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HOW TO READ THE REPORT

The Stockmann Group's annual reporting consists of five reviews: Our Year 2023 Business Review, Financial Review, Corporate Governance Statement, Remuneration Report, and Sustainability Review.

The Sustainability Review presents the themes, goals, and progress of both divisions of the Stockmann Group – Lindex and Stockmann – in accordance with the Global Reporting Initiative (GRI) Standards. All of the Group's reports are available in Finnish, Swedish, and English at stockmanngroup.com. In addition, the Lindex division's sustainability report is available in full on the division's website at Lindex.com and at stockmanngroup.com.

The Stockmann Group has developed its sustainability reporting in line with changes in sustainability frameworks, GRI reporting principles and legislation, as well as the expectations of our stakeholders. In 2023, the Group prepared for the Corporate Sustainability Reporting Directive (CSRD), as it will comply with the CSRD starting from the reporting year 2024.







MESSAGE FROM THE CEO



Looking back at the year 2023, I strongly feel that the only way to secure the future success of our business is to further accelerate our sustainability transformation. This past year was the hottest on record, and we are all feeling the effects of the climate crisis. As biodiversity loss accelerates, experts expect the impact on our lives to increase as well. Simultaneously, several ongoing wars are affecting us all on a human and economic level.

At the Stockmann Group, we have a good track record of implementing impactful sustainability measures. When it comes to sustainability, however, there is always room for improvement. We need to look ahead and work towards what matters today and tomorrow. We strive to create sustainable value for all our stakeholders – from suppliers to customers and from personnel to investors.

Our divisions – Lindex and Stockmann – have clear sustainability strategies to make a difference for future generations. The common themes for both divisions are climate, circularity, and human rights.

In 2023, we defined our first Group-level climate target in line with our commitment to the Science Based Targets initiative (SBTi). We are committed to reducing climate emissions from our own operations and the value chain by 42% by 2030 compared to 2022. We submitted the climate target for SBTi's approval and expect validation during 2024.

Setting a science-based climate target guides our actions to reduce emissions even more ambitiously. We have already started to implement our climate plan in Lindex and the Stockmann department store business. In 2023, our key actions included introducing energy efficiency measures throughout the value chain, increasing the use of renewable energy, and prioritising transport solutions with lower climate impacts.

We supported the transition towards a circular economy by incorporating circular design principles and by exploring and scaling up circular business models and materials. We work actively to design garments for circularity and longevity, both in terms of quality and style, and to increase the proportion of recycled materials. In addition, we expanded our second-hand offering in both divisions.

We continued our efforts to ensure human rights with close cooperation with our suppliers. This involved ensuring compliance with our sustainability principles, engaging in collaborative initiatives, and conducting several audits. At Lindex, we also advanced our commitment to female health by introducing new products, initiating community development projects, and exploring funding channels.

As a global company, the Stockmann Group is committed to the UN's Global Compact, the world's biggest sustainability initiative. Accordingly, we promote human rights, labour rights, environmental work, and anti-corruption measures in our business operations. The UN's Sustainable Development Goals are integrated into the sustainability strategies of our divisions.

This Sustainability Review provides an update on the Stockmann Group's sustainability efforts in 2023. I am delighted to witness our team members' commitment to sustainability and eagerly anticipate further achievements. I invite you to join our journey in shaping the sustainable future of the fashion industry and retail.

Susanne Ehnbåge CEO, Stockmann Group

Our Ways of Working Environment

Work Community

Sustainability Management and Programmes

Reporting Principles and GRI Content Index

STOCKMANN GROUP IN BRIEF

Stockmann Group is an international omnichannel retail group with two divisions: Lindex and Stockmann. Lindex is a global fashion company with a purpose to empower and inspire women everywhere. It is a market leader in lingerie in the Nordics and has sustainability as a strategic focus area. Stockmann is a premium multi-brand retailer with department stores in Finland and the Baltics. Its purpose is to be a marketplace for a good life. Stockmann plc is founded in 1862 and its shares are listed on the Nasdaq Helsinki Ltd. in Finland.

ADJUSTED OPERATING RESULT, EUR MILL.

80.0

2022: 79.8

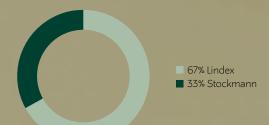
REVENUE, EUR MILL.

951.7

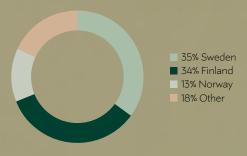
2022: 981.7

REVENUE 2023

DIVISIONS



MARKETS



CATEGORIES





2023 SUSTAINABILITY HIGHLIGHTS

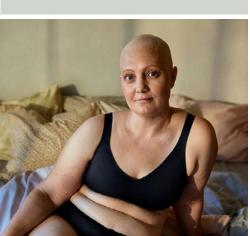
NEW GROUP CLIMATE TARGET

In line with its commitment to the Science Based Targets initiative (SBTi), the Stockmann Group has developed a science-based climate plan with the aim to reduce climate emissions from its own operations and its value chain by 42% by 2030 compared to 2022. In late October, Stockmann submitted the climate plan and target to SBTi experts for review. The Group expects SBTi to validate its climate target in 2024



ENSURING HUMAN RIGHTS IN THE SUPPLY CHAIN

To promote fair and decent work in the supply chain, the Lindex division continued its efforts to encourage its suppliers to actively participate in a living wage programme. In 2023, 100% of Lindex's top 30 suppliers calculated living wages and conducted self-assessments. Additionally, Lindex implemented digital wage payments for 100% of its top 30 suppliers. The systematic work aligns with Lindex's ambitious human rights goals, and the commitment to such initiatives carries on.



