

A woman is shown from the waist up, wearing a long, light brown coat over a white top and brown trousers. She is holding a small potted plant with green leaves in her left hand. The background is a solid, warm brown color.

CORPORATE SOCIAL RESPONSIBILITY

2020

STOCKMANN



FROM THE CEO

Stockmann supports the UN's Global Compact initiative. Accordingly, in its business operations, Stockmann promotes human rights, labour rights, environmental work and anti-corruption measures. This CSR Review is also the Stockmann Group's Communication on Progress (COP) for the Global Compact initiative.

Jari Latvanen
CEO



The CEO's review is available in the 'Our Year 2020' Business Review.



ABOUT THE REVIEW

Stockmann's annual reporting consists of four reviews: 'Our Year 2020' Business Review, Financial Review, Corporate Governance and CSR Review. The CSR Review presents Stockmann's sustainability priorities, goals and progress in accordance with the Global Reporting Initiative (GRI) Standards: Core option. All of the Group's CSR reports are available in Finnish, Swedish and English at stockmanngroup.com.

4	Stockmann in brief
5	CSR Highlights 2020
8	Our approach
12	Reporting principles and materiality
13	Stakeholder engagement
14	Inspiration for responsible choices
24	Sustainable shopping environment
30	Responsible work community
38	Sustainable business approach
43	GRI Content Index



TO THE READER

In 2020, we further increased Stockmann's focus on sustainability. We updated the company's business strategy and integrated the sustainability strategy into it and more closely into our day-to-day activities. The key sustainability indicators therefore form a part of our regular business management. The year was marked by the challenges posed to the business by the COVID-19 pandemic, a situation that was reflected not only in the company's financial position but also in the operations of the entire value chain.

We steadfastly executed our sustainability strategy in all of our focus areas. There was an increasing focus in 2020 on returning the company's operations to profitability, and this will remain central in the coming years. The framework for these efforts comes from Stockmann's corporate restructuring programme and our financial targets. With regard to the supply chain, we monitored the effects of the pandemic on our sourcing countries in cooperation with our local purchasing offices.

We developed our selection in a more sustainable direction by, among other things, offering our customers new products made from recycled wool and down in our own brands and bedsheet and towel collections made from GOTS-certified cotton in our home textiles. We redesigned our natural cosmetics departments in the Helsinki and Jumbo department stores and expanded our natural cosmetics selection. Sustainable materials already account for more than 60% of the own brand fashion products in our selection. A total

of 99% of the cotton used by Lindex and 91% of Stockmann's own brand jersey garments came from more sustainable sources. The share of sustainable materials has also grown in down and wool products. For example, all down in Lindex's products has been produced in compliance with the Responsible Down Standard, and the majority of the wool has the Responsible Wool Standard label.

We continued our efforts to reduce plastic, for example through changes in online store packaging. We reduced the use of plastic as a packaging material for online store deliveries by 37% by replacing plastic security bags with a security seal and replacing the shipping bags made of recycled plastic with ones made from fibre materials in 2020. Moreover, in 2020 we began piloting the use of paper adhesive tape instead of plastic tape.

Stockmann is investing heavily in the competence of its personnel, and during the year we provided all the supervisors in the Stockmann Division with training in the implementation of our customer-focused strategy. Our focus on the customer experience was reflected by customer satisfaction surveys, in which the NPS of the Stockmann departments stores in all countries improved.

In this CSR Review, we will present our goals, actions and progress in developing our operations to become more sustainable. Enjoy your read, and please send us feedback at csr@stockmann.com.

Henna Tuominen

Director, Communications, CSR and IR



STOCKMANN GROUP IN BRIEF

Stockmann, established in 1862, is a Finnish listed company engaging in the retail trade. It has over 43 656 shareholders and about 6 000 employees. Stockmann Group's operating structure is divided into two divisions – Stockmann and Lindex.

The company has 8 department stores, 420 fashion stores and 3 properties in a total of 18 countries. The Group's head office and joint support functions are located in Helsinki, Finland. The company has six purchasing offices in the main production countries for its own brand garments: Bangladesh, China, Hong Kong, India, Myanmar and Turkey.

Stockmann offers an extensive selection of premium brands, excellent customer service, and inspiring shopping experiences in its department stores, fashion stores and online. Our vision is to be the marketplace for a good life.

DEPARTMENT STORES
& FASHION STORES IN

18
COUNTRIES

STOCKMANN HAS

8

DEPARTMENT STORES
IN 3 COUNTRIES: FINLAND,
ESTONIA AND LATVIA

INCLUDING FRANCHISING
STORES, LINDEX HAS

458
STORES IN 18 COUNTRIES

■ LINDEX HAS 420 OWN STORES
IN 9 EUROPEAN COUNTRIES:

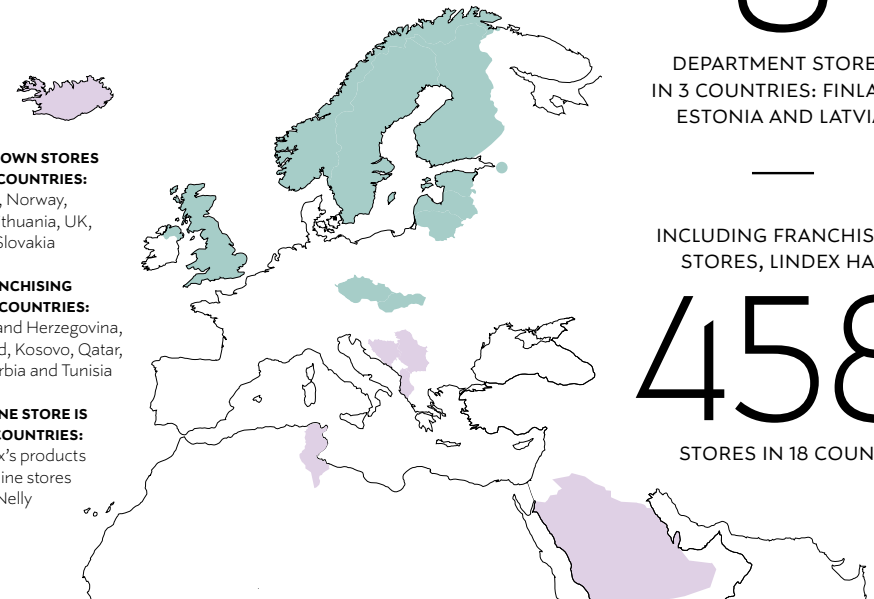
Finland, Sweden, Norway,
Estonia, Latvia, Lithuania, UK,
Czech Rep. and Slovakia

■ LINDEX HAS FRANCHISING
STORES IN NINE COUNTRIES:

Albania, Bosnia and Herzegovina,
Denmark, Iceland, Kosovo, Qatar,
Saudi Arabia, Serbia and Tunisia

THE LINDEX ONLINE STORE IS
AVAILABLE IN 31 COUNTRIES:

In addition, Lindex's products
are sold in the online stores
of ASOS, Boozt, Nelly
and Zalando.





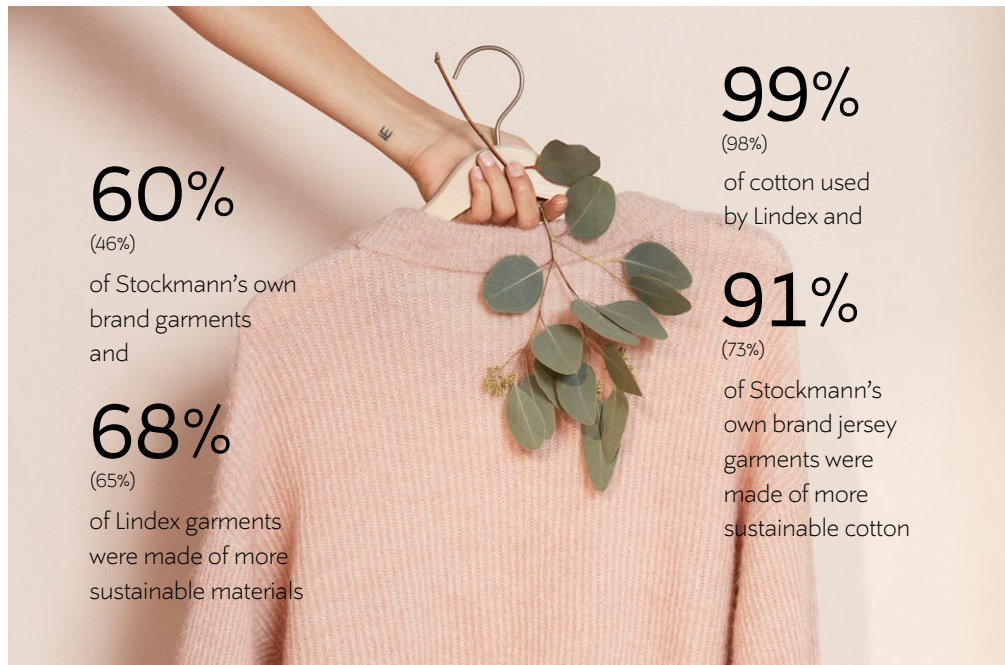
CSR HIGH- LIGHTS 2020

We integrated our sustainability strategy into the company's business strategy



One of Lindex's ambitious **SUSTAINABILITY GOALS IS THAT**

100%
OF THE MATERIALS USED will be recycled or sustainably sourced by the end of 2025.



60%

(46%)

of Stockmann's own brand garments and

68%

(65%)

of Lindex garments were made of more sustainable materials

99%

(98%)

of cotton used by Lindex and

91%

(73%)

of Stockmann's own brand jersey garments were made of more sustainable cotton

STOCKMANN PARTICIPATED IN THE #OURSEA CAMPAIGN FOR THE PROTECTION OF THE BALTIC SEA

In the spring, Stockmann and the John Nurminen Foundation offered customers the chance to participate in the protection of the Baltic Sea online at stockmann.com and at the Helsinki department store. The #OURSEA pop-up store presented campaign products from Arabia, Hackman, Karto, SIGG and Reima in a sea-themed milieu. Moreover, the pop-up store's selection included books about the Baltic Sea. A part of the profits from the products was donated directly to the protection of the Baltic Sea, and customers also had the opportunity to make a donation to the John Nurminen Foundation at the checkouts.

THE NPS FOR THE DEPARTMENT STORES IN FINLAND ROSE BY 6.9 POINTS, FROM 51 TO 58. THE NPS INCREASED FROM 62 TO 66 FOR THE RIGA DEPARTMENT STORE AND FROM 56 TO 63 FOR THE TALLINN DEPARTMENT STORE.

CASA STOCKMANN'S SUSTAINABLE SELECTION GREW

Stockmann is continuously expanding the sustainable selection of its own Casa Stockmann brand. Last year it saw the addition of bedsheet and towel collections made from GOTS-certified cotton. In addition, the Casa Stockmann selection was supplemented with rugs made from recycled plastic bottles.





OF THE BABY ASSORTMENT, 100% IS GOTS-CERTIFIED AND 100% OF LINDEK'S DENIM PRODUCTS ARE 'BETTER DENIM'.

THE VOLUME OF WASTE GENERATED IN FINLAND AND THE BALTIC COUNTRIES FELL SIGNIFICANTLY IN 2020, PARTLY DUE TO THE COVID-19 PANDEMIC. IN FINLAND, THE AMOUNT OF WASTE DECREASED BY 29% YEAR-ON-YEAR AND IN THE BALTIC COUNTRIES BY 25%.

WE ARE FURTHER REDUCING THE USE OF PLASTIC IN OUR ONLINE STORE.

Our future promise: We will not add plastic to packages delivered to the customers of the online store. We will replace plastic with fibre materials in the online store's packaging materials as well as in the void fillers used in packing. We will develop the concept for the packaging in Q1 2021.



CHRISTMAS CHARITY CAMPAIGNS DELIGHTED CUSTOMERS IN DEPARTMENT STORES

Stockmann's customers supported and provided joy to children, young people and senior citizens before Christmas by participating in the Christmas charity fundraising of Save the Children as well as the "Be Father Christmas for senior citizens" flower campaign of the Kotona Asuen Seniorihoiva organisation. With the charity campaigns organized in the Christmas season and the summer, Save the Children gained donations worth more than **EUR 22 000**, which will be used for procuring learning materials, providing recreational activities and offering support families and persons. In addition, a total of 1 770 senior citizens received a surprise flower bouquet that was delivered by Kotona Asuen Seniorihoiva before Christmas.



INNOVATIVE ONLINE STORE PACKAGING AND SHOPPING BAGS

Stockmann introduced a new Finnish innovation in the packaging used by its online store and in its shopping bags. The Paptic® Tringa material used in the packaging and bags was developed by Paptic in Finland and is made from wood fibres from sustainably managed, FSC-certified forests. The fibre material is very durable, water repellent and breathable, and it dries quickly. The bags and packaging can be reused multiple times and recycled with paper or cardboard.



**LINDEX
MANUFACTURED
RECYCLED
POLYESTER** from
806 982

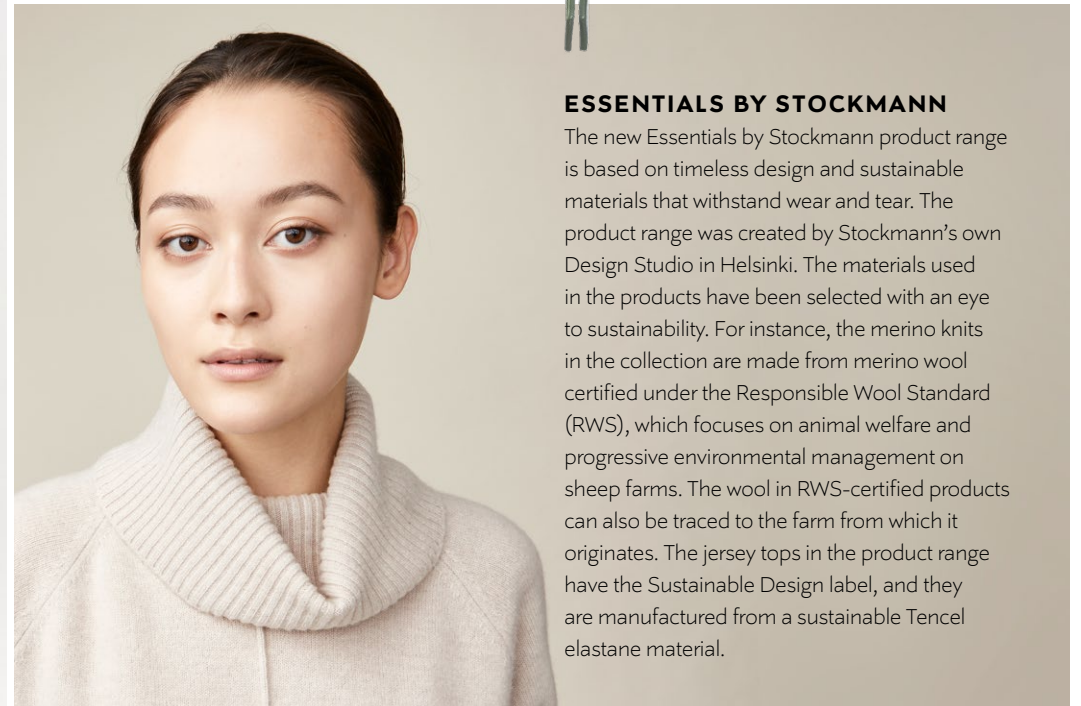
used plastic bottles.

