



2022

CORPORATE GOVERNANCE  
STOCKMANN



# 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 2020 in its entirety.*

Stockmann plc's Corporate Governance Statement for the 2022 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 Policy for Governing Bodies and a Remuneration Report 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 adoption, and the Meeting decides on the disposal of the distributable funds in the confirmed balance sheet, the election and remuneration of members of the Board of Directors and the discharge 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 Board of Directors of the company resolved on an exceptional meeting procedure based on the act concerning temporary deviations from the Finnish Companies Act (677/2020), which was passed to limit the spread of the Covid-19 pandemic. The Company resolved on the measures permitted by the temporary act in order to hold the meeting in a predictable manner while ensuring the health and safety of the company's shareholders, personnel and other stakeholders. Shareholders and their proxy representatives could participate in the meeting and exercise their rights only by voting in advance and by making counterproposals and presenting questions in advance in accordance with the notice and other instructions by the company. The meeting could not be attended on site. The Annual

General Meeting was held on 23 March 2022 in Helsinki. Attending the Annual General Meeting were Jukka Naulapää, Chief Legal Officer (attended remotely), Seppo Kylmäläinen, Chair of the Annual General Meeting, Jaakko Laitinen, protocol adjuster and examiner of the minutes, Terhi Mäkinen, the company's Auditor (attended remotely) and Paula Määttä (attended remotely) representing Euroclear Finland Oy who operated the registration and voting service at the Annual General Meeting. There were 33 shareholders present personally or represented by proxy at the Meeting, representing 34.1% of the company's registered share capital and 34.1% of the votes.

Stockmann has one series of shares. Each share entitles its holder to one vote at a the General Meeting. 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.

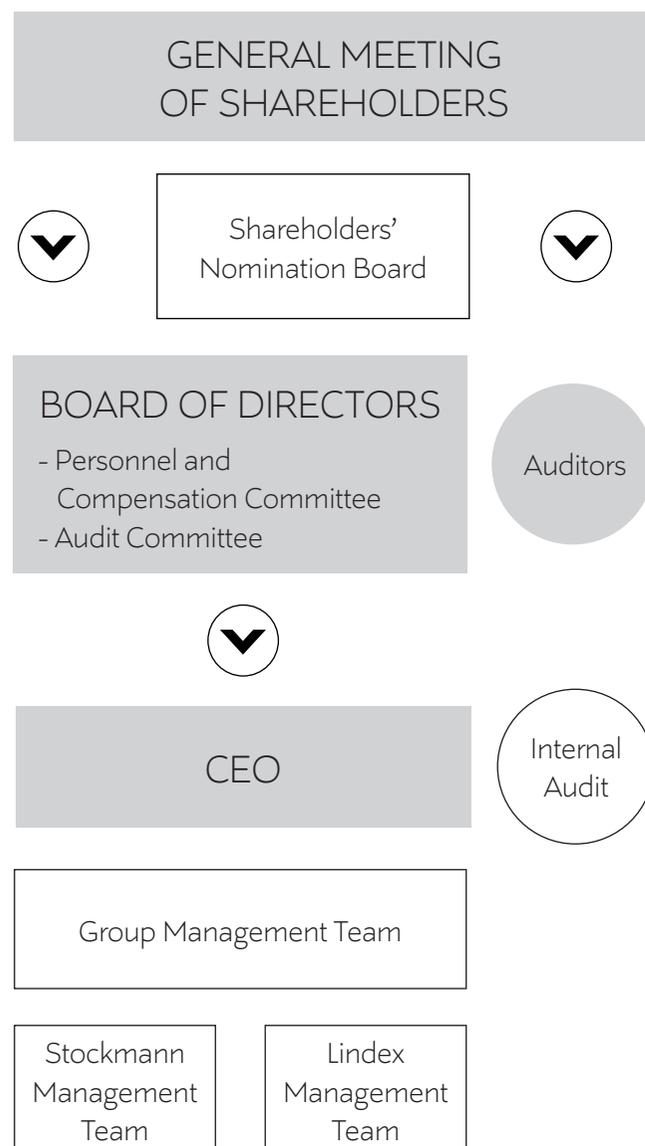
The Board of Directors elects a chairman and vice chairman from amongst its members.

