



KESKO CORPORATION STOCK EXCHANGE RELEASE 2.2.2023 AT 09.20

## **Kesko's share-based commitment and incentive plans for 2023-2026**

**Kesko Corporation's Board of Directors has decided that the target group for the 2023–2024 performance period of Kesko's share-based commitment and incentive plan PSP (Performance Share Plan) will comprise approximately 60 key members of Kesko's management. The Board also decided that the target group for the KPSP (Key Personnel Share Plan) for the 2023 performance period will comprise approximately 160 other key persons at Kesko. The Board also confirmed the criteria for 2023 for the PSP 2022-2025, PSP 2023-2026 and KPSP 2023. The Board also decided to initiate a Restricted Share Pool (RSP) plan for 2023-2025.**

Kesko's share-based commitment and incentive scheme comprises three share-based plans. The PSP and RSP plans, which have been part of the scheme since 2017, were first communicated in a stock exchange release on 2 February 2017. The Performance Share Plan (PSP) consists of individual annually commencing share plans, each with a two-year performance period and a two-year commitment period following the payment of the potential share award. The second performance-based plan is the Key Personnel Share Plan (KPSP) first initiated in 2020 (stock exchange release on 5 February 2020), which has a one-year performance period followed by a two-year commitment period after which the shares will be paid to the recipients. The complementary Restricted Share Pool (RSP) plan consists of annually commencing share plans. Each RSP plan has a three-year commitment period. Share awards based on all the plans are paid in Kesko B shares.

Kesko Corporation's Board of Directors has decided that the target group for the PSP 2023–2026 will comprise approximately 60 key members of Kesko's management. The Board decided to set the development of Kesko Group's comparable tax-free sales (%), Kesko Group's comparable return on capital employed (ROCE, %), the absolute total shareholder return (TSR, %) of a Kesko B share, and a target measuring Kesko's sustainability, as the performance criteria for the 2023 calendar year. The shares will be paid to the recipients after the financial results release for the 2024 financial year, in March 2025 at the latest. A maximum total of 614,480 Kesko B shares may be granted in relation to the PSP 2023-2026. This number of shares represents gross earnings, from which the applicable taxes are deducted, and the remaining net amount is paid to the participants in shares.

Kesko Corporation's Board of Directors has decided that the target group for the Key Personnel Share Plan (KPSP) 2023 will comprise some 160 Kesko key persons specified separately. The KPSP has a one-year performance period, the criteria of which comprise indicators related to Kesko's profitability and the profitability, growth and capital efficiency of the participant's area of responsibility, and Kesko's share performance. The one-year performance period is followed by a two-year commitment period, after which shares are paid to the recipients after the financial results release for the 2025 financial year, in March 2026 at the latest. A maximum total of 276,060 Kesko B shares may be granted in relation to the KPSP 2023. This number of shares represents gross earnings, from which the applicable taxes are deducted, and the

remaining net amount is paid to the participants in shares.

Kesko Corporation's Board of Directors has also decided on initiating a RSP plan for 2023-2025. The plan has a three-year commitment period, after which the potentially granted share awards for an individual plan will be paid to the participants in Kesko B shares, provided that their employment or service relationships with Kesko Group are in force at the time of payment. The purpose of the RSP plan is to serve as a complementary long-term share award plan to be used as a commitment instrument for selected key persons in special situations. In addition to the above employment condition, Kesko may set participant-specific or company-specific terms, the fulfilment of which is a precondition for the payment of restricted share awards. The total maximum amount of share awards payable under the RSP 2023-2025 is 80,000 Kesko B shares. This number of shares represents gross earnings, from which the applicable taxes are deducted, and the remaining net amount is paid to the participants in shares. Any potential share awards from the RSP plan beginning in 2023 will be paid out in the spring of 2026.

At its discretion, the Board may decide not to pay a share award or to recover an award that has already been paid, if the recipient has been found guilty of malpractice or an action in breach of Kesko's ethical or responsibility principles or guidance that, as a whole, cannot be considered insignificant, or if there are weighty grounds for assuming that the recipient is guilty of such acts.

The amount of share award paid to a share plan participant in a single year must not exceed the maximum amount separately set by the Board of Directors.

Kesko applies a share ownership recommendation to the members of Kesko's Group Management Board. According to the recommendation, each Group Management Board member shall maintain a holding of at least fifty per cent of the net shares they have received under the company's share-based compensation scheme until their holding of Kesko shares corresponds to at least four times their fixed gross annual salary.

**Further information** is available from Matti Mettälä, Executive Vice President, tel. +358 105 322 200.

Kesko Corporation

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