In 2020, Lindex used 100% of the textiles ordered in the early stages of the pandemic, manufacturing **700 000 garments** from textiles that would otherwise have ended up as waste.

SUSTAINABLE MATERIALS IN STOCKMANN'S OWN COLLECTIONS

THE POPULAR A+MORE BY PUPULANDIA COLLECTION WAS EXPANDED

The third collaboration collection between Stockmann's accessory brand A+More and *Jenni Rotonen*, the author of the Pupulandia blog, was unveiled in the autumn. The soft wool caps and scarves of the A+More by Pupulandia collection went on sale in September, and in November leather bags and accessories were added to the collection. Responsible materials feature strongly in the collection. The leather products are made of vegetable-tanned leather and the wool caps and scarves are made of recycled materials and durable natural fibres.



ESSENTIALS BY STOCKMANN

The new Essentials by Stockmann product range is based on timeless design and sustainable materials that withstand wear and tear. The product range was created by Stockmann's own Design Studio in Helsinki. The materials used in the products have been selected with an eye to sustainability. For instance, the merino knits in the collection are made from merino wool certified under the Responsible Wool Standard (RWS), which focuses on animal welfare and progressive environmental management on sheep farms. The wool in RWS-certified products can also be traced to the farm from which it originates. The jersey tops in the product range have the Sustainable Design label, and they are manufactured from a sustainable Tencel elastane material.



OUR APPROACH

The Stockmann Group is committed to responsible operations and our CSR work covers the entire value chain of our business operations. Stockmann's CSR strategy is guided by the Group's vision, strategy, values and CSR promise. Sustainability forms a key element in Stockmann's operations and it is incorporated in our daily management approach. Our CSR promise is to inspire and support our customers in making responsible choices, and we work for a more sustainable future.



Our responsibility work starts in Stockmann's supply chains, from ensuring safe working conditions to minimising environmental impact. We want to offer our customers sustainable choices and information on how to make sustainable decisions. We work diligently to increase the share of more responsible products in our selection and to offer services that support a sustainable lifestyle. The key to this is to create a personal style that is sustainable.

In all our operations, we place the customer at the core and guarantee the safety and quality of our products. We devote attention to employee wellbeing and environmental aspects, and we follow the principles of good corporate governance.

Our responsibility work is guided by Stockmann's strategy and values, the CSR strategy, Stockmann's Code of Conduct and international treaties, declarations and recommendations.

Our everyday work is also guided by numerous voluntary commitments and initiatives, such as human rights principles, our anti-corruption policy, our HR policy, our environmental system and product policies. Stockmann operates in an ethical manner, complying with the international and national laws and regulations valid at any given time in the countries in which it operates. In its business operations, Stockmann aims to exceed the minimum requirements stipulated by laws, regulations or conventions.

KEY COMMITMENTS

Stockmann has committed to several international declarations and conventions, the most important of which are:

- UN's Universal Declaration of Human Rights and Convention on the Rights of the Child
- ILO's Declaration on Fundamental Principles and Rights at Work
- OECD Guidelines for Multinational Enterprises
- UN Guiding Principles on Business and Human Rights since 2018
- United Nations Sustainable Development Goals since 2016
- UN's Global Compact initiative since 2011
- amfori BSCI Code of Conduct at the Group level since 2005
- Accord on Fire and Building Safety in Bangladesh since 2013

STOCKMANN'S CODE OF CONDUCT

The Stockmann Group's Code of Conduct defines the ways of working for all employees and management staff. The principles of the Stockmann Code of Conduct also apply to its suppliers and partners and cover the following main themes:

- Compliance with legislation and ethical operations
- Free competition and consumer rights
- Employees and working conditions
- Environment
- Corruption and conflicts of interest

Further guidance is given in the complementing policies:

Stockmann's Anti Corruption Policy

Stockmann's Human Rights Policy





UN SUSTAINABLE DEVELOPMENT GOALS



THE GLOBAL GOALS
For Sustainable Development

We are committed to supporting the United Nations Sustainable Development Goals (SDGs) in our operations. From the 17 goals, we have identified six SDGs which our business can best contribute to and which we focus our efforts on.



RESPONSIBLE CONSUMPTION AND PRODUCTION

Corporate social responsibility forms a part of our operations. It is a key element in our supply chain, selections and logistics, and it informs our customers in their purchasing decisions. In addition, we strive to increase the use of more sustainable materials and processes in our own brand selections.



DECENT WORK AND ECONOMIC GROWTH

We act responsibly towards our employees and the people working in our supply chains. We offer our personnel a fair working environment and we aim to guarantee it in our supply chains as well. We strive for a profitable business.



CLIMATE ACTION

Our contribution includes reducing emissions, increasing energy efficiency and carrying out waste sorting and recycling in our own operations.



GENDER EQUALITY

Our contribution includes the active promotion of gender equality in all employment categories. Gender equality is at the core of Lindex's Code of Conduct, which was introduced in 2019. Lindex aims to empower women everywhere by creating equal jobs, improving women's self-esteem, encouraging women to value and respect their bodies and motivating them to lead a sustainable lifestyle.



COLLABORATION AND PARTNERSHIPS

Our contribution includes active collaboration and engagement with our key stakeholder groups. We believe that together we can drive change towards a more sustainable future.



CLEAN WATER AND SANITATION

Our business can make a significant contribution to the goal concerning clean water and sanitation. One of the core aims of Lindex's sustainability promise is to be a responsible company in relation to water use. The company is increasing the efficiency of water consumption throughout its value chain.



CSR PROMISE AND STRATEGY

STOCKMANN'S CSR STRATEGY 2019–2021

In our CSR strategy, the targets are grouped under four priority areas that determine the future of our responsibility work. Key performance indicators that enable the monitoring and measurement of our CSR work have been set for each area.



LINDEX DIVISION

In 2019, Lindex announced its sustainability promise, which is based on the fashion brand's higher purpose – to empower and inspire women everywhere.

The promise is divided into three focus areas with which Lindex aims to promote sustainability and to commit to empowering women:

1

EMPOWER WOMEN

- Taking the lead in creating fair and equal workplaces for women
- Advocating inclusiveness and body positivity
- Supporting a sustainable lifestyle

2

RESPECT THE PLANET

- Taking action for the climate
- Having a circular business approach
- Being a water-responsible company

3

ENSURE HUMAN RIGHTS

- Advocating respect for human rights



REPORTING PRINCIPLES AND MATERIALITY

The review covers all of the Stockmann Group's own operations. The Group's reporting segments are Stockmann and Lindex. Stockmann's subsidiary Lindex publishes a sustainability report of its own, with more detailed information about its sustainability work, at lindex.com.

The environmental figures also cover the operations of our tenants in the department store properties. The supply chain is covered to the extent defined in the materiality analysis. The GRI indicators have been selected according to materiality.

Our goal is to report the relevant indicators at least for our main operating countries in terms of revenue and employee count, which are Finland and Sweden. Due to differences in reporting practices within the Group's units, some of the indicators describing personnel and the environment are reported only for Finland. The measurement and accounting policies are described in connection with each relevant indicator.

MATERIALITY ASSESSMENT

Our work focuses on the CSR themes that are the most material to our business. The materiality assessment is an ongoing process at Stockmann. As part of the CSR strategy process for 2019–2021, we conducted a stakeholder survey, and on the basis of this survey as well as other ongoing stakeholder dialogue and market analysis, we have defined the 22 topics and indicators relevant to our reporting.

LINDEX

To address the aspects specific to its business, Lindex engages in a continuous materiality assessment of its own to gain insight from its stakeholders and to complement the Group's materiality assessment. In 2017, Lindex carried out an assessment in which representatives from key stakeholder groups participated. Along with brand tracking results, the materiality analysis guides Lindex's sustainability reporting and communications.

MATERIALITY ANALYSIS

STOCKMANN'S STRATEGIC PRIORITIES FOR 2019–2021	MATERIAL TOPICS	TOPIC BOUNDARY
INSPIRATION FOR RESPONSIBLE CHOICES	Customer satisfaction	Own operations
	Marketing and product labelling	
	Customer privacy	
	Customer health and product safety	Own brands' supply chain and own imports, product safety and procurement practices in own operations
	Materials	
	Procurement practices	
	Environmental and social assessments of suppliers	
SUSTAINABLE SHOPPING ENVIRONMENT	Energy	Own operations
	Emissions	Own operations and indirect emissions for selected parts
	Effluents and waste	Own operations
RESPONSIBLE WORK COMMUNITY	Employment	Own operations
	Labour/employer relations	
	Freedom of association and collective bargaining	
	Occupational health and safety	
	Training and education	
	Diversity and equal opportunities	
	Non-discrimination	
SUSTAINABLE BUSINESS APPROACH	Economic performance	Own operations
	Human rights assessments	Own operations and supply chain for own brands
	Anti-corruption	Own operations
	Anti-competitive behaviour	Own operations



STAKEHOLDER ENGAGEMENT

We engage in active and ongoing dialogue with our stakeholders to strengthen relations and better respond to the expectations and wishes placed on us. We have identified five key stakeholder groups that most affect and are affected by our business.

STAKEHOLDER GROUP	INTERACTION	KEY INTERESTS AND CONCERNS FOR STAKEHOLDERS IN 2020	RESPONDING TO STAKEHOLDER EXPECTATIONS
CUSTOMERS Customers are an especially important stakeholder group. One of our values is to focus on the customer.	Dialogue in the department stores and other stores, customer service (emails, phone calls, social media), customer surveys, marketing communications, events, loyal customer programme	Customer service and satisfaction, customer privacy protection, materials and chemicals in products, labour practices and chemicals management in supply chains, animal welfare, stockmann.com online store orders and their packaging and distribution over multiple shipments, sustainable products in the selection, the renewal of Stockmann's loyal customer programme and its benefits, carrier bags and plastic, women and local communities in Lindex's operations.	We developed our operations and redesigned our online store in order to better meet our customers' expectations. We increased sustainability in our selection, introduced new secure services and shopping methods to our customers, and further reduced the use of plastic in, for example, online store packaging.
PERSONNEL We value our personnel and their commitment to our company. We work continuously to improve the working environment and dialogue with employees.	Performance and development discussions, personnel surveys, Employees' and Group Councils, codetermination, staff events, workshops, intranet, Teams	Employee wellbeing, coping with the workload and stress level, knowledge and career development, caring about the staff, equality, modern collaboration and communication tools, as well as environmental issues in the department stores such as single-use tableware on staff premises, sustainable products in the selection, clothes recycling, materials, production processes, the circular economy, water management in the supply chain, animal welfare.	The personnel participated in updating Stockmann's strategy and developing its operations in workshops and through information collected using various channels and surveys. We provided training for all supervisors in the Stockmann Division to develop our customer-focused approach.
SHAREHOLDERS AND INVESTORS Stockmann aims to be an attractive and sought-after investment in the capital markets.	Stock exchange releases, financial reports, annual reporting, Group website, webcasts, regular investor relations meetings, Annual General Meeting of shareholders, surveys	Financial performance and ability to change the course of the company, strategy execution, share price performance, sustainability performance, ESG ratings, customer and employee satisfaction.	We participated in the Carbon Disclosure Project (CDP) and numerous sustainability and ESG surveys.
SUPPLIERS AND SERVICE PROVIDERS They are key to our sustainability work and the continuous improvement of our production. All suppliers are expected to follow the Stockmann Code of Conduct.	Meetings, negotiations, workshops, cooperation projects and co-campaigns, factory visits and inspections, website, supplier surveys, Stockmann's annual Supplier Day event	Strategy execution, selection, sustainability targets and initiatives, how to raise sustainability topics and stories, materials, production processes, labour practices, transparency, water management.	We enhanced our dialogue with our local purchasing offices so as to take the suppliers' situation and safety into consideration.
AUTHORITIES AND ORGANISATIONS We collaborate and engage in dialogue with the authorities and organisations to continuously develop our business operations.	Activities in organisations, collaboration, projects, responding to surveys, charity work, website, annual reporting	Labour and human rights risks in the supply chain, supply chain management and transparency, human rights due diligence law proposal, design and procurement practices, production processes, work practices in the supply chain and own operations, combatting climate change and GHG emissions in the value chain, materials, animal welfare, fur products in the department store selection, use of plastics, circular economy.	We engaged in dialogue with non-governmental organisations, including in connection with Finnwatch surveys and the Rank A Brand campaign of Pro Ethical Trade Finland (Eetti). We participated in human rights coaching for Finnish companies and the Status of the Human Rights Performance of Finnish Companies (SIHTI) audit. We responded to surveys and gave interviews and lectures to students..



INSPIRATION FOR RESPONSIBLE CHOICES

Our goal is to be a source of inspiration for responsible consumption and a responsible lifestyle. We offer responsible and long-lasting quality fashion and we respect and listen to our customers and make every customer encounter special. We promote sustainable brands and provide services to support a more responsible lifestyle. We foster sustainable supply chains and focus on the responsibility, transparency and traceability of our supply chains.



We focus on providing a top-class service that exceeds our customers' expectations. We provide regular training for our personnel and conduct customer satisfaction surveys. Customer feedback is used to improve customer service and sales, to manage the personnel on a daily basis, to develop skills, remuneration and commitment and in the design of training programmes.

CUSTOMER SATISFACTION

Stockmann and Lindex use separate customer feedback channels and continuously monitor the development of customer satisfaction and the brand image.

All feedback collected through encounters at the department stores and other feedback channels is analysed by Stockmann. Stockmann's customer service centre is responsible for handling feedback given via phone, email and social media. In 2020, the centre handled approximately 196 000 (195 000) cases and customer satisfaction was 62% (65). The topics that generated the most customer feedback included questions about webstore orders, webstore deliveries and availability of products. Other themes were the Crazy Days campaign, the COVID-19, the corporate restructuring proceedings and customer service in general.

The customer experience is measured through regular email inquiries sent to loyal customers and those who shop in the online

store. One of the survey metrics is the Net Promoter Score (NPS), which measures the likelihood that a customer will recommend a service and is one of our strategic performance indicators. The NPS in all countries improved in 2020. The NPS for the department stores in Finland was 58 (51), while the NPS for the online store was 34 (49) due to the introduction of a new platform. Stockmann will continue to develop the online store together with the customers. The NPS was 66 (62) for Riga and 63 (56) for Tallinn.

