

CSR REPORT 2013

 STOCKMANN

LINDEx Seppälä

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*We are committed to sustainable development, and we offer our customers responsible shopping experiences.  
By engaging in close cooperation with our partners we can take responsibility into account throughout the value chain.*

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The CSR strategy supports the goals of business operations, and responsibility is managed as part of our business. The strategy, goals and the focus areas of Stockmann's responsibility work in 2014 are described on page 8 onwards.

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## **Where do our fashion products come from?**

Responsibility is one of our core values. A responsible way of operating ensures that our values are evident every day. Examples of our everyday work, such as the journey of our fashion products to the store can be found on page 13 onwards.

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## **GRI indicators**

The GRI indicators have been compiled into a separate section in the 2013 report. The indicators can be found on page 18 onwards.

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# REPORTING PRINCIPLES

This report presents the focus areas and results of the Stockmann Group's responsibility work. The CSR report is intended for our key stakeholders (p. 12). The reporting period for this report is the financial year from 1 January to 31 December 2013.

The CSR report for 2013 covers all of the Stockmann Group's own operations, which comprise of two divisions (Department Store Division and Fashion Chain Division) in 15 countries, the Corporate Administration operations in Finland and the purchasing offices in 5 countries in Asia. The report does not include information about Lindex's franchising stores. There are a total of 35 franchising stores in 6 countries, which are managed by four franchising partners. Some of the indicators describing personnel and the environment are reported only for Finland, which accounted for 48% of revenue and 46% of personnel in 2013. These exceptions and the measurement and accounting principles are described in connection with the relevant indicators. The goal is to gradually expand the reporting regarding these indicators to make it more comprehensive.

## REPORTING FRAMEWORK

The Global Reporting Initiative (GRI) G3 reporting guidelines have been used as the framework for the report. The report complies with the GRI accounting principles where applicable. The GRI indicators have been selected according to relevance (p. 9). The indicators have been compiled into a separate section in the report. The indicators can be found on page 18 onwards. A more detailed comparison and an index of GRI indicators can be found on the

company's website.

The CSR report for 2013 is the Stockmann Group's fifth CSR report that has been published separately from the company's Annual Report. The previous report for 2012 was published in April 2013. All of the Group's CSR reports are available in Finnish, Swedish and English at [stockmanngroup.com](http://stockmanngroup.com). In the Group's Fashion Chain Division, Lindex publishes more detailed information about its corporate social responsibility on its website at [lindex.com](http://lindex.com).

According to Stockmann's own assessment this report meets the requirements of Application Level C of the GRI guidelines. PricewaterhouseCoopers Oy has advised the Group in the calculation of its carbon footprint that is presented in the report. The audit of the indicators of financial responsibility was carried out at the same time as the audit of the figures in the financial statements. The audit was implemented by Authorised Public Accountants KPMG in all countries of operation and for all subsidiaries. The report has not been reviewed in full by a third party.

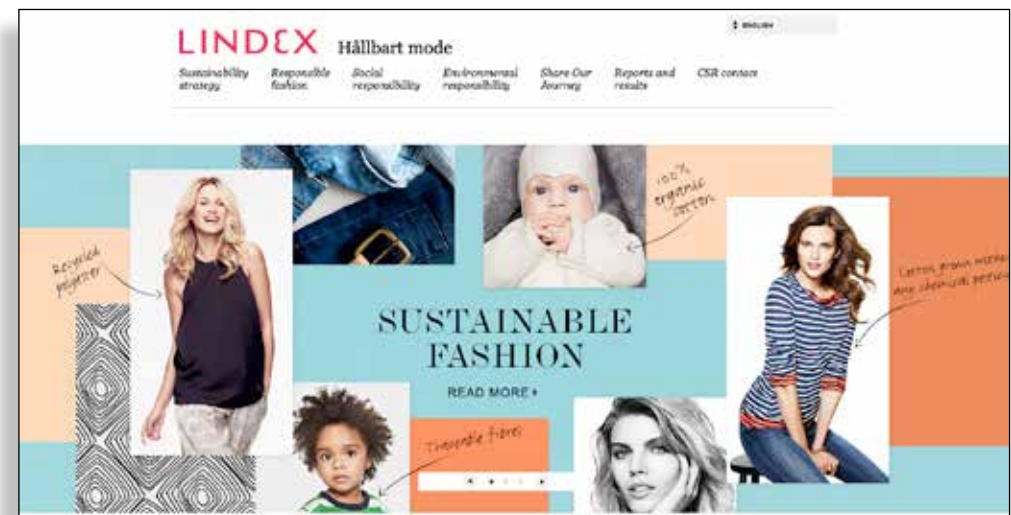
## GLOBAL COMPACT AND COMMUNICATION ON PROGRESS (COP)

Stockmann supports the UN's Global Compact initiative. In accordance with the Global Compact initiative, Stockmann promotes human rights, labour rights, environmental work and anti-corruption measures. The CSR report for 2013 is also the Stockmann Group's third COP report.

 **CSR reports and Annual Reports:** [stockmanngroup.com](http://stockmanngroup.com)



*Stockmann's Annual Report 2013 provides information on the Group's key financial indicators.*



# CEO'S REVIEW: RESPONSIBILITY IS BASED ON FORESIGHT AND PRACTICAL ACTIONS

2013 was a challenging year on our main markets in Finland and Russia. However, during the reporting year we did achieve successes and figures that we can be proud of. This CSR report contains the highlights of our responsibility work during 2013, important indicators and a glance at the future in the form of our focus areas for 2014.

Stockmann's vision is to be a forerunner in the retail trade. This leadership is evident in our responsibility work in the form of foresight and our practical actions. We strive to manage the risks associated with our own operations and supply chain with our anticipatory approach. The Group's Code of Conduct that was approved in 2013, our commitment to the Global Compact initiative and other policies and agreements provide our employees and partners with guidance on how to operate responsibly every day.

During spring 2013, Stockmann signed the Accord on Fire and Building Safety in Bangladesh. The goal of the agreement is to improve the occupational safety of textile industry workers, and the agreement is part of Stockmann's long-term work to ensure the responsibility of the supply chain. We respond to our customers' requests for more information about the countries in which our products are manufactured by publishing a list of the main part of the factories used by Stockmann and Lindex on our website. Seppälä's list will be published later during 2014.

## STOCKMANN LEADS THE WAY

The ISO 14001 management system has been in use at the Department Store Division in Finland for over 10 years and separate environmental guidelines have been compiled for our purchasing offices. We are constantly improving the method used to calculate our carbon footprint: this year we carried out the calculation for all of the Group's operations centrally. We provide our customers with the opportunity to make responsible choices with our broad selection of products.

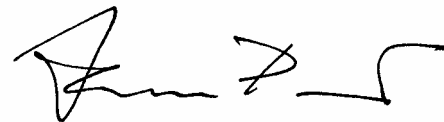
Our goal is also to make a financial profit and provide added value for all our stakeholders. Stockmann's earnings for 2013 fell short of the target, and we have been forced to make personnel reductions due to the radical changes in the retail sector. In order to ensure our competitiveness in the future, we launched a cost savings programme in the spring of 2013 and we will implement structural changes during 2014. In spite of the challenging market conditions, our goal is to look after our employees' wellbeing and competence, and through that continue exceeding our customers' expectations.

## CSR IS DEPENDENT ON COOPERATION

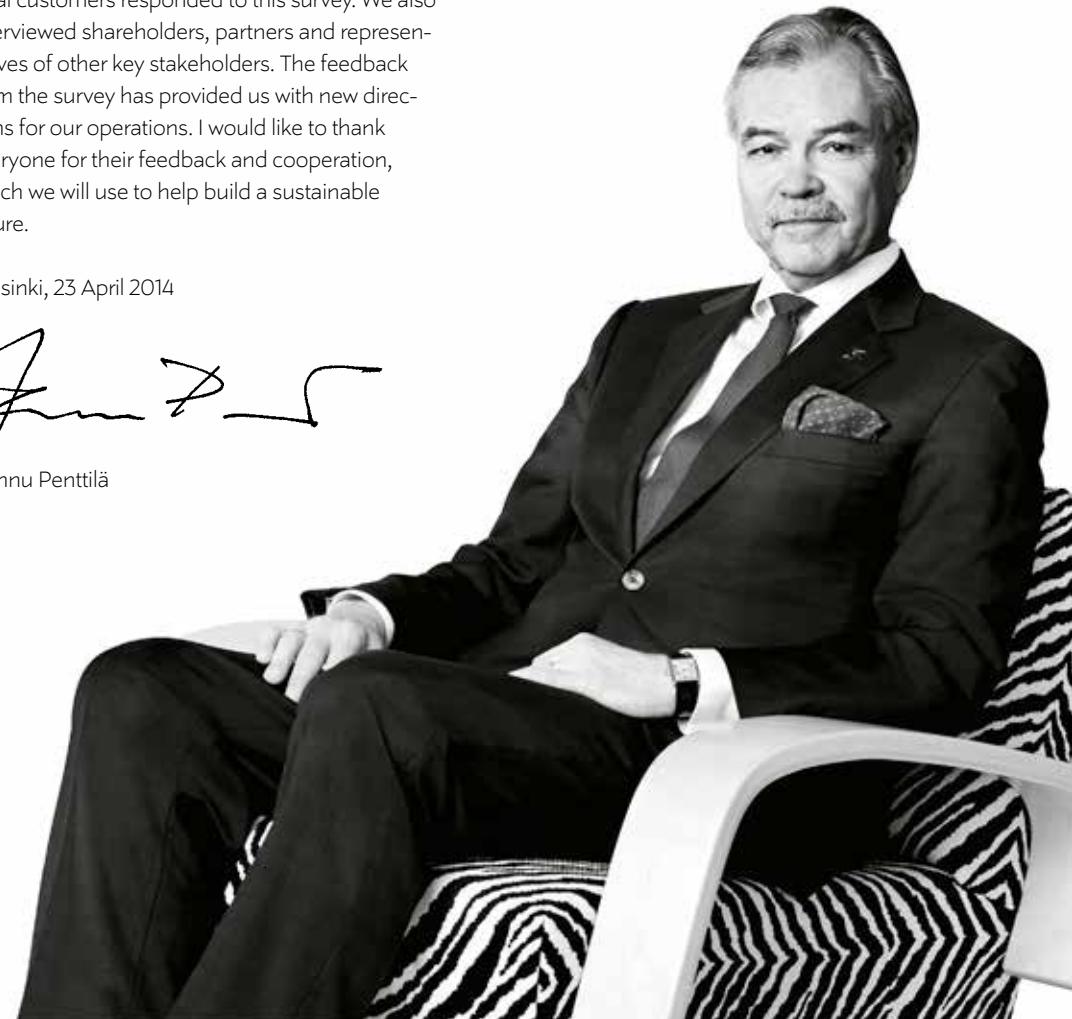
Responsible business operations are based on good and trustworthy partners at every stage of the value chain. Continuous observation of the

operating environment and development of procedures are also necessary. To improve our corporate social responsibility work we carried out a stakeholder survey during 2013, and over 500 loyal customers responded to this survey. We also interviewed shareholders, partners and representatives of other key stakeholders. The feedback from the survey has provided us with new directions for our operations. I would like to thank everyone for their feedback and cooperation, which we will use to help build a sustainable future.

Helsinki, 23 April 2014



Hannu Penttilä



## RESPONSIBILITY IN FIGURES

8.7

### MILLION LOYAL CUSTOMERS

We offer our customers benefits with a monetary value through the Stockmann, Hobby Hall, Seppälä Klubi and More at Lindex loyal customer programmes.

APPROX.

60 000

**shareholders**, many of whom are also loyal customers. Stockmann has offered loyal customer share option schemes since 1999.

In total we employed around

15 000

people in 15 countries. Most of these people were employed in Finland, Russia and Sweden.

In the own brand fashion product supply chain, in total

378

**factory inspections** were carried out. Of this figure, 186 were external BSCI audits and 171 were inspections carried out by Stockmann. We also carried out 21 electrical inspections at the factories that we use in Bangladesh.

The department store operations in Finland joined the

### ENERGY EFFICIENCY

agreement scheme for the Finnish retail sector. Stockmann has set a target to reduce its energy consumption by 9% from the figure in 2005 by 2016.

### WE SORT OUR WASTE CAREFULLY

The waste sorting target for the Finnish department stores is 95%. The stores exceeded this ambitious target with a figure of

96.2 %

In 2013, Lindex led the way in the Group by publishing a list on its website of the **suppliers and factories** that it uses. During 2013, Stockmann started the work involved in publishing its own list of factories that manufacture its own brand fashion products. The list was published on the company's website on

29 April 2014.

Seppälä's list will be published later during 2014.

### MORE RESPONSIBLE MATERIALS IN FASHION PRODUCTS

In October Lindex extended its product selection and launched its

LXM

### RANGE OF MEN'S PRODUCTS

that are manufactured using 95% environmentally friendly materials. Over 12 million products made from organic cotton, recycled or Tencel fibre or from Better Cotton were on sale during the reporting year.



The Stockmann Group is committed to improving factory safety in Bangladesh and joined THE ACCORD ON FIRE AND BUILDING SAFETY IN

## BANGLADESH

in May 2013. It is the only Finnish signatory in the initiative. The target is to improve the safety of the working conditions of textile industry workers and to implement systematic supervision. Many retail sector companies are involved in the initiative. The accord was initiated by the industry ALL Global Union and the UNI Global Union and there are over 150 signatories from 20 countries.



Find out more about our responsibility work: [stockmanngroup.fi/en/csr](http://stockmanngroup.fi/en/csr)

# STOCKMANN IN 2013

Established in 1862, Stockmann is a Finnish listed company engaged in the retail trade. The Stockmann Group's divisions are the Department Store Division and the Fashion Chain Division. The Group has operations in 21 countries.



The Stockmann Group's revenue was EUR 2,037.1 million and operating profit declined to EUR 54.4 million. Earnings per share were EUR 0.67. The personnel amounted to 15,441 at the year-end 2013.

Stockmann plc shares are listed on NASDAQ OMX Helsinki. The company had 59,475 shareholders at the end of 2013. The dividend policy defined by Stockmann's Board of Directors is more than half of the earnings from ordinary operations. The dividend for 2013 was EUR 0.40 per share, i.e. 59.5% of the earnings.

The Stockmann Group has 16 department stores, around 700 fashion stores in 16 countries and five online stores. In addition, the Stockmann Group has six purchasing offices in five Asian countries. The Group's parent company's headquarters are located in Helsinki, Finland.



More detailed information on the company's financial key figures: [stockmanngroup.com](http://stockmanngroup.com).

## DEPARTMENT STORE DIVISION

Revenue: EUR 1 232.6 million

Average personnel: 8 469

### STOCKMANN: More than I expected

Offers uniquely extensive and high-quality ranges of international brands and excellent customer service in a modern and inspiring shopping environment.

