

NO1

SOURCE OF

INSPIRATION

FOR MODERN

URBAN LIFE



**STOCKMANN**

OUR YEAR 2015

# FOR INVESTORS

Stockmann plc shares are listed on NASDAQ Helsinki. The company has approximately 52 000 shareholders.

## ANNUAL GENERAL MEETING

The 2016 Annual General Meeting of the shareholders of Stockmann plc will be held on Tuesday 15 March 2016 at 14.00 in the Concert Hall of Finlandia Hall at the address Mannerheimintie 13, Helsinki, Finland.

The Annual General Meeting approves the company's annual financial statements, decides on the dividend and the election of members of the Board of Directors, among other things.

Registrations for the meeting must be received no later than on 11 March 2016 at 16.00 on the company's website or by telephone +358 20 770 6891. Those shareholders are entitled to participate in the Annual General Meeting, who have been entered on 3 March 2016 as shareholders in the Shareholder Register kept by Euroclear Finland Ltd.



## READ MORE

Read more on matters related to the Annual General Meeting on the company's website [stockmangroup.com](http://stockmangroup.com)

- Notice to the Annual General Meeting
- Registration for the Annual General Meeting
- Proposals for the Annual General Meeting

# CONTENTS

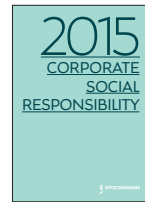
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Financial Statements 2015



Corporate Governance 2015



Corporate Social Responsibility 2015

## OUR REPORTING

Stockmann's 2015 reporting consists of four reviews: 'Our year 2015' Business Review, Financial Statements, Corporate Governance, and Corporate Social Responsibility. This Business Review gives an overview of the Stockmann Group's strategy, business operations and CSR management. The Corporate Social Responsibility review covers the responsibility work in more detail and according to GRI G4 standards.

All reviews are available in Finnish, Swedish and English. They can be found at [year2015.stockmangroup.com](http://year2015.stockmangroup.com). The Business Review is also available in a printed version which will be posted to those who have ordered it.

## IR CALENDAR IN 2016

15 March 2016  
Annual General Meeting

28 April 2016  
January–March interim report

12 August 2016  
January–June interim report

28 October 2016  
January–September interim report



## READ MORE

RESULTS AND PERFORMANCE:  
[stockmangroup.com/investors](http://stockmangroup.com/investors)  
CSR: [stockmangroup.com/csr](http://stockmangroup.com/csr)



# 2015

# FINANCIAL PERFORMANCE

The Stockmann Group's revenue for continuing operations was EUR 1 434.8 million in 2015. The Group's revenue in continuing product areas and businesses, which exclude Seppälä, the Academic Bookstore, Hobby Hall, department stores in Russia and discontinued product areas, was down by 1.3 per cent. Operating result excluding non-recurring items was EUR -28.5 million (EUR -37.8 million). Lindex and the Real Estate division had positive operating results, while Stockmann Retail posted a negative operating result.

Excluding non-recurring items, the result for the year in continuing operations was EUR -43.0 million (EUR -60.3 million).

Stockmann divested its department stores in Russia on 1 February 2016. The department store operations in Russia, which made a loss of EUR 86.1 million in 2015, have been classified as discontinued operations. Earnings per share in continuing operations were EUR -1.24 (EUR -1.34), or EUR -2.43 (EUR -1.39) including discontinued operations. The Board of Directors will propose no dividend to be paid on the 2015 result.

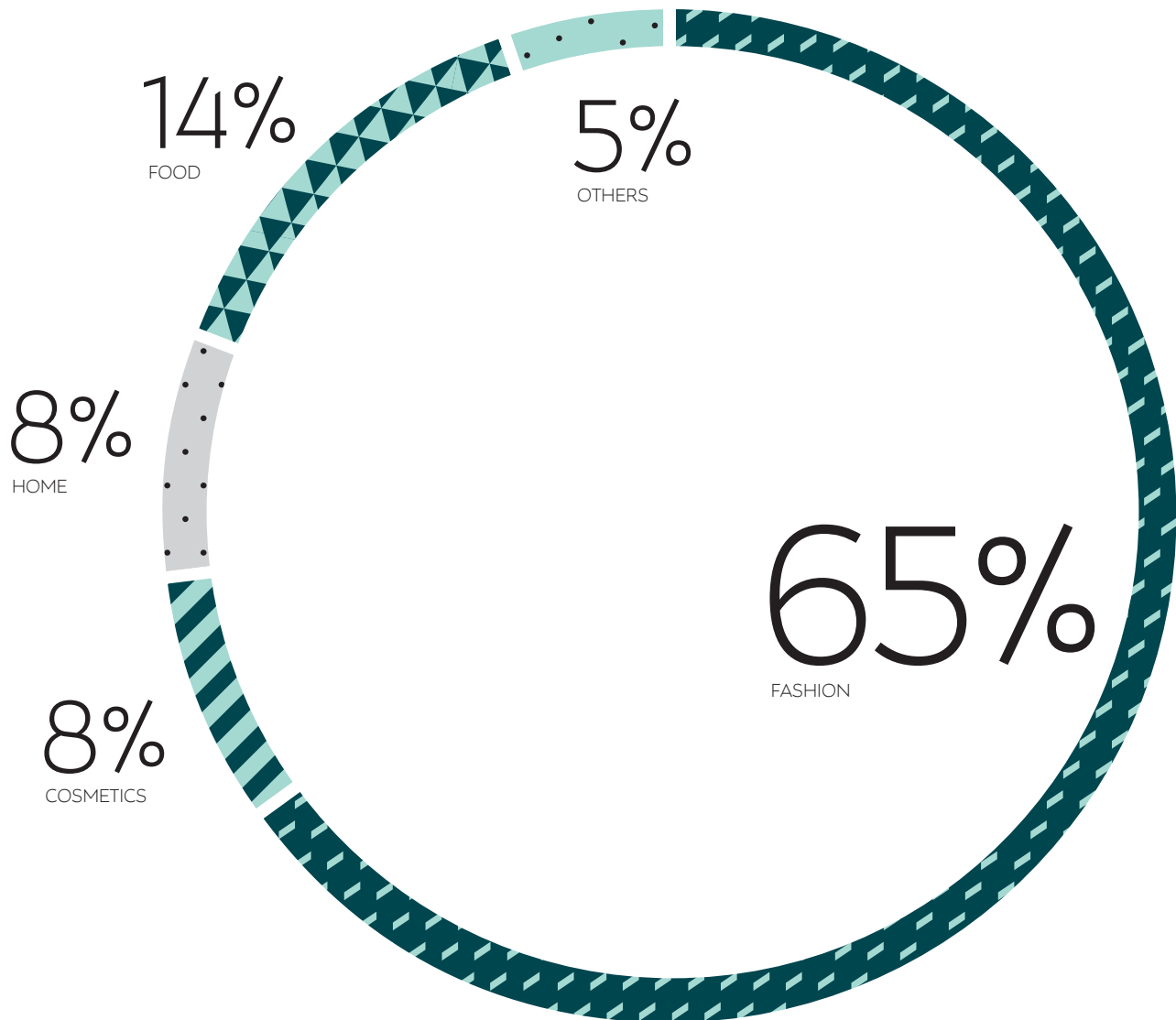
## KEY FIGURES

	2015	2014
REVENUE, EUR mill.	1 434.8	1 605.5
GROSS MARGIN, per cent	50.6	48.6
EBITDA, excluding non-recurring items, EUR mill.	43.4	18.1
OPERATING RESULT*, EUR mill.	-52.5	-77.2
- excluding non-recurring items, eur mill.	-28.5	-37.8
NET FINANCIAL COSTS, EUR mill.	21.2	23.3
RESULT FOR THE YEAR, EUR mill.	-88.9	-96.7
- excluding non-recurring items, EUR mill.	-43.0	-60.3
- including discontinued operations, EUR mill.	-175.0	-99.8
EARNINGS PER SHARE, undiluted, EUR	-1.24	-1.34
- excluding non-recurring items, EUR	-0.60	-0.84
- including discontinued operations, EUR	-2.43	-1.39
CASH FLOW FROM OPERATING ACTIVITIES**, EUR mill.	17.2	29.6
CAPITAL EXPENDITURE**, EUR mill.	53.4	53.8
NET GEARING**, per cent	72.1	105.4
EQUITY RATIO**, per cent	46.1	39.3
EQUITY PER SHARE**, EUR	14.53	10.55
PERSONNEL, average	10 762	12 157
SHARE OF PERSONNEL IN FINLAND, per cent	54	47
SALARIES AND OTHER EMPLOYEE BENEFITS, EUR mill.	321.5	356.3
CO <sub>2</sub> EMISSIONS (SCOPE 1-3), thousand ton	71 700	78 600
WASTE RECYCLING RATE, per cent	71.5	74.3
GOODS AND MATERIALS PURCHASED, EUR mill.	1 147.6	1 320.4
SUPPLY CHAIN AUDITS, BSCI, Accord and own audits	349	546

\* Operating result is not comparable since the figures for 2014 do not include the increased depreciation due to a valuation change of the real estate properties.

\*\* Includes discontinued operations.

REVENUE BY MERCHANDISE AREA



REVENUE / EUR mill.

1435

1606 (2014)

REVENUE BY DIVISION

Stockmann Retail	Real Estate	Index
50%	4%	46%

OPERATING RESULT\* / EUR mill.

