

STOCKMANN GROUP
CORPORATE
GOVERNANCE 2023





CORPORATE GOVERNANCE STATEMENT OF THE STOCKMANN GROUP

In its decision-making and corporate governance, Stockmann complies with the Finnish Limited Liability Companies Act, the Finnish Corporate Governance Code issued by the Securities Market Association, the rules of the company's Articles of Association, the Nasdaq Helsinki Guidelines for Insiders, and other applicable legislation and rules. The Corporate Governance Code can be accessed on the website of the Securities Market Association at cgfinland.fi. Stockmann complies with the Corporate Governance Code 2020 in its entirety.

Stockmann plc's Corporate Governance Statement for the 2023 financial year has been compiled in accordance with the Finnish Corporate Governance Code. The statement and up-to-date information on the company's corporate governance are also accessible on the company's website, stockmanngroup.com, under 'Governance'. The Corporate Governance Statement covers the governing bodies of the parent company Stockmann plc, which are responsible for the Group's administration and operations. These governing bodies are the General Meeting of Shareholders, the Board of Directors and the Chief Executive Officer (CEO). The Statement also deals with the election and working processes of the Board of Directors, the Board Committees' duties and responsibilities, the Shareholders' Nomination Board and Stockmann's management structure. In addition, Stockmann publishes a Remuneration Policy for Governing Bodies and a Remuneration Report in accordance with the Code's requirements.

GENERAL MEETING OF SHAREHOLDERS

The highest decision-making body of Stockmann plc is the General Meeting of Shareholders. Each year, the company's financial statements are presented to the Annual General Meeting for its adoption, and the Meeting decides on the disposal of the distributable funds in the confirmed balance sheet, the election and remuneration of members of the Board of Directors and the discharge of the members of the Board of Directors and the CEO from liability.

The Annual General Meeting is held each year before the end of June. The Annual General Meeting was held on 22 March 2023 in Helsinki. Five of the six members who were elected to the Board and the company's auditor were present at the Annual General Meeting. There were 109 shareholders present personally or represented by proxy at the Meeting, representing 38.6% of the company's registered share capital and 38.6% of the votes.

Stockmann has one series of shares. Each share entitles its holder to one vote at a General Meeting. The Notice of General Meeting, the meeting documents, the Board of Directors' proposals to be put to the meeting, the Shareholders' Nomination Board's proposal of Board members and other proposals for the General Meeting are available to shareholders at least three weeks prior to the meeting at

the company's headquarters and on the company's website at stockmanngroup.com.

BOARD OF DIRECTORS

Under Stockmann's Articles of Association, the company's Board of Directors must have at least five and no more than nine members. Board members are elected for a term of one year, starting from the Annual General Meeting in which they are elected and ending at the conclusion of the subsequent Annual General Meeting. The Articles of Association do not contain any restrictions on the election of Board members.

The Board of Directors elects a Chair and Vice chair from amongst its members.

At the end of 2023, the company's Board of Directors was composed of six members elected by the 2023 Annual General Meeting. The members who were re-elected to the Board were Stefan Björkman, Timo Karppinen, Roland Neuwald, Sari Pohjonen, Tracy Stone and Harriet Williams. At the Board's organisational meeting Sari Pohjonen was elected Chair and Roland Neuwald Vice Chair. The Board members have no employment or service contract with the company.

