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**STOCKMANN**

CORPORATE  
GOVERNANCE 2016

# CORPORATE GOVERNANCE STATEMENT OF THE STOCKMANN GROUP

*In its decision-making and corporate governance, Stockmann complies with the Finnish Limited Liability Companies Act, the Finnish Corporate Governance Code issued by the Securities Market Association, the rules of the company's Articles of Association, the Nasdaq Helsinki Guidelines for Insiders, and other applicable legislation and rules. The Corporate Governance Code can be accessed on the website of the Securities Market Association at [cgfinland.fi](http://cgfinland.fi). Stockmann complies with the Corporate Governance Code 2015 in its entirety.*

Stockmann plc's Corporate Governance Statement for the 2016 financial year has been compiled in accordance with the Finnish Corporate Governance Code. The statement and up-to-date information on the company's corporate governance are also accessible on the company's website, [stockmanngroup.com](http://stockmanngroup.com), under 'Governance'. The Corporate Governance Statement covers the governing bodies of the parent company Stockmann plc, which are responsible for the Group's administration and operations. These governing bodies are the General Meeting of Shareholders, the Board of Directors and the Chief Executive Officer (CEO). The Statement also deals with the election and working processes of the Board of Directors, the Board Committees' duties and responsibilities, the Shareholders' Nomination Board and Stockmann's management structure. In addition, Stockmann publishes a Remuneration Statement in accordance with the Code's requirements.

## GENERAL MEETING OF SHAREHOLDERS

The highest decision-making body of Stockmann plc is the General Meeting of Shareholders. Each year, the company's financial statements are presented to the Annual General Meeting for its approval, and the Meeting decides on the disposal of the profit in the confirmed balance sheet, the election and remuneration of members of the Board of Directors and the release of the members of the Board of Directors and the CEO from liability.

The Annual General Meeting is held each year before the end of June. The Annual General Meeting for 2016 was held on 15 March 2016 in Helsinki. All eight elected members of the Board of Directors and the company's two auditors were present at the Annual General Meeting. There were 749 shareholders present personally or represented by proxy at the Meeting, representing 66.37 per cent of the company's registered share capital and 77.06 per cent of the votes.

Stockmann has two series of shares: A shares and B shares. Each A share entitles its holder to ten votes at a General Meeting, and each B share to one vote. The Notice of General Meeting, the meeting documents, the Board of Directors' proposals to be put to the meeting, the Shareholders' Nomination Board's proposal of Board members and other proposals for the General Meeting are available to shareholders at least three weeks prior to the meeting at the company's headquarters and on the company's website at [stockmanngroup.com](http://stockmanngroup.com).

## BOARD OF DIRECTORS

Under Stockmann's Articles of Association, the company's Board of Directors must have at least five and no more than nine members. Board members are elected for a term of one year, starting from the Annual General Meeting in which they are elected and ending at the conclusion of the subsequent Annual General Meeting. The Articles of Association do not contain any restrictions on the election of Board members.

The Board of Directors elects a chairman and vice chairman from amongst its members.

At the end of 2016, the company's Board of Directors was composed of eight members elected by the 2016 Annual General Meeting. The members who were re-elected to the Board were Kaj-Gustaf Bergh, Torborg Chetkovich, Jukka Hienonen, Per Sjödell and Dag Wallgren. Susanne Najafi, Leena Niemistö and Michael Rosenlew were elected as new members. At the Board's organisational meeting Jukka Hienonen was elected chairman. The Board members have no employment or service contract with the company.

The company's Board of Directors also has two personnel representatives. They are not Board members but have the right to be present and to speak at Board meetings. At the end of 2016 the personnel representatives on the company's Board of Directors were Minna Hirvonen and Rita Löwenhild.

The members of the Board must be qualified for their duties and have sufficient time to carry out their Board work. While choosing the members diversity is taken into account, so that the persons represent different fields and professions, international backgrounds, and varying age and gender. The majority of Board members must also be independent of the company, and at least two of these members must also be independent of major shareholders of the company. Five of the Board members are

## CORPORATE GOVERNANCE MODEL OF STOCKMANN

## GENERAL MEETING OF SHAREHOLDERS



Shareholders'  
Nomination Board



## BOARD OF DIRECTORS

- Compensation Committee
- Audit Committee

Auditors



Lindex  
Board of Directors

CEO

Group  
Management Team

Internal  
Audit

men and three women. Six members are independent of the company. Five members are independent of major shareholders.