-28.5

-37.8 (2014)

\* excluding non-recurring items

REVENUE BY MARKET

Finland	Sweden & Norway	Baltics, Russia & Other Countries
52%	36%	12%

9

DEPARTMENT  
STORES



487

FASHION  
STORES



Inspirational  
customer  
experiences  
at the core

5

 **STOCKMANN** *stockmann.com*

**LINDEX** *lindex.com*



PROPERTIES

3 DIVISIONS IN 19 COUNTRIES

**STOCKMANN  
RETAIL**

Helsinki, Jumbo, Itis,  
Tapiola, Tampere, Turku,  
Oulu, Tallinn, Riga

**REAL  
ESTATE**

Helsinki,  
St Petersburg,  
Tallinn, Riga

**LINDEX**

Sweden, Norway, Finland, UK,  
Russia, Estonia, Latvia, Lithua-  
nia, Czech Republic, Slovakia,  
Poland, Iceland, Bosnia and  
Herzegovina, Kosovo, Albania,  
Croatia, Serbia, Saudi Arabia,  
United Arab Emirates

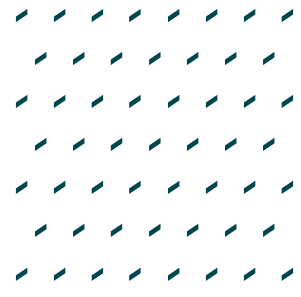
**6** purchasing  
offices

Bangladesh, India,  
China (2), Pakistan,  
Turkey





F E  
E L



”NOW IS THE  
TIME TO FOCUS  
ON THE  
ESSENTIAL:  
THE CUSTOMER  
EXPERIENCE”

*Per Thelin, CEO*





# LOOKING TOWARDS THE FUTURE AFTER A YEAR OF MAJOR CHANGES

Stockmann's history spans over 150 years, but rarely has there been a year so full of dramatic changes as 2015. We focused on our new strategy and we worked intensively on its implementation.

During the year we made great progress in focusing our operations around our core competence and most profitable businesses. This meant a decrease in the number of product areas in the department stores, new tenants in our properties and the sale of Seppälä and the Academic Bookstore. The biggest step in line with our new strategy was taken in November when we decided to discontinue our department store operations in Russia. The transaction was completed on 1 February 2016.

All the steps taken will drive us towards a new direction of our company and to secure Stockmann's future. We have also launched an extensive efficiency programme that will gradually cut our operative costs during 2016. Some of the steps taken have resulted in personnel reductions. These difficult decisions are inevitable in order to return Stockmann to profitable operation.

Since the beginning of 2015, the Stockmann Group has consisted of three divisions: Stockmann Retail that focuses on the department stores and online shop, Real Estate that is responsible for managing and developing properties, and the fashion chain Lindex. The latter two are profitable.

Lindex improved its result significantly in 2015 with an increase of 45 per cent in operating profit. Real Estate proceeded as planned in increasing the efficiency of retail space and increasing the value of properties. The result of Stockmann Retail in 2015, however, remained negative and the year was burdened by the non-recurring expenses caused by the earlier strategic changes. Boosting the profitability of Stockmann Retail is at the core of our strategy in 2016. It will be essential for the positive result of the entire Group.

2	0
1	5

## CUSTOMER IN FOCUS

After the events of 2015, we now have a more secure footing for 2016. We can focus our resources on the main product areas in our Finnish and Baltic department stores and online store, welcome more attractive tenants into our properties and support Lindex in its international

expansion. Now is the time to focus on the essential: the customer experience. Our goal is an agile development of operations, and for the customers this will mean new experiences, increased quality, the latest products and campaigns as well as better service.

The customer is also at the core of Stockmann's new CSR strategy that was processed during the past year. We want to engage our customers in dialogue with us, inspire them to make responsible choices and provide them with sustainable shopping experiences. Central areas in our CSR work include our selection of high-quality products, minimising the environmental impact of our operations, the transparency of the supply chain and also personnel development amid major changes. We

are committed to a number of international initiatives, the most important of which is the commitment to the principles of the UN's Global Compact. According to the initiative we promote human rights, labour rights, environmental protection and anti-corruption measures. Stockmann's revised values form the cornerstones of our CSR work and strategy.

I have been Stockmann's CEO for about a year now, and it has been a joy to lead our committed people. I would like to thank you all for your excellent work and flexible attitude and for your commitment in these challenging times. I would also like to thank our customers for their confidence in us. Our aim is to create "new openings" for you every day: to provide you with the top-notch service and inspiring shopping experiences that you want. I wish to thank all our stakeholders as well, above all our shareholders, suppliers and other partners who have shown their support and believe that the strategy we have chosen leads to a profitable Stockmann.

Helsinki, 18 February 2016

Per Thelin  
CEO

# STRATEGIC PATH TO PROFITABILITY

*Stockmann's goal is to achieve a complete change of direction in order to boost long-term competitiveness and profitability. Customer orientation and the efficiency of operations were highlighted as core focus areas.*

In line with its strategy, the Group will focus on the Stockmann and Lindex brands and rent out premises for attractive businesses that complement Stockmann's own offering. The Stockmann Retail and Real Estate divisions support each other, while Lindex is being developed as an independent part of the Group. At the core of all this is the multichannel store that provides even more inspirational shopping experiences to its customers.

## NEW DIRECTION



- New strategy set in December 2014
- New corporate structure as of 1 January 2015: Stockmann Retail, Real Estate and Lindex

## WITHDRAWAL FROM NON-CORE BUSINESSES



- Seppälä divested on 1 April 2015
- Stockmann Beauty stores closed by 31 May 2015
- Academic Bookstore divested on 1 October 2015
- Hobby Hall sale process on-going

## EXIT FROM RETAIL BUSINESS IN RUSSIA



- Stockmann divested its Russian subsidiary AO Stockmann to Reviva Holdings Limited
- The transaction was completed and the business transferred on 1 February 2016
- Transaction covers 7 Russian department stores, a logistics centre, an outlet store, administration and support functions mainly located in Moscow, and inventories
- Reviva became Stockmann's anchor tenant in the Nevsky Centre shopping centre with a long-term rental agreement as of 1 February 2016





# STOCKMANN RETAIL AND REAL ESTATE: STRONG PARTNERSHIP



- Efficiency programme launched in 2015 for a rationalised scope of operations
- Stockmann Retail to focus on fashion, cosmetics, food and home products
- Real Estate to bring in new attractive tenants which complement the offering, such as Expert, Hamleys, Bonnier Books, Musti ja Mirri, and Espresso House



# NO.1

Turnaround in profitability

## STOCKMANN RETAIL



Increased value of properties

## REAL ESTATE

Stable growth in existing & new markets

## LINDEX



# INDEPENDENT DEVELOPMENT OF LINDEX



- Own independent Board of Directors
- Entering new markets through own stores (UK) and franchise stores (Kosovo and Albania)
- Exit from Russia during 2015–2016
- Increased cost efficiency Even more stonger customer focus



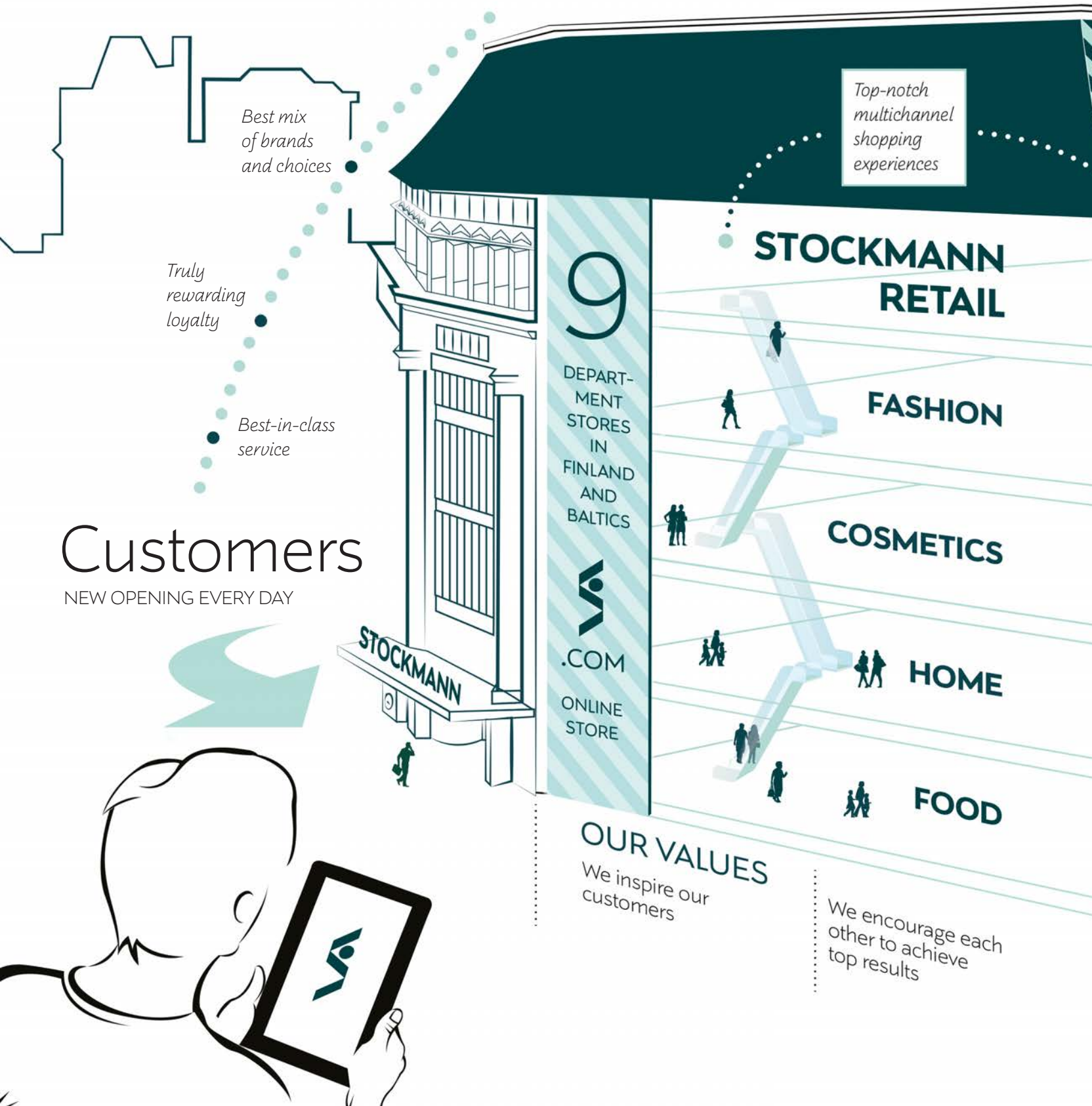
# OUR STRATEGY

OUR VISION

*Stockmann is*

# NO 1

SOURCE OF  
INSPIRATION  
FOR MODERN,  
URBAN LIFE



Best mix  
of brands  
and choices

Truly  
rewarding  
loyalty

Best-in-class  
service

## Customers

NEW OPENING EVERY DAY

Top-notch  
multichannel  
shopping  
experiences

### STOCKMANN RETAIL

#### FASHION

#### COSMETICS

#### HOME

#### FOOD

# 9

DEPART-  
MENT  
STORES  
IN  
FINLAND  
AND  
BALTICS



.COM

ONLINE  
STORE

### OUR VALUES

We inspire our  
customers

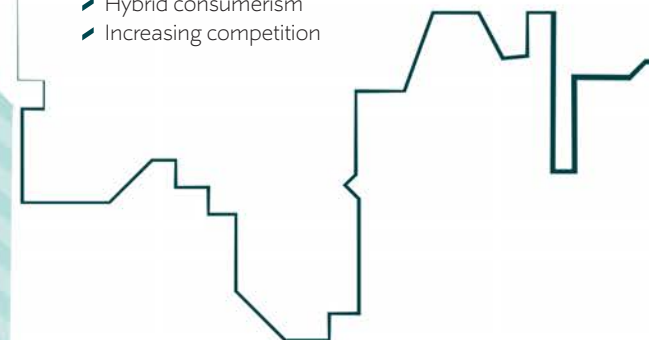
We encourage each  
other to achieve  
top results



