

Remuneration Statement 2013

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 2013 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 21 March 2013. 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 2013 financial year the Board members were paid a total of EUR 212 950.60 (2012: EUR 209 168.47) in cash and 14 567 (2012: 11 059) of the company's Series B shares as payment in shares. The total value of the remuneration paid was EUR 383 000 (2012: EUR 401 000). There is no restriction on the ownership period pertaining to the shares received as remuneration.

REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS IN 2013

Verkställande direktören Läroämne	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
Verkställande direktören						
Verkställande direktören						
Christoffer Taxell (Chairman)	76 000	2 500	1 500	80 000	2 637	30 780.00
Kari Niemistö (Vice Chairman)	49 000	3 000	2 000	54 000	2 311	26 979.40
Eva Liljebloom	38 000	2 500	-	40 500	1 090	12 730.00
Per Sjödel	38 000	2 500	-	40 500	2 116	24 700.00
Kjell Sundström**	38 000	2 000	-	40 000	1 302	15 200.00
Charlotta Tallqvist-Cederberg	38 000	3 000	2 500	43 500	2 344	27 360.00
Carola Teir-Lehtinen	38 000	2 500	-	40 500	1 465	17 100.00
Dag Wallgren	38 000	3 000	2 500	43 500	1 302	15 200.00
Kaj-Gustaf Bergh***	-	500	-	500	-	-
Board members, total	353 000	21 500	8 500	383 000	14 567	170 049.40

* Around 50% of the annual remuneration is paid in company shares. ** Elected as a new member of the Board at the Annual General Meeting 2013.

*** Board member until the Annual General Meeting 2013.

The Board of Directors convened 9 times in 2013 and the rate of attendance was 98.6 per cent. The Board's Appointments and Compensation Committee convened 6 times in 2013 and the rate of attendance was 100 per cent.

The ownership of Stockmann plc shares by members of the Board of Directors is presented on the company's website 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 Director of the Fashion Chain Division, 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 is as of 2011 at the most 50 per cent of the annual earnings.

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 2013, the CEO was paid a fixed salary of EUR 609 105 (2012: EUR 627 200). The fixed salary consist of EUR 587 520 in cash (2012: EUR 606 320) and EUR 21 585 (2012: 20 880) in fringe benefits. As incentive pay for the result for 2012 was paid EUR 30 960 (2012: Due to the result performance in 2011, no incentive pay was paid). The total amount of paid salaries and remunerations was EUR 640 065 (2012: EUR 627 200).

The Group's CEO is covered by the 2010 Key personnel share option scheme within Stockmann plc's long-term incentive schemes. The terms of the share option scheme is available on the company's website 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 87 375 in 2013 (2012: EUR 325 960) and the supplementary pension is now fully paid.

The CEO's post is subject to a period of notice of 6 months applicable to both parties. An additional compensation upon termination is not paid after the CEO has turned 60.

Financial benefits pertaining to other management

For members of the Group's Management Committee other than the CEO, a total of EUR 1 823 006 (2012: EUR 1 840 003) was paid in fixed salaries in 2013. The fixed salary consist of EUR 1 749 436 in cash (2012: EUR 1 763 356) and EUR 73 570 (2012: 76 647) in fringe benefits. The amount of incentive pay totalled EUR 58 344 (2012: EUR 12 268). The total amount of paid salaries and remunerations was EUR 1 881 350 (2012: EUR 1 852 271).

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 and shares in the ownership of the members of the Management Committee are available on the company's website 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 2013, for others than the CEO, amounted to EUR 290 365 (2012: EUR 379 021).

REMUNERATION OF CEO AND OTHER GROUP MANAGEMENT COMMITTEE MEMBERS

EUR	2013	2012
Chief Executive Officer		
Fixed salary	587 520	606 320
Incentive pay (for the previous year)	30 960	-
Fringe benefits	21 585	20 880
Total	640 065	627 200
Other Management Committee members		
Fixed salary	1 749 436	1 763 356
Incentive pay (for the previous year)	58 344	12 268
Fringe benefits	73 570	76 647
Total	1 881 350	1 852 271