



CSR report 2014

 **STOCKMANN**



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About the report

This Corporate Social Responsibility Report (CSR report) presents the focus areas and results of the Stockmann Group's responsibility work. It is the Group's first report based on the Global Reporting Initiative (GRI) G4 Guidelines and has been prepared in accordance with the Core option of the guidelines. The report covers the calendar year 2014 and it is the sixth CSR report that has been published separately from the Annual Report. The GRI indicators have been selected according to materiality (p. 20) and they are presented in Part 2 of the report. A GRI content index can be found at the end of the report, on page 43, and a detailed version is available on the Group's website at stockmanngroup.com.

The Stockmann Group's CSR reports are available in Finnish, Swedish and English on the Group's website. Stockmann's subsidiary Lindex publishes a CSR report of its own, with more detailed information about its CSR work and also provides additional information on its website at lindex.com.

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



» Financial information is available in Stockmann's Annual Report 2014 which is available at stockmanngroup.com

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 **STOCKMANN**

 **AKATEEMINEN KIRJAKAUPPA**

HOBBY HALL

LINDEX

Seppälä

Building a new Stockmann

2014 was a challenging year for Stockmann. Conditions in the retail market were weak across our main geographical markets, and our profitability was significantly affected. It was nevertheless gratifying that Stockmann's continued work on corporate social responsibility (CSR) issues in 2014 again produced great results.

In the summer, we launched our strategy reassessment process. The aim is to improve Stockmann's long-term competitiveness and profitability. We can now see our new direction, and the first practical measures have already been taken. The core of the strategy is our enhanced customer focus: we aim to provide best-in-class service, an up-to-date mix of brands and a truly rewarding loyal customer programme.

Customer orientation also forms the basis for our CSR work: we wish to increase customer awareness of responsibility issues, offer our customers responsible products and create the best practices in the retail with systematic CSR work. We also want to continue the productive dialogue with our customers that started with the strategy work.

In order to support the new strategy, Stockmann was divided into three divisions at the beginning of 2015: Stockmann Retail, Real Estate and Fashion Chains. Stockmann Retail includes Stockmann department stores, the Academic Bookstore and Hobby Hall, plus the respective online stores. The Real Estate division comprises the properties owned by the Group in Helsinki, St Petersburg,

Tallinn and Riga. Fashion Chains will concentrate on Lindex, as Seppälä is being transferred from Stockmann's ownership to become a family business. The new structure takes better account of the different operating models of the retail and real estate businesses and the opportunities to develop profitable business. However, the reporting for 2014 still uses the divisional structure that applied during that year: the Department Store Division and the Fashion Chain Division.

As part of the measures to improve our operations, we have had to reduce the number of personnel and working hours. Increasing our operating efficiency will also be necessary in the future to secure the Group's long-term profitable growth. The economic situation is challenging, and we are facing many difficult decisions. Changes are unavoidable, but our general principle will always be to act responsibly towards all our stakeholders.

In the past few years, Stockmann's CSR work has focused on responsibility issues in the supply chain, including improvements to working conditions in suppliers' production facilities. The retail sector has an important role in these matters. Last year we continued our long-term work to improve the transparency of the supply chain. Following Lindex' example and as the first Finnish company, we published on our website a list of the factories that we use to manufacture Stockmann's own brand fashion products. Seppälä published its factory list late last year.

The decision to publish the factory list is in line with Stockmann's long-term CSR policy. We are committed to a number of international initiatives, including the Global Compact, the Business Social Compliance Initiative and the Bangladesh Accord on Fire and Building Safety. Stockmann department stores have operated an ISO 14001 certified environmental system for ten years already, guaranteeing that we take environmental aspects into account in our operations.

2015 will continue to be a challenging year for us, but I believe that together with our staff we can turn the challenges into opportunities. We will continue our long-term work to increase the responsibility of our entire supply chain. We will also continue dialogue with our stakeholders. I wish to thank all our stakeholders for their trust and particularly our customers and staff for their commitment.

Helsinki, 18 March 2015



Per Thelin

Per Thelin became CEO of Stockmann in November 2014.



STOCKMANN RETAIL

REAL ESTATE

FASHION CHAINS

CSR work in Stockmann's operations

Responsibility starts in the supply chain, from ensuring safe working conditions to minimising environmental impacts. In store operations, we place the customer at the core, and pay close attention to employee wellbeing as well as energy and material efficiency in our operations. We guarantee the safety of our products and provide responsible shopping experiences.

Responsible supply chain

Responsible, transparent and traceable product supply chain



DESIGN & BUYING

6 local purchasing offices in main production countries in Asia provide close communications with production

WE ENGAGE IN RESPONSIBLE BUYING PRACTICES for both own brands and international brand products

MATERIALS

Sustainable materials such as organic cotton and recycled fibres play an increasing role



17.1

million products from sustainable materials



PRODUCTION

Code of Conduct covers all operations, including the supply chain

Member of BSCI initiative to improve working conditions since 2005

Community projects in production countries such as SWAR for water

205

own factory audits to producing factories

216

BSCI factory audits to producing factories

125

additional Accord inspections in Bangladesh

WE ARE TRANSPARENT: our suppliers and factories are listed on our websites



TRANSPORT

Sea freight is the main mode of transport for our own production



STAKEHOLDERS & SOCIETY

Commercial charity campaigns with our customers, resulting in e.g.

1.4

million euro for Pink Ribbon

USE & RECYCLING

See tips for reducing environmental impact at lindex.com

Clothes take-back campaign in

50

Lindex stores in Sweden

WE PLACE INSPIRATIONAL CUSTOMER EXPERIENCE AT THE CORE

Customer orientation

Over 20,000 responses to Stockmann's customer survey

8.4

million loyal customers

Employment & wellbeing

383.3 million euro paid staff costs

Over 116,500 hours of training and education

Products & product safety

Selection of over 1,700 ORGANIC PRODUCTS in Stockmann Delicatessen

COUNTRY OF ORIGIN marked in our own fashion products labelling

Energy & material efficiency

WE SET EMISSION TARGETS to reduce the carbon footprint of our operations

99.2%

of waste was utilized as material or energy in the department stores in Finland

Financial profitability

Corporate Governance

CSR strategy

Commitment to responsible operations forms a core part of Stockmann's **values** and daily ways of working. Our **value proposition** is to provide a top-notch shopping experience in Stockmann's department and online stores. In our CSR work this means commitment to sustainable development and offering our customers responsible shopping experiences.

The goals of our **CSR strategy** are specified under the following headings: people (social responsibility), planet (environmental responsibility) and profit (economic responsibility). The goals are set for the period 2011-2015 and they support the goals of business operations and cover the entire value chain.

Lindex has started to set its CSR goals for 2020, and is continuing to define more goals during 2015. Its target of ensuring that 80 per cent of its materials are sustainable materials by 2020 was published in 2014.

In 2014, we revisited our **materiality assessment** to update it for G4 reporting requirements and determine the material aspects for Stockmann's CSR work. In the process, we grouped our CSR goals under seven CSR themes that provide the structure for our CSR work as well as for this report:

- Financial profitability
- Corporate Governance
- Customer orientation
- Employment & wellbeing
- Products & product safety
- Responsible supply chain
- Energy & material efficiency

The materiality analysis and the agreed CSR themes provide longevity and a strong basis for our CSR strategy work.

Stockmann first introduced **CSR focus areas**, chosen from among its CSR goals, in the 2013 CSR report. The results set against these goals are presented on page 6 and the focus areas for 2015 on page 7.

We are **committed** to work towards a sustainable future and offering our customers responsible shopping experiences.

80%

Lindex targets 80 per cent of materials to be sustainable by 2020

p.20

The full materiality assessment process is explained on page 20

p.7

Focus areas for 2015 are presented on the table on page 7



Focus areas and achievements in 2014

PEOPLE

– We work responsible with individuals and entities

p. 23 New Code of Conduct implemented

- We completed and approved a group-wide Code of Conduct and group-wide anti-corruption policy and published these on the Group's website and internal platforms
- We prepared an e-learning programme for implementing the Code and the anti-corruption policy

p. 32 Responsible, transparent and traceable fashion product supply chain

- We disclosed the suppliers and factories for the Group's (Stockmann, Lindex, Seppälä) own fashion brands
- We enforced inspections in Bangladesh according to the Accord on Fire and Building Safety
- We added country of origin labels to Stockmann's own fashion brands
- We raised awareness on supply chain sustainability through internal briefing sessions and other communication
- We introduced a new scorecard for suppliers to be used by the Group's purchasing offices

p. 10 Leadership based on values

- Leadership criteria were introduced and implemented in Stockmann's performance and development discussions
- Supervisory skills were strengthened through various leadership trainings and coaching
- Lindex's values were revitalized and implemented
- Seppälä's values were renewed and implemented

PLANET

– We work for the good of the environment

p. 39 Reducing the carbon footprint of our operations

- We set internal targets for CO2 reduction for 2015
- 99.2 per cent of waste from department stores in Finland was utilized as material or energy

p. 36 Responsible design and materials

- Lindex set ambitious 2020 targets for sustainable materials
- Lindex increased its use of less environmentally harmful raw materials ('sustainable materials') by 31 per cent compared to previous year, to 16.3 million garments, which is 22 per cent of all garments on sale in 2014
- Staff in the Fashion Chain Division was given training on sustainable materials
- Seppälä's stores stocked 800,000 garments made from sustainable materials in 2014 – double the amount compared to previous year
- First organic cotton garments were introduced for Stockmann's own brands

PROFIT

– We are profitable

p. 3 Profitable growth is part of our business

- We introduced a new Group strategy to respond to the challenging market situation
- We engaged in restructuring and focusing on core businesses

p. 21 Active cooperation with stakeholders

- Stockmann organized a stakeholder event on fashion supply chain for representatives from non-governmental organisations
- Lindex celebrated its 60th anniversary with stakeholders
- We conducted several customer surveys, customer panels and employee surveys
- We took part in round-tables and answered media and NGO queries on CSR topics

Customer orientation

Customer service under one roof

At Stockmann, we respond to every customer query and all feedback that requires a response. Starting in September 2014, all customer service has been centralized under one roof at Käpylä, Helsinki, where around

40

CUSTOMER SERVICE EXPERTS answer around

10,000

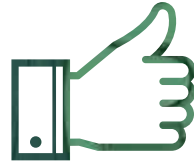
CALLS and

2,000

OR MORE EMAILS or other customer feedback messages per week.

➤ Read more about current CSR topics at stockmanngroup.com/CSR

Customers engage in improving Stockmann's operations



IN JULY 2014, a 'Let's Save Stockmann' discussion group was set up in Facebook, independently of the company, and quickly attracted thousands of Stockmann customers and others to spontaneously discuss the current state and future of Stockmann, which also drew media attention in Finland. Stockmann's current customer service level and online retailing were among the topics most discussed. Many comments emphasized the need to develop the department store operations in a more dynamic direction, providing more customer experiences, for example in the form of events.

The ideas and feedback were noted down attentively at Stockmann. To gain further suggestions for improvements and to involve staff in the dis-

cussion, Stockmann launched its own Customer Expert survey. The aim was to make shopping at Stockmann an even better experience. The online Customer Expert survey attracted over 20,000 responses. On Facebook the discussion was especially lively on the subjects of Stockmann's product selection and the Delicatessen food department, and attracted more than 180,000 views. In parallel with this, a discussion for employees was initiated on the intranet and drew more than 1,300 entries in two weeks. Customer service, social media use in customer communications, and maintaining the know-how of sales personnel were the topics most discussed.

The amount of Customer Expert feedback was a positive surprise and received with great interest. All the input was also noted and used in the process of building Stockmann's new strategy.

Helping to build the new Children's Hospital in Helsinki

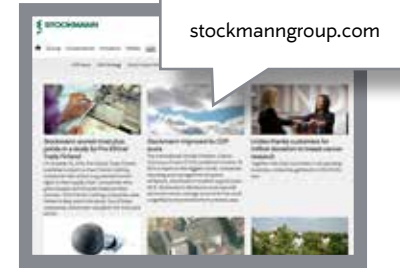
STOCKMANN IS INVOLVED in the 'New Children's Hospital 2017' project, helping to market the campaign in its Loyal Customer leaflet and department stores. As part of this involvement, Stockmann donated 50 cents to the project for each order placed by Loyal Customers in the Stockmann.com online store between December 2013 and the end of 2014. In total, this raised over EUR 100,000 for the Children's Hospital.



Lindex campaigns for a good cause

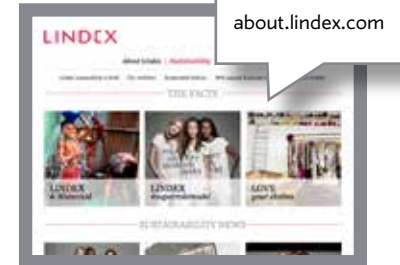
LINDEX'S 'ROUND UP' CAMPAIGNS invite customers to round up their purchase by an amount that will be donated in full to a charity organization to support humanitarian work. In 2014, campaigns in Sweden, Norway and Finland raised altogether around EUR 340,000 for the struggle against Ebola, for families fleeing from Syria and for the victims of the Balkan flooding.

In Sweden, Lindex took part in the Min stora dag ('My big day') campaign to raise money for children with severe illnesses to fulfil their dreams. The profit of a specially designed bracelet was donated in full, amounting to over EUR 100,000.



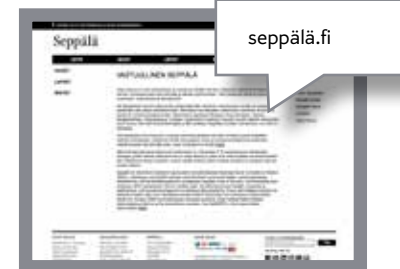
Stockmanngroup.com

A revamped site was launched in December 2014, with a section on CSR topics and news.



About.lindex.com

CSR topics are now more visible and are available in four different languages. The site also includes tips for customers on usage and recycling.



Seppälä.fi

Seppälä's website now has more information on the supply chain, including a list of suppliers and factories.



Lindex thanks customers for MILLION DONATION to breast cancer research

TOGETHER WITH ITS CUSTOMERS in all countries of operation, Lindex collected EUR 1.4 million for the Pink Ribbon charity in 2014. This year's campaign was in cooperation with **Jean Paul Gaultier**, and 10 per cent of sales prices were donated to the cause. Sales of a specially made bracelet and the annual Pink Ribbon also contributed to making the campaign an even greater success than last year. Together with its customers, Lindex has now contributed over EUR 9.5 million to the fight against breast cancer, having been the main sponsor of the campaign for the past 12 years.

Seppälä cooperation with Plan

LAST AUTUMN, Seppälä's 'Back to School' campaign was organized in conjunction with Plan Finland Foundation. Customers were invited to donate to Plan's 'Because I'm a Girl' campaign by rounding up their purchase price. The campaign strives to protect girls and increase their level of education.

Almost 22,000 customers donated to the campaign. In the run-up to Christmas, the cooperation with Plan continued with specially made teddy bears and bunnies, for which the entire sales revenue was donated to Plan's charity work. This amounted to a grand total of EUR 20,000.



Employment & wellbeing

Creating Stockmann's strategy together

IN 2014, STOCKMANN STARTED a strategy review process. Employees have been engaged in the strategy work, most importantly through several strategy working groups, with members from around the organization. Each group is dedicated to one theme, for example the product

selection, the loyalty programme or the Delicatessen food department.

To keep personnel involved and in touch with the strategy process, several strategy briefing sessions have been held. The sessions are supported with material and news on the intranet, in the internal magazine and via a discussion platform.