At the end of 2022, the company's Board of Directors was composed of seven members elected by the 2022 Annual General Meeting. The members who were re-elected to the Board were Stefan Björkman, Anne Kuittinen, Roland Neuwald and Tracy Stone. Timo Karppinen and Sari Pohjonen were elected as new members of the Board of Directors. At the Board's organisational meeting Roland Neuwald was elected Chair and Stefan Björkman Vice Chair. 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



## CORPORATE GOVERNANCE MODEL OF STOCKMANN



present and to speak at Board meetings. At the end of 2022 the personnel representatives on the company's Board of Directors were Petri Leskelä and Kimmo Myllymäki.

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. Three of the Board members are men and four women. Seven members are independent of the company and six 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. 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 for the management
- 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, internal Board of Directors, that develops the company. Jari Latvanen acts as Lindex's Chairman of the Board.

### 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 CLO, who acts as secretary at the meeting. Members of the division's Management Teams 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 2022. The rate of attendance was 98 per cent.

### BOARD COMMITTEES

The Board of Directors has established a Personnel and Compensation Committee and an Audit Committee among its members at its meeting held on 23 March 2022.

The Personnel and Compensation Committee prepares matters



pertaining to the remuneration and appointment of the Chief Executive Officer and the other executives, the Remuneration Policy for Governing Bodies and the Remuneration Report, as well as the remuneration principles observed by the company according to the Finnish Corporate Governance Code. The Board elected Roland Neuwald as Chair of the Personnel and Compensation Committee, and Sari Pohjonen and Harriet Williams were elected as the other members of the committee. In 2022, the Personnel and Compensation Committee convened 5 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 Timo Karppinen as Chair of the Audit Committee, and Stefan Björkman and Sari Pohjonen were elected as the other members of the committee. In 2022, the Audit Committee convened 5 times, and the attendance rate was 97 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 Shareholders' Nomination Board prepares proposals for the 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 chair 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:

- Stefan Björkman, CEO, Föreningen Konstsamfundet r.f., representing the group of shareholders: Föreningen Konstsamfundet r.f., Mercator Media Ab, Kari Niemistö, Folkhälsan samfundet i Svenska Finland, Folkhälsans Forskningsstiftelse sr and Folkhälsan i Svenska Finland rf Inez och Julius Polins fond
- Fabian Chrobog, Chief Investment Officer, North Wall Capital LLP
- Markus Aho, Chief Investment Officer, Varma Mutual Pension Insurance Company
- Björn Teir, CEO, The Society of Swedish Literature in Finland

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

In 2022, the Shareholder's Nomination Board convened 4 times, and the attendance rate was 100 per cent.

## CHIEF EXECUTIVE OFFICER

MBA Jari Latvanen is Stockmann's CEO since 19 August 2019.

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 are 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 had five members on 31 December 2022: Jari Latvanen, CEO; Susanne Ehnåge, CEO of Lindex; Annelie Forsberg, CFO; Jukka Naulapää, Chief Legal Officer, also secretary of the Management Team; and Tove Westermarck, Chief Stockmann Style Officer. The Management Team members report to the CEO. In addition both divisions, Stockmann and Lindex, have their own Management Teams.

Since April 2020, Stockmann has functioned in accordance with the codes of the Restructuring Act, which has meant that the supervisor Jyrki Tähtinen has participated in the Board meetings and issued directives regarding the handling of restructuring debts and payments and provided reports to the Creditors Committee.

## 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 independently under the CEO and reports its observations to the Board of Directors. The Internal Audit 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, responsibility 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's risk management task is to support business operations in recognising and managing such risks, that may endanger or prevent Stockmann from achieving its strategic goals. The risk map on Group level is updated yearly in connection with the strategy work, and additional risks on operative level are recognised, followed up and managed in different units and projects.