The Board of Directors is considered to have a quorum when more than half of its members are present. Decisions are made by majority vote. In the event of a tie, the chairman has the casting vote.

### Duties of the Board

The duties and responsibilities of the Board of Directors and its committees are determined by the Articles of Association, the Limited Liability Companies Act and other applicable legislation. The Board of Directors attends to the company's administration and ensures the appropriate organisation of its operations. The Board must also ensure that supervision of the company's accounting and financial management is appropriately arranged.

The Board of Directors has adopted rules of procedure, which can be viewed on the company's website, [stockmanngroup.com](http://stockmanngroup.com). The rules of procedure define the principles governing the Board's composition and method of election, its tasks, decision-making procedure and meeting practices as well as the principles for evaluating the Board's performance.

It is the Board's duty to promote the interests of the company and all of its shareholders. In order to carry out its duties, the Board:

- directs and oversees the company's management
- appoints and discharges the company's CEO
- approves the CEO's service agreement and other benefits
- approves the salaries and other benefits of the members of the Group Management Team
- ensures succession planning for the CEO and the Group Management Team
- approves the company's risk management principles
- assesses and approves the company's long-term strategic and financial objectives
- approves the business and strategic plans and assesses their implementation
- approves the annual budget
- decides on significant individual investments and corporate and property acquisitions
- decides on the company's dividend distribution policy and makes proposals to the General Meeting of Shareholders concerning the dividend to be paid
- convenes General Meetings of Shareholders

In accordance with its rules of procedure, the Board conducts an annual self-evaluation of its operations and working practices under recommendation 13 of the Finnish Corporate Governance Code. The results of the evaluation are used to develop the Board's working processes.

Lindex has an own, separate Board of Directors, that independently develop the company.

### Board meetings

The Board of Directors convenes in accordance with a pre-confirmed timetable and when necessary. The meeting timetable is based on the timetable for the company's financial reporting. In addition, the Board convenes for such occasions as a strategy meeting.

The following representatives of the company's management regularly attend Board meetings: the CEO, the CFO and the Director of Legal Affairs, who acts as secretary at the meeting. Other members of the Group's Management Team attend as appropriate. Two personnel representatives who are not members of the Board of Directors also attend Board meetings. One of these representatives is elected by the staff representatives of Stockmann's Group Council and the other by the association representing Stockmann's senior salaried employees. The Board of Directors convened 13 times in 2016. The rate of attendance was 99 per cent.

## BOARD COMMITTEES

The Board of Directors has established a Compensation Committee and an Audit Committee among its members at its meeting held on 15 March 2016.

The Compensation Committee prepares matters pertaining to the remuneration and appointment of the Chief Executive Officer and the other executives as well as the remuneration principles observed by the company according to the Finnish Corporate Governance Code. The Board elected Jukka Hienonen as Chairman of the Compensation Committee, and Kaj-Gustaf Bergh and Leena Niemistö were elected as the other members of the committee. In 2016, the Compensation Committee convened 6 times, and the attendance rate was 100 per cent.

The Audit Committee deals with the preparation of matters relating to the company's financial reporting and control according to the Finnish Corporate Governance Code. The Board elected Dag Wallgren as Chairman of the Audit Committee, and Torborg Chetkovich and Michael Rosenlew were elected as the other members of the committee. In 2016, the Audit Committee convened 6 times, and the attendance rate was 100 per cent.

The Board Committees assist the Board of Directors by preparing matters falling within the competence of the Board. Thus, the committees are not autonomous decision-making bodies, although they have several monitoring and oversight responsibilities. The committees report to the Board on the matters addressed and makes proposals to the Board for decision-making as appropriate. The rules of procedure of the committees can be viewed on the company's website, [stockmanngroup.com](http://stockmanngroup.com).

## SHAREHOLDERS' NOMINATION BOARD

The Annual General Meeting 2016 resolved, in accordance with the proposal of the Board of Directors, to appoint a Shareholders' Nomination Board to prepare proposals for the next Annual General Meeting on the composition and remuneration of the Board of Directors.

