

## Remuneration Statement 2014

### 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 2014 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 18 March 2014. 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 2014 financial year the Board members were paid a total of EUR 228 868.50 (2013: EUR 212 950.60) in cash and 16 708 (2013: 14 567) of the company's Series B shares as payment in shares. The total value of the remuneration paid was EUR 415 500 (2013: EUR 383 000). There is no restriction on the ownership period pertaining to the shares received as remuneration.

#### Remuneration of members of the Board of Directors in 2014, EUR and shares

	Fixed annual fees*, EUR	Fees paid for attendance, EUR	Committee attendance fees, EUR	Remuneration in total, EUR	Number of shares	Share value, EUR
Kaj-Gustaf Bergh (Chairman)**	76 000	7 500	500	84 000	3266	36 480.00
Kari Niemistö (Vice Chairman)	49 000	8 500	500	58 000	2915	32 560.50
Eva Liljebloom	38 000	8 000		46 000	1121	12 521.00
Per Sjödell	38 000	8 500		46 500	2211	24 700.00
Kjell Sundström	38 000	2 000		40 000	1769	19 760.00
Charlotta Tallqvist-Cederberg	38 000	8 500	500	47 000	2449	27 360.00
Carola Teir-Lehtinen	38 000	8 500		46 500	1616	18 050.00
Dag Wallgren	38 000	8 000	500	46 500	1361	15 200.00
Christoffer Taxell***	-	1 000		1 000	-	-
<b>Board members, total</b>	<b>353 000</b>	<b>60 500</b>	<b>2 000</b>	<b>415 500</b>	<b>16 708</b>	<b>186 631.50</b>

\* Around 50% of the annual fee is paid in company shares. \*\* Elected as a new member of the Board at the Annual General Meeting of 2014.

\*\*\* Board member until the Annual General Meeting of 2014.

The Board of Directors convened 18 times in 2014 and the rate of attendance was 98 per cent. The Board's Appointments and Compensation Committee convened one time in 2014 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](http://stockmanngroup.com).

The Board members 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).

Kaj-Gustaf Bergh, Chairman of the Board of Directors, was paid a lump sum remuneration of EUR 75 000 for performing the duties of CEO in the period 26 August to 9 November 2014. Board member Kjell Sundström has an employment contract with the company and has served as Chief Strategy Officer since 26 May 2014. He was paid a fixed salary of EUR 216 000, with no fringe benefits, performance pay and supplementary pension cover. He has a fixed-term contract which ends in 2015, and there is no separate severance pay. Board member Per Sjödell was paid EUR 20 054 for acting as the Chairman of the Lindex Board of Directors.

### **Remuneration system for the CEO and other management team members**

The salary and benefits of the Chief Executive Officer and the other members of the Management Team are decided by the Board of Directors on the basis of proposals by the Appointments and Compensation Committee. The Group's Management Team comprises ten persons; the CEO, the CFO who also acts as Executive Vice President, the Director of Stockmann Retail, the Director of Fashion Chains who is also the CEO of Lindex, the Director of Real Estate, the Deputy Director of Real Estate who also is the Development Director for the Group's International Operations, the HR Director, the Chief Strategy Officer, the Development Director and the Director of Legal Affairs, who acts as secretary to the Management Team.

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 Team 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 personal objectives.

### **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. Per Thelin has been Stockmann plc's CEO since 10 November 2014. Having held the position of CEO since 2001, Hannu Penttilä, relinquished his duties on 26 August 2014 and retired on 31 December 2014 as set out in his agreement.

#### *Per Thelin, CEO as of 10 November 2014*

In 2014, CEO Per Thelin was paid a fixed salary of EUR 61 848. The fixed salary consist of EUR 60 518 in cash and EUR 1 330 in fringe benefits. The CEO has also from 1 January 2015 a performance pay tied to personal objectives. The performance pay may amount to no more than 42.5 per cent of the fixed basic salary.

Thelin's retirement age is determined in accordance with Finnish employment pension legislation. The CEO's pension will accrue on the basis of the Employees' Pensions Act and the separate defined contribution pension insurance taken out by the company. In 2014, the insurance contribution was EUR 4 856.

If the company terminates the CEO agreement, the notice period will be 6 months, in addition to which the CEO will be entitled to a severance payment equivalent to 6 months' pay. If the CEO terminates his agreement, the notice period will be 3 months.

#### *Hannu Penttilä, CEO until 26 August 2014*

In 2014, CEO Hannu Penttilä was paid a fixed salary of EUR 623 786 (2014: EUR 609 105). The fixed salary consist of EUR 604 294 in cash (2013: EUR 587 520) and EUR 19 492 (2013: EUR 21 585) in fringe benefits. Due to the earnings performance in 2013, no incentive pay was paid in 2014.

Under the agreement, Hannu Penttilä was entitled to retire at the earliest in April 2013, when he turned 60 years. Penttilä used this right, however, only from 1.1.2015. Penttilä's pension is determined by the Employees' Pensions Act and the company's separately taken insurance plan. 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. In 2014, no voluntary pension contributions were paid for Hannu Penttilä (2013: EUR 87 375).

Hannu Penttilä was 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](http://stockmanngroup.com).

The pension of Kaj-Gustaf Bergh, who acted as a temporary CEO, was as a whole determined by the Employee's pensions Act.

### **Financial benefits pertaining to other management**

For members of the Group's Management Team other than the CEO, a total of EUR 2 367 918 (2013: EUR 1 881 350) was paid in fixed salaries in 2014. The fixed salary consist of EUR 2 301 162 in cash (2013: EUR 1 749 436) and EUR 66 756 (2013: EUR 73 570) in fringe benefits. Due to the earnings performance in 2013, no incentive pay was paid in 2014 (2013: EUR 58 344).

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 Team 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 Team are available on the company's website [stockmanngroup.com](http://stockmanngroup.com).

The retirement age of the Management Team 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. Two of the management team members have voluntary pension plans taken by the company. One of the plans is earnings-related and the other is accrued on a defined contribution basis. The costs of both forms of insurance in 2014, for others than the CEO, amounted to EUR 160 554 (2013: EUR 290 365).

### Remuneration of the CEO and other Group Management Team members

EUR	2014	2013	EUR	2014	2013
<b>CEO Hannu Penttilä</b>			<b>CEO Per Thelin</b>		
Fixed salary	<b>604 294</b>	587 520	Fixed salary	<b>60 518</b>	
Performance pay	-	30 960*	Performance pay	-	
Fringe benefits	<b>19 492</b>	21 585	Fringe benefits	<b>1 330</b>	
<b>Total</b>	<b>623 786</b>	640 065	<b>Total</b>	<b>61 848</b>	
Voluntary pension contributions	-	87 375	Voluntary pension contributions	<b>4 856</b>	
<b>Other Management Team members</b>					
Fixed salary				<b>2 301 162</b>	1 749 436
Performance pay				-	58 344*
Fringe benefits				<b>66 756</b>	73 570
<b>Total</b>				<b>2 367 918</b>	1 881 350

\* Performance pay for 2012 performance.