## 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 key 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 the Group's subtenants 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, supply chain, 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, the Covid-19 pandemic has caused deep, unexpected effects not only in Stockmann Group's business and business environments, but in societies and communities globally and continues to cause an impact on Stockmann Group'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 2022 elected the audit firm Ernst & Young Oy as the company's auditor. Terhi Mäkinen, APA, acts as the responsible auditor.

In 2022, the fees relating to the auditing process amounted to EUR 0.5 million and the fees for tax counselling and other services to EUR 0.2 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 2022.

*Approved by the Board of Directors of Stockmann plc on 23 February 2023.*



# BOARD OF DIRECTORS



## ROLAND NEUWALD

*b. 1964*  
German citizen

Chair of the Board 2021-

Chair of the Personnel and Compensation Committee, Member of the Shareholders' Nomination Board

Independent of the company and major shareholders

### Relevant work experience

Galeria Kaufhof, CEO, 2017-2019  
Advent International, Operating Partner, 2013-2014  
real,- Holding GmbH, CEO, 2010-2012  
real,- Holding GmbH, COO, 2007-2010  
Metro Group, Chief Integration Officer, CEO Walmart Germany, 2006-2007  
Extra Verbrauchermärkte GmbH, CEO, 2003-2006

**STOCKA-shares**  
36 831



## STEFAN BJÖRKMAN

*b. 1963*  
Finnish citizen  
M.Sc.(Tech.)

Vice Chair of the Board  
Member of the Board 2019-

Member of the Audit Committee

Independent of the company

### Relevant work experience

Föreningen Konstsamfundet rf., Managing Director 2018-  
Ilmarinen, Deputy Managing Director, Acting Managing Director 2018  
Etera, Managing Director 2014-2018  
Aktia, Deputy Managing Director and CFO 2008-2014  
Aktia, Deputy Managing Director 2006-2008  
Oral Hammaslääkärit Oy, Managing Director 2006

### Principal positions of trust

Alandia Försäkringsbolag Abp, Chair of the Board 2021-  
KSF Media, Chair of the Board 2018-  
Amos Rex, Member of the Board 2018-  
CorGroup, Member of the Board 2007-2014, 2017-  
Coronaria Oy, Chair of the Board 2007-

**STOCKA-shares**  
44 305



## TIMO KARPPINEN

*b. 1964*  
Finnish citizen  
M.Soc.Sc.

Member of the Board 2022-

Chair of the Audit Committee

Independent of the company and major shareholders

### Relevant work experience

Posti Group Oyj, CFO 2021-  
DNA plc, CFO 2012-2020  
Ponsse plc, Executive Director, corporate planning and strategy 2010-2012  
Nokia North America, CFO 2008-2010  
Nokia APAC, CFO 2006-2008  
Nokia China, CFO 2000-2005

### Principal positions of trust

Kielikone Oy, Chair of the Board 2022-  
IPK Hockey Oy, Member of the Board 2020-

**STOCKA-shares**  
7 289



## ANNE KUITTINEN

*b. 1990*  
Finnish citizen  
B.Sc. (Econ.)

Member of the Board 2021-

Independent of the company and major shareholders

### Relevant work experience

Mammut Sports Group AG, Global Head of eCommerce 2022-  
Logitech, DTC eCommerce Commercial Lead EMEA & APAC, Switzerland 2019-2022  
Duracell, Senior eCommerce Manager EMEA & India, Switzerland, 2016-2018  
Amazon, Vendor Manager AmazonFresh, United Kingdom, 2015-2016  
Amazon, Associate Partner Manager, United Kingdom, 2013-2015  
Digi Electronics Ltd, eCommerce Project Manager, Hong Kong, 2013  
Rovio Entertainment Ltd, Customer Support Specialist, Finland, 2012

**STOCKA-shares**  
18 415



## SARI POHJONEN

*b. 1966*  
Finnish citizen  
M.Sc. (Econ.)