In August 2014, as part of Stockmann's strategy process, a first-of-a-kind organizational health survey was conducted in all Stockmann's functions, concerning management practices and the working environment and atmosphere across the organization. The results showed that while our employees in Russia and the Baltic countries were fairly

content with their employment, significant improvements were sought among the company's Finnish employees, especially in the support functions. Much of the criticism was directed at senior management rather than immediate superiors, but the survey also showed that staff at Stockmann do care and want to make a difference and are ready to put their know-how to use and contribute to making even radical improvements.

As a result, a large-scale project to promote cultural change within the company was begun, as a part of the strategy work. A key element of this project was the establishment of a Change Agent group, consisting of around 50 staff from all teams, functions and levels of the organization in Finland. In 2014, the group convened for two half-day workshops, with 'homework' in between, to analyze the reasons behind low job satisfaction and to generate ideas for how to improve things. The work is continuing in 2015.



Strategy working group for Delicatessen in action in November 2014

Leadership training

DURING 2014, 60 managers and executives from Stockmann department stores and corporate administration took part in LEAD leadership training to improve their management skills and to lead according to Stockmann leadership criteria. All training was on an international basis, with participants attending from all countries with Stockmann department store operations. The aim was to enhance working methods in an international chain organization and to encourage exchange of views in a matrix organization. Altogether 90 managers and executives have now been trained in this programme.

At Lindex, a 3-stage Lindex Leadership Programme was run for managers at its head office. Training was also given in working environment and labour law issues, interview techniques, salary and budgeting, and communicative leadership. Seppälä provided also labour law training for the managers.

Reorganization on sales floor

A new operating model focusing on sales was introduced in September 2014. Under the new model, administration and support services such as work shift planning, sales communications, and reporting and forecasting, are centralized in a support team covering all Finnish department stores. This allows the sales persons to have more time for sales and helping customers. A centralized customer service unit (p. 8) was also set up, as an integral part of the new operating model. In the new model, working hours are focused on the busiest trading hours, and training will be increased to ensure premium service at the stores.

50 YEARS OF employee/management negotiation

Stockmann has played a leading role in codetermination issues in Finland. The company's Employees' Council was set up in 1924 - over fifty years before legislation was passed on legal requirements for codetermination between employees and employers in companies in 1979. A similar model is followed in the Baltic countries.

FASHION IS FUN! The revitalized Lindex values

IN HONOUR OF THE ANNIVERSARY year, Lindex's values were revitalized with the help of the entire personnel. The revitalized values continue on the path started in 1954, and stay true to Lindex's way of constantly developing and challenging itself. The brand platform that forms the company's identity (fashion, price, communications and brand experience) was also clarified, as were the guidelines on how to greet customers. The Lindex brand is open, energetic, confident, positive and involved. All employees were involved in the process. For example, everyone was invited to create a wish list and ideas for how to make those wishes come true.

The revitalized values were revealed at the 60th anniversary celebrations in September and released in stores on 1 October. They are more action oriented, designed to help each employee to be a Lindex brand ambassador and to take Lindex towards its vision: a world-class fashion experience. The entire sales personnel took part in training that focused on the company's values and brand platform.



New values for Seppälä

THE ENTIRE SEPPÄLÄ STAFF from all countries of operation were involved in the renewal of Seppälä's values. The new values are

**RESPONSIBILITY,
CUSTOMER, QUALITY,
PROFIT AND RESPECT.**

To implement the new values, each value was given a theme month, with various voluntary activities taking place at the stores, warehouse and head office. In the customer orientation month, for example, head office personnel acted as test customers at the Jumbo store in Vantaa, Finland, where the expert staff helped them to look for a new pair of trousers. As a result of this, a trouser fitting guide was designed as an aid for sales persons in their efforts to advise customers. Staff from the support functions also visited stores to see how their work is viewed by their customers and how could they make improvements for the future.



Lindex
celebrated
60 years

ON 11 SEPTEMBER, Lindex celebrated its 60th birthday with a bang by throwing a grand party in Gothenburg, Sweden, for 1,600 invited guests. The party featured a wonderful fashion show and live performances by world famous artists.

Those invited to the official celebrations also included store managers from all sales countries, production officers from manufacturing countries, key suppliers and personnel from the head office. Store personnel also had their own parties at various locations, and employees were encouraged to celebrate the company's long history of fashion.

Bra-volution starring Lindex employees

LINDEX LAUNCHED a new bra range, developed through extensive customer trials where women of different ages, bra sizes and preferences tested various bra styles. The Bra-volution campaign was unique from an employee perspective, since its models were chosen from among Lindex employees and from different countries of operation. An internal campaign was held to see who would be interested in being a model for a day, and this raised a great deal of interest among employees. The five employees chosen got an opportunity to experience something new and out of the ordinary. For Lindex, it was natural to use the creativity and commitment of their employees and to promote employee knowledge on recognizing customer needs.



Responsible supply chain

More transparent supply chain

Our buying practices



A responsible, transparent and traceable fashion product supply chain is one of Stockmann's CSR goals and a focus area for 2014-2015. During 2014,

supply chain sustainability was the topic of several internal briefing sessions for Stockmann's own brand buyers and merchandise managers, to highlight the challenges in the supply chain and the scope for influencing them.

Factory lists and their coverage



In spring 2013, Lindex played a pioneering role in the Stockmann Group when it disclosed a list of suppliers and factories on its website. These are suppliers and factories

with whom Lindex has well-developed long-term relationships. The list accounts for around 95 per cent of Lindex's purchases. The remaining 5 per cent come from various suppliers that are being tested and will hopefully be included in the next list.

In April 2014, Stockmann was the first Finnish fashion company to disclose its supplier and factory list. The coverage of the list has been increased from the original 73 per cent to 83 per cent of purchases from the suppliers and factories that supply Stockmann's own fashion brands. The aim is to increase the coverage further, by harmonizing buying practices internally.

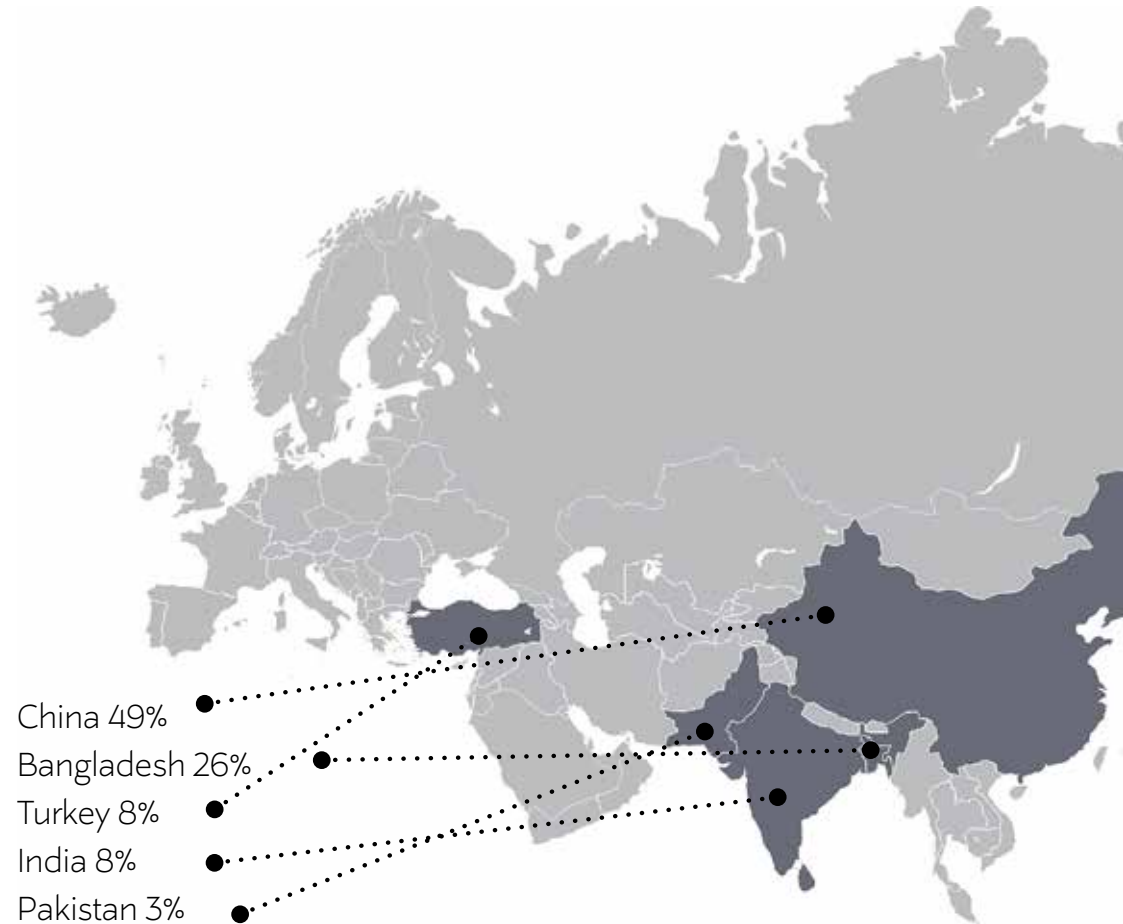
Seppälä also published its list of suppliers and factories in 2014. The list covers 94 per cent of Seppälä's total purchases in 2014. In the process leading up to this, suppliers were re-evaluated based on the level of working conditions and the possibility of centralizing production, and this resulted in a significant decrease in the number of suppliers and factories.



Where our fashion comes from

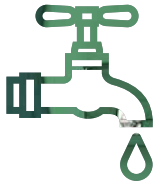
The biggest producer of the Stockmann Group's own brand fashion products is China, at 49 per cent. Next is Bangladesh (26 per cent), then Turkey (8 per cent) and India (8 per cent).

➤ Read more about our responsible supply chain on page 32



Production of the Stockmann Group's own brand fashion products by country, in terms of purchase costs.

Important water



IN 2014, LINDEX started its partnership with WaterAid, an international organization that works with local officials in 26 countries worldwide, improving access to safe water, improved hygiene and sanitation in the

world's poorest communities. The partnership is an extension of Lindex's ongoing work with water-related issues. This is a step outside of Lindex's own value chain to focus on improving the lives of the people who live in the communities where it operates.

Lindex is involved in long-term cooperation projects for reducing water consumption and other environmental impacts at different phases of garment production, from the cultivation of cotton to the dyeing of the fabric. Sustainable Water Resources Management (SWAR) is a project in India for improving resource management in textile suppliers' production, and 90 per cent of the suppliers that manufacture for Lindex in India and the majority of their production units for textile dyeing are part of the project. Partnership for Cleaner Textiles in Bangladesh (PaCT) is a four-year programme (2013-2016) that focuses on

reducing groundwater consumption and surface water pollution associated with textile wet processing.

Lindex is one of the founders of the Sweden Textile Water Initiative (STWI) and remains an active participant. This is a joint project involving textile and leather retail companies in Sweden and the Stockholm International Water Institute (SIWI) and aims to improve suppliers' water use and water management in production. The project is based on understanding and improving the water resources impact in leather and textile production by developing guidelines and working methods for suppliers and producers. Since 2012, Lindex has actively been implementing the guidelines in its supply chain.

Other cooperation projects include the Better Cotton Initiative in India which, since 2008, has aimed at reducing the harmful environmental impact of traditional cotton cultivation. The School of Hope is a school for underprivileged children in Bangladesh, for which Lindex has been the main sponsor since 2010, covering for example teacher salaries.



Photo: WaterAid/GMB Akash/Panos

Country of origin on Stockmann own brand clothes



IN RESPONSE TO REQUESTS from our customers, the country of origin is now marked on the majority of Stockmann department store own brand clothing, on the care label attached inside the garment. In Russia and Latvia, where legislation requires information of origin to be shown, the information is also marked on the product price labels.

The country of origin is also marked on all garments sold by Lindex and Seppälä.



A NOOM garment with country of origin shown on the care label and also an organic cotton label.



In Bangladesh, many factories take care of all the phases of production, starting with spinning and dyeing of the yarn

Working at Stockmann in Bangladesh

STOCKMANN HAS PURCHASE OFFICES in six Asian locations, with sustainability specialists in each of them. Jonyed Mostafa works as Sustainability Developer in Dhaka, Bangladesh. His job includes inspections in factories that produce garments for Lindex, Seppälä or Stockmann own brands.

“An inspection starts with a short meeting with the factory management. If we have announced the visit beforehand, all the necessary documents are there waiting for me. However, nowadays we increasingly make unannounced audits to be sure we see how things really are. Next, I go through every department of the factory. I interview employees, especially those with first aid or fire safety training but also regular employees to hear their point of view. Then I go through documents to see for example that wages have been paid on time and that over-time regulations have not been exceeded. Finally, I summarize my findings to the management. If there are serious shortcomings, I let them know about these immediately. I put all my findings in a report and discuss significant issues with the purchase office manager. I also forward the information to Stockmann.”



Jonyed Mostafa works for Stockmann in Bangladesh.

Photos on p. 14–15:
Ashraf Huda

125 Accord inspections in 34 factories

By signing the Accord on Fire and Building Safety in Bangladesh, Stockmann is committed to having all of the factories producing garments for the Group audited on the basis of three different inspections: fire safety, electricity and structural issues. The structural inspection includes calculations on the load-bearing capacity of a building, which is something that cannot be inspected in audits made by BSCI or our internal audits. The total number of factories covered by Accord inspections in Bangladesh is more than 1,100.

All 34 factories producing for the Stockmann Group in Bangladesh have been visited and a total of 125 inspections were made in 2014. Eight inspections remain to be carried out in 2015. After each inspection, a corrective action plan with deadlines is produced. One factory building was closed down and then reopened in a different location. One factory was shut down temporarily and soon reopened after the required improvements were made. During the period of almost two years since signing the Accord, considerable progress has been made.

The most common violations include absence of fire doors, automatic sprinklers or fire alarm systems, and the presence of locked egress doors and gates. The most urgent matters have been corrected. Electrical issues, which are the cause of approximately 70 per cent of all fires in Bangladesh, have been the easiest and quickest to fix. Other issues, such as installation of fire doors, take longer to put right. This is because imported products such as fire doors are not readily available in

Bangladesh, a challenge that affects all factories there and requires cooperation with the government to be resolved. The next step is the remediation part of the assessments, and through our local presence in the purchase office, we work together with the suppliers to follow up on the corrective action plans and to make sure that all improvements are made and deadlines kept.

Visiting our supplier factories

In April 2014, on the anniversary of the devastating factory collapse in Dhaka, Bangladesh, eyes were once again turned to Bangladesh to see whether the situation has changed there. While Stockmann had no ties with any of the factories in the collapsed Rana Plaza building, we did attract attention because Stockmann had publicly disclosed that it has contract production in Bangladesh, and at that time it was the only Finnish company committed to the Accord on Fire and Building Safety in Bangladesh.

Several media organizations contacted us to visit some of the factories producing garments for Stockmann, and we did our best to facilitate these visits. To better respond to the stakeholder interest around Bangladesh, Stockmann's Communications Director, responsible for CSR, and Lindex's Press Relations Manager, together with Stockmann's CSR specialist, visited the factories in Dhaka and met with colleagues at the Stockmann purchase office in Dhaka, as well as representatives of the Accord and BSCI. The results of the visit were communicated internally to increase personnel awareness on Stockmann's CSR work and incorporated in the Group website. Bangladesh and the Accord were also visible at Lindex's 60th anniversary celebrations in the form of a video and presentations from factory managers from Bangladesh invited to the event.