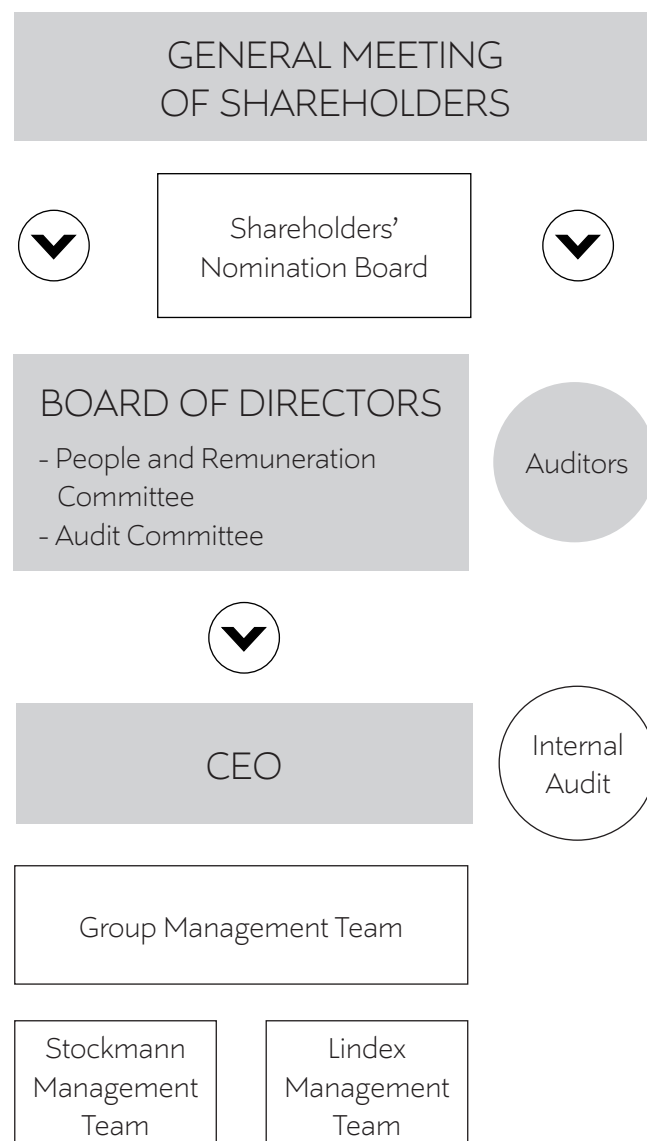
The company's Board of Directors also has two personnel representatives. They are not Board members but have the right to be present and to speak at Board meetings. At the end of 2023 the personnel representatives on the company's Board of Directors were Petri Leskelä and Kimmo Myllymäki.

The members of the Board must be qualified for their duties and have sufficient time to carry out their Board work. While choosing the members diversity is taken into account, so that the persons represent different fields and professions, international backgrounds, and varying age and gender. The majority of Board members must also be independent of the company, and at least two of these members must also be independent of major shareholders of the company. Three of the Board members are men and three women. Six members are independent of the company and five members are independent of major shareholders.

The Board of Directors is considered to have a quorum when more than half of its members are present. Decisions are made by majority vote. In the event of a tie, the Chair has the casting vote.



CORPORATE GOVERNANCE MODEL OF STOCKMANN



Duties of the Board

The duties and responsibilities of the Board of Directors and its committees are determined by the Articles of Association, the Limited Liability Companies Act and other applicable legislation. The Board of Directors attends to the company's administration and ensures the appropriate organisation of its operations. The Board must also ensure that supervision of the company's accounting and financial management is appropriately arranged.

The Board of Directors has adopted rules of procedure, which can be viewed on the company's website, stockmanngroup.com. The rules of procedure define the principles governing the Board's composition and method of election, its tasks, decision-making procedure and meeting practices as well as the principles for evaluating the Board's performance.

It is the Board's duty to promote the interests of the company and all of its shareholders. In order to carry out its duties, the Board:

- directs and oversees the company's management
- appoints and discharges the company's CEO
- approves the CEO's service agreement and other benefits
- approves the salaries and other benefits for the management
- ensures succession planning for the CEO and the Group Management Team
- approves the company's risk management principles
- assesses and approves the company's long-term strategic and financial objectives
- approves the business and strategic plans and assesses their implementation
- approves the annual budget
- decides on significant individual investments and corporate and property acquisitions
- decides on the company's dividend distribution policy and makes proposals to the General Meeting of Shareholders concerning the dividend to be paid
- convenes General Meetings of Shareholders

In accordance with its rules of procedure, the Board conducts an annual self-evaluation of its operations and working practices under recommendation 13 of the Finnish Corporate Governance Code. The results of the evaluation are used to develop the Board's working processes.

Board meetings

The Board of Directors convenes in accordance with a pre-confirmed timetable and when necessary. The meeting timetable is based on the timetable for the company's financial reporting. In addition, the Board convenes for such occasions as a strategy meeting.

The following representatives of the company's management regularly attend Board meetings: the CEO, the CFO and the CLO, who acts as secretary at the meeting. Members of the divisions' Management Teams attend as appropriate. Two personnel representatives who are not members of the Board of Directors also attend Board meetings. One of these representatives is elected by the staff representatives of Stockmann's Group Council and the other by the association representing Stockmann's senior salaried employees. The Board of Directors convened 17 times in 2023. The rate of attendance was 97 per cent.

