



STOCKMANN

CORPORATE
GOVERNANCE 2017

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. Stockmann complies with the Corporate Governance Code 2015 in its entirety.

Stockmann plc's Corporate Governance Statement for the 2017 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, 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 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 Annual General Meeting for 2017 was held on 23 March 2017 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 449 shareholders present personally or represented by proxy at the Meeting, representing 69.67 per cent of the company's registered share capital and 72.35 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.

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 2017, the company's Board of Directors was composed of eight members elected by the 2017 Annual General Meeting. The members who were re-elected to the Board were Kaj-Gustaf Bergh, Jukka Hienonen, Susanne Najafi, Leena Niemistö, Michael Rosenlew, Per Sjödel and Dag Wallgren. Esa Lager was elected as a new member. At the Board's organisational meeting Jukka Hienonen was elected Chairman and Leena Niemistö Vice 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 2017 the personnel representatives on the company's Board of Directors were Rita Löwenhild and Minna Salo.

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

CORPORATE GOVERNANCE MODEL OF STOCKMANN

GENERAL MEETING OF SHAREHOLDERS



Shareholders'
Nomination Board



BOARD OF DIRECTORS

- Compensation Committee
- Audit Committee

Auditors



CEO

Internal
Audit

Group
Management Team

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 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 develops the company. Stockmann's CEO Lauri Veijalainen acts as the 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 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 15 times in 2017. The rate of attendance was 99.8 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 23 March 2017.

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 2017, the Compensation Committee convened once, 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 Esa Lager and Michael Rosenlew were elected as the other members of the committee. In 2017, 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.

SHAREHOLDERS' NOMINATION BOARD

The Annual General Meeting 2017 resolved, in accordance with the proposal of the Board of Directors, to appoint a permanent Shareholders' Nomination Board to prepare 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 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 HC Holding Oy Ab
- Leena Niemistö, Professional Board Member, representing Kari Niemistö

The rules of procedure of the Nomination Board can be viewed on the company's website, stockmanngroup.com.

In 2017, the Shareholder's Nomination Board convened 7 times, and the attendance rate was 100 per cent.

In January 2018 the Shareholder's Nomination Board gave its proposals for the Annual General Meeting to be held on 22 March 2018. The Nomination Board proposes that the present members of the Board of Directors, Kaj-Gustaf Bergh, Jukka Hienonen, Esa Lager, Leena Niemistö, Michael Rosenlew and Dag Wallgren, all having given their consents, be re-elected for the term of office continuing until the end of the next Annual General Meeting. In addition, the Nomination Board proposes that Eva Hamilton and Tracy Stone with their consent, be elected new Board members for the term of office stated above. In addition, the Nomination Board proposes the Chairman of the Board to be compensated EUR 80 000, the Vice Chairman EUR 50 000, and other members EUR 40 000 as annual remuneration.

CHIEF EXECUTIVE OFFICER

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 had twelve members on 31 December 2017: Lauri Veijalainen, CEO; Mikko Huttunen, Director of Human Resources; Kai Laitinen, CFO; Nora Malin, Director, Corporate Development; Jukka Naulapää, Director, Legal Affairs, also secretary of the Management Team; Petteri Naulapää, CIO; Maiju Niskanen, Director, Store Operations; Susanna Otila, Director, Delicatessen (until 31 December 2017); Elisabeth Peregi, Interim CEO of Lindex; Anna Salmi, CCO; Björn Teir, Director, Real Estate and Tove Westermarck, 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 Head 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, 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, 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 2017 elected as the company's auditors Henrik Holmbom, Authorised Public Accountant, and Marcus Tötterman, Authorised Public Accountant. Both auditors represent the audit firm KPMG Oy Ab. The Audit firm KPMG was appointed as the deputy auditor.

The Board of Directors proposes to the Annual General Meeting 2018 that the same auditors be re-elected.

Currently, audit firm KPMG acts as the Stockmann Group's auditor in all countries of operation and in all subsidiaries except in the UK. In 2017, the fees relating to the auditing process amounted to EUR 0.4 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 2017.