STRENGTHENING OUR CIRCULAR APPROACH

The Lindex division continued its commitment to increase the use of circular materials. In 2023, 42% of the assortment contained at least 15% recycled materials. In addition, Lindex partnered with Inifinited Fiber Company, a Finnish supplier specialised in circular materials, and deepened its cooperation with Södra. The Stockmann division participated in the Circular Design – a path towards the circular economy training programme, which delved into the principles and practical solutions of circular design. The insights gained from this programme are being applied to further enhance the sustainability of the Stockmann division's own brands

TWO DECADES OF THE PINK RIBBON CAMPAIGN

For 20 years, Lindex has supported the Pink Ribbon campaign, in line with the company's higher purpose: to empower and inspire women everywhere. By donating 10% of all bra sales during the month of October, Lindex, together with its customers, has raised around EUR 1.61 million for cancer research and approximately EUR 20 million since the campaign's inception in 2003. This commitment from both customers and employees is making a real difference for women.

COMMITMENTS, GOALS, AND STRATEGIES GUIDE OUR APPROACH TO SUSTAINABILITY

Sustainability is at the core of the Stockmann Group's operations. It is integrated into the Group's daily management approach, spanning the entire value chain. The Stockmann Group works systematically to achieve its sustainability goals and to further develop its operations.

Respecting the planet is one of the Group's key sustainability promises. It is committed to the Science Based Targets initiative (SBTi), which sets a clearly defined path to reduce climate emissions in line with the Paris Agreement. In 2023,

the Stockmann Group submitted its climate target to the SBTi. The Group's target is to reduce climate emissions by 42% by 2030 from the base year 2022. The company expects the validation of its science-based climate targets in 2024.

The Group's divisions, Lindex and Stockmann, each have their own sustainability strategies guided by the divisions' vision, strategy, values, and sustainability promise. These strategies are based on extensive stakeholder dialogue as well as a materiality analysis. Strategy implementation is monitored actively.

The Stockmann Group's sustainability work is guided by the UN Sustainable Development Goals and sustainability commitments. The Lindex and the Stockmann divisions aim to promote and ensure ethical and safe working conditions. The foundation for this work lies in the Stockmann Group's Code of Conduct, which is available **here**.

The Group is committed to the following international principles: the UN Universal Declaration of Human Rights, the UN Convention on the Rights of the Child, the ILO Declaration on Fundamental Principles and Rights at Work, the OECD

THE LINDEX DIVISION'S SUSTAINABILITY STRATEGY

WE PROMISE TO MAKE A DIFFERENCE FOR FUTURE GENERATIONS

The sustainability strategy promotes six UN Sustainable Development Goals:













EMPOWER WOMEN

Female health and wellbeing

Investing and using our business power to improve women's health and wellbeing in the markets and communities where we operate.

Gender inclusive workplaces

Taking the lead in strengthening women's positions and equal rights across our entire value chain, closing gender pay gaps and making sure women have the same opportunities to fulfil their potential as men have.

RESPECT THE PLANET

Climate

Accelerating energy efficiency and transitioning to renewable energy, to reduce our climate impact in line with science in our entire value chain.

Circularity

Transforming our business to create value and growth while decreasing our climate impact, minimising our use of natural resources and impacting consumer behaviour to reduce overconsumption.

Natural resources

Minimising our impact on ecosystems and biodiversity with a responsible and regenerative approach to natural resources.

ENSURE HUMAN RIGHTS

Fair and decent work

Enabling safe and healthy workplaces where labour rights are respected and making sure our whole value chain is progressing within living wage.

Diversity, equity and inclusion

Making sure our whole value chain is free from discrimination and has has an inclusive environment, where all individuals are treated fairly with respect and have equal access to opportunities and resources.

Environment

Work Community

Sustainability Management and Programmes

Reporting Principles and GRI Content Index

The Stockmann division is on a journey towards resource-wise retail business.

Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the Ten Principles of the UN Global Compact, the amfori BSCI/Sedex Code of Conduct, and the International Accord for Health and Safety in the Textile and Garment Industry (replaces the Bangladesh Accord on Fire and Building Safety, which entered into force in 2013).

The Stockmann Group is also committed to supporting the United Nation's Sustainable Development Goals (SDGs). From the 17 goals, the Group has identified six SDGs to which it can best contribute and focus its efforts. These SDGs are gender equality (5), clean water and sanitation (6), decent work and economic growth (8), responsible consumption and production (12), climate action (13), and partnerships for the goals (17).