Member of the Board 2022-

Member of the Personnel and Compensation Committee and the Audit Committee

Independent of the company and major shareholders

### Relevant work experience

Oriola, CFO 2021-2022  
Fiskars Group, CFO 2017-2021  
Fiskars Group, Deputy to the CEO 2018-2021  
Fiskars Group, Interim CEO 2020  
Fiskars Group, President, SBU Functional 2019-2020

### Principal positions of trust

Spinnova plc, Member of the Board 2022-  
Aktia Bank plc, Member of the Board 2022-  
Oilon Group Oy, Member of the Board 2021-  
Jane and Aatos Erkko foundations, Member of the Board 2021-  
VR-Group Ltd, Member of the Board 2019-,

**STOCKA-shares**  
7 289





# BOARD OF DIRECTORS



## TRACY STONE

*b. 1962*  
*British citizen*

Member of the Board 2018–

Independent of the company and major shareholders

### Relevant work experience

Polly King & Co,  
CEO 2017–  
Perry Ellis International,  
Interim Managing Director  
Europe 2017  
LK Bennet, Commercial Director  
2015–2017  
Gant AB, Interim COO 2013–2015  
Gant AB, Global Sales  
Director 2012–2013  
Gant UK,  
Managing Director 2006–2012

**STOCKA-shares**  
46 327



## HARRIET WILLIAMS

*b. 1980*  
*British citizen*  
*M.Sc.(Nat.)*

Member of the Board 2021–

Independent of the company and major shareholders

### Relevant work experience

The LEGO Group,  
VP Global Ecommerce 2019–  
The Body Shop,  
Chief Digital Officer, 2015–2018  
LLX GBS (JAB Holding),  
Group Multichannel Director,  
2013–2015  
Gucci,  
Associate Worldwide Digital  
Director, 2012  
Debenhams Retail PLC,  
Head of Digital, 2007–2012  
Marakon Associates,  
Strategy Consultant, 2003–2007  
Caterpillar Finning,  
Business Analyst, 2001–2003

### Principal positions of trust

Gear4Music PLC,  
Non-Executive Director, 2021–

**STOCKA-shares**  
18 415



## 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.

## PETRI LESKELÄ

*b. 1970*  
*Finnish citizen*

Chief shop steward, Stockmann

Personnel representative, elected  
by Stockmann's Group Council



## KIMMO MYLLYMÄKI

*b. 1978*  
*Finnish citizen*

Sales Manager, Stockmann

Personnel representative elected  
by Stockmann's senior salaried  
employees

Details of the Board of Directors at 31  
December 2022.

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



# GROUP MANAGEMENT TEAM



## JARI LATVANEN

*b. 1964*  
Finnish citizen  
MBA  
CEO 2019–

Joined Stockmann in 2019

### Relevant work experience

HKScan Oyj,  
CEO and President 2016–2018  
Stora Enso,  
Executive Vice President, Head of  
Consumer Board 2014–2016  
Findus, Chief Executive Officer,  
Findus Nordic 2010–2014  
Nestlé Czech Republic and Slovakia,  
Managing Director 2008–2010  
Nestlé SA, Assistant Vice President,  
Zone Europe 2007–2008  
Nestlé Sweden,  
Managing Director 2003–2006  
Nestlé Nordic,  
Managing Director 2001–2003

### Principal positions of trust

Midsona AB,  
Member of the Board 2022–  
AB Lindex,  
Chairman of the Board 2019–  
E&A Invest Oy,  
Chairman of the Board 2019–



## SUSANNE EHNBÅGE

*b. 1979*  
Swedish citizen  
M.Sc.(Econ.)  
CEO, Lindex 2018–

Joined Stockmann in 2018

### Relevant work experience

NetOnNet Group,  
CEO 2016–2018  
Interim CEO 2015–2016  
SIBA AB,  
Managing Director 2014–2017  
Interim Managing Director  
2011–2014  
Market Director 2008–2011

### Principal positions of trust

Resurs Bank,  
Member of the Board 2020–  
AhlSell,  
Member of the Board 2018–  
Closely,  
Chairman of the Board 2019–  
Spacerpad,  
Chairman of the Board 2021–