Approved by the Board of Directors of Stockmann plc on 13 February 2018.

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
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: 10 209



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
Raisio plc,
Member of the Board 2017–
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–
Yliopiston Apteekki,
Member of the Board 2018–

Shares
Series B shares: 8 413



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 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
No shares



ESA LAGER
b. 1959
Finnish citizen
LL.M., M.Sc.(Econ.)

Member of the Board 2017–

Member of the Audit
Committee

Independent of the company
and major shareholders

Relevant work experience
Outokumpu Group,
deputy to the CEO 2011–2013
CFO 2005–2013
Corporate Treasurer and Head
of Administration 2001–2004
Finance Director 1995–2000
Assistant Director 1991–1994

Principal positions of trust
Olvi Oyj,
Member of the Board 2002–
Ilkka-Yhtymä Oyj, Deputy
Chairman of the Board,
Member of the Board 2011–
Sato Oy,
Member of the Board 2014–
Alma Media Oyj,
Member of the Board 2014–
Finnish Industry Investment Ltd,
Chairman of the Board,
Member of the Board 2014–
Terrafame Oy, Member of the
Board 2015–

Shares
Series B shares: 3 089



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 2015–
Clearlii AB,
Member of the Board 2011–
Mediaty,
Member of the Board 2017–

Shares
Series B shares: 7 384



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,
Member of the Board 2015–
Chairman of the Board 2017–
Pöyry plc,
Member of the Board 2016–

Shares

Series B shares: 7 881



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
2014–2017
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–
Abury GmbH,
Member of the Board 2017–
TeenZapp Ltd,
Member of the Board 2017–

Shares

Series B shares: 3 684



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–
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: 12 331



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.

RITA LÖWENHILD
b. 1952
Finnish citizen

Chief shop steward,
Stockmann

Personnel representative,
elected by Stockmann's
Group Council



MINNA SALO
b. 1967
Finnish citizen

Development Manager,
ICT, Stockmann

Personnel representative
elected by Stockmann's senior
salaried employees

Details of the Board of Directors at 31 December 2017. Up-to-date information on the Board of Directors is available on Stockmann's website 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 2015–2016,
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

East Office of Finnish
Industries,
Member of the Board 2014–
Finnish Commerce Federation,
Member of the Board 2017–
Helsinki Region Chamber of
Commerce, Member of the
Council 2017–
Fortrent Oy (JV Cramo-
Rariment), Member of the
Board 2013–

Shares

Series B shares: 1 225



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



KAI LAITINEN

b. 1970
Finnish citizen
M.Sc.(Business Administration)
CFO 2017–

Joined Stockmann in 2017

Relevant work experience

Finavia plc,
CFO 2014–2017
Outokumpu plc,
Senior Vice President,
Corporate Controller 2011–2014
Vice President,
Business Control 2011
Tornio Works, Vice President,
Business Control 2009–2011
Senior Vice President,
change management, projects
2007–2009



NORA MALIN

b. 1975
Finnish citizen
M.Sc.(Pol.)
Director, Corporate
Development 2017–

Joined Stockmann in 2010

Relevant work experience

Stockmann plc,
Director, Corporate
Communications 2013–2017
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



JUKKA NAULAPÄÄ

b. 1966
Finnish citizen
LL.M.
Director, Legal Affairs 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

Tuko Logistics Cooperative,
 Vice Member of the Board
 2016–



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

Lindex,
 Country Manager, Finland and
 the Baltic countries 2013–2016
 Controller, 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 2016–2017

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
 2016–2017
 Finnish Grocery Trade
 Association (PTY),
 Member of the Board 2017

Shares

Series B shares: 98

Susanna Ottila moved to
 S Group on 31 December 2017
 due to the divestment of
 Delicatessen.