BOARD COMMITTEES

The Board of Directors has established a People and Remuneration Committee and an Audit Committee among its members at its meeting held on 22 March 2023.

The People and Remuneration Committee prepares matters pertaining to the remuneration and appointment of the Chief Executive Officer and the other executives, the Remuneration Policy for Governing Bodies and the Remuneration Report, as well as the remuneration principles observed by the company according to the Finnish Corporate Governance Code. The Board elected Stefan Björkman as Chair of the People and Remuneration Committee, and Sari Pohjonen, Tracy Stone and Harriet Williams were elected as the other members of the committee. In 2023, the People and Remuneration Committee convened 4 times, and the attendance rate was 100 per cent.

The Audit Committee deals with the preparation of matters relating to the company's financial reporting and control according to the Finnish Corporate Governance Code. The Board elected Timo Karpainen as Chair of the Audit Committee, and Roland Neuwald and Sari Pohjonen were elected as the other members of the committee. In 2023, the Audit Committee convened 5 times, and the attendance rate was 100 per cent.

The Board Committees assist the Board of Directors by preparing matters falling within the competence of the Board.



Thus, the committees are not autonomous decision-making bodies, although they have several monitoring and oversight responsibilities. The committees report to the Board on the matters addressed and makes proposals to the Board for decision-making as appropriate. The rules of procedure of the committees can be viewed on the company's website, stockmanngroup.com.

SHAREHOLDERS' NOMINATION BOARD

The Shareholders' Nomination Board prepares proposals for the Annual General Meeting on the composition and remuneration of the Board of Directors.

The Shareholders' Nomination Board consists of representatives appointed by each of the four largest shareholders. In addition, the Chair of the Board of Directors will serve as an expert member. The right to appoint a representative belongs to the four shareholders who hold the largest share of voting rights in the company based on their shareholdings registered in the shareholders' register maintained by Euroclear Finland Ltd on the first working day of September preceding the Annual General Meeting. The Shareholders' Nomination Board will be convened by the Chair of the Board of Directors and it will elect a Chair from among its members. The members of the Shareholders' Nomination Board will not be remunerated for their membership in the Nomination Board.

The shareholders have nominated the following members to the Nomination Board:

- Stefan Björkman, Chair of the Board of Directors, Nordic Retail Partners JV LP
- Fabian Chrobog, Chief Investment Officer, North Wall Capital LLP
- Markus Aho, Chief Investment Officer, Varma Mutual Pension Insurance Company
- Björn Teir, CEO, The Society of Swedish Literature in Finland

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

In 2023, the Shareholder's Nomination Board convened once, and the attendance rate was 75 per cent.

CHIEF EXECUTIVE OFFICER

MBA Jari Latvanen was Stockmann Group's CEO during the period 19 August 2019–12 May 2023. M.Sc.Econ. Susanne Ehbåge has been Stockmann Group's CEO since 12 May 2023.

The Board of Directors appoints the company's CEO and decides on the terms and conditions of the post. These terms and conditions are set forth in a written CEO agreement. Information on the CEO's remuneration and the terms and conditions of the post are available in the Remuneration Statement.

The CEO is in charge of the company's governance and operational management in accordance with the instructions and regulations issued by the Board of Directors. The CEO is also responsible for developing general strategic and business plans for presentation to the Board.

OTHER EXECUTIVES

The Board of Directors appoints the members of the Group Management Team. Headed by the CEO, the Group Management Team is responsible for directing operations and for preparing strategic and financial plans. The Management Team's main duties are drawing up and implementing the Group strategy and the divisions' strategies, financial forecasts, earnings development and investments.

The Group Management Team had four members on 31 December 2023: Susanne Ehbåge, CEO; Annelie Forsberg, CFO; Jukka Naulapää, Chief Legal Officer, also secretary of the Management Team; and Tove Westermark, Chief Operating Officer. The Management Team members report to the CEO. In addition both divisions, Stockmann and Lindex, have their own Management Teams.

Since April 2020, Stockmann has functioned in accordance with the codes of the Restructuring Act, which has meant that the supervisor Jyrki Tähtinen has participated in the Board meetings and issued directives regarding the handling of restructuring debts and payments and provided reports to the Creditors Committee.

