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**KESKO CORPORATION'S ANNUAL GENERAL MEETING**  
MINUTES NO. 1/2018

**Place** Messukeskus Conference Centre, Messuaukio 1, Helsinki, Finland

**Time** 11 April 2018 from 13.00 to 15.30

**Present** 1,317 shareholders and representatives, of which  
1,292 present at the start of the meeting

**Appendix 1**

**Board members**

Esa Kiiskinen Chair

Jannica Fagerholm

Matti Kyytsönen

Matti Naumanen

Anu Nissinen

Toni Pokela

**Auditors**

Mikko Nieminen, APA, the auditor with principal responsibility

Enel Sintonen, APA

Those present also included members of the Company's top management and technical staff.

**1. Opening of the meeting**

The Board Chair Esa Kiiskinen welcomed those present and opened the meeting.

The Board Chair gave a speech, which is appended to the minutes.

**Appendix 2**

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## 2. Calling the meeting to order

Professor Seppo Villa was elected as the Chair of the meeting. The Chair called EVP, Group General Counsel Mika Majoinen to act as the secretary of the meeting.

The Chair explained the confines of the meeting room, the recording of speeches for ensuring the accuracy of the minutes of the meeting, and other instructions to the participants. The Chair noted that the items would be handled in the order in which they were listed on the agenda distributed to the participants.

## 3. Election of persons to scrutinise the minutes and to supervise the counting of votes

It was resolved to elect Pekka Lankinen and Jari Peltonen to scrutinise the minutes.

It was resolved to elect Tarja Kolehmainen and Heimo Välinen to supervise the counting of votes.

## 4. Recording the legality of the meeting

The Chair explained the provisions of the Limited Liability Companies Act and the Articles of Association concerning the convocation of the General Meeting and the availability of documents relating to the meeting.

The Chair noted that the notice of General Meeting provided in accordance with the Company's Articles of Association had been published on Kesko Corporation's website on 19 February 2018.

### **Appendix 3**

The Chair noted that Kesko Corporation's financial statements, the report by the Board of Directors, and the Auditor's report had been available on the Company's website since 9 March 2018.

#### **It was noted**

- that the meeting had been lawfully convened and that it had a

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quorum.

## 5. Recording the attendance at the meeting and adoption of the list of votes

The Chair explained the provisions of the Limited Liability Companies Act and the Articles of Association concerning shareholders' participation rights. The record date of the General Meeting had been 28 March 2018 and the registration had ended on 6 April 2018 at 16.00. Holders of nominee-registered shares had had to temporarily register in the register of the Company's shareholders no later than 6 April 2018 at 10.00 in order to participate in the General Meeting.

The Chair noted that the proxies of Euroclear Bank SA/NV, Nordea Bank AB (publ), Finnish Branch, Skandinaviska Enskilda Banken and Svenska Handelsbanken, representing holders of nominee-registered shares, had in advance expressed their opinions about certain items on the General Meeting agenda to the Company, and at the same time, had stated that they would not demand a vote on the issues to whose draft resolutions they had stated that their clients objected, or on which they had stated that they would abstain from voting. An appropriate recording in the minutes at those items would be sufficient without the need to separately request minutes to be taken at each item, provided that the Chair can reliably ascertain that the majority required in each case is in favour of the draft resolution.

### Appendix 4

The Chair noted that, according to the list of votes, at the start of the meeting there was an attendance of representatives of 1,292 shareholders, representing 191,351,143 votes and 43,708,618 shares.

The Chair noted that of the Board members, Mikael Aro was unable to attend the meeting due to a work engagement.

### It was noted

- that the list of votes, detailing the shareholders, proxies and assistants present, will be appended to the minutes of the meeting.

### Appendix 5

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## 6. Review by the President and CEO

President and CEO Mikko Helander gave a review of Kesko Group's operations. President and CEO Mikko Helander's presentation is appended to the minutes.

**Appendix 6**

## 7. Presentation of the 2017 financial statements, the report by the Board of Directors, and the Auditor's Report

Kesko Corporation's 2017 financial statements, the report by the Board of Directors, and the Auditor's report were presented.