ELISABETH PEREGI

b. 1971
Swedish citizen
M.Sc.(Econ.)
Interim CEO, Lindex 2017-

Joined Lindex in 1999

Relevant work experience

Lindex,
 Country Manager, Sweden
 2013-2017
 CFO 2010-2013
 Head of Franchise Business
 2008-2009



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
 2011-2014
 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

Principal positions of trust

Realia Group,
 Member of the Board 2017-



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

Haahtela-rakennuttaminen Oy,
 Member of the Board 2017-
 Helsinki Region Chamber of
 Commerce,
 Member of the Board
 2013-2016,
 Member of the committee
 for commerce and services
 2013-2016

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

Details of the Management Team at 31 December 2017.

Susanne Ehnbåge, M.Sc.(Econ.), b. 1979, was appointed CEO of Lindex on 10 January 2018. She will start at Lindex at the latest in August 2018.

Up-to-date information of the Management Team is available on Stockmann's website stockmanngroup.com.

REMUNERATION STATEMENT 2017

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. In 2017, there was no restriction on the ownership period pertaining to the shares received as remuneration.

During the 2017 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 23 March 2017. 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 2017 financial year the Board members were paid 30 167 (2016: 34 091) of the company's Series B shares, and in cash the share of taxes of EUR 211 730 (2016: EUR 221 511). The value of shares was EUR 202 270 (2016: 200 489) on the dates of share purchases. The total value of the remuneration was EUR 414 000 (2016: EUR 422 000).

The shareholders' Nomination Board proposes to the Annual General Meeting on 22 March 2018 that the Chairman of the Board to be compensated EUR 80 000, the Vice Chairman EUR 50 000, and other members EUR 40 000 as annual remuneration. The annual remuneration will be paid in company shares and cash, so that company shares will be acquired on behalf of the Board members to a value of 40% of the remuneration and the rest will be paid in cash. The company will cover the costs for the acquiring of the shares and the transfer tax. The shares acquired for the Board Members in 2018 can not be handed over until two years from the date of purchase, or until the membership of the person in question has ended, depending on which of the occasions takes place first. In addition, the Nomination Board proposes the Chairman of the Board to be paid EUR 1 100 and each Board member to be paid EUR 600 as a meeting remuneration for each meeting of the Board of Directors. The Chairman of the Audit Committee is proposed to be paid EUR 1 100 and each member to be paid EUR 800 as a meeting remuneration for each meeting of the Audit Committee. The Chairman of the Compensation Committee and each member is proposed to be paid EUR 600 as a meeting remuneration for each meeting of the Compensation Committee.

REMUNERATION OF THE BOARD OF DIRECTORS IN 2017, EUR

	Fixed annual fees	Attendance fees	Committee attendance fees	Remuneration in total	Paid in cash	Value of shares paid
Kaj-Gustaf Bergh	38 000	6 000	500	44 500	23 220	21 280
Torborg Chetkovich *		1 500	700	2 200	2 200	
Jukka Hienonen, Chairman	76 000	13 000	1 000	90 000	47 440	42 560
Esa Lager **	38 000	5 500	3 500	47 000	26 290	20 710
Susanne Najafi ***	38 000	6 000		44 000	19 300	24 700
Leena Niemistö, Vice Chairman	49 000	6 500	500	56 000	27 580	28 420
Michael Rosenlew	38 000	6 500	4 200	48 700	24 000	24 700
Per Sjärdell ****	38 000	6 500		44 500	19 800	24 700
Dag Wallgren	38 000	6 500	6 000	50 500	35 300	15 200
Board members, total	353 000	58 000	16 400	427 400	225 130	202 270

* Resigned from the Board of Directors on 23 March 2017.

** Elected as a new member on 23 March 2017.

*** Susanne Najafi was additionally paid EUR 31 128 in 2017 for the work in the Lindex Board of Directors.

**** Per Sjärdell was additionally paid EUR 30 817 in 2017 for acting as the Chairman of the Lindex Board of Directors until 21 August 2017.