INTERNAL CONTROL AND INTERNAL AUDIT

The implementation of internal control is the responsibility of the Board of Directors. The objective of internal control is, among other things, to ensure the efficiency and profitability of operations, the reliability of information and compliance with rules and regulations. Internal control is a part of day-to-day management and the company's administration.

An essential part of internal control is the Internal Audit, which operates independently under the CEO and reports its observations to the Board of Directors. The Internal Audit supports the Group's management in directing operations by assessing the efficiency of business activities, risk management and internal control, and by providing management with information and recommendations for enhancing efficiency in these areas. Internal Audit also audits the business and financial reporting processes. The Internal Audit Charter has been approved by Stockmann's Board of Directors. Internal Audit's operations are based on risk assessment and an emphasis on the development of business operations.

RISK MANAGEMENT

The goal of risk management is to secure the Group's earnings development and to ensure that the company operates without any disturbances by controlling risks in a cost efficient and systematic manner in all divisions. The Board of Directors has approved the company's risk management principles, which concern all of the Stockmann Group's divisions and areas of business.

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

Stockmann's business is exposed to various risks that may have an adverse effect on the company's operations. The divisions' management are responsible for making financial and strategic plans in their own units; identifying and analysing business risks and



evaluating treatment actions is a part of strategy planning. Business risks are also analysed outside the strategic process, especially in connection with significant projects and investments, and are reported to the Board of Directors as needed.

The Group's risk management task is to support business operations in recognising and managing such risks, that may endanger or prevent Stockmann from achieving its strategic goals. The risk map on Group level is updated yearly in connection with the strategy work, and additional risks on operative level are recognised, followed up and managed in different units and projects.

Risk factors

Business risks comprise all the factors that may jeopardise or prevent the achievement of the strategic goals of the Group or an entity belonging to it. Stockmann's key risks are divided into three risk areas:

- Business environment risks, which refer to risk factors that are external to the company. Should they materialise, they may have a major impact on the company's ability to operate and on profitability. Such risk factors include fundamental and unexpected changes in the market development and consumer purchasing behaviour, decreasing purchasing power, risks related to the Group's subtenants and the country-specific risks.
- Operative and accident risks, which refer to risks related to the company's functions. Should they materialise, they may lead to an interruption of business operations, inefficiency and unprofitability. Such risks include personnel, misconduct, ICT and information security risks, supply chain, as well as risks related to the information used in decision-making.
- Financial risks, which, should they materialise, would adversely affect the Group's profit, balance sheet and liquidity. Financial risks, including risks arising from exchange rate and interest rate fluctuations, are managed in accordance with the risk policy confirmed by the Board of Directors.

Risk factors and sources of uncertainty are explained in further detail in the Report by the Board of Directors.

Main features of the risk management systems and internal control pertaining to the financial reporting process

The Board of Director and its Audit Committee are responsible for the implementation of internal control in regard to financial reporting. The Group's Chief Financial Officer and the Finance Department are responsible for the Group's financial reporting. Stockmann's financial reporting complies with Group-level directions. The reporting is based on information from commercial and administrative processes and data produced by the financial management systems. The Group's Finance Department determines the control measures applied to the financial reporting process. These control measures include various guidelines, process descriptions, reconciliations, and analyses used for ensuring the validity of the information used in the reporting and the validity of the reporting itself.

The financial reporting results are monitored and any anomalies in relation to forecasts or in comparison with the previous year's figures are analysed on a regular basis. Such analyses are used to detect any reporting errors and to produce materially accurate information on the company's finances.

The divisions and the Group's Finance Department are responsible for the effectiveness of internal control within their own sphere of responsibility. The Group's Finance Department is responsible for assessments of the reporting processes. The risk management process includes assessment of the risks pertaining to financial reporting, and the related treatment measures are determined as a part of the risk management process.

INSIDERS

Stockmann complies with the insider guidelines prepared by the Nasdaq Helsinki Oy.

As a result of the EU's Market Abuse Regulation ("MAR") that entered into force on 3 July 2016, Stockmann has no longer public insiders. Counted as the company's persons discharging managerial duties, are the members of the Board of Directors, the Chief Executive Officer, the members of the Group Management Team and the auditors. Stockmann's Board of Directors has decided that the restriction on trading in the company's shares by persons discharging managerial duties is 30 days before the publication of an interim report or the financial statements.

AUDITORS

The auditors appointed by the General Meeting audit the company's accounting, financial statements and administration. The company has a minimum of one and a maximum of three auditors, who have a minimum of one and a maximum of three deputies. The term of the auditors begins from the Annual General Meeting in which they were appointed, and ends at the close of the next Annual General Meeting.

The Annual General Meeting of 2023 elected the audit firm Ernst & Young Oy as the company's auditor. Terhi Mäkinen, APA, acts as the responsible auditor.

In 2023, the fees relating to the auditing process amounted to EUR 0.6 million and the fees for tax counselling and other services to EUR 0.1 million.

This Corporate Governance Statement will be issued as a separate report in conjunction with the Report by the Board of Directors and the Financial Statements for 2023.

Approved by the Board of Directors of Stockmann plc on 22 February 2024.



BOARD OF DIRECTORS



SARI POHJONEN

b. 1966
Finnish citizen
M.Sc. (Econ.)

Chair of the Board
Member of the Board 2022–

Member of the People and Remuneration Committee and the Audit Committee

Independent of the company and major shareholders

Relevant work experience

Oriola, CFO 2021–2022
Fiskars Group, CFO 2017–2021
Deputy to the CEO 2018–2021
Interim CEO 2020
President SBU Functional 2019–2020
several senior positions 2008–2013
Reima Group, CFO and deputy to the CEO 2013–2016
Sanoma WSOY, several senior positions 2001–2008

Principal positions of trust

Aktia Bank plc, Member of the Board 2022–
Oilon Group Oy, Member of the Board 2021–
Jane and Aatos Erkkö foundation, Member of the Board 2021–
VR-Group plc, Member of the Board 2019–

STOCKA-shares
23 432



ROLAND NEUWALD

b. 1964
German citizen

Vice Chair of the Board
Chair of the Board 2021–

Member of the Audit Committee

Independent of the company and major shareholders

Relevant work experience

Management Consultant 2019–
Galeria Kaufhof, CEO 2017–2019
Advent International, Operating Partner 2013–2014
real,- Holding GmbH, CEO 2010–2012
real,- Holding GmbH, COO 2007–2010
Metro Group, Chief Integration Officer, CEO
Walmart Germany 2006–2007
Extra Verbrauchermärkte GmbH, CEO 2003–2006

Principal positions of trust

Leder & Schuh AG, Member of the Supervisory Board 2023–

STOCKA-shares
48 490



STEFAN BJÖRKMAN

b. 1963
Finnish citizen
M.Sc. (Tech.)

Member of the Board 2019–

Chair of the People and Remuneration Committee

Independent of the company

Relevant work experience

Föreningen Konstsamfundet rf., Managing Director 2018–
Ilmarinen, Deputy Managing Director, Acting Managing Director 2018
Etera, Managing Director 2014–2018
Aktia, Deputy Managing Director and CFO 2008–2014
Aktia, Deputy Managing Director 2006–2008

Principal positions of trust

Nordic Retail Partners JV LP, Chair of the Board 2023–
Hufvudstadsbladet Ab, Member of the Board 2023–
Amos Rex, Chair of the Board 2023–
Alandia Försäkringsbolag Abp, Chair of the Board 2021–
CorGroup, Chair of the Board 2023–
Coronaria Oy, Chair of the Board 2007–

STOCKA-shares
51 928



TIMO KARPPINEN

b. 1964
Finnish citizen
M.Sc. (Tech.)

Member of the Board 2022–

Chair of the Audit Committee

Independent of the company and major shareholders

Relevant work experience

Posti Group Corporation, CFO 2021–
DNA plc, CFO 2012–2020
Ponsse plc, Executive Director, corporate planning and strategy 2010–2012
Nokia North America, CFO 2008–2010
Nokia APAC, CFO 2006–2008
Nokia China, CFO 2000–2005

Principal positions of trust

Kielikone Oy, Member of the Board 2022–
IPK Hockey Oy, Member of the Board 2020–

STOCKA-shares
16 706



TRACY STONE

b. 1962
British citizen

Member of the Board 2018–

Member of the People and Remuneration Committee

Independent of the company and major shareholders

Relevant work experience

Polly King & Co, CEO 2017–
Perry Ellis International, Interim Managing Director Europe 2017
LK Bennet, Commercial Director 2015–2017
Gant AB, Interim COO 2013–2015
Gant AB, Global Sales Director 2012–2013
Gant UK, Managing Director 2006–2012

STOCKA-shares

53 950



HARRIET WILLIAMS

b. 1980
British citizen
M.Sc. (Nat.)

