



# REMUNERATION STATEMENT 2018

## 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 2018 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 2018 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 22 March 2018. 40 per cent of the annual remuneration was paid in company shares and the rest in cash. The Chairman of the Board was paid EUR 1 100 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 2018 financial year the Board members were paid a total of EUR 300 600 (2017: 225 130) in cash and 36 586 (2017: 30 167) of the company's Series B shares. The value of shares was EUR 148 000 (2017: 202 270) on the dates of share purchases. The total value of the remuneration was EUR 448 600 (2017: EUR 427 400).

The shareholders' Nomination Board proposes to the Annual General Meeting on 21 March 2019 that the Board remuneration will remain unchanged.



## REMUNERATION OF THE BOARD OF DIRECTORS IN 2018, EURO

	Fixed annual fees	Attendance fees	Committee attendance fees	Remuneration total	Paid in cash	Value of shares paid
Kaj-Gustaf Bergh	40 000	5 900	1 800	47 700	31 700	16 000
Eva Hamilton **	40 000	5 400		45 400	29 400	16 000
Jukka Hienonen, Chairman	80 000	12 000	1 800	93 800	61 800	32 000
Esa Lager	40 000	6 500	6 200	52 700	36 700	16 000
Susanne Najafi *		1 000		1 000	1 000	
Leena Niemistö, Vice Chairman	50 000	6 500	1 800	58 300	38 300	20 000
Michael Rosenlew	40 000	6 500	4 700	51 200	35 200	16 000
Per Sjödel * *		1 000		1 000	1 000	
Tracy Stone **	40 000	6 000		46 000	30 000	16 000
Dag Wallgren	40 000	6 500	5 000	51 500	35 500	16 000
<b>Board members, total</b>	<b>370 000</b>	<b>57 300</b>	<b>21 300</b>	<b>448 600</b>	<b>300 600</b>	<b>148 000</b>

\* Resigned from the Board of Directors on 22 March 2018.

\*\* Elected as a new member on 22 March 2018.

Eva Hamilton, Susanne Najafi and Tracy Stone were additionally paid EUR 7 311 each for their work in the Linde Board of Directors until 22 March 2018.

## REMUNERATION OF THE BOARD OF DIRECTORS IN 2018, SHARES

## PARTICIPATION IN BOARD AND COMMITTEE MEETINGS IN 2018

	Shares	Value, EUR	Board	Compensation Committee	Audit Committee
Kaj-Gustaf Bergh	3 809	16 000	11/12	3/3	
Eva Hamilton	3 809	16 000	9/10		
Jukka Hienonen, Chairman	7 619	32 000	12/12	3/3	
Esa Lager	3 809	16 000	12/12		6/6
Susanne Najafi			2/2		
Leena Niemistö, Vice Chairman	4 761	20 000	12/12	3/3	
Michael Rosenlew	3 809	16 000	12/12		6/6
Per Sjödel			2/2		
Tracy Stone	5 161	16 000	10/10		
Dag Wallgren	3 809	16 000	12/12		6/6
<b>Board members, total</b>	<b>36 586</b>	<b>148 000</b>	<b>Meetings, total 12</b>	<b>3</b>	<b>6</b>



## 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).

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 maximum pay-out is 60 per cent of the fixed base salary. The earning period for the long-term performance pay expired at the end of 2018, and the pay-out did 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.

In 2018, CEO Lauri Veijalainen was paid a fixed salary of EUR 487 894 (2017: 486 141). The fixed salary consisted of EUR 474 888 in cash and EUR 13 006 in fringe benefits. Due to the performance in 2017, performance pay of EUR 68 384 was paid in 2018.

Veijalainen'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 1 987 477 was paid in fixed salaries in 2018 (2017: EUR 2 126 675). The fixed salary consists of EUR 1 917 139 in cash and EUR 70 338 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 per cent of the fixed base salary. Due to the performance in 2017, performance pay of EUR 132 952 was paid in 2018 (2017: EUR 409 759). The earning period for the long-term performance pay expired at the end of 2018, and the pay-out did not exceed 40 per cent of the fixed base salary in 2018.

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. Two of the Management Team members had an earnings related pension insurance taken by the company as of the end of 2018. The costs of the insurances in 2018 amounted to EUR 56 556 (2017: 62 204).

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 both 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 GROUP MANAGEMENT TEAM MEMBERS, EUR

	2018	2017
<b>Lauri Veijalainen</b>		
Fixed salary in cash	<b>474 888</b>	474 888
Performance pay	<b>68 384</b>	230 580
Fringe benefits	<b>13 006</b>	11 253
<b>Total</b>	<b>556 278</b>	716 721
<b>Other Management Team members*</b>		
Fixed salary in cash	<b>1 917 139</b>	2 053 493
Performance pay	<b>132 952</b>	409 759
Fringe benefits	<b>70 338</b>	73 182
<b>Total</b>	<b>2 120 429</b>	2 536 434
Voluntary pension contributions	<b>56 556</b>	62 204

\* Includes Management Team members as of 31 December 2018 and members who left the company during 2018.