INSPIRATION FOR RESPONSIBLE CHOICES

TARGET	KEY PERFORMANCE INDICATORS (KPIs)	PROGRESS & ACTIVITIES	STATUS
We are a source of inspiration for responsible consumption and a responsible lifestyle	<p>Net Promoter Score (NPS) for the department stores: target in Finland and Latvia 70 and target in Estonia 71 by the end of 2021 (scale -100 – +100)</p> <p>Sustainability questions in after-sales surveys in the department stores: target 4 by the end of 2021 (scale 1–5)</p>	<p>We actively promoted sustainable products and responsible services in our marketing and communications and in the department stores.</p> <p>Our NPS was 58 (51) for the department stores in Finland, 66 (62) in Riga and 63 (56) in Tallinn. The NPS for the online store dropped to 34 (49) due to the new online store platform. We will continue to develop our online store together with our customers.</p> <p>In 2020 the after-sales survey was changed. Comparable results will be available in 2021.</p>	● In progress
We offer responsible and long-lasting quality fashion	Share of more sustainable materials in own brand garments: target 50% of all products and 80% of jersey by the end of 2021	We expanded the selection in the department stores with new sustainable brands and products. 60% (46%) of Stockmann's own brand garments and 91% (73%) of own brand jersey garments were made from more sustainable materials.	● On target
We foster sustainable supply chains	Target: 100% of factories manufacturing our own brands in high-risk countries have a valid audit by the end of 2021	100% of fashion and home own brand suppliers have signed the Stockmann Supplier Code of Conduct, the amfori BSCI Code of Conduct or similar.	● In progress





SERVICES TO SUPPORT A RESPONSIBLE LIFESTYLE



Our goal is to be a source of inspiration for responsible consumption and a responsible lifestyle, and we provide our customers with various services that support this goal.

STOCKMANN

- We offer information on how to use and care for products and on recycling alternatives to enable extending the lifecycle of the products and to minimise environmental impacts.
- We offer fashion consulting, sewing and interior decoration services to enable customers to choose the products that best suit them and to create their own personal style.
- The department stores in Finland and Tallinn collaborate with the Emmy online shop, which sells second-hand designer clothing. The service enables Stockmann's customers to recycle their clothes and receive the proceeds from the sales in the form of Stockmann gift cards.
- In Finland, customers can return used electrical appliances and electronic equipment, batteries, fluorescent lamps, energy-saving bulbs and nail polish to Stockmann department stores. In the Baltic countries, batteries can be returned to the department stores.
- Stockmann regularly organises recycling campaigns in collaboration with suppliers in its department stores in Finland and the Baltics. To further motivate consumers to

recycle, we launched a special recycling campaign together with Lumene in the first half of 2020, bringing recycling points close to the consumer at all Stockmann department stores in Finland. The idea behind the spring campaign was to guide and encourage consumers to recycle cosmetics packaging properly.

LINDEX

- Lindex's website and store materials provide information on making conscious choices that aim at prolonging the life cycle of clothes and reducing their environmental impact.
- Lindex's customers can hand in used clothes and textiles for recycling and reuse at all stores in Sweden, Norway, Finland and Lithuania. In 2020, Lindex collected 123 (155) tonnes of textiles, excluding the textiles collected in Lithuania. In Finland, textiles were not collected at all in the second and third quarters due to the coronavirus pandemic. The amount of textiles collected in Norway also fell due to the pandemic. For this reason, the total amount of textiles collected decreased compared with 2019.

MARKETING AND LABELLING



Stockmann respects the rights of the consumer and engages in responsible marketing. This policy is included in the Stockmann Code of Conduct. In our marketing

communications, we follow the Consolidated ICC Code of Advertising and Marketing Communication Practice, the Consumer Protection Act and our strategy.

Our goal is to be a source of inspiration for responsible consumption and sustainable lifestyle.



MARKETING COMMUNICATIONS

Our marketing communications avoid all misleading practices, such as false or deceptive messages and omission of important information. Our marketing should never be inappropriate or offensive. These practices are known and followed by all of our company's marketing designers and are overseen by each division's Marketing Director.

Lindex has its own brand strategy and marketing guidelines regarding images, tonality, choice of models, retouch management etc., as well as social media guidelines. Lindex is a member of the self-regulatory Swedish Advertising Ombudsman (Reklamombudsmannen, RO) organisation, founded by the industry to review and maintain standards. RO receives complaints about advertising and assesses whether the advertising follows the Consolidated ICC Code. It also provides information, guidance and training in the field of ethical marketing.

In 2020, there were no incidents of non-compliance concerning marketing communications legislation or voluntary principles at Stockmann. Lindex got one complaint where the Swedish Advertising Ombudsman considered the advertisement misleading.

PRODUCT INFORMATION

We comply with statutory labelling, in addition to which voluntary labels that reflect product sustainability may be attached to products.

If fashion products are made from materials with reduced environmental impact, such as organic cotton or recycled fibres, this is



clearly marked using a hangtag or a print, or on the product packaging, as well as in the product information in the online store.

The country of origin is marked on all of Stockmann's own brand garments and home textiles as well as on all Lindex garments.

STOCKMANN

- Stockmann uses the Sustainable Design label in its own fashion brands to communicate and provide information on products made from more environmentally friendly materials, such as Better Cotton and organic cotton, lyocell or recycled polyester.



The country of origin is indicated on the washing instruction label.

- Stockmann's own brands have been granted the right to use the Design from Finland label until 2023. The label indicates that the product has been designed in Finland with a focus on the product's user. The company is committed to publicly communicating about the structure of its production chain, the countries of origin and Finnish products with its stakeholders. Stockmann's own brands are designed at the Stockmann Design Studio in Helsinki.
- An increasing number of international and domestic brands included in the department stores' product selection provide additional information on the sustainability of their products. In 2020, we launched a sustainability project aiming at increasing the amount of information provided in the online store to help consumers make responsible choices.

LINDEX

- Lindex is a large user of responsible cotton in the world. Since 2020, 80% of the cotton used by Lindex has been responsibly produced.

- Lindex manufactured 700 000 garments from textiles that would otherwise have ended up as waste due to a sudden downturn in demand for clothing because of the coronavirus pandemic in the spring of 2020.

AT LINDEX

- many of the cotton garments, especially those made from denim, contain recycled cotton
- the cotton used in baby garments is GOTS-certified and responsibly produced
- all leather used in products is sourced from farm animals
- all down is produced in accordance with the Responsible Down Standard
- lyocell and viscose have the EU Ecolabel
- most of the wool used has the Responsible Wool Standard label.

CUSTOMER PRIVACY

Stockmann and its employees respect the privacy of the customers and inviolability of their rights. We do not reveal or use customer information other than in strict accordance with the EU General Data Protection Regulation (GDPR) and Stockmann's privacy policies. Training on the GDPR and customer privacy is mandatory for all employees and it is included in the new employee induction programme.

The company has two loyal customer programmes. Stockmann's redesigned MyStockmann loyal customer programme included approximately 1.4 million active

members. Lindex's More at Lindex loyal customer programme has more than 4.1 million members. Loyal customers are offered personal offers and benefits.

The data file descriptions of the loyal customer programmes can be found on the divisions' respective websites. Both of the loyal customer programmes have a separate customer register, compiled in order to manage customer relationships and for customer service and marketing purposes. The personal data of Stockmann's customers and of shareholders attending its General Meetings are handled confidentially in accordance with the applicable legislation.

In 2020, there were three incidents at Stockmann concerning customers' personal data in Finland and one in Latvia. The incidents were resolved and there was no reason to



report them to the data protection authorities. There were no incidents concerning customers' personal data at Lindex. Stockmann's annual target is zero incidents of breaches of customer privacy.

SUSTAINABLE PRODUCT SELECTION

The Group's department stores and fashion stores offer an extensive selection of products that must fulfil the quality, environmental and product safety requirements set for them.

The product selection in the Stockmann department stores and Lindex fashion stores offers customers opportunities to make safe and responsible shopping choices. In the areas of fashion, cosmetics and home products, the choices include products made from organic and recycled materials and products with an ecolabel. The sales personnel are encouraged to find out about the more sustainable products in their areas of responsibility. Information concerning sustainability aspects and the origin of products is available for the personnel on the Stockmann intranet.

CUSTOMER HEALTH AND SAFETY & PRODUCT COMPLIANCE



The Stockmann Group is responsible for the safety of the products it sells and ensuring that they do not pose a risk to the customers' health or property. The company's Commercial Operations organisation makes sure that products comply with the valid requirements set in legislation. Products are tested regularly by their manufacturers and importers. Stockmann also tests its own brand products and own imports by taking regular samples and conducting risk analysis. Testing ensures that the products fulfil all quality and safety requirements set by legislation or the stricter requirements set by Stockmann.

Additionally, Stockmann follows product notifications issued by the EU in order to inform



Stockmann launched two new fashion collections of its own and a number of new sustainable choices.

customers as quickly as possible about products that pose a risk. In Finland, Finnish Customs and the Finnish Safety and Chemicals Agency (Tukes) also promote and supervise product safety.

Product recalls are handled in accordance with Stockmann's internal product recall instructions, which specify responsibilities and the action required. In 2020, there were no public recalls involving Stockmann's own brand products. Stockmann recalled one product from a Danish importer in cooperation with the Finnish Food Authority.

MATERIALS



Responsibility is integrated to the Stockmann Group's processes concerning clothing design and procurement of materials and products. Our goal is to systematically increase the proportion of more environmentally friendly and sustainable materials, such as sustainable cotton and lyocell and recycled fibres, in the Group's own brand products. We define sustainable cotton as the use of organic, Better Cotton (BCI) or recycled cotton.





STOCKMANN

- In 2020, 60% (46%) of Stockmann's own brand garments were made of more sustainable materials, while as many as 91% (73%) of own brand jersey garments were made of more sustainable cotton. For example, responsible cotton accounted for 73.9% of all jersey products in the NOOM womenswear brand and 97.7% of all clothes from the BOGI children's wear brand in 2020. In men's fashion, 97% of the jersey products of the Cap Horn brand, for example, were made from responsible cotton.

At Lindex
99%
 of cotton was
 more sustainably
 sourced



- In 2020, Stockmann expanded its selection of sustainable materials with RWS (Responsible Wool Standard) wool and RDS (Responsible Down Standard) down, which have been produced responsibly in compliance with the standards by considering animal welfare and environmental requirements. These additions followed the introduction of Better Cotton (BCI) and LENZING™ ECOVERO™ viscose in 2019.
- We launched a collaboration with all our goods suppliers to provide information to our customers about the origin of our own brand products and our partners' products and the sustainable materials used in them.
- Information about Stockmann's sustainability development project is communicated actively to the brands, and purchasers always aim to choose the most sustainable option among products offered.
- The Casa Stockmann collection launched a towel collection made from GOTS-certified organic cotton, which complements the bed linen collection made from the same material that was introduced in 2019.

LINDEX

- 68% (65%) of Lindex garments were made of more sustainable materials and approximately 99% (98%) of cotton was sustainably produced.
- One of Lindex's ambitious sustainability goals is that, by 2025, 100% of the materials used will be recycled or sustainably sourced.
- 100% of the baby assortment is GOTS-certified and 100% of Lindex's denim products are 'Better Denim'.



- Lindex manufactured recycled polyester from 806 982 used plastic bottles.
- In 2020, Lindex used 100% of the textiles ordered in the early stages of the pandemic, manufacturing 700 000 garments from textiles that would otherwise have ended up as waste.

USE OF CHEMICALS

When producing garments, chemicals are used in processes such as dyeing, printing and washing. The Stockmann Group fulfils the requirements of the REACH regulation and actively works to limit the use of harmful chemicals in all of its products. The Group has certain measures to achieve this aim. The use of perfluorinated compounds (PFCs), among other chemicals, has been completely banned since 2014. The ban affects all of Stockmann's

and Lindex's own brand outerwear, and these items are now treated with Bionic-finish®ECO instead of PFCs. In addition, Lindex has adopted a voluntary ban on the use of cyclic siloxanes and perfluorinated alkylated substances (PFAS) in cosmetic products.

Lindex has adopted a Chemical Strategy, according to which the goal is to remove all hazardous and toxic substances from the Lindex supply chain by the end of 2025 and to promote transparency and more sustainable use of chemicals. In 2019, Lindex published a list of chemicals (MRSL) that are not permitted in any stage in the manufacture of the company's products. With the MRSL, Lindex can eliminate harmful substances from the beginning, so they do not enter the production process at all. The company also started a review of the suppliers' chemical storage.

In 2020, neither Stockmann nor Lindex had any incidents related to the use of chemicals.

SUSTAINABLE SUPPLY CHAIN MANAGEMENT

Responsible, transparent and traceable supply chains are one of the focus areas in Stockmann's sustainable supply chain management. Our reporting on the supply chain is based on risk assessment, and the ability to exert an influence. We focus especially on the responsibility and development of the supply chain for the Stockmann Group's own brands, which we have the best possibility to influence.

PROCUREMENT PRACTICES



Our stakeholders are showing increasing interest in our work in the supply chain. The questions raised include our purchasing practices, the countries of manufacture, our Supplier Code of Conduct and human rights, including a living wage, freedom of association and traceability.

All suppliers are expected to follow the Stockmann Code of Conduct or demonstrate a similar commitment. Sustainability issues are discussed during the purchasing negotiations and when supplier agreements are concluded.

Well-known international and Finnish brands make up the majority of the selection sold at Stockmann's department stores. In addition to these, we offer a large selection of exclusive own brands designed by the Stockmann Design Studio. Almost all the

In Stockmann's own fashion brands, sustainable products already represent

60%

of the selections.

brands sold by Lindex are exclusive to the company.

PURCHASING PRACTICES FOR OWN BRAND PRODUCTS

The Stockmann Group does not own any factories or production facilities. Instead, our own brand products are made by contractors. We pay attention to several factors when selecting goods suppliers. The most important criteria are the fit with the Stockmann Group's needs, supplier know-how and ability to deliver, quality and price, CSR with the focus on working conditions and environmental issues, and the potential for long-term relationships. All factories must fulfil the Stockmann Group's starting requirements and commit to the Supplier Code of Conduct and to continuous improvement. We aim for a long partnership with our suppliers.

CLOSE COOPERATION WITH THE SUPPLIERS

The Stockmann Group has six local purchasing offices in Bangladesh, China, Hong Kong, India, Myanmar and Turkey.

The offices play a key role in developing working conditions and identifying risks. A total of 118 people are employed by the offices and they are tasked with supervising purchasing and production. They review the procedures of each factory that they use before placing any orders. After the initial inspection, the systematic responsibility work continues. Around 94% of Lindex products were bought via our purchasing offices.

STOCKMANN'S OWN BRANDS

FOR WOMEN

cut & pret, cut & pret PLUS, A+more, Essentials by Stockmann, NOOM, NOOM Loungewear, Stockmann Silk



FOR KIDS

Bogi, Cube Co.



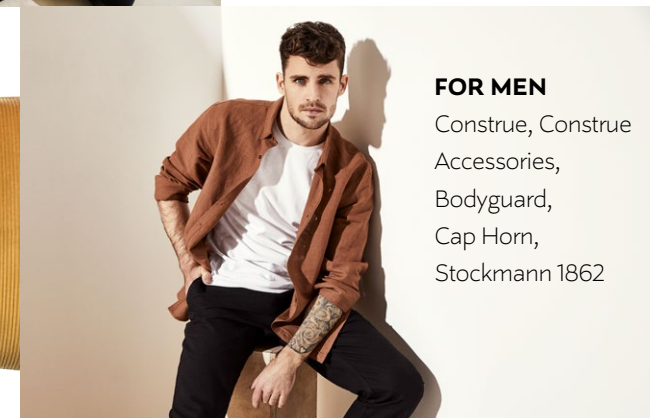
FOR THE HOME

Casa Stockmann, Villa Stockmann



FOR MEN

Construe, Construe Accessories, Bodyguard, Cap Horn, Stockmann 1862





A total of 54% (58%) of Stockmann's own fashion brand producers were direct suppliers and 46% (42%) supplied their products through our purchasing offices. Of the purchasing volume, 65% comes from the suppliers through the purchasing offices and 35% from the suppliers directly.