THE DIVISIONS' SUSTAINABILITY STRATEGIES

The Lindex and Stockmann divisions have their own sustainability strategies with climate, circularity and human rights as common themes. The sustainability promise of the Lindex division is to make a difference for future generations, while the Stockmann division aims for a resource-wise retail business. Both divisions identify sustainability focus areas through materiality assessments and stakeholder dialogue.

The divisions' sustainability strategies establish targets, KPIs, and focus areas for their sustainability work. These targets and indicators are integrated into business operations, with regular monitoring of their development. They are assessed and further specified as necessary.

THE STOCKMANN
DIVISION'S SUSTAINABILITY
STRATEGY 2023–2025

TOWARDS RESOURCE-WISE RETAIL BUSINESS

The sustainability strategy promotes five UN Sustainable Development Goals:











PROFITABLE AND RESPONSIBLE BUSINESS

We create sustainable value for stakeholders by responding to customers' needs, complying with good governance and requirements, and communicating transparently.

ENSURE BETTER WORKLIFE

Diversity, equity and inclusion

We drive diversity, equity and inclusion in our work community.

Fair and decent work

We strengthen ethical working practices in our supply chain.

ACT FOR THE PLANET

Climate

We reduce climate impacts in our value chain in line with the Paris Agreement and are committed to the SBTi.

Circularity

We promote the circular economy as a growing part of the product range and services.



OUR WAYS OF WORKING

We are committed to good corporate governance and act in compliance with the Stockmann Group's Code of Conduct. Our goal is to create added value for all our stakeholders, and we actively engage in society.

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Our Ways of Working Environment

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GOOD GOVERNANCE IS THE CORNERSTONE OF OUR BUSINESS

PROGRESS AND DEVELOPMENT 2023

STOCKMANN GROUP

 Preparations for the Corporate Sustainability Reporting Directive (CSRD) reporting regulation: gap analysis and double materiality analysis including a stakeholder survey for both divisions.

LINDEX DIVISION

- The WE Women management system launched in Turkey.
 Through it, Lindex provides a healthy and inclusive working environment free of harassment and gender-based violence, especially for female employees. The goal is to have the programme in place throughout Lindex's supply chain by 2025.
- 100% of Lindex's top 30 suppliers have calculated living wages and conducted self-assessments.
- Lindex donated EUR 1.61 million for cancer research through the Pink Ribbon project.

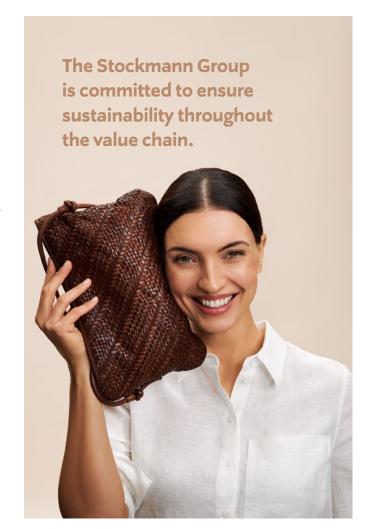
STOCKMANN DIVISION

- Improved sustainability data management to comply with the CSRD.
- The Code of Conduct training completed by 93 (93)% of personnel.
- Continuous close cooperation, including regular meetings and collaborative initiatives, with the supply chain to ensure responsible business conduct.
- Emotional Value Index, the division's most important KPI for customer experience, increased to 62 (58).

CHALLENGES 2023

STOCKMANN GROUP

- An unstable geopolitical situation continued and led to inflation and disruptions in global operations and supply chains, impacting employees, customers, and the general business environment.
- To mitigate supply chain risks, it is essential to explore new approaches that support sustainable development while reducing negative social and environmental impacts in the sourcing regions.



SUPPLY CHAIN MANAGEMENT WITH A FOCUS ON HUMAN RIGHTS

The Stockmann Group is committed to upholding good corporate governance and ethical business conduct across its entire supply chain. A sustainable and transparent supply chain is one of the focus areas in the Group's sustainability work in both divisions.

The Group respects and promotes all human rights, as outlined in the Code of Conduct and the Human Rights Policy.

ACTIVE DIALOGUE AND COOPERATION INCREASE TRANSPARENCY IN SUPPLY CHAIN

The Stockmann Group does not have any factories or production plants of its own. Its own brand products are produced by contract manufacturers, and the Group maintains a close cooperation with other suppliers.

Production has environmental and social impacts in the operating countries of contract manufacturers and countries where raw materials are produced. The Group's close cooperation with its partners strengthens mutual collaboration on sustainable development throughout the supply chain.

The Group's supply chain encompasses significant social responsibility aspects concerning working conditions and occupational safety, among others. Consequently, the supplier selection criteria incorporate sustainability considerations, and suppliers undergo regular evaluations and audits. Textile production also has significant environmental impacts, notably in terms of energy and water consumption, and biodiversity.