The Shareholders' Nomination Board consists of representatives appointed by each of the four largest shareholders. In addition, the Chairman of the Board of Directors will serve as an expert member. The right to appoint a representative belongs to the four shareholders who hold the largest share of voting rights in the company based on their shareholdings registered in the shareholders' register maintained by Euroclear Finland Ltd on the first working day of September preceding the Annual General Meeting. The Shareholders' Nomination Board will be convened by the Chairman of the Board of Directors and it will elect a chairman from among its members. The members of the Shareholders' Nomination Board will not be remunerated for their membership in the Nomination Board.

The shareholders have nominated the following members to the Nomination Board:

- Magnus Bargum, Treasurer, Society of Swedish Literature in Finland (Chairman of the Nomination Board)
- Kaj-Gustaf Bergh, Managing Director, Föreningen Konstsamfundet r.f.
- Ole Johansson, Chairman of the Board, Hartwall Capital Oy Ab, representing HTT STC Holding Oy Ab
- Leena Niemistö, Chairman of the Board, Selective Investor Oy Ab, representing Kari Niemistö

The rules of procedure of the Nomination Board can be viewed on the company's website, [stockmanngroup.com](http://stockmanngroup.com).

In 2016, the Shareholder's Nomination Board convened 4 times, and the attendance rate was 100 per cent.

In January 2017 the Shareholder's Nomination Board gave its proposals for the Annual General Meeting to be held on 23 March 2017. The Nomination Board proposes that the present members of the Board of Directors, Kaj-Gustaf Bergh, Jukka Hienonen, Susanne Najafi, Leena Niemistö, Michael Rosenlew, Per Sjödel and Dag Wallgren be re-elected for the term of office continuing until the end of the next Annual General Meeting. Additionally, the Committee proposes that Esa Lager be elected new Board members for the term of office stated above. In addition, the Nomination Board proposes that the annual remuneration of the members of the Board of Directors remain at the present level.

## CHIEF EXECUTIVE OFFICER

Per Thelin, B.Sc.(Econ.), was Stockmann's CEO during the period 10 November 2014–3 April 2016. B.Sc.(Geog.), MBA Lauri Veijalainen has been Stockmann's Interim CEO during the period 4 April–12 September 2016 and Stockmann's CEO since 12 September 2016.

The Board of Directors appoints the company's CEO and decides on the terms and conditions of the post. These terms and conditions are set forth in a written CEO agreement. Information on the CEO's remuneration and the terms and conditions of his post is available in the Remuneration Statement.

The CEO is in charge of the company's governance and operational management in accordance with the instructions and regulations issued by the Board of Directors. He is also responsible for developing general strategic and business plans for presentation to the Board.

## OTHER EXECUTIVES

The Board of Directors appoints the members of the Group Management Team. Headed by the CEO, the Group Management Team is responsible for directing operations and for preparing strategic and financial plans. The Management Team's main duties are drawing up and implementing the Group strategy and the divisions' strategies, financial forecasts, earnings development and investments.

The Group Management Team has eleven members. On 31 December 2016, the Management Team comprises: Lauri Veijalainen, CEO; Mikko Huttunen, Director of Human Resources; Ingvar Larsson, CEO of Lindex; Nora Malin, Director, Corporate Communications; Jukka Naulapää, Director, Legal Affairs, also secretary of the Management Team; Petteri Naulapää, CIO; Maiju Niskanen, Director, Store Operations; Susanna Otila, Director, Delicatessen; Anna Salmi, CCO; Björn Teir, Director, Real Estate and Tove Westermark, Director, Supply Chain. The Management Team members report to the CEO.

## INTERNAL CONTROL AND INTERNAL AUDIT

The implementation of internal control is the responsibility of the Board of Directors. The objective of internal control is, among other things, to ensure the efficiency and profitability of operations, the reliability of information and compliance with rules and regulations. Internal control is a part of day-to-day management and the company's administration.