*A world class  
fashion  
experience*

## MEGATRENDS

- ▬ Digitalisation
- ▬ Urban demographics
- ▬ Unique experiences
- ▬ Sustainability
- ▬ Hybrid consumerism
- ▬ Increasing competition



# Efficiency

EVERY SQUARE METRE PROFITABLE



### • REAL ESTATE

Completes offering with attractive tenants

Property management

Increasing value of properties

We make courageous decisions

# 5

PROPERTIES IN

HELSINKI  
TALLINN  
RIGA  
ST PETERSBURG

### LINDEX

WOMEN'S FASHION

LINGERIE

CHILDREN'S FASHION

COSMETICS

# 487

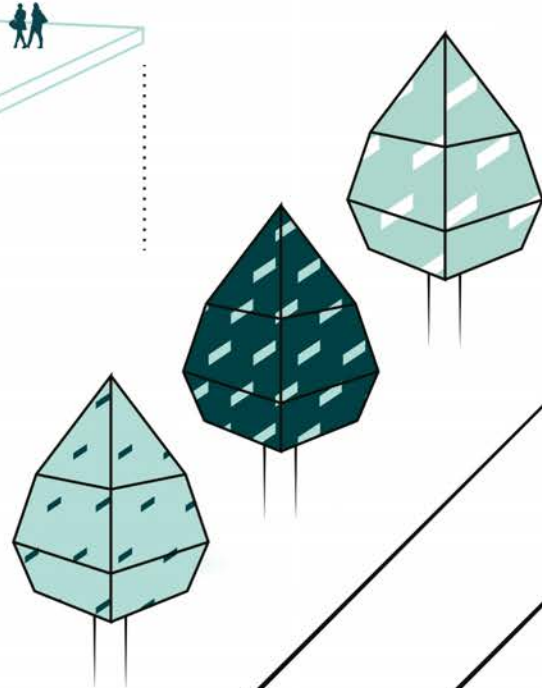
STORES IN

# 19

COUNTRIES

LINDEX.COM  
ONLINE STORE  
IN 28 COUNTRIES

We take responsibility for our promises



# CREATING INSPIRATIONAL SHOPPING EXPERIENCES

The cornerstones of the new strategy are enhanced customer focus and efficiency which will be further boosted by discontinuing unprofitable operations, improving the use of retail space and creating a more agile organisation and simpler and streamlined processes. In 2015, the strategy was implemented through a number of significant steps.

## A NEW OPENING EVERY DAY

Stockmann's vision is to be its customers' no.1 source of inspiration for modern, urban life. The product range will be targeted particularly at customers who value convenient shopping, quality and inspiring shopping experiences. The goal is to offer a top-notch, multichannel shopping experience for customers by providing best-in-class service, an up-to-date mix of brands and choices, and truly rewarding loyalty. Through these successes we endeavour to increase sales.

Stockmann is constantly renewing its department store and fashion store concepts as well as strongly investing in digitalisation in order to succeed in the increasingly tougher competition. The goal is to achieve attractive product selections, more user-friendly displays and inspiring shopping experiences.

The core of Stockmann's operations consists of the department stores, fashion stores, online stores and customer contact centres. Stockmann wants to be near its customers and ensure that the voice of customers and department store staff are heard before decisions are made. This approach is reflected in the new strategic operating principle, Store at the Core.

Customer focus also forms the core of Stockmann's CSR work, as is stated in the new CSR strategy: Stockmann wishes to increase customer awareness of responsibility work, offer customers sustainable products and create the best practices in the trade by investing in a transparent supply chain and minimising environmental impact, for example. The fruitful dialogue with customers that started with the strategy work will be continued via social media during the Tapiola department store project.

## STOCKMANN FOCUSES ON ITS CORE BUSINESSES

As part of the efficiency programme, Stockmann has discontinued business operations which were not considered to have the potential for profitable growth. Stockmann will now focus on its core competence in the divisions Stockmann Retail, Real Estate and Lindex. As a result, Seppälä and Academic Bookstore transferred to new owners in 2015 and the Stockmann Beauty chain was closed down.

Evaluating the size of the department store network and the use of retail space is essential for improving profitability, and Stockmann consequently decided to close the Oulu department store in early 2017. Stockmann was also planning to close its three Mega department stores in Moscow in 2016. Eventually, the decision was made to sell the entire department store business in Russia because of the increasingly difficult market situation and weak future outlook in the country. The transaction with Reviva Holdings was completed as planned on 1 February 2016. Lindex will also close down its fashion stores in Russia by summer 2016. For Russia, the Stockmann Group will focus on its real estate business in

Russia and continue as the owner of the Nevsky Centre shopping centre in St Petersburg.

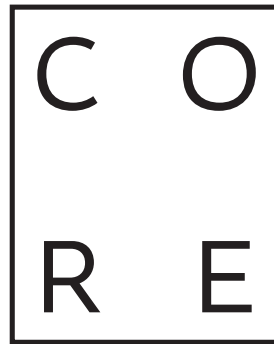
## EFFICIENCY PROGRAMME UNDER WAY

In early 2015, Stockmann launched an efficiency programme with the target of achieving annual cost savings of EUR 50 million, which will be reflected in the result mainly from 2016 onwards. A substantial part of the efficiency programme consists of the renewal of the processes and structure of Stockmann's support functions which were previously intended for the more extensive business operations and growth strategy. Processes will be developed for the support functions to better support sales and customer service in line with the new strategy. The reorganisation led to a personnel reduction of nearly 200 people in 2015.

Another central part of the efficiency programme is to improve the gross margin with more efficient buying. More profitable cooperation models have already been developed with suppliers. Inventory value was significantly decreased during the year by reducing the number of suppliers and planning purchases more carefully. Indirect purchases will be reviewed and examined in order to cut fixed costs.

As part of the partnership between Stockmann Retail and Real Estate, Stockmann's own offering is now focused on fashion, cosmetics, food and home products, which have made up over 85 percent of department store sales. In 2015, Stockmann discontinued its sales of electronics, toys, books, sports equipment and pet products. These product areas are now provided by the new tenants in the department stores. The discontinued product areas will cut fixed costs generated by retail space rents and support functions.

Divestments will gradually improve Stockmann's profitability from early 2016 onwards. The measures completed and under way will enable Stockmann to further develop its department store and online store businesses in Finland and the Baltic countries and also support the growth of Lindex in the international market.



*Stockmann will continue its real estate business in St Petersburg, focus on the development of its department store business in the Finnish and Baltic markets and support the growth of Lindex in the international market.*



# 5 CORE AREAS FOR 2016

*As part of the strategy work, five areas for development were identified that will have a decisive impact on the achievement of Stockmann's main targets. Development of the core areas was started in 2015 and will continue 2016.*

MULTICHANNEL STOCKMANN	➤	THE GOAL IS A SEAMLESS CUSTOMER EXPERIENCE by connecting the touchpoints of the customer journey in various channels. Shopping will have to be more convenient for the customer in future – without compromising on service. The online store Stockmann.com will be renewed in 2016. Digital fitting rooms, tablet tools for sales personnel and being able to return online purchases to department store cash desks are examples of the new projects implemented in 2015 to create multichannel customer service solutions.
STOCKMANN DELICATESSEN	➤	SALES ARE BOOSTED BY INSPIRING MARKETING that highlights the variety and quality of the product range and easy cooking concepts. Profitability is enhanced by focusing on decreasing food waste, introducing new ordering and restocking models as well as more efficient use of space, processes and supplier network and cooperation.
STOCKMANN RETAIL & REAL ESTATE PARTNERSHIP	➤	THE DIVISIONS SUPPORT AND COMPLEMENT EACH OTHER and they share a goal: to provide customers a first-class shopping experience. In order for the partnership to succeed, operating models are being developed for the Retail unit and tenants in matters such as the Loyal Customer Programme, marketing cooperation and property services.
NEW FUNCTIONS & PROCESSES	➤	ALL SUPPORT FUNCTIONS WORK TOGETHER with the department stores for the customer. In summer 2015, the organisational model for the Stockmann Retail and Real Estate support functions and Group shared functions in Finland was renewed. Processes, roles and responsibilities are being redefined so that the new service functions support the sales organisation in a more efficient and agile way than before.
LEADERSHIP & CULTURE	➤	THE LEADERSHIP AND CORPORATE CULTURE of the new Stockmann is being evolved into a more open and entrepreneurial direction by encouraging people to engage in open discussion, by creating new opportunities for interaction and by increasing training. Staff members have formed working groups that will provide feedback for the leadership reform. As part of the strategy work, Stockmann's values were updated on the basis of the Group's long-term core values and the Department Store Division's values that were updated in 2012. The new strategy will also be implemented through a new format of performance development discussions.