# 16

department stores in four countries, 12 Stockmann Beauty stores, the shopping centre Nevsky Centre in St Petersburg, one Outlet and one Hobby Hall store. In addition three online stores in Finland: [stockmann.com](http://stockmann.com), [akateeminen.com](http://akateeminen.com), [hobbyhall.fi](http://hobbyhall.fi)

## FASHION CHAIN DIVISION

Revenue: EUR 805.2 million

Average personnel: 6 357

### LINDEX: World-class fashion experience

Offers inspiring, affordably-priced fashion. The product range covers a variety of fashion concepts within women's, men's and children's wear, lingerie and cosmetics.

# 479

479 stores in 16 countries. The [lindex.com](http://lindex.com) online store also operates in the EU countries and in Norway.

### SEPPÄLÄ: A bold challenger in international fashion retail

Offers an extensive selection of international fashion for women, men and children.

# 209

stores in 5 countries. The [seppala.fi](http://seppala.fi) online store also operates in Finland.

## PURCHASING OFFICES

The Stockmann Group's purchasing offices are located in Bangladesh, India, China, Pakistan and Turkey. They procure fashion for Lindex, Seppälä and the Department Store Division's own fashion brands from a network that includes around 200 suppliers and around 360 factories. At the end of 2013, around 150 people were employed at the purchasing offices.



# RECOGNITIONS AND AWARDS

Stockmann has a firm position in international department store and fashion retailing. The Stockmann Group has 16 department stores, and around 700 fashion stores in 16 countries. In 2013 fashion was sold for approximately EUR 1.4 billion.

**Countries with stores:** ① Finland, ② Russia, ③ Estonia, ④ Latvia, ⑤ Sweden, ⑥ Norway, ⑦ Lithuania, ⑧ Poland, ⑨ Czech Republic, ⑩ Slovakia, ⑪ Iceland, ⑫ Croatia, ⑬ Bosnia and Herzegovina, ⑭ Serbia, ⑮ Saudi Arabia, ⑯ United Arab Emirates.



## AWARDS

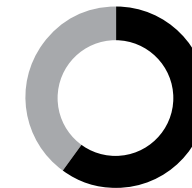
- Stockmann's Helsinki city centre department store's facade lighting won the Outdoor lighting project of the year award in 2013.
- Lindex received the prestigious Fashion Chain of the Year award at the Habit Fashion Gala in Stockholm.
- Stockmann was rated as the company with the second best reputation in the retail sector in the Corporate Reputation and Responsibility survey conducted by TNS Gallup in 2013.
- Seppälä won Cosmopolitan magazine's Bloggers' choice award.
- At the Vertaa.fi Web Awards gala, the best online stores of the year received awards in eight different categories. Stockmann's online store came second in the fashion category and Hobby Hall's online store came third in the online department store category.
- Business students surveyed by the Universum consulting and market research company voted Stockmann the sixth most attractive employer in Finland.
- In a study carried out by Retail Lab Helsinki Oy, Stockmann made the Top 10 by securing eighth place for the quality of its customer experiences.

REVENUE BY MARKET 2013



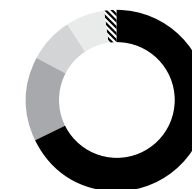
- 48% Finland
- 27% Sweden and Norway
- 17% Russia
- 8% Baltic countries and Central Europe

REVENUE BY DIVISION 2013



- 60% Department Store Division
- 40% Fashion Chain Division

REVENUE BY MERCHANDISE AREA 2013



- 68% Fashion and cosmetics
- 15% Food
- 8% Leisure
- 7% Home
- 2% Books, publications, stationery

# STRATEGY AND GOALS: TOWARDS A MORE SUSTAINABLE FUTURE

Commitment to responsible operations forms a core part of Stockmann's values and daily ways of working. Responsibility work is steered by the Group's corporate social responsibility strategy and policies, the national legislation and regulations of the countries of operation, and by international agreements and recommendations, the most important of which is the commitment to the principles of the United Nations Global Compact. The Group's Code of Conduct, which was approved by Stockmann's Board of Directors in 2013, and other policies provide guidance for Stockmann's employees and partners. In its supply chain, Stockmann complies its Supplier Code of Conduct, which is based on the principles of the Business Social Compliance Initiative (BSCI).

The CSR strategy, which was approved in 2011, supports the goals of business operations. Stockmann takes environmental impacts and its stakeholders into account in its efforts to improve the profitability and productivity of its operations. The goals of the Stockmann Group's CSR strategy are divided into the following categories: People (social responsibility), Planet (environmental responsibility) and Profit (financial responsibility). These goals cover the entire value chain. Responsibility is taken into account in the buying and design of products, in deliveries and in store operations. We provide responsible shopping experiences and offer our customers the opportunity to do good deeds with us through various commercial charity campaigns. We also participate in the operations of the recycling systems for the products and packaging that we sell and we encourage our customers to recycle.

Stockmann's vision is to be a forerunner in the

retail trade. In our CSR work this means making a commitment to working towards a sustainable future. In our everyday work, the vision and goals of our CSR are evident in the form of numerous measures associated with responsibility and as active cooperation with our partners: together we are developing the responsibility and procedures within the entire sector.

## RESPONSIBILITY IS MANAGED AS PART OF OUR BUSINESS

Stockmann's Corporate Social Responsibility Steering Group, whose Chairman is *Maisa Romanainen*, Executive Vice President and Director of the Department Store Division, is responsible for implementing, developing and monitoring CSR within the Stockmann Group. The CSR Steering Group approves Group-level procedures, sets goals for responsibility and defines procedures which are implemented with the help of normal management systems. Separate working groups related to CSR targets and topical issues are set up as necessary to prepare or implement the issues or decisions that have been dealt with by the CSR Steering Group. The divisions take the targets set at the Group level into account in their own operations and regularly compare their own performance with these targets.

During 2013, responsibility for the management of CSR was transferred to the Director of Corporate Communications in the Corporate Communications department. The department has a CSR Specialist who coordinates the planning and development of the practical aspects of the responsibility work. Employees are offered the opportunity to participate in the development of the responsibility work carried

out by the company and divisions in the form of various training sessions and working groups.

The Stockmann Group provides information about its responsible operations transparently and regularly on an annual basis in its CSR report, and about climate change management in the Carbon Disclosure Project report (CDP). The CSR report is a review

of the company's responsibility work by the company's management. The responsibility work is also described on the company's website at [stockmanngroup.com](http://stockmanngroup.com). Stockmann's Annual Report, which was published in February 2014, provides information on the Group's key financial indicators and goals.

*Stockmann's Board of Directors discussed the responsibility of the supply chain at their meeting in Turkey in September 2013. At the same time the Board of Directors also visited a factory of one of Stockmann's clothing suppliers and learnt about the inspection process at factories. At the table, from the left, Christoffer Taxell, Chairman of the Board, Hannu Penttilä, CEO, Dag Wallgren, Member of the Board and Elisabeth Hedberg, director in charge of Stockmann Group's purchasing offices.*





## WE PRIORITISED OUR FOCUS AREAS OF RESPONSIBILITY

During 2012 and 2013 we carried out an extensive analysis of the stakeholders in our main markets from the perspective of CSR. We used the stakeholder analysis to ask our key stakeholders to assess our focus areas of responsibility. We also surveyed the stakeholders' wishes regarding Stockmann's CSR and the related reporting.

The stakeholder analysis was launched at the end of 2012 when we mapped the representatives of key stakeholders at the Group level based on responsibility work, and we compiled any issues, wishes and feedback regarding responsibility work that had arisen during our cooperation. After this, a total of 13 qualitative interview studies were carried out at the beginning of 2013 on representatives of the company's key stakeholders and the media that were chosen from Finland and Sweden. In September–October 2013 loyal customers of Stockmann department stores in Finland were sent a questionnaire asking which responsibility factors are most important for them. Random sampling was used to select 3,000 Finnish speaking and 500 Swedish speaking loyal customers. In total over 500 loyal customers responded to the questionnaire.

The stakeholder analysis highlighted responsibility in the supply chain and communications on responsibility matters as areas for development at the Group level. Respondents considered information on the origin of products and management of the supply chain as important matters. Respondents also wanted to be able to find information more easily and more information to be available on the company's CSR work and actions. Matters associated with energy efficiency and

other environmental impacts of operations were also key issues for respondents. External stakeholders also highlighted the importance of product safety, employee wellbeing and, in particular, the importance of customer service in the department store chain.

At the end of 2013, the company's strategy and goals was analysed based on the information collected from the responsibility-themed surveys and feedback. The most important responsibility factors for stakeholders were taken into account in a materiality assessment that was approved by the CSR Steering Group in December 2013. The compiled materiality assessment steers the CSR and stakeholder work and defines the focus areas for 2014 to meet the expectations of our stakeholders.

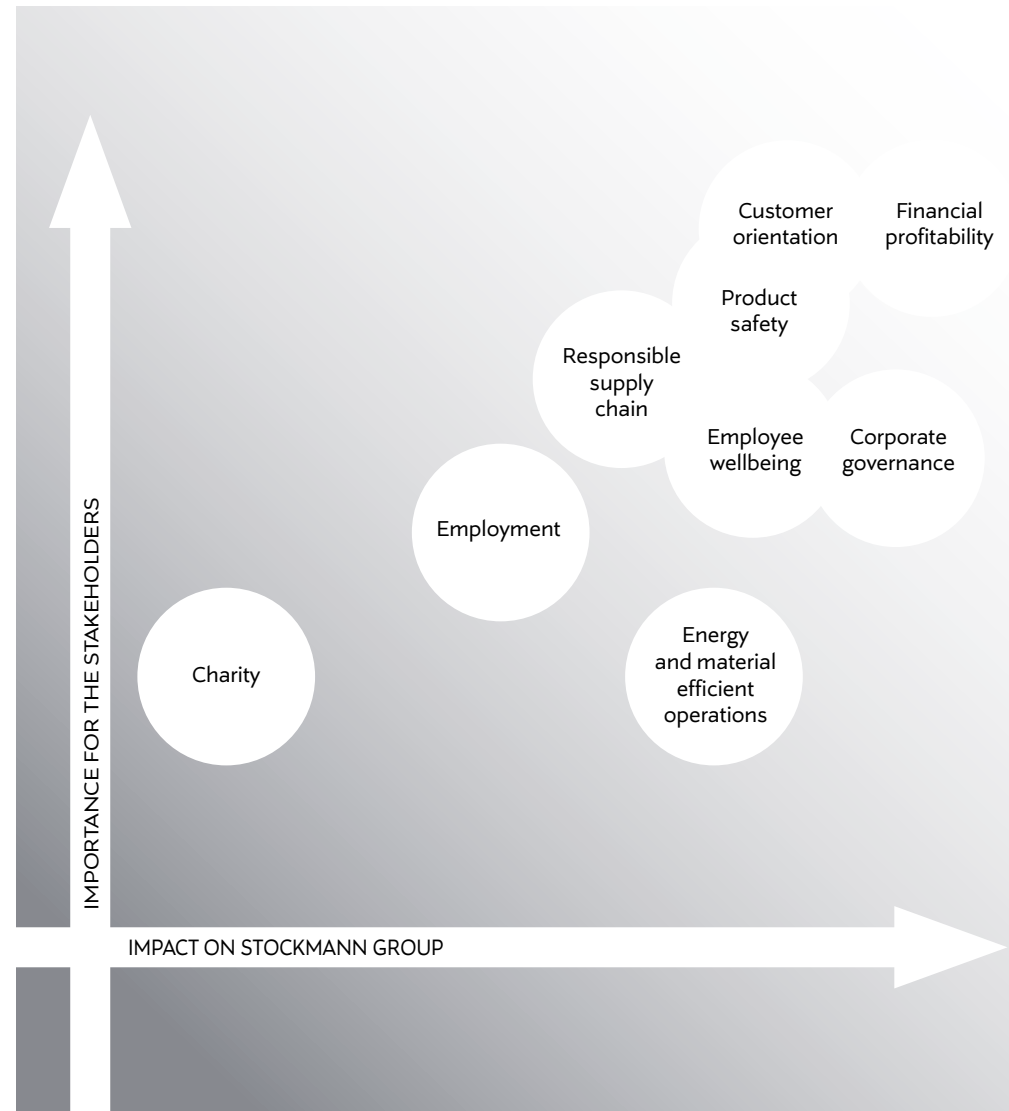
 **The Group's stakeholders are presented on page 12.**



## MATERIALITY MATRIX

All of the perspectives selected for the materiality matrix are important for the Stockmann Group. The emphasis given by individual stakeholders to different perspectives is not illustrated in full in the matrix, as significance to stakeholders groups has been assessed as a whole. The vertical axis illustra-

tes the significance of the perspective to stakeholders and the horizontal axis describes the current or potential impact on the Stockmann Group.



# FOCUS AREAS IN 2014

## PEOPLE – WE WORK RESPONSIBLY WITH INDIVIDUALS AND ENTITIES

### New Code of Conduct implemented

In 2013 Stockmann’s Board of Directors approved the Group’s Code of Conduct, which provides guidance for employees. The Code of Conduct deals with the following matters: compliance with legislation and ethical operations, free competition and consumer rights, employees and working conditions, the environment, and corruption and conflicts of interest. The implementation of the new Code of Conduct was started at the beginning of 2014.

### Responsible, transparent and traceable fashion product supply chain

Stockmann is continuing its work to promote responsibility in its supply chain. In its purchasing,

Stockmann complies with the Supplier Code of Conduct, which is based on the principles of the Business Social Compliance Initiative (BSCI). Local wellbeing and environmental protection is supported with various projects.

Stockmann’s goal is to provide transparent communications on its responsibility issues. Therefore the amount of information provided on the origin of its clothing has been increased and Stockmann Department Store Division has followed Lindex’s example and has published a list of the main part of the suppliers of its own fashion brands on its website. Seppälä’s list will be published later during 2014. As of fall 2014, information on the country in which a garment has been manufactured will be gradually added to products from the department stores’ own clothing brands. The information will be provided on the care label, which provides laundry and care instructions, that is attached to the inside of the garment.

### Leadership based on values

As a continuation to the discussions on values held by the Department Store Division in 2012, leadership criteria that are in accordance with these values were defined. The criteria will be introduced to HR practices and supervisory work during 2014. Supervisor skills will also be strengthened through training. In the Fashion Chain Division, Seppälä has launched a value project as a part of its comprehensive brand renewal and Lindex will focus on updating its own strategy during 2014 in its Lindex Express project, which will also deal with values.

clothing design and the procurement of materials and products that is carried out by the Stockmann Group. Training on themes of responsibility will be arranged during 2014 for designers and buyers working in the divisions. The amount of environmentally friendly raw materials will systematically be increased in the Group’s own brand products, and during 2014 clothing made from organic cotton will be introduced to the Stockmann department stores’ own brand products.

## PLANET – WE WORK FOR THE GOOD OF THE ENVIRONMENT

### Reducing the carbon footprint of our operations

The Stockmann department stores have been focusing on the reduction of energy consumption, loss and waste for over 10 years. The systematic environmental work is supported by CO<sub>2</sub> emission targets that will be set for the coming years.

The Fashion Chain Division’s new store concepts take energy efficiency into account, for example in material selections and energy solutions. Stockmann strives to reduce the adverse environmental effects of the supply chain by participating in projects which deal with the use of water and chemicals in production.