1. Factory employees use respiratory masks to protect themselves from fine textile dust

2. Typically, each sewer is responsible for a certain sewing phase of a garment

3. Quality control teams check for quality at different production phases

4. Women account for around 80 per cent of the workforce in the garment industry in Bangladesh

Products & product safety

Sustainable materials at Lindex



SUSTAINABLE DEVELOPMENT is a basis for Lindex's long-term strategy, with ambitious sustainability goals for 2020 set for fibres, processes and factories.

The target for fibres is to have at least 80 per cent of the Lindex fashion range in 2020 made from sustainable fibres or from fibres that are less environmentally harmful than today's materials, and that 100 per cent of the cotton used in the products will be either organically grown, Better Cotton or recycled cotton.

In 2014, Lindex sold 16.3 million garments made from sustainable materials, which is an increase of 31 per cent from the previous year and represents 22 per cent of Lindex's product range. The result exceeds the target set for 2014: 20 per cent of the product range.

16.3

million garments made from sustainable materials, which represents

22%

of Lindex's product range



Seppälä's sustainable collection

SEPPÄLÄ'S STORES STOCKED 800,000 garments made from sustainable materials in 2014, representing 7 per cent of its entire collection. All of Seppälä's basic collection t-shirts for women, men and children were made of organic cotton. Totally 140,000 pieces of men's t-shirts, 24,000 women's blouses and 110,000 children's products were also made using organic cotton. Tights made of recycled polyamide accounted for 1 per cent of the sustainable collection. For 2015, Seppälä aspires to have

10%

of its collection made from sustainable materials.

2 700 litres of water is saved per shirt

T-shirts from PURE WASTE

IN NOVEMBER 2014, just in time for Finland's Father's Day, Seppälä's men's collection was joined by the new range of Pure Waste t-shirts. These tees are made of **100 per cent pre-consumer textile waste**, i.e. the shreds and offcuts thrown away from the sewing and cutting line. In the production process, water usage is minimized and recycled water is put to good use. No fresh cotton is used for the t-shirts, which means around 2,700 litres of water is saved per shirt. In spring 2015, the Pure Waste range will be expanded into the women's collection.

First organic garments in Stockmann's collections

THE FIRST ORGANIC COTTON garments were introduced in Stockmann's own brand collection for its **Bodyguard** and **NOOM** brands. The NOOM organic cotton collection for women included three styles of basic t-shirts in various colours and covered around 5 per cent of the autumn NOOM collection. The Bodyguard men's collection included a sweater and trousers. The sales results were positive and encouraging for further introductions.

Improvements in food labelling

NEW EU REGULATIONS on food labelling have brought changes to packaging information in almost all food products and non-alcoholic drinks. At Stockmann, we have renewed the packaging information for around 3,000 product names in Stockmann's own food brands, such as Stockmann Gourmet, Delicatess, Bakery and Sushi, as well as Stockmann Meals products produced at the Stockmann central kitchen and food products imported by Stockmann.

The new packaging labels are more readable, with allergens clearly marked and mandatory comprehensive information on nutritional value. Changes in labelling will continue in the coming years, for example when the European Commission specifies labelling requirements for meat and dairy products. Stockmann has been proactive regarding information requirements for its service counters. For example, Stockmann's service counters were already displaying information on allergens before this became compulsory.

At Stockmann, we have renewed the packaging information for around 3,000 product names in Stockmann's own food brands



Food from local and small producers

IN ADDITION TO organic food, the Stockmann Delicatessen food departments include a wide selection of Finnish, locally produced food from small producers.

Many of these also produce organically, adding to the selection of over 1,700 organic products. Examples of local treats available at the Helsinki department store include:

Confectionery: *Chjoko chocolate confectionery* from Kruununhaka, Helsinki, less than 2 kilometres away from the store. Also from Helsinki and made with French expertise are the beautiful *Patisserie Petitpas* confections.

Bread: the selection from no less than 32 small bakeries includes specialties such as rosemary bread from *Leibomo Limbbu*, a bakery in Lahti run by a Finnish-American couple that uses first-class ingredients including flour from local producers.

Fruit and vegetables: The DeliVerde salads and herbs by *Lindrothin Puutarha* are from Turku and harvested to order and then delivered fresh to customers.

Cheese: 'local produce' tags are found all around the cheese counter. *The Helsinki Meijeriliike* artisan cheeses are so local they are even named after places in Helsinki, such as Klippan and Linnunlaulu.



Energy & material efficiency

New energy efficient Stockmann offices



IN SUMMER 2014 more than 700 Stockmann employees moved to new, modern office premises in Helsinki's Pitäjänmäki district. The office complex is scheduled for final completion by the end of 2016, when almost all the support functions for the Department Store Division and for the Corporate Administration will then be working together under the same roof.

In the design of the premises and the purchases made, special attention was given to energy efficiency, the life cycle approach and waste sorting. Building automation allows the property's energy use to be optimized, and energy consumption can be monitored on an hourly basis. The building is heated by energy efficient district heating.

The staff working in the new premises do not have waste baskets by their workstations but

instead the waste that accumulates during the working day is taken to sorting points. Thanks to this, waste is sorted more efficiently and the sorting outcome can be monitored more closely. Clear sorting guidelines are there to help. If any sorting errors are detected, staff can send a note to the Environmental Specialist. The same goes with any other deviations from the environmental plan.



ECO-FRIENDLY Lindex hangers

Recyclable and compostable eco-hangers, made from EcoligentPaper® and without chemicals, were used in Lindex stores during the spring campaign and as part of the design collaboration with Jean Paul Gaultier.



Stockmann improved its CDP score

THE INTERNATIONAL climate initiative Carbon Disclosure Project (CDP) publishes an Annual Report on the biggest Nordic companies' reporting and management of carbon emissions. In 2014, the Stockmann Group received its best score so far:

93 B

A high disclosure score (scale 0-100) means that the company is able to give detailed information on how it measures its carbon footprint and how it manages its emissions. The performance band grade (scale A to E) indicates the company's performance in managing greenhouse gas emissions.

Stockmann's disclosure score, 93, was well above the Nordic average, 80, and its overall score is a significant improvement from previous year's 84 C. In its sector, 'consumer discretionary', Stockmann's result was the best in Finland and second best at the Nordic level, as it was the previous year.



Clothes take-back has begun in 50 Lindex stores in Sweden.

REUSE AND RECYCLE FASHION at Lindex stores



ONE OF LINDEX'S LONG-TERM SUSTAINABILITY GOALS is to close the material loop, and as a first step, collecting unwanted textiles and garments from customers was begun in almost 50 selected Swedish stores in autumn 2014. The initiative has received positive feedback from customers as well as employees. While it has been a soft start by volume, interest is expected to increase in the coming year, as the recycling opportunity in store is made more visible to customers.

The initiative is a cooperative venture involving first Circle's smartphone app to guide customers to stores where they can leave their textiles and garments. If the customer chooses Lindex, the non-profit organization Myroma then takes care of the textiles and garments. When handing these in and showing the app at the cashier desk, the customer receives an offer from Lindex that can be used at their next purchase.

GRI G4 standard disclosures and disclosures on management approach

This report presents the focus areas and results of the Stockmann Group's responsibility work. The CSR report is published annually and intended for our key stakeholders.

The reporting period for this report is the financial year from 1 January to 31 December 2014. The last report, covering the year 2013, was published on April 29, 2014.

The CSR report for 2014 covers the Stockmann Group's operations, which in 2014 comprised the Department Store Division in 4 countries, the Fashion Chain Division in 16 countries, the Corporate Administration operations in Finland, and the purchasing offices in five countries in Asia.

The supply chain is covered to the extent defined in the materiality analysis (p. 20). The report does not include any information about Lindex's franchising stores. There are altogether 35 franchising stores in six countries, which are managed by four franchising partners. Our goal is to report the relevant indicators for Finland, Sweden and Russia, which are the main operating countries based on the revenue and employee count. Some of the indicators describing personnel and the environment are reported only for Finland, which accounted for 48 per cent of revenue and 44 per cent of personnel in 2014. These exceptions and the measurement and accounting policies are described in connection with the indicator in question. This report is the Stockmann Group's first

report in compliance with the Global Reporting Initiative (GRI) G4 Guidelines, and in accordance with the Core option of the guidelines. The report has not been reviewed in full by a third party. Financial indicators which are presented in the financial statements are externally assured. The G4 specific standard disclosures are presented under the seven Stockmann CSR themes.

Organizational profile

Stockmann, which was established in 1862, is a Finnish listed company that is engaged in the retail trade. Until the end of 2014, the Stockmann Group had two business divisions: the Department Store Division and the Fashion Chain Division, a structure that is also used in this report. As of the beginning of 2015, the company has three business divisions: Stockmann Retail, Real Estate and Fashion Chains. The Group had a total of 16 department stores and over 650 fashion stores in 16 countries and five online stores at the end of 2014. Operations expanded to the United Kingdom in March 2015, with the opening of Lindex's first store in London. The shares of Stockmann plc, the parent company

of the Stockmann Group, are listed on NASDAQ Helsinki. The Group's headquarters are in Helsinki, Finland.

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 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. 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 Team. 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.



16
department stores,
over 650 fashion
stores, five online
stores

Identified material aspects and boundaries

Stockmann defined its material sustainability aspects according to the GRI G4 process during the years 2012 – 2014. Stockmann’s materiality assessment process consisted of the phases of identification, prioritisation and validation, and review, also presented in table below.

During the process, all key stakeholder groups were heard in order to identify material aspects. The extensive stakeholder analysis, including a stakeholder survey on CSR topics, was sent to loyal customers. Suppliers and service providers, investors, non-governmental organisations and media were covered in interviews. Customer feedback, employee feedback and topics raised by non-governmental organisations were also used

as basis for identifying important topics.

The topics were then assessed and prioritised according to their relevance to Stockmann’s strategy and stakeholder interests. The materiality assessment was approved by the CSR steering group, responsible for steering, developing and monitoring corporate social responsibility within the Stockmann Group.

In 2014, Stockmann’s material themes and

focus areas were mapped against the GRI G4 aspects, and the reporting boundary was defined for each material aspect.

A total of 31 material aspects were identified and categorized under seven CSR themes. The themes and aspects are presented in a table below, and they also define the report content and structure.

Stockmann materiality assessment process (G4-18)

IDENTIFICATION >>	PRIORITISATION AND VALIDATION >>	REVIEW >>
<p>A. Material issues were identified on the basis of:</p> <ol style="list-style-type: none"> 1. Stakeholder survey and interviews (customers, suppliers, service providers, investors, media) 2. Customer, NGO and employee feedback 	<p>A. The identified material issues were prioritised in a materiality assessment on the basis of:</p> <ol style="list-style-type: none"> 1. Impact and relevance to Stockmann’s strategy 2. Stakeholder interest <p>B. Stockmann’s materiality assessment was approved by the CSR steering group</p>	<p>A. Stockmann’s material themes and focus areas were mapped against GRI G4 Aspects and a reporting boundary was defined for each material aspect.</p> <p>B. Material aspect review was approved by the CSR steering group</p>
2012–2013	2013	2014



Stockmann CSR themes	GRI G4 aspects	Aspect boundary
Financial profitability, Corporate Governance	Economic performance Anti-corruption Anti-competitive behaviour Labour practices, human rights and environmental grievance mechanisms	Own operations
Customer orientation	Customer satisfaction (product and service labelling) Marketing communications Customer privacy	Own operations
Employment & wellbeing	Employment Labour management relations Freedom of association and collective bargaining Human rights assessment Occupational health and safety Training and education Diversity and equal opportunity Equal remuneration for women and men Non-discrimination	Own operations
Products & product safety	Customer health and safety Product compliance Products and services environmental performance Product and service labelling	Own brands’ supply chain and own imports
Responsible supply chain	Procurement practices (economic performance) Supplier assessment for environmental and labour practices, and human rights	Procurement practices in Stockmann’s own operations + Own brands’ supply chain
Energy & material efficiency	Materials Energy Emissions Effluents and waste Transport	Own operations + Indirect (scope 3) CO2 emissions (selected parts)

Stakeholder engagement

Stockmann's key stakeholders were identified and selected when drawing up the corporate social responsibility strategy and revisited in the materiality process. Five key stakeholder groups that most affect, and are affected by, the business have been identified. Stockmann engages in active and ongoing dialogue with them to strengthen relations and better understand their expectations. The stakeholder groups and the dialogue with them are outlined below. The key topics and concerns that have been raised through stakeholder engagement and our response to them are outlined in further sections of this report.

Customers

Customers are our most important stakeholders and customer orientation is one of the core values of this company. We are in direct dialogue with customers in our stores and through customer service and social media. We arrange customer surveys and have started a customer panel for Stockmann department stores to better understand customer needs and expectations towards Stockmann. We share information via customer encounters and service, our website, printed materials and reports such as this. Read more on page 25.

Personnel

We value our personnel and their commitment to the company and reward success. Our goal is to be a sought-after employer on the labour market. We work hard to improve the working atmosphere and dialogue with employees.

During 2014, Stockmann has engaged with the personnel and listened to them in many new ways, including the Organizational Health Survey, the 'Customer expert' discussion on the intranet, the 'Change agent group', and strategy workshops. Lindex revitalized and Seppälä renewed their val-

ues during the year and involved the entire personnel in the process. Information is shared through e.g. the intranet, our internal magazine, team meetings and information sessions. Read more on page 27.

Shareholders and investors

Stockmann aims to be an attractive and sought-after investment target on the capital market. The key topics and concerns raised by shareholders and investors are financial performance, strategy and business models, financial targets and dividend distribution. Inquiries concerning sustainability have somewhat increased in recent years. We provide shareholder and investor information as required for listed companies through stock exchange announcements, financial reports and the Annual Report, the Group's website, conference calls and regular investor relations meetings. The Annual General Meeting is normally held in March.

Goods suppliers and service providers

Long relationships with goods suppliers and service providers are a key to our sustainability work and continuous improvement in production. We seek to develop our partnerships in order to ensure a good business environment for all, and the best possible service to our customers. All suppliers are expected to follow the Stockmann Code of Conduct.

We engage in active direct dialogue with our own brands suppliers and producers through our local purchasing offices, through meetings and workshops, through regular visits to suppliers and in connection with inspections of factories and production units. We encourage our suppliers to take part in training events and workshops organized under the Business Social Compliance Initiative (BSCI). We meet suppliers for international and domestic brand products in purchasing nego-

tiations, where we also discuss sustainability issues. Read more on page 32.

Authorities and organisations

By utilizing networks, memberships in several organisations or other means, we engage in dialogue with authorities and organisations concerning improvement work and development projects. We provide general information on our website,

respond to specific information requests and take part in round-tables. In 2014, we organized a targeted stakeholder event to discuss sustainability in our fashion supply chain with related non-governmental organisations in Finland. Other topics in our range of products which were raised by our stakeholders included, for example, ethical chocolates, foie gras and fish.



Financial profitability

We aim for long-term profitable operations and are taking several structural measures to turn our business back to profit. Our 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 and other remuneration.

Economic performance

The year 2014 was challenging for Stockmann. Prolonged uncertain economic development affected the result of the Finnish and Russian operations in particular. The Group's consolidated revenue was EUR 1 844.5 million (EUR 2 037.1 million), down by 9.5 per cent, or down 5.5 per cent at comparable exchange rates. The operating result, excluding non-recurring items, was EUR -42.9 million (EUR 54.4 million).

A major strategy process was started in 2014, with the aim of improving Stockmann's long-term competitiveness. In December, Stockmann's new strategic direction was announced. The first actions have been taken and the strategy will be further elaborated during the first half of 2015. Stockmann's short-term challenges are particularly connected with the general economic situation and changes in consumer behaviour.