# RESPONSIBLE OPERATIONS AS PART OF SOCIETY

*Stockmann is a major employer, a significant purchaser of products and services, an investor, a partner and a taxpayer. The company's strategy aims at improving competitiveness and profitability which enable the company to better respond to the stakeholder expectations and enhance the wellbeing of the society as a whole. Socially responsible operations, in turn, create a solid foundation for efficient operations and the company's financial growth.*

Corporate social responsibility forms a core part of Stockmann's values and daily operations in all market areas. Stockmann strives to achieve profitable business operations with a long-term view by acting ethically and responsibly in matters related to people, the economy, society and the environment. Stockmann's value proposition is to offer customers first-class shopping experiences in its department stores, fashion stores, and online stores. In our CSR work this means commitment to sustainable development and providing our customers with responsible shopping experiences.

Stockmann's responsibility work is steered by the company's strategy, values, CSR strategy, the national legislation and regulations of the countries of operation, and by international agreements and recommendations, the most important of which is the commitment to the principles of the United Nations Global Compact. Other voluntary principles and initiatives supported by Stockmann are the Business Social Compliance Initiative (BSCI), the Accord on Fire and Building Safety in Bangladesh, and the principles of responsible import trade as set out by the International Association of Department Stores. Stockmann's Code of Conduct and other policies define ways of working for all employees and management staff without exception. Stockmann also requires its goods suppliers and other partners to observe the Code of Conduct and other policies.

## ADDED VALUE FOR ALL STAKEHOLDERS

Stockmann has identified five key stakeholder groups that have the greatest impact on the company's business operations and that are also most affected by the business operations. The key stakeholder groups are customers, employees, shareholders and investors, goods suppliers and service providers, and authorities and organisations. Stockmann engages in active and continuous dialogue with these stakeholders to strengthen relations and better respond to the expectations and wishes placed on Stockmann.

Over 170 million people visit Stockmann department stores, Lindex stores and their online stores every year, and the company's products and services are used every day. The Group has its own and franchising operations in

24 countries, and in 2015 it employed 10 762 people on average. Therefore Stockmann's operations have extensive economic impacts on the surrounding society.

The economic impacts are assessed with several indicators. In 2015 Stockmann paid EUR 251.6 million in salaries to the personnel and purchased products and services for EUR 1 147.6 million. EUR 54.7 million was paid in taxes and social security and pension payments. Due to the loss-making result no dividends were paid in 2015. Stockmann's social impacts can also be seen more extensively through the value-added tax paid on products sold and the income taxes paid by employees. Many of Stockmann's actions extend to the operating environment via indirect employment in the supply chain, for example.

As a responsible corporate citizen, Stockmann actively participates in social projects. For example, Stockmann has been involved in the New Children's Hospital 2017 project and donates food and other products to several welfare organisation. Lindex has been a partner for the Pink Ribbon project since 2003 and has donated together with its customers during this time over EUR 10 million to support breast cancer research.



*We strive to achieve profitable business operations with a longterm view by acting ethically and responsibly in matters related to people, the economy, society and the environment.*

## HIGHLIGHTS OF RESPONSIBILITY WORK IN 2015

During 2015 Stockmann continued its responsibility work in line with its focus areas. The Group continued its active work towards a responsible, transparent and traceable supply chain. Our 2014 CSR report was awarded with an honourable mention in the Sustainability Reporting Award Finland in the Supply Chain category.

During the year, e-learning to teach personnel about Stockmann's Code of Conduct was launched. The target is for each Stockmann employee to complete the training programme by 2017 and to operate according to the principles outlined in the Code of Conduct. By the end of 2015, 35 per cent of Stockmann's support function personnel and department store supervisors had successfully completed the training.

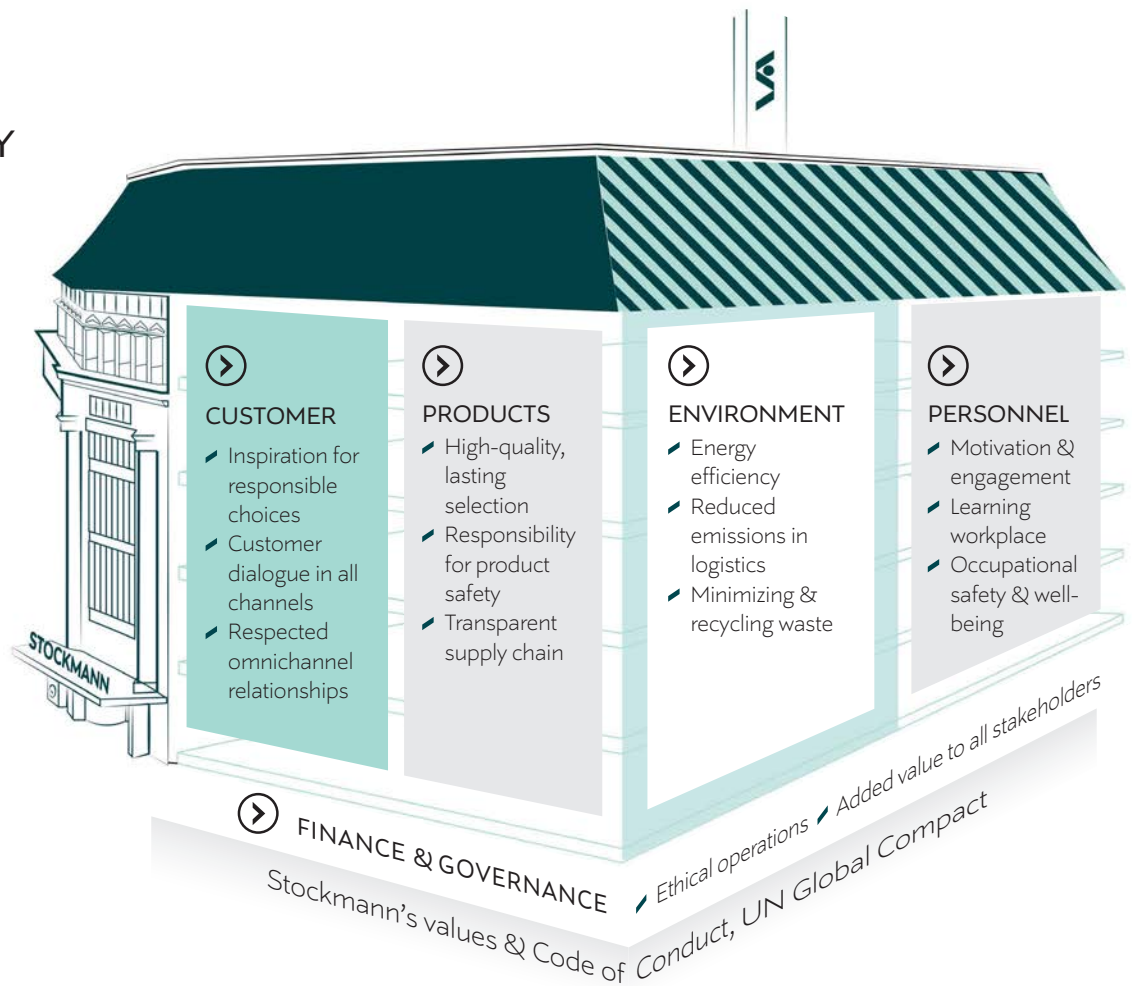
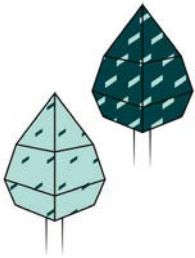
A project that focused on reducing the amount of food waste was one of the key targets for the year in department stores. Cooperation with charity organisations



## CSR STRATEGY 2016–2018: KEY PRIORITIES

### CSR VISION

*We offer our customers responsible shopping experiences. We are committed to work for a more sustainable future.*



was intensified, and new internal guidelines were introduced according to which Delicatessen departments are permitted to donate almost all unsold products to charity.

Stockmann's department stores carried out a wide-scale charity project with the Hope – Yhdessä & Yhteisesti organisation as part of its Christmas campaign. Read more on the project to donate Christmas spirit on page 17.

### NEW CSR STRATEGY

In 2015 Stockmann's Corporate Social Responsibility strategy for the period 2016–2018 was drawn. We launched the process by analysing the current situation and trends in Stockmann's business and in the society in which we operate. To identify the relevant factors, experts from Stockmann Retail and Real Estate participated in the strategy process. The results of a previous stakeholder analysis were used during the process.

When drawing up the CSR strategy, we placed emphasis on aligning it with the Group's strategy and ensuring that it supports the goals of business operations by enhancing customer focus and improving efficiency. Stockmann's values, the Code of Conduct and the 10 principles of the United Nations Global Compact form the basis for Stockmann's CSR strategy. The vision of Stockmann's corporate social responsibility remained unchanged: "We offer our customers responsible shopping experiences. We are committed to working towards a sustainable future."

Stockmann's CSR strategy was approved by Stockmann's Management Team at the start of 2016. The strategy execution and presentation to

stakeholders in more detail will start during the current year. The strategy's priorities are divided into five areas that are fundamental for business operations: customers, products, personnel, the environment, and finance and governance. Targets that enable monitoring and the evaluation of the success of responsibility work have been set for each area.

During 2016 Stockmann will continue its focused and long-term responsibility work to increase the responsibility and transparency of the supply chain. New energy efficiency targets have been set to reduce the impact on the environment. The new logistics centre which was granted the LEED Gold environmental certification will reduce the logistics travel and thus reduce emissions. Open and transparent communications, which are based on active dialogue with stakeholders, will be continued.

Stockmann reports on its CSR focus areas and results every year according to the GRI G4 reporting guidelines. CSR reporting is part of Stockmann's annual reporting and enables the company to provide regular information to its stakeholders regarding the targets and results of its responsibility work.