**Appendices 7 and 8**

The Chair noted that the original financial statements documents and the Auditor's report were available from the secretary of the meeting.

The Auditor's report was presented by the auditor with principal responsibility, APA Mikko Nieminen, of the Company's Auditor, PricewaterhouseCoopers Oy.

The Chair opened discussion on the financial statements.

President and CEO Mikko Helander, Board Chair Esa Kiiskinen, car trade division President Johan Friman, grocery trade division President Ari Akseli, and Matti Mettälä, EVP responsible for e.g. responsibility matters, responded to questions by shareholders.

**It was recorded** that shareholder Pekka Jaakkola expressed a wish that the Board reconsider the supplementary pension arrangement agreed upon with the President and CEO.

## 8. Adoption of the financial statements

The Chair noted that the Auditor's report recommended the adoption of the financial statements and the consolidated financial statements.

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**It was resolved**

- to adopt Kesko Corporation's 2017 financial statements and consolidated financial statements.

**It was recorded** that holders of nominee-registered shares with a total of 56,633 votes had announced their objection to this item.

**9. Distribution of the profits shown on the balance sheet and resolution on the payment of dividend**

The Chair explained the Board's proposal for the distribution of profits and the payment of dividend.

The Chair opened discussion on the distribution of the profits shown on the balance sheet and the payment of dividend.

The Board Chair Esa Kiiskinen responded to a shareholder's question regarding the amount of dividend.

**It was resolved**

- in accordance with the Board's proposal for profit distribution, to distribute a dividend of €2.20 per share on shares held outside the Company, or a total amount of €218,804,553.00.

The record date for dividend distribution is 13 April 2018 and the dividend pay date was resolved to be 20 April 2018.

**It was recorded** that holders of nominee-registered shares with a total of 366,319 votes had announced their objection to this item.

**10. Resolution on discharging the Board members and the Managing Director from liability**

**It was resolved**

- that the Board members and the Managing Director are discharged from liability for the financial year 2017.

**It was recorded** that holders of nominee-registered shares with a total

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of 811,107 votes had announced their objection to this item, and that shareholders with a total of 2,658 votes had announced that they would abstain from voting on this item.

#### 11. Resolution on the Board members' remuneration and the basis for reimbursement of their expenses

The Chair noted that the notice of General Meeting had stated that shareholders representing over 10% of the votes attached to Kesko Corporation's shares propose that the remuneration structure for Kesko Corporation's Board members be changed so that a portion of the remuneration be paid as shares in the Company. The purpose of the change is to commit the Board members to the long-term development of the Company.

The proposal for the remuneration of Kesko Corporation's Board members and the reimbursement of their expenses is as follows:

- Board Chairman, an annual remuneration of €97,000,
- Board Deputy Chairman, an annual remuneration of €60,000,
- Board member, an annual remuneration of €45,000,
- Board member who is the Chairman of the Audit Committee, an annual remuneration 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 the Deputy Chairman of the Board. The 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 aforementioned annual remuneration payments be made in Kesko Corporation's B shares and in cash, with approximately 30% of the remuneration paid in shares. The Company will acquire the shares or transfer shares held by the Company as treasury shares in the name of and on behalf of the Board members. The Company is responsible for the costs arising from the acquisition

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of the shares. The acquisition or transfer of shares is carried out as soon as possible after the General Meeting. 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.

A representative of the proposing shareholders repeated the proposal stated in the notice of General Meeting.

Shareholder Timo Määttä proposed that 40% of the Board members' annual fee be paid in shares.

Shareholder Arvi Kekäläinen seconded the proposal made by Määttä, but did not demand a vote.

Liikealan Keskolaisten ammattiosasto ry, represented by Mikko Ruokonen, supported the proposal made by Määttä that 40% of the annual fee be paid in shares in the Company. Ruokonen further proposed that the annual fee of Board members be raised by 1.6% instead of 20%.