### STOCKA-shares

Series B shares: 8 000



## ANNELIE FORSBERG

*b. 1972*  
Swedish citizen  
M.Sc.(Econ.)  
Lindex CFO 2018–  
Group CFO 2022–

Joined Stockmann in 2018

### Relevant work experience

NetOnNet AB,  
CFO 2017–2018  
Lagerhaus AB,  
Acting CEO 2016  
Lagerhaus AB,  
CFO 2016  
Intersport AB,  
CFO 2012–2015  
ICA Nonfood AB,  
CFO 2010–2012  
ICA Nonfood AB, Head of  
Business Controlling 2008–2010  
Gulins Fastigheter,  
CFO 2006–2008  
Coop Norden AB,  
Head of Accounting 2001–2006  
Bure Equity publ, Capio, Head of  
Treasury & Accounting 1999–2001

### Principal positions of trust

Nordic Cleanroom AB,  
Member of the Board 2018–

### STOCKA-shares

Series B shares: 4 000



## JUKKA NAULAPÄÄ

*b. 1966*  
Finnish citizen  
LL.M.  
Chief Legal Officer 2006–

Joined Stockmann in 1998

### Relevant work experience

Stockmann plc,  
Secretary of Stockmann Board and  
Management Committee 2001–  
Company Lawyer 1998–2006  
Law Firm Hepo-Oja & Lunnas Oy,  
Attorney 1991–1998

### Principal positions of trust

Lindex,  
Member of the Board 2018–



## TOVE WESTERMARCK

*b. 1968*  
Finnish citizen  
M.Sc.(Econ.)  
Chief Stockmann Style Officer 2022–

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

### STOCKA-shares

Series B shares: 1 000

Details of the Management Team at  
31 December 2022.  
Up-to-date information of the  
Management Team is available on  
Stockmann's website  
stockmanngroup.com.



# REMUNERATION POLICY FOR GOVERNING BODIES

## 1. Remuneration Policy

This remuneration policy (the “Remuneration Policy” or “Policy”) sets the framework for the remuneration of the governing bodies i.e. the Board of Directors (hereinafter the “Board”) and the Managing Director (hereinafter “CEO”) of Stockmann plc (hereinafter the “company”, and together with its group companies “Stockmann”).

The remuneration report providing information on the remuneration paid during the previous financial period is available as a separate document.

## 2. Introduction

The remuneration of the Board members may consist of annual compensation and meeting fees paid for each meeting attended as approved by Stockmann’s Annual General Meeting (hereinafter the “AGM”). The annual compensation shall be in proportion to the time commitment required from the Board members and be competitive to attract and retain professionals with strong expertise, experience and knowledge relevant for their position as Board members of the company in conducting the Board’s responsibilities, including establishment of strategic and financial directions with relevant targets and monitoring their implementation. Thereby, this Remuneration Policy contributes to Stockmann’s long-term financial performance and success.

The rewarding strategy of the CEO is to create shareholder value by competitive remuneration, pay for performance and incentives aligned with Stockmann’s strategy. Reflecting this reward strategy, the remuneration of the CEO aims at providing competitive remuneration

and rewards in line with the relevant market practices in order to recruit, retain and motivate the individual chosen for the position.

The pay and employment principles and terms of Stockmann’s employees and the overall remuneration strategy applied by Stockmann shall be taken into account when setting the remuneration policy for the CEO. In order to attract and retain a highly motivated and competent personnel, Stockmann aims to offer its employees a competitive and market aligned total rewarding, consisting of a performance-based rewarding system aligned with Stockmann’s short-term targets and long-term financial success.