### READ MORE

A more detailed CSR Review which presents the focus areas and results of the Group's responsibility work according to GRI G4 reporting standards can be found at [year2015.stockmanngroup.com](http://year2015.stockmanngroup.com)

# CREATING VALUE FOR STAKE- HOLDERS

- Effective & agile organisation
- Competences & continuous development
- Encouraging leadership
- Personnel 31.12.2015: 9 734

PROFESSIONAL  
STAFF &  
ORGANISATION

CSR VISION

*We offer our customers responsible shopping experiences. We are committed to work for a more sustainable future.*

- Customer promise & focus
- Quality and convenience
- New opening every day
- 154-year heritage

BRAND

- Best mix of brands & choices
- High-quality products, over 830 000 product titles
- Efficient purchasing operations
- Close cooperation with suppliers, over 6 000 suppliers

PRODUCTS

- E-commerce & digitalisation
- Solutions that facilitate shopping: e.g. Stockmann App, tablets in the stores
- Loyal Customer programmes
- Customer service

SERVICES &  
OMNICHANNEL

FINANCIAL  
RESOURCES

- Store facilities in central locations
- 5 properties with fair value of EUR 918.2 mill.
- 9 department stores, 488 stores, 3 online stores
- New distribution centre
- Long-term financing

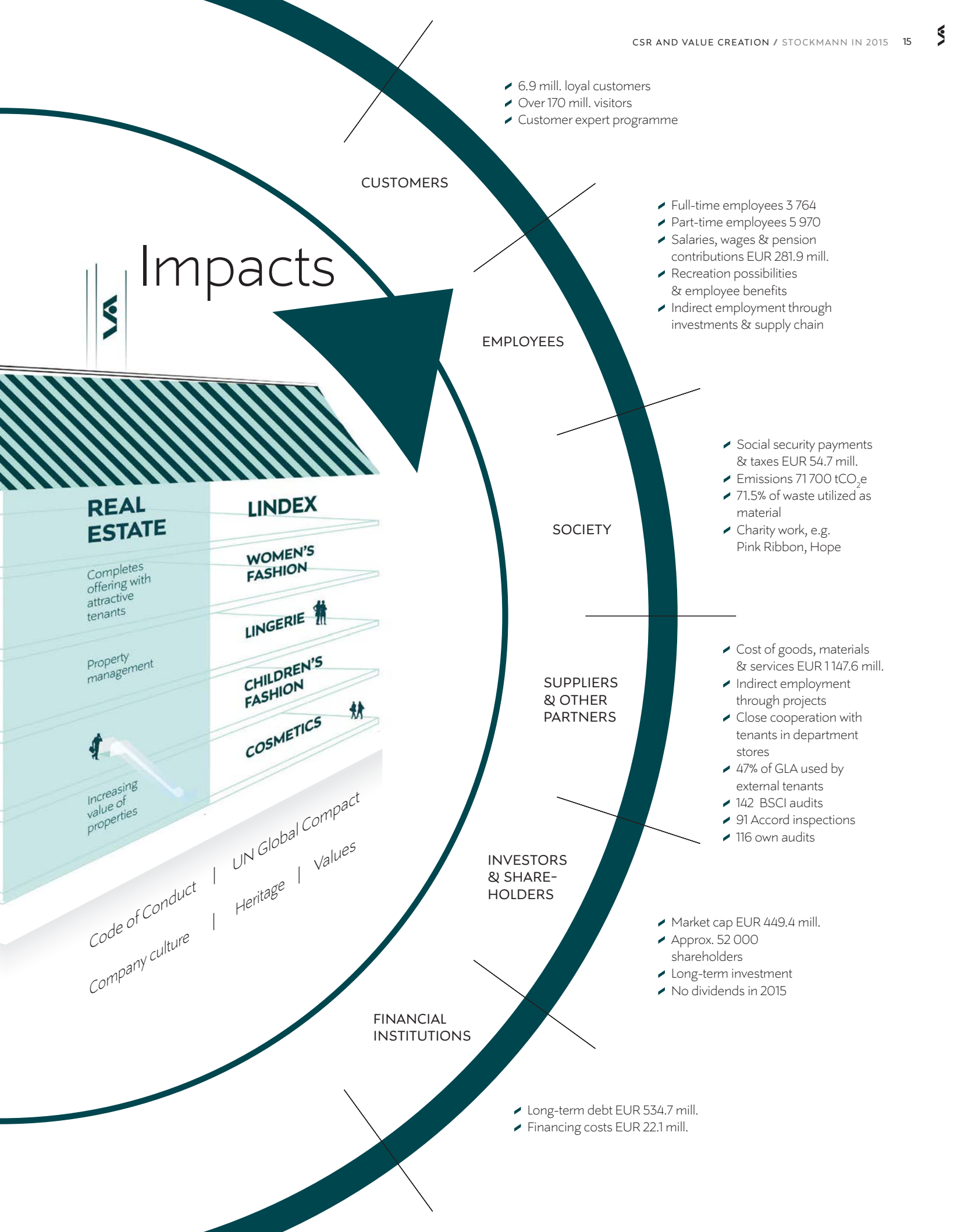


## Resources

NATURAL  
RESOURCES

- Energy
- Packaging materials 3 077 ton

# Impacts



## CUSTOMERS

- 6.9 mill. loyal customers
- Over 170 mill. visitors
- Customer expert programme

## EMPLOYEES

- Full-time employees 3 764
- Part-time employees 5 970
- Salaries, wages & pension contributions EUR 281.9 mill.
- Recreation possibilities & employee benefits
- Indirect employment through investments & supply chain

## SOCIETY

- Social security payments & taxes EUR 54.7 mill.
- Emissions 71 700 tCO<sub>2</sub>e
- 71.5% of waste utilized as material
- Charity work, e.g. Pink Ribbon, Hope

## SUPPLIERS & OTHER PARTNERS

- Cost of goods, materials & services EUR 1 147.6 mill.
- Indirect employment through projects
- Close cooperation with tenants in department stores
- 47% of GLA used by external tenants
- 142 BSCI audits
- 91 Accord inspections
- 116 own audits

## INVESTORS & SHARE-HOLDERS

- Market cap EUR 449.4 mill.
- Approx. 52 000 shareholders
- Long-term investment
- No dividends in 2015

## FINANCIAL INSTITUTIONS

- Long-term debt EUR 534.7 mill.
- Financing costs EUR 22.1 mill.

## REAL ESTATE

Completes offering with attractive tenants

Property management

Increasing value of properties

## LINDEX

## WOMEN'S FASHION

## LINGERIE

## CHILDREN'S FASHION

## COSMETICS

Code of Conduct | UN Global Compact  
 Company culture | Heritage | Values

# CORPORATE SOCIAL RESPONSIBILITY IN PRACTICE

## FOCUS ON THE RESPONSIBLE SUPPLY CHAIN CONTINUES

**T**he responsible supply chain is one of the key priorities of Stockmann's CSR work. Our CSR report was awarded an honorable citation in the Sustainability Reporting In Finland competition in the Supply chains category. In the competition a total of 173 companies and organisations reports were assessed.

The jury of the competition considered that the responsible supply chain was well reflected in the report. Stockmann has operating principles based on the BSCI initiative, and according to the jury, the requirements imposed on suppliers have been described extensively in the report.

Challenges as well as risks and measures related to the supply chain have been comprehensively and transparently reported. The results of the BSCI audits have been reported in comparison with the information, even if the results have deteriorated compared to last year. Stockmann's report is illustrative, reliable, open, transparent and fresh.



## OUR PEOPLE IMPLEMENTING CHANGE

**S**tockmann's renewed strategy demands a new way of working, as well as a change in corporate culture. In the centre of this culture is target-oriented leadership and the work of superiors. A superior takes charge and shows initiative in implementing this change and development in management and service culture.

All 120 superiors in Stockmann's support functions and the management of department stores took part in the training programme 'From Strategy into Action'. The programme's target was to enhance implementation of the revisited values and new strategy into action. It also supports superiors in renewing and changing Stockmann by strengthening their leadership skills.

Performance management has been a familiar leadership model in Stockmann department stores, and in 2015 common objectives to implement the new strategy were also taken into use in support functions. The superiors first divide upper level strategic objectives for the department and then for each employee, so that they can be easily measured and followed actively. The goal is to manage all doing systematically and in a way that supports Stockmann's strategy. This way we are all moving in the same direction, and at the same time creating a new company culture.



## REDUCING THE ENVIRONMENTAL IMPACT

*Curbing climate change and establishing emissions targets are a core part of Stockmann's corporate social responsibility work and environmental strategy. Stockmann develops these operations continuously with its service providers with the goal of reducing the environmental impact of its business operations.*

**R**eporting greenhouse gas emissions serves as a management tool in the Stockmann Group, providing a basis for defining the areas where emissions should be reduced and for setting reduction targets as a part of the corporate social responsibility strategy.

The largest emissions of the Stockmann Group come from the generation of purchased energy, especially electricity. We focus on improving our energy efficiency on a continuous basis. The key measures are continuous and real-time monitoring of consumption and the optimisation of building automation and illumination control. In 2013, Stockmann's department store operations in Finland further strengthened their commitment to energy efficiency by joining the energy efficiency programme of the retail sector. In accordance with the energy efficiency agreement, Stockmann has set a target to reduce its energy consumption by 9% from the figure in 2005 by the end of 2016.

Stockmann also reports on its carbon footprint annually in the international Carbon Disclosure Project (CDP) survey. Stockmann's greenhouse gas emission reporting and management received a high score of 94 B in the 2015 survey. To receive such a high score (on a scale of 0 to 100), a company must provide a detailed account of how it measures its carbon footprint and manages its emissions. The grade B performance band (on a scale of A to E) relates to performance on the management of greenhouse gas emissions. Stockmann's overall score of 94 B is clearly above both the Nordic and Finnish average of 82 C. In its category "Consumer Discretionary" Stockmann achieved the second highest score among Finnish companies and the shared third position among Nordic companies.

*Stockmann's greenhouse gas emission reporting and management received a high score of*

# 94B

## CHRISTMAS SPIRIT TO FAMILIES WITH LIMITED MEANS

**A**s a part of social responsibility Stockmann donates money each year to charity purposes. Stockmann also sponsors non-profit projects as part of its commercial campaigns.

In year 2015 Stockmann and Hope - Yhdessä & Yhteisesti organisation wanted to help Finnish families with children who have limited means or have experienced a crisis, donating them the gifts they had actually wished for Christmas. All the Stockmann department stores in Finland participated in the Hope cooperation. In order to support the cooperation Stockmann also granted its annual Christmas donation to Hope ry.

The cooperation with Stockmann and Hope started in October. In the first stage of the cooperation Stockmann's customers donated second-hand, good-condition toys to charity. In the second stage, customers were able to purchase desired products to be donated to children at the Stockmann department stores.