➤➤ **Read more** about financial performance in the **Annual Report** and on the **Group's website**

EC1 Direct economic value generated and distributed

The breakdown of the added value from Stockmann's operations for the key stakeholders is presented in the following table.

Stockmann plc shares are listed on NASDAQ OMX Helsinki. The company had 55,343 (59,475) shareholders at the year-end. The dividend policy set by Stockmann's Board of Directors is to distribute more than half of the earnings from ordinary operations. Due to the negative result for 2014, the Annual General Meeting decided, based on a proposal by the Board of Directors that no dividend be paid on the 2014 result. The dividend for 2013 was EUR 0.40 per share, totalling EUR 28.8 million.

In 2014, Stockmann employed in average 14,533 people, who were paid EUR 341.0 million (EUR 353.5 million) in salaries and other remuneration. While the average number of the Group's personnel decreased by 2.9 per cent during the year, the staff costs decreased by 3.6 per cent and totalled EUR 383.3 million (EUR 397.8 million), or 20.8 (19.5) per cent of revenue.

The personnel were paid EUR 0.7 (1.0) million in sales-based incentives for the sales of 2014. No incentives were paid for the earnings of 2014. Key senior management of the Stockmann Group are covered by a key personnel option scheme, which resulted in EUR 0.2 million in costs for 2014, related to the vesting period of 18.5.2012-28.2.2015. More detailed information on the Board of Directors', the CEO's and the Management Team's salaries and bonuses (Remuneration Statement) can be found on the company's website.

Charity

As part of its corporate social responsibility, Stockmann may make donations to non-profit public benefit organizations that fund education, culture, research and other social projects in the countries where Stockmann operates. Charity work is guided by the donation policy that is available on the company's website. Donations to charity are evaluated separately from the company's commercial activities and may not be linked to past, present or future business transactions. They are decided on by the CEO.

In addition, Stockmann's business units may also support non-profit projects of public benefit organizations as part of their commercial campaigns and activities.

EC4 Financial assistance received from the government

The Stockmann Group did not receive any financial assistance from the government during the reporting year.

Distribution of economic added value to different stakeholders

EUR million		2014	2013	2012	2011	2010
Producing added value						
Customers	Sales excluding VAT, other operating income, financial income	1 845.7	2 041.6	2 118.8	2 006.1	1 830.1
Goods suppliers and service providers	Costs of goods, materials and services purchased, includes capital goods and paid rents	-1 526.2	-1 567.3	-1 610.4	-1 533.8	-1 474.8
Added value produced by Stockmann		319.5	474.3	508.4	472.3	355.3
Distribution of added value						
Personnel	Salaries, wages and pension contributions	-341.0	-353.5	-361.0	-348.6	-324.0
Shareholders	Dividends	0.0	-28.8	-43.2	-35.9	-58.3
Investors	Financial expenses	-22.7	-32.1	-34.2	-34.9	-22.8
Public sector	Other social security payments, taxes	-38.5	-22.7	-45.4	-46.4	-33.7
Distributed to stakeholders in total		-402.2	-437.0	-483.8	-465.8	-438.8
Retained in the company to develop operations		-82.7	37.2	24.6	6.5	-83.5

Corporate Governance

Commitment to responsible operations forms a core part of our daily ways of working. In our decision-making, we follow principles of good corporate governance. The Stockmann Code of Conduct, our values and management practices form a framework for our procedures and efforts to promote a sustainable future.

Stockmann operates in an ethical manner, complying with the international and national laws and regulations valid at any given time in the countries in which it operates. Such laws and regulations concern securities markets, competition, consumers, marketing, product liability, employment, the environment, privacy and equality. In its business operations, Stockmann aims to exceed the minimum requirements stipulated by laws, regulations or conventions.

Stockmann's Code of Conduct, available on the Group's website, defines the ways of working that all employees and management staff must follow, without exception. It covers the following areas:

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

We also require our suppliers and partners to abide by these principles. The Code is complemented by a set of more detailed rules and guidelines which are in harmony with it.

Stockmann's operations are also guided by international treaties and recommendations, such as the UN's Universal Declaration of Human

Rights and Convention on the Rights of the Child, the ILO's Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises. Stockmann is committed to the UN's Global Compact initiative since 2011, and accordingly promotes human rights, labour rights, environmental protection and anti-corruption measures. Other voluntary commitments include the principles of the Business Social Compliance Initiative on group-level since 2005, the Bangladesh Accord on Fire and Building Safety since 2013, and the principles of responsible import trade by the International Association of Department Stores (IADS) since 2002. Through Lindex, we are additionally committed to voluntary initiatives, such as Better Cotton Initiative and Fair Wage Network. Complementary, self-set product guidelines are described in indicator PR6 on page 26 and are available on the Group's website in full.

Governance model

The corporate bodies of the parent company Stockmann plc are the general meeting of shareholders, the Board of Directors and the CEO (managing director). Headed by the CEO, the Group Management Team is responsible for directing operations and for preparing strategic and financial plans.

In its decision-making and corporate govern-

ance, Stockmann complies with the Finnish Limited Liability Companies Act, the rules of the company's Articles of Association, and other applicable legislation and rules. Stockmann complies with all recommendations of the Finnish Corporate Governance Code, issued by the Securities Market Association.



Read more in the Corporate Governance Statement which is available on the **Group's website**

Corporate responsibility organisation

Stockmann's Corporate Social Responsibility Steering Group, whose Chairman is Jouko Pitkänen, Director of Stockmann Retail, is responsible for steering, developing and monitoring CSR within the Stockmann Group. The CSR Steering Group approves Group-level guidelines, 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. In addition, the Stockmann Retail environmental management group convenes regularly, to follow-up on environmental management issues as required for the ISO 14001 certificate. Lindex has its own CSR steering group for setting direction and targets, as well as a strategic sustainability working group, that supports the Lindex Manage-

ment Group, where sustainability topics are discussed quarterly.

Stockmann's Corporate Communications unit is responsible for development, coordination and reporting of the Group's corporate social responsibility activities.

Anti-corruption and anti-competitive behaviour

Stockmann's policies relating to anti-corruption and anti-competitive behaviour are included in the Stockmann Code of Conduct and further specified in the Stockmann anti-corruption policy, approved in August 2014. Both are available on the Group website.

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 and that operates in 90 countries.

Stockmann's employees and management must act in the best interests of the company and in a manner that avoids conflicts of interest. Stockmann strives to carry out transparent and responsible operations.

Stockmann has prepared guidelines for its personnel relating to situations of abuse and conflicts of interest. Stockmann's Code of Conduct is intended to assist in decision-making and in the resolution of potential problem situations. Its purpose is to clarify and standardise Stockmann's operating practices and to provide the staff with uniform and responsible approaches around the world.

The Group's international operations pose challenges for resolute anti-corruption action. Anti-corruption policies are included in the BSCI Code of Conduct and the Stockmann Supplier Code of Conduct, implemented in our own brands supply chain.

For years already, Stockmann personnel has been instructed on Stockmann policies regarding the acceptance of samples, gifts, travel expenses or other monetary benefits, especially from suppliers, through the Employee Discount Rules. Likewise, the Lindex Ethical Policy has provided a foundation for counteracting all forms of corruption at Lindex, and has been applied in all countries of operation and informed to all suppliers before entering into cooperation. For example, our suppliers are not permitted to give any gifts, other than ordinary courtesy corporate gifts, or any other benefits to individual employees.

Corruption risk assessment

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

Stockmann's Board of Directors and the Group Management Team regularly evaluate the risk factors to which business operations are exposed and the sufficiency of risk management actions, as a part of the strategy process. Risk management is supported by internal control systems and guidelines. Risk management guidelines have been drawn up separately for the following areas, among others: IT and information security, finance operations, environmental issues, malpractice, security and insurance.

The divisions' respective management teams are responsible for making financial and strategic

plans in their own units and for analysing business risks and evaluating actions, as a part of strategy planning. Business risks are also analyzed outside the strategic process, especially in connection with significant projects and investments, and are reported to the Board of Directors as needed. The company's risk management, risk factors and internal control systems are explained in more detail in the Annual Report.

SO4 Communication and training on anti-corruption policies and procedures

Employees are trained in matters related to the Code of Conduct and encouraged to contact their supervisor if the best course of action is unclear. The group-wide Code of Conduct was published on the Group website and communicated internally via the intranet, the internal magazine and info screens during 2014.

A Code of Conduct e-learning program that also incorporates the content of the anti-corruption policy was prepared during 2014 with the help of a working group comprising participants from around the Group divisions, and will be launched in 2015.

The Employee Discount Rules and Lindex Ethical Policy also contain information on anti-corruption policies.

SO5 Confirmed incidents of corruption and actions taken

In 2014, Stockmann was not informed of any corruption-related lawsuits against the Group.

SO6 Total value of political contributions by country and by recipient/beneficiary

Stockmann does not make political contributions or donations to any politicians, political parties or related organizations, either directly or indirectly.

SO7 Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes

No legal actions or fines in 2014.

Labour practices, human rights and environmental grievance mechanisms

Stockmann employees must report any violations or suspected abuse of the Code of Conduct to their supervisor, their unit's security manager, the company management, the legal department, or the Group's Internal Audit. All reports will be investigated confidentially.

An additional need for a grievance mechanism concerning violations of the Code of Conduct was identified in 2014, and thus preparations for introducing a group-wide whistleblowing channel, provided by a third-party, were initiated. The channel, which will be introduced in 2015, will be a tool for Stockmann's own employees, as well as for business partners and other stakeholders, to flag suspected or detected deviations from the Stockmann Code of Conduct. It has an Internet-based option and a phone-based option, both anonymous. Any incidents will be reported to the Group legal department and, in the case of Lindex, also to the Lindex security department. This efficient tool for preventing malpractice will send a strong message about Stockmann's commitment to business ethics.



Stockmann's CSR Steering Group is responsible for steering, developing and monitoring CSR within the Stockmann Group

Customer orientation



Customers are our most important stakeholders. We want to improve our dialogue with customers and better understand their needs and expectations regarding Stockmann. Customer orientation is one of the core values of our company and will ensure that we place customers' needs first. Stockmann complies with valid competition legislation in its operations and promotes free competition in its sector.

Customer satisfaction

The Stockmann department stores are known for their customer-oriented service. Top-rated, professional customer service is achieved through 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 utilized 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. 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 customer feedback channels, and a reply is made to all customers who request this.

PR5 Results of surveys measuring customer satisfaction

Stockmann's customers were invited to become 'customer experts' to help make shopping at Stockmann an even better experience in a campaign that started in August 2014. The Customer Expert survey was available in the Stockmann online store and social media channels and emailed to selected loyal customers. The survey gained over 20,000 responses and the related discussion on Facebook attracted more than 180,000 views.

Customer service and product selection received the most comments. Customer service was perceived as good and professional, although there was concern about the sufficiency of sales personnel. There was a call for a greater number of unique brands not available elsewhere in Finland. The online store received criticism, although customers were satisfied with it during the Crazy Days campaign. The Delicatessen received a lot of positive feedback. The amount of feedback was a positive surprise and is being used in Stockmann's strategy work.

In addition to our own surveys, we follow discussion on social media, such as the Facebook discussion group 'Let's Save Stockmann' in the summer of 2014, the results of which are outlined in the case presented on page 8.

To ensure continuance of the 'Customer Expert'

discussion, a customer panel was formed in September 2014. The panel is a new instrument for engaging with customers and it consists of thousands of Stockmann loyal customers. Several panel discussions were held before the end of the year, on the topics of product selection, customer service and campaigns, and participation was very active.

As well as the customer panels, tools to measure customer satisfaction also included online surveys and exit polls, and in the Stockmann department stores the mystery shopper method.

Index arranged two customer surveys during 2014. The response rate was over 40 per cent, with around 70,000 responses for both surveys from Sweden, Finland and Norway. The topics of the surveys related to in-store customer experience and customer service, and the results were that most customers were either satisfied or very satisfied with the overall experience, and likely or very likely to recommend the store. There is still potential for improvement in respect to the service level delivery.

Seppälä's customer survey about the Seppälä brand and spring campaigns attracted 300 responses in the spring of 2014. The feedback topics included product quality and sizing, and these will be given attention accordingly. The survey results were taken into consideration in the review of Seppälä's strategy, positioning and target group setting, and changes in these areas will become visible to customers during 2015.

Marketing communications

Stockmann respects the rights of the consumer and engages in responsible marketing. This policy is included in the group-wide Code of Conduct. Our marketing communications are performed according to the Consolidated ICC Code on Advertising and Marketing Communication Practice, the Consumer Protection Act and our marketing strategy. Our marketing communications avoid all misleading practices, such as false or deceptive messages and omission of important information. Our marketing is never inappropriate or offensive. These practices are known and followed by all of the company's marketing planners and are overseen by the Marketing Director of each business.

Customer perspectives and needs have been widely mapped in conjunction with Stockmann strategy work. Our revised value proposition is to offer a first-class shopping experience and to ensure that we are worthy of our customers' trust every day, in all service situations and channels. We also have two strategy working groups looking at marketing issues, such as media strategy, loyal customer programme and our brand book.

Lindex uses brand tracking to follow-up brand perception, and Seppälä systematically follows up its campaigns with campaign research. Feedback is always listened to and adjustments are made where necessary. While most feedback on marketing is positive, Lindex has received some criticism regarding its choice of models and the gender perspective on kids' clothes.

Lindex has its own brand strategy and marketing guidelines regarding images, copying, choice of models, retouch management etc. as well as social media guidelines. Lindex is a member of the self-regulatory Swedish Advertising Ombudsman (RO) organization, founded by the industry to review and maintain standards. RO receives complaints about advertising and assesses whether the adver-

tising follows the Consolidated ICC Code. RO also provides information, guidance and training in the field of ethical marketing. Members can also get copy advice for specific campaigns.

Stockmann's business units support non-profit projects of charity organizations as part of their commercial campaigns and activities, as presented on page 22.

PR6 Sale of banned or disputed products

The Stockmann Group does not sell banned products. The Group's divisions prepare guidelines on product selections and purchasing operations as necessary. Our supplier requirements ban certain practices from our own brand products, such as sandblasting for jeans, and also set standards for animal rights, including angora and merino wool, leather, fur, feathers, down, as well as guidelines for cotton and chemicals. The requirements on angora wool, for example, were tightened following the public discussion on it that started in late 2013, and the selection of angora products was subsequently reduced. In addition, Stockmann department stores have responsibility policies for wood originating from natural tropical forests, and for fish and shellfish products and eggs. All the policies are available on the group website. Since 2012, fireworks have not been sold in the department stores. Real fur products are not sold in the Fashion Chains division.

Customer feedback on disputed products in our product selection is carefully considered by the buying organisation. Over the years, particular questions and concerns have been expressed by customers regarding certain products at the Stockmann department stores. These include: products with fur, following which fur coats are no longer stocked in the selection; certain tuna and tropical shrimps categorized as 'red list' by WWF, which we are constantly looking to replace with certified 'green list' options based on availability; foie gras,

for which we have checked with our French supplier that the farming conditions are responsible, and for which we also carry domestic, undisputed options; certain imported food products from the USA which may contain genetically modified organisms as allowed by local practices and clearly communicated on the product label.

PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship, by type of outcomes

The Council of Ethics in Advertising in Finland received no submissions regarding the Group's advertisements during the year. Two complaints were made to the Swedish Advertising Ombudsman about Lindex's marketing campaigns, but they were both found to be groundless. Lindex has never received any reprimands or been found in breach of standards by the Advertising Ombudsman. There were no incidents of non-compliance with legislation or voluntary principles in 2014.