Our local CSR specialists provide training and support to the suppliers and factory owners to help them make improvements in line with our Code of Conduct and environmental requirements. They also perform announced and unannounced audits. Our local production and quality controllers also regularly visit the production units to ensure that conditions meet our requirements, and they report on any suspected violations of the Code of Conduct.

In addition to factory audits and training, every aspect of the suppliers' operations is rated according to a 'supplier scorecard', which forms the basis for development. The suppliers are evaluated based on their scorecard twice a year. The indicators used include sustainability and business performance. We grade our suppliers based on our evaluations, and those with the best score get the most orders.

OUR INSTRUCTIONS FOR SUPPLIERS

A Code of Conduct underpins the purchasing practices of both Stockmann and Lindex. All suppliers are expected to follow the Stockmann Supplier Code of Conduct, the Lindex Code of Conduct, the SEDEX standard, or the amfori BSCI Code of Conduct complemented with Stockmann's additional requirements, which



are set based on detected human rights risks and other risks. These include a ban on the sandblasting of jeans, a ban on cotton sourced from Uzbekistan, fundamental requirements for animal rights, and restrictions on chemicals.

Unauthorised subcontracting poses a risk to compliance with our code. Our producers are always required to inform us about the use of subcontractors in advance. As a result of our risk analysis, we have banned the use of subcontractors in Bangladesh altogether, this being a zero-tolerance issue which leads to no further orders being placed.

SOCIAL RESPONSIBILITY AUDITS

Stockmann has been a member of amfori BSCI (formerly known as Business Social Compliance Initiative, BSCI) since 2005. Amfori BSCI is a business-driven initiative for companies committed to improving working conditions in factories worldwide. Based on international treaties, the amfori BSCI Code of Conduct sets out 11 core labour rights which the participating companies and their business

partners undertake to incorporate in their supply chain in a step-by-step development approach. Stockmann actively communicates about the amfori BSCI Code of Conduct to its suppliers and producers and cooperates with them to ensure a better chance of improving working conditions in the supply chains. Factories that manufacture Stockmann's and Lindex's own brand products and are located in countries classified as high-risk by the amfori BSCI, are subjected to regular audits by Stockmann, which are conducted by our local personnel, and to amfori BSCI, SEDEX and SA8000 audits conducted by a third party.

In 2020, Lindex discontinued its participation in amfori BSCI, opting to comply with the SEDEX standard going forward. Stockmann will assess the situation with regard to cooperation in audits following Lindex's decision. Factories used by Lindex are regularly audited, with both internal and third-party audits. Parallel with audits, Lindex is developing self-assessment and training its suppliers to assess themselves and report to the company. With self-assessment, Lindex aims to shift responsibility and ownership to the suppliers and develop their skills to improve conditions without constant external pressure.

In July 2020, Population Research and Development Associates (PRDA) was tasked with evaluating the Lindex WE Women project. PRDA was requested to review whether the working conditions and career opportunities of female workers had improved at the factories that participated in the project. Based on the results of the review, it is clear that the WE Women project has succeeded in achieving its

primary goal. At least 70% of the female workers felt that their working conditions and career opportunities had improved at the factories that participated in the project. Around 94% of the female employees interviewed stated that working conditions at the factories had improved since January 2019, and 90% of the women said that their career opportunities had been enhanced over the same period.

The Lindex Code of Conduct is based on the ETI Base Code by Ethical Trading Initiative, but has an enhanced focus on gender equality and especially the situation for women in factories. All of Lindex's business partners are required to follow the Code of Conduct, which will be implemented throughout Lindex's value chain by the end of 2021.

AUDITS AND FINDINGS

An audit report with a corrective action plan to address detected deficiencies is put together after each audit, be it an amfori BSCI audit, an own audit or an inspection in compliance with the Accord on Fire and Building Safety in Bangladesh.

Each task on the corrective action plan is given a deadline and progress is monitored. The amfori BSCI audits are conducted by internationally accredited independent auditors. The main findings in the audits were non-compliance with the requirements on working hours or providing one day off every seven days, as well as issues with health and safety, the management system and fair remuneration.



NUMBER OF AUDITS

	2020	2019	2018	2017
amfori BSCI	57	115	257	88
internal		62	66	119
SA8000 certificate	2	8	3	13
Accord inspections	88	88	145	221

AMFORI BSCI-AUDITS

Score	2020	2019	2018	2017
A = outstanding	9%	8	8%	5%
B = good	9%	15	9%	11%
C = acceptable	80%	67	70%	60%
D = insufficient	2%	10	13%	24%
E = unacceptable		0	0	0
Number of audits	57	115	252	88

* The COVID-19 pandemic had an impact on the number of audits in 2020.

IMPROVING FIRE AND BUILDING SAFETY IN BANGLADESH

In 2013, we joined the Accord on Fire and Building Safety in Bangladesh, due to the risk posed by substandard factory buildings in the country. According to the agreement, Stockmann is committed to having all of the factories producing garments for the Group audited on the basis of three different inspections, concerning fire safety, electricity and structural issues.

The first agreement period ended in 2018, but Stockmann has committed to continue the remediation work through the transition Accord. The aim of the transition Accord is to transfer the responsibility to the local government as soon as possible, after

having finished the remediation of the necessary improvements that were detected during the original Accord.

A total of 88 Accord inspections were carried out in 2020. A total of 96% of the remediation required under the Accord has been completed.

ACCORD REMEDIATION PROGRESS RATE

	2020	2019	2018	2017
Stockmann Group	96%	96%	93%	89%
Accord average	92%	91%	89%	82%

PRODUCTION COUNTRIES AND FACTORY LISTS

Our goal is to provide transparent communications on issues that interest our stakeholders, and therefore we disclose the suppliers and the factories producing own brand fashion and home products on our websites.

STOCKMANN

- Stockmann's own brand garments were bought from around 87 (90) suppliers and made in around 133 (131) factories. Around 64% (58%) of the factories were direct suppliers and 36% (42%) supplied their products through our purchasing offices.
- Stockmann's own brand home products were bought from 56 suppliers and made in 64 factories. The majority, or 95% (53%), of the producers were direct suppliers.

LINDEX

- Lindex had about 119 (119) suppliers who operated 174 (174) production units.
- Lindex has 30 (30) suppliers that account for 80% (80%) of production, and they are considered Lindex's key suppliers. Lindex has systematically consolidated its supply chain to be able to focus on fewer suppliers and improving cooperation, working conditions and environmental work in the most important factories.
- Lindex discloses on its website supplier lists that include manufacturing plants, processing facilities and tier 2 factories.

EMPOWERING WOMEN IN THE SUPPLY CHAIN

Empowering women is the key focus topic of Lindex's sustainability promise. The company works together with its business partners to achieve gender equality and empower female textile workers.



KEY PRODUCTION COUNTRIES

STOCKMANN'S OWN FASHION BRANDS

China	58%
Bangladesh	15%
India	9%
EU countries (low risk)	7%
Turkey	4

Five main areas account for: 93%

STOCKMANN'S OWN HOME BRANDS

EU countries (low risk)	51%
China	15.4%
India	7.9%
Pakistan	7%
Turkey	4

Five main areas account for: 91.8%

* Calculated based on purchases in euros.

LINDEX PRODUCTION COUNTRIES

The ten main production countries for Lindex's products, from highest to lowest volume, are the following: Bangladesh, China, Myanmar, Turkey, India, Italy, Sri Lanka, Cambodia, Sweden and Pakistan. The ten main countries account for 96% of all products (as calculated based on purchases in euros).

SUPPLIER ASSESSMENT FOR LABOUR PRACTICES AND HUMAN RIGHTS



A significant percentage of Stockmann's own brand fashion products, approximately 93%, at Lindex 95%, are manufactured in areas classified as risk countries by amfori BSCI. We are aware that there is a risk of violation of the codes of conduct and we are actively working to ensure compliance.

We are looking into the possibility of better incorporating human rights and children's rights into our assessments. The Stockmann Group has a Human Rights Policy which has been approved by the Board of Directors. In the case of a human rights violation, we work together with the supplier to remediate the victim. No new orders are placed with the supplier until the violation has been corrected and the victim has been compensated.

TEXTILE INDUSTRY CHALLENGES AND RISKS

Challenges that concern the whole textile industry include, for example, the traceability and transparency of the supply chain, the realisation of human and labour rights throughout the chain, and the environmental impacts of production and raw materials.

Our risk analysis shows five particular areas of risk for our Code of Conduct, which are: management systems, documentation, trade union affiliation, wages and compensation, and working hours. More

information on the identified risks and management methods can be found on the Stockmann Group's website.

SUPPLIER ASSESSMENT FOR ENVIRONMENTAL PRACTICES



The textile industry is water-intensive. Water impacts our supply chain mostly through the irrigation of cotton fields and through the wet processes of textile production, such as dyeing and washing. Water consumption and water treatment should, therefore, be as efficient as possible.

We require our suppliers to comply with the applicable environmental legislation. In addition, our purchasing offices have adopted an environmental code, which sets requirements for water treatment, chemicals handling, waste treatment, emissions and continuous improvement.

On a product level, water impact is reduced by choosing more sustainable materials, such as Better Cotton and organic cotton that are produced with more sustainable cultivation methods in which using less water is one factor. But above all, by replacing some of the cotton with recycled cotton, thousands of litres of water can be saved. The water impact is also reduced by using more sustainable processes for washing, printing, dyeing and finishing in production.

LINDEX

Besides working on a product level, Lindex also focuses on water management at the factory level. We score our suppliers on their water consumption and wastewater generation.

Being a water responsible company is one of the core aims in Lindex's sustainability promise. Lindex wants to be water efficient throughout its value chain, to reduce the risk of water scarcity in areas connected to its operations and, together with business partners, provide access to water and sanitation in factories and nearby communities.

By 2025, all of Lindex's business partners with water-intensive operations measure their water use, will have set reduction goals and incorporated reduction, reuse and recycling of wastewater in their environmental management



systems. By 2025, Lindex has committed to remove the release of all hazardous and toxic substances from its supply chain to promote transparency and sustainable water consumption.

Water is needed at every stage of a garment's life cycle, from the cotton field to the home washing machine. Lindex aims to use water responsibly in its production processes.

Lindex's goal is to ensure that there is sufficient water in cultivation and production communities for other purposes, such as drinking, fishing and farming. In addition, Lindex makes sure that the water used in the making of its products is clean and safe when it is released into the environment. This means that all chemicals, equipment and processes used in manufacturing must be carefully considered. Lindex has taken specific actions throughout its supply chain to ensure that clean water is used wisely and the environment and people's health are protected. Together with its business partners, Lindex ensures that there is access to clean water and sanitation for the workers at the factories and in the nearby communities.

During the past year, Lindex has conducted a worldwide water risk assessment based on the locations of tier 1 and tier 2 factories. Lindex has also updated the assessment tools provided to its suppliers for reducing the water risk. To increase environmental awareness, Lindex has created training material on water use for all its employees. The training material will be introduced in 2021.



SUSTAINABLE SHOPPING ENVIRONMENT

We reduce the environmental impact of our business operations and act in accordance with sustainable development. In our daily operations, we take actions to mitigate our climate impact and we apply a circular economy approach. We aim to minimise the environmental footprint of our packaging materials and introduce more material-efficient options.



Stockmann complies with valid environmental legislation and requires the same from its partners. Environmental work at Stockmann is based on the CSR strategy. The management of environmental responsibility is part of the divisions' daily operations and is coordinated by the Communications and CSR function. We set specific environmental targets, define indicators for monitoring the achievement of these targets and establish appropriate management practices.

ENVIRONMENTAL MANAGEMENT



Since 2003, an ISO 14001 certified environmental management system has been in use in Stockmann's department

stores and support functions in Finland. The department stores in the Baltic countries have adopted the operating methods and guidelines of Stockmann's environmental management system. Stockmann takes environmental aspects into account when planning and managing operations and when procuring products and services for its own use. Stockmann requires its service providers to commit to Stockmann's Code of Conduct and operating principles, and environmental issues and targets are regularly discussed during cooperation. We work in close cooperation with our service providers, who play an important role in achieving our environmental targets.

SUSTAINABLE SHOPPING ENVIRONMENT

GOALS	KEY PERFORMANCE INDICATORS (KPIs)	PROGRESS & ACTIVITIES	STATUS
We are committed to reducing our packaging materials and their environmental footprint	Reducing plastic in our packaging materials	<p>We reduced the use of plastic as a packaging material for online store deliveries by 37% by replacing plastic security bags with a security seal and replacing the shipping bags made of recycled plastic with ones made from fibre materials in 2020. Moreover, in 2020 we started piloting the use of paper adhesive tape instead of plastic tape.</p> <p>We set an additional target of reducing the packaging material used in Stockmann's own home brand Casa Stockmann by 50% by 2023.</p>	● In progress
We take actions to mitigate our climate impact	Improve energy efficiency in Finland by 4% (2016–2020) and in Finland and the Baltics by 7.5% (2018–2025)	<p>We continued to implement energy efficiency measures in our operations. We reached our energy efficiency target and improved energy efficiency in our operations in Finland by 25% from 2016 to 2020. In Finland and the Baltics, energy efficiency improved by 20% from 2018 to 2020, which was significantly aided by the shorter opening hours of the department stores in 2020.</p> <p>In 2020, the Group's comparable GHG emissions decreased by 15% (12%), amounting to 33 600 tCO₂e (39 700).</p> <p>Stockmann committed to using renewable electricity in its distribution centre from the beginning of 2020, and almost 60% of the electricity used by Lindex was renewable.</p>	● On target
We apply a circular economy approach in our operations	Recycling rate target: 75% in Finland and 50% in the Baltic countries	<p>We reached our recycling rate target in Finland with a recycling rate of 77% (76%). In the Baltic countries, the recycling rate was below target at 40% (31%). The total amount of waste decreased by approximately 29% in Finland and by 25% in the Baltics compared to the previous year.</p>	● In progress



Lindex does not have a certified environmental management system in place, but the company has introduced internal environmental guidelines, including an energy efficiency concept.

The Group's purchasing offices operate near the production locations, focusing on assessing and minimising the harmful environmental impacts that can be caused by the suppliers' factories.



RAISING INTERNAL AWARENESS ON ENVIRONMENTAL ISSUES

Every employee's input is required for us to achieve our environmental targets. The personnel's environmental awareness is maintained and enhanced through training and regular internal communications. Environmental topics are part of the induction training that all new employees participate in, and we provide separate sustainability e-learning courses to all employees.

ENERGY



The Group's energy consumption mainly consists of electricity and district heating and cooling.

Energy is consumed by the lighting, ventilation, heating and cooling systems in the stores, distribution centres and offices, as well as by other equipment and machinery in these facilities, such as lifts and escalators.