The Group's sustainability management on the supply chain is based on risk assessment. The Group has the greatest potential to impact the sustainability of its own brands' supply chains. Moreover, it also engages in active dialogue with its partners and suppliers.

Stakeholders are showing growing interest in the work carried out across supply chains. Questions raised involve purchasing practices, countries of manufacture, the Supplier Code of Conduct, and human rights considerations such as a living wage, freedom of association, and traceability.

PROCUREMENT PRACTICES GUIDE COOPERATION WITH SUPPLIERS

When selecting suppliers, the Stockmann Group's most important criteria are:

- · customer expectations,
- · suppliers' know-how and ability to deliver,
- · quality and price,
- possibility for long-term cooperation,
- · sustainability, especially in terms of human rights and
- · environmental aspects.

All factories and suppliers must fulfil the Group's initial requirements and commit to adhering to the Supplier Code of Conduct and to continuous improvement.

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

Local personnel regularly visit production units to ensure compliance with the Stockmann Group's requirements.

The Group oversees both the purchasing and production of products for the Lindex and Stockmann divisions through five local purchasing offices in Bangladesh, Hong Kong, India, China, and Turkey. In 2023, the offices employed a total of 113 (118) people. Before placing any orders, the purchasing offices review each factory's procedures to identify potential risks and enhance working conditions.

To ensure that the production units employed by the divisions' suppliers meet the Group's requirements, local production and quality controllers visit these units regularly. Suspected violations of the Supplier Code of Conduct are addressed through a corrective action plan and subsequent follow-up.

The Stockmann Group assesses suppliers' operations using a scorecard, evaluating criteria such as sustainability and business performance. This scorecard serves as the basis for ongoing development efforts. Suppliers are evaluated twice a year, and those with the highest score receive the most orders.

Local sustainability specialists within the Lindex division provide training and support to suppliers and factory owners to help them make improvements in line with the Supplier Code of Conduct, environmental requirements, and the Group's sustainability ambitions.

Our Ways of Working Environment

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Producers are always required to provide advance notice about the use of subcontractors.

POLICIES AND STANDARDS ENSURE SUSTAINABLE PURCHASING

The Supplier Code of Conduct emphasises that all supply chain partners are expected to act honestly and ethically in compliance with laws and regulations, and to avoid actual or potential conflicts of interest.

All suppliers of both divisions are expected to adhere to the Supplier Code of Conduct, the Sedex standard, or the amfori BSCI operating principles. These guidelines are complemented by each division's own requirements, which are determined based on identified human rights risks and other risks, fundamental animal rights requirements, and restrictions on the use of certain specified chemicals.

The Lindex division's Supplier Code of Conduct incorporates expectations for gender equality among suppliers. In addition to the Code of Conduct, all suppliers and business partners affiliated with the division are required to adhere to the division's Sustainability Commitment and Code of Ethics.

It has been identified that unauthorised subcontracting poses a risk to compliance with the Code of Conduct. Therefore, producers are consistently required to provide advance notice regarding the use of subcontractors. Furthermore, based on a risk analysis, the use of subcontractors has been prohibited in Bangladesh. In this regard, the Group follows a zero-tolerance policy; if the ban is violated, no further orders will be placed.

In line with UN's Sustainable Development Goal number 5, Gender Equality, the Stockmann Group seeks to increase gender equality at both a national level and across its industry. Its guidelines clearly articulate the focus area to all partners. These guidelines also help to identify and support suppliers who are committed to participating in accelerating systemic change and to offering a supportive working environment for all employees, irrespective of gender.

AUDITING AND DEVELOPING SOCIAL RESPONSIBILITY AND HUMAN RIGHTS IN THE SUPPLY CHAIN

The Stockmann Group has been a member of amfori BSCI (formerly known as Business Social Compliance Initiative, BSCI) since 2005 and will continue the cooperation. Amfori BSCI is a business-driven initiative for companies committed to improving working conditions in factories worldwide. Since 2021, the Lindex division has been a member of Sedex and uses the SMETA audit approach. SMETA, which stands for Sedex Members Ethical Trade Audit, was chosen by Lindex due to its embedded focus on gender equality.

The amfori BSCI Code of Conduct includes eleven core labour rights derived from international treaties. Member companies and their business partners commit to uphold and continuously improve the realisation of these rights in their supply chain operations. The Group actively communicates the amfori BSCI Code of Conduct to its suppliers and producers and cooperates with them to improve working conditions across the supply chain.

The majority of the Group's employees work in countries classified by amfori BSCI as low-risk for human rights violations. Factories that manufacture own brand products for the Lindex and Stockmann divisions situated in countries classified as high-risk by amfori BSCI undergo amfori BSCI, Sedex, and SA8000 audits conducted by a third party. These factories are also subject to regular audits by the Lindex division, carried out by its local personnel.

The amfori BSCI audits within the Stockmann division are conducted by internationally accredited independent auditors. The primary findings from the 2023 audits revealed noncompliance with requirements concerning working hours or providing one day off every seven days. Moreover, issues were identified in the areas of health and safety, the management system, and fair remuneration.