Customer privacy

Stockmann and its employees respect the privacy and inviolability of the rights of its customers. We do not reveal or use customer information otherwise than in strict accordance with Stockmann's customer privacy policy. Training on customer privacy is included in the new employee induction programme.

The Stockmann Group's divisions have four loyal customer programmes: the Stockmann and Hobby Hall loyal customer programmes, More at Lindex and Seppälä Club. These have 8.4 million loyal customers in total. The companies keep in touch with their loyal customers on a regular basis

and offer them exclusive deals and benefits with a monetary value. The loyal customer systems' data file descriptions can be found on the units' respective websites.

Each of the loyal customer programmes has its own customer registers, 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.

PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data

In 2014, Stockmann received a number of 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 from the authorities about the loyal customer systems.

The Stockmann Group's divisions have **four loyal customer programmes**: the Stockmann and Hobby Hall loyal customer programmes, More at Lindex and Seppälä Club. These have 8.4 million loyal customers in total.

Employment & wellbeing

We value our employees and treat them all fairly and equally and in accordance with the principle of equal opportunities. Employees are paid a fair level of remuneration for their work, and their personal and professional growth and development is encouraged. Employees are encouraged to look after their wellbeing and are provided with healthy and safe working conditions. Our aim is to be an attractive and well-liked employer in the labour market.

The Stockmann Group's HR policies are based on the company's values, HR strategy and Code of Conduct, on top of which the divisions have their own more detailed HR policies that support the success of individuals and the wellbeing 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 HR Director, who is a member of the Group Management Team, is responsible for HR at the company.

G4-10 Number of employees by employment contract and gender

Employment contract

The need for fixed-term employees is high in retail, as the summer and Christmas seasons increase the need for seasonal employees. Among the Stockmann Group's employees, 18 (16) per cent had fixed-term employment contracts in 2014.

The number of full-time employees was 6,193 (6,765), while the number of part-time employees was 8,263 (8,676), 57 per cent of the workforce.

Seasonal variations

The Stockmann department stores 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 2014, Stockmann's Finnish department stores had a total of 1,386 (1,403) Crazy Days campaign helpers in the spring and 1,504 (1,512) in the autumn. In addition, the department stores and support functions offered work experience to more than 200 (300) summer employees and more than 500 (700) interns during the reporting year.

Lindex offers internships both at the Head Office and in stores and we have established cooperation with different universities regarding internship positions. At the Head office there are about 20-30 interns per year and most of them are placed at the Design- and Purchasing Department.

Each year, Lindex employs about 20 seasonal employees during summer and Christmas holidays. They work at the Head Office at the distribution center or the Finance Department.

In Lindex stores, extra workforce is needed around summer and Christmas holidays. This

need is solved mainly by offering more hours to part-time employees and extra employees connected to the store.

Seppälä also has a trainee practice similar to Lindex. In 2014, 108 interns worked in Seppälä stores and 12 (18) at the head office. 53 summer employees worked at Seppälä stores and 7 at the warehouse.

Regional distribution

Of Stockmann Group's employees, the highest number of employees was in Finland, 6,382 employees, followed by Sweden 2,631 employees and Russia, 2,607 employees. Together, they cover 80 per cent of the total personnel of 14,456 (15,500) employees.

Supervised and self-employed workers

Use of supervised workers or self-employed workers is minimal in Stockmann group, the former limited to some cases in warehouse operations and marketing.

Information on the distribution by gender is currently not available. The aim is to obtain the information and report it, starting in 2016-2017.

G4-11 Percentage of total employees covered by collective bargaining agreements.

In Finland, around 82 (84) per cent of the Stockmann Group's personnel are covered by collective agreements. All Lindex employees in Sweden, Norway and Finland (excluding professional and managerial staff) are covered by a collective bargaining agreement. In Russia, collective bargaining agreements are not used. 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 2014, these employees accounted for 30 (29) per cent of the Group's personnel working in Finland. In other countries of operation, statistics on union membership have not been collected.

Employment

The Stockmann Group is a major employer: the company had 14,456 employees in 15 countries at the end of 2014. The highest number of employees was in the Department Store Division, which had 8,229 (8,955) employees at the end of the year. The decrease was mainly due to restructuring, discussed later in this chapter. The Fashion Chain Division had a total of 5,930 (6,186) employees at year-end, of whom 5,031 (4,999) were in Lindex and 1,060 (1,346) in Seppälä. The number of Seppälä stores was down by 34 during the year, which explains the reduction in the employee count. Stockmann's Group administration employed 136 (141) people at year-end and the Company's purchasing offices 161 (159) people.

Following the adverse financial results, Stockmann took a number of cost savings measures during 2014, which affected both the number of seasonal employees and the permanent staff. This was negotiated with employees in co-determination negotiations, which were conducted in several phases in the organization in Finland and affected

the Group's entire staff in the country, excluding Lindex employees. In the support functions and corporate administration, the changes resulted in 94 redundancies in total. New opportunities inside the company have been actively sought and offered to those whose positions have been discontinued.

The largest negotiations took place during spring 2014 among Stockmann's store personnel, after the company announced a plan to introduce a new operating model in the department stores in Finland. The scale of the personnel reduction in the department stores was estimated to be a maximum of 330 man-years, but the outcome proved to be less than this. To minimize lay-offs, a significant share of the required reduction was implemented by cutting the contracted hours of employees, which correspond to a reduction of 110 man-years. The number of jobs lost was 180, equivalent to 130 man-years, and around 110 of these took place through redundancies and the rest through voluntary resignations and retirements. Towards the end of the year and in early 2015, many of the employees affected were offered additional contract hours or new employment.

Under its new strategy, Stockmann will in future focus on its core businesses and withdraw from non-core businesses. The Stockmann Beauty cosmetics stores in Finland, which employ around 50 people in total, will be closed down during spring 2015. For the Stockmann Beauty personnel in the Helsinki metropolitan area and the Turku and Tampere regions, the goal is to offer new jobs in the department stores. Seppälä will discontinue its operations in Russia, Latvia and Lithuania by the end of 2015 and downsize its store network in Finland by 41 during 2015. The remaining business, consisting of 82 stores in Finland and 20 in Estonia, will be sold to Seppälä's CEO and her husband in a management buyout on 1 April 2015. The

transaction will secure Seppälä's continuity and help sustain a business which employs around 600 people in Finland and Estonia.

LA1 Total number and rates of new employee hires and employee turnover by age group, gender and region

Personnel turnover was 21 (23) per cent in 2014. However, the turnover depends to a great extent on the local labour market. In Finland, the turnover rate was 13 (17) per cent, which was significantly lower than in the retail sector on average of approx. 23 per cent according to the Finnish Commerce Federation's information. In Sweden, the turnover rate was 4 per cent. In Russia, the turnover rate was higher, 57 per cent, but the rate is similar to the local labour market. Information on the distribution by gender and age group has not been collected at this level of detail.

LA2 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation

The Stockmann Group offers its personnel the benefits required by local legislation in each of the countries in which it operates. These benefits might include occupational health services, insurance against occupational injuries and diseases, parental leave and retirement benefits. Personnel benefits do not vary between part-time and full-time employees.

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 using an 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 2014, the company's support for employees' leisure activities amounted to approximately EUR 100,000 in Finland.

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. For 2014, 740 (659) medals were awarded altogether to employees of Stockmann and Seppälä, of which 518 were given in Finland, 158 in Russia and 64 in the Baltic countries. One 50-year career medal was awarded in Finland. Medals of merit for 50 years of service have been awarded rarely in the company: 69 in total since 1924.

In Sweden, 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 50th birthdays.

Each year, all Lindex employees in Sweden receive a health and fitness benefit. The company also gives financial support to a non-profit association at Lindex Head Office called "Lif", which arranges different activities and get-togethers for employees from all head office departments.

Labour and management relations

The Stockmann Group monitors the implementation of good HR practices through personnel surveys, performance reviews and other feedback channels. At Lindex, all permanent employees have annual employee appraisal meetings with their manager.

Stockmann has played a leading role in codetermination issues in Finland. The company's Employees' Council was set up in 1924 - over fifty years before legislation was passed in 1979 on

legal requirements for codetermination between employees and employers in companies. In Finland, the Group's divisions have their own Employees' Councils. Seppälä's Employees' Council convenes twice a year and the 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, whose meetings are held twice annually. 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.

In 2014, Stockmann started a process to review its strategy. Employees have been engaged in the strategy work throughout the process. See 'Creating Stockmann strategy together' on page 10. During the year, Lindex revitalized its values and Seppälä renewed its vision and values. See 'Fashion is fun! The revisited Lindex values' and 'New values for Seppälä' on page 10.

LA4 Minimum notice periods regarding operational changes, including whether these are specified in collective agreements

Stockmann operates according to the notice periods specified in local labour legislation in all its operating countries. In Finland, the notice period is between two weeks and six months, depending on the duration of the employment relationship. In Sweden, the minimum is one month. In Russia, a minimum notice period is not defined. Minimum notice periods regarding operational changes have not been defined in retail sector collective bargaining agreements.

Freedom of association and collective bargaining

The Stockmann Group respects the basic rights of its employees to freedom of association and collective bargaining. We recognise that the fulfilment of these rights is at risk in our supply chain, and thus we support their fulfilment through the BSCI Code of Conduct that sets requirements for Freedom of Association and Collective Bargaining, and the other measures explained in 'Supplier Assessment for Labour Practices and Human Rights' on page 33.

HR4 Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may have been violated or at significant risk, and the measures taken to support these rights

The right of the personnel of the Stockmann Group to freedom of association and collective bargaining is reported by the indicator G4-11. Freedom of association in the supply chain is monitored by BSCI audits and by Stockmann's own audits conducted by CSR specialists working in the purchasing offices.

Human rights assessment

The Stockmann Group respects and promotes all human rights.

HR9 Total number and percentage of operations that have been subject to human rights reviews or impact assessments

Most of the Stockmann Group's own employees work in countries classified by the BSCI as low-risk countries for human rights violations. Therefore,

no human rights assessment of Stockmann's own operations has been conducted. See 'Supplier Assessment for Labour Practices and Human Rights' on page 33 for information about the supply chain.

Occupational health and safety

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 an important focus in the whole Group's occupational safety day, which is organized every other year. In addition, coaching on working ability has been arranged for supervisors in Finland, with the aim of increasing wellbeing at work and reducing absences and the costs of absence.

LA6 Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender

The sickness absence rate was 4.1 (3.8) per cent of regular working hours in Finland in 2014, and abroad it was 4.0 (4.6) per cent of hours worked. There was a total of 185 (238) reported workplace accidents in Finland. No occupational accidents leading to severe injuries took place in 2014 in Finland. In Sweden, there was a total of 57 reported workplace accidents. Most of these accidents were related to the journey to or from work, mainly slipping and falling over. The rate of absence due to sickness and occupational accidents is clearly lower than the sector average of 5.8 per cent in Finland, according to the Finnish Com-

merce Federation's information.

In 2014, medical occupational health care covered all employees in Finland whose employment had continued for more than 4 months, i.e. 4,999 (5,556) persons. The occupational health care services of the Group's units in Finland are arranged via the company's own occupational health clinics and outsourced services. In Helsinki, the staff at the Group's own clinics mainly serve employees in the Helsinki region. In other locations and for Finnish Lindex and Seppälä stores, occupational health services are provided through outsourcing. In Finland, the costs of occupational health services totalled EUR 1.9 (EUR 2.0) million. The net cost of occupational health services was approximately EUR 175 (EUR 150) per employee in Finland for department store division and group administration. The increase was mainly explained by the introduction of electronic prescription.

Information on the distribution by gender is currently not available.

Training and education

Systematic, continuous training is a core part of our HR practices and carried out mostly through various in-house training courses and activities in all businesses and for all employee categories.

LA9 Average hours of training per year per employee by gender, and by employee category

The number of training hours at Lindex in 2014 was a total of 69,360 (57,500), or 9,248 days. This equates to 13.6 (11.5) hours per employee. The approximate average hours per employee category were: 11 hours per manager, 15 hours per head office employee and 13.5 hours per store employee.

At Seppälä, the amount of training totalled

18,637 (15,000) hours. This means an average of 14 training hours per employee.

Department Store Division supervisors in Finland were trained for a total of around 29,000 hours, or 3,867 days, on various training courses, including the LEAD leadership programme. The figure includes only training organized inside the company. Statistics on training hours for other employee categories and other countries of operation are not collected in equal detail but they are outlined next.

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 BASE training, formerly known as START, which was renewed in 2014.

The year was characterized by many changes in the organization, and to support managers and supervisors in their tasks coaching was arranged on change management and on leadership during difficult times, including training related to codetermination negotiations and layoffs.

Certified Business Coach training for improving management skills through coaching was begun in spring 2014 and continued to the end of the year. The LEAD leadership training programmes on managing skills and with a focus on Stockmann's leadership criteria were continued in 2014. According to the criteria, which were also implemented in Stockmann's development discussions, Stockmann appreciates leadership that is goal-oriented, appreciative, inspiring, consistent and coaching. The implementation of the new organizational model in the department stores was supported with coaching and training for key managers, including personal and group coaching for a total of around 140 people.

The marketing department also went through significant changes during the year. Training focusing on project management skills to support sys-

tematic improvement of the working environment was arranged for marketing management and employees working in marketing projects.

Several briefing sessions on supply chain challenges and management were held during the year for Stockmann's own brand buyers and merchandise managers in support of the goal of a responsible, transparent and traceable fashion product supply chain.

The personnel's environmental awareness is enhanced through continuous training and regular internal communication, outlined in the section 'Material & energy efficiency', on page 38.

At Lindex, continuous professional development is promoted through various in-house training courses and activities. Lindex has its own Souls programme for seeking new solutions that will accelerate the success of the entire chain. In 2014, there were 12 participants in the Lindex Souls program. The mission for Lindex Souls 2014 participants was to be a role model, to express to others how their work reflects the Lindex values and how the values help them make everyday decisions at Lindex. The Lindex Souls' stories were used to help everyone at Lindex to understand the revisited values and to be inspired to incorporate the values in their own work.

The 3-stage Lindex Leadership Program training was given in the head office, with an average of 11 hours of training per manager. Training on the working environment, labour law and interview techniques was held for groups of around 10 managers. Training was also provided on salary and budgeting issues and communicative leadership.

The average of 15 hours of training per head for office employees included a CSR workshop for approximately 350 participants and Vision & Values training for approximately 500 participants. Customer Experience and Brand Platform training was also held during the year.

In the stores, the average of 13.5 hours of train-

ing for each employee in 2014 included Vision & Values, Security & Safety and Customer Experience & Brand Platform training programmes.

In Seppälä, training was held in all departments. Training for store personnel amounted to a total of 17,130 hours, including store manager days and the store experience project, which set out to make the Seppälä stores more inspiring to customers and to ensure a shopping experience as pleasant and easy as possible. Training for purchasing and design departments included training on quality, sustainable materials and purchasing processes, totalling 986 hours. Internal training arranged by the HR department included various training courses for managers and store personnel, such as security and safety training and labour law training, and these came to a total of 680 hours.

Information on the distribution by gender is currently not available.

LA10 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings

Continuous development at work and an active internal labour market are Stockmann's strengths. Having opportunities to switch duties between divisions, functions and countries promotes 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.

Stockmann has a programme for the management, follow-up and early support of issues concerning the working ability of employees. The working ability discussion is a tool for managers, for confidential discussion, and is recommended for use when something has changed in an employee's ability to work. Follow-up for sickness absences requires co-operation between the

manager and the occupational health services, and sometimes involves a personnel representative and the HR department. If sickness absences exceed the limit of 30 days or 10 periods in a year set as the threshold, discussion on the employee's working ability is initiated. Different modes of support for return to work, such as work in trial periods or part-time sick leave, are actively used at Stockmann. The company also has a drug abuse programme to intervene in cases involving substance abuse. The principles of this programme are available on the company intranet and they are updated regularly, the most recent update being in January 2013.