## PROFIT – WE ARE PROFITABLE

### Profitable growth is part of our business

Profitable growth forms the core of Stockmann’s strategy. Without competitiveness and positive financial performance we are unable to meet our investors’ profit expectations, create permanent jobs, or focus on personnel development or the development of society as a whole. The goal is for the Stockmann Group’s operating profit in 2014 to be slightly better than its operating profit in 2013.

### Active cooperation with stakeholders

Listening to stakeholders and providing information and reports on the progress of responsibility work is part of Stockmann’s responsibility work. In 2014 Stockmann will intensify the cooperation with its key stakeholders that is associated with responsibility. The target is to provide the next report on stakeholder work and responsibility work in 2014 according to the GRI’s new G4 reporting guidelines.

### Responsible design and materials

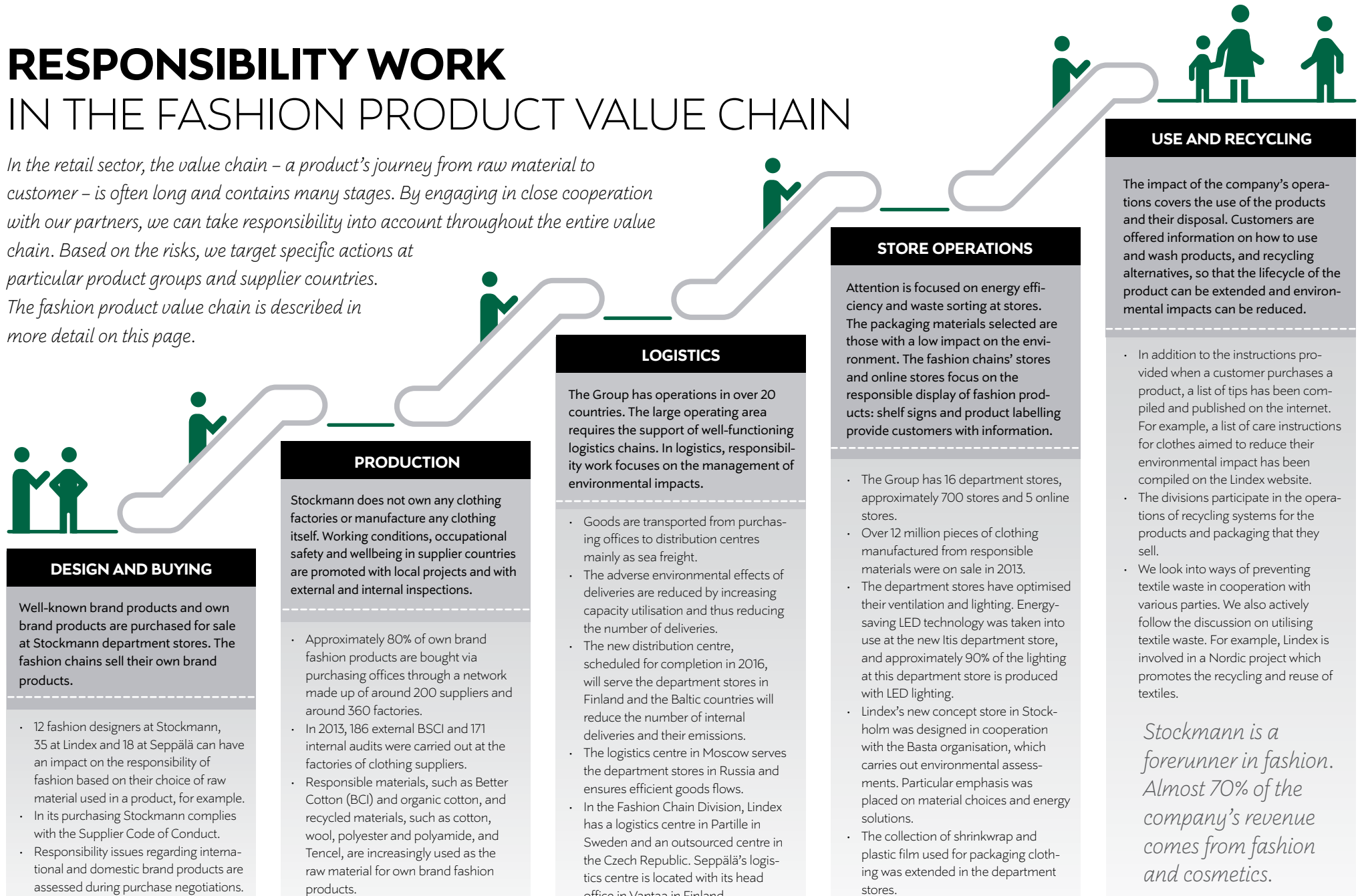
Responsibility is part of the process involved in

CORPORATE SOCIAL RESPONSIBILITY GOALS



# RESPONSIBILITY WORK IN THE FASHION PRODUCT VALUE CHAIN

In the retail sector, the value chain – a product's journey from raw material to customer – is often long and contains many stages. By engaging in close cooperation with our partners, we can take responsibility into account throughout the entire value chain. Based on the risks, we target specific actions at particular product groups and supplier countries. The fashion product value chain is described in more detail on this page.



## DESIGN AND BUYING

Well-known brand products and own brand products are purchased for sale at Stockmann department stores. The fashion chains sell their own brand products.

- 12 fashion designers at Stockmann, 35 at Lindex and 18 at Seppälä can have an impact on the responsibility of fashion based on their choice of raw material used in a product, for example.
- In its purchasing Stockmann complies with the Supplier Code of Conduct.
- Responsibility issues regarding international and domestic brand products are assessed during purchase negotiations.

## PRODUCTION

Stockmann does not own any clothing factories or manufacture any clothing itself. Working conditions, occupational safety and wellbeing in supplier countries are promoted with local projects and with external and internal inspections.

- Approximately 80% of own brand fashion products are bought via purchasing offices through a network made up of around 200 suppliers and around 360 factories.
- In 2013, 186 external BSCI and 171 internal audits were carried out at the factories of clothing suppliers.
- Responsible materials, such as Better Cotton (BCI) and organic cotton, and recycled materials, such as cotton, wool, polyester and polyamide, and Tencel, are increasingly used as the raw material for own brand fashion products.

## LOGISTICS

The Group has operations in over 20 countries. The large operating area requires the support of well-functioning logistics chains. In logistics, responsibility work focuses on the management of environmental impacts.

- Goods are transported from purchasing offices to distribution centres mainly as sea freight.
- The adverse environmental effects of deliveries are reduced by increasing capacity utilisation and thus reducing the number of deliveries.
- The new distribution centre, scheduled for completion in 2016, will serve the department stores in Finland and the Baltic countries will reduce the number of internal deliveries and their emissions.
- The logistics centre in Moscow serves the department stores in Russia and ensures efficient goods flows.
- In the Fashion Chain Division, Lindex has a logistics centre in Partille in Sweden and an outsourced centre in the Czech Republic. Seppälä's logistics centre is located with its head office in Vantaa in Finland.

## STORE OPERATIONS

Attention is focused on energy efficiency and waste sorting at stores. The packaging materials selected are those with a low impact on the environment. The fashion chains' stores and online stores focus on the responsible display of fashion products: shelf signs and product labelling provide customers with information.

- The Group has 16 department stores, approximately 700 stores and 5 online stores.
- Over 12 million pieces of clothing manufactured from responsible materials were on sale in 2013.
- The department stores have optimised their ventilation and lighting. Energy-saving LED technology was taken into use at the new Itis department store, and approximately 90% of the lighting at this department store is produced with LED lighting.
- Lindex's new concept store in Stockholm was designed in cooperation with the Basta organisation, which carries out environmental assessments. Particular emphasis was placed on material choices and energy solutions.
- The collection of shrinkwrap and plastic film used for packaging clothing was extended in the department stores.

## USE AND RECYCLING

The impact of the company's operations covers the use of the products and their disposal. Customers are offered information on how to use and wash products, and recycling alternatives, so that the lifecycle of the product can be extended and environmental impacts can be reduced.

- In addition to the instructions provided when a customer purchases a product, a list of tips has been compiled and published on the internet. For example, a list of care instructions for clothes aimed to reduce their environmental impact has been compiled on the Lindex website.
- The divisions participate in the operations of recycling systems for the products and packaging that they sell.
- We look into ways of preventing textile waste in cooperation with various parties. We also actively follow the discussion on utilising textile waste. For example, Lindex is involved in a Nordic project which promotes the recycling and reuse of textiles.

*Stockmann is a  
forerunner in fashion.  
Almost 70% of the  
company's revenue  
comes from fashion  
and cosmetics.*

# COOPERATION WITH STAKEHOLDERS

## WE ASK AND LISTEN

In 2013 we celebrated the 120<sup>th</sup> anniversary of the Academic Bookstore. In honour of its anniversary year, the book store was remodelled and customers' wishes were taken into account in the remodeling. At the start of the year the Academic Bookstore conducted the "Your dream book store" customer survey and 3,889 respondents provided their opinions on the strengths of the book store chain and the areas requiring development.

According to the results, the best thing about the Academic Bookstore is its extensive and varied selection, good customer service and the central location of the stores. Almost 75% of respondents replied that the Academic Bookstore lives up to the image of their dream book store well or very well. An important area requiring development at the

flagship store in Helsinki was comfort: customers wanted reading corners and a larger café. Stockmann responded to this: there are now areas where customers can look at books and the Starbucks café on the ground floor of the book store provides a place for customers to buy refreshments.

One important form of stakeholder interaction is customer feedback, which provides valuable information on how to develop operations. In 2013, the most frequent questions concerning responsible issues in department stores were: the origin of clothes, working conditions in manufacturing countries, and angora wool towards the end of the year.

## WORKING TOGETHER WITH OUR CUSTOMERS

We provide our customers with the opportunity to

do good deeds with us through various commercial charity campaigns.

The Pink Ribbon campaign and Lindex have been working together for 11 years. In 2013, EUR 1.2 million was donated to the fight against breast cancer. In November the fashion chain provided its customers in Sweden, Norway and Finland with the opportunity to round up the total of their shopping purchase and donate the extra amount to victims of the typhoon in the Philippines. A total of EUR 321,000 was raised through this campaign and donated to the Red Cross typhoon emergency appeal.

In December Stockmann launched its cooperation with the New Child's Hospital 2017 project. 50 cents from every order placed by a loyal customer through the Stockmann.com online store until the

end of 2014 will be donated to the project. In addition to this commercial cooperation, Stockmann also made its Christmas donation to the project in 2013. The Academic Bookstores also supported the Child's Hospital: EUR 2 was donated to the project from the price of each 875 grammaa - Pirpanan tarina (875 grams- the story of a tiny baby) book that was sold. The book tells the story of a premature baby girl. In 2013 Stockmann also supported the work of the Finnish Association for Nature Conservation with a donation and the sale of the Association's 75th anniversary Swan Wing campaign poster by Erik Bruun.



**More information on the stakeholder analysis that was carried out in 2013 on page 9. Economic added value by stakeholder group in the context of the ECI indicator, page 29.**

## GROUP'S KEY STAKEHOLDERS

The key stakeholders were identified and selected in conjunction with drawing up the corporate social responsibility strategy.

### Customers

Customers are our most important stakeholders. We want to improve our dialogue with our customers and better understand their needs and expectations towards Stockmann. Customer orientation is one of the core values of this company and it steers us strongly to place customers' needs first.

### Personnel

Stockmann is a good place to work. Our working atmosphere is great and we try to continuously improve it. We value our personnel and their commitment to the company. We reward success. Our goal is to be a sought-after employer on the labour market.

### Shareholders and investors

Stockmann wants to be an attractive and sought-after investment target on the capital market. We have rewarded our loyal customers and gained a substantial amount of new shareholders by offering loyal customer share option schemes.

### Goods suppliers and service providers

We commit our suppliers and providers to our responsibility work. We collaborate with them to develop our partnerships in order to ensure good business environment conditions for all and the best possible service to our customers.

### Authorities and organisations

We work actively with the authorities and various organisations. We network and promote sustainable development.

*In 2014 Lindex will celebrate the work of Tove Jansson with a new Moomin range. 10% of the sales of this collection will be donated via UNICEF to promote literacy.*



## WORKING AT THE STOCKMANN GROUP

*Excellent customer service is an important competitive factor in the retail sector. In order to be able to exceed customers' expectations we need to carry out active training of personnel and have well-functioning internal communications. These issues and internal job rotation are focused on within the entire Group.*

### TEAM MENTOR PROVIDES SUPPORT: THERE IS NO NEED TO WORK ALONE

*Salla Karjalainen* has been working at the Stockmann Delicatessen at the Helsinki city centre department store for about a year. She became a permanent employee after working at the department during busy Christmas and Crazy Days periods on several occasions.

Karjalainen has been working on the fish counter under the guidance of team mentor *Perttu Laakoli*. The mentoring includes training in customer service, procedures at the fish counter and work area and familiarisation with products. Mentoring has provided Karjalainen with valuable support in her work: "It feels safe joining a new team when you know there is someone by your side providing help and mentoring."

Team mentor *Perttu Laakoli* has been working for Stockmann for almost 6 years. He started his career at the age of 18 on the checkout at the Stockmann Delicatessen. Laakoli has already had many roles in the department and he has been a team mentor, where he mentors new employees, for half a year now. "The best thing about my job is that it is varied and I have the opportunity to help my colleagues to learn their new roles and about new things," says Laakoli. Laakoli's mentoring team has 29 members. He provides these members with mentoring or other training every week. Laakoli likes to focus in particular on a new employee's first day and provide the new employee with all the help that he or she needs. This



*At your service!*

*Team mentor Perttu Laakoli and sales assistant Salla Karjalainen are helping customers at the fish counter in the Helsinki city centre department store.*

*Elisabeth Peregi, Country Manager at Lindex Sweden, has worked in the fashion chain for 15 years.*

ensures that customers receive prompt and first-class customer service.

### INSPIRING ROLE IN FASHION

*Elisabeth Peregi* has a fast-paced job. She is Country Manager at Lindex Sweden. She is responsible for more than 200 stores and visiting these stores is part of her job. "Store visits are inspiring and educational because the members of staff are passionate about fashion," says Peregi. "On my visits to the stores, I also see how our values are applied in our everyday work. Lindex pays a lot of attention to value leadership. Communications also plays an important role in achieving success. In internal and external communications, the actual message and the way that the message is communicated are both important.

Peregi started working at Lindex Sweden in 1999 as a sales controller. She has had many roles during her career at Lindex, which has lasted about 15 years. In addition to the sales figures of Lindex Sweden and the other countries, she is also familiar with the fashion chain's operations in Norway and Saudi Arabia.

Peregi's strong enthusiasm for learning new things and the opportunity to be involved in developing the company has spurred her on in the various roles. "Internal career development provides an excellent opportunity to learn new things and advance within the company. It is possible to advance in many different directions. In an international company, experience can be gained for example by changing department, roles, the country of operation or even division," says Peregi.

### DEVELOPING INTERNAL COMMUNICATIONS

Communications and interaction have great importance for increasing motivation and well-being at work. We focused on smooth-functioning communications in 2013 by renewing the tools of internal communications and by training supervisors.