Energy efficiency is an important part of Stockmann's environmental work, as the energy consumption in Stockmann's own operations has been identified to be the most significant source of CO₂ emissions. As part of

Stockmann's business operations in Finland are ISO 14001 certified

our environmental work, we strive to implement energy-efficient measures to mitigate our climate impact and improve efficiency.

Stockmann's Facility Management Team is responsible for energy management in the department stores, distribution centre and support functions. Energy consumption is monitored daily and measures are taken to address deviations. In 2020, Stockmann conducted energy reviews in its premises, and the outcomes are used in the work to mitigate climate impact. During the reporting year, Stockmann continued implementing the

energy efficiency programme by optimising the operating hours of building systems as well as ventilation and lighting control in all its premises.

Stockmann's distribution centre, located in Finland, serves the stockmann.com online store and the department stores in all countries of operation. By centralising distribution at one location, Stockmann has been able to optimise its warehouse operations, reduce internal transportation of goods and improve energy efficiency in the logistic operations. The Stockmann distribution centre has been awarded the LEED Gold environmental certificate. The centre uses LED lighting and its geothermal system produces a significant proportion of the heating and cooling energy needed in the property.

Stockmann began using renewable electric power at its distribution centre at the beginning of 2020.

ENERGY AND WATER CONSUMPTION 2020-2018

	2020	2019	2018
DIRECT CONSUMPTION			
Heating fuel (MWh)	463	458	474
Natural gas (MWh)	317	319	302
INDIRECT CONSUMPTION			
Electricity (MWh)	69 221	81 409	87 148
District heating and cooling (MWh)	67 101	71 462	76 072
Water (m ³)	77 450	95 875	10 775

The reporting does not cover the franchising operations. Heating fuel data is based on estimates. Purchased electricity consumption covers all the Group's functions. Purchased heating and cooling energy consumption covers all the Group's functions, excluding purchasing offices. Heating and cooling data for Stockmann is based on invoicing and data from service providers. Due to the significant use of estimates and extrapolation in heat consumption for Lindex, the reliability of the data is considered moderate. Reporting on water covers all the Stockmann functions (excluding the department store in Itis in Helsinki) and Lindex's distribution centre in Sweden.

During the reporting year, Stockmann upgraded the entire first floor of the Tallinn department store with LED-based lighting and replaced the Tallinn Delicatessen's refrigeration equipment with more energy-efficient alternatives. In addition, it continued to replace the traditional lighting in the Helsinki department store with LED lights.

Lindex's stores have also focused on minimising energy consumption, and all stores follow an efficient energy consumption checklist as a routine practice. A survey of electricity consumption has been conducted in a representative sample of Lindex stores. The survey indicated that lighting, cooling, ventilation and escalators account for approximately 90% of energy consumption. For this reason, energy reduction measures will focus on these areas.

In accordance with its sustainability promise, Lindex respects the planet and therefore prioritises energy from renewable sources. Lindex's goal is to achieve net zero carbon emissions in its own operations by the end of 2023 and to eliminate 50% of CO₂ emissions in its entire value chain by the end of 2030, compared to the level of 2017.

EMISSIONS



Reporting on GHG 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. Stockmann's carbon

footprint in 2020 covers the Stockmann and Lindex functions in all countries of operation, excluding Lindex's franchising operations. In Stockmann's case, the figures also cover the emissions generated by tenants in the department stores. At the end of 2020, Stockmann was using 74% (73%) of the gross leasable area and the rest was used by tenants.

Stockmann has reported its GHG emissions at the Group level for ten years. The Group's emissions are presented in the 'GHG emissions' table. The GHG figures for 2018–2020 are also presented in the table to enable short-term comparison. Comments and possible changes in the scope of the calculations are explained in the table. The calculation of emissions was carried out in accordance with the international Greenhouse Gas (GHG) Protocol reporting principles.

REDUCING TRANSPORT EMISSIONS

We serve our customers in several countries, and as a result the shipping and distribution of goods to our various locations generates emissions. We pay considerable attention to the efficient and environmentally friendly transportation of product flows and we cooperate closely with our logistics partners. In our logistics management, we value long-term relationships and we strive for close cooperation with our partners to further improve efficiency. Distribution transports are continuously optimised through route planning and the use of return transports. We monitor transports systematically and engage in an active dialogue with our partners.

GREENHOUSE GAS EMISSIONS 2020–2018

	tCO ₂ e 2020	tCO ₂ e 2019	tCO ₂ e 2018	Change 2020–2019, %	Comments
DIRECT EMISSIONS (SCOPE 1)	600	800	1 580	–22%	
Stationary combustion	180	180	180	0%	
Refrigerants	450	620	1 400	–28%	The reduction is due to the normal annual variation in refrigerants.
INDIRECT EMISSIONS FROM PURCHASED ENERGY (SCOPE 2)	24 200 (20 800)	29 000 (24 800)	33 100 (26 750)	–17%	Market based (location based in brackets)
Purchased electricity (market-based)	15 600	19 700	23 100	–21%	The pandemic has affected the volume of the business consequencing to decreased energy consumption.
Purchased electricity (location-based)	12 200	15 500	16 750	–21%	The pandemic has affected the volume of the business consequencing to decreased energy consumption.
Heating and cooling	8 600	9 300	10 000	–8%	Lindex data estimated in terms of area.
OTHER INDIRECT EMISSIONS (SCOPE 3)	8 800	9 900	10 450	–12%	
Internal logistics	2 100	2 100	1 700	0%	Improved data collection, figures not fully comparable.
External logistics	4 600	5 100	5 900	–11%	Decrease in kilometres.
Online store deliveries to customers	300	200	200	50%	Figures for Stockmann's online store operations only. Increase in number of deliveries.
Business travel	400	900	850	–57%	Decrease in travel due to travel restrictions.
Waste	1 400	1 600	1 800	–10%	Decrease in amount of waste and improvements in sorting.
TOTAL	33 600	39 700	45 130	–15%	
AVOIDED EMISSIONS	262	265	244		

Lindex uses air freight only in exceptional cases. In cases where speed is the key criterion for a delivery, Lindex transports goods by rail. Since maritime shipping has a much smaller

carbon footprint that air freight, shipping is the primary mode of transportation.

Lindex has reduced its environmental impacts at every stage of its logistics:

1. Smart product distribution is used to avoid unnecessary transportation between stores.
2. Transports are combined with those of other companies located in the same area.
3. Transport equipment and containers are fully loaded.
4. The requirements of the Swedish Transport Administration are followed in such aspects as traffic safety, emissions and speed limits, and legislation is complied with.
5. Around 70% of online store product returns are delivered directly to a Lindex store instead of a warehouse.

REDUCING BUSINESS TRAVEL EMISSIONS

To minimise travel, videoconferencing and teleconferencing equipment is used in meetings. Attention is paid to emissions from business travel, and low emission options are preferred for such trips. The company travel guidelines recommend travel by train or bus over the use of a private car, and leasing cars have a limit set on maximum emissions. In addition, Stockmann has a remote work policy that allows the personnel to reduce their emissions from commuting, as well as supporting work-life balance.

CDP DISCLOSURE

The Stockmann Group reports on its GHG emissions in the international Carbon Disclosure Project (CDP). In 2020, Stockmann's score continued to be on a good level, with the Management level score of B, as in the previous three years. The score is higher

than the general and European regional average. The score reveals that Stockmann has taken coordinated action on climate issues.

CIRCULAR ECONOMY



At Stockmann, we strive to apply a circular economy approach. We are monitoring and investigating new solutions to extend the life of products and materials. In 2020, we began a project with the aim of providing more care instructions for materials for customers in the online store to improve the useful life of products.

PACKAGING MATERIALS AND CARRIER BAGS

Stockmann aims to bring high-quality packaging to the market and to minimise the environmental load of packaging materials, promote a circular economy and offer customers material-efficient solutions. The Stockmann Group reports on the packaging materials it uses, in accordance with the EU Packaging Directive.

Stockmann has made a commitment to reduce the consumption of plastic bags under Society's Commitment to Sustainable Development. Accordingly, plastic bags are no longer available for our customers at cash desks free of charge and we provide information at stores about sustainable choices in carrier bags.

STOCKMANN

- In 2020, about 21% (28%) of our customers chose to buy a bag with their purchase, and out of those, 61% (63%) were plastic bags, 38% (35%) were paper bags and 1% (2%) were reusable bags.
- Stockmann's plastic bags are 80% recycled plastic (the bags sold at the Delicatessens in the Baltic countries are 60% recycled plastic). The paper bags and corrugated cardboard packaging are made from FSC-certified material. In 2020, Stockmann introduced recyclable Paptic Tringa fibre packaging made of FSC-certified spruce pulp at the department stores and in the online store.
- Stockmann offers the customers reusable alternatives.
- The packaging materials, such as the cardboard boxes, bubble wrap and packing paper, used for packaging the items

purchased in the stockmann.com online store are mainly made of recycled materials.

- In 2020, we made a decision to eliminate plastic in our online store deliveries. In early 2021, we created the concept for the new plastic-free packaging, and we will introduce this concept in our online store deliveries in Q2 2021.
- During the reporting year, Stockmann continued to replace the sealed plastic bags used by the online store with seal stickers.

LINDEX

- Lindex carrier bags are made with 80% post-consumer recycled plastic and 20% post-industry recycled plastic.
- Lindex online store packages are made of 100% recycled materials. In addition, Lindex has reduced the use of plastic in its supply chain, for example by reducing the plastic





Recycling rate in Finland

77%

used for packing garments shipped from production countries.

- In line with the One Bag Habit initiative, Lindex charges for carrier bags in all its stores. Only about 26% (28%) of customers chose to buy a bag during the reporting year. One Bag Habit is a joint initiative by Lindex and two other Swedish fashion brands that aims to reduce the consumption of carrier bags and raise awareness of their negative environmental impacts. The surplus income

from the sale of bags is donated to causes that promote sustainable development.

REUSE AND WASTE PREVENTION THROUGH PRODUCT DONATIONS

The department stores and service functions work together to promote reuse and recycling by donating unsold products and product samples, as well as leftover materials and products from the design studio to local partners, charitable organisations and various recycling workshops. For example, we regularly donate garments and product samples to Hope – Yhdessä & Yhteisesti ry, a non-profit organisation that distributes donations to Finnish families with limited means. In 2020, clothes and home products were also donated to other charitable organisations, including Pääkaupunkiseudun turvakoti ry, the Lutheran Church in Helsinki and Apuna ry.

EFFLUENTS AND WASTE



The waste generated by the divisions' operations is mainly packaging waste, such as cardboard and plastic. Biodegradable

waste is also generated in the Stockmann Delicatessen's operations in the Baltic countries and in the tenants' operations, which include grocery stores, restaurants and cafés.

We pay close attention to waste sorting and recycling by providing training for the personnel and tenants, developing our guidance and making sorting more convenient. Waste sorting is managed in accordance with an ISO 14001 environmental management system, and the results of waste sorting and the amount of waste at the various business locations are monitored regularly.

Our target is to reduce the amount of waste and to recycle as much waste as possible into new materials. The Group's total amount of waste decreased in 2020 by approximately 29% (3%). The recycling rate in the department stores in Finland increased to 77% (76%). Stockmann closely cooperates with its waste management service provider to improve recycling and efficiency.

In recent years, our stakeholders have shown interest in our approach to unsold clothing. At Stockmann, all products are ultimately sold at discounted prices, or to the personnel through personnel sales, to ensure that no products are left.

Spoilage of products due to mould or other reasons during transportation is rare. However, in such cases the products end up as waste according to a set process monitored by Customs.

Water consumption in Stockmann's own operations is minimal, and the company operates in areas where there is no scarcity of water. Measuring and minimising water consumption is nevertheless an important part of Stockmann's environmental responsibility. Most of the Group's water consumption takes place in the department stores' restaurant, kitchen and sanitary facilities. Water consumption is minimised by instructing the personnel and tenants, preventing and repairing even the smallest leaks and procuring more efficient water fixtures to replace older ones.

WASTE 2019–2018, TONS

	Stockmann Finland			Stockmann Baltics			Lindex Sweden			Total		
	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018
NON-HAZARDOUS WASTE	1 981	2 787	2 864	607	873	822	1 164	1 217	1 325	3 752	4 877	5 011
Reuse / Recycling	1 522	2 128	2 067	245	274	327	1 103	1 180	1 281	2 870	3 582	3 675
Recovery / Incineration	460	659	797	362	600	496	61	37	44	883	1 296	1 337
End of life treatment	0	0	0		0	0	0	0	0	0	0	0
HAZARDOUS WASTE	3	2	4	2	8	20	0	0	2	5	10	26
Reuse / Recycling	1	1	1	0	0	0	0	0	0	1	1	1
Recovery / Incineration	0	0	0		0	0		0	0	0	0	0
End of life treatment	2	1	2	2	8	20	0	0	2	4	9	24
TOTAL, tonnes	1 984	2 789	2 868	608	881	842	1 164	1 217	1 327	3 756	4 887	5 037
RECYCLING RATE, %	77	76	72	40	31	40	95	97	97	76	73	73

The figures for Stockmann cover all functions in Finland (excluding the department store in Tapiola) and the Baltic countries. The Lindex figures contain the information of the distribution center. The figures for the different countries are not entirely comparable.



RESPONSIBLE WORK COMMUNITY

Motivated and committed retail experts are the foundation of our business. We value equality and diversity and treat our employees fairly according to the principle of equal opportunities. We pay our employees fair wages for their work and support their personal and professional growth. We take care of our employees and provide them with healthy and safe working conditions and promote their wellbeing.





The Stockmann Group's Human Resources (HR) policies are based on the company's values, strategy and Code of Conduct, in addition to which the divisions have their own more detailed HR policies that support the growth and wellbeing of the personnel. The implementation of good HR policies is monitored through personnel surveys, performance and development discussions and other feedback channels. Cooperation also takes place in local personnel committees and the Group Council. The HR Director, who reports to the CEO of the Stockmann Group, is responsible for the human resources management at the company.

EMPLOYMENT



The past few years have been challenging for Stockmann and its personnel, and the COVID-19 pandemic, which broke out in the spring of 2020, posed further challenges for the business. We initiated adjustment measures and savings programmes in both divisions. Organisational changes are necessary in order to turn the business around and improve profitability. Meanwhile, we are focusing strongly on developing competence and the company's culture.