The Stockmann Group is part of the International Accord for Health and Safety in the Textile and Garment Industry, which replaced the Bangladesh Accord on Fire and Building Safety that took effect in 2013. Signatories pledge to work exclusively with suppliers and factories covered by the Accord. In line with this agreement, the Group is committed to subjecting all factories involved in garment production for the company to audits based on three distinct inspections: fire safety, electricity, and structural issues related to building safety standards.

An audit report, along with a corrective action plan to address detected deficiencies, is prepared after each audit. This includes amfori BSCI, SMETA, a division's internal audit, or an inspection compliant with the Accord on Fire and Building Safety in Bangladesh. Each task outlined in the corrective action plan is given a deadline, and progress is actively monitored.

The goal of the WE Women management system is to provide a healthy and inclusive working environment, free of harassment and gender-based violence for female employees.

NUMBER OF AUDITS, LINDEX DIVISION

	2023	2022	2021	2020	2019
SMETA	120	65	77	62	
BSCI					89

NUMBER OF AUDITS, STOCKMANN DIVISION

	2023	2022	2021	2020	2019
Amfori BSCI	51	44	59	57	115

NUMBER OF AUDITS, STOCKMANN GROUP

	2023	2022	2021	2020	2019
Internal	0	4	18	0	62
SA8000 certificate	7	7	9	2	8
Accord inspections	55	78	34	88	88

AMFORI BSCI AUDITS, STOCKMANN DIVISION

Score	2023	2022	2021	2020	2019
A = outstanding	12%	11%	10%	9%	8%
B = good	25%	32%	17%	9%	15%
C = acceptable	63%	55%	70%	80%	67%
D = insufficient	0%	2%	3%	2%	10%
E = unacceptable	0%	0%	0%	0%	0%
Number of audits	51	44	59	57	115

The COVID-19 pandemic continued to have an impact on the number of audits in 2020-2021

ACCORD REMEDIATION PROGRESS RATE

Score	2023	2022	2021	2020	2019
Stockmann Group	94%	95%	93%	96%	96%
Average	89%	95%	93%	92%	91%

LINDEX DIVISION COLLABORATES WITH SUPPLIERS TO DEVELOP THEIR SUSTAINABILITY

The management system structure within the Lindex division enables the identification of potential long-term partners. These partners are those who share a vision of a transparent and sustainable fashion industry, seek to exceed compliance requirements, focus on continuous improvement, and are committed to empowering women, respecting the planet, and ensuring human rights.

The division is a member of Sedex and uses the Sedex Members Ethical Trade Audit (SMETA) approach to audit and develop its supply chain. The approach was selected due to its inherent focus on gender equality.

The division also seeks to provide a healthy and inclusive working environment free of harassment and gender-based violence for female employees through its WE Women management system. It has introduced the management system in Bangladesh, India, and Turkey. In 2024, the system will be introduced in China. So far, the WE Women programme has reached 114,000 workers, of which 68,000 are women. The goal is for Lindex suppliers, who account for 80 percent of the production, to have implemented the WE Women programme by 2025. The programme has already yielded improvements in female leadership, the creation of womenfriendly workplaces, and the reduction of gender pay gaps.

Factories used by the division are regularly audited, including both internal assessments and third-party audits. Within Sedex, the division communicates directly with suppliers and factories about issues identified during third-party audits, ensuring that corrective actions have been implemented throughout the year.

Out of 492 identified deviations, 270 were corrected in 2023. The cooperation with suppliers and factories continues as efforts are made to address remaining deviations and introduce corrective actions. The most common challenges for non-compliance are health, safety and hygiene (61%), wages (11%), working hours (18%), management systems (6%) and the environment (4%).

In addition, the Lindex division is developing self-assessment tools and providing training for its suppliers, enabling them to assess themselves and report to the company. The self-assessment aims to empower suppliers, foster ownership, and enhance their skills to improve conditions without constant external pressure. As of the end of 2023, 100% of the division's top 30 suppliers were capable of performing self-assessments.

PRODUCTION COUNTRIES AND FACTORY LISTS

The Stockmann Group publishes lists of factories affiliated with both divisions' suppliers of their own brand fashion and home products on its website.

The Lindex division has systematically streamlined its supply chain to be able to focus on fewer suppliers while improving cooperation, working conditions and environmental work in key factories. Lindex publishes supplier lists on its website, including manufacturing plants, processing facilities and Tier 2 factories. Additional details about Lindex's supply chain management can be found in the division's Sustainability Report, which is available at **lindex.com** and at **stockmanngroup.com** in March 2024.

	Lindex division	Stockmann division's own brands (fashion products)	Stockmann division's own brands (home products)
Number of Suppliers	104 (97)	62 (59)	47 (53)
Number of Factories	159 (152)	87 (67)	57 (57)
Purchasing volume via Purchasing Offices	98% (92%)	65% (49%)	5% (5%)
Purchasing volume via Direct Suppliers	2% (8%)	35% (51%)	95% (95%)
Key Suppliers	36 (30)	17 (18)	20 (24)
Production by Key Suppliers	80% (80%)	80% (80%)	80% (80%)

The Lindex and Stockmann divisions follow a precautionary principle to ensure product safety.

