

RENUMERATION STATEMENT 2016

DECISION-MAKING ORDER AND KEY PRINCIPLES IN REMUNERATION AT STOCKMANN

Stockmann plc's highest decision-making body is the General Meeting of shareholders. The Annual General Meeting decides on the remuneration and other benefits to be paid to the members of the Board of Directors for their board and committee work annually. The proposal for the remuneration is prepared by the Shareholders' Nomination Board. The Board members are not participating in the company's incentive or share option schemes for key personnel.

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. The Board also appoints other members of the Group's Management Team and decides on their salaries and other benefits on the basis of proposals by the Compensation Committee.

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 Compensation Committee. The incentive pay is determined on the basis of the Group's financial and other objectives related to the implementation of the strategy.

REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS

The remuneration to the Board members is paid in cash or company shares. There is no restriction on the ownership period pertaining to the shares received as remuneration.

During the 2016 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 2016. About 50 per cent of the annual remuneration was paid in company shares and the rest in cash. The Chairman of the Board was paid EUR 1 000 and members of the Board of Directors were paid a meeting attendance fee of EUR 500 for each Board meeting.

The Chairman and the members of the Board Committees were also paid an attendance fee for the Committee meetings. The Chairman of the Audit Committee was paid EUR 1 000 and each member was paid EUR 700 as a meeting remuneration for each meeting of the Audit Committee, and the Chairman and each member of the Compensation Committee was paid EUR 500 as a meeting remuneration for each meeting of the Committee.

During the 2016 financial year the Board members were paid a total of EUR 221 511 (2015: EUR 210 028) in cash and 34 091 (2015: 30 411) of the company's Series B shares as payment in shares. The value of shares was EUR 200 489 on the dates of share purchases. The total value of the remuneration was EUR 422 000 (2015: EUR 421 900).

The shareholders' Nomination Board proposes to the Annual General Meeting on 23 March 2017 that the remuneration of the members of the Board of Directors remain at the present level.

REMUNERATION OF THE BOARD OF DIRECTORS IN 2016, EUR

	Fixed annual fees	Attendance fees	Committee attendance fees	Remuneration in total	Paid in cash	Value of shares paid
Kaj-Gustaf Bergh	38 000	7 000	500	45 500	24 600	20 900
Torborg Chetkovich	38 000	6 000	2 800	46 800	22 100	24 700
Jukka Hienonen, Chairman	76 000	11 000	700	87 700	46 660	41 040
Susanne Najafi * ****	38 000	5 500		43 500	18 800	24 700
Kari Niemistö **		1 000	500	1 500	1 500	
Leena Niemistö, Vice Chairman *	49 000	5 500		54 500	29 951	24 549
Michael Rosenlew *	38 000	5 000	2 800	45 800	21 100	24 700
Per Sjödell ***	38 000	6 000		44 000	19 300	24 700
Charlotta Tallqvist-Cederberg **		1 000	500	1 500	1 500	
Carola Teir-Lehtinen **		1 000	700	1 700	1 700	
Dag Wallgren	38 000	6 000	5 500	49 500	34 300	15 200
Board members, total	353 000	55 000	14 000	422 000	221 511	200 489

* Elected as a new member on 15 March 2016.

** Resigned from the Board of Directors on 15 March 2016.

*** Per Sjödell was additionally paid EUR 40 131 in 2016 for acting as the Chairman of the Lindex Board of Directors.

**** Susanne Najafi was additionally paid EUR 21 122 in 2016 for the work in the Lindex Board of Directors.

REMUNERATION OF THE BOARD OF DIRECTORS IN 2016, SHARES

	Shares	Value, EUR	Board	Compensation Committee	Audit Committee
Kaj-Gustaf Bergh	3 554	20 900	13/13	6/6	
Torborg Chetkovich	4 200	24 700	13/13		4/4
Jukka Hienonen, Chairman	6 979	41 040	13/13	5/5	2/2
Susanne Najafi	4 200	24 700	11/11		
Kari Niemistö			2/2	1/1	
Leena Niemistö, Vice Chairman	4 174	24 549	11/11	5/5	
Michael Rosenlew	4 200	24 700	10/11		4/4
Per Sjödell	4 200	24 700	13/13		
Charlotta Tallqvist-Cederberg			2/2	1/1	
Carola Teir-Lehtinen			2/2		2/2
Dag Wallgren	2 584	15 200	Meetings, total 13/13		6/6
Board members, total	34 091	200 489	13	6	6

PARTICIPATION IN BOARD AND COMMITTEE MEETINGS 2016

FINANCIAL BENEFITS PERTAINING TO THE POST OF CEO

Lauri Veijalainen has been Stockmann plc's CEO since 12 September 2016 (Interim CEO 4 April–12 September 2016).