#### New intranet

Seppälä and the Department Store Division launched a new intranet. Modern tools for internal communications boost the distribution of information and take into account users' individual needs better than before. The new intranet was created by combining the traditional intranet and online information management. The goal is to reduce the amount of emails and target the information better than before.

#### Supervisor as a messenger

The supervisor training in communications was launched in the Department Store Division. The aim of the training is to improve supervisors' understanding of their own role as a messenger and to provide assistance in the planning and implementation of communications with shared tools. Approximately 150 supervisors in Finland and about 30 supervisors in Russia participated in the training in 2013. The training will be continued in all four countries of operation in 2014.

## WHERE DO OUR FASHION PRODUCTS COME FROM?

A significant share of the fashion products on sale at Stockmann's divisions are clothes that have been designed at Stockmann. For example, almost all of the clothes sold at Lindex and Seppälä are our own brand products that cannot be purchased anywhere else. The tastes and preferences of Stockmann department store customers are catered for by Stockmann's own fashion collections that are designed specifically for the customers and include the following brands: BEL, Bodyguard, Bogi, Cap Horn, Cristelle&Co, CUBE CO, Global Essentials and NOOM.

The journey of an own brand product starts on the fashion designer's table. Clothing collections are designed for a specific brand: 12 Stockmann, 35 Lindex and 18 Seppälä fashion designers create collections for their own units while also listening to suggestions pro-

vided by the buying and planning organisation and purchasing offices regarding materials and trends. Stockmann does not have its own clothing factories, so the own brand product clothing that is sold at stores is mainly bought through the six purchasing offices. The purchasing offices make their purchases through a network of about 200 suppliers with about 360 factories.

We buy most of our clothing from China where we purchase 43 per cent of our own brand fashion products. Next is Bangladesh with 22 per cent of purchases and Turkey where we purchase 17 per cent of all own brand fashion products.

### WHO MANUFACTURES OUR PRODUCTS?

We want to ensure that work is carried out in safe working conditions in the supplier companies that manufacture products for us. The Stockmann Group is a member of the Business Social Compliance Initiative (BSCI), which is committed to improving working conditions at production facilities of goods suppliers. The Stockmann Group insists that the Supplier Code of Conduct based on the BSCI's principles and Stockmann's own additional requirements, which apply to the environment, chemicals and animal rights, are observed in the supply chain for its own brand products.

A significant share of the own brand fashion products are manufactured in areas classified as risk countries by the BSCI. Our clothing orders create employment opportunities, particularly for women, in developing countries. We focus on local projects to support the status and wellbeing of women, education of children and environmental protection in the manufacturing


countries. We are involved in the School of Hope, Solmaid High School, Shanghai Sunrise and Health Enables Return projects. We are also involved in the Sustainable Water Resource and Partnership for Cleaner Textiles projects that are both associated with the use of water and that were both launched in the reporting year. In May 2013 we signed the Accord on Fire and Building Safety in Bangladesh initiative, and in connection with this all the factories that we use in Bangladesh have been surveyed and their fire and building safety has been inspected.

The journey from an idea to production and then on to the store takes a year at the most, and 6–8 weeks at the least. The manufacturing country is often selected during the initial planning stage when the material selections have been made. The speed of delivery is also taken into account when selecting the manufacturing country. Out of our purchasing office countries, Turkey is the most natural choice, due to its location, when a collection needs to go on sale quickly. India has special expertise in the embroidery and decoration of clothing and Pakistan produces excellent-quality denim and fleece products. Large batches of various cotton products are manufactured in Bangladesh and products which require precision, such as underwear, are manufactured in China.

All the clothing that is sold by the fashion chains includes information on the country in which the garment has been manufactured. The amount of information provided will gradually increase and from fall 2014 the own brand fashion products sold at the department stores will also start to provide this information. The Stockmann website provides more information on the factories that we use.

### SIX PURCHASING OFFICES FOR OWN BRAND FASHION PRODUCTS

Our purchasing offices employ a total of about 150 members of staff. Their task is to supervise purchasing and production. The purchasing offices review the procedures of each factory that they use before any orders are placed. After the preliminary inspection, the systematic responsibility work continues and internal and external inspections are carried out on the suppliers. The goal is to be able to develop the operations at factories while supervising the production operations.



China	43%
Bangladesh	22%
Turkey	17%
India	12%
Pakistan	2%

*The share of purchasing of the Stockmann Group's own brand fashion products in terms of purchase prices.*



**Find out more about the supervision of the supply chain on pages 18 and 20.**



# RECYCLING AND INTERNATIONAL ENVIRONMENTAL PROJECTS

## WORK CLOTHES HAVE MORE THAN ONE LIFE

The work clothes of the sales personnel who work at Stockmann department stores are made from high-quality and durable materials. When the clothing wears out it does not end up in a landfill site as Stockmann aims to utilise all clothing that is no longer used as carefully as possible. Work clothes can end up as a raw material in oil-absorbing mats that are used to clean up oil disasters, as a donation to handicrafts and hobby workshops or as an energy source.

*New and old work clothes met at the new Itis department store. Salesperson Marita Tuominen is holding an oil-absorbing mat made of old work clothes.*



## SYSTEMATIC RECYCLING

Stockmann department stores and the centralised operations of the Department Store Division work together to promote recycling by donating products that are no longer on sale and fashion studio products that cannot be used to previously agreed local partners and various recycling workshops. When the Itis department store and the Stockmann Outlet store moved in 2013, their store fixtures and equipment were distributed for reuse to the department store chain, the Reuse Centre and the Uusix workshops. Leftover bakery products from the Helsinki, Jumbo, Tampere, Tapiola and Turku department stores are donated to charity through agreed partners.

In the Fashion Chain Division, Seppälä launched cooperation with the charity organisation UFF during 2013 and donated products that were no longer on sale to development cooperation in Africa. Seppälä also donates its clothing samples to people with limited means via the Hope organisation and to afternoon clubs and groups of school children for their hobby activities via the Windmill-House Association.

In the run-up to Christmas members of staff at Seppälä's head office and warehouse were given the opportunity to make charity donations to those in need by donating their own good-condition children's clothes and shoes, toys and sports equipment. Lindex organised its traditional charity drive at its head office. This involved donating the fashion chain's clothing samples as Christmas presents to the disadvantaged in cooperation with Göteborgs stadsmission.

## We encourage our customers to recycle

We provide our customers with the opportunity to recycle with us. For example, customers can return used electrical appliances and electronic equipment, batteries, fluorescent lamps and energy saving bulbs to Stockmann department stores and Hobby Hall store.

During 2013 various recycling campaigns were organised in cooperation with goods suppliers. For example, a campaign to recycle frying pans was organised with Hackmann in all the department stores in Finland. In a campaign organised with Knowledge Cotton Apparel, jeans were collected in the men's department in the Helsinki city centre department store. Linen, old bicycles, saucepans and frying pans, and during the Christmas period, toys, were collected in various campaigns by Hobby Hall.

## WORKING FOR CLEANER PRODUCTION

In cooperation with other fashion industry companies we are committed to projects that boost the efficiency of production and make it more environmentally friendly. The projects have helped to reduce the use of water, chemicals and energy at several factories and lowered factories' production costs. Employee health and occupational safety matters have also been improved.

## Better Cotton Initiative, India 2008–

Since 2008, we have been involved in the Better Cotton Initiative, which aims at reducing the harmful environmental impact of traditional cotton cultivation. The project has provided training to over 2,000 farmers to use less water, chemicals and fertilizer in cotton production. In addition, the BCI works to improve workers' conditions and encourages farmers to cooperate and share tried-and-tested practices.

## Sustainable Water Resource project, India, 2013–2014

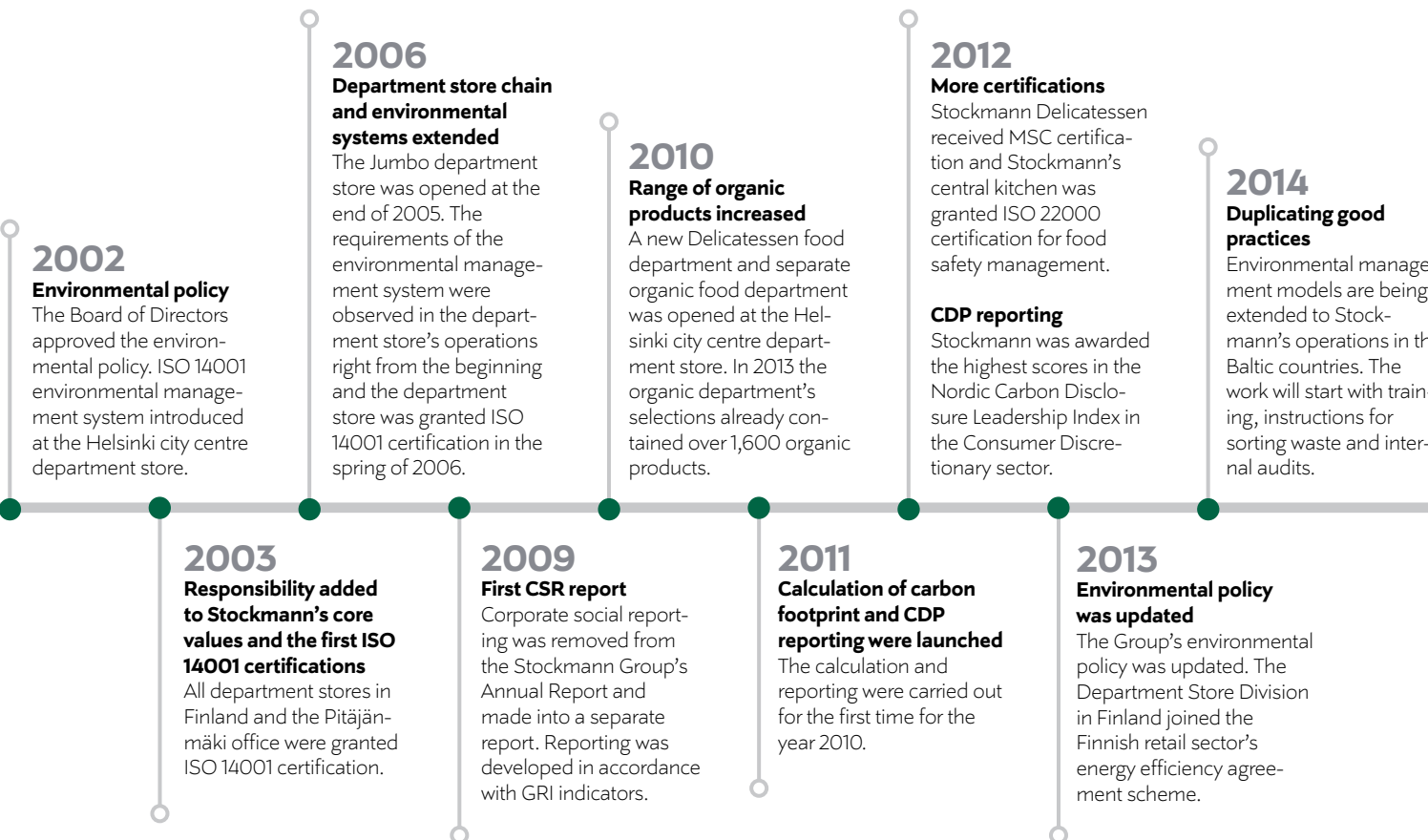
The goal of this two-year project is to improve the management of water use. In 2013 we participated in the project with the four main goods suppliers in India and five dye works. In the project, water and electricity meters are installed at production factories and the use of chemicals is optimised in the dyeing process.

## Partnership for Cleaner Textiles, Bangladesh, 2013–2016

The programme is implemented together with other international clothing suppliers and it deals with the consumption of groundwater, pollution of the surface water and issues involved with the use of energy and chemicals. Our ten large suppliers are participating in the programme, which covers 80% of our production operations in Bangladesh.

# ENVIRONMENTAL RESPONSIBILITY MILESTONES IN THE 2000s

The department store chain aims high in its environmental goals and work. To achieve the goals, training and internal information are provided to improve the personnel's environmental awareness.



## Comment by an important stakeholder: EFFICIENT RESULTS WITH KEY PARTNER

Stockmann and L&T's Environmental Services started working together in Finland in 2011. Over the past few years, L&T has become a key partner for Stockmann. Environmental work has been developed and targets have been achieved.

"Stockmann achieved its recycling and reuse targets in 2013 with a sorting rate of over 95 per cent. L&T calculated the CO<sub>2</sub> emissions from Stockmann's waste management and compiled a report of the climate impacts of waste management deliveries. Next we will expand our cooperation in the area of services that improve material and energy efficiency," explains *Tiina Kemppainen*, Account Manager at L&T.

"Stockmann is a forerunner which places great emphasis on environmental matters and personnel training. Stockmann is also very receptive to new development ideas and the company encourages us to do our best every day," says *Petri Salermo*, Vice President, Environmental Services.



# GRI INDEX

	GRI References	Level	Location (page) and notes
Strategy and analysis	1.1. CEO's statement	●	4
Organisation profile	2.1-2.9	●	6-7, AR, WWW
	2.10	●	7
	3.1-3.4	●	2, 8, 31
Report parameters	3.5	●	2, 9
	3.6, 3.7, 3.10, 3.11	●	2, 6. Possible changes or specific limitations mentioned in connection with the text or table relating to the key indicator in question.
	3.8	●	Leased out commercial premises in the Nevsky Centre shopping centre not included.
	3.12	●	17, WWW
Governance, commitments and engagement	4.1-4.4	●	29, AR: Corporate Governance Statement
	4.14	●	12
	4.15-4.17	●	9, 12
Management of social responsibility and indicators	LA1*, LA13*	●	18, 21
	LA2*, LA3, LA4*, LA6, LA7*, LA8*, LA10, LA11, LA12	●	18-20
	HR2*, HR4*, HR6*, HR7*	●	22
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Management of environmental responsibility and indicators	EN3*, EN4*, EN10, EN11*, EN16*, EN17*, EN21*, EN22*, EN23*, EN25, EN28*, EN29	●	24-27
	EN1*, EN5, EN7, EN8*, EN12, EN15, EN18, EN26*, EN27*	●	24-27
Management of economic responsibility and indicators	EC1*, EC4*, EC7*, SO7	●	29-30
	EC2*	●	30

Reported ●  
 Partially reported ●  
 AR Annual Report 2013  
 WWW Stockmanngroup.com  
 \* GRI core indicator

 A more detailed GRI content comparison at [stockmanngroup.com](http://stockmanngroup.com)

# MANAGEMENT OF SOCIAL RESPONSIBILITY AND INDICATORS

The company's HR policies are based on the company's values and HR strategy. The Board of Directors of Stockmann ratified the Code of Conduct covering the entire Group in 2013. The divisions comply with the common Group-level operating principles, but they also have their own more detailed HR policies that support the success of individuals and the well-being of the staff. The implementation of good HR policies is monitored through personnel surveys, performance appraisal discussions and other feedback channels. Cooperation also takes place in local personnel committees and the Group committee.