COMMITTED TO PRODUCT SAFETY

The Lindex and Stockmann divisions follow a precautionary principle and have adopted a preventive approach to ensuring product safety and compliance with legislative requirements.

The requirements for product manufacturers regarding chemicals are outlined in the Restricted Substances List (RSL). The RSL lists the chemicals that pose a risk to health or the environment and are not allowed in finished products. Suppliers must ensure that the chemical content in the produced garments comply with the requirements of the RSL. In addition, the Stockmann Group uses independent laboratories where products are tested to ensure compliance.

The RSL is continuously updated based on studies and changes in legislation. The Lindex division updated its RSL twice in 2023 by strengthening limit levels, expanding requirements for more materials, and updating test methods.

The Stockmann division's products are tested regularly by their manufacturers and importers in accordance with requirements. The division tests its own brand products and imports by taking regular samples and conducting risk analyses. In addition, the Stockmann division follows product and defect notifications issued by the EU. Product safety is promoted by Finnish Customs and the Finnish Safety and Chemicals Agency (Tukes) in Finland and by local authorities in Estonia and Latvia.

Potential product recalls are handled in line with the internal product recall guidelines of both the Lindex and Stockmann divisions. In 2023, there were no public recalls involving either of division's own brand products or reported incidents of non-

compliance related to the health and safety impacts of products at the Stockmann Group. In the Stockmann division, three recalls were made for an imported product, which had been sold in small quantities through the department stores and the online store.

PROPORTION OF MORE SUSTAINABLE MATERIALS INCREASED

The Stockmann Group aims to systematically increase the proportion of more sustainable materials, such as sustainable cotton and lyocell, and recycled fibres, in the Group's own brand products. Sustainable cotton refers to the use of organic cotton or recycled cotton.

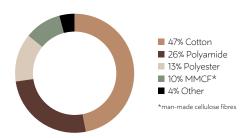
The Lindex division has a roadmap for sustainable materials with a goal of achieving 100% sustainably sourced or recycled materials by 2026. As of the end of 2023, the division had reached 78% sustainably sourced materials, meaning that 78% of its garments are composed of at least 50% more sustainable materials. In addition, 42% of the assortment contained at least 15% recycled fibres.

In 2023, 33% of the Stockmann division's own brand garments were made of more sustainable materials, and 33% of its own brand garments were made of sustainable cotton. The Stockmann division's own fashion brands also prioritise high-quality materials, such as silk, cashmere and wool. These materials support longevity and withstand wear and tear.

The Lindex division has a goal of 100% sustainably sourced or recyclable

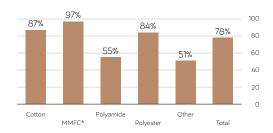
materials by 2026.

MATERIALS LINDEX USED IN 2023



LINDEX'S PROGRESS IN SWITCHING TO MORE SUSTAINABLE OPTIONS

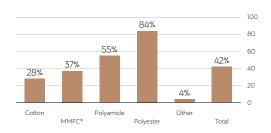
Sustainable share per fibre in 2023



Products containing at least 50 per cent sustainable materials are counted toward the sustainable share total.

*man-made cellulosic fibres

LINDEX'S SHARE OF PRODUCTS WITH AT LEAST 15% RECYCLED CONTENT



*man-made cellulosic fibres

CUSTOMERS IN FOCUS

CONTINUOUS WORK ON CUSTOMER EXPERIENCE

The Stockmann Group actively develops the customer experience. Both the Lindex and Stockmann divisions continuously monitor customer satisfaction through their respective customer feedback channels. The feedback is used to improve various aspects, including customer experience, daily leadership, skills development, and remuneration.

The Stockmann division evaluates customer experience through regular customer surveys conducted at various points in the customer journey. The primary key performance indicator (KPI) in these surveys is the Emotional Value Index (EVI), which measures the emotional experience of customers from the company's strategic point of view. In 2023, the Stockmann division's EVI score was 62 (58), based on feedback from over 200,000 survey responses.

The Stockmann division conducts an annual customer survey on sustainability experiences. In 2023, the survey was replaced by a double materiality analysis, which included an extensive stakeholder study involving customers, personnel, and other stakeholders.

TRANSPARENT LABELLING AND MARKETING COMMUNICATION

The Stockmann Group respects consumers' rights and engages in responsible marketing. This policy is included in the Group's Code of Conduct. The Group follows the Consolidated ICC Code of Advertising and Marketing Communication Practice, as well as the Consumer Protection Act. The divisions' marketing managers oversee the implementation of these practices. In 2023, the Stockmann division received a notification from the Finnish Consumer Ombudsman regarding the use of a

sustainability claim in the online store. The Stockmann division implemented corrective measures based on the recommendations.

The Lindex division is a member of the self-regulatory Swedish Advertising Ombudsman (Reklamombudsmannen, RO) organisation. RO handles complaints about advertising, assesses whether the advertising follows the Consolidated ICC Code, and provides information, guidance, and training in the field of ethical marketing.