As a result of the cooperation, Stockmann and Hope brought delight for many families with children: so many toys were brought in for recycling to collection points run by Stockmann, that six trucks were needed to transport them. In addition, Stockmann's customers bought more than 1,500 Christmas gifts for Hope families from the children's wish list.



 **READ MORE**  
[stockmanngroup.com/csr](http://stockmanngroup.com/csr)



*Stockmann Retail*

# SERVING THE CUSTOMER THROUGH ALL CHANNELS





S T  
Y L  
E

Inspirational customer experiences, first-class product selections, best-in-class service and attractive loyal customer benefits



*Stockmann Retail engages in the multichannel department store business in Finland and the Baltic countries while the store operations in Russia were divested. Retail's offering focuses on fashion, cosmetics, food and home products in its department stores and the online store Stockmann.com. The objective is to offer customers a first-class product selection, best-in-class service and attractive loyal customer benefits.*

In 2015 Stockmann Retail focused on the implementation of its new strategy. During the year, it discontinued many unprofitable product areas, sold the business operations of the Academic Bookstore and closed down the Stockmann Beauty cosmetics shops. The unprofitable product areas have been discontinued in Stockmann's own selection and tenants now complete the selection. While these actions led to a decrease in revenue and operating result, they are a prerequisite for the targeted turnaround and a return to profitable business in accordance with Stockmann Retail's plan.

At the end of the year the division included 16 department stores in four countries and the Hobby Hall distance retailer that operates in Finland. On 1 February 2016, the department store business in Russia was transferred to a new owner. The sale process of Hobby Hall is ongoing. In the future, Stockmann Retail will be able to concentrate on developing the business operations and improving the profitability of its department stores in Finland and the Baltic countries.

**FOCUS ON CORE COMPETENCE**

Stockmann Retail's offering now focuses on the core product areas: fashion, cosmetics, food and home products. Here Stockmann wants to offer its customers the best combination of brands and choices. The fashion and accessories selections, in particular, were complemented in 2015 with new world-class brands. Pop-up stores, seasonally changing brands and events will be used to offer customers an up-to-date shopping experience. Outside of the main product areas the offering will be complemented with attractive products and services offered by our tenants.

To improve efficiency, Stockmann Retail has renewed its organisational structure and is developing its processes and IT systems. The changes led to personnel reductions in support functions. The decision to close down the Oulu department store at the beginning of 2017 is a key means to improve profitability. The buying organisation has increased the efficiency of its supplier cooperation, negotiated new terms with suppliers and developed new operating models that benefit both Stockmann and its key suppliers.

**DEPARTMENT STORE OFFERS INSPIRATIONAL CUSTOMER EXPERIENCE**

Stockmann's main target group consists of customers who appreciate convenience and expect their store to offer them solutions and inspiration to make everyday life easier. The Stockmann Brooklyn autumn campaign and the Christmas campaign received a great deal of positive attention among customers regarding the pop-up shops and many events, for example. In spring 2016, the theme for the department stores and the online store will be Paris, continuing Stockmann Retail's successful country and city campaigns.

In spring 2015, Stockmann Delicatessen introduced an asparagus campaign that focused on convenience, followed by a crayfish and cheese campaign later in the year. The 2/20 min concept which promotes easy everyday cooking and markets Stockmann's own ready-to-eat meal brands will also be expanded in 2016.

Other new benefits appreciated by our customers include the Loyal Customer cooperation with Finnair that was launched in February 2015. Improvements to shopping environments will also be in focus, particularly

in the Helsinki city centre department store where major renewals will be conducted in several departments.

**DIGITALISATION IMPROVES CUSTOMER SERVICE**

Ensuring a seamless customer experience in every sales channel will play a central role in the retail business of the future. An extensive retail digitalisation project is underway in Stockmann's department stores in Finland, including several actions that promote a multichannel approach.

During 2015, more than 400 tablet tools were provided to sales people at department stores in Finland. Their purpose is to deliver the best customer service in the business. A digital fitting room pilot project was launched in the lingerie department of the Helsinki centre department store in spring 2015 and following its popularity, there are now a total of 74 digital fitting rooms in the stores in Finland to make shopping easier.

The first version of Stockmann's own mobile app was released in September. The app simplifies multichannel shopping for loyal customers in the department stores by offering mobile versions of discount coupons. Customers can also use the app to check their accumulated Loyal Customer purchases. The development of the mobile app is ongoing and new functions are regularly added.

In order to attain the strategic goals associated with the multichannel approach, we began a comprehensive overhaul of the Stockmann.com online store in 2015. The new online store will be launched in stages during 2016.



**NEW DISTRIBUTION CENTRE: SAVINGS, EFFICIENCY, COMPETITIVENESS**

The largest logistics development project in Stockmann's history, a highly automated distribution centre, will open in Jussla, Tuusula, in spring 2016 according to plan. In addition to the department stores, it will also serve the Stockmann online store. Finnish warehouse operations will be gradually centralised in Tuusula during 2016, with the Baltic operations following suite in 2017.

The advanced technology of the new centre and the centralisation of logistics aim to improve competitiveness and efficiency. The new logistics centre will significantly improve the availability of goods and the speed of their delivery. In November the logistics centre was awarded the LEED Gold environmental certificate. The building is based on the principles of sustainable development and is very energy efficient thanks to its geothermal heating system.

**NEW STOCKMANN'S IN TAPIOLA**

A Stockmann department store of the future will open in the heart of Tapiola, Espoo in spring 2017. The department store concept will focus on the multichannel approach, supported by, among other things, a next generation point-of-sale system that will be implemented in Tapiola first.

The modern shopping environment will be inspired by Tapiola, known as the Garden City, with interior materials chosen to reflect the closeness of nature. Customers and Stockmann personnel will have an opportunity to participate in the design of the new department store in the first half of 2016 through social media where everyone will have the chance to suggest ideas for the services, events and shopping environment of the department store of the future.



9

DEPARTMENT STORES

3

COUNTRIES

ONLINE STORES  
stockmann.com  
hobbyhall.fi

REVENUE / EUR mill.

740.8

836.4 (2014)

PERSONNEL

4 471

5 898 (2014)

REVENUE BY MERCHANDISE AREA

FASHION

41%

COSMETICS

12%

HOME

11%

FOOD

30%

OTHERS

6%

OPERATING RESULT / EUR mill.

-68.6

-62.3 (2014)

\* excluding non-recurring items

CAPITAL EXPENDITURE / EUR mill.

25.8

27.2 (2014)

REVENUE BY MARKET

FINLAND

88%

BALTICS

12%

## FOOD WASTE TO MINIMUM

! The essential thing in preventing Stockmann Delicatessens' food waste is prudent and skillful buying. The ordered amount of goods should always be in proportion to sales. Sales statistics, as well as an order system that is based on predicting sales, are used to define the amount of goods ordered.

In 2015 Delicatessens collaboration with different charitable organizations became closer. Stockmann already has donated bakery products to charity for several years but since the new internal directions were put into operation in May, Stockmann can now to donate to charity almost all of the food that is removed from sale. Through the implementation of the new directions, Delicatessens have been able to make contracts with the charity of their choice on how to recycle the food that is removed from sale to those in need. For example, from Helsinki city centre department store food products that have been removed from sale are now being retrieved by charities six days a week.

According to the goal set in 2014, Stockmann wants to halve its food waste by the end of 2016. Thanks to preventative measures and charity collaboration, Delicatessens have been able to reduce the number of food waste and are proceeding according to the two year plan. !



Stockmann wants to reduce its food waste by

50%



Real Estate

# EFFICIENT USE OF SPACE & UNIQUE SHOPPING EXPERIENCES





# U R B A N

Complementing and improving the selection of attractive products and services, significantly enhancing the use of space



*The Real Estate division offers a solid foundation for the Stockmann Group's operations. Its goal is to increase the value of the properties owned by the company by increasing cash flow and together with Stockmann Retail offer customers first-class shopping experiences.*

**T**he Real Estate division comprises the properties owned by the Stockmann Group in Helsinki, St Petersburg, Tallinn and Riga. The properties are used by the Stockmann department stores and external tenants that complement Stockmann's own selection.

Stockmann Real Estate is responsible for the leasing operations and development of its own properties and for the subletting of leased premises. The division is also responsible for the properties' technical systems and the property services provided to tenants at all department stores.

The goal of the division is to complement Stockmann Retail's selection with attractive products and services provided by tenants. Close cooperation by the units is important to ensure that the overall offering forms the optimal selection of products and services from the perspective of the customer. The joint goal is to offer first-class shopping experiences to Stockmann's customers. The aim is to also use space in a far more efficient way: each square metre of retail space must be profitable.

The gross leasable area (GLA) of the five properties owned by Stockmann is around 144,000 m<sup>2</sup> and 42 per cent of this is located in Finland. The leasing occupancy rate of the properties was 98.5 per cent at the end of 2015. Rapid progress was made during the year to release retail space from Stockmann's own operations for the use of tenants. The speed of progress exceeded the set target. Over 10,000 m<sup>2</sup> from Stockmann's own properties and over 3,000 m<sup>2</sup> from leased properties was transferred to new tenants. At the end of 2015 67 per cent of the floor area of Stockmann's own properties was being used by Stockmann Retail and the rest by external tenants. After the sale of the department store operations in Russia in February 2016 around 47 per cent of the floor area is used by tenants. On 1 January 2016, the market value of the properties was EUR 918.2 million, in other words EUR 10 million more than at the start of the previous year.

#### CLOSE COOPERATION WITH TENANTS

The Real Estate division's operations got off to a flying start at the beginning of 2015. Already in January a cooperation agreement was signed with consumer electronics retail chain Expert to lease retail space in Stockmann's department stores in Finland. The new partnership meant that Stockmann was able to discontinue its own electronics and home appliances product selection. The first Expert store was opened in the Helsinki city centre department store in May. An Expert store was opened in the Turku department store in June and in the Tampere department store in September.

In the Baltic countries, the leading consumer electronics retailer in this region, Euronics, was selected as the partner. Stores were opened in the department stores in Riga and Tallinn. These store openings extended the selection offered to customers as electronics and home appliances had not been previously included in the selections of these department stores.