The Stockmann Group appreciates its employees. As a minimum standard, we comply with the local legislation in all of the countries where we operate and treat our employees equally and according to the principle of equal opportunities in all HR matters. The HR Director, who is a member of the Group Management Committee, is responsible for HR at the company.

Our aim is to be an attractive and well-liked employer in the labour market. This means that, in addition to the personal and professional development of employees, we pay attention to healthy and safe working conditions. Employees are also encouraged to take care of their personal wellbeing through various clubs, among other means.

## Supply chain oversight

The company's responsibility also extends indirectly to the product supply chain, manufacturing and product safety. The Stockmann Group has been a member of the Business Social Compliance Initiative (BSCI) since 2005, which is a cooperative organ in

the field of social responsibility established by European companies and international trade associations and managed by the Brussels-based Foreign Trade Association (FTA). BSCI aims to improve working conditions in suppliers production factories and to clarify and harmonise oversight. In addition, our department stores are committed to the principles of responsible import trade of the International Association of Department Stores (IADS).

The Stockmann Group requires that the supply chain of its own brands comply with the Supplier Code of Conduct, which is based on the BSCI principles. Furthermore, we set requirements related to animal rights, chemicals and environmental matters for our suppliers. Some of our suppliers are also SA8000-certified.

Stockmann does not accept child or forced labour in any shape or form and requires its suppliers to abide by this principle. Stockmann does not permit any treatment of individuals or working conditions that contradict international treaties or accepted international conventions. Factories in countries classified as high-risk by the BSCI where Stockmann department stores' and the fashion chains' own brand products are manufactured are regularly audited both by ourselves and by BSCI. If deficiencies in the supply chain are identified, an action plan for correcting these will be drawn up and the implementation of this plan is monitored. Local working conditions are also influenced through various international conventions and initiatives.

The Stockmann Group does not have its own factories or production facilities, apart from the central kitchen of the department store chain. The man-

agement system of the central kitchen is certified according to the ISO 22000 standard.

## INDICATORS OF SOCIAL RESPONSIBILITY

The Stockmann Group is a major employer: the company has almost 15,500 employees in 15 countries. Therefore, the measures and objectives of the social dimension of corporate responsibility are particularly focused on the Group's own personnel.

## LABOUR / POLICIES CONCERNING EMPLOYEES AND WORKING CONDITIONS

### LA1 Description of personnel by employment relationship, employment contract and operating area and LA2 Staff turnover

Stockmann Group's personnel amounted to 15,441 at year-end 2013. The highest number of employees was in the Department Store Division, which had 8,955 employees at the end of the year. The decrease in the number of Department Store Division personnel is partly attributable to the discontinuation of franchising operations in 2013.

The Fashion Chain Division had a total of 6,186 employees at year-end, of whom 4,999 are in Lindex and 1,346 in Seppälä. The number of Seppälä employees was slightly lower than the previous year due to the shop closures made in 2013. Lindex opened 11 own stores during 2013, which increased the number of employees. Stockmann's Group administration employed 141 persons at year-end and the Company's purchasing offices 159 persons.

In April, Stockmann launched a cost savings pro-

gramme across the organisation. The target was to reduce fixed operating costs in the Department Store Division and the Fashion Chain Division by over EUR 10 million in 2013. The target was exceeded. Stockmann also introduced lay-offs of 12 working days for most of its personnel in Finland, and due to that EUR 5 million of savings were achieved in 2013. The Department Store Division is also undergoing structural changes in order to improve cost structure. The changes are being implemented in stages, and they were first applied in marketing operations in the autumn 2013. A plan to introduce a new distribution centre for department stores in Finland and the Baltic countries to be taken into use in 2016, was announced in January 2014. In April 2014, Stockmann announced a plan of a new organisational model in the department stores in Finland. Stockmann initiated codetermination negotiations covering the personnel at Stockmann's department stores in Finland, the customer service employees of Stockmann.com and Akateeminen.com and after-marketing personnel.

Personnel turnover was 23 per cent in 2013. However, the turnover depends to a great extent on the local labour market. In Finland, the turnover rate was 10 per cent, which was significantly lower than in the retail sector on average\*. In Russia, the turnover rate is higher, but the rate is similar to local labour market. The number of full-time employees remained almost unchanged from the previous year and was 6,765, while the number of part-time employees was 8,676.

\*Source: Finnish Commerce Federation press release 19 March 2013. Personnel turnover in commerce in Finland is approximately 23%.

The need for fixed-term employees is high in retail, as the summer and Christmas seasons, for example, increase the need for seasonal employees. Of Stockmann Group's employees, 16 per cent had fixed-term employment contracts in 2013. Compared to previous years, the number of seasonal employees decreased in the Department Store Division in particular, where temporary lay-offs and other austerity measures were carried out during the reporting year.

The Department Store Division and the Fashion Chain Division offer many young people an opportunity for becoming familiar with the functioning of the retail sector in the form of practical training periods of various educational institutions, for example. During 2013, Stockmann's Finnish department stores had a total of 1,403 Crazy Days campaign helpers in the spring and 1,512 in the autumn. In addition, the department stores and support functions offered work experience to more than 300 summer employees and 700 interns during the reporting year. Lindex cooperates with universities and offers on-the-job training opportunities in offices and shops. Each year, 20–30 interns find a position at the design and purchasing department of Lindex's head office. Seppälä has also a similar trainee practice. In 2013, 18 interns worked at the Seppälä's head office.

### LA3 Personnel benefits

Stockmann Group offers the personnel benefits required by the local legislation in all of the countries in which it operates. In most countries, the employees are offered benefits that clearly go beyond the requirements set by legislation, such as health insurance and meal benefits. All employees can purchase products with employee discount in stores belonging to the Group.

Stockmann supports recreational and leisure activities for permanent employees, for instance by

supporting sports and through various staff clubs and the opportunity to rent holiday homes in Finland. In 2013, the leisure activities of the personnel were supported less than in 2012 due to the cost saving programme concerning the entire company. In 2013, the company's support for employees' leisure activities amounted to approximately EUR 0.1 million.

Every year, Stockmann awards medals of merit to its long-serving employees. The tradition started in 1924, and over 20,000 medals have been distributed over the 90 years. Medals of merit are awarded for careers of 10, 15, 20, 25, 30, 35, 40, 45 and 50 years with the Stockmann Group. In 2013, 659 medals were

awarded. Stockmann Riga was opened in October 2003, and the tenth anniversary of the department store could be seen in Latvia where a total of 56 medals for 10 years of service were awarded in 2013. One 50-year career medal was awarded to an employee of the Helsinki city centre department store. Medals of merit for such a long service career have been awarded rarely in the company, with the total being 68 over the years. Lindex has its own reward scheme according to which employees are rewarded for 25 years of service. In addition, all units reward employees on their 50<sup>th</sup> birthdays.

### Wages and salaries

Even though the average number of the Group's personnel decreased slightly during the year, the total wages and salaries remained almost on a par with the previous years. Employee benefit expenses totalled EUR 397.8 million, or 19.5 per cent of revenue.

In 2014, the personnel were paid EUR 5,654 in incentives for the financial performance of 2013. In 2013, the personnel were paid EUR 0.2 million incentives for the financial performance of 2012. In addition to that personnel were paid EUR 1.0 million sales-based incentives for the sales of 2013. Key senior and middle management of the Stockmann Group are

#### STAFF FIGURES

	2013	2012	2011	2010	2009
Number of personnel 31 December	<b>15 441</b>	16 041	15 960	16 184	14 836
in Finland	<b>7 033</b>	7 553	7 237	7 430	7 153
abroad	<b>8 408</b>	8 488	8 723	8 754	7 683
Personnel on average	<b>14 963</b>	15 603	15 964	15 165	14 656
Personnel as full-time equivalents, on average	<b>11 422</b>	11 898	12 172	11 503	11 133
Average age of personnel	<b>35</b>	34	34	35	35
in Finland	<b>35</b>	34	34	36	36
abroad	<b>34</b>	34	37	34	34
Turnover of permanent employees, on average, %	<b>23</b>	26	30	24	23
in Finland	<b>10</b>	13	15	14	15
abroad	<b>34</b>	37	42	34	30
Sickness absences, %	<b>4.2</b>	4.5	4.9	4.3	5.4
in Finland	<b>3.8</b>	4.2	4.5	4.4	4.7
abroad	<b>4.6</b>	4.8	5.6	4.2	6.6
Share of full-time/part-time employees of personnel, %	<b>44/56</b>	42/58	45/55	42/58	44/56
in Finland	<b>45/55</b>	42/58	43/57	41/59	42/58
abroad	<b>43/57</b>	42/58	46/54	43/57	45/55
Reported workplace accidents in Finland, number	<b>238</b>	212	243	271	231
Staff costs, EUR million	<b>397.8</b>	405.1	390.0	361.9	327.4
Staff costs, share of revenue %	<b>19.5</b>	19.1	19.4	19.9	19.3
Staff training expenses in Finland (excluding direct wage costs), EUR million	<b>0.6</b>	0.7	0.8	0.7	na

Of the Group's fashion chains, Lindex publishes more detailed staff figures on its site [lindex.com](http://lindex.com).

covered by a key personnel option scheme, which did not result in costs in 2013. More detailed information on the management's salaries and bonuses (Remuneration Statement) can be found on the company's website.

## EMPLOYEE-MANAGEMENT COOPERATION

### LA4 Coverage of collective labour agreements

In Finland, around 84 per cent of the Stockmann Group's personnel are covered by collective agreements. Stockmann respects its personnel's freedom of association and right to engage in collective agreement activity. The company does not monitor the extent of union membership, but it does compile statistics on those employees in Finland whose trade union membership fee is deducted from their salary. In 2013, these employees accounted for 29 per cent of the Group's personnel working in Finland. In other countries of operation, statistics on union membership have not been collected.

### *Long tradition of employee-management cooperation*

Stockmann has played a leading role in codetermination issues in Finland. The company's Employees' Council was set up in 1924. It was not until 1979 that legislation was passed on legal requirements for codetermination between employees and employers in companies.

In Finland, the divisions have their own Employees' Councils. Seppälä's Employees' Council convenes two times a year and others four times a year. A similar model is followed in the Baltic countries. Human resources matters concerning Finland are handled at the Group Council, which is held twice annually. In 2012, the employees launched an initia-

tive to establish a European Works Council (EWC) in the Stockmann Group and negotiations between the employer and trade unions on the issue have commenced.

Two employee representatives participate in meetings of Stockmann's Board of Directors. One of these representatives is elected by the employee representatives of Stockmann's Group Council and the other by the association representing Stockmann's senior salaried employees. The employee representatives have the right to attend and speak at Board meetings. They are not Board members.

## OCCUPATIONAL HEALTH AND SAFETY

### LA6 Representation of employees in occupational health and safety councils

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. Preventative work is also focused on in the whole Group's occupational safety day, which is organised every other year. In addition, coaching on working ability has been arranged for supervisors in Finland, aiming to increase wellbeing at work and reduce absence and the costs incurred from absence.

### LA7 Accidents and sickness absences

Sickness absence rate was 3.8 per cent of regular working hours in Finland in 2013 and abroad it was 4.6 per cent of hours worked. There was a total of 238 reported workplace accidents in Finland. Most of them were accidents related to the journey to or from work, mainly slipping. No occupational accidents leading to severe injuries took place in 2013 in Fin-

land. The rate of absence due to sickness and occupational accidents is clearly lower than in the sector on average in Finland\*.

### LA8 Counselling employees on severe diseases

As part of its normal operations, occupational health services aim to advise the employees on severe work-related diseases and any other risks associated with work.

In 2013, medical care-level occupational health care covered all employees in Finland whose employment had continued for more than 4 months, i.e. 5,556 persons. The occupational health care services of the Group's units in Finland are arranged by way of an own occupational health clinic and outsourced services. In Helsinki, the staff of the Group's own clinics mainly serve all employees in the Helsinki region. In other locations and Finnish Lindex and Seppälä stores, occupational health services are provided through outsourcing. In Finland, the costs of occupational health services totalled EUR 2.0 million. The net expenses of occupational health services were approximately EUR 150 per employee in 2013.

## TRAINING

### LA10 Average hours of training, LA11 Personnel competence development and lifelong learning programmes and LA12 Regular performance reviews

The Department Store Division in Finland arranges various training courses for everyone taking part in sales activities; all new employees of the Finnish Group administration also take part in the first-level START training. A new coaching programme, LEAD, was launched in 2013. It aims to deepen managerial skills and strengthen the management culture based

on the strategy and values. A total of 30 persons from three countries and the Department Store Division and Group administration took part in the programme for six days. During 2013, Department Store Division supervisors were trained for a total of more than 350 days, or 2,625 hours, on various training courses.

The environmental awareness of the personnel is increased through continuous training and regular internal communication. For example, a total of approximately 200 employees took part in the monthly environmental training sessions at the Helsinki city centre department store during the year. Topical environmental matters were also discussed in a few department-specific morning briefings with a total of approximately 400 employees. In addition, tailored environmental training was arranged for some of the department store's lessees. In the department store chain, environmental training was also arranged in the Turku, Itis and Oulu department stores, for the office staff in Pitäjänmäki and in the Viinikkala logistics centre. Environmental and food safety training was arranged for all personnel of the central kitchen. Approximately 40 employees took part in the joint chemical training for the purchasing organisations of the Department Store Division, Hobby Hall and Seppälä in the autumn. In addition to training, sound environmental practices are regularly presented on the personnel premises information screens.

Lindex has its own Souls coaching programme for seeking new solutions that will accelerate the success of the entire chain. During the reporting year, eight employees took part in the programme. They focused

\* Source: Finnish Commerce Federation press release 23 August 2011: average absence rate in the Finnish commerce sector is 5.8 per cent.

on matters related to improving the sales margin and particularly discussed cooperation with production factories and suppliers. During the year, training on diversity, working environments and employment law was arranged for the supervisors at Lindex's head office. The head office also had some training sessions on social responsibility, safety and the future of Lindex. Customer service, product and safety training was arranged for the shop personnel. The average number of training hours at Lindex in 2013 was 11.5 hours per employee, amounting to a total of 57,500 hours.

For Seppälä, 2013 was a year of change. The chain deployed new Enterprise Resource Planning software and the brand was renewed. Change management was supported by various types of training, such as change coaching and induction of employees in the new tools and processes. In addition, Seppälä arranged several training days for the purchasing organisation. Seppälä employees also took part in the chemical training arranged together with the Department Store Division. Seppälä also continued its own Spirit coaching programme in which Spiritors act as the coaches. With the programme, Seppälä's new and old employees alike receive induction and information. In 2013, Spiritors implemented the changes concerning the chain in the shops. In addition to the head office's five-member Spiritor team, the chain has 27 Spiritors in five countries. The amount of training totalled 15,000 hours at Seppälä during the reporting year.

