



# REMUNERATION STATEMENT 2019

## 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. The shares acquired for the Board Members in 2019 can not be transferred until two years from the date of purchase, or until the term of office of the person in question has ended, depending on which of the occasions takes place first.

During the 2019 financial year, EUR 80 000 was paid in fixed fees to the chairman of the Board, EUR 50 000 to the vice chairman, and EUR 40 000 each to the other Board members, in accordance with the decisions of the General Meeting of 21 March 2019. 40% of the annual remuneration was paid in company shares and the rest in cash. The Chairman of the Board was paid EUR 1 100 and members of the Board of Directors were paid a meeting attendance fee of EUR 600 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 1 100 and each member was paid EUR 800 as a meeting remuneration for each meeting of the Audit Committee, and the Chairman and each member of the Compensation Committee was paid EUR 600 as a meeting remuneration for each meeting of the Committee.

During the 2019 financial year the Board members were paid a total of EUR 309 400 (2018: 30 600) in cash and 66 416 (2018: 36 586) of the company's Series B shares. The value of shares was EUR 148 000 (2018: 148 000) on the dates of share purchases. The total value of the remuneration was EUR 457 400 (2018: EUR 448 600).

The shareholders' Nomination Board proposes to the Annual General Meeting on 18 March 2020 that the Board remuneration will remain unchanged.



## REMUNERATION OF THE BOARD OF DIRECTORS IN 2019, EURO

	Fixed annual fees	Attendance fees	Committee attendance fees	Remuneration total	Paid in cash	Value of shares paid
Kaj-Gustaf Bergh*		600		<b>600</b>	600	
Stefan Björkman**	40 000	7 800		<b>47 800</b>	31 800	16 000
Eva Hamilton	40 000	7 800		<b>47 800</b>	31 800	16 000
Jukka Hienonen*		1 100		<b>1 100</b>	1 100	
Esa Lager	40 000	8 400	6 600	<b>55 000</b>	39 000	16 000
Leena Niemistö, Vice Chairman	50 000	8 400		<b>58 400</b>	38 400	20 000
Lauri Ratia, Chairman**	80 000	14 300		<b>94 300</b>	62 300	32 000
Michael Rosenlew*		600	800	<b>1 400</b>	1 400	
Tracy Stone	40 000	7 200		<b>47 200</b>	31 200	16 000
Peter Therman**	40 000	7 800	4 000	<b>51 800</b>	35 800	16 000
Dag Wallgren	40 000	7 200	4 800	<b>52 000</b>	36 000	16 000
<b>Board members, total</b>	<b>370 000</b>	<b>71 200</b>	<b>16 200</b>	<b>457 400</b>	<b>309 400</b>	<b>148 000</b>

\* Board member until the Annual General Meeting.

\*\* Elected as new Board member in the Annual General Meeting.

## REMUNERATION OF THE BOARD OF DIRECTORS IN 2019, SHARES

## PARTICIPATION IN BOARD AND COMMITTEE MEETINGS IN 2019

	Shares	Value, EUR	Board	Compensation Committee	Audit Committee
Kaj-Gustaf Bergh			1/1		
Stefan Björkman	7 180	16 000	11/12	3/3	
Eva Hamilton	7 180	16 000	12/13		
Jukka Hienonen			1/1		
Esa Lager	7 180	16 000	13/13		6/6
Leena Niemistö, Vice Chairman	8 975	20 000	12/13	3/3	
Lauri Ratia, Chairman	14 361	32 000	12/12	3/3	
Michael Rosenlew*			1/1		1/1
Tracy Stone	7 180	16 000	12/13		
Peter Therman	7 180	16 000	12/12		5/5
Dag Wallgren	7 180	16 000	13/13		6/6
<b>Board members, total</b>	<b>66 416</b>	<b>148 000</b>	<b>Meetings, total</b>	<b>13</b>	<b>3</b>
				<b>3</b>	<b>6</b>



## FINANCIAL BENEFITS PERTAINING TO THE POST OF CEO

Jari Latvanen has been Stockmann plc's CEO since 19 August 2019.

Lauri Veijalainen, who was the company's CEO since September 2016, left his position on 31 March 2019. Chairman of the Board Lauri Ratia acted as Executive Chairman until 18 August 2019, after which Jari Latvanen started as the company's new CEO.

The CEO Lauri Veijalainen 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 60% of the fixed basic salary. The CEO was not given shares or share options as part of remuneration.

In 2019, CEO Lauri Veijalainen was paid a fixed salary of EUR 388 700 (2018: 487 894). The fixed salary consist of EUR 379 100 in cash and EUR 9 600 in fringe benefits. In addition, he was paid a performance pay of EUR 265 272 from short-term and long-term targets.

During the period 1 April – 18 August 2019, Executive Chairman Lauri Ratia was paid a fixed salary of EUR 47 516.

The remuneration of the CEO Jari Latvanen 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 maximum pay-out is 60% of the fixed base salary.

In 2019, CEO Jari Latvanen was paid a fixed salary of EUR 161 329. The fixed salary consist of EUR 157 078 in cash and EUR 4 251 in fringe benefits. The CEO was not given shares or share options as part of remuneration.

Latvanen's 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. A separate voluntary pension is not paid.

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 1 521 853 was paid in fixed salaries in 2019 (2018: EUR 1 987 477). The fixed salary consists of EUR 1 477 595 in cash and EUR 44 258 in fringe benefits.

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 earning period for the short-term performance pay is a calendar year, and the performance pay may amount to no more than 30% of the fixed base salary. Due to the performance in 2018, performance pay of EUR 239 096 was paid in 2019 (2018: EUR 132 952).

Stockmann plc does not currently have any share option programmes.

The retirement age of the Management Team members is 63 or 65, depending on the particular executive agreement in question. One of the Management Team members had an earnings related pension insurance taken by the company as of the end of 2019. The costs of the insurances in 2019 amounted to EUR 85 972 (2018: 56 556).

The notice period for the Management Team members are mostly 6 months from both sides. 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 GROUP MANAGEMENT TEAM MEMBERS, EUR

	2019	2018
<b>Jari Latvanen</b>		
Fixed salary in cash	157 078	
Performance pay	0	
Fringe benefits	4 251	
<b>Total</b>	<b>161 329</b>	
<b>Lauri Ratia (Executive Chairman 1 March – 18 August 2019)</b>		
Fixed salary in cash	47 516	
Performance pay	0	
Fringe benefits	0	
<b>Total</b>	<b>47 516</b>	
<b>Lauri Veijalainen (CEO until 31 March 2019)</b>		
Fixed salary in cash	379 100	474 888
Performance pay	265 272	68 384
Fringe benefits	9 600	13 006
<b>Total</b>	<b>653 972</b>	556 278
<b>Other Management Team members*</b>		
Fixed salary in cash	1 477 595	1 917 139
Performance pay	239 096	132 952
Fringe benefits	44 258	70 338
<b>Total</b>	<b>1 760 949</b>	2 120 429
Voluntary pension contributions	85 972	56 556

\* Includes Management Team members as of 31 December 2019 and members who left the company during 2019.