The Group complies with statutory labelling requirements for all products and actively monitors regulatory changes.

The country of origin is indicated on all garments from the Lindex division and on all own brand garments and home textiles from the Stockmann division.

CUSTOMER PRIVACY ENSURED BY GDPR AND PRIVACY POLICIES

The Stockmann Group and its employees respect the privacy of customers and stakeholders and the inviolability of their rights. The Group acts in accordance with the EU General Data Protection Regulation (GDPR) and its own privacy policies. Training on the GDPR and customer privacy is mandatory for all employees and is included in the induction programme for new employees.

The Group's target is zero incidents of customer privacy breaches. In 2023, no breaches of customer privacy were reported.

The Group has two customer loyalty programmes. The Lindex division's programme More at Lindex has 5.7 million members, and the Stockmann division's programme MyStockmann has more than 1.4 million members. The data file descriptions of the programmes are available on the divisions' websites.

The personal data of the Stockmann division's customers and of shareholders attending its General Meetings are processed confidentially in accordance with the applicable legislation.



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CREATING SUSTAINABLE VALUE

The Stockmann Group is committed to upholding good corporate governance, and the company acts in compliance with its Code of Conduct, laws, and regulations. The Group's goal is to create sustainable value for all its stakeholders with responsible business operations.

COMMUNICATIONS AND TRAINING IN THE CODE OF CONDUCT

Employees receive training in matters related to the Code of Conduct and are encouraged to contact their supervisors if the best course of action is unclear. The Group's Code of Conduct is published on its website.

By the end of 2023, 93% (93) of the Stockmann division's personnel in Finland and 100% (100) of its personnel in Latvia had completed online training in the Code of Conduct. In Estonia, the online training is included in the training practices and all new employees read through the instructions on their first day of work. The target is for 100% of the Group's personnel in all countries to have completed the training.

ECONOMIC PERFORMANCE AND VALUE CREATION

The Stockmann Group's adjusted operating result in 2023 was EUR 80.0 (79.8) million and revenue totalled EUR 951.7 (981.7) million. The Stockmann Group's operations create economic added value for its stakeholders in all of its countries of operation, as detailed in the table.

ANTI-CORRUPTION AND ANTI-COMPETITIVE BEHAVIOUR

The Stockmann Group's principle is to engage in transparent and responsible operations. The Group's policies concerning anti-corruption measures and anti-competitive behaviour are included in its Code of Conduct and further specified in its Anti-corruption Policy that can be found on the Group's website. The Group's employees and management must act in the best interests of the company and avoid conflicts of interest.

In addition to the Stockmann division's Employee Discount Rules, there are instructions for personnel regarding the acceptance of samples, gifts, travel expenses, or other monetary benefits from suppliers.

Similarly, the Lindex Ethical Policy provides a foundation for combatting all forms of corruption at the Lindex division. It has been applied in all countries of operation, and all suppliers are informed of the policy before cooperation with them is started. For example, suppliers are not permitted to give any gifts, other than ordinary courtesy corporate gifts, or any other benefits to individual employees.

DISTRIBUTION OF ECONOMIC ADDED VALUE TO DIFFERENT STAKEHOLDERS

EUR Million		2023	2022	2021	2020	2019
Creating added value			,			
Customers	Sales excluding VAT, other operating income, financial income	958.9	1,079.8	923.5	811.4	961.5
Goods suppliers and service providers	Purchased goods and services, including capital goods and paid rents	-728.2	-772.8	-646.3	-613.1	-732.3
ADDED VALUE GENERATED	BY STOCKMANN	230.6	307.0	277.2	198.3	229.2
Distribution of added value						
Personnel	Salaries, fees and pension contributions	-178.7	-179.2	-163.4	-153.1	-178.9
Shareholders	Dividends	0.0	0.0	0.0	0.0	0.0
Finance providers	Financial expenses	-35.0	-28.3	-19.6	-45.4	-53.7
Public sector	Other social security payments, taxes	-28.2	-56.4	-38.4	-16.6	-47.1
DISTRIBUTED TO STAKEHO	LDERS IN TOTAL	-241.9	-263.8	-221.3	-215.1	-279.8
Retained in the company to	develop operations	-11.2	43.1	55.8	-16.8	-50.6

The Stockmann Group is a founding member of Transparency International Suomi ry, the Finnish chapter of Transparency International.

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

CORRUPTION RISK ASSESSMENT

The Group's international operations pose challenges for resolute anti-corruption action. Anti-corruption policies are included in the Codes of Conduct applied in the supply chain, such as the Stockmann Supplier Code of Conduct, the amfori BSCI Code of Conduct, and the comprehensive Lindex Code of Conduct, which promote strong stakeholder relationships and high ethical standards.

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

The Stockmann Group's Board of Directors and the Group Management Team regularly assess the risk factors to which business operations are exposed and the adequacy of risk management actions as part of the strategy process. Internal control systems and guidelines support risk management.