The Stockmann Group monitors the implementation of good HR practices through personnel surveys, performance reviews and other feedback channels. During 2013, the Department Store Division implemented the SOUND personnel survey in Latvia, Russia and Estonia. Almost 2,700 people responded to the survey, with the response rate being over 80

per cent. The responses reckoned supervisory work, for example, particularly positively. Compared to the 2011 survey, the biggest positive change had taken place in Russia and Latvia in the willingness to assume personal responsibility for one's work and in Estonia in the increase of team spirit. In Russia and Latvia, for example, an increasing sense of work-related stress and in Estonia the development of tools emerged as targets for development. Lindex carried out a personnel survey at the Swedish head office and distribution centre in December 2013. A total of 317 employees responded to the survey, and the response rate was 67 per cent. Most of the respondents were satisfied with their job and aware of Lindex's strategy and objectives. Giving and receiving feedback was mentioned as a target for development. Seppälä conducted a number of surveys during the year, monitoring adaptation to the changes in organisation and ensuring that induction in the new things has been sufficient.

Continuous development at work and an active internal labour market are Stockmann's strengths. Opportunities to switch duties between divisions, functions and countries promote learning and the retention of competent personnel in the company's service. Many members of the Group's management have worked in customer service duties earlier, and many also have experience from various parts of the company. For additional information on the opportunities for job rotation, see page 13.

**DIVERSITY**

**LA13 Make-up of the organisation's administration and personnel**

In 2013, women comprised 85 per cent and men 15 per cent of the Group's personnel. The proportion of female managers is high in all functions: of all the

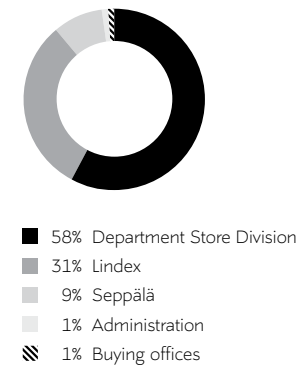
managerial staff working in Finland and abroad, 63 per cent were women. On the Stockmann Board of Directors, three out of eight members were women. There were two women in the Group's Management Committee.

At the end of 2013, 54 per cent of the personnel, or 8,408 people, worked outside Finland. One of the factors behind the international success is that the company makes use of the local expertise of the country in question. Using local personnel brings additional expertise and diversity to the company's operations and produces knock-on economic effects for the local area.

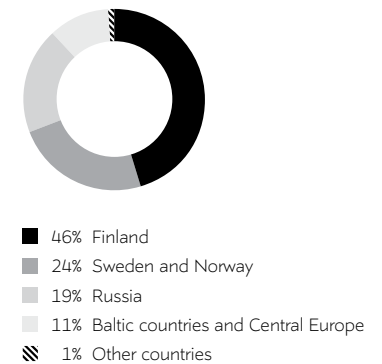
In operations outside Finland, there were six persons working in senior and middle management positions in Russia and the Baltic countries in the Department Store Division and one person in Norway at Lindex. This means that in operations outside Finland, over half of senior and middle management are local retail sector professionals. In 2013, all the members of the Department Store Division's Management Committee and the Finnish department stores' management were Finns. In total, 81 per cent of the management and members of the Country Management Committees of the Baltic and Russian department stores were locals. In 2013, all the members of Lindex's top management were Swedish. Sixty per cent of Lindex's country directors were locals. In 2013, Seppälä's Management Committee consisted of seven Finnish members and also one Russian member.

Information on the average age of the employees is presented in the "Staff Figures 2013" table.

STAFF BY DIVISION 2013



STAFF BY MARKET AREAS 2013



## HUMAN RIGHTS IN THE SUPPLY CHAIN

### HR2 Review of human rights in subcontracting, HR6 and HR7 Functions associated with the risk of use of child and forced or penal labour

Stockmann's social compliance indirectly also extends to working conditions in the supply chain. Reporting on human rights in the supply chain focuses on the procurement of own brand products, on which we report based on our own and external audits of suppliers. The supply chain complies with the Stockmann Group's Supplier Code of Conduct, which is based on the BSCI principles. In the reporting year, 13 goods suppliers had the Social Accountability 8000 (SA8000) certificate.

The majority of the product selection in Stockmann's department stores consists of international and domestic brand products in which responsibility issues are assessed during purchase negotiations. Over half of the Department Store Division's own brand fashion products are procured through the Group's own purchasing offices. All of Lindex's products and a significant portion of the products in Seppälä's selection are procured through the same purchasing offices. The purchasing offices are located in Bangladesh, India, China, Hong Kong, Pakistan and Turkey. They purchase the garments from a network of about 200 suppliers and about 360 factories. The number of suppliers and factories was reduced significantly during the year, which will make the contacts and supplier relationships even closer. The Stockmann Group does not have garment factories or production facilities of its own.

A significant number of the Stockmann Group's own fashion products come from areas classified as risk countries by the BSCI. China is the most important purchase country for Stockmann Group fashion

own brands in terms of purchase value. 43% of group level purchases come from China, 22% from Bangladesh, 17% from Turkey, 12% from India, and 2% from Pakistan.

Stockmann does not accept child or forced labour in any shape or form and requires its suppliers to abide by this principle. Stockmann does not permit any treatment of individuals or working conditions that contradict international treaties or accepted international conventions. If deficiencies in the supply chain are identified, an action plan for correcting these will be drawn up and the implementation of this plan is monitored.

The identified risks in Stockmann's supply chains include deficiencies that have emerged in audits and also in public debate, which are particularly related to wages, working hours, occupational health and safety as well documentation in the risk countries. In order to improve the practices, Stockmann encourages its goods suppliers to take part in the company's development projects as well as training on these matters arranged by the BSCI.

#### Regular factory audits

A total of 186 BSCI audits were conducted in factories located in risk countries that manufacture own brand products for Stockmann department stores and fashion chains in 2013. Of these, 119 were full audits. Due to overall stricter Stockmann and BSCI demands in 2013 the audit results are lower than previous years.

The BSCI audits are conducted by internationally accredited independent auditors. In addition to these external audits, the Stockmann Group carried out 171 of its own inspections through its purchasing offices. Each purchasing office has responsibility experts who monitor the production processes and the responsibility of operations. The purchasing offices review the operating models and quality levels of each factory

that they use before entering into a contract and starting production. Own inspections focus on employees' working conditions and environmental issues. In addition to the above-mentioned audits of factories, Stockmann is specifically involved in developing the safe working conditions of factory workers in Bangladesh. Stockmann joined the Accord on Fire and Building Safety in May 2013. Even though the inspections related to the Accord did not commence in 2013, we carried out electrical inspections in all of the 21 factories supplying garments to the Stockmann Group in Bangladesh. The inspections did not result in the need for discontinuing cooperation with any of the factories.

Additional information on the Stockmann Group's supply chain is presented on pages 14.

## NON-DISCRIMINATION

### HR4 Cases of discrimination and actions taken

The company was not suspected of, prosecuted or sentenced for discrimination during the reporting period.

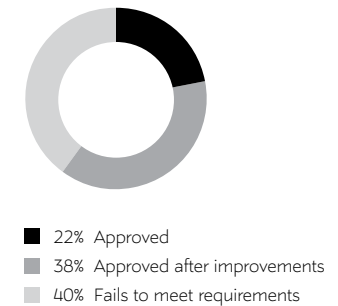
## FREEDOM OF ASSOCIATION

### HR5 Freedom of association and right to collective bargaining

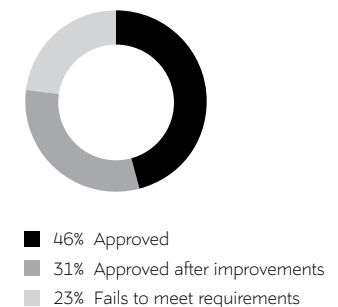
The freedom of association and right to collective bargaining of the personnel of the Stockmann Group is reported on in section LA4. The freedom of association in the supply chain is monitored through BSCI and SA8000 audits as well as our own inspections conducted by the responsibility experts of the purchasing offices.

## PRODUCT LIABILITY

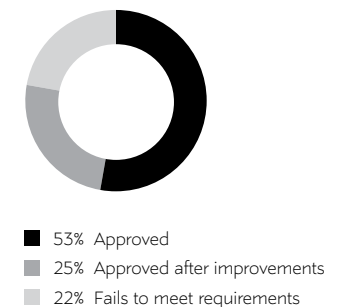
BSCI AUDITS IN 2013 (N=186)



BSCI AUDITS IN 2012 (N=173)



BSCI AUDITS IN 2011 (N=199)



### PR2 Violations of health and safety requirements for products

The Stockmann Group is responsible for the safety of the products it sells, ensuring that they do not pose a risk to customers' health or property. The company's purchasing organisation makes sure that products comply with the valid requirements set in chemical and product safety legislation. In addition to Finnish Customs, products are tested regularly by their manufacturers and importers, and by Stockmann in the case of own brand products. Testing ensures that the products fulfil all quality and safety requirements set by legislation or the stricter requirements set by Stockmann. In addition, Stockmann follows product notifications issued by the European Union in order to inform customers as quickly as possible about products that pose a risk.

There were no public recalls involving own brand products sold by Lindex, Seppälä and the Stockmann department stores in 2013.

Stockmann Delicatessens and the company's central kitchen have an extensive internal quality assurance system for product safety. Stockmann's central kitchen has been certified in accordance with the ISO 22000 international food safety standard. The central kitchen complies with the legal requirements and those of the authorities, and is seeking to further improve its operations. In 2013, there were no product safety, quality or other similar defects requiring product recalls regarding the central kitchen's products, products imported by Stockmann or the own brand products.

During the reporting year, there were no legal actions or fines associated with the health or safety of own brand products.

### PRODUCT AND SERVICE LABELLING

#### PR3 Product information related to products and services and obeying the legislation

Lindex's products made from responsible materials are marked in the shops clearly with the chain's own Sustainable Choice label, and these products are presented on a separate product page in the online shop.

Seppälä's products marked with the Organic Cotton label are made from organic cotton. The range of these products includes men's and women's jersey shirts and some of the clothing in the Seppälä Baby line. Additional information on responsible products is presented in section EN 26.

We tell our customers about the origin of the products. The country of manufacture is marked (on the care label of the garment) on all products of the fashion chains. With regard to the Department Store Division's own brand products, the same information is marked on the price labels of the products in Russia and Latvia, where the legislation requires that information on origin is reported. In the future, information on the country of manufacture will also be available to customers in other countries, as a decision was made in 2013 to mark the information on the products of the department stores' own garment brands. The aim is that the country of manufacture will be reported on the products in phases, starting from fall 2014.

New EU regulations on food labelling will result in changes in information reported to consumers on packaging. The changes concern, for example, the naming of the product, the readability of the packaging and the reporting of allergens. Making the changes to packaging labels required by the EU regulations began in 2013 for Stockmann's own brand products and foodstuffs imported by Stockmann. The work will continue in 2014.

#### PR5 Customer satisfaction

The Stockmann department stores are known for their customer-oriented service. Top-rated, professional customer service does not happen by itself, but instead requires regular personnel training from the recruitment stage onwards, including comprehensive induction arrangements for employees. Customer orientation strongly guides the company's operations, and considerable attention is given to providing a first-class service that exceeds expectations. Customer satisfaction surveys and customer and employee feedback provide valuable information that guides the Group's divisions in developing their operations. Information concerning customer relationships is utilised in improving customer service and sales, in daily management of personnel, in developing the skills, remuneration and commitment of supervisors, and in the design of training programmes.

The Group's divisions regularly measure customer satisfaction and recognition and develop their operations according to the results. Tools that are used include online surveys and exit polls, and in the Department Store Division the mystery shopper method. Customer satisfaction is also monitored actively in relation to the wider competitive situation and the general retail market.

In the Stockmann Group, the divisions use separate given customer feedback channels, and a reply is made to all customers who request this.

#### PROTECTION OF THE CUSTOMERS' PRIVACY

#### PR8 Legitimate complaints related to violations of customers' privacy protection and loss of customer information

The Stockmann Group's divisions have four loyal

customer programmes: Stockmann's and Hobby Hall loyal customer programmes in the Department Store Division and the Seppälä Club and More at Lindex in the Fashion Chain Division. These have 8.7 million customers in total. The companies keep in touch with their loyal customers on a regular basis and offer them benefits with a monetary value.

All the loyal customer programmes have their own customer registers, which are 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 is handled confidentially in accordance with the applicable legislation. In 2013, Stockmann received some queries from customers regarding how we use personal data. These cases were dealt with and did not lead to follow-up measures. There were no complaints or cautions about the loyal customer systems from the authorities. The loyal customer systems' data file descriptions can be found on the respective units' websites.

### STOCKMANN GROUP'S CORE VALUES

Leadership based on values is an important issue for the whole Stockmann Group. The Stockmann Group's core values together define the value framework within which the Group operates and on which its decision-making is based.

- Profit orientation
- Customer orientation
- Efficiency
- Commitment
- Respect for our people
- Responsibility

# MANAGEMENT OF ENVIRONMENTAL RESPONSIBILITY AND INDICATORS

Our environmental work is based on the Group-level environmental policy. The operational management of environmental responsibility is organised as a part of the divisions' day-to-day management. The divisions (Department Store Division and Fashion Chain Division) independently set specific environmental targets, define indicators for monitoring the achievement of these targets and establish appropriate management practices.

The Department Store Division has a certified management system in Finland: All Stockmann department stores and support functions in Finland are ISO 140001 certified and Stockmann's central kitchen has been granted the ISO 140001 and ISO22000 certificates. The operating methods of Stockmann's environmental system will also be adopted in the department stores in the Baltic countries during 2014. The Fashion Chain Division does not use a certified environmental management system. The Lindex and Seppälä shops mainly operate in leased premises in shopping centres, which means that in addition to the shop's energy-efficient concept, environmental issues are taken into account to the extent possible within the property in question.

Stockmann's purchasing offices operate near production and offices have made efforts to assess and minimise the harmful environmental impacts of their suppliers' factories. The purchasing offices have their own guidelines concerning the environment that the suppliers must use, and an environmental policy that addresses sewage treatment,

waste management and chemicals and emissions control in the supply chain. The personnel of the purchasing offices conduct environmental inspections of factories and monitor compliance with environmental protection legislation and the requirements set by the Stockmann Group.

Stockmann's aim is to manage the environmental impacts of its business operations. Stockmann considers environmental aspects in the planning and management of operations and in the procurement of products and services for sale and the Group's own use. Operations are continuously being developed with energy saving in mind, and solutions that have less environmental impact are sought in store furnishing, lighting and maintenance.

The fulfilment of the set environmental goals and objectives and the implementation of agreed policies is measured and monitored to ensure continuous improvement. Every employee is required to commit to the achievement of these common goals and objectives. The environmental awareness of the personnel is increased through continuous training and regular internal communication.

## INDICATORS OF ENVIRONMENTAL RESPONSIBILITY

### MATERIALS

#### EN1 Use of materials

The Stockmann Group reports on the packaging

materials used in the Environmental Register of Packaging (PYR) in accordance with the EU Packaging Directive. Lindex also reports on its use of packaging materials to other countries in which it operates, such as Sweden, Norway and the Baltic countries.

The Stockmann Group can influence the packaging materials and their volumes, especially when procuring goods for its own use. The divisions' purchasing offices actively monitor the development of the packaging industry and thereby aim to introduce high-quality packaging to the market and reduce unnecessary use of packaging material through material efficiency.