Per Thelin, who was the company's CEO since November 2014, left his position on 4 April 2016.

The CEO Per Thelin had a fixed salary with fringe benefits and a performance pay tied to the Group's financial and other objectives related to the implementation of the strategy. The performance pay could not amount to more than 72 per cent of the fixed basic salary. The CEO was not given shares or share options as part of remuneration.

In 2016, Per Thelin was paid a fixed salary of EUR 157 219 (2015: EUR 430 516). The fixed salary consist of EUR 154 412 (2015: EUR 420 533) in cash and EUR 3 207 (2015: EUR 9 983)

in fringe benefits. In addition, he was paid a performance pay of EUR 259 583 (2015: EUR 0) for the 2015 performance, EUR 65 000 for the first quarter of 2016 performance and a post-employment benefit of EUR 420 000.

Thelin's retirement age was determined in accordance with Finnish employment pension legislation. The CEO's pension was accrued on the basis of the Employees' Pensions Act and a separate, voluntary defined contribution pension insurance taken out by the company. In 2016, the voluntary insurance contribution was EUR 20 999 (2015: EUR 27 988).

The remuneration of the CEO Lauri Veijalainen consists of a fixed salary which includes a fringe car benefit, as well as a performance pay system with short-term and long-term targets. The performance pay is tied to financial and other objectives related to the implementation of the strategy. The earning period for the short-term performance pay is a calendar year and the maxi-

mum pay-out is 60 per cent of the fixed base salary. The earning period for the long-term performance pay will expire at the end of 2018, and the pay-out may not exceed 50 per cent of the fixed base salary in 2018. The CEO was not given shares or share options as part of remuneration. There was no sign-on bonus.

In 2016, CEO Lauri Veijalainen was paid a fixed salary of EUR 333 388. The fixed salary consist of EUR 332 427 in cash and EUR 961 in fringe benefits.

Veijalainens pension accumulates and the retirement age is determined in accordance with Finnish employment pension legislation. The pension will accrue on the basis of the Employees' Pensions Act.

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 9 months' pay. If the CEO terminates his agreement, the notice period will be 6 months.

FINANCIAL BENEFITS PERTAINING TO OTHER MANAGEMENT TEAM MEMBERS

For members of the Group's Management Team other than the CEO, a total of EUR 2 205 297 was paid in fixed salaries in 2016 (2015: EUR 2 306 281). The fixed salary consists of EUR 1 718 151 in cash (2015: EUR 2 229 312) and EUR 61 250 in fringe benefits (2015: EUR 76 969). The Group Management Team members have a performance pay tied to the Group's financial and other

objectives related to the implementation of the strategy. The performance pay may amount to no more than 30 per cent of the fixed base salary. Due to the performance in 2015, performance pay of EUR 425 896 was paid in 2016 (2015: EUR 0).

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. Some of 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. Subscription period for shares will end on 31 March 2017. The terms of the share option scheme are available on the company's website stockmanngroup.com.

The retirement age of the Management Team members is 63 or 65, depending on the particular executive agreement in question. Two of the management team members have voluntary earnings-related pension insurances taken by the company as of the end of 2016. The costs of the insurances in 2016 amounted to EUR 38 733 (2015: EUR 83 670).

The notice period for the Management Team members are mostly 6 months from both sides. One Management Team member has a notice period of 3 months from the company's side and two members have a notice period of 3 months from the director's side. If the company terminates the agreement, the management team members are in addition entitled to a severance payment equivalent to 3 or 6 months' pay depending on their agreement in question.

REMUNERATION OF THE CEO AND OTHER GROUP MANAGEMENT TEAM MEMBERS, EUR

	2016	2015
Per Thelin (CEO until 3.4.2016)		
Fixed Salary	154 412	420 533
Performance pay	324 583	-
Fringe benefits	3 207	9 983
Post-employment benefits	420 000	
Total	902 202	430 516
Voluntary pension contributions	20 999	27 988
Lauri Veijalainen (Interim CEO 4.4.-11.9.2016, CEO since 12.9.2016)		
Fixed Salary	332 427	
Performance pay	-	
Fringe benefits	961	
Total	333 388	
Other Management Team members*		
Fixed salary	1 718 151	2 229 312
Performance pay	425 896	-
Fringe benefits	61 250	76 969
Total	2 205 297	2 306 281
Voluntary pension contributions	38 733	83 670

* Includes Management Team members as of 31 December 2016, those members who left the company during 2016 and CFO Lauri Veijalainen until 3 April 2016.