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Remuneration Statement 2011

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 2010 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 16 March 2010. 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 is also paid to the chairmen and members for the meetings of committees set up by the Board of Directors. During the 2010 financial year the Board members were paid a total of EUR 226 299.92 in cash and 5 953 of the company's Series B shares as payment in shares. The total value of the remuneration paid was EUR 388 500. There is no restriction on the ownership period pertaining to the shares received as remuneration.

Added 20.3.2012:
Stockmann plc's Annual General Meeting in March 2012 resolved to keep the Board members' remuneration unchanged, and the remuneration will continue to be paid mainly in shares. The chairman of the Board is paid a fee of EUR 76 000, the vice chairman EUR 49 000 and each other of the Board members EUR 38 000. All members of the Board of Directors will be paid a meeting attendance fee of EUR 500 for each Board meeting. The meeting attendance fee is also paid to the chairmen and members for the meetings of committees set up by the Board of Directors.

Remuneration of members of the Board of Directors in 2010, EUR

	Fixed annual fees	Fees paid for attendance	Cash, total
Christoffer Taxell, chairman	76 000	5 500	81 500
Erkki Etola, vice chairman	49 000	5 500	54 500
Kaj-Gustav Bergh	38 000	3 000	41 000
Eva Liljeblom	38 000	5 500	43 500
Kari Niemistö	38 000	4 000	42 000
Charlotta Tallqvist-Cederberg*	38 000	2 500	40 500
Carola Teir-Lehtinen	38 000	4 000	42 000
Henry Wiklund	38 000	5 500	43 500
Board members, total	**353 000**	**35 500**	**388 500**

* Elected as Board members by the General Meeting of 16 March 2010.

Remuneration of members of the Board of Directors in 2010, shares

	Number of shares	Value, EUR
Christoffer Taxell, chairman	1 193	32 505.07
Erkki Etola, vice chairman	616	16 783.84
Kaj-Gustav Bergh	732	19 944.44

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Eva Liljeblom	495	13 487.02
Kari Niemistö	774	21 088.79
Charlotta Tallqvist-Cederberg*	857	23 350,25
Carola Teir-Lehtinen	808	22 015.17
Henry Wiklund	478	13 025.50
Board members, total	**5 953**	**162 200.08**

The Board of Directors convened 9 times in 2010. The average rate of attendance was 96 per cent.

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

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 and are not covered by the incentive pay systems.

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 the CEO, the Executive Vice Presidents, the other Division directors, the Development Director for the Group's International Operations, and the Director of Legal Affairs.

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 profit before taxes, excluding other operating income; 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 1 813 488 was paid in fixed salaries and EUR 322 066 in performance and incentive pay, or a total of EUR 2 135 554, for 2010.

On 21 March 2006 and 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 2006 and 2010 Key personnel share option schemes as part of Stockmann plc's long-term incentive schemes. The terms of the share option schemes are given on the company’s website at www.stockmanngroup.fi.

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 2010, for others than the CEO, amounted to EUR 250 000.

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 2010, the CEO was paid a fixed salary of EUR 596 400. No performance or incentive pay was paid. The fixed salary included EUR 17 640 in fringe benefits.

The Group’s CEO is covered by the 2006 and 2010 Key personnel share options schemes within Stockmann plc’s long-term incentive schemes. The terms of the share option schemes are given on the company’s website at www.stockmanngroup.fi.

The CEO agreement specifies the CEO’s retirement age as 60. 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 during the last four years of work and as an average of the two middle years of these. The insurance cost 2010 was EUR 343 000. The supplementary pension cover contains no vested and preserved pension rights.

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. The CEO is also entitled to additional compensation equivalent to 12 months’ fixed salary after one year has elapsed from the expiry of the notice period if the CEO has not transferred to a company-paid employment, voluntary or health-based pension. If the company terminates the CEO’s post on the grounds of personal factors, neither compensation sum shall be paid.

Added 27.4.2012:
Under the CEO agreement, Mr. Hannu Penttilä is entitled to retire in April 2013 when he turns 60. Mr. Penttilä will not exercise this entitlement but will continue as CEO from April 2013 onwards. 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 accumulated pension is 60 per cent of the salary, which is determined on the basis of the earnings during years 2009 - 2012 and as an average of the two middle years of these. The payout of the separate insurance's accumulated pension to the CEO begins when he retires. The insurance cost was in 2011 EUR 160 135.

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. No separate compensation will be paid after the CEO has turned 60.