Stockmann updated its strategy in 2020. One of the company's five focus areas is Stockmann United, which aims at strengthening Stockmann's customer-centric culture. We are enhancing value-based

RESPONSIBLE WORK COMMUNITY

TARGETS	KEY PERFORMANCE INDICATORS (KPIs)	PROGRESS & ACTIVITIES	STATUS
We ensure a healthy and safe working environment and promote the wellbeing of our personnel	Accident rate target: maximum of 20 per million working hours. The #Stockmannstaff SCORE target by 2021 is 53 and the Leadership SCORE target by 2021 is 74.	In Finland, Stockmann's accident rate was 15 (31) accidents per million working hours. We measured our employees' experiences four times in 2020 with the #Stockmannstaff barometer, which we also introduced in Estonia and Latvia. The #Stockmannstaff SCORE in 2020 was 51 (41) and the Leadership SCORE was 72 (60).	● Target met
We value equality and diversity	Proportion of women and men at different organizational levels. The pay gap between women and men Experiences of work by background variables	Equality is a key focus area in Stockmann's values, and it is promoted in all employee categories according to the equality plan that has been prepared together with employee representatives. Stockmann is a female-dominated company. 90% of Stockmann division's employees are women, also 92% of supervisors and 40% of management team. In a review of Finnish listed companies, Stockmann was ranked among the five best mid-sized companies in terms of diversity in the Board of Directors and the management team. Average salaries have converged in all areas of work except for senior staff. In 2021, we will classify senior positions and look at salaries by complexity class. Stockmann offers jobs for all ages. For example, in our largest group of employees, the age distribution is very even, being: Less than 25 years 15%, 25-34 years 19%, 35-44 years 19%, 45-54 years 24%, Over 55 years 23% In the future, we will also monitor employee experience by background variable to ensure a consistent experience for all.	● Target partially met
We support personnel's professional growth	#Stockmannstaff personnel feedback: target score 50 by the end of 2020 PDD execution rate: target 100% in 2021	We achieved the #Stockmannstaff SCORE target with a score of 51 (41) at the end of 2020. We focused particularly on the success of supervisors, defined the four leadership principles at Stockmann and provided training in the execution of our updated customer-focused strategy to all supervisors in the Stockmann division. Feedback on management improved significantly in 2020, reaching a score of 72 (60) at the end of the year. The PDD execution rate was 59%. According to the #Stockmannstaff barometer, 59% of team employees had discussed their job targets with their immediate supervisor in the previous 6 months, and 55% had discussed their personal development. A total of 35% (25%) felt that Stockmann offers good opportunities for professional development and 41% (33%) said they had received sufficient training.	● Target partially met

management and the employee experience. We are creating an operating model, competencies and ways of working that facilitate the execution and improve the efficiency of our customer-focused strategy. We are systematically enhancing our employee experience and strengthening our personnel's commitment. We are all aiming for the same goal as one Stockmann United team.

EMPLOYMENT CONTRACTS

In retail, the need for fixed-term employees is traditionally high, as the summer and Christmas seasons and campaigns increase the need for seasonal employees. The use of self-employed workers and freelancers is minimal at the Stockmann Group and mostly limited to some cases in marketing.

STOCKMANN

- The number of fixed-term employees at Stockmann has decreased, while seasonal workers at the department stores for the Crazy Days and special seasons are now recruited entirely through a recruitment agency.
- The Stockmann department stores offer many young people an opportunity to become familiar with the retail sector, for example, in the form of practical training periods that are required by various educational institutions. In 2020, we were unable to offer summer jobs because of the furloughing of employees due to the COVID-19 pandemic. The number of

trainees also decreased drastically. In 2020, we employed 16 (340) trainees.

- A large number of people working at the Stockmann department stores are employed by Stockmann's tenants in, for example, restaurants and departments operated by partners.

EMPLOYEE BENEFITS

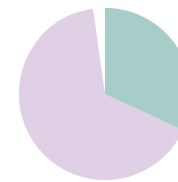
The Stockmann Group offers its personnel the benefits stipulated by local legislation in each of its operating countries. These benefits may include occupational health services, insurance against occupational accidents and diseases, parental leave and retirement benefits. The same personnel benefits are offered to part-time and full-time employees. In most countries, employees receive benefits that clearly exceed the requirements set by legislation, such as health insurance and meal benefits. These benefits are evaluated and updated regularly. All employees can purchase products using an employee discount in the stores belonging to the Group.

In addition, Stockmann offers its employees in Finland the opportunity to purchase work clothes with an additional discount four times a year. Furthermore, separate personnel sales are organised, enabling employees to purchase products at a budget price. Stockmann has an incentive programme that covers every employee. The aim of the programme is to encourage and motivate employees to succeed in their work and to reward them for success. According to the updated strategy, the main focus is on

profitable business and customer satisfaction. Long-serving employees are rewarded annually with a medal. In both divisions, employees are rewarded on their 50th birthday. Stockmann supports recreational and leisure activities for

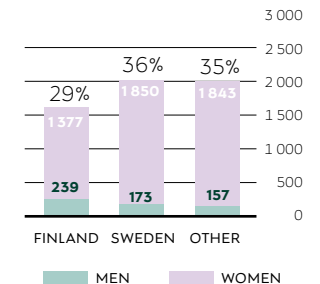
permanent employees, for instance by subsidising sports and exercise activities and through various staff clubs. Stockmann employees are rewarded for 30 years of service with an additional holiday.

EMPLOYEES BY DIVISION

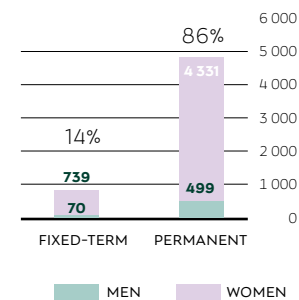


STOCKMANN	1,780	32%
LINDEX	3,741	66%
PURCHASING OFFICES	118	2%

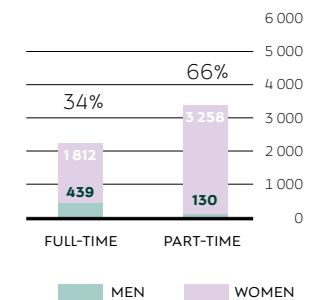
EMPLOYEES BY COUNTRY



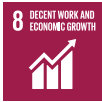
FIXED-TERM / PERMANENT



FULL-TIME / PART-TIME



LABOUR AND MANAGEMENT RELATIONS



The Stockmann Group monitors the implementation of good HR practices through personnel surveys, performance and development discussions and other feedback channels. The personnel participate in interaction and discussion in many ways. We promote a culture of openness and strive to communicate about issues concerning our personnel as quickly as possible. To this end, we review Stockmann's strategy and financial performance and outlook and set goals for our performance in these areas.

Two employee representatives participate in meetings of Stockmann's Board of Directors, and they have the right to be present and speak at these meetings. One of these representatives is elected by the staff representatives in Stockmann's Group Council and the other by the association representing Stockmann's senior salaried employees.

The objective is that a performance and development discussion (PDD) is conducted at least once a year with every Stockmann employee. Furthermore, to increase engagement, additional group development discussions are held in the sales operations.

Stockmann's Chief Executive Officer regularly reviews the company's strategy and financial position in quarterly personnel information sessions as well as in separate information sessions about the strategy, the focus areas and news concerning the personnel together with other management and experts.



The strategy updated in 2020 has been discussed in all units and within every team, and its progress is regularly monitored as part of the units' activities.

In Finland, there is an Employees' Council at every business location, and they convene four times a year. A similar model is followed in the Baltic countries. HR matters in Finland are handled at the Group Council, which convenes twice every year.

- In 2020, we launched the Leadership Day events intended for supervisors in the Stockmann division, which will be held twice

a year. The events aim at accelerating the execution of the strategy and strengthening a joint management and operating culture across the different countries.

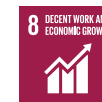
- In 2020, we defined Stockmann's four management principles, which aim to clarify expectations for supervisory work. Every supervisor has prepared a personal development plan based on the joint principles.
- In addition, the adoption of the Teams application in the Stockmann division has facilitated cooperation and increased transparency across departments.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

The Stockmann Group respects the basic rights of its employees, such as freedom of association and collective bargaining. In Finland, approximately 83% (81%) of the Stockmann Group's personnel are covered by collective agreements. All Lindex employees in Sweden, Norway and Finland, excluding senior salaried employees, are covered by collective agreements.

The company does not monitor the extent of union membership, but it does compile statistics on the number of employees in Finland whose trade union membership fee is deducted from their salary. In 2020, such employees accounted for 36% (30%) of the Group's personnel working in Finland. In the other countries of operation, statistics on union members have not been collected.

OCCUPATIONAL HEALTH, SAFETY AND WELLBEING



Occupational health care is arranged in accordance with local laws and regulations in all countries of operation. Employee wellbeing and occupational safety are discussed regularly in the Employees' Councils, which operate in accordance with the requirements of local legislation and represent all personnel groups. Employee wellbeing is measured through employee surveys.



STOCKMANN

- In 2020, four #Stockmannstaff barometers were carried out. According to the surveys, Stockmann's strengths are inspiring work, trust within the employees' own teams and the desire to create superior customer experience. Areas with room for improvement included commitment, high workload, wellbeing and development opportunities. Due to the uncertain situation in 2020, we focused in particular on communicating transparently about our future goals and priorities and our latest news.
- To enhance competence, we identified together with the personnel the key competences in customer service, based on which we will create learning opportunities in 2021.
- We trained all supervisors in executing our customer-focused strategy and communicating it to the entire personnel in all countries of operation.
- Stockmann offers the opportunity for remote work. The objective is to support



work-life balance and equal opportunities. During the pandemic, Stockmann issued a remote work recommendation to all employees whose duties permit this so as to improve occupational safety.

- Stockmann offers its personnel in Finland the opportunity to take a seasonal influenza vaccine every year, a service highly appreciated by the employees.
- Stockmann has an early intervention model in place to follow up on and promote the work ability and health of the employees. Supervisors are recommended to conduct a confidential work ability discussion with an employee when the employee's ability to work has been affected in one way or another. A follow-up of sickness absences requires cooperation between the supervisor and occupational health services and sometimes involves a personnel representative and the HR department. Different modes of support for the return to work, such as a trial period or part-time sick leave, are actively used at Stockmann. The company also has a substance abuse programme to intervene in cases involving substance abuse. The principles of this programme are updated regularly.
- Stockmann's occupational health services take the work ability perspective into consideration with every appointment, advising employees on work-related diseases and any other risks associated with work, and giving recommendations where necessary. Support provided by the supervisor, a safe working environment and

the opportunity to eat healthy food during the workday are also considered part of the support for employees' ability to work.

LINDEX

- Lindex regularly conducts a global employee survey to obtain an overview of how the company's employees experience their workplace and the company culture. However, Lindex did not conduct the survey in 2020.
- Performance management is used at Lindex to follow up on and support employees at an early stage in order to promote their work ability and health. Different modes of support for the return to work after sickness absence are actively used. The company also has an action plan, which is available on the intranet, to intervene in cases involving substance abuse. Lindex works in close cooperation with the occupational health services. If necessary, recommendations are issued on work-related diseases and any other risks associated with work.

WORKPLACE ACCIDENTS AND SICKNESS ABSENCES

Workplace accidents and sickness absences are reported in the table 'Personnel figures'. In Finland and Sweden, the majority of accidents were caused by slipping or falling or by dropping or lifting objects.

In 2020, occupational health services were provided to all employees in Finland whose employment had continued for a minimum of 4 months, or a total of 1 570 (1 784) persons. The

occupational health services of the Group's units in Finland are arranged via the company's own occupational health clinic and outsourced services. The Group's own clinic at the Stockmann Helsinki department store mainly serves employees in the Greater Helsinki area. In other locations and at the Lindex stores in Finland, occupational health services are outsourced.

TRAINING



Systematic, continuous training is a core part of our HR practices and is carried out mostly through comprehensive e-learning

programmes as well as various internal training events and sessions involving representatives from the different functions and personnel groups. Stockmann's goal is to enable and develop the employees' personal skills and offer professional learning opportunities.

STOCKMANN

- Stockmann reviewed the training needs of the employees by conducting surveys with the sales staff as well as the supervisors and shift managers. The information gained from the surveys will be used to further develop the training programme.
- In Finland, Stockmann organises training related to themes such as sales and customer service work and knowledge of the selection. Other training activities aiming at providing induction training to new



employees and improving the employee and customer experience are procured from external providers to strengthen expert work, if necessary. In 2020, all of the nearly 100 supervisors participated in facilitation training.

- Stockmann developed its eLearning platform, enabling employees to participate in remote learning at any time, anywhere.
- A customer game intended for training the entire personnel was launched on mobile devices in autumn 2020.
- Stockmann supports the combining of work and studies, for example by providing opportunities for apprenticeship training.

LINDEX

- At Lindex, continuous professional development is promoted through various in-house training courses and events. In addition, the company offers external management training.
- At the purchasing offices, continuous training is offered to keep the personnel's knowledge up to date in a rapidly developing industry.

SKILLS MANAGEMENT AND JOB ROTATION

Continuous development at work and an active internal labour market are Stockmann's strengths. Providing employees with the

opportunity to switch positions between divisions, functions and countries promotes professional growth and helps the company commit competent personnel to long-term employment relationships. Many members of the Group's management have experience of working in different parts of the company, including customer service duties.

STOCKMANN

- At Stockmann, we firmly believe that each and every one of us has the ability to learn and develop. The pace of development in our current operating environment and rapid technological progress also partly force us to continuously enhance our competence in close interaction with our daily duties. Our personnel's competence consists of knowledge, skills, attitudes, experiences and contacts.
- In 2020, we began defining the strategy-based key competences and the key talents at the organisational level. This work influences the content of training and the future development of competence. The key sales competences were completed in the past year, and our work continues with the definition of the key competences for supervisors.
- During 2020, Stockmann carried out a project aiming to renew the content of the performance and development dialogues and to increase the emphasis on elements of success, dialogue, learning, professional development and career thinking in them. The new practices will be introduced during 2021.

DIVERSITY, EQUAL OPPORTUNITY AND NON-DISCRIMINATION



Stockmann aims to promote a people-oriented culture that, at its core, includes fair, equal and appreciative treatment of all

employees, with a respect for diversity.

Stockmann has a zero-tolerance policy against discrimination and other inappropriate behaviour.

STOCKMANN

- Stockmann has an equality plan, which is regularly updated and approved in the Group Council. The purpose of the plan is to point out structural issues in work duties with the aid of statistics and to set improvement targets for achieving a more equal working environment.
- The realisation of equality is actively promoted in all employment categories. Mutual respect and abiding by mutually set rules are part of this. In recruitment, we are open-minded towards the various backgrounds of the candidates, aiming to create a diverse work community. We ensure that tasks, qualifications and titles are gender-neutral. Age, sex or religious beliefs are only considered if there is a justified reason based on the position. We do not accept age discrimination and different age groups are well represented in the company.
- The average age of Stockmann personnel in Finland is 45 years.





- Personnel planning has been developed to ensure equal treatment, for example, when additional working hours are offered and days off and Sunday work are distributed, and by offering guidance for remote work.
- We work actively in cooperation with supervisors to deal with and anticipate potential cases of harassment and discrimination and issues concerning equal opportunity, the work atmosphere and the workload. We are currently updating the conflict resolution model in cooperation with the personnel.
- Stockmann has guidelines for working clothes, which encourage personnel to dress according to their own style and identity, and in this way strengthen the culture of diversity and inclusiveness within the organisation.
- In order to ensure that there is no discrimination, and that the organisation takes advantage of diversity, Lindex continuously conducts analyses and follow-up of working conditions, salaries and terms of employment, recruitment and promotions, education and training, and combining parenthood and work.

DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES

Diversity is taken into account when electing the members of the Board of Directors, so that the members represent different fields and professions, international backgrounds, and different ages and genders. Information on the average age of the employees is presented in the 'Personnel Figures' table.

EQUAL REMUNERATION

Equal and fair remuneration is one of the areas in the Stockmann Group's equality and diversity plan.