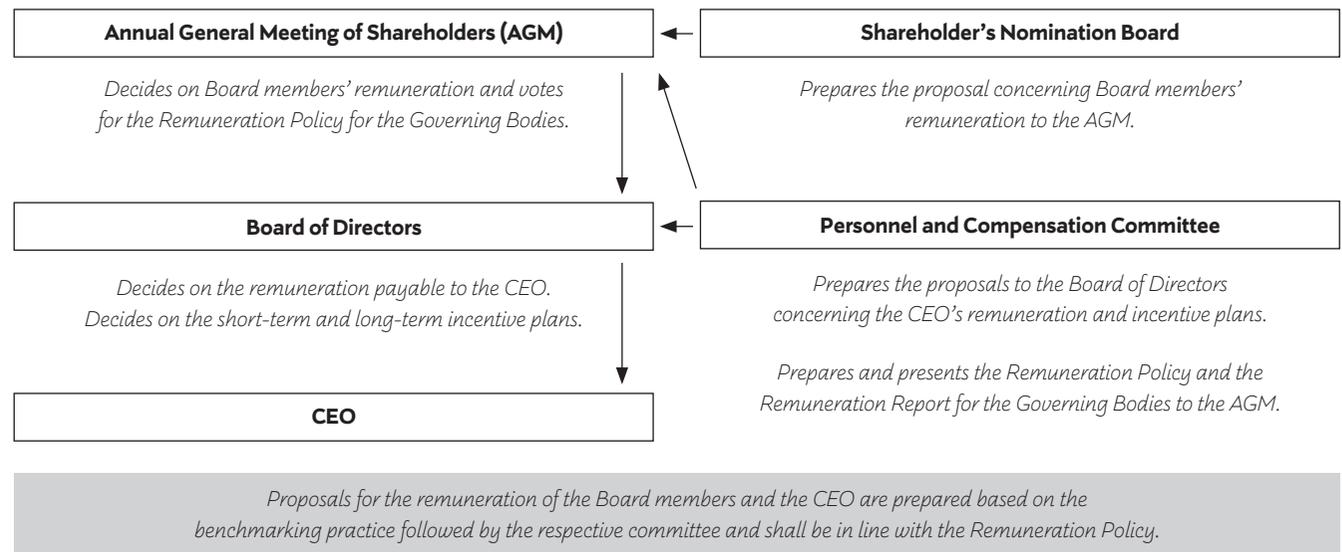
The aim for the remuneration is to contribute to achieving sustainable short and long-term results, the fulfilment of the Stockmann’s strategy, values and long-term interests of the shareholders through motivated and result-oriented employees. The remuneration is based on market level alignment, performance, competence, experience and scope/complexity of the role.

Stockmann has rewarding programmes that cover every employee based on divisions, functions, job role and local market’s

needs. With regards to variable performance-based rewarding, management and different functions may have their own specific schemes and the higher up in the organization the job role is, the higher is the variable pay proportion of the total earning opportunity. In addition to the base and variable pay, Stockmann offers a range of fringe benefits.

## 3. Decision-making procedure in remuneration related matters

Stockmann’s highest decision-making body is the Annual General Meeting (AGM). The AGM 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 of the Board members is prepared by the Shareholders’ Nomination Board. The decision-making procedure related to the CEO’s remuneration involves the Compensation Committee of the Board and the Board of Directors as presented below.





Decision-making in share-based remuneration: The Board will decide on share-based incentive schemes for the CEO within the limits of the Remuneration Policy. The actual delivery or issuance of shares to the CEO under a share-based incentive scheme is either based on a decision of the AGM or an authorization granted by the AGM to the Board. The issuance of special rights entitling to shares of the company such as stock option rights correspondingly either requires an AGM decision or an authorization granted by the AGM to the Board.

Measures for the prevention and management of conflicts of interest: The decision-making procedure in remuneration related matters follow principles aimed at ensuring the prevention and the management of conflicts of interest. The underlying principle is that the corporate body which appoints the respective corporate body also decides on its remuneration. The majority of the members of the Compensation Committee shall be independent of the Company. As regards the remuneration of the Board of Directors, the Chairman of the Board of Directors, who acts as an expert member of the Shareholders' Nomination Board, does not take part in the preparation of or decision-making in matters in the Shareholders' Nomination Board which concern Board remuneration. The company complies with its Code of Conduct, the Finnish Companies Act, other applicable laws and regulations as well as the Finnish Corporate Governance Code adopted by the Securities Market Association which stipulate governance procedures and rules for the avoidance of conflicts of interest. The decision-making process described above aims at guaranteeing that the decisions are fair and unbiased.