The management teams of the divisions are responsible for creating financial and strategic plans within their respective units. The analysis of business risks and the assessment of management measures are integral parts of the strategy planning process. In addition, business risks are analysed

outside the strategic process, particularly in connection with significant projects and investments, and are reported to the Board of Directors as needed.

In 2023, there were no confirmed cases of corruption in the Stockmann Group, and the Group was not aware of any corruption-related lawsuits against itself or its divisions.

PROMOTING CHARITY AND COMMUNITY INVOLVEMENT

As part of its social responsibility, the Stockmann Group may make donations to non-profit public benefit organisations that provide funding for education, culture, research, and other social projects in the Group's countries of operation.

The charity work is guided by the Group's Donation Policy. The Stockmann Group's divisions may also support non-profit projects as part of their commercial campaigns.

LINDEX DIVISION HAS SUPPORTED THE PINK RIBBON SINCE 2003

The Lindex division is one of the main partners of the Pink Ribbon project and has been supporting the project since 2003. In 2023, the division donated EUR 1.61 million to cancer research in cooperation with the Pink Ribbon Campaign and the Cancer Foundation. Together with its customers, the division has so far donated a total of EUR 20.1 million to cancer research.

The division is also working to raise awareness about breast cancer prevention and health. The division's Real Talks is a platform for cancer survivors who want to share their stories.

Read more here.

STOCKMANN DIVISION COLLABORATING WITH THE RED CROSS AND SAVE THE CHILDREN

The Stockmann division's main charity partnership with the Red Cross covers all its countries of operation. In 2023, donations gathered through the collaboration enabled the Red Cross to send aid workers and material aid to Ukraine and its surrounding areas, providing assistance to Ukrainian refugees. The total amount of the donation was EUR 9,500 (31,000).

In 2023, the joint Christmas charity campaign of the Stockmann division and the Save the Children organisation was once again held at all its department stores in Finland and in the online store. Save the Children received donations worth EUR 14,600 (14,600) through the campaign. These donations will be used to procure teaching materials, provide recreational activities for children in Finland, and offer support to families and individuals.

The Stockmann division was also involved in the Kotona Asuen Seniorihoiva organisation's Be Father Christmas campaign, which distributes Christmas flowers to senior citizens living alone. A total of 1,600 (2,100) senior citizens received a flower bouquet through the campaign.

ENVIRONMENT

We have set an ambitious climate target in line with our SBTi commitment and promote circularity in our business. With our partners, we are taking action to reduce the climate impact in the value chain.

- 20 Progress, development and challenges
- 21 Emissions and energy
- 25 Circular economy
- 8 Water, effluents and chemicals

REDUCING CLIMATE IMPACT AND PROMOTING THE CIRCULAR ECONOMY

PROGRESS AND DEVELOPMENT 2023

STOCKMANN GROUP

- Continued work to reduce its climate impact in line with science-based targets across the value chain.
- Submitted the Group's climate target to the Science Based Targets (SBTi) initiative for approval in October 2023.
 Validation is expected in 2024.
- Updated climate emissions calculations to include Forest, Land and Agriculture (FLAG) emissions.
- Continued the transition to operations that support the circular economy in both divisions by optimising in-house design and developing business models in line with the circular approach.

LINDEX DIVISION

- Accelerated its commitment to circularity through a long-term agreement with Finnish Infinited Fiber Company and its patented fibre Infinna™, made from 100% post-consumer textile waste.
- Deepened cooperation with Södra and its "Once More" fibre, which replaces conventional viscose fibres with a blend of fibres coming from both certified forests and post-consumer textile waste.
- · Expanded children's wear second-hand offering to Finland.
- Launched projects in support of circularity, such as repurposing worn-out pyjamas into new baby hats.

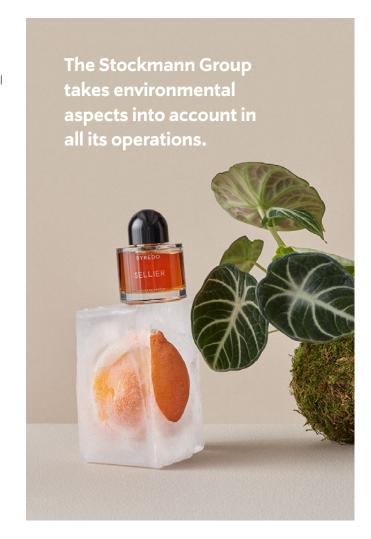
STOCKMANN DIVISION

- Improved energy efficiency in own operations due to several measures such as renewed lighting.
- Participated in the *Circular Design a path towards*the circular economy training programme that delved into
 the principles and practical solutions of circular design,
 based on circular economy principles.
- Increased automation of the online store's shipping and packing process resulting in improved efficiency and reduced packaging materials and climate emissions.
- Expanded its high-quality second-hand offering in the Helsinki city centre department store with new partners, Luxury Helsinki and Ninyes.
- Recycling rate continued at an excellent level of 67%.

CHALLENGES 2023

STOCKMANN GROUP

 Reducing Scope 3 emissions and obtaining accurate environmental data from the supply chain.



REDUