by Euroclear Finland Ltd on 27 March 2019 (the record date of the General Meeting). Shareholders whose shares are registered on their personal Finnish book-entry account are registered in Kesko's register of shareholders. Shareholders who wish to attend the General Meeting must register for the meeting by 3 April 2019 at 16 EET by the latest, by which time the registration must have been received by the Company.

Holders of nominee-registered shares have the right to attend the General Meeting by virtue of the shares which would entitle them to be registered in the shareholder register kept by Euroclear Finland Ltd on 27 March 2019. Attendance also requires that the shareholder is temporarily registered in the Company's shareholder register kept by Euroclear Finland Ltd by virtue of this shareholding by 3 April 2019 at 10.00 EET at the latest. With respect to nominee-registered shares, this constitutes as registration for the General Meeting.

If a shareholder wants to attend the 2019 Annual General Meeting, they must have purchased their shares no later than two (T+2) settlement days before the record date of the General Meeting because of the registration practice for the settlement of share trades. Otherwise his or her shareholding cannot be registered in Kesko's register of shareholders by the record date. Given that this year's record date for the Annual General Meeting is 27 March 2019, the last day to purchase shares is consequently 25 March 2019.

The above record date for the General Meeting and the related practical deadline for purchasing shares only apply to the right to attend the Annual General Meeting. The record date of the General Meeting is not relevant to, for example, the right to receive the dividend possibly resolved by the Annual General Meeting, which is determined on the basis of share ownership at the record date for dividend distribution (see question "Who is entitled to the proposed dividend?" and the answer).



**Where and how are the proposals made to the General Meeting and the resolutions passed made available to shareholders?**

The proposals made by the Kesko Board and the shareholders are available in full at [www.kesko.fi/en/investor/General-Meeting](http://www.kesko.fi/en/investor/General-Meeting). The proposals will also be made available at the meeting venue on the General Meeting date. Copies will be posted to shareholders upon request. Kesko will publish the resolutions of the General Meeting in a stock exchange release and on Kesko's website at [www.kesko.fi/en/investor/General-Meeting](http://www.kesko.fi/en/investor/General-Meeting). The minutes of the General Meeting will be made available on the same website no later than two weeks from the General Meeting.