#### 4. Remuneration of the Board

The proposal for the remuneration of the Board members to AGM is prepared by the Shareholders' Nomination Board and AGM decides on the remuneration payable to Board members. Subject to as in each case decided by the AGM, the remuneration of the Board members may consist of annual compensation and meeting fees paid for each meeting attended. The annual fee may either solely comprise a cash payment or may be split into a component paid in shares of Stockmann and in cash. The shares may be subject to a transfer restriction as decided by the AGM.

Additional or higher compensation may be paid to Board members based on various grounds, such as (but not limited to) the role as the Chairman or Vice Chairman of the Board or as the Chairman, Vice Chairman or as a member of a Committee established by the Board, or specific tasks designated to individual Board members, or the geographical location of the meeting. Traveling expenses of the Board members are compensated in accordance with Stockmann's policy.

The Board members shall not participate in Stockmann's incentive or share option schemes directed to key personnel in order to safeguard the Board members' independence in the performance of their duties.

#### 5. Remuneration of the CEO

The Board of Directors decides on the CEO's salary and other benefits on the basis of proposals by the Personnel and Compensation Committee. The remuneration of the CEO consists of a fixed salary which includes fringe benefits, as well as a performance-based incentives which may include short-term and long-term targets.

The criteria for the remuneration of the CEO are reviewed and the results of such reviews are regularly reported to the Personnel and Compensation Committee and the Board. The reviews aim to follow the impact of the remuneration criteria on promoting Stockmann's long-term financial success. The key elements of the CEO's remuneration and their link to Stockmann's strategy and long-term financial performance are described in the table below.



| Remuneration element                                      | Purpose and link to strategy  | Opportunity and principles  |
|---|---|---|
| Annual base salary  | Provides a competitive level of fixed remuneration.   | The fixed annual base salary is defined as a gross salary and reviewed annually, as part of the review of the CEO's total compensation.   |
| Fringe benefits   | Provides benefits for the position in line with local market practices.   | The CEO is entitled to fringe benefits following the applicable Stockmann policy as may be amended from time to time and in line with local market practices. Such benefits may include, but are not limited to, a company car and a mobile phone benefit. The CEO may be entitled to potential additional insurance such as but not limited to travel and medical expenses insurance.  |
| Short-term incentives ("STI")                             | Rewards for performance within a year or other period of time determined by the Board, based on achievement of company's short-term financial targets to promote the company's success.   | The weightings and the target levels for the selected performance measures applicable to the STI of the CEO are set annually by the Board to ensure they are relevant to the position, take into account the most up-to-date business plan and continue to support Stockmann's business strategy. The targets may consist but are not limited to of a mix of financial metrics as well as e.g. operational, safety and sustainability related metrics, key development projects and other targets deemed relevant by the Board. The Board reviews the STI performance annually and determines the extent to which each of the targets have been achieved, to determine the final pay-out level.<br><br>The CEO's STI earning opportunity is set on a market-competitive level and may be up to 60% of the annual base salary, and in case of exceptional performance up to 120% of the annual base salary.  |
| Long-term incentives ("LTI") and share-based remuneration | Incentivizes and rewards over a longer period of time for sustained performance and sustainable growth and aligns the interests of the CEO with the shareholders.   | The Board may establish and maintain LTI plans in the company in which the CEO is eligible to participate.<br><br>The structure, performance measures and performance target levels of LTI plans in which the CEO is eligible to participate are determined by the Board and may vary by plan. The LTI plans may include one or several plan structures such as, but not limited to, performance share plan structures, structures requiring the CEO's own investment in the company's shares and other structures. The LTI plan period shall be no less than three years unless otherwise decided by the Board. The LTI performance criteria may be include, but is not limited to, measures linked to Group level long-term financial success and strategic priorities, performance against competitors, relative or absolute shareholder return and shareholder value creation, and other performance measures. The Board will review the LTI performance at least annually and determines the extent to which each of the targets have been achieved and determines the final pay-out level. The LTI rewards may be settled in shares of Stockmann, cash or both.<br><br>The CEO's LTI earning opportunity is set on a market-competitive level and may be up to 60% of the annual base salary. |
| Pension   | Rewards sustained contribution.   | The CEO'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 additional voluntary pension is not paid.  |
| Shareholding requirement                                  | Encourages to accumulate shareholding in the company and aligns the interests of the CEO with the shareholders.   | The CEO may be expected to accumulate and, once achieved, to maintain a specific minimum shareholding in the company as determined by the Board. The terms and conditions once a LTI system is established may include provisions based on which the CEO is expected to retain in his/her ownership a specific minimum proportion of the share rewards received under the LTI plans until the required shareholding level has been achieved.  |
| Service contracts and loss of office payments             | Ensures contractual terms are followed.   | The CEO agreement is approved by the Board. Its terms specify the remuneration elements as well as the payments upon termination of service. The contract is typically valid until further notice, but it may be in force for a certain fixed period of time as well.<br><br>The CEO's period of notice is six months, for both the company and the CEO, unless otherwise determined in the CEO agreement. During the notice period, the CEO is entitled to normal salary payments. Severance pay for the CEO may be agreed to a total maximum of 9 months' base salary in addition to the six months' salary paid for the notice period upon the termination of the CEO's service by the company, unless otherwise determined in the CEO agreement.<br><br>The treatment of STI and LTI awards shall depend on the circumstances of the CEO's departure. For retirement and involuntary termination by the company without cause, the CEO may be entitled to the STI and LTI rewards or a portion thereof as determined by the Board based on the rules of the respective incentive scheme. If the CEO terminates his/her contract at his/her own initiative, the unvested rewards are as a main rule forfeited unless otherwise determined by the Board.  |
| Withholding and clawback of rewards                       | Ensures pay for performance.  | The STI and LTI plan rules may allow the Board to withhold or reject the payment of unvested rewards in exceptional or substantially changed circumstances.<br><br>The Board may, in addition, on certain grounds referring to exceptional gross misconduct recover a reward already paid.  |
| Previously agreed or granted awards                       | The Board reserves the right to make remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) to the CEO in accordance with terms of payment agreed prior to the presentation of this Policy to the AGM although such terms of payment may not be in line with this Policy. |   |