As part of its normal operations, Stockmann's occupational health services take the working ability perspective into consideration with every appointment and advise employees on severe work-related diseases and any other risks associated with work, and give recommendations where necessary, for example for a more suitable work station. Supportive management practices, a safe working environment and the possibility of varied nutrition during the work day are also considered part of the support for employees' ability to work. Information on preventative action is also given out during the Group's occupational safety day event.

Diversity and equal opportunity; Equal remuneration for women and men; Non-discrimination

Stockmann treats all of its employees fairly and equally, and values the diversity of its employees. Discrimination is strictly forbidden.

Stockmann has an equality plan which is regu-

larly updated and approved in the company's Employees' Council (see 'Labour and management relations', page 28). With the aid of statistics, the purpose of the plan is to point out structural issues in work duties and to set improvement targets for achieving a more equal working environment.

The realization of equality is promoted in all employment categories. Mutual respect and abiding by mutually set rules is part of this. In recruitment, candidates are evaluated in the spirit of equal opportunity, and men and women are hired for any position, without bias for traditional women's or men's jobs. Age, sex or conviction is only considered if there is a justified reason based on the position.

To balance the age breakdown among sales persons, we give special emphasis to recruiting competent middle-aged female and male personnel as sales persons for Stockmann department stores.

LA12 Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity

In 2014, women comprised 85 (85) per cent and men 15 (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 in 2014, 64 (63) per cent were women. On the Stockmann Board of Directors, three out of the eight (2013: three out of eight) members were women. There were two (two) women on the Group's Management Team.

We believe that using local personnel brings additional expertise and diversity to the company's operations and produces knock-on economic effects for the local area. At the end of 2014, the proportion of the company's personnel employed

in locations outside Finland was 56 (54) per cent, amounting to 8,074 (8,408) people.

In the Department Store Division's operations outside Finland, there were six (six) locals working in senior and middle management positions in Russia and the Baltic countries. In 2014, all the members of the Department Store Division's Management Team and the Finnish department stores' management were Finns except for one citizen of Estonia. All the members of the management and Country Teams of the Baltic and Russian department stores were locals (81 per cent in 2013).

In 2014, all the members of Lindex's top management were Swedish. Sixty (sixty) per cent of Lindex's country managers were locals. In 2014, Seppälä's Management Team consisted of six (seven) Finnish members and also one Russian member.

Information on the average age of the employees is presented in the 'Staff Figures' table. Information on minority group membership is not collected, as this is not permitted under Finnish legislation.

LA13 Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation

Stockmann has an equality plan which is regularly updated. The purpose of the plan is to raise structural issues in work duties and set improvement targets to achieve a more equal working environment through statistics.

Remuneration of women to men is monitored with the aid of an index of monthly or hourly salary that compares women's salary to men's salary (index 100) per employee category. The latest update of the index is from 31.12.2013 and it covers employees in Finland. The index is only indicative, as it does not take into account diversity of job roles and descriptions in each category. For sales

persons, warehouse and office personnel, the wages are according to the collective trading sector labour agreement and based on e.g. work experience and the cost-of-living category, which depends on the locations of the workplace.

Ratio of basic remuneration of women to men by employee category

	Hourly salary	Monthly salary
Sales persons	101	
Warehouse personnel	99	
Office personnel		98
Professional and managerial staff		91

HR3 Total number of incidents of discrimination and corrective actions taken

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



Staff figures

	2014	2013	2012	2011	2010
Number of personnel 31 December	14 456	15 441	16 041	15 960	16 184
in Finland	6 382	7 033	7 553	7 237	7 430
abroad	8 074	8 408	8 488	8 723	8 754
Personnel on average	14 533	14 963	15 603	15 964	15 165
Personnel as full-time equivalents, on average	11 094	11 422	11 898	12 172	11 503
Average age of personnel	35	35	34	34	35
in Finland	36	35	34	34	36
abroad	35	34	34	37	34
Turnover of permanent employees, on average, %	21	23	26	30	24
in Finland	8	10	13	15	14
abroad	30	34	37	42	34
Sickness absences, %	4.1	4.2	4.5	4.9	4.3
in Finland	4.1	3.8	4.2	4.5	4.4
abroad	4.0	4.6	4.8	5.6	4.2
Share of full-time/part-time employees of personnel, %	43/57	44/56	42/58	45/55	42/58
in Finland	45/55	45/55	42/58	43/57	41/59
abroad	41/59	43/57	42/58	46/54	43/57
Reported workplace accidents in Finland, number	185	238	212	243	271
Staff costs, EUR million	383.3	397.8	405.1	390.0	361.9
Staff costs, share of revenue %	20.8	19.5	19.1	19.4	19.9
Staff training expenses in Finland (excluding direct wage costs), EUR million	0.5	0.6	0.7	0.8	0.7

Of the Group's fashion chains, Lindex publishes more detailed staff figures on its site lindex.com.

Responsible supply chain

Responsible, transparent and traceable supply chains form one of our CSR focus areas and are important for our stakeholders. Our reporting on the supply chain covers the buying practices in Stockmann's own operations and Stockmann Group's own brands' supply chain, production based on risk assessment, and the ability to have an influence.

In the retail sector, the value chain – a product's journey from raw material to customer – is often long and contains many stages. A significant percentage of the fashion products we sell are our own brand products, designed by our own designers, and which cannot be purchased anywhere else. In the Lindex and Seppälä fashion chains this applies to most of the products. In the Stockmann department stores, the major part of merchandise are international brand products, but we carry also a wide selection of own brand products in women's, men's and children's wear, as well as home and food products. As approximately two thirds of the Group's revenue comes from fashion, we focus especially on responsibility in the fashion supply chain.

Our stakeholders, including customers and governmental and non-governmental organisations are showing increasing interest in our work in the supply chain. The questions raised include our buying practices, the countries of manufacture, our Supplier Code of Conduct, the right to freedom of association, living wages, human rights assessments, our own audits, and remediation for human rights violations. Those concerns are addressed in this chapter.

Buying practices

The Supplier Code of Conduct is the backbone of our buying practices. Stockmann does not own any factories or production facilities, apart from the central kitchen of the department store chain, discussed separately. Instead, the fashion products sold in Stockmann's divisions are made by contractors. Most of these products, around 80 per cent, are bought via our purchasing offices in Asia. In 2014, Lindex garments were bought from 190 suppliers and made in around 400 factories. Stockmann's own brand garments were bought from around 150 suppliers and made in around 200 factories, and around half of the garments were purchased directly and half through purchasing offices. Seppälä garments were bought from around 136 suppliers and 240 factories, of which around 90 were direct producers and 150 through purchasing offices. See the map showing the production countries on page 12. The three businesses use the same suppliers and factories to a large extent.

All suppliers are expected to follow the Stockmann Code of Conduct. In addition, we require that our own brands' supply chain complies with the Supplier Code of Conduct, which incorporates the Business Social Compliance Initiative (BSCI)

Code of Conduct, complemented with Stockmann's additional requirements related to e.g. animal rights, chemicals and environmental matters.

New instructions and alignments can be made according to the human rights risks identified. At the moment, our alignments include, for example, the prohibition of the sandblasting method for jeans, as it can be hazardous to workers' health if it is carried out without proper protective equipment or training, a risk that is controlled by not placing orders with factories that have gear for sandblasting. In 2013, we joined the Accord on Fire and

Building Safety in Bangladesh, due to the risk posed by substandard factory buildings in the country. See page 14 for further information.

A revised version of the BSCI Code of Conduct was adopted at the beginning of 2014. The revised Code sets requirements for Freedom of Association and Collective Bargaining, fair remuneration, decent working hours, occupational health and safety, special protection for young workers, protection of the environment and ethical business behaviour, and prohibits discrimination, child labour, bonded labour and precarious employment. During 2014, the new version of the BSCI

BUSINESS SOCIAL COMPLIANCE INITIATIVE (BSCI)

THE STOCKMANN GROUP has been a member of BSCI since 2005. BSCI is a business-driven initiative for companies committed to improving working conditions in factories and farms worldwide. To better respond to supply chain challenges, a revised version of the BSCI Code of Conduct was adopted at the beginning of 2014. The BSCI code sets out 11 core labour rights which the participating companies and their business partners undertake to incorporate in their supply chain in a step-by-step development approach.

The BSCI unites companies around one common Code of Conduct, and offers a platform for co-operation with other companies that purchase from the same suppliers and producers. This is valuable, as suppliers and producers typically supply many brands, none of which are dominant.

The new Code better addresses the need for close co-operation and communication between the buying companies and their suppliers, the responsibility of all tiers in the supply chain to cascade the Code of Conduct, the importance of training as a route to continuous improvement, and specific topics such as fair remuneration and special protection for young workers. The new Code is accompanied by a comprehensive and transparent manual of instruction for BSCI participants, producers and auditors that will become public in 2015. Audits complying with the new BSCI Code of Conduct can begin in May 2015.

MORE ABOUT BSCI ON: www.bsci-intl.org

Code was communicated to our suppliers and producers and their commitment was checked.

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 by our own audits, conducted by our own local personnel, and by BSCI audits conducted by a third party. If deficiencies are identified, a corrective action plan is formulated and its implementation is monitored. Local working conditions are also influenced through various international conventions and initiatives.

When choosing a supplier, we pay attention to a number of factors. The most important criteria are: the fit with the Stockmann Group's needs, supplier know-how and ability to deliver, quality and price, CSR with the focus on working conditions and environmental issues, and the potential for long-term relationships. All factories need to fulfil the Stockmann Group's starting requirements and commit to the BSCI Code of Conduct and continuous improvement. We aim for long relationships with suppliers.

Unauthorized subcontracting is a risk for compliance with our Code. Our producers are always required to inform us about the possible use of sub-contractors in advance. As a result of our risk analysis, we have banned the use of sub-contractors in Bangladesh altogether, this being a zero-tolerance issue which will lead to no further orders being placed.

Our six local purchasing offices in China, Bangladesh, India, Turkey and Pakistan play a key role in developing working conditions and identifying risks. The approximately 160 persons employed altogether by the offices are tasked with supervising purchasing and production. They review the procedures of each factory that they use before any orders are placed, and after which systematic responsibility work continues. Our local CSR spe-

cialists provide training and support to suppliers and factory owners, to help them make improvements in line with our Code of Conduct and environmental requirements, while also performing announced and unannounced audits. Our local production and quality controllers also visit the production units on a daily basis to ensure that conditions meet our requirements, and report on any suspected violations of the Code of Conduct. The duties of a CSR specialist are outlined in the case 'Working at Stockmann in Bangladesh' on page 14.

In addition to audits and training, every aspect of suppliers' operations is rated according to a 'supplier scorecard', which forms the basis for development. Suppliers are evaluated by the score card twice a year, with the Code of Conduct vs. performance being included as a parameter. Based on the evaluation, we grade our suppliers, and those with the best results get the most orders.

In the case of a human rights violation, we work together with the supplier to remediate the victim. No new orders are placed until the violation has been corrected and the victim has been compensated. Over the years, there have been cases where a child under the minimum working age has worked in a factory producing our products, and thus we have a method that has been developed together with Save the Children for dealing with such a situation. The factory is responsible for compensation and for paying a salary to ensure the child can attend school instead of, for example, moving to another factory to work. The factory management meets with the parents of the child to solve the issue. If possible, and in order to ensure that the family has sufficient resources, an adult member of the family is employed to replace the child.

Our goal is to provide transparent communications on issues that interest our stakeholders, and therefore we disclose our fashion suppliers. Read

more on page 12.

In addition to our own brand products, well-known brand products are purchased for sale at Stockmann department stores. The responsibility issues regarding international and domestic brand products are assessed during the purchasing negotiations.

The Stockmann Delicatessen uses well-known and reliable EU suppliers and favours long-term relationships. Stockmann does not directly import grocery products from outside the EU to Finland.

Supplier assessment for labour practices and human rights

A significant percentage of the own brand fashion products – 96 per cent – are manufactured in areas classified as risk countries by the BSCI. We are aware that there is a risk of violation of the Code of Conduct and we are actively working to ensure compliance.

Our risk analysis, based on Amnesty's identification of risks for the textile industry, shows five areas of risks for the Code of Conduct. These risks and the measures to cope with them are outlined next.

Risk analysis

Management systems

Problems with the management system may lead to poor control over procedures at the factory or with subcontractors. There may be a lack of people responsible for the management system or a lack of internal policies in the factory. We put emphasis on giving advice and assisting factories to improve their management systems and on training factory managers to establish internal controls over their supplier chain.

Documentation

Shortcomings concerning copies of employees' ID cards, or wage lists, or other documentation are a common problem. Lack of proper documentation hampers the verification of compliance with the code, such as paying the correct wages, checking worker age and respecting overtime limits. If the documentation is insufficient, the supplier is deemed as not having complied with the requirements. We work to alert suppliers to the importance of good documentation through seminars and workshops, and by providing training for responsible persons at the factories.

Trade union affiliation

The right to join a trade union and to engage in collective bargaining is a basic right that we uphold. Unfortunately, in many of our production countries the trade unions are weak and the underlying causes are complex and often multifaceted. In many of the factories that we use, there are functioning workers' committees that give the employees the opportunity to engage in dialogue with the factory management. These committees are in no way equivalent to a functioning trade union, and are not seen as a replacement. Having the opportunity to join a trade union and engage in collective bargaining is the primary goal, but establishing trade unions remains the workers' own responsibility. Stockmann is responsible for putting pressure on the supplier to ensure that this right is not violated. Factory employees are informed of their rights through the BSCI policies that are placed visibly at the workplace. We encourage factory managers to take part in BSCI training related to the freedom of association and collective bargaining.

Wages and compensation

Paying incorrect wages is a common problem. In compliance with the Code of Conduct and local

law, suppliers must pay the country's statutory minimum wage to their employees as a minimum requirement. This is not enough, however, since the minimum wage is seldom at a sufficient level to cover basic needs and also provide some discretionary income. We think that it should be possible to live on the wage earned by a factory worker. We believe that raising the national minimum wage is the key to raising wage levels, as it also raises wages on higher pay grades. In Bangladesh, we have co-operated with other companies in appeals to the Bangladeshi government to raise the minimum wage.

Stockmann does not own any factories or production facilities of its own, and is typically a minor buyer in the eyes of its suppliers and their factories. As a consequence, we cannot, only by our own efforts, raise the salaries of factory workers. For example, an increase in the buying price is not directly linked to the wages paid to the workers, and cannot be expected to benefit the workers without separate proof of this. We urge the supplier to provide fair compensation and improve welfare through benefits such as child care, free lunches, transport, and the opportunity for education on health and finances – which we implement through the 'Health Enables Return (HER)' project. The wages paid is a factor considered in the supplier scorecard (see 'Procurement practices'), and those suppliers with the best scores receive more orders than the others.

We work with the question through BSCI but also by benchmarking other initiatives. We actively follow the discussion on the living wage, participate in round-table discussions and other initiatives on the issue – such as the Better Work, Fair Wage Network by the Fair Labour Association and various other round-tables and consider new ways of addressing the issue.

Working hours

Overtime work that exceeds the limits in the Code of Conduct is a widespread problem in most of our production countries. Overtime work is difficult to remedy as there are several reasons for it. Firstly, the employees in the factories may say that they want to work overtime in order to earn more money. In cases where the employees work far away from home, they want to be able to work a lot over an intensive period and then return home. Secondly, it may be lucrative for the supplier to organise overtime in order to increase production. Stockmann's as other fashion companies' lead times represent a risk of overtime. In order to minimize the risk, a production capacity assessment is conducted prior to placing orders.