Information on the use of packaging materials by the Finnish department stores will be published later during 2014 on the company's website.

### ENERGY

#### EN3 Direct energy consumption and EN4 Indirect energy consumption

The Group's energy consumption mainly consists of electricity, heating and district heating. Energy is consumed by the lighting, ventilation, heating and cooling systems in the stores, warehouses and offices, as well as by the equipment and machinery in these facilities, including lifts, escalators, refrigeration and IT equipment. Increasing attention is being given to environmental matters in the store modifications and new store concepts within the Department Store Division and the Fashion Chain

ENERGY AND WATER CONSUMPTION 2011–2013

	2013	2012	2011
DIRECT CONSUMPTION			
Heating fuel (l)	3 402	532	4 325
Natural gas (MWh)	19 954	13 526	15 055
INDIRECT CONSUMPTION			
Electricity (MWh)	166 548	171 585	169 900
District heating and cooling (MWh)	111 975	90 058	96 883
Water (m <sup>3</sup> )	305 536	287 297	267 185

Reporting on the consumption of light fuel oil has been expanded. It now includes the fuel consumed by reserve power equipment in Finland, the Baltic countries and Sweden. The comparison data for natural gas consumption from previous years has been converted to megawatt-hours (MWh). Electricity consumption covers all the Group's functions, excluding franchising operations. Heating and cooling energy consumption covers all the Group's functions, excluding franchising operations and consumption by Stockmann Beauty stores. In 2013, the calculation was expanded to cover cooling energy consumption at more sites and heating consumption at Seppälä stores. Reporting on water covers all the Department Store Division's functions (excluding Stockmann Beauty stores and the department store in Itis), Lindex's distribution centre and Seppälä's headquarters and logistics centre.

AUDITS OF CERTIFICATES 2013

	External	Internal
ISO 14001	5	14
ISO 22000	1	1
MSC	4	7

In the Finnish department stores and support functions a total of 10 external and 22 internal audits of certificates were carried out in 2013.



Division. For example, the atrium of the new Stockmann Itis department store makes use of natural light, and approximately 90 per cent of the department store's lighting solutions have been made using energy-saving LED solutions. Lindex has more than quadrupled the production capacity of its data centre compared to 2007. At the same time, the energy consumption of the centre has been reduced by more than 50 per cent. Energy consumption in 2013 is also presented in section EN7 and in connection with the carbon footprint calculation on page 28.

#### **EN7 Measures to reduce indirect energy consumption and achieved savings and EN5 Energy savings from saving measures and efficiency improvements**

The Stockmann department stores have worked for a long time to minimise energy consumption. Energy and material efficiency, waste management and logistics are the Group's common focus areas in saving energy.

The properties of the Finnish department stores continued the energy efficiency programme launched in 2012, which has also succeeded in significant savings in operating costs. The running hours of building systems, such as ventilation and electricity consumption, were reviewed in the programme, and start-up and shutdown times were optimised.

Lighting control was reviewed at all department stores in Finland during 2013, and lighting was optimised, especially with regard to cleaning at night and other night-time work. In addition, the Delicatessen grocery departments made the use of refrigeration curtains more efficient through new guidelines, thereby decreasing the need for cooling foodstuffs. In the summer, energy was saved

through night purging by utilising cool night air in the ventilation of the department stores. In logistics, the number of transports is continuously optimised with efficient transport solutions. Savings were achieved, for example, by directing non-commercial deliveries to the central warehouse from which they were distributed to the sites in connection with other transports. Optimising the size of waste compactors made it possible to optimise the number of weekly waste transports. Lindex stores have also focused on minimising energy consumption, and all stores follow an efficient energy consumption checklist as a routine practice.

In May 2013, the functions of Stockmann's Department Store Division in Finland were accepted in the Energy Efficiency Agreement for the Commerce Sector. Under the agreement, Stockmann will conduct energy reviews in its premises and prepare an action plan for 2014–2016 for increasing the efficiency of energy use.

Environmental aspects and impacts are also reviewed in the support functions. During 2014, the head office of the Department Store Division will relocate to new energy-efficient and sustainable premises. Energy efficiency also plays a key role in the planning of the new distribution centre serving the department stores in Finland and the Baltic countries, which will be opened in 2016.

## **WATER**

#### **EN8 Water consumption, EN10 Water recycling and reuse, EN21 Emissions into water systems and EN25 Water bodies on which the organisation's emissions have a significant impact**

Most of the Group's water consumption takes place in the department stores' restaurant, kitchen and

sanitary facilities. In the divisions and the Group's support functions, the water used at the different business locations is supplied by the local water utility. Water consumption is minimised by instructing personnel and lessees, preventing and repairing even the smallest leaks and procuring more efficient water fittings to replace older ones.

Stockmann has one production facility of its own, the food safety certified (ISO 22000) central kitchen preparing Meals, Deli, sushi and cafeteria products for the department stores in the Helsinki region in Finland. The wastewater from operations goes to municipal sewer systems. Stockmann has no other production facilities or factories, and the company has no emissions into the water system, nor is water recycled or reused in the operations.

#### *Water consumption in the supply chain*

We have been involved for years in sustainable projects to reduce water consumption and other environmental impacts in India and Bangladesh, which are important production countries for the Group. Garment production accounts for a significant share of water consumption in these countries. The Better Cotton Initiative (BCI) in India, Sustainable Water Resource (SWAR) project in India and Partnership for Cleaner Textile (PaCT) in Bangladesh are examples of long-term cooperation projects to reduce water consumption and other environmental impacts in different phases of garment production from the cultivation of cotton to the dyeing of the fabric. Additional information on our environmental projects is available on page 15 and the company's website.

## **BIODIVERSITY**

#### **EN11 Owned and controlled areas from the point of view of biodiversity and EN12 Impact of the company's operations on biodiversity in conservation areas or areas rich in terms of biodiversity**

The company's department stores and shops are located in areas zoned as commercial properties. As commercial functions are not located in conservation areas or other areas rich in terms of biodiversity, the Group's impacts on biodiversity are low.

#### **EN15 Endangered species in the sphere of influence of the organisation's operations**

The company's direct operations do not have impacts on endangered species. Indirect impacts are caused through the sold products, product guidelines pertaining to the EN15 indicator are presented in more detail in section EN26.

#### **EN16 Direct and indirect greenhouse gas emissions and EN17 Other significant indirect greenhouse gas emissions**

Stockmann has reported on its greenhouse gas emissions since 2010, improving the coverage of the reporting year after year. The reporting of greenhouse gas emissions functions as a management tool in the company, and it lays the foundation for defining and setting the emission reduction targets. In 2013, reporting and the documentation of related background data was developed. The reporting now covers the Department Store Division and the Fashion Chain Division in all countries of operation, apart from franchising operations. To the extent that measured data was not available, estimates have been used as the basis of the calculations.

PricewaterhouseCoopers Oy acted as the advisor in the calculation of the carbon footprint in 2013, and it was carried out in accordance with the international Greenhouse Gas Protocol reporting principles (GHG). The Stockmann Group also reports its carbon footprint annually in the international Carbon Disclosure Project (CDP) survey. The carbon footprint calculation is presented on page 28 of the report.

### EN18 Initiatives, actions and achievements in reducing greenhouse gas emissions

Stockmann's department stores focus on energy efficiency in Finland through voluntary measures and various projects and agreements. These measures and efficiency improvements to reduce indirect energy consumption and the savings achieved are discussed in connection with the EN5 and EN7 indicators.

The Stockmann department stores in Finland and Lindex's head office and several stores took part in the WWF's global Earth Hour event, switching off the facade, showcase and vestibule lights for the event hour. In addition, the Helsinki city centre department store joined the City of Helsinki's cli-

mate partnership network aiming to create cooperation in reducing carbon dioxide emissions.

### EN22 Waste

The waste generated by the divisions' operations is mainly packaging waste, such as cardboard and plastic. The Department Store Division also generates biodegradable waste as a result of the operations of the central kitchen, the Delicatessen food departments and restaurants and cafés.

The waste sorting results for the various business locations are monitored on a monthly basis, and the aim is to keep the amount of landfill waste as low as possible. The Finnish department stores have paid attention to waste sorting and recovery by providing training for personnel, developing the guidance and making sorting practices more convenient.

The total amount of waste decreased in 2013. The amount of landfill waste could be decreased through more accurate sorting, thereby improving the recovery ratio.

In 2013, the metal and glass collection system was expanded by including the new Itis department store. The collection of film and shrinkwrap was

started as a new waste fraction at the Helsinki City Centre Department Store. Collection is currently underway at three department stores and three warehouses. As a result of the favourable experience, it is planned to start the collection at other department stores as well.

The Finnish department stores exceeded their ambitious target of a 95 per cent waste sorting rate with a result of 96.2 per cent. Sorting at source is used at the head offices and logistics centres of Lindex and Seppälä, and a total of 99 per cent of the waste generated was utilised.

The waste management systems differ between Finland, the Baltic countries and Russia; for example, waste legislation, the number of waste fractions and final disposal of waste all differ.

With regard to the Fashion Chain Division, waste reporting concerns the head office functions and the distribution centres at the head offices. The Lindex and Seppälä shops mainly operate in leased premises in shopping centres, which means that sorting and utilisation of waste take place to the extent possible within the property in question.

### EN23 Significant leaks

During 2013, there were no environmental accidents or breaches related to environmental aspects.

## PRODUCTS AND SERVICES

### EN26 Measures to mitigate the environmental impacts of products and services and extent of the impact of these measures

Environmental impacts are considered in all operations and also in the product range, which includes both own products and, in the Department Store Division, also international and domestic brand products.

#### *Stockmann department stores*

Stockmann department stores offer an extensive range of products, consisting of more than 1.7 million product titles. They include various opportunities for making responsible purchase choices. In the areas of fashion, cosmetics and household products, the choice includes products made from organic and recycled materials and products with

WASTE MANAGEMENT STATISTICS 2011–2013 (tons)

	Department stores, Finland			Department stores, abroad			Lindex			Seppälä			Total		
	2013	2012	2011	2013	2012	2011	2013	2012	2011	2013	2012	2011	2013	2012	2011
RECYCLABLE WASTE															
Cardboard and paper	<b>2 199</b>	2 201	2 242	<b>613</b>	536	300	<b>1 234</b>	3 181	1 166	<b>257</b>	277	309	<b>4 303</b>	6 195	4 017
Combustible waste	<b>1 260</b>	1 344	1 227	<b>0</b>	102	n/a	<b>0.1</b>	21	28	<b>15</b>	17	20	<b>1 275</b>	1 483	1 274
Bio waste	<b>2 280</b>	2 310	2 433	<b>410</b>	256	354	<b>0</b>	2	1	<b>4.9</b>	5	5	<b>2 695</b>	2 573	2 794
Other (plastic film, metal, glass)	<b>142</b>	131	81	<b>28</b>	22	26	<b>31</b>	104	83	<b>7.3</b>	4	7	<b>208</b>	260	198
LANDFILL WASTE	<b>228</b>	334	484	<b>5 460</b>	7 104	6 115	<b>1.8</b>	0	4	<b>5.7</b>	5	7	<b>5 695</b>	7 444	6 610
HAZARDOUS WASTE	<b>5.5</b>	10	7	<b>5.5</b>	5	n/a	<b>0.2</b>	1	n/a	<b>1.1</b>	0	0	<b>12</b>	16	7
<b>TOTAL</b>	<b>6 115</b>	6 330	6 474	<b>6 516</b>	8 021	6 796	<b>1 267</b>	3 307	1 282	<b>291</b>	308	348	<b>14 189</b>	17 972	14 899
WASTE UTILIZATION, %	<b>96</b>	95	93	<b>16</b>	11	10	<b>100</b>	100	100	<b>98</b>	98	98	<b>60</b>	59	56

Figures for the Department Store Division cover all division's functions and operation countries, excluding Stockmann Beauty stores. The availability of the data and reporting have changed from the previous year with the figures concerning Russia ("Department stores, abroad"). Lindex figures cover the distribution center and part of the HQ functions. Seppälä figures cover the HQ and the logistics center.

an eco label, such as the Swan Label, energy label or the Ökotex 100 label.

Plenty of organic and Fair Trade food products are available at Stockmann Delicatessen food departments. The Delicatessens' selections include more than 1,600 organic products. Stockmann Delicatessens have a Marine Stewardship Council (MSC) certificate. The MSC-certified fish products consist of imported wild fish that is caught responsibly, without endangering fish stocks, and the origin of the fish is traceable all the way to where it was caught.

Stockmann requires the sales assistants to identify eco-labelled products in their areas of responsibility and be able to offer them to environmentally-conscious customers, if necessary. The sales assistants' knowledge of eco-labels is surveyed annually in audits, and it is recorded in the audit reports.

#### *Fashion Chain Division*

In 2013, Lindex had in its assortment 12.4 million products manufactured from organic cotton, Better Cotton, recycled fibre or Tencel fabric. Lindex launched the new men's LXM line in October. The products of the range are manufactured using 95% environmentally-friendly materials. Cotton that complies with the Better Cotton Initiative (BCI) is increasingly used as the raw material of products. Its farming focuses on reducing environmental impacts and increasing the well-being of the entire community. In 2013, Lindex had 150,000 products manufactured from BCI cotton on sale. Products made from responsible materials account for almost 17 per cent of Lindex's selections. The long-term objective of the Fashion Chain Division is to increase the use of these raw materials further.

Seppälä has been increasing the use of organic cotton as the raw material of its products for a

couple of years. In 2013, Seppälä had 400,000 products manufactured from organic cotton in its selections. In addition, the selection included 10,000 tights made from recycled polyester. The number of organic cotton products doubled from the previous year, and the objective for 2014 is to double the number of the products again, with organic cotton products accounting for 4 per cent of the selections as a result. Products made from organic cotton are marked with the "Organic Cotton" label.

#### *Product guidelines*

The Stockmann Group's divisions prepare guidelines on product selections and purchasing operations as necessary. Respect for animal rights, for example, is one of the fundamental requirements set for our suppliers. The Supplier Code of Conduct includes requirements for leather and fur products, treatment of Merino sheep, animal hair, plumes and feathers as well as animal testing in cosmetics. One of the guidelines concerning the Group's own fashion brands is a ban on sandblasting of jeans. The guideline was specified further in 2013 with regard to Angora wool, with the treatment of Angora rabbits rising to public discussion as the result of a video published by the animal rights organisation PETA in November 2013. With the guideline, only Angora products from suppliers that can provide evidence of the exact source of the Angora wool and good treatment of animals are accepted in the selections of Stockmann's own fashion brands. Therefore, the range of Angora products was reduced considerably in 2014. The Group's Lindex and Seppälä fashion chains have decided to give up the use of Angora wool altogether for the time being.

Stockmann department stores also have guide-

lines on the range of fish, eggs and tropical wood.

Additional information on the guidelines is available on [stockmanngroup.com](http://stockmanngroup.com) and [lindex.com](http://lindex.com).