An essential part of internal control is the Internal Audit, which operates as an independent unit under the CEO and reports its observations to the Board of Directors. The Internal Audit unit supports the Group's management in directing operations by assessing the efficiency of business activities, risk management and internal control, and by providing management with information and recommendations for enhancing efficiency in these areas. Internal Audit also audits the business and financial reporting processes. The Internal Audit Charter has been approved by Stockmann's Board of Directors. Internal Audit's operations are based on risk assessment and an emphasis on the development of business operations.

## RISK MANAGEMENT

The goal of risk management is to secure the Group's earnings development and to ensure that the company operates without any disturbances by controlling risks in a cost efficient and systematic manner in all divisions. The Board of Directors has approved the company's risk management principles, which concern all of the Stockmann Group's divisions and areas of business.

Stockmann's Board of Directors and the Group Management Team regularly evaluate the risk factors to which business operations are exposed and the sufficiency of risk management actions as part of the strategy process. Risk management is supported by internal control systems and guidelines. Risk management guidelines have been drawn up separately for the following areas, among others: IT and information security, finance operations, environmental issues, misconduct, security and insurance.

Stockmann's business is exposed to various risks that may have an adverse effect on the company's operations. The divisions' management are responsible for making financial and strategic plans in their own units; identifying and analysing business risks and evaluating treatment actions is a part of strategy planning. Business risks are also analysed outside the strategic process, especially in connection with significant projects and investments, and are reported to the Board of Directors as needed.

The Group has a risk management steering group, whose task is to support business operations in recognising and managing such risks that may endanger or prevent Stockmann from achieving its strategic goals. The steering group, which comprises the company's Director of Internal Audit, Director of Legal Affairs and Head of Group Accounting, reports its findings and recommendations to the Group Management Team.

## Risk factors

Business risks comprise all the factors that may jeopardise or prevent the achievement of the strategic goals of the Group or an entity belonging to it.

Stockmann's business risks are divided into three risk areas:

- Business environment risks, which refer to risk factors that are external to the company. Should they materialise, they may have a major impact on the company's ability to operate and on profitability. Such risk factors include fundamental and unexpected changes in the market development and consumer purchasing behaviour, decreasing purchasing power, risks related to tenants in the Group's properties and the country-specific risks.
- Operative and accident risks, which refer to risks related to the company's functions. Should they materialise, they may lead to an interruption of business operations, inefficiency and unprofitability. Such risks include personnel, misconduct, ICT and information security risks, as well as risks related to the information used in decision-making.
- Financial risks, which, should they materialise, would adversely affect the Group's profit, balance sheet and liquidity. Financial risks, including risks arising from exchange rate and interest rate fluctuations, are managed in accordance with the risk policy confirmed by the Board of Directors.

In the current situation, uncertainties related to the general economic conditions and, in particular, consumers' purchasing behaviour are estimated to be the primary risks that have an impact on Stockmann's operations. Risk factors and sources of uncertainty are explained in further detail in the Report by the Board of Directors.

## Main features of the risk management systems and internal control pertaining to the financial reporting process

The Board of Director and its Audit Committee are responsible for the implementation of internal control in regard to financial reporting. The Group's Chief Financial Officer and the Finance Department are responsible for the Group's financial reporting. Group-level directions are complied with in Stockmann's financial reporting. The reporting is based on information from commercial and administrative processes and data produced by the financial management systems. The Group's Finance Department determines the control measures applied to the financial reporting process. These control measures include various guidelines, process descriptions, reconciliations, and analyses used for ensuring the validity of the information used in the reporting and the validity of the reporting itself.

The financial reporting results are monitored and any anomalies in relation to forecasts or in comparison with the previous year's figures are analysed on a regular basis. Such analyses are used to detect any reporting errors and to produce materially accurate information on the company's finances.

The divisions and the Group's Finance Department are responsible for the effectiveness of internal control within their own sphere of responsibility. The Group's Finance Department is responsible for assessments of the reporting processes. The risk management process includes assessment of the risks pertaining to financial reporting, and the related treatment measures are determined as a part of the risk management process.

## INSIDERS

Stockmann complies with the insider guidelines prepared by the Nasdaq Helsinki Oy.

As a result of the EU's Market Abuse Regulation ("MAR") that entered into force on 3 July 2016, Stockmann has no longer public insiders. Counted as the company's persons discharging managerial duties, are the members of the Board of Directors, the Chief Executive Officer, the members of the Management Team and the auditors. Stockmann's Board of Directors has decided that the restriction on trading in the company's shares by persons discharging managerial duties is 30 days before the publication of an interim report or the financial statements.