Shareholder Raimo Virtanen supported the proposal made by Määttä that 40% of the annual fee be paid in shares in the Company. Virtanen further proposed that each Board member be given an electric bicycle of sufficiently high quality.

K-Retailers' Association, represented by Jussi Perälä, responded to an enquiry by the Chair that they would maintain the original proposal.

The Chair noted that in addition to the original proposal regarding the remuneration of Board members, three other proposals had been made:

- that 40% of the annual fee be paid in shares,
- that 40% of the annual fee be paid in shares and the current annual fee be raised by 1.6%, and
- that 40% of the annual fee be paid in shares and each Board member is given an electric bicycle.

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The Chair noted that Board remuneration will be decided by decision by majority, as defined in Chapter 5, Section 25 of the Limited Liability Companies Act.

The Chair then enquired Jussi Perälä, who represented e.g. K-Retailers' Association and other shareholders on the list of votes, Tom Fagerström, who represented Kruunuvuoren Satama Oy, Valluga-Sijoitus Oy and Kesko Pension Fund, and Heimo Välinen, who represented Vähittäiskaupan Takaus Oy and Heimo Välinen Oy, what the position of the shareholders they represented was on the proposals made. Perälä, Fagerström and Välinen stated that the shareholders they represent support the original proposal.

The Chair noted that at the start of the meeting, the meeting's total number of votes was 191,351,143 and that the shareholders represented by Perälä, Fagerström and Välinen represent more than 122,000,000 votes. The Chair noted that the original proposal regarding Board members' remuneration was supported by shareholders clearly representing over half of all votes represented at the General Meeting. Therefore the enquiry had reliably established the position of the General Meeting and there was no need for a separate ballot.

When enquired, shareholders Timo Määttä, Raimo Virtanen and Liikealan Keskolaisten ammattiosasto ry represented by Mikko Ruokonen confirmed that the Chair's enquiry had established the position of the General Meeting.

**It was resolved**

- that the members of the Board and its Committees will be paid the following annual and meeting fees:
  - As annual fees:
    - Chairman of the Board €97,000
    - Deputy Chairman of the Board €60,000
    - Board member €45,000
    - Board member who is the Chairman of the Audit Committee €60,000,



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- As meeting fees:
  - €500/meeting for a Board meeting and its Committee's meeting;
  - €1,000/Board meeting for the Board Chairman.
  - €1,000/Committee meeting to a Committee Chairman who is not the Chairman or the Deputy Chairman of the Board.
- that the meeting fees are paid in cash.
- that daily allowances and the reimbursements of travel expenses are paid to the Board members in accordance with the general travel rules of Kesko.

The aforementioned annual fees will be paid in Kesko Corporation's B shares and in cash, with approximately 30% paid in shares. The Company will acquire the shares or transfer shares held by the Company as treasury shares in the name of and on behalf of the Board members. The Company is responsible for the costs arising from the acquisition of the shares. The acquisition or transfer of shares is carried out as soon as possible after the General Meeting. 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.

**It was recorded** that shareholder Timo Määttä expressed a wish that in the future, 40% of the Board members' fees be paid in shares.

**It was recorded** that holders of nominee-registered shares with a total of 519,685 votes had announced their objection to this item.

## 12. Resolution on the number of Board members

The Chair noted that it was stated in the notice of General Meeting that shareholders representing over 10% of the votes attached to Kesko shares proposed that the number of Board members be resolved to be the current seven (7).

A representative of the proposing shareholders repeated the proposal

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stated in the notice of General Meeting.

### **It was resolved**

- that the number of Board members be seven (7).

### **13. Election of the Board members**

The Chair noted that according to Section 4 of the Articles of Association, the term of office of a Board of Directors' member is three (3) years so that the term of office begins at the close of the General Meeting electing the member and expires at the close of the third subsequent Annual General Meeting.

Because the term of office of all seven current Board members, elected by General Meetings held on 13 April 2015 and 4 April 2016, expired at the close of this Annual General Meeting, this General Meeting elected all seven members of the Board.