#### **EN27 Recycling and reuse of products and packaging materials**

Much attention has been paid to reducing the amount of waste in the operations of the department stores and fashion chains. The department stores donate bakery products to charity via partners. In addition, the Finnish department stores have commenced cooperation to utilise discontinued products, surplus materials and old work uniforms and sales and office furniture with a few partners. The old work uniforms of Stockmann Beauty sales assistance were also donated for reuse. Seppälä's model garments and discontinued products were donated for reuse via charity organisations. Lindex has for years given surplus garments from the shops and purchasing and product departments to charity, recycling or reuse.

Portable batteries and disposable batteries, household electrical and electronic appliances, fluorescent lamps and energy-saving lamps can be returned to Stockmann department stores. In addition, both of the company's divisions encourage customers to recycle with campaigns realised in cooperation with various associations or suppliers. For additional information on this, see page 15.

#### **COMPLIANCE**

#### **EN28 Significant breaches of environmental legislation and regulations**

There were no breaches during 2013.

#### **TRANSPORT**

#### **EN29 Significant environmental impacts related to transport**

The Stockmann Group comprises 16 department stores and over 700 other stores. The stores extend from the Nordic countries to Russia and Saudi Arabia. We serve customers in different countries and continents, and so emissions are produced in the distribution of goods to our stores. Much attention is paid to the efficient and environmentally-friendly movement of product flows. Freight from the Asian purchasing offices to the distribution centres is usually delivered as sea freight. Lindex takes part in the Clean Shipping project and requires the shipping companies to act on behalf of cleaner shipping and register their vessels in the Clean Shipping Index registry.

Video- and teleconferencing equipment is utilised in meetings. Attention is paid to emissions from business travel, and low-emission options are preferred for the trips; for example, trains are used for business trips between Helsinki and St. Petersburg and between Gothenburg and Stockholm.

The new distribution centre for the department stores, which will open in 2016, is estimated to decrease the transport distances in the Helsinki region significantly. The aim is to decrease the emissions from transport by 20 per cent.

The more detailed CO<sub>2</sub> emissions are reported in connection with the carbon footprint calculation (p. 28).



**The Stockmann Group's environmental policy was updated during the reporting year, and it covers the company's own operations in all of the countries where it operates. The policy is presented on the company's website.**

# STOCKMANN GROUP'S CARBON FOOTPRINT

Reporting on greenhouse gas emissions serves as a management tool in the Stockmann Group, providing a basis for defining the areas where emissions should be reduced and for setting reduction targets. The calculation of Stockmann's carbon footprint in 2013 covers the functions of the Department Store Division and the Fashion Chain Division in all the countries of operation, excluding franchising operations. This is the fourth time that Stockmann is reporting its greenhouse emissions, covering the whole Group. However, the comparison figures are only presented for 2012 due to significant changes in the scope of the calculation from 2011 to 2012. The changes in the scope of the calculation are explained in the table "Greenhouse gas emissions 2012–2013".

PricewaterhouseCoopers Oy acted as a consultant in the calculation of the carbon footprint in 2013. The calculation was carried out in accordance with the international Greenhouse Gas (GHG) Protocol reporting principles. In addition to publishing its CSR report, Stockmann also reports on its greenhouse gas emissions in the international CDP survey.

## EMISSIONS IN 2013

We are constantly developing the way we calculate our carbon footprint. The calculation for 2013 was carried out centrally for the entire Group for the first time. At the same time the scope of the reporting areas was expanded and the reliability of the data was improved. The waste generated in Russia was included in the calculation for the first time and the reporting on import freight was increased. These changes are evident in the reported emissions, which were higher than last year in the reporting areas in question. The highest emissions

came from the generation of purchased energy, especially electricity. The other main sources of emissions were import freight and the units' waste management.

Consumption of purchased electricity (kWh) declined but at the same time carbon dioxide emissions grew slightly due to changes in the energy suppliers' production profile.

It was possible to reduce the proportion of estimated data regarding the Fashion Chain Division as more actual data on electricity consumption was available.

The reported consumption of heating and cooling energy increased due to the fact that the calculation was expanded to cover heating consumption at Sep-pälä stores and cooling energy consumption at more sites. This also increased the amount of reported emissions.

Scope 3 indirect emissions in 2013 are presented where relevant; the biggest such emissions can be attributed to import freight, distribution transports and waste.

## GREENHOUSE GAS EMISSIONS 2012–2013 (tCO<sub>2</sub>e)

	2013	2012	Change in the calculation for 2013
<b>Direct emissions (Scope 1)</b>	<b>206</b>	742	
Own energy generation	206	742	Calculation expanded for fuel consumption by reserve power equipment. Vehicles moved to Scope 3.
<b>Indirect emissions from consumption of purchased energy (Scope 2)</b>	<b>75 645</b>	72 759	
Electricity	52 683	50 748	Estimated data replaced with measured data.
Heating and cooling energy	22 962	22 011	Calculation expanded: heating and cooling energy consumption at new sites included.
<b>Other indirect emissions (Scope 3)</b>	<b>39 058</b>	24 639	
Import freight	24 272	14 969	Calculation expanded.
Distribution transportation	4 339	3 393	See 'Avoided emissions'.
Waste	4 477	1 350	Calculation expanded so that it covers the Department Store Division's emissions in Russia, Estonia and Latvia.
Refrigerants	3 175	3 391	
Business travel	2 419	1 536	Calculation expanded.
Vehicles	376	0	In 2012 reported in Scope 1.
<b>Avoided emissions</b>	<b>1 983</b>	0	Reported separately. In 2012, reduced from distribution transportation.

### SCOPE 1

#### Direct greenhouse gas emissions

- Own energy generation (reserve power equipment)

### SCOPE 2

#### Indirect greenhouse gas emissions from purchased energy

- Electricity
- Heating and cooling energy

### SCOPE 3

#### Other material indirect greenhouse gas emissions

- Import freight (self-procured)
- Distribution transportation
- Waste
- Refrigerants
- Business travel
- Vehicles

# MANAGEMENT OF FINANCIAL RESPONSIBILITY AND INDICATORS

The operations of the Stockmann Group are based on the local legislation and regulations in each country, and they comply with the Group's intrinsic values and Code of Conduct.

Stockmann plc, the parent company of the Stockmann Group, is listed on NASDAQ OMX Helsinki. In its decision-making and administration, Stockmann complies with the Finnish Limited Liability Companies Act, the provisions of its Articles of Association, NASDAQ OMX Helsinki's insider guidelines and other applicable legislation and regulations. Stockmann complies in full with the Finnish Corporate Governance Code, which is issued by the Securities Market Association.

Stockmann plc's highest decision-making body is the General Meeting, which approves the company's financial statements, discharges the Board of Directors and the Chief Executive Officer from liability and elects the Board of Directors.

The Board of Directors has eight members, none of whom are full-time and all of whom are independent of the company. The majority of the members are also independent of the company's major shareholders. The personnel have elected two representatives who have the right to attend and speak at Board meetings. The Board of Directors appoints the CEO, who is responsible for the company's operations in accordance with the instructions and policies issued by the Board. The Board also appoints the other members of the Group Management Committee. More detailed information on Stockmann's corporate governance is available in the Annual Report and on the Group's website, where the Corporate Governance Statement has been published.

Most of the Stockmann Group's financial indicators are published in the consolidated financial statements for 2013 (published on 13 February 2014), which are prepared in accordance with International Financial Reporting Standards (IFRS), and in compliance with Finnish financial reporting and corporate legislation supplementing the IFRS. The Group's Chief Financial Officer and the Finance and Control Department are responsible for the Group's financial reporting. Auditors elected by the General Meeting audit the company's accounting, financial statements and administration. The Internal Audit examines and assesses the efficiency of business operations, risk management and internal control. The Internal Audit functions as an independent unit under the Chief Executive Officer and reports its findings to the Board of Directors.

The purpose of Stockmann's disclosure policy is to ensure that, as a basis for establishing the price of Stockmann shares, all those operating on the market have sufficient and accurate information on Stockmann available to them simultaneously, promptly and impartially. All investor information is published on the website [stockmanngroup.com](http://stockmanngroup.com) in Finnish, Swedish and English. Financial information is published on the parent company, the Group as a whole and its divisions.

Stockmann has been listed in the OMX GES Finland Sustainability Index since 2010. In addition, Stockmann is included in the Kempen / Smaller Europe SRI sustainability index of the Dutch investment companies Kempen Capital Management and SNS Asset Management.

The Group's international operations also pose

challenges for resolute anti-corruption action. Stockmann has prepared guidelines for personnel in situations of abuse and conflicts of interest. In addition, Stockmann is a founding member of Transparency Suomi ry, the Finnish chapter of Transparency International, an organisation that works to combat international bribery and corruption. Transparency International operates in 90 countries.

## INDICATORS OF FINANCIAL RESPONSIBILITY

### FINANCIAL ACTIVITY

#### EC1 Created and distributed economic added value

The Stockmann Group's operations bring economic added value to the company's stakeholders, operating areas and market areas. The majority of the economic added value goes into personnel salaries

#### DISTRIBUTION OF ECONOMIC ADDED VALUE TO DIFFERENT STAKEHOLDERS

EUR million		2013	2012	2011	2010	2009
<b>Producing added value</b>						
Customers	Sales excluding VAT, other operating income, financial income	<b>2 041.6</b>	2 118.8	2 006.1	1 830.1	1 702.9
Goods suppliers and service providers	Costs of goods, materials and services purchased, includes capital goods and paid rents	<b>-1 567.3</b>	-1 610.4	-1 533.8	-1 474.8	-1 380.6
<b>Added value produced by Stockmann</b>		<b>474.3</b>	508.4	472.3	355.3	322.2
<b>Distribution of added value</b>						
Personnel	Salaries, wages and pension contributions	<b>-353.5</b>	-361.0	-348.6	-324.0	-294.6
Shareholders	Dividends	<b>-28.8</b>	-43.2	-35.9	-58.3	-51.2
Investors	Financial expenses	<b>-32.1</b>	-34.2	-34.9	-22.8	-28.4
Public sector	Other social security payments, taxes	<b>-22.7</b>	-45.4	-46.4	-33.7	-40.1
<b>Distributed to stakeholders in total</b>		<b>-437.0</b>	-483.8	-465.8	-438.8	-414.3
<b>Retained in the company to develop operations</b>		<b>37.2</b>	24.6	6.5	-83.5	-92.0

and other remuneration. In 2013, Stockmann employed an average of 14,963 people, who were paid EUR 353 million in salaries, other remuneration and pension contributions. The cost savings programme that was initiated in 2013 is presented in connection with indicators LA1 and LA2.

Stockmann plc shares are listed on NASDAQ OMX Helsinki. The company had 59,475 shareholders at the end of 2013. The dividend policy set by Stockmann’s Board of Directors is more than half of the earnings from ordinary operations. The dividend for 2013 was EUR 0.40 per share.

As part of its corporate social responsibility, Stockmann annually makes donations to charity. Charity work is guided by donation policies, which are available on the company’s website. The Group’s divisions may support worthy causes in their commercial campaigns. In 2013, the Stockmann department stores in Finland became sponsors of the New Child’s Hospital 2017 project. Lindex took part in the Pink Ribbon campaign for the eleventh time with its customers. Additional information on the campaigns is available on page 12.

The breakdown of the added value from Stockmann’s operations to the key stakeholders is pre-

sented in the table on page 29. The company’s financial key indicators and financial statements are available on the company’s website.

**EC2 Economic consequences of climate change and other risks and opportunities to the organisation’s operations**

In all of its operations, Stockmann aims to take social impacts into account and to make use of opportunities, and to manage risks with the help of the risk management principles confirmed by the Board of Directors and with the divisions and function-specific guidelines.

For the company, the year 2013 was challenging, and a cost-saving programme was launched early in the year. Prolonged uncertain economic development affected the result of the Finnish and Russian operations in particular. Stockmann’s short-term challenges are particularly connected with the general economic situation and changes in consumer behaviour.

The significance of responsible consumption has increased. Our customers increasingly think about the origin of products and effects of the supply chain on the environment and society. Interest in organic

food and garments made from responsible materials has been increasing for several years. This creates opportunities for expanding the range of responsible products. Today’s customers also appreciate ease and variety of forms of service, which create growth opportunities for our online stores.

The overall economic impacts of the risks and opportunities of climate change on the company’s business are not estimated in this report. We aim to acknowledge long-term risks related to climate change, such as the development of energy prices and availability of raw materials, and we continuously seek new solutions for improving the energy efficiency of our operations.

To ensure the availability of products to customers, we monitor the availability of raw materials and thereby also the sufficiency of natural resources. In designing and procuring own brands, it is possible to ensure already in the product planning stage that the selected materials and the product manufacturing process have a minimum adverse impact on the environment.

**EC4 State subsidies received**

The Stockmann Group did not receive financial subsidies from the state during the reporting year.

**MARKET POSITION**

**EC7 Local recruitment**

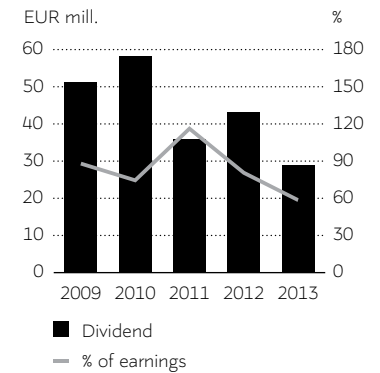
Reported in connection with the LA13 indicator.

**ANTI-COMPETITIVE ACTIVITY**

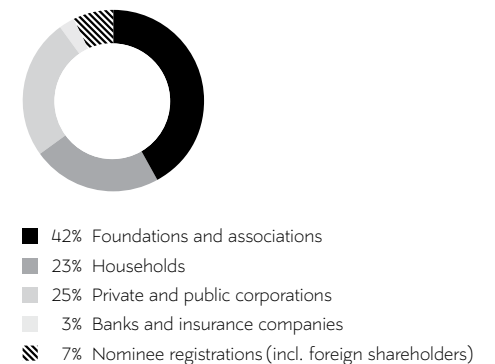
**SO7 Actions concerning anti-competitive activity, cartels and monopolies**

No legal actions or fines in 2013.

DIVIDEND FOR THE FINANCIAL YEARS 2009–2013



DISTRIBUTION OF SHARES 2013



MAJOR SHAREHOLDERS 31.12.2013

	Percentage of shares	Percentage of votes
1. HTT STC Holding Oy Ab	11.7	10.7
2. Föreningen Konstsamfundet grouping	9.4	15.1
3. Society of Swedish Literature in Finland	7.6	15.7
4. Niemistö grouping	5.8	9.4
5. Stiftelsen för Åbo Akademi	4.3	6.7
6. Etola Group	4.2	6.1
7. Varma Mutual Pension Insurance Company	3.1	0.6
8. Samfundet Folkhälsan i svenska Finland r.f.	2.2	2.7
9. Jenny ja Antti Wihuri’s Fund	1.9	2.1
10. Inez och Julius Polins Fond	1.5	0.8

The Group’s market areas and division-specific information are presented on pages 6-7.

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 **STOCKMANN**  
**LINDEX**  
**Seppälä**

*The cover of the 2013 CSR report has a picture of a coat from Lindex, which has been manufactured in Turkey and a top from Seppälä's Organic Cotton collection, which has been manufactured in Bangladesh.*





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