## AUDITORS

The auditors appointed by the General Meeting audit the company's accounting, financial statements and administration. The company has a minimum of one and a maximum of three auditors, who have a minimum of one and a maximum of three deputies. The term of the auditors begins from the Annual General Meeting in which they were appointed, and ends at the close of the next Annual General Meeting.

The Annual General Meeting of 2016 elected as the company's auditors Henrik Holmbom, Authorised Public Accountant, and Marcus Tötterman, Authorised Public Accountant. Both auditors represent KPMG, a firm of Authorised Public Accountants. KPMG, a firm of Authorised Public Accountants, was appointed as the deputy auditor.

The Board of Directors proposes to the Annual General Meeting 2017 that the same auditors be re-elected.

Currently, KPMG, a firm of Authorised Public Accountants, acts as the Stockmann Group's auditor in all countries of operation and in all subsidiaries except in the UK. In 2016, the fees relating to the auditing process amounted to EUR 0.5 million and the fees for tax counselling and other services to EUR 0.4 million.

This Corporate Governance Statement will be issued as a separate report in conjunction with the Report by the Board of Directors and the Financial Statements for 2016.

*Approved by the Board of Directors of Stockmann plc on 14 February 2017.*

# BOARD OF DIRECTORS



**JUKKA HIENONEN**  
b. 1961  
Finnish citizen  
M.Sc.(Econ.)

Chairman of the Board 2016–,  
Member of the Board 2015

Chairman of the  
Compensation Committee,  
Member of the Shareholders'  
Nomination Board

Independent of the company  
and major shareholders

**Relevant work experience**  
SRV Group Plc,  
CEO 2010–2014  
Finnair Plc,  
CEO 2006–2010  
Stockmann plc, Executive  
Vice President 2003–2005

**Principal positions of trust**  
Central Chamber of  
Commerce,  
Member of the Board 2013–  
Paroc Group Oy,  
Chairman of the Board 2015–  
Sato plc, Vice Chairman of the  
Board 2015–  
Hartela Oy,  
Chairman of the Board 2016–

**Shares**  
Series B shares: 13 860



**LEENA NIEMISTÖ**  
b. 1963  
Finnish citizen  
D.Med.Sc.

Vice Chairman of the Board  
2016–

Member of the Compensation  
Committee

Independent of the company  
and major shareholders

**Relevant work experience**  
Dextra Oy,  
CEO 2003–2016  
Pihlajalinna Plc,  
Deputy CEO 2013–2016

**Principal positions of trust**  
Finnish National Opera  
and Ballet,  
Chairman of the Board 2016–  
Pihlajalinna Plc,  
Vice Chairman of the Board  
2016–  
Elisa Corporation,  
Member of the Board 2010–  
The Finnish Fair Corporation,  
Member of the Board 2016–  
Maanpuolustuskurssiyhdistys,  
Member of the Board 2016–

**Shares**  
Series B shares: 4 174



**KAJ-GUSTAF BERGH**  
b. 1955  
Finnish citizen  
LL.M., B.Sc.(Econ.)

Member of the Board  
2007–2013, 2016–  
Chairman of the Board  
2014–2015

Member of the Compensation  
Committee

Independent of the company

**Relevant work experience**  
Föreningen Konstsamfundet,  
Managing Director 2006–  
Skandinaviska Enskilda  
Banken, Member of the  
Management Team  
2000–2001  
SEB Asset Management,  
Director 1998–2000

**Principal positions of trust**  
Ramirent Plc,  
Member of the Board 2004–  
Sponda Plc,  
Chairman of the Board 2013–  
Wärtsilä Corporation,  
Member of the Board 2008–  
KSF Media,  
Chairman of the Board 2007–  
Veritas Pension Insurance,  
Member of the Board 2007–  
Åb Yrkehögskolan vid  
Åbo Akademi University,  
Chairman of the Board 2015–