Community projects

Our clothing orders create employment opportunities, particularly for women, in developing countries. Local wellbeing and environmental protection is also promoted by various projects to support the status and wellbeing of women, the 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 (HER) projects. We are also involved in several projects to reduce water consumption and other environmental impacts. Read more on page 13 and Lindex website.

LA15 Significant actual and potential negative impacts for labour practices in the supply chain, and the actions taken; HR11 Significant actual and potential negative human rights impacts in the supply chain, and the actions taken

The Stockmann Group engages in an ongoing dialogue and in regular auditing of the producing factories, both through its own audits and the BSCI audits to identify negative human rights impacts according to our risk analysis.

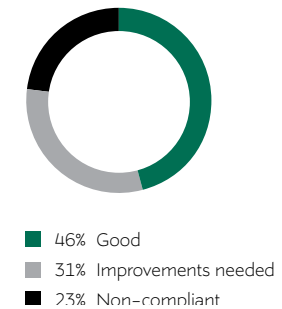
A total of 216 BSCI audits were conducted in factories located in risk countries that manufacture Stockmann's own brand products for the company's department stores and fashion chains in 2014. Of these, 128 were full audits and 88 re-audits. The BSCI audits are conducted by internationally accredited independent auditors. In addition to these external audits, the Stockmann Group's CSR specialists working in our purchasing offices carried out 205 audits. Of these, 120 were full audits and 85 re-audits, while 159 were announced and 46 unannounced. The results are presented in the graphs on this page.

After each audit, no matter whether it is a BSCI audit, Stockmann's own audit or an Accord inspection in Bangladesh, an audit report with corrective action plan (CAP) is put together. Each task on the CAP is given a deadline and progress is monitored. The most common findings are detailed in the risk analysis.

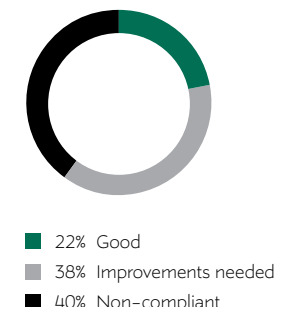
The results of the additional 125 accord inspections made in 34 factories producing for Stockmann in Bangladesh are outlined on page 14.

In the reporting year, 11 of our goods suppliers and 7 factories held the Social Accountability 8000 (SA8000) certificate, considered a best practice by the BSCI initiative, but not set as a requirement by the BSCI or Stockmann.

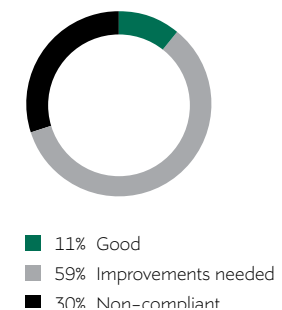
BSCI audits in 2012 (N=173)



BSCI audits in 2013 (N=186)



BSCI audits in 2014 (N=216)



LA14 Percentage of new suppliers that were screened using labour practices criteria;
HR10 Percentage of new suppliers that were screened using human rights criteria;
EN32 Percentage of new suppliers that were screened using environmental criteria

According to our procurement practices, all factories need to fulfil the Stockmann Group's starting requirements and commit to the BSCI Code of Conduct and continuous improvement, prior to starting cooperation. These include requirements for labour practices, human rights and environmental actions. The purchasing offices review the operating models and quality levels of each factory that they use before entering into a contract and starting production.

No specific human rights impact analysis is currently being conducted, but we are looking into the possibility of better incorporating human rights and children's rights into our assessments.

Supplier assessment for environmental practices

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

Our suppliers are expected to follow the applicable environmental legislation. In addition, an environmental code, in use in our purchasing offices, sets requirements for water treatment, chemicals handling, waste treatment, emissions and continuous improvement.

At the same time, we have been cooperating with our suppliers in improvement projects cover-

ing responsible water management, energy efficiency and use of chemicals through Lindex. During the last years, these projects have been proven to be a more effective way to increase environmental awareness and improve processes. In 2015, Lindex will continue and strengthen its engagement in these projects.

Stockmann considers environmental aspects when planning and managing operations and when procuring products and services for the Group's own use.

EN33 Significant actual and potential negative environmental impacts in the supply chain, and the actions taken

Through Lindex, we have been involved for years in sustainability projects in the Group's important production countries, such as India and Bangladesh, where there are challenges with water scarcity and clean water. We aim for as many suppliers as possible to participate in these projects and to transition to more resource-efficient and cleaner production.

The water-related cooperation projects include the Sustainable Water Resources Management (SWAR) project, the Partnership for Cleaner Textiles in Bangladesh (PaCT), the Sweden Textile Water Initiative (STWI), the Better Cotton Initiative and WaterAid. Read more from the case 'Important water' on page 13 and on the Lindex website.



Products & product safety

We provide our customers the opportunity to make responsible choices with our broad selection of products. Products sold must fulfil the quality, environmental and product safety requirements set for them at any given time.

Customer health and safety; Product compliance

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 buying organisation makes sure that products comply with the valid requirements set in legislation, such as chemical and product safety legislation. Products are tested by their manufacturers and importers, and by Stockmann in the case of its own brand products and own imports, on the basis of regular sampling and risk analysis. 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. RAPEX, the EU rapid alert system, facilitates the exchange of information between Member States and the Commission on measures taken to prevent or restrict the marketing or use of products posing a serious risk to the health and safety of consumers, with the exception of food, pharmaceutical and medical devices, which are covered by other mechanisms. In Finland, also Finnish Customs, the Finnish Safety and Chemicals Agency (Tukes) and the Finnish Food Safety Authority (Evira) promote and

supervise product safety.

Stockmann Delicatessen and the company's central kitchen have an extensive internal quality assurance and testing system for product safety. The central kitchen complies with legal and official requirements, and is seeking to further improve its operations. Stockmann's central kitchen is certified in accordance with international food safety standard ISO 22000, which goes beyond the legal requirements by, for example, including additional self-surveillance in the form of a product safety group.

The central kitchen prepares Meals, Deli, sushi and cafeteria products for a total of five department stores in the Helsinki and Tampere regions in Finland.

We are aware that food fraud is a growing concern, something which we follow closely in collaboration with the Finnish Food Safety Authority (Evira) and the Finnish Grocery Trade Association. To our knowledge, we have not so far received any fraudulent food products nor do we have any identified special risk of receiving such products.

Product recalls are handled in accordance with Stockmann's product recall instructions, which specify responsibilities and the action required. The instructions cover food and non-food products and were updated in 2014 following approval from the CSR steering group.

PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes

There were no public recalls involving own brand products sold by Stockmann department stores or Seppälä in 2014. Nor were there any product safety, quality or other similar defects requiring product recalls regarding the Stockmann 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.

During 2014, two Lindex products were recalled. A Lindex cap was recalled due to a sticker on the beak of the cap, which could pose a choking hazard to small children. A dummy holder was recalled by the manufacturer Esska for precautionary reasons due to potential choking hazard for small children. Customers who had purchased the products were informed on the Lindex.com website and asked to return the product for a full refund.

PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services

There were no fines during the reporting year.

Environmental performance of products and services

Sustainable materials in our garments

Responsibility is integral to the processes involved in clothing design and procurement of materials and products, and these processes are part of the operations of the Stockmann Group. Training on CSR themes was arranged during 2014 for designers and buyers working in the divisions. The proportion of raw materials that are environmentally less harmful ('sustainable materials') will be systematically increased in the Group's own brand fashion products.

Sustainable development is a basis for Lindex's long-term strategy, with ambitious sustainability goals already set for 2020 for fibres, processes and production, and more 2020 goals to follow. The target for fibres is to have at least 80 per cent of the Lindex fashion range in 2020 made from sustainable fibres or from other sustainable materials. A further target is that all the cotton used in Lindex's products will be either organically grown or Better Cotton, or recycled cotton.

In 2014, Lindex sold 16.3 million garments made from sustainable materials, which is an increase of 31 per cent on the previous year and represents 22 per cent of Lindex's product range. The result exceeds the target set for 2014: 20 per cent of the product range.

Seppälä stocked 800,000 garments made from sustainable materials, mostly organic cotton or organic cotton blend, in 2014. These accounted for 7 per cent of its entire collection, exceeding the 5 per cent goal set for the year. For 2015, Seppälä's

goal is 10 per cent of the collection. All of Seppälä's basic collection t-shirts for women, men and children are made of organic cotton. Most of the other 144,000 t-shirts in the men's range in 2014 were made of organic cotton. In addition, 24,000 women's blouses and 110,000 children's products were made of organic cotton. The Seppälä collection also included recycled polyamide tights, which accounted for 1 per cent of the sustainable collection. Sustainable products accounted for 5 per cent of the garments sold at Seppälä, an increase of 80 per cent compared with the previous year.

In 2014, Seppälä began stocking products from Pure Waste, a company specializing in pre-consumer waste recycling. Pure Waste t-shirts save around 2,700 litres of water per shirt compared with a shirt made of fresh cotton. The shirts have been available in Seppälä's collection since autumn 2014, and the cooperation with Pure Waste will be expanded in 2015.

The first organic cotton garments were introduced in Stockmann's own brand products under the Bodyguard and NOOM labels. The NOOM organic cotton collection for women included three styles of basic t-shirts in various colours. These represented around 5 per cent of the NOOM autumn collection. The Bodyguard men's collection included a sweater and trousers made of organic cotton. The sales results were positive and served as encouragement for further introductions of organic cotton garments.

Use of chemicals

Since 2012, the Stockmann purchase offices have been phasing out the use of perfluorinated compounds (PFC's) as a part of the Group's efforts to reduce the use of hazardous chemicals. Since autumn 2014, the use of PFC's has been banned altogether. The ban affects outerwear, and these items are now treated with Bionic-finish@ECO instead.

Sustainable products as part of department store selection

Stockmann department stores offer an extensive range of products, consisting of more than 1.7 million product titles. Our product range offers consumers opportunities to make 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 an eco-label, such as the Swan Label, energy label or the Ökotex 100 label.

Stockmann encourages its sales persons to find out about the choice of eco-labelled products in their areas of responsibility and to offer them to environmentally conscious customers if necessary. Information for staff is available on the Stockmann intranet concerning the various labelling schemes on environmental aspects, sustainability and origin. Sales persons' knowledge of eco-labels is surveyed annually in audits and is recorded in the audit reports.

The Stockmann Delicatessen food departments' selections include more than 1,700 organic products and a large number of Fair Trade and other certified food 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. We do not sell any endangered species as classified by the Finnish Ministry of the Environment and the Finnish Environment Institute. We favour Finnish fish products and fish products classified as 'green list' by WWF Finland.

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. These guidelines are further detailed in indicator PR6 'Sale of banned or

disputed products' on page 26 and they are available on the Group's website in full.

Product and service labelling

Fashion products made from materials with reduced environmental impacts, such as organic cotton, Better Cotton or recycled fibres, are clearly marked in the shops, and in the online shop, on each chain's own product labels. Lindex's products are marked with a 'Sustainable Choice' label. Seppälä's and Stockmann's own brand fashion products made from organic cotton are marked with the 'Organic Cotton' label.

We tell our customers about the origin of the products. In response to customer requests, in 2014 the country of origin was introduced on labels of own brand fashion products sold at the Stockmann department stores. Read more on page 13.

The new EU regulations on food labelling (EU 1169/2011) have brought changes to the packaging information for almost all food products and non-alcoholic drinks. This was a major project that started in 2013 and was finished in 2014, in time for the end of the transition period in December 2014. Changes in labelling will continue in the coming years, for example when the EU Commission specifies labelling requirements for meat and dairy products. Read more on page 17.



Energy & material efficiency

We take environmental aspects into consideration in the management and development of our business operations. We acknowledge the environmental impacts of our operations and strive to prevent adverse effects by cutting emissions, increasing the efficiency of energy and water consumption and carrying out waste sorting and recycling. To ensure continuous improvement, we monitor our compliance with the Group's quality and environmental systems and our fulfilment of the environmental goals and objectives set.

Stockmann complies with valid environmental legislation and require the same from its partners. The environmental work is based on the Group's environmental policy. Management of environmental responsibility is organized as a part of the divisions' day-to-day management. The divisions independently set specific environmental targets, define indicators for monitoring the achievement of these targets and establish appropriate management practices.

A certified management system is in use for operations in Finland as follows: all Stockmann department stores and support functions in Finland are ISO 14001 certified and Stockmann's central kitchen has been granted the ISO 14001 and ISO 22000 certificates. The operating methods of Stockmann's environmental management system have been adopted in the department stores in the Baltic countries with the goal of seeking certification in the coming years.

The Fashion Chains division does not use a certified environmental management system. Lindex and Seppälä stores mainly operate in leased premises in shopping centres, which mean 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 sites and make every effort to assess and minimise the harmful environmental impacts of their suppliers' factories.

Internal awareness raising on environmental issues

Every employee's input is required for the achievement of our environmental goals and objectives. The personnel's environmental awareness is enhanced through continuous training and regular internal communication. For example, monthly environmental training sessions were held at the Helsinki department store during the first half of 2014. In Tampere, training was given in the recycling of shrink wrap and other plastic film, which had recently started at the store. Topical environmental matters were also discussed in morning briefings for department store personnel.

Chemical legislation, REACH, the use of operational safety bulletins, and upcoming changes regarding biocides were all discussed in training

held for buyers and merchandise managers from the Department Store Division and Hobby Hall.

An e-learning package on environmental topics was piloted in the last two months of 2014. Around 50 members of the personnel took part in the pilot to test the training, which focuses on environmental knowledge, waste management and energy efficiency. The e-learning package will be fine-tuned on the basis of the feedback and included in the new employee induction programme in 2015. Current employees will also take the training regularly. E-learning allows flexibility in training times and increased scope for environmental training.

In addition to training, sound environmental practices and topical CSR matters are regularly presented in the intranet and the staff magazine and on the information screens in the personnel facilities. For example, during the energy saving theme week, information and tips were promoted in the intranet on how to save on electricity, heating and cooling, commuting, waste sorting and recycling.

Materials

Packaging materials

Stockmann aims to minimize the environmental burden of packaging materials and offer customers material efficient solutions. Currently our selection choices follow the Finnish Optikassi 2009 research on environmental impacts throughout the life cycle of packaging materials. We follow technical and legislative developments as well as customer experience closely and aim to offer new solutions proactively.

The Stockmann Group can influence choices of packaging materials and the amounts used, especially when procuring goods for its own use. The divisions' purchasing offices actively monitor developments in the packaging industry and aim to use high-quality packaging and to reduce unnecessary use of packaging material through material efficiency.

Over the years, the range of packaging materials has been expanded in response to customer needs, and the selection of plastic bags has been reduced. We offer customers plastic bags that include recycled materials, as well as polymer-based reusable bags. In the Delicatessen food departments, we offer biodegradable paper bags for fruit and vegetables, along with lightweight plastic bags. Since spring 2014, we have been piloting biodegradable fruit and vegetable bags and offer reusable fruit and vegetable bags for sale in certain branches.

At our Delicatessen service points the plastic boxes for ready meals, pastries and other service counter products are made of 50 per cent recycled plastic. The cardboard boxes used for packaging items purchased in the stockmann.com and Hobby Hall online stores are partially made of recycled fibres.

