

Remuneration Statement 2012

Remuneration of members of the Board of Directors

Stockmann plc's highest decision-making body is the General Meeting. The Annual General Meeting decides annually on the remuneration and other benefits to be paid to the members of the Board of Directors for their board and committee work. The remuneration is paid in cash or company shares.

During the 2012 financial year, EUR 76 000 was paid in fixed fees to the chairman of the Board, EUR 49 000 to the vice chairman and EUR 38 000 each to the other Board members, in accordance with the decisions of the General Meeting of 15 March 2012. About 50 per cent of the annual remuneration was paid in company shares and the rest in cash. All members of the Board of Directors were paid a meeting attendance fee of EUR 500 for each Board meeting. The preceding meeting attendance fee was also paid to the chairman and members for the meetings of the Board's Appointments and Compensation Committee. During the 2012 financial year the Board members were paid a total of EUR 209 168.47 (2011: EUR 225 918.72) in cash and 11 059 (2011: 7 759) of the company's Series B shares as payment in shares. The total value of the remuneration paid was EUR 401 000 (2011: EUR 392 500). There is no restriction on the ownership period pertaining to the shares received as remuneration.

REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS IN 2012, EUR AND SHARES

	Fixed annual fees*, EUR	Fees paid for attendance, EUR	Committee attendance fees, EUR	Remuneration in cash in total, EUR	Number of shares	Share value, EUR
Christoffer Taxell (Chairman)	76 000	4 500	3 000	83 500	2 088	34 971.96
Kari Niemistö (Vice Chairman)	49 000	4 500	1 000	54 500	1 658	26 631.50
Kaj-Gustaf Bergh	38 000	4 000	-	42 000	1 155	19 522.50
Eva Liljebom	38 000	4 500	-	42 500	753	12 730.00
Per Sjödel**	38 000	2 500	-	40 500	1 462	24 704.90
Charlotta Tallqvist-Cederberg	38 000	4 500	3 000	45 500	1 619	27 360.00
Carola Teir-Lehtinen	38 000	4 500	-	42 500	1 425	23 565.57
Dag Wallgren	38 000	4 500	3 000	45 500	899	15 200.00
Erkki Etola***	-	2 000	2 500	4 500	-	-
Board members, total	353 000	35 500	12 500	401 000	11 059	184 686.43

* Around 50% of the compensation is paid in company shares.

** Elected as a new member of the Board in Annual General Meeting 2012.

*** Board member until Annual General Meeting 2012.

The Board of Directors convened 10 times in 2012 and the rate of attendance was 98 per cent. The Board's Appointments and Compensation Committee convened 6 times in 2012 and the rate of attendance was 100 per cent.

The ownership of Stockmann plc shares by members of the Board of Directors is shown on the company's website at stockmanngroup.com.

The Board members have not received any other financial benefits and are not included in Stockmann's incentive schemes. Persons who have become Board members before 2004 fall within the sphere of voluntary TyEL insurance under the Employees Pensions Act (TyEL).

The members of the Board of Directors are not in an employment or service relationship with the company.

Remuneration system for the CEO and other management

The salary and benefits of the Chief Executive Officer and the other members of the Management Committee are decided by the Board of Directors on the basis of proposals by the Appointments and Compensation Committee. The Group's Management Committee comprises seven persons; the CEO, the CFO and the Director for the Department Store Division, who both also act as Executive Vice Presidents, the other Division directors, the Development Director for the Group's International Operations, the HR Director and the Director of Legal Affairs, who acts as secretary to the Management Committee.

In addition to a monthly salary, the Board of Directors also approves each year the criteria for determining the incentive pay for the Group's CEO and Management Committee members, on the basis of proposals by the Appointments and Compensation Committee.

The incentive pay is determined largely on the basis of the Group's earnings and profitability, the key factors being: the Group's operating profit; the Group's return on capital employed; and the key indicators for each Division derived from these. The maximum incentive pay for senior management in the short term as of 2011 is at the most 50 per cent of the annual earnings.

For members of the Group's Management Committee other than the CEO, a total of EUR 1 763 356 (2011: EUR 1 801 114) was paid in fixed salaries. The fixed salary includes EUR 76 647 (2011: EUR 67 090) in fringe benefits. The amount of incentive pay totalled EUR 12 268 (2011: EUR 141 912). The total amount of paid salaries and remunerations was EUR 1 852 271 (2011: EUR 1 943 026).

On 16 March 2010, the General Meeting decided on share option schemes for key personnel as part of the incentive and commitment scheme for management. The Group's Management Committee members are covered by the 2010 Key personnel share option scheme as part of Stockmann plc's long-term incentive schemes. The terms of the share option scheme and information on the options in the ownership of the members of the Management Committee are given on the company's website at stockmanngroup.com.

The retirement age of the Management Committee members is 60-63, depending on the particular executive agreement in question. If retirement is at the age of 63, the pension is determined in accordance with the Finnish employment pension legislation. In the case of earlier retirement, the pension is determined either in the same way as for the CEO or is accrued on a defined contribution basis. Each month, the company then pays an agreed percentage of earnings into a defined contribution pension plan. The costs of both forms of insurance in 2012, for others than the CEO, amounted to EUR 379 021 (2011: EUR 244 271).

Financial benefits pertaining to the post of CEO

The power to appoint and dismiss the company's CEO rests with the Board of Directors, which also decides on the terms and benefits of the CEO's service, and these are set out in writing in the CEO agreement. Hannu Penttilä has been Stockmann plc's CEO since 1 March 2001.

In 2012, the CEO was paid a fixed salary of EUR 627 200 (2011: EUR 604 469). The fixed salary includes EUR 20 880 (2011: EUR 19 100) in fringe benefits. Due to the result performance in 2011, no performance or incentive pay was paid in 2012 (2011: EUR 55 220).

The Group's CEO is covered by the 2010 Key personnel share options scheme within Stockmann plc's long-term incentive schemes. The terms of the share option schemes are given on the company's website at stockmanngroup.com.

According to the CEO agreement, CEO Hannu Penttilä has a right to retire when turning 60. It has been agreed in 2012 to continue Hannu Penttilä's CEO term from April 2013 onwards under an agreement that remains valid until further notice.

The CEO's pension is determined on the basis of TyEL insurance under the Employees Pensions Act (TyEL), and a separate insurance taken by the company. The pension is 60 per cent of the pensionable salary, which is determined on the basis of the earnings in 2009-2012 and as an average of the two middle years of these. Pension payments of the supplementary pension begin when the CEO retires. The insurance cost was EUR 325 960 in 2012 (2011: EUR 160 136).

The CEO's post is subject to a period of notice of 6 months applicable to both parties. Should the company give notice of termination, the CEO has the right to compensation equivalent to 12 months' fixed salary after the notice period has expired. An additional compensation upon termination is not paid after the CEO has turned 60.

REMUNERATION OF CEO
AND OTHER MANAGEMENT COMMITTEE MEMBERS

EUR	2012	2011
CEO		-
Fixed salary	606 320	585 369
Incentive pay	-	55 220
Fringe benefits	20 880	19 100
In total	627 200	659 689
Other management committee members		
Fixed salary	1 763 356	1 734 024
Incentive pay	12 268	141 912
Fringe benefits	76 647	67 090
In total	1 852 271	1 943 026