**Shares**  
Series A shares: 1 077  
Series B shares: 19 158



**TORBORG  
CHETKOVICH**  
b. 1967  
Swedish citizen  
MBA, B.Sc.(Econ.)

Member of the Board 2015–

Member of the Audit  
Committee

Independent of the company  
and major shareholders

**Relevant work experience**  
Swedavia AB, CEO 2010–2015  
MTR Nordic Region,  
CEO 2008–2010  
Veolia Transport Sweden AB,  
Deputy CEO 2006–2008,  
Director Division Stockholm  
2003–2006

**Principal positions of trust**  
Almega (Employer and trade  
organization for the Swedish  
service sector), Member of the  
Board 2010–2016

**Shares**  
Series B shares: 7 910



**SUSANNE NAJAFI**  
b. 1981  
Swedish citizen  
M.Sc.(Econ.)

Member of the Board 2016–

Independent of major  
shareholders

**Relevant work experience**  
BackingMinds Venture Capital,  
Founding Partner 2016–  
The Springfield Project,  
Investment Manager 2015  
Eleven AB  
(Unity Beauty Group),  
Co-Founder, CEO 2011–2015  
Clearlii AB,  
Founder 2011–  
Context Retail AB,  
Owner, CEO 2010–2011  
P&G (Procter & Gamble Co.),  
Marketing Manager  
2007–2009  
P&G (Procter & Gamble Co.),  
Product Manager 2005–2007

**Principal positions of trust**  
Lindex AB,  
Member of the Board 2016–  
TransferGalaxy,  
Member of the Board 2016–  
Clearlii AB,  
Member of the Board 2011–

**Shares**  
Series B shares: 3 700





**MICHAEL ROSENLEW**  
b. 1959  
Finnish citizen  
M.Sc.(Econ.)

Member of the Board 2016–

Member of the Audit  
Committee

Independent of the company

**Relevant work experience**

Mikaros AB,  
Managing Director 2011–2014  
IK Investment Partners AB,  
Managing Partner 2004–2010  
Director 2001–2004  
Deputy Director 1996–2001  
Associate 1993–1996  
Lundinvest Oy,  
Managing Director 1991–1992  
CFO 1990–1991

**Principal positions of trust**

Hartwall Capital Ltd.,  
Member of the Board 2013–  
Caverion Corporation,  
Vice Chairman, Chairman of  
the Audit Committee 2015–  
Pöyry plc,  
Member of the Board 2016–

**Shares**

Series B shares: 4 200



**PER SJÖDELL**  
b. 1972  
Swedish citizen  
M.Sc.(Econ.)

Member of the Board 2012–

Independent of major  
shareholders

**Relevant work experience**

Red City PR SARL,  
Founding Partner 2015–  
Fiskars Sweden AB,  
Managing Director 2012–2015  
Pocket Shop AB,  
CEO 2010–2012  
H&M AB, Global Marketing  
Director 2008–2010

**Principal positions of trust**

Identity Works AB,  
Chairman of the Board 2014–  
Lindex AB,  
Chairman of the Board 2014–  
Lyko Group AB,  
Chairman of the Board 2016–  
Nordic Morning plc,  
Chairman of the Board 2016–  
Red City PR SARL,  
Chairman of the Board 2015–



**DAG WALLGREN**  
b. 1961  
Finnish citizen  
M.Sc.(Econ.)

Member of the Board 2011–

Chairman of the Audit  
Committee

Independent of the company

**Relevant work experience**

Svenska litteratursällskapet i  
Finland r.f.  
Managing Director 2008–  
Finance Director 1997–2008  
Ab Kelonia Oy, Managing  
Director 2000–2008

**Principal positions of trust**

Aktia Bank Plc,  
Member of the Board  
2003–2009  
Chairman of the Board 2010–  
Ab Kelonia Oy,  
Member of the Board 2009–  
Schildts & Söderströms Ab,  
Member of the Board 2009–  
Veritas Pension Insurance,  
Member of the supervisory  
Board 2012–

**Shares**

Series B shares: 10 064



**Personnel representatives**

At meetings of the Board of Directors, personnel representatives have the right to attend and to speak. They are not members of the Board of Directors.