Member of the Board 2021–

Member of the People and Remuneration Committee

Independent of the company and major shareholders

Relevant work experience

The LEGO Group, VP Global Ecommerce & Retail Operations 2023–
VP Global Ecommerce 2019–
The Body Shop, Chief Digital Officer 2015–2018
LLX GBS (JAB Holding), Group Multichannel Director 2013–2015
Gucci, Associate Worldwide Digital Director, 2012
Debenhams Retail PLC, Head of Digital 2007–2012
Marakon Associates, Strategy Consultant 2003–2007
Caterpillar Finning, Business Analyst 2001–2003

Principal positions of trust

Gear4Music PLC, Non-Executive Director 2021–

STOCKA-shares
26 038



BOARD OF DIRECTORS, PERSONNEL REPRESENTATIVES



At meetings of the Board of Directors, personnel representatives have the right to attend and to speak. They are not members of the Board of Directors.

PETRI LESKELÄ

*b. 1970
Finnish citizen*

Chief shop steward, Stockmann

Personnel representative, elected by Stockmann's Group Council

KIMMO MYLLYMÄKI

*b. 1978
Finnish citizen*

Sales Manager, Stockmann

Personnel representative elected by Stockmann's senior salaried employees

Details of the Board of Directors on 31 December 2023. Up-to-date information on the Board of Directors is available on Stockmann's website stockmanngroup.com.



GROUP MANAGEMENT TEAM



SUSANNE EHNBÅGE

b. 1979
Swedish citizen
M.Sc.(Econ.)
CEO, Stockmann Group 2023–
CEO, Lindex 2018–

Joined Stockmann in 2018

Relevant work experience

NetOnNet Group,
CEO 2016–2018
Interim CEO 2015–2016
SIBA AB,
Managing Director 2014–2017
Interim Managing Director
2011–2014
Market Director 2008–2011

Principal positions of trust

Komplett Group,
Member of the Board 2023–
AhlSell,
Member of the Board 2018–

STOCKA-shares

18 000



ANNELIE FORSBERG

b. 1972
Swedish citizen
M.Sc.(Econ.)
Group CFO 2022–
Lindex CFO 2018–

Joined Stockmann in 2018

Relevant work experience

NetOnNet AB,
CFO 2017–2018
Lagerhaus AB,
Acting CEO 2016
Lagerhaus AB,
CFO 2016
Intersport AB,
CFO 2012–2015
ICA Nonfood AB,
CFO 2010–2012
ICA Nonfood AB, Head of
Business Controlling 2008–2010
Gulins Fastigheter,
CFO 2006–2008
Coop Norden AB,
Head of Accounting 2001–2006
Bure Equity publ, Capio, Head of
Treasury & Accounting 1999–2001

Principal positions of trust

Nordic Cleanroom AB,
Member of the Board 2018–

STOCKA-shares

4 000



JUKKA NAULAPÄÄ

b. 1966
Finnish citizen
LL.M.
Chief Legal Officer 2006–

Joined Stockmann in 1998

Relevant work experience

Stockmann plc,
Secretary of Stockmann Board and
Management Committee 2001–
Company Lawyer 1998–2006
Law Firm Hepo-Oja & Lunnas Oy,
Attorney 1991–1998

Principal positions of trust

Lindex,
Member of the Board 2018–



TOVE WESTERMARCK

b. 1968
Finnish citizen
M.Sc.(Econ.)
Chief Operating Officer 2023–

Joined Stockmann in 1991

Relevant work experience

Stockmann plc,
Director, Development 2014–2015
Director, Department Store
Division's distance retail business
2013–2014
Director, department stores in
Russia 2008–2013
Sales Director, department stores in
Russia 2007–2008 Marketing
Director, international operations
2005–2007
Director, Tallinn department store
2004–2005
Marketing Manager, Helsinki city
centre department store 2001–2004
Sales Manager, Helsinki city centre
department store 1999–2000

STOCKA-shares

1 000

Details of the Group Management Team on 31 December 2023. Up-to-date information of the Management Team is available on Stockmann's website stockmanngroup.com.