REMUNERATION OF THE BOARD OF DIRECTORS IN 2017, SHARES

PARTICIPATION IN BOARD AND COMMITTEE MEETINGS IN 2017

	Shares	Value, EUR	Board	Compensation Committee	Audit Committee
Kaj-Gustaf Bergh	3 174	21 280	14/15	1/1	
Torborg Chetkovich			3/3		1/1
Jukka Hienonen, Chairman	6 349	42 560	15/15	1/1	
Esa Lager	3 089	20 710	12/12		5/5
Susanne Najafi	3 684	24 700	13/14		
Leena Niemistö, Vice Chairman	4 239	28 420	15/15	1/1	
Michael Rosenlew	3 681	24 700	15/15		6/6
Per Sjärdell	3 684	24 700	15/15		
Dag Wallgren	2 267	15 200	15/15		6/6
Board members, total	30 167	202 270	Meetings, total	15	1
				1	6

FINANCIAL BENEFITS PERTAINING TO THE POST OF CEO

Lauri Veijalainen has been Stockmann plc's CEO since 12 September 2016 (Interim CEO 4 April–12 September 2016).

The remuneration of the CEO Lauri Veijalainen consists of a fixed salary which includes a fringe car benefit, as well as a performance pay system with short-term and long-term targets. The performance pay is tied to financial and other objectives related to the implementation of the strategy. The earning period for the short-term performance pay is a calendar year and the maximum pay-out is 60 per cent of the fixed base salary. The earning period for the long-term performance pay 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.

In 2017, CEO Lauri Veijalainen was paid a fixed salary of EUR 486 141. The fixed salary consist of EUR 474 888 in cash and EUR 11 253 in fringe benefits. Due to the performance in 2016, performance pay of EUR 230 580 was paid in 2017.

Veijalainen's pension accumulates and the retirement age is determined in accordance with Finnish employment pension legislation. The pension will accrue on the basis of the Employees' Pensions Act. A separate voluntary pension is not paid.

If the company terminates the CEO agreement, the notice period will be 6 months, in addition to which the CEO will be entitled to a severance payment equivalent to 9 months' pay. If the CEO terminates his agreement, the notice period will be 6 months.

FINANCIAL BENEFITS PERTAINING TO OTHER MANAGEMENT TEAM MEMBERS

For members of the Group's Management Team other than the CEO, a total of EUR 2 126 675 was paid in fixed salaries in 2017 (2016: EUR 2 205 297). The fixed salary consists of EUR 2 053 493 in cash (2016: EUR 1 779 401) and EUR 73 182 in fringe benefits (2016: EUR 61 250).

The Group Management Team members have a performance pay tied to the Group's financial and other objectives related to the implementation of the strategy. The earning period for the short-term performance pay is a calendar year, and the performance pay may amount to no more than 30 per cent of the fixed base salary, except from Lindex CEO whose performance pay may amount to no more than 32 per cent. Due to the performance in 2016, performance pay of EUR 409 759 was paid in 2017 (2016: EUR 425 896). The earning period for the long-term performance pay will expire at the end of 2018, and the pay-out may not exceed 40 per cent of the fixed base salary in 2018.

Stockmann plc does not currently have any share option programmes.

The retirement age of the Management Team members is 63 or 65, depending on the particular executive agreement in question. One of the Management Team members has an earnings-related pension insurance taken by the company as of the end of 2017. The costs of the insurances in 2017 amounted to EUR 62 204 (2016: EUR 38 733).

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 GROUP MANAGEMENT TEAM MEMBERS, EUR

	2017	2016
Lauri Veijalainen		
Fixed salary in cash	474 888	332 427
Performance pay	230 580	-
Fringe benefits	11 253	961
Total	716 721	333 388
Per Thelin (CEO until 3 April 2016)		
Fixed salary in cash		154 412
Performance pay		324 583
Fringe benefits		3 207
Post-employment benefits		420 000
Total		902 202
Voluntary pension contributions		20 999
Other Management Team members*		
Fixed salary in cash	2 053 493	1 718 151
Performance pay	409 759	425 896
Fringe benefits	73 182	61 250
Total	2 536 434	2 205 297
Voluntary pension contributions	62 204	38 733

* Includes Management Team members as of 31 December 2017 and members who left the company during 2017.