The Academic Bookstore business transferred into the ownership of media company Bonnier Books AB on 1 October 2015. The Academic Bookstore will continue its operations in all Stockmann department stores in Finland, except Oulu, offering Stockmann's customers books and

related Loyal Customer offers. At the same time, the Academic Bookstore became one of Real Estate's largest tenants. It has leased retail space of around 2,000 m<sup>2</sup> in the Kirjatalo building and is Stockmann's sub-tenant in the department stores in Tampere, Jumbo and Itis. In Turku and Tapiola Stockmann's lease agreements were transferred to the Academic Bookstore.

#### NEW PARTNERS IN THE FLAGSHIP STORE

The world-famous Hamleys toy shop became a tenant at the Helsinki city centre flagship department store on 20 November 2015. Musti ja Mirri, the largest pet supplies chain in Finland and the whole of Scandinavia, also became a tenant of Stockmann in November. Finnish brand Halti opened a store at the department store and its outdoor textiles and equipment for outdoor pursuits complement Stockmann's own sports product selection. Opportunities to expand the cooperation to the other department stores in Finland during 2016 will be discussed with all three tenants.

In addition to the varied selections, the new tenants offer customers new inspiration and services. For example, at the Hamleys toy shop there is the chance to play and watch toy demonstrations every day. Pet grooming services are available at the Musti ja Mirri store. The selection of cafés was also improved during November when Espresso House, the largest coffee shop chain in the Nordic countries, opened its inviting coffee bar on the Keskuskatu side of the Helsinki city centre department store. During the summer months, customers will also be able to enjoy its outdoor terrace on Keskuskatu. New cafés were also opened in the Baltic countries during the autumn: Costa Coffee in Riga and the Katharienthal café in Tallinn.

#### NEVSKY CENTRE IS FIVE YEARS OLD

Stockmann's seven-storey Nevsky Centre shopping centre in St Petersburg houses over 90 retail and service sector operators, numerous cafés and restaurants, offices and an underground car park. The main tenant is the Stockmann department store covering almost 20,000 m<sup>2</sup> of the shopping centre. The store was sold to Reviva Holdings on 1 February 2016. The department store will become part of the Debenhams chain after the transition phase and will continue as Stockmann's long-term tenant.

Nevsky Centre celebrated its fifth anniversary on 11 November 2015. During the autumn a significant

project to renew tenant agreements was completed as the agreements of many of the tenants who have been at the shopping centre since its opening had come to an end. The renewal of agreements was successful: A total of 37 lease agreements were signed during the year. Numerous top international brands, such as Longchamp and Pandora, will continue at the shopping centre and new tenants include well-known fashion brands such as InWear Martinique and Conte de Florence. As a whole the rental income will continue at the same level and partly higher than during the first five-year period. This is mainly due to the shopping centre's excellent location on Nevsky Prospekt, the main street in the centre of St Petersburg, and its interesting concept.



*The goal of the division is to complement Stockmann Retail's selection with attractive products and services provided by tenants.*

5

PROPERTIES

4

COUNTRIES

Helsinki  
Tallinn  
Riga  
St Petersburg

REVENUE / EUR mill.

59.3

59.4 (2014)

PERSONNEL

71

18 (2014)

NET RENTAL YIELD / %

5.0

4.8 (2014)

OCCUPANCY RATE / %

98.5

OPERATING RESULT / EUR mill.

16.3

15.9 (2014)

CAPITAL EXPENDITURE / EUR mill.

4.8

1.7 (2014)

FAIR VALUE OF PROPERTIES / EUR mill.

918.2

908.3 (1.1.2015)

GROSS LEASABLE AREA (GLA) / m<sup>2</sup>

144 000

## BUILDING STRONG RELATIONSHIPS WITH TENANTS

According to Stockmann's strategy, it completes its selection in department stores with attractive tenants' products and services. In January 2015 Stockmann announced that it's negotiating with Expert ASA Oy about renting premises to them.

Expert is the fastest growing consumer electronics retail chain in Finland. With this new partnership Stockmann gradually discontinued its own electronics and large home appliances selection.

The first Expert that is located in a Stockmann department store was opened in the Helsinki flagship department store on 22 May 2015 with a massive turnout of customers. After Expert, several other tenants have started operations in Stockmann's premises during 2015. Stockmann Real Estate provides professional property management to all these tenants and wants to offer them the best customer service.

Mika Aro, CEO of Expert, is very pleased with the cooperation with Stockmann. "It is not a simple thing to fit a large specialty store in a department store environment, but we have found functioning practices with Stockmann. Our marketing collaboration has also started very well," Aro says. "We believe that with Stockmann we can continue to develop our commercial campaigns and bring new solutions to multichannel commerce." /



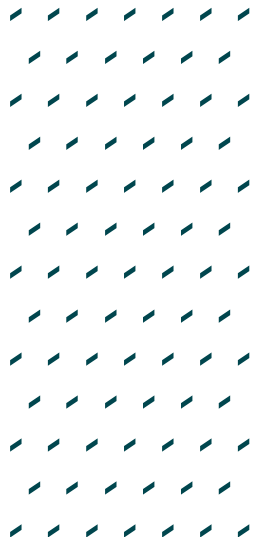
*Real Estate  
wants to offer  
its tenants the best  
customer service*





Lindex

WORLD-CLASS  
FASHION  
EXPERIENCES  
ENTERING NEW  
MARKETS





# LOOK

Inspiring and affordable fashion within women's wear, kid's wear, lingerie and cosmetics



*Lindex, one of the leading fashion chains in Europe, continues to build its brand in its current and new markets. Lindex affordably priced women's and kids's wear and lingerie now have an extensive clientele in London, the fashion metropolis of the world. At the end of 2015, Lindex had operations in a total of 19 countries.*

In early 2015, the Fashion Chains division consisted of Lindex and Seppälä. In line with its strategy, Stockmann Group is now focusing on its core businesses and the Seppälä fashion chain was consequently sold on 1 April 2015 in a management buyout to Seppälä's CEO Eveliina Melentjeff and her husband. The transaction included Seppälä's stores in Finland and Estonia.

In compliance with the new strategy, Lindex is being developed independently by its operative Board of Directors. This will enable the best support for the business in the fast-paced fashion market and create growth prospects for a fashion brand that inspires customers both in stores and online.

Lindex focuses on women's and kid's wear, lingerie and cosmetics. The product assortment offers both modern and classic fashion for all occasions. The kid's wear was particularly successful in 2015 and achieved the highest growth in sales.

After a relatively quiet spring, Lindex sales started to increase in summer and then accelerated towards the end of the year as a result of the successful Autumn Hit List campaign and strong Christmas sales. During the year, even more efforts were made to cut costs and rationalise support functions and the entire supply chain. Lindex earnings consequently improved significantly during the year and its operating profit was clearly the highest of the Group's divisions.

#### A TRULY GLOBAL FASHION BRAND

Lindex is boosting its operations in its main markets and expanding in other markets. The first flagship store in London, in Westfield Stratford City, was opened on 27 March 2015. While presence in London will further strengthen the Lindex brand, it was also a significant step in the company's international expansion. The second Lindex store in London was opened in November 2015.

Lindex's new store concept was introduced in both London stores to emphasise the Scandinavian heritage of the brand and to inspire customers. Together the simplicity of the interior, sustainable design and high quality communicate the Lindex brand.

Other important milestones reached in 2015 were the opening of the Central European flagship store in Prague in September and the opening of the new Stockholm store in the Mall of Scandinavia, the largest shopping centre in the Nordic countries, in November. Lindex has also continued its development of lindex.com where the function "Order in store" was successfully launched. While new stores have been opened, the profitability of the existing stores has been in focus. The goal is to improve the efficiency of each store and close unprofitable ones if necessary. In spring 2015, Lindex decided to withdraw from the Russian market as a consequence of the uncertain outlook in the country. During the year, 9 stores were closed down in Russia and the remaining 10 will be closed by summer 2016.

At the end of 2015, Lindex had a total of 450 own stores in 11 countries. In addition to these, the company has expanded successfully to eight other countries through franchising operations. The growth of franchising stores continued in 2015. The market expanded in March when the first Lindex franchising store was opened in Pristina, Kosovo. The same franchising partner opened another store in Albania in November.

The total number of Lindex stores at the end of the year was 487, including 37 franchising stores. During the year, 17 new stores were opened.

#### LINDEX BEAUTY LAUNCHED

In April 2015, Lindex expanded its brand offering by introducing Lindex Beauty, its own cosmetic brand, in selected stores and Lindex.com. Lindex Beauty is a cosmetics line that includes make-up and skin care products as well as make-up tools and accessories.

Sustainability has been considered in the products in various ways: all Lindex Beauty products are hypoallergenic and have not been tested on animals. Lindex Beauty skin care products have been granted the Swan label, the Nordic Ecolabel that guarantees that the products fulfil strict environmental criteria regarding chemicals, water, energy and waste.

#### CUSTOMERS MODELLING IN THE LINGERIE CAMPAIGN

Lindex is further developing its successful lingerie concept Bra-volution where Lindex employees have been involved as models. The new campaign introducing the spring 2016 lingerie line will bring in new models: Lindex customers.

The lingerie campaigns have been successful as regards both sales and contents. The clear concept makes it easy for customers to find their own favourite fit. This campaign method also supports Lindex goals more widely: campaigns provide customers with an inspiring fashion experience.

#### PINK RIBBON CAMPAIGN SUCCESSFUL AGAIN

In autumn 2015, Lindex participated actively in the Pink Ribbon campaign to raise money in the fight against breast cancer. Together with its customers, Lindex raised a total of EUR 1.3 million in all its operating countries in October. Lindex has been participating in the Pink Ribbon campaign since 2003 and with its customers has so far donated over EUR 10 million to combat breast cancer.

Lindex is cooperating with several charity organisations. One of them is WaterAid, an international independent organisation that works to change lives by improving access to clean water in the world's poorest countries. Responsible water management is of great importance for Lindex, and to support WaterAid in their efforts to improve access to clean water and sanitation in poor communities is a natural extension of Lindex social commitment. Lindex has collaborated since 2014 with WaterAid, which works in 26 countries worldwide.