## 6. Deviation from this Policy

If the continued adherence to the Policy would in the opinion of the Shareholders' Nomination Board (with respect to Board remuneration) or the Board (with respect to CEO remuneration), after careful consideration, not be appropriate or well-grounded anymore in the following circumstances and on the following grounds, the company may temporarily deviate from this Policy. In the assessment of its long-term interests the company may among other aspects take into account its long-term financial success and performance, its competitiveness, safeguarding the undisturbed continuation of its business and the undisturbed implementation of its business strategy and financial targets and/or the development of the shareholder value.

Among the grounds for deviating from this Policy may be (provided that the ground occurs after this Policy was presented to the AGM) a structural change (change in Stockmann's corporate, group, business or organizational structure or a material change in the company's ownership structure), a personnel change (such as changes in the Board or in the top management of Stockmann or need to recruit a CEO or deputy to the CEO), other exceptional or unexpected event or change or materially changed circumstances in Stockmann or in its business or operating environment or a material change in Stockmann's strategy or business plan, financial position or outlook, regulatory or judicial changes, changes in governmental or administrative orders or in taxation or taxation practice or other change or circumstances not specified above if it is after careful consideration deemed that a deviation is necessary or advisable in order to safeguard Stockmann's long-term interests or sustainability such as, without limitation, in order to ensure the continuity of Stockmann's management.

The deviation from this Policy may in the Board's full discretion concern any and all the elements of this Policy and of payable remuneration, including, but not limited to, the amount, type, elements and conditions of payable remuneration and the terms applied thereto.

The procedure to be followed in the deviation from this Policy shall be the same as the decision-making procedure for the implementation of this Policy described above in this Policy and if the deviation concerns Board remuneration, the decision-making may involve an annual or extraordinary shareholder meeting as applicable in the individual circumstances. The deviation and its grounds shall be reported in the next annual Remuneration Report and presented to the next AGM as part thereof.