STOCKMANN

- The remuneration of women and men working at Stockmann in Finland is monitored annually using an index.
- The causes of pay differences in the index include, for example, the difference between job roles, the level of qualifications and individual competences within the same level of difficulty, which the index does not take into account. There are relatively more

EMPLOYEES BY AGE GROUP 2020

MEN/WOMEN	under 30 years old	30–50 years old	older than 50 years old
Entire personnel, %	38 (6/94)	40 (11/89)	22 (9/91)
Group Management Team, persons		0/2	3/1

EMPLOYEES BY GENDER

MEN/WOMEN	2020	2019	2018
Entire personnel, %	10/90	9/91	9/91
With Director title, %	40/60	36/64	44/56
Group Management Team, persons (%)	3/3 (50/50)	3/2	4/6 (40/60)
Board of Directors, persons (%)	4/2 (67/33)	5/3	5/3 (63/37)

THE RATIO OF BASIC REMUNERATION OF WOMEN TO MEN BY EMPLOYEE CATEGORY, STOCKMANN FINLAND

INDEX	2020	2019	2018
Sales personnel (hourly salary)	99	98	98
Warehouse personnel (hourly salary)	96	94	94
Office personnel (monthly salary)	96	109	94
Senior salaried employees and management (monthly salary)	78	82	84

The index is only indicative, as it does not take into account the diversity of job roles and descriptions in each category.

- men working in supervisory and ICT positions, which explains some of the differences.
- Potential pay differences were reviewed in 2020 as necessary, and unjustified pay differences are being addressed.

LINDEX

- According to the Swedish Discrimination Act, Lindex annually conducts a salary review with the aim of detecting, remedying and preventing unjustified salary differences between women and men who perform the same or equivalent duties.



- Lindex's personnel policy is based on the principle that salaries are competitive in each market area and linked to the responsibilities of each job and to achieved results. Lindex does not accept differences in salary because of gender, functional limitation, ethnicity, sexual identity, sexual orientation, religion and other beliefs, age or parental status. The salary review is conducted within the limits imposed by the collective agreement.

INCIDENTS OF HARRASSMENT AND DISCRIMINATION

During the reporting year, no cases of sexual harassment or religious or political discrimination were raised at Stockmann Group.

In the Stockmann division, we have worked with the personnel to create a new conflict resolution model that describes how conflicts can be prevented and resolved in different situations. Among other things, the model describes how to act in line with the company's values in conflicts and what to do if you have been treated inappropriately. The model also sets out the responsibilities of every team member, the supervisor and the management as well as the conflict resolution path.

We treat our personnel fairly and equally and value the diversity of our employees.

PERSONNEL FIGURES

	2020	2019	2018
Number of personnel, 31 December	5 639	6 914	7 129
in Finland (men/women)	239/1 377	271/1 623	332/1 813
in Sweden (men/women)	173/1 850	144/2 168	147/2 194
Personnel on average	5 991	7 002	7 241
Personnel as full time equivalents, on average	3 973	4 891	5 299
Personnel by employment relationship and contract			
fixed-term (men/women)/permanent (men/women)	14 (9/91) 86 (10/90)	20 (4/96) / 80 (10/90)	18 (6/94) / 82 (10/90)
fixed-term (men/women)/permanent (men/women) in Finland	3 (15/85) 97 (15/85)	6 (8/92) / 94 (15/85)	8 (7/93) / 92 (16/84)
fixed-term (men/women)/permanent (men/women) in Sweden	14 (17/83) 86 (7/93)	23 (4/96) / 77 (7/93)	25 (7/93) / 75 (6/94)
Share of full-time/part-time employees of personnel, %	40/60	34/66	36/64
in Finland (men/women)	41 (24/76) 59 (8/92)	41 (23/77) / 59 (8/92)	43 (24/76) / 57 (9/91)
in other countries (men/women)	40 (20/80) 60 (4/96)	31 (17/83) / 69 (2/98)	33 (16/84) / 67 (2/98)
Turnover of permanent employees, on average, %	18	18	22
in Finland	12	17	17
in Sweden	8	8	9
New permanent employee hires, %	12	16	20
in Finland	6	10	12
in Sweden	4	6	6
Personnel costs, EUR million	181.9	211.1	222.0
Personnel expenses, share of revenue %	23	22.0	21.8
Average age of personnel	39	37	37
in Finland	42	41	40
in Sweden	40	38	37
Sickness absences, %	5.3	4.4	4.2
in Finland	4.1	4.2	4.7
in Sweden	6.2	4.9	4.7
Reported workplace accidents at workplace + on the way to work in Finland, quantity	51 + 19	72 + 41	60 + 50
Reported workplace accidents at workplace in Sweden, quantity	225	53	137
Personnel training expenses (Stockmann Finland, excluding direct wage costs), EUR million	0.1	0.2	0.2

Comparison figures are only presented for two years, due to changes in reporting practices.



SUSTAINABLE BUSINESS APPROACH

We are committed to good corporate governance and act in compliance with the Stockmann Group's Code of Conduct. Our goal is to create added value for all our stakeholders and we actively engage in society. We aim for long-term profitable operations and are taking several structural measures to return our business to profitability.





ECONOMIC PERFORMANCE



The Stockmann Group's adjusted operating result in 2020 was EUR 4.9 million (39.8). The operating result declined both in Lindex and

Stockmann. The reported operating result was EUR -252.4 million. Stockmann filed for corporate restructuring in the spring of 2020 due to the impact of the coronavirus pandemic, and the corporate restructuring programme was approved on 9 February 2021.

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

The Stockmann Group's operations create economic added value to our stakeholders in all the countries in which we operate. The majority of the economic added value goes into personnel salaries and other remuneration, as well as to goods and materials suppliers and service providers.

The shares of Stockmann plc are listed on Nasdaq Helsinki. At the end of the year, Stockmann had 43 656 (43 394) registered shareholders. In accordance with the dividend policy approved by Stockmann's Board of Directors, the company aims to distribute at least half of its result for each financial year in dividends. In accordance with a resolution of the Annual General Meeting, no dividend was paid for the 2019 financial year. The Board of Directors will propose to the Annual General Meeting that no dividends be distributed for the 2020 financial year.

SUSTAINABLE BUSINESS APPROACH

TARGETS	KEY PERFORMANCE INDICATORS (KPIs)	PROGRESS & ACTIVITIES	STATUS
We are committed to good corporate governance and act in compliance with the Stockmann Group's Code of Conduct	A total of 90% of personnel will have completed the Stockmann Code of Conduct e-learning course by the end of 2020, and 100% by the end of 2021	We continued to roll out our Code of Conduct e-learning programme in all the countries in which we operate. 76% of Stockmann's personnel in Finland and 81% of the personnel in Latvia had completed the training by the end of 2020. No e-learning course is used in Estonia; in 2020, the Code of Conduct was communicated through personnel information sessions, by updating local guidelines to align them with the Code and through a discussion with every new employee.	● In progress
We create added value to all our stakeholders	Positive EBITDA* at the end of 2021	The Group's EBITDA was EUR 127.5 (153.0) million and adjusted EBITDA was EUR 134.8 (168.6) million. Due to the effects of the coronavirus pandemic, Stockmann filed for corporate restructuring in spring 2020, and the company's aim is to return the business to profitability. The prerequisites for revitalising the business exist. For more information on the corporate restructuring proceedings, please see: www.stockmanngroup.com/en/corporate-restructuring	● Target not met
Our communication is transparent and reliable and we actively engage in society	Responsible corporate citizenship	We published integrated reviews of our business operations, financial position, governance and CSR. We actively communicated about our CSR work. We communicated about the corporate restructuring proceedings actively and openly to the public as well as to our personnel, customers, creditors, suppliers and other stakeholders. We participated in charitable projects, continued open dialogue with our stakeholders and responded to numerous surveys and studies, such as the SIHTI human rights audit, the Rank A Brand campaign of Pro Ethical Trade Finland (Eetti), the Finnwatch study of suppliers in risk countries and their carbon footprint, and the CDP ranking.	● Target met

* Earnings before interest, taxes, depreciation and amortisation



VALUE TO STAKEHOLDERS

Resources

PROFESSIONAL STAFF
& ORGANISATION

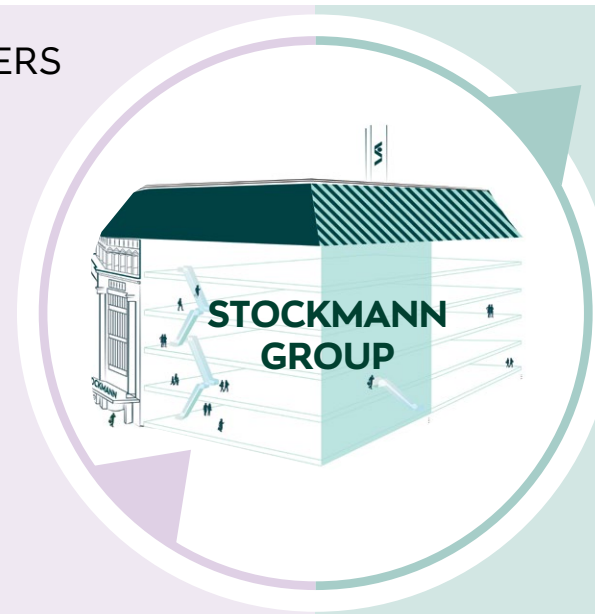
BRAND

PRODUCTS

OMNICHANNEL SERVICES

FINANCIAL RESOURCES
& PROPERTIES

NATURAL RESOURCES



Impacts

CUSTOMERS

Sales, lease and service income
and other operating income

EMPLOYEES

Salaries, fees and pension
contributions

SOCIETY

Other social security payments and taxes

SUPPLIERS & OTHER PARTNERS

Purchases of goods, materials and services

INVESTORS & SHAREHOLDERS

Financial expenses

DISTRIBUTION OF ECONOMIC ADDED VALUE TO DIFFERENT STAKEHOLDERS

EUR million		2020	2019*	2018*	2017*	2016*	2015*
Creating added value							
Customers	Sales excluding VAT, other operating income, financial income	794.4	961.5	1 026.2	1 060.3	1 177.5	1 435.8
Good suppliers and service providers	Purchased goods and services, including capital goods and paid rents	-613.1	-732.3	-756.9	-790.5	-864.9	-1 147.6
ADDED VALUE GENERATED BY STOCKMANN		181.3	229.23	269.3	269.8	312.6	288.3
Distribution of added value							
Personnel	Salaries, fees and pension contributions	-153.1	-178.9	-188.6	-201.6	-233.0	-281.9
Shareholders	Dividends	0	0.0	0.0	0.0	0.0	0.0
Finance providers	Financial expenses	-45.4	-53.7	-35.3	-31.8	-23.9	-22.1
Public sector	Other social security payments, taxes	-16.6	-47.1	-37.6	-53.2	-50.1	-54.7
DISTRIBUTED TO STAKEHOLDERS IN TOTAL		-215.1	-279.8	-261.4	-286.7	-307.0	-358.7
Retained in the company to develop operations		-33.8	-50.6	7.9	-16.9	5.6	-70.4

* Continuing operations

Stockmann Delicatessen operations in Finland have been reported as discontinued operations for 2018 and 2017; the comparison year of 2016 has been restated. The department store business in Russia has been reported as discontinued operations in 2016 and 2015.





CHARITY COOPERATION

As part of its CSR work, Stockmann may make donations to non-profit public benefit organisations that fund education, culture, research and other social projects in the countries where Stockmann operates. Charity work is guided by the company's donation policy. The Group's business units may also support non-profit projects as part of their commercial campaigns.

STOCKMANN

- In autumn 2019, we launched our redesigned loyal customer programme, MyStockmann, in Finland. The new programme includes continuous charity collaboration. As part of the programme, Stockmann annually donates a sum based on the loyal customers' progress in the programme to Plan International Finland, WWF Finland, and Hope – Yhdessä & Yhteisesti ry. The sum donated in 2020 was nearly EUR 19 000.
- Stockmann organised charity campaigns together with Save the Children at Stockmann department stores in Finland after the outbreak of the pandemic in the spring and during the Christmas season. With the help of our customers, we collected approximately EUR 22 000 to support the studies and hobbies of Finnish children. In addition, Stockmann took part in a campaign arranged by Kotona Asuen Seniorihoiva, an organisation providing services for senior citizens living at home, encouraging customers to buy Christmas flowers for lonely elderly people with limited

means. With the help of the campaign, the organisation delivered 1 770 flower donations purchased from Stockmann department stores as a surprise gift to senior citizens.

- In the spring, Stockmann and the John Nurminen Foundation offered customers the chance to participate in the #OURSEA campaign for the protection of the Baltic Sea online at stockmann.com and at the Helsinki department store. A part of the profits from the products were donated directly to the protection of the Baltic Sea, and customers also had the opportunity to make a donation to the John Nurminen Foundation at the checkouts.
- In Estonia, funds were donated to the Tartu University Hospital Children's Foundation in collaboration with the customers.

LINDEX

- Lindex is one of the main partners of the Pink Ribbon Project. In the 2020 campaign, Lindex, together with its customers, donated EUR 969 000 to support cancer research.
- On International Women's Day, Lindex held a campaign to draw attention to WaterAid's important work to empower women all over the world. Lindex donated about EUR 84 000 from its sales on International Women's Day to WaterAid and their work for increasing access to clean water, sanitation and improved hygiene in the world's poorest communities.
- Lindex charges for shopping bags in all the countries in which it operates its own stores. The income from the bag sales is donated to causes that promote sustainable

development. In 2020, Lindex donated nearly EUR 460 000 to its joint project with WaterAid in Bangladesh as well as to Women in Cotton, a project run by CottonConnect to support women working in the cotton supply chain.

- Lindex also donated EUR 47 675 that it had raised in its Women's Café and School of Hope collections to charity.

CORPORATE GOVERNANCE

The principles guiding Stockmann's operations are described at the beginning of this review, in the 'Our approach' section.

GRIEVANCE MECHANISMS

The Stockmann Group uses a group-wide whistleblowing reporting channel, which is provided by an external partner. The channel is a tool for Stockmann's own employees, as well as for business partners and other stakeholders, to anonymously report any suspected or detected violations of the Code of Conduct or other Group policies. Stockmann's employees also have the possibility to report any suspicions to their supervisor, their unit's security manager, the Group management, the legal department or the Group's Internal Audit. All whistleblowing reports and discussions are treated seriously and handled confidentially. All incidents are reported to the Head of Internal Audit and to the Director of Legal Affairs. In 2020, one serious incident was reported through the channel. The incident was investigated and needed actions taken.

CSR ORGANISATION

STOCKMANN

- In 2020, Stockmann's sustainability strategy was integrated into the company's business strategy. The functions and the Management Team are responsible for executing the strategy and monitoring its progress. Stockmann's Management Team is also responsible for the targets and focus areas of the sustainability strategy and for managing the strategy. Stockmann's CSR Steering Group, whose Chairman is Jukka Naulapää, Director of Legal Affairs, is responsible for coordinating, developing and monitoring CSR within the Stockmann Group.
- The CSR Steering Group also approves guidelines and defines the CSR projects, which are implemented using normal management systems. Stockmann's Management Team approves the strategy. The CSR Steering Group appoints separate working groups as necessary to prepare items for discussion and decisions on them and to implement the decisions taken by the Steering Group.
- Such working groups may be set up to deal with CSR targets and topical issues related to CSR. Stockmann's Communications and CSR function is responsible for developing, coordinating and reporting on the Group's CSR activities, together with the management and experts within the different functions.