**MINNA HIRVONEN**

b. 1967  
Finnish citizen

Development Manager,  
ICT, Stockmann

Personnel representative  
elected by Stockmann's senior  
salaried employees



**RITA LÖWENHILD**

b. 1952  
Finnish citizen

Chief shop steward,  
Stockmann

Personnel representative,  
elected by Stockmann's  
Group Council

Details of the Board of Directors at 31 December 2016.  
Up-to-date information on the Board of Directors is available  
on Stockmann's website [stockmanngroup.com](http://stockmanngroup.com).

# MANAGEMENT TEAM



## LAURI VEIJALAINEN

*b. 1968*  
Finnish citizen  
B.Sc.(Geog.), MBA  
CEO 2016–

Joined Stockmann in 2010

### Relevant work experience

Stockmann plc,  
CFO 2015,  
Deputy Director, Real Estate  
2014–2015,  
Development Director for the  
Group's international  
operations 2010–2015  
IKEA Russia and CIS,  
CFO 2003–2010  
Skanska Moscow,  
CFO and Administrative  
Director 1998–2003

### Principal positions of trust

Finnish Commerce Federation,  
Member of the Board 2017–  
Helsinki Region Chamber of  
Commerce, Member of the  
Council 2017–  
Fortrent Oy (JV Cramo-  
Ramirent), Member of the  
Board 2013–  
Veikkaus Oy,  
Member of the Board  
2012–2016,  
Deputy Chairman of the Board  
2013–2016

### Shares

Series B shares: 1 225

### Share options

2010C: 12 000



## MIKKO HUTTUNEN

*b. 1968*  
Finnish citizen  
M.Sc.(Econ.)  
Director of Human Resources  
2016–

Joined Stockmann in 2016

### Relevant work experience

Rovio Entertainment,  
Senior Vice President,  
Human Resources 2014–2016  
GE Healthcare, Senior Human  
Resources Manager 2011–2014  
Cargotec Corporation,  
Vice President,  
Human Resources 2008–2010  
Nokia Mobile Phones,  
various HR leadership roles  
1998–2007



## INGVAR LARSSON

*b. 1972*  
Swedish citizen  
M.Sc.(Econ.)  
CEO, Lindex 2014–

Joined Stockmann in 2010

### Relevant work experience

Lindex,  
Design and Purchasing  
Director 2013–2014,  
Country Manager (Sweden)  
2010–2013  
H&M,  
Country Manager (Greece)  
2007–2010,  
Regional Manager (Czech  
Republic, Slovakia, Hungary)  
2006–2007

### Principal positions of trust

Svensk Handel Stil,  
Member of the Board 2012–



## NORA MALIN

*b. 1975*  
Finnish citizen  
M.Sc.(Pol.)  
Director, Corporate  
Communications 2013–

Joined Stockmann in 2010

### Relevant work experience

Stockmann plc,  
Manager, Corporate  
Communications 2010–2013  
Fiskars Corporation,  
Communications Manager,  
2008–2010  
Iittala Group Oy Ab, Financial  
Communications Manager  
2006–2008  
Basware Corporation,  
Communications Manager  
2003–2006  
Smartner Information Systems  
Oy, PR Manager 2000–2003

### Principal positions of trust

Finnish Commerce Federation,  
Member of the  
Communication Committee  
2013–

### Share options

2010C: 4 000



### JUKKA NAULAPÄÄ

*b. 1966*  
*Finnish citizen*  
*LL.M.*  
*Director, Legal Affairs 2006–*

Joined Stockmann in 1998

#### Relevant work experience

Stockmann plc,  
 Secretary to the Management  
 Committee 2001–  
 Lawyer 1998–2006  
 Law Firm Hepo-Oja & Lunna  
 Oy, Attorney 1991–1998

#### Share options

2010C: 12 000



### PETTERI NAULAPÄÄ

*b. 1968*  
*Finnish citizen*  
*M.Sc.(Tech.)*  
*CIO 2015–*

Joined Stockmann in 2015

#### Relevant work experience

Vaisala plc,  
 CIO 2010–2015  
 Digia plc,  
 Director, Dynamics AX  
 solutions 2006–2010  
 Oracle Finland Oy,  
 Sales manager 2000–2006,  
 Sales consultant 1998–2000



### MAIJU NISKANEN

*b. 1977*  
*Finnish citizen*  
*M.Sc.(Econ.)*  
*Director, Store Operations 2016–*