*The presence in London will further strengthen the Lindex brand, and it was also a significant step in the company's international expansion.*



487

STORES

Lindex has 450 own stores in 11 countries, 37 franchising stores in 8 countries and an online store available in

28

EUROPEAN COUNTRIES

REVENUE / EUR mill.

652.3

650.6 (2014)

OPERATING RESULT / EUR mill.

44.6

30.8 (2014)

PERSONNEL

4 733

4 870 (2014)

CAPITAL EXPENDITURE / EUR mill.

21.9

21.4 (2014)

REVENUE BY MERCHANDISE AREA

WOMEN'S WEAR

33%

LINGERIE

26%

KID'S WEAR

36%

COSMETICS

5%

REVENUE BY MARKET

SWEDEN AND NORWAY

79%

FINLAND

11%

BALTICS, RUSSIA  
& OTHER COUNTRIES

10%

## SUSTAINABILITY AN IMPORTANT PART OF THE BRAND

! Lindex is working persistently to improve its production processes and lower their environmental impact. In autumn 2015, a sustainable range of jeans was launched in all Lindex stores and lindex.com. By optimising the production process it is possible to achieve 42 per cent savings in water and 27 per cent in energy. Fewer chemicals are also needed. The goal is to employ this technology in all Lindex jeans production in future. !

*By optimising the production process  
it is possible to achieve*

42%

savings in water

27%

savings in energy



### SUSTAINABLE MATERIALS

Lindex is one of the *top ten users of certified organic cotton worldwide* according to Textile Exchange's latest Organic Cotton Market Report 2014. With an increase of 50 per cent of sustainable materials in 2015, Lindex is working its way to achieving its goal of 80 per cent of garments to be made of more sustainable fibres and for all cotton to come from sustainable sources by 2020.

# BOARD OF DIRECTORS



**KAJ-GUSTAF BERGH**  
*b. 1955, Finnish citizen*  
*LL.M B.Sc.(Econ.)*  
*Chairman of the Board*  
*Managing Director,*  
*Föreningen Konstsamfundet rf.*

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

**JUKKA HIENONEN**  
*b. 1967, Finnish citizen*  
*M.Sc.(Econ.)*  
*Professional Board member*

**KARI NIEMISTÖ**  
*b. 1962, Finnish citizen*  
*M.Sc.(Econ.)*  
*Vice Chairman of the Board*  
*Managing Director,*  
*Selective Investor Oy Ab*

**PER SJÖDELL**  
*b. 1972, Swedish citizen*  
*M.Sc.(Econ.)*  
*Professional Board member*

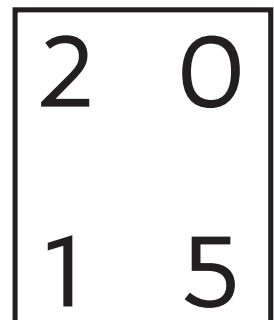
**CHARLOTTA TALLQVIST- CEDERBERG**  
*b. 1962, Finnish citizen*  
*M.Sc.(Econ.)*  
*Managing Director,*  
*CTC Consulting & Invest Oy Ab*

**CAROLA TEIR-LEHTINEN**  
*b. 1952, Finnish citizen*  
*M.Sc*  
*Professional Board member*

**DAG WALLGREN**  
*b. 1967, Finnish citizen*  
*M.Sc.(Econ.)*  
*Managing Director,*  
*Svenska litteratursällskapet i*  
*Finland r.f.*

**PERSONNEL REPRESENTATIVES**  
**RITA LÖWENHILD**  
*b. 1952, Finnish citizen*  
*Chief shops steward*  
*Personnel representative*  
*elected by Stockmann's*  
*Group Council*

**ARI KERMAN**  
*b. 1969, Finnish citizen*  
*Application Specialist*  
*Personnel representative*  
*elected by Stockmann's*  
*senior salaried employees*



# MANAGEMENT TEAM



## PER THELIN

*b. 1958, Swedish citizen  
B.Sc.(Econ.)  
CEO 2014–*

## INGVAR LARSSON

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

## NORA MALIN

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

## JUKKA NAULAPÄÄ

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

## PETTERI NAULAPÄÄ

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

## JOUKO PITKÄNEN

*b. 1971, Finnish citizen  
eMBA  
Director, Stockmann  
Retail 2014–*

## BJÖRN TEIR

*b. 1969, Finnish citizen  
M.Sc.(Pol.)  
Director, Real Estate 2014–*

## LAURI VEIJALAINEN

*b. 1968, Finnish citizen  
B.Sc., MBA  
CFO 2015–*

## TOVE WESTERMARCK

*b. 1968, Finnish citizen  
M.Sc.(Econ.)  
Director, Development 2014–*



## READ MORE

Details as of 31 December 2015. Further information on the members of the Board of Directors and the Management Team, their remuneration and up-to-date information on the share ownership is available on the Group's website at [stockmanngroup.com](http://stockmanngroup.com) and at [year2015.stockmanngroup.com](http://year2015.stockmanngroup.com)

# SHARES AND SHAREHOLDERS

The share capital of Stockmann plc is divided into Series A and Series B shares. Series A carry ten votes and Series B one vote. The par value of both series of shares is EUR 2.00 and the shares of both series entitle their holders to an equal dividend.

## SHARE FACTS / 31.12.2015

LISTED ON  
NASDAQ HELSINKI

TRADING CODES  
SERIES A: STCAS  
SERIES B: STCBV

TOTAL AMOUNT  
OF SHARES

SERIES A: 30 553 216  
SERIES B: 41 495 467  
TOTAL: 72 048 683

REGISTERED  
SHAREHOLDERS

52 415

MARKET  
CAPITALIZATION / EUR mill.

449.4

## MAJOR SHAREHOLDERS

	Percentage of shares %	Percentage of votes %	
1	HTT STC Holding Oy Ab (Hartwall Capital)	11.7	10.7
2	Föreningen Konstsamfundet Grouping	9.4	15.1
3	Society of Swedish Literature in Finland	7.6	15.7
4	Varma Mutual Pension Insurance Company	6.9	4.7
5	Niemistö Grouping	5.8	9.4
6	Stiftelsen för Åbo Akademi	4.2	6.7
7	Etola Group	4.2	6.1
8	Ilmarinen Mutual Pension Insurance Company	2.7	1.1
9	Samfundet Folkhälsan i Svenska Finland r.f.	2.2	2.7
10	Jenny ja Antti Wihuri Foundation	1.9	2.1
11	The State Pension Fund	1.6	0.3
12	Inez och Julius Polins Fond	1.5	0.8
13	Wilhelm och Else Stockmanns Stiftelse	1.1	2.2
14	Etera Mutual Pension Insurance Company	0.9	0.2
15	Helene och Walter Grönqvists Stiftelse	0.8	1.4
16	Oslo Pensjonsforsikring AS	0.6	0.1
17	Alfred Berg Mutual Fund	0.5	0.1
18	William Thurings Stiftelse	0.5	0.7
19	Nordea Pro Finland Fund	0.4	0.1
20	Brita Maria Renlunds minne Foundation	0.4	0.8
	Other	35.1	19.0
	<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>

31 December 2015

## OWNERSHIP STRUCTURE

	Number	Share-holders %	Percentage of shares %	Percentage of votes %
Households	50 989	97.3	20.4	16.0
Private and public corporations	877	1.7	24.8	25.4
Foundations and associations	339	0.6	44.6	55.8
Nominee registrations incl. foreign shareholders	170	0.3	6.9	2.0
Financial and insurance companies	40	0.1	3.3	0.8
<b>TOTAL</b>	<b>52 415</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

31 December 2015

## NUMBER OF SHARES

	Number	Share-holders %	Percentage of shares %	Percentage of votes %
1-100	34 069	65.0	1.8	0.7
101-1 000	15 284	29.1	7.2	4.9
1 001-10 000	2 817	5.4	9.5	6.1
10 001-100 000	204	0.4	7.7	3.7
100 001-1 000 000	27	0.1	13.5	14.5
1 000 001-	14	0.0	60.3	70.1
<b>TOTAL</b>	<b>52 415</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

31 December 2015



READ MORE

[stockmanngroup.com/investors](http://stockmanngroup.com/investors)

# CONTACT INFORMATION

## Corporate Management

Stockmann plc  
P.O. Box 220  
(Aleksanterinkatu 52 B)  
FI-00101 Helsinki, Finland  
Tel. +358 9 1211

## Stockmann Retail, Real Estate & Group's shared functions

Stockmann plc  
P.O. Box 70 (Takomotie 1-3)  
FI-00381 Helsinki, Finland  
Tel. +358 9 1211

## Contact information for the purchasing offices

[stockmanngroup.com](http://stockmanngroup.com)

## Communications and CSR

Media Desk, tel. +358 50 389 0011  
(9 a.m.-4 p.m. on working days)  
[info@stockmann.com](mailto:info@stockmann.com)  
[investor.relations@stockmann.com](mailto:investor.relations@stockmann.com)

## Changes in name and address

We kindly request shareholders to report changes of address to the bank or to Euroclear Finland Ltd in accordance with the place where the shareholder's book-entry account is kept. If you have ordered a printed copy of Stockmann's report, please also inform Stockmann's Communications.

## [stockmann.com](http://stockmann.com)

Customer service:  
[asiakaspalvelu@stockmann.com](mailto:asiakaspalvelu@stockmann.com)  
Tel. +358 9 1211

## [hobbyhall.fi](http://hobbyhall.fi)

Customer service:  
[asiakaspalvelu@hobbyhall.fi](mailto:asiakaspalvelu@hobbyhall.fi)  
Tel. +358 9 121120

## Contact information for the department stores:

Finland: [stockmann.com](http://stockmann.com)  
Estonia: [stockmann.ee](http://stockmann.ee)  
Latvia: [stockmann.lv](http://stockmann.lv)

## Lindex

Box 233 (Nils Ericsonsplatsen 3)  
401 23 Gothenburg, Sweden  
Tel. +46 31 739 5000

## [lindex.com](http://lindex.com)

Customer service:  
[customerservice-eng@lindex.com](mailto:customerservice-eng@lindex.com)  
Tel. +358 800 130 730

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