Seppälä's new plastic bags are made of oyster shells (25 per cent) and recycled plastic (75 per cent). This material is durable and efficient to produce, and has a carbon footprint that is 30 per cent lower than that of virgin plastic bags. The bags are fully recyclable and are being introduced in Seppälä stores from December 2014 onwards, as soon as each store's existing stock of bags is used up.

Energy and water consumption 2012–2014

	2014	2013	2012
DIRECT CONSUMPTION			
Heating fuel (MWh)	318		
Natural gas (MWh)	1 830 876		
INDIRECT CONSUMPTION			
Electricity (MWh)	169 602	172 895	171 585
District heating and cooling (MWh)	110 060	111 975	90 058
Water (m ³)	302 561	305 536	287 297

Reporting on the consumption of fuels has been converted to megawatt hours (MWh). The data for natural gas has been converted to megawatt hours (MWh) and is based on metered data for Department Store Division and estimations for Lindex. Natural gas is reported only for the year 2014 due to changes in reporting scope as well as errors found in the source information for previous years. 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. Heating and cooling data for Department Store Division is based on invoicing and data from service providers. Despite the significant amount of estimation and extrapolation in heat consumption for Seppälä and Lindex, the data quality is considered fair. Reporting on water covers all the Department Store Division's functions (excluding Stockmann Beauty stores and the department store in Itis, Helsinki), Lindex's distribution centre and Seppälä's headquarters and logistics centre. The 2013 figure for electricity has been corrected from what has been reported in Stockmann's CSR report 2013 (from 166 548 MWh to 172 895 MWh).

The Stockmann Group reports on packaging materials used, in accordance with the EU Packaging Directive. For the Group's operations in Finland, the reports are submitted to the Environmental Register of Packaging (PYR). The materials reported include plastic bags and other materials used in stores to package goods for customers, and packaging materials unpacked at the logistics centres. For most of Stockmann's imported goods, the reporting responsibility for product packaging materials lies with Stockmann's logistics partner, Tuko Logistics. Lindex also reports on its use of packaging materials to the relevant authorities in the countries in which it operates, such as Sweden, Norway and the Baltic countries.

EN1 Materials used by weight or volume

Information on the use of packaging materials by Stockmann Department Store Division, Lindex and Seppälä is published on the Group's website.

Energy

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 other equipment and machinery in these facilities, including lifts, escalators, refrigeration and IT equipment.

The Stockmann department stores have been focusing on reducing energy consumption, loss and waste for over 10 years. The commitment given in 2013 to the Finnish retail sector's energy efficiency agreement on behalf of the Group's department store operations in Finland has further strengthened the dedication to energy efficiency. The current agreement period extends to the end of 2016.

Under the agreement, Stockmann has already

started to conduct energy reviews in its premises and has prepared an action plan for 2014–2016 for further increasing the efficiency of energy use. The energy reviews are also required under the energy efficiency legislation that came into force at the beginning of 2015. The Finnish department stores continued with the energy efficiency programme launched in 2012 by focusing on optimising the running hours of building systems and lighting control in all premises, to achieve further reductions in electricity consumption. The systematic efficiency work is supported by setting internal targets for CO₂ emission reduction for 2015.

In 2014, the Tampere department store was enlarged by around 4,000 m². During the project, energy-efficiency was taken into account by installing district cooling in the extension and in part of the existing property, and replacing the refrigeration equipment in the Delicatessen with more energy-efficient units that use a refrigerant with less environmental impacts, carbon dioxide (R744). LED lighting was installed in the Tampere extension, and in the Helsinki department store shop windows.

Environmental aspects and impacts are also reviewed in the Group's support functions. During 2014, the Department Store Division's support functions relocated to new energy-efficient and sustainable premises (see page 18). In the Delicatessen food departments, energy was saved during the summer by means of night purging to utilise cool night air in the ventilation of the department stores.

In logistics, transport is continuously optimized through route planning, choosing optimally sized transport equipment, taking advantage of return transport, new equipment with low emissions, systematic follow-up, and active engagement with transport suppliers. Energy efficiency and emissions reduction also play a key role in the design of the new distribution centre to be opened in 2016,

which will serve the department stores in Finland and the Baltic countries.

Lindex's stores have also focused on minimising energy consumption, and all stores follow an efficient energy consumption checklist as a routine practice. The Fashion Chains division's new store concepts take energy efficiency into account, for example in material selections and energy solutions.

EN3 Energy consumption within the organization

Stockmann's energy and water consumption is presented in the table 'Energy and water consumption 2012–2014'.

Emissions

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. We are constantly developing the way we calculate our carbon footprint.

The calculation of Stockmann's carbon footprint in 2014 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 fifth time that Stockmann is reporting its greenhouse emissions, covering the whole Group. The comparison figures are presented for 2012 and 2013, and the changes in the scope of the calculation are explained in the comments column.

PricewaterhouseCoopers Oy has acted as a consultant in the calculation of the carbon footprint in 2013 and 2014. 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.

EN15 Direct greenhouse gas (GHG) emissions (Scope 1);
EN16 Energy indirect greenhouse gas (GHG) emissions (Scope 2);
EN17 Other indirect greenhouse gas (GHG) emissions (Scope 3)

The Group's emissions are presented in the table below. The highest emissions came from the generation of purchased energy, especially electricity. Scope 3 indirect emissions in 2013 are presented where relevant; the biggest such emissions can be attributed to logistics and waste.

The total reported emissions declined slightly. The amount of purchased electricity was on the same level compared with previous year. The Group's emissions from heating and cooling grew 14 per cent. This was due to additional reporting on

natural gas from the department stores in Russia and the Baltics, as improved data was available. The scope of internal logistics emissions from Russia was extended. As a result, the Group's internal logistics emissions grew 10 per cent. Emissions from refrigerants, external logistics and business travel declined.

Water

Water consumption in our own operations

Water consumption in Stockmann's own operations is minimal, and the operations take place in areas where there is currently no scarcity of water. Measuring and minimizing water consumption is nevertheless an important part of Stockmann's emphasis on material and energy efficiency. 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. To decrease water consumption, waterless urinals have been piloted in certain customer washrooms in Stockmann department stores with good results.

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

operations.

Indirect water consumption in the supply chain and use phase

Textile production is water intensive. Water usage in our supply chain is discussed in the section 'Supplier assessment for environmental practices' on page 35.

Our indirect impact also includes water consumption in the use phase, the way the garments are washed at home and how they are discarded. As part of our excellent customer service, customers are offered information on how to use and wash products, and on recycling alternatives, so that the lifecycle of the product can be extended and environmental impacts can be minimized. In addition, the Lindex website also features tips and product care instructions aimed at reducing the environmental impact of garments.

EN8 Total water withdrawal by source (including surface water, ground water, rainwater, waste water, municipal water)

Stockmann's water consumption is presented in the table 'Energy and water consumption 2012-2014'.

Effluents and waste

The waste generated by the divisions' operations is mainly packaging waste, such as cardboard and plastic. The Stockmann Retail division also generates biodegradable waste as a result of the operations of the central kitchen, the Delicatessen food departments and restaurants and cafés. We pay attention to waste sorting and recovery by providing training for personnel, developing the guidance and making sorting practices more convenient.

The waste sorting is managed in accordance with the ISO 14001 environmental management

Greenhouse gas emissions 2012–2014 (tCO₂e)

	2014	2013	2012	Change 2013-2014	Comment
Direct emissions (Scope 1)	1 963	3 382	4 133	-41.94 %	Refrigerants have been transferred to Scope 1 emissions, and 2012 and 2013 reporting has been adjusted accordingly.
Stationary combustion	143	206	742	-30.65 %	
Refrigerants	1 820	3 175	3 391	-42.68 %	Refrigerants have been transferred to Scope 1 emissions.
Indirect emissions from purchased energy (Scope 2)	80 158	76 621	72 759	4.62 %	No significant changes in Scope 2 emissions. However, heating for Seppälä and Lindex is based to a significant extent on estimations and thus the quality of data is fair.
Purchased electricity	52 848	52 683	50 748	0.31 %	Minor changes in total surface area.
Heating and cooling	27 310	23 938	22 011	14.09 %	Significant amount of estimation for Lindex and Seppälä.
Other indirect emissions (Scope 3)	27 172	35 883	21 248	-24.28 %	Refrigerants have been transferred to Scope 1 emissions, and 2012 and 2013 reporting has been adjusted accordingly.
Vehicles	552	376	-	46.82 %	Normal fluctuation in use of vehicles.
Internal logistics	4 804	4 339	3 393	10.72 %	
External logistics	16 049	24 272	14 969	-33.88 %	Changes in volumes, type of transportation and service providers.
Business travel	1 513	2 419	1 536	-37.48 %	
Waste	4 255	4 477	1 350	-4.97 %	No significant changes.
Total	109 293	115 886	98 140	-5.69 %	
Avoided emissions	1 467	1 983		N/A	Carbon emissions neutralized by certified climate projects, evaluated to Stockmann, as reported to us by Posti Group.
(Net emissions)	107 826	113 903		N/A	

system, and the results for the various business locations are monitored on a monthly basis. Our goal is to keep the amount of landfill waste as low as possible. In 2014, 99.2 per cent of the waste was utilized as material or energy, and only 0.8 per cent was directed to landfills. The target for the sorting rate was 75 per cent. This target was almost reached, as the sorting rate was 74.3 per cent. As part of the strategy process, attention is being given in 2015 to decreasing food waste in Stockmann Delicatessen food departments.

Waste management systems differ between Finland, the Baltic countries and Russia. The differences concern, for example, waste legislation,

the number of different waste fractions and final disposal of waste.

Systematic reuse

Stockmann department stores and the centralized operations of the Department Store Division work together to promote recycling by donating products no longer on sale, product samples, fashion studio products and leftover materials to agreed local partners and various recycling workshops. In Helsinki, we cooperate on a continuous basis with the Reuse Centre and its Näprä unit, and in 2014, Christmas decorations were also donated to the Reuse Centre. Christmas themed paper bags were donated to Stora Enso to be used as material in recycled cardboard production. In Tampere, mannequins were donated to a local partner for recycling workshops. Samples of clothes, sheets, towels and winter accessories were donated to an Estonian nursing home for the disabled via PAM, the Finnish trade union for people working in private service sectors. Hobby Hall donates its toy samples to the Lasten Linna children's hospital each year in the pre-Christmas period.

Leftover bakery products from the department stores are donated to charity through agreed partners in Helsinki, Vantaa, Espoo, Tampere and Turku, and this is a practice that has been in place for a number of years already. Starting at the beginning of 2015, we have been piloting dry food donations at the Helsinki department store, with good results. We aim to expand our food donations and continue to look for and pilot new ways of donating food, including first freezing it.

Lindex regularly donates unsold products to different charity organizations, in accordance with its clothes recycling and donation policy. The stores themselves decide where to donate the garments. At the head office, sample garments are sold at a garment sale every month, and leftover garments are donated to different charities. The purchase offices also donate garments to different charities. At Christmas time, clothing samples from the head office were donated as Christmas presents to the disadvantaged in cooperation with Göteborgs stadsmission.

Seppälä donates clothing samples to development assistance in Africa via its partner UFF. Sep-

pälä also donates its clothing samples to people with limited means via the Hope organization and to afternoon clubs and groups of school children for their hobby activities via the Windmill-House Association. In December, Seppälä's head office and warehouse personnel were invited to donate their own children's clothes and shoes, toys and sports equipment to those in need.

Encouraging customers to recycle

We provide our customers with the opportunity to recycle. For example, in Finland customers can return used electrical appliances and electronic equipment, batteries, fluorescent lamps and energy saving bulbs to Stockmann department stores and the Hobby Hall store. Also in Estonia electrical appliances and batteries can be returned. In Sweden, Lindex customers can return used textiles and garments to 50 selected Lindex stores. Read more on page 18.

During 2014 various recycling campaigns were organized in cooperation with suppliers. For example, a campaign to recycle frying pans, cutlery and cookware was organized with Hackmann in all the

74.3 per cent of waste was utilized as material
99.2 per cent of waste was utilized as material or energy
0.8 per cent of waste went to landfill

Waste management statistics 2012–2014 (tons)

	Department Store Division, Finland			Department Store Division, abroad			Lindex			Seppälä			Total		
	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012
RECYCLABLE WASTE															
Cardboard and paper	2 090	2 199	2 201	601	613	536	1311	1234	3 181	252	257	277	5 764	4 303	6 195
Energy waste	1 197	1 260	1 344	3	0	102	110	0	21	13	15	17	2 924	1 275	1 483
Bio waste	2 224	2 280	2 310	444	410	256	476	0	2	5	5	5	3 989	2 695	2 573
Other (plastic, film, metal, glass)	141	142	131	29	28	22	236	31	104	4	7	4	1 427	208	260
Mixed waste:	250	228	334	3 249	5 460	7 104	3	2	0	5	6	5	5 108	5 695	744
Landfill waste	42														
Combustible waste	209														
HAZARDOUS WASTE	7	5,5	10	10	5,5	5	0	0	1	0,5	1	0	26	12	16
TOTAL	5 909	6 115	6 330	4 337	6 516	8 021	2 137	1 267	3 307	279	291	308	19 238	14 189	17 972
WASTE UTILIZATION, %	99	96	95	25	16	11	100	100	100	98	98	98	73	60	96

Figures for Stockmann Department Store Division cover all the division's functions and countries of operation, excluding Stockmann Beauty stores. The 2014 figures concerning Russia (Department Store Division, abroad) are not entirely comparable with the 2013 results and do not cover all Russian units entirely. The Lindex figures cover the distribution centre and part of the head office functions. Seppälä's figures cover the head office and the logistics centre.

department stores in Finland. In a campaign organized with Knowledge Cotton Apparel, jeans were collected in the men's department at the Helsinki city centre department store. The Academic Bookstore had a campaign for recycling high school books to raise money for the new Helsinki Children's Hospital.

EN23 Total weight of waste by type and disposal method

See table 'Waste management statistics 2012-2014'.

EN24 Total number and volume of significant spills

During 2014, there were no environmental accidents or breaches related to environmental aspects.

Transport

The Group serves customers in a number of different countries and continents, and the distribution of goods to these various stores involves transport emissions. Considerable attention is paid to the efficient and less environmentally harmful movement of goods. Flows of goods from the Asian purchasing offices to the distribution centres are usually by sea. Lindex is an active member of the Clean Shipping network, which requires that shipping companies promote cleaner shipping and register their vessels in the Clean Shipping Index registry.

The new distribution centre for the department stores, which will open in 2016, will decrease transport distances in the Helsinki region by 20 per cent.

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

EN30 Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce

CO2 emissions from internal and external logistics and business travel are reported in the table 'Greenhouse gas emissions 2012-2014 (tCO2e)'.



Considerable attention is paid to the efficient and less environmentally harmful movement of goods.

GRI content index

	GRI References	Page and section in the report or other location
G4 General Standard Disclosures		
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Organisational Profile	3, 5, 7	19-21, General Standard Disclosures
	4, 6, 8-9, 14	Annual Report
	10-11	27, Employment & wellbeing
	6, 12	32-35, Responsible Supply Chain
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	15	23-24, Corporate Governance
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G4 Specific Standard Disclosures		
Economic	EC1, EC4	22, Financial Profitability
Environmental	EN1	stockmanngroup.com
	EN3, EN8, EN15-17, EN23-24	38-42, Energy & material efficiency
	EN9-10, EN22, EN29	GRI Index, stockmanngroup.com
	EN32 (partially), EN33	32-35, Responsible Supply Chain
Social: Labour Practices and Decent Work	LA1-2, LA4, LA6, LA9-10, LA12-13	27-31, Employment & wellbeing
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	PR5-8	25-26, Customer orientation



A more detailed GRI content comparison at stockmanngroup.com





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