Joined Stockmann in 2001

#### Relevant work experience

Index,  
 Country Manager, Finland and  
 the Baltic countries 2013–2016  
 Controller tasks, Finland and  
 the Baltic countries 2009–2013  
 Stockmann,  
 Department Store Division,  
 Buyer, sports 2008–2009  
 Substitute to department  
 manager in Helsinki  
 2007–2008  
 Buyer, youth fashion  
 2004–2007



### SUSANNA OTTILA

*b. 1968*  
*Finnish citizen*  
*M.Sc.(Econ.)*  
*Director, Delicatessen 2016–*

Joined Stockmann in 2014

#### Relevant work experience

Stockmann plc,  
 Chain Director,  
 Delicatessen 2015–2016  
 Buying Director, food 2015  
 Buying Manager, food 2014  
 Vaasan Oy, Marketing Director  
 for the Nordic and Baltic  
 countries 2009–2014  
 Unilever Finland Oy,  
 Marketing Manager for the  
 Nordic countries 2006–2008  
 Foodsolutions, Marketing  
 Manager 2003–2006

#### Principal positions of trust

MetsäTissue,  
 Member of the Board 2013–  
 Tuko Logistics Cooperative,  
 Member of the Board 2016–  
 Finnish Grocery Trade  
 Association (PTY),  
 Member of the Board 2017–

#### Shares

Series B shares: 98



### ANNA SALMI

*b. 1979*

*Finnish citizen*

*M.Sc.(Econ.)*

*Chief Customer Officer 2016-*

Joined Stockmann in 2015

#### Relevant work experience

Stockmann plc, Director,  
Digital Retail 2015-2016  
Aurinkomatkat - Suntours Ltd,  
Head of Business 2014-2015  
Head of Sales and Marketing  
2001-2014  
Finnair,  
Director, Digital Marketing  
2010-2011  
Director, Internet Sales and  
Loyalty Marketing 2009-2010  
Commercial Manager,  
Global Customer Relationship  
Sales 2008-2009  
Sales Manager, Internet Sales  
2007-2008  
Ebookers,  
Marketing Manager Finland  
2004-2007



### BJÖRN TEIR

*b. 1969*

*Finnish citizen*

*M.Sc.(Pol.)*

*Director, Real Estate 2014-*

Joined Stockmann in 2014

#### Relevant work experience

Ab Mercator Oy,  
Managing Director 2008-2014  
Ab Forum Capita Oy,  
Managing Director 2007-2014  
Fastighets Ab Arcada Nova,  
Managing Director 2002-2007  
Samfundet Folkhälsan i  
svenska Finland rf,  
Planning Manager 2001-2006

#### Principal positions of trust

Helsinki Region Chamber of  
Commerce,  
Member of the Board  
2013-2016,  
Member of the committee of  
commerce and services 2013-

#### Shares

Series B shares: 28



### TOVE WESTERMARCK

*b. 1968*

*Finnish citizen*

*M.Sc.(Econ.)*

*Director, Supply Chain 2016-*

Joined Stockmann in 1991

#### Relevant work experience

Stockmann plc,  
Director, Development  
2014-2015  
Director, Department Store  
Division's distance retail  
business 2013-2014  
Director, department stores in  
Russia 2008-2013  
Sales Director, department  
stores in Russia 2007-2008  
Marketing Director,  
international operations  
2005-2007  
Director, Tallinn department  
store 2004-2005  
Marketing Manager, Helsinki  
city centre department store  
2001-2004  
Sales Manager, Helsinki city  
centre department store  
1999-2000

#### Shares

Series B shares: 1 000

#### Share options

2010C: 6 600

Details of the Management Team at 31 December 2016.  
Up-to-date information of the Management Team is available on  
Stockmann's website [stockmanngroup.com](http://stockmanngroup.com).

# 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
<b>Board members, total</b>	<b>353 000</b>	<b>55 000</b>	<b>14 000</b>	<b>422 000</b>	<b>221 511</b>	<b>200 489</b>

\* 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	<b>Meetings, total</b> 13/13		6/6
<b>Board members, total</b>	<b>34 091</b>	<b>200 489</b>	<b>13</b>	<b>6</b>	<b>6</b>

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