LINDEX

- Lindex Management Group is responsible for the overall sustainability direction, goals and strategy with the support of the Corporate Sustainability Team. The Corporate Sustainability Team has overall responsibility for developing sustainability at Lindex, working closely together with the Production Sustainability Teams, which are based at the purchasing offices. Each department and country organisation develops its sustainability work in alignment with the direction, goals and strategies decided by the Management Group. The Lindex Corporate Communications Team is responsible for sustainability communications and reporting.

HUMAN RIGHTS ASSESSMENT



The Stockmann Group respects and promotes all human rights, as defined in the company's Code of Conduct and the supplementary Human Rights Principles. Most of the Stockmann Group's own employees work in countries classified by the amfori BSCI as low-risk countries for human rights violations. In 2020, we continued the due diligence project in which we assess the fulfilment of human rights in Lindex's sales and franchising countries and evaluate human rights from the

perspective of our key stakeholders. The project was completed in 2020. Human rights assessment in the supply chain is discussed in the section 'Supplier Assessment for Labour Practices and Human Rights' and on the Stockmann Group website.

ANTI-CORRUPTION AND ANTI-COMPETITIVE BEHAVIOUR



Stockmann's principle is to engage in transparent and responsible operations.

Stockmann's policies relating to anti-corruption measures and anti-competitive behaviour are included in the Stockmann Code of Conduct and further specified in the Stockmann anti-corruption policy. Both are available on the Group's website.

Stockmann's employees and management must act in the best interests of the company and in a manner that avoids conflicts of interest. Stockmann's Employee Discount Rules include instructions for the personnel on Stockmann policies regarding the acceptance of samples, gifts, travel expenses or other monetary benefits from suppliers.

Likewise, the Lindex Ethical Policy provides a foundation for combatting all forms of corruption at Lindex. It has been applied in all countries of operation and all suppliers are informed of the policy before cooperation with them is commenced. For example, our

suppliers are not permitted to give any gifts, other than ordinary courtesy corporate gifts, or any other benefits to individual employees.

Stockmann is a founding member of Transparency International Suomi ry, the Finnish chapter of Transparency International, an organisation operating in more than 100 countries that works to combat international bribery and corruption.

CORRUPTION RISK ASSESSMENT

The Group's international operations pose challenges for resolute anti-corruption action. Anti-corruption policies are included in the codes of conduct applied in our supply chain, which are the amfori BSCI Code of Conduct, the Stockmann Supplier Code of Conduct and the Lindex Code of Conduct.

The Board of Directors has approved the company's risk management principles, which concern all of the Stockmann Group's divisions and business areas. The effectiveness of internal control is monitored by the Internal Audit, which operates as an independent unit under the CEO and reports its observations to the Board's Audit Committee.

Stockmann's Board of Directors and the Group Management Team regularly assess the risk factors to which business operations are exposed and the sufficiency of risk management actions, as a part of the strategy process. Risk management is supported by internal control systems and guidelines.

The divisions' respective management teams are responsible for the preparation of financial and strategic plans in their own units, which includes analysing business risks and

evaluating risk management activities. 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.

Unethical business practices among Stockmann's employees or various stakeholders could cause reputational damage for Stockmann and, potentially, negative financial effects. In 2020, there were no confirmed cases of corruption and Stockmann was not aware of any corruption-related lawsuits against the Group. Similarly, Lindex is not aware of any corruption cases in its operations.

COMMUNICATION AND TRAINING ON CODE OF CONDUCT

Employees are trained in matters related to the Code of Conduct and encouraged to contact their supervisors if the best course of action is unclear. The Group's Code of Conduct is published on the Group's website and communicated internally via the intranet.

Stockmann continued the roll-out of the Code of Conduct e-learning programme. By the end of 2020, 76% (70%) of Stockmann's personnel in Finland and 81% (71%) of the personnel in Latvia had completed the training. No e-learning course is used in Estonia; in 2020, the Code of Conduct was rolled out in personnel information sessions, by updating local guidelines to align them with the Code of Conduct and through a discussion with every new employee. Our long-term target is for 100% of the Group's personnel to have completed the training.



GRI CONTENT INDEX

Disclosure number	GRI content	Location (page in CSR review)	Additional information or omissions
GENERAL STANDARD DISCLOSURES			
Organisational profile			
102-1	Name of the organisation	GRI content index	Stockmann Oyj Abp
102-2	Activities, brands, products, and services	Stockmann Group in brief (4), Stakeholder Engagement (13), Inspiration for responsible choices (14-23)	
102-3	Location of headquarters	Stockmann Group in brief (4)	Helsinki, Finland
102-4	Location of operations	Stockmann Group in brief (4), Inspiration for responsible choices (14-23), GRI 102-6	
102-5	Ownership and legal form	"Our year 2020" Business Review, Financial Review 2020	All the annual reviews are available at year2020.stockmanngroup.com.
102-6	Markets served	Stockmann Group in brief (4)	Stockmann has entered a licensing agreement on the use of the Stockmann brand in Russia. AO Stockmann, a subsidiary of Reviva Holding Limited, has been responsible for the operations of Stockmann department stores in Russia since 1 February 2016. Stockmann online store serves Finland, Estonia and Latvia during the Crazy Days campaigns.
102-7	Scale of the organisation	"Our year 2020" Business Review	All the annual reviews are available at year2020.stockmanngroup.com.
102-8	Information on employees and other workers	Responsible work community (30-37)	
102-9	Supply chain	Inspiration for responsible choices (14-23)	
102-10	Significant changes to the organisation and its supply chain	Financial review / Report by the Board of Directors, Inspiration of responsible choices (14-23), GRI content index	No major changes. All the annual reviews are available at year2020.stockmanngroup.com.
102-11	Precautionary Principle or approach	Report by the Board of Directors, Corporate Governance Review	All the annual reviews are available at year2020.stockmanngroup.com.
102-12	External initiatives	Our approach (8-13), Sustainable business approach (38-42)	
102-13	Membership of associations	stockmanngroup.com	www.stockmanngroup.com/en/activities-in-organisations
Strategy			
102-14	Statement from senior decision-maker	"Our year 2020" Business Review	All the annual reviews are available at year2020.stockmanngroup.com.
102-15	Key impacts, risks and opportunities	"Our year 2020" Business Review, Our approach (8-13), Sustainable business approach (38-42)	All the annual reviews are available at year2020.stockmanngroup.com.
Ethics and integrity			
102-16	Values, principles, standards, and norms of behaviour	Our approach (8-13), Sustainable business approach (38-42)	
102-17	Mechanisms for advice and concerns about ethics	Sustainable business approach (38-42)	The company has a whistleblowing channel maintained by an external supplier. The channel and instructions on its use can be found at www.stockmanngroup.com/en/code-of-conduct
Governance			
102-18	Governance structure	Corporate Governance review, Sustainable business approach (38-42)	All the annual reviews are available at year2020.stockmanngroup.com.
102-21	Consulting stakeholders on economic, environmental, and social topics	Reporting Principles and Materiality (12), Stakeholder engagement (13)	



Disclosure number	GRI content	Location (page in CSR review)	Additional information or omissions
102-22	Composition of the highest governance body and its committees	Corporate Governance review	All the annual reviews are available at year2020.stockmanngroup.com.
102-23	Chair of the highest governance body	Corporate Governance review	All the annual reviews are available at year2020.stockmanngroup.com.
102-24	Nominating and selecting the highest governance body	Corporate Governance review	All the annual reviews are available at year2020.stockmanngroup.com.
Stakeholder engagement			
102-40	List of stakeholder groups	Stakeholder engagement (13)	
102-41	Collective bargaining agreements	Responsible work community (30-37)	
102-42	Identifying and selecting stakeholders	Reporting principles and materiality (12), Stakeholder engagement (13)	
102-43	Approach to stakeholder engagement	Reporting principles and materiality (12), Stakeholder engagement (13)	
102-44	Key topics and concerns raised	Reporting principles and materiality (12), Stakeholder engagement (13)	
Reporting practice			
102-45	Entities included in the consolidated financial statements	Financial review: Consolidated financial statements, Notes to the consolidated financial statements	All the annual reviews are available at year2020.stockmanngroup.com.
102-46	Defining report content and topic Boundaries	Reporting principles and materiality (12)	
102-47	List of material topics	Reporting principles and materiality (12)	
102-48	Restatements of information	GRI content index	Changes are reported in connection with relevant performance indicators.
102-49	Changes in reporting	Reporting principles and materiality (12)	Changes are reported in connection with relevant performance indicators.
102-50	Reporting period	GRI content index	The reporting period for the review is the financial year from 1 January to 31 December 2020.
102-51	Date of most recent report	GRI content index	The previous report, covering the year 2019, was published on 25th of February, 2020.
102-52	Reporting cycle	GRI content index	Annual
102-53	Contact point for questions regarding the report	GRI content index	csr@stockmann.com
102-54	Claims of reporting in accordance with the GRI Standards	About the review (2), GRI content index	This report has been prepared in accordance with the GRI Standards: Core option. The report has been prepared according to the GRI Standards: Core level.
102-55	GRI content index	GRI content index	
102-56	External assurance	GRI content index	The Corporate Social Responsibility Report report has not been verified by a third party. Financial indicators, which are presented in the financial statements, are assured by authorised public accountants.
MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its Boundary	Reporting principles and materiality (12)	
103-2	The management approach and its components	Sustainable business approach (38-42)	
103-3	Evaluation of the management approach	Responsible work community (30-37), Sustainable shopping environment (24-29)	Evaluation of the management approach is continuous activity. Based on the evaluation, changes are made to practices in day-to-day management as well as part of annual planning and strategic planning. Based on the evaluation, changes have been made to management methods, for example, in connection with organizational changes.
TOPIC-SPECIFIC DISCLOSURES			
Topic-specific disclosures are reported on aspects identified as relevant			
Economic impacts			
201	Economic performance		
201-1	Direct economic value generated and distributed	Sustainable business approach (38-42), Responsible work community (30-37)	



Disclosure number	GRI content	Location (page in CSR review)	Additional information or omissions
204	Procurement practices		
204-1	Proportion of spending on local suppliers	Inspiration for responsible choices (14-23)	Partially reported. A list of the suppliers and factories for Stockmann fashion's own brands is available at http://www.stockmanngroup.com/en/supplier-and-factory-list , and Lindex's list of suppliers and factories, which includes production and processing factories and level 2 factories, is available at https://about.lindex.com/sustainability/how-we-work/suppliers-and-factories/
205	Anti-corruption		
205-2	Communication and training about anti-corruption policies and procedures	Sustainable business approach (38-42)	
205-3	Confirmed incidents of corruption and actions taken	Sustainable business approach (38-42)	
206	Anti-competitive behaviour		
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Sustainable business approach (38-42)	There were no legal actions or fines for anti-competitive behaviour, anti-trust, or monopoly practices or their outcomes in 2020.
Environmental effects			
301	Materials		
301-3	Recycled input materials	Sustainable shopping environment (24-29)	This aspect is considered to be material, but the model for calculating the key figure is not suitable for Stockmann's operations. The section 'Responsible Shopping Environment' (24-29) describes solutions that support circular economy with respect to packaging materials and shopping bags.
302	Energy		
302-1	Energy consumption within the organisation	Sustainable shopping environment (24-29)	
302-2	Energy consumption outside the organisation	Sustainable shopping environment (24-29)	Partially reported. A limited amount of data on energy consumption outside the organisation is collected for the review of Scope 3 emissions (305-3).
303	Water		
303-3	Total volume of water used	Sustainable shopping environment (24-29)	
305	Emissions		
305-1	Direct (Scope 1) GHG emissions	Sustainable shopping environment (24-29)	
305-2	Energy indirect (Scope 2) GHG emissions	Sustainable shopping environment (24-29)	
305-3	Other indirect (Scope 3) GHG emissions	Sustainable shopping environment (24-29)	Only limited data are related to Scope 3 emissions outside the organisation. The most significant emissions were related to distribution transport and import freight.
306	Effluents and waste		
306-2	Waste by type and disposal method	Sustainable shopping environment (24-29)	
Social impacts			
401	Employment		
401-1	New employee hires and employee turnover	Responsible work community (30-37)	Not reported by gender, age group or region.
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Responsible work community (30-37)	
402	Labour/Management relations		
402-1	The minimum notice period observed in connection with operational changes	GRI content index	We comply with the notice periods specified in labour legislation in all our countries of operation. In Finland, the notice period is from two weeks to six months, depending on the duration of the employment relationship. In Sweden, the notice period is from one week to several months, depending on the duration of the employment relationship and the operational change in question. Minimum notice periods regarding operational changes are not specified in the collective agreements for the commerce sector.



Disclosure number	GRI content	Location (page in CSR review)	Additional information or omissions
403	Occupational health and safety management system		
403-3	Occupational health services	Responsible work community (30-37)	
403-9	Work-related injuries	Responsible work community (30-37)	In 2020, there were no deaths due to accidents at work or serious accidents at work.
404	Training and education		
404-1	Average hours of training per year per employee	Responsible work community (30-37)	Reported partly
404-3	Percentage of employees receiving regular performance and career development reviews	Responsible work community (30-37)	
405	Diversity and equal opportunity		
405-1	Diversity of governance bodies and employees	Responsible work community (30-37)	Information on minority group membership is not collected, as this is not permitted under Finnish legislation.
405-2	Ratio of basic salary and remuneration of women to men	Responsible work community (30-37)	
406	Non-discrimination		
406-1	Incidents of discrimination and corrective actions taken	Responsible work community (30-37)	
407	Freedom of association and collective bargaining		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Responsible work community (30-37), Inspiration for responsible choices (14-23)	Most of the Stockmann Group's own employees work in countries classified by the amfori BSCI as low-risk countries for human rights violations. The fulfillment of freedom of association in the supply chain is monitored through own audits and those made by a third party.
412	Human rights assessment		
412-1	Operations that have been subject to human rights reviews or impact assessments	Sustainable business approach (38-42)	
412-2	Employee training on human rights policies or procedures	Sustainable business approach (38-42)	
414	Supplier social assessment		
414-1	New suppliers that were screened using social criteria	Inspiration for responsible choices (14-23)	
414-2	Negative social impacts in the supply chain and actions taken	Inspiration for responsible choices (14-23)	
415	Public policy		
415-1	Political contributions	GRI content index	Stockmann does not make political contributions or donations to any politicians, political parties or related organizations, either directly or indirectly.
416	Customer health and safety		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Inspiration for responsible choices (14-23)	
417	Marketing and labelling		
417-2	Incidents of non-compliance concerning product and service information and labelling	Inspiration for responsible choices (14-23)	
417-3	Incidents of non-compliance concerning marketing communications	Inspiration for responsible choices (14-23)	
418	Protection of customer privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Inspiration for responsible choices (14-23)	

Key figures versions: 303: Water and wastewater and 403: Occupational health and safety: version 2018. All other key figures: version 2016.

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