The notice of General Meeting stated that shareholders representing over 10% of the votes attached to Kesko Corporation's shares propose that the following persons be elected as members of the Board of Directors:

Of current Board members

- Jannica Fagerholm (M.Sc. Econ),
- Esa Kiiskinen (retailer),
- Matti Kyytsönen (M.Sc. Econ.),
- Matti Naumanen (retailer),
- Toni Pokela (retailer, eMBA),

and as new members

- Peter Fagernäs (Master of Laws), and
- Piia Karhu (Doctor of Science, Economics and Business Administration).

The proposed persons have given written consent for the position of a Board member.

A representative of the proposing shareholder repeated the proposal

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stated in the notice of General Meeting.

The Chair opened discussion.

Peter Fagernäs, who had been proposed as a member of the Board, responded to a shareholder's question concerning his expertise and experience.

The Chair responded to shareholder's question concerning the selection process.

**It was resolved**

- that Jannica Fagerholm, Peter Fagernäs, Piia Karhu, Esa Kiiskinen, Matti Kyytsönen, Matti Naumanen and Toni Pokela be elected as members of the Board of Directors.

The consents given by the elected Board members were appended to the meeting minutes.

**Appendix 9**

**It was recorded** that holders of nominee-registered shares with a total of 2,696,065 votes had announced their objection to this item, and that shareholders with a total of 25,891 votes had announced that they would abstain from voting on this item.

**14. Resolution on the Auditor's fee and the basis for reimbursement of expenses**

The Chair noted that the Board's Audit Committee had proposed to the General Meeting that the Auditor's fee be paid and expenses reimbursed according to an invoice approved by the Company.

**It was resolved**

- that the Auditor's fee will be paid and expenses reimbursed according to an invoice approved by the Company.

**It was recorded** that holders of nominee-registered shares with a total of 8,580,198 votes had announced their objection to this item, and that shareholders with a total of 180,802 votes had announced that

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they would abstain from voting on this item.

## 15. Election of the Auditor

The Chair noted that the Board's Audit Committee has proposed that the firm of auditors PricewaterhouseCoopers Oy, Authorised Public Accountants, who have given their consent, be elected as the Company's Auditor. If the firm is elected as Kesko's auditor, PricewaterhouseCoopers Oy has announced that APA Mikko Nieminen shall be the auditor with principal responsibility.

Jannica Fagerholm, Chair of the Audit Committee, responded to a shareholder's question concerning the use of PricewaterhouseCoopers Oy as Kesko's auditor.

### **It was resolved**

- to elect the firm of auditors PricewaterhouseCoopers Oy as the Company's Auditor, who had announced that Mikko Nieminen, APA, would be the Auditor with principal responsibility.

The consent to the appointment of the firm of auditors elected as the Auditor was appended to the minutes.

## **Appendix 10**

**It was recorded** that holders of nominee-registered shares with a total of 2,954,363 votes had announced their objection to this item, and that shareholders with a total of 6,416 votes had announced that they would abstain from voting on this item.

## 16. Proposal by the Board of Directors for authorisation to decide on the acquisition of the Company's own shares

The Chair noted that the Board proposed it be authorised to decide on the acquisition of a maximum of 1,000,000 of the Company's own B shares.

Board Chair Esa Kiiskinen responded to a shareholder's question on whether the proposed authorisation would replace any valid

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authorisation and whether the previous authorisation had been used.

**It was resolved**

- to authorise the Board to decide, in accordance with the Board's proposal, on the acquisition of the Company's own B shares on the following conditions:
  1. **Maximum number of shares to be acquired**

Under the authorisation, the Board will be entitled to decide on the acquisition of a maximum of 1,000,000 of the Company's own B shares.
  2. **Acquisition method and consideration paid for the shares**

The B shares will be acquired with the Company's distributable unrestricted equity, not in proportion to the shareholdings of shareholders, at the market price quoted in public trading organised by Nasdaq Helsinki Ltd ("the exchange") at the date of acquisition. The shares are acquired and paid for in accordance with the rules of the exchange. The acquisition of own shares will reduce the amount of the Company's distributable unrestricted equity.
  3. **Acquisition purpose**

The B shares will be acquired for use in the development of the Company's capital structure, to finance possible acquisitions, capital expenditure and/or other arrangements within the scope of the Company's business operations, and to implement the Company's commitment and incentive scheme for management and other personnel.
  4. **Other conditions and validity**

The Board will make decisions concerning any other issues related to the acquisition of B shares. The authorisation will be valid until 30 September 2019.

**It was recorded** that holders of nominee-registered shares with a total of 36,435 votes had announced their objection to this item.

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**17. Proposal by the Board of Directors for authorisation to decide on the issue of shares**

The Chair explained the Board's proposal for its authorisation to decide on the issuance of a total maximum of 10,000,000 new B shares in a share issue.

**It was resolved**

- to authorise the Board of Kesko Corporation, in accordance with the Board's proposal, to decide on the issue of new B shares on the following conditions:

**1. Maximum number of shares to be issued**

Under the authorisation, the Board will be entitled to decide on the issue of a maximum of 10,000,000 new B shares in the Company.

**2. Issue for consideration**

The new shares can only be issued against payment.

**3. Right to subscribe for the shares and directed issue**

The new shares can be issued:

- for subscription by shareholders in a directed issue in proportion to their existing holdings of the Company's shares, regardless of whether they own A or B shares; or
- in a directed issue, departing from the shareholders' pre-emptive right, for a weighty financial reason for the Company, such as using the shares to develop the Company's capital structure and to finance possible acquisitions, capital expenditure or other arrangements within the scope of the Company's business operations.

**4. Subscription price and recognition of subscription price in the balance sheet**

The Board will decide on the subscription price of the issued shares.

The Board will also have the right to issue shares for a non-cash consideration.

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The subscription price is recognised in the reserve of invested non-restricted equity.

**5. Other conditions and validity**

The Board will make decisions regarding any other matters related to the share issues.

The authorisation will be valid until 30 June 2021, and it will cancel the authorisation given to the Board by the General Meeting of 13 April 2015 to issue a total maximum of 20,000,000 new B shares, which the Board has not used. The authorisation given to the Board by the Annual General Meeting of 13 April 2015 to issue a total maximum of 20,000,000 new B shares would have ended on 30 June 2018. The authorisation applied for will not cancel the authorisation given to the Board by the Annual General Meeting of 4 April 2016 to transfer a total maximum of 1,000,000 own B shares held by the Company, which is valid until 30 June 2020.

**It was recorded** that holders of nominee-registered shares with a total of 1,098,259 votes had announced their objection to this item.

**18. Donations for charitable purposes**

The Chair reviewed the use of Board's donation authorisation, in force between the 2017 Annual General Meeting and this General Meeting, and the main donation targets.

The Chair noted that the Board has proposed that the General Meeting resolve to authorise Kesko Corporation's Board to decide on the donations in a total maximum of €300,000 for charitable or corresponding purposes until the Annual General Meeting to be held in 2019, and to authorise the Board to decide on the donation recipients, purposes of use and other terms of the donations.

**It was resolved**

- to authorise Kesko Corporation's Board to decide on the donations in a total maximum of €300,000 for charitable or corresponding purposes until the Annual General Meeting to be held in 2019, and

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to authorise the Board to decide on the donation recipients, purposes of use and other terms of the donations.

**It was recorded** that shareholders with a total of 1,255,637 votes had announced their objection to this item.

## 19. Closing of the meeting

The Chair noted that all of the business specified for this meeting had been handled, and that the minutes of the General Meeting will be available to shareholders on the Company's website on 25 April 2018 at the latest.

The Chair thanked the shareholders and the Company's management and declared the General Meeting closed.

Seppo Villa  
Chair

In fidem

Mika Majoinen  
Secretary

The minutes have been confirmed and approved

Pekka Lankinen  
Scrutiniser

Jari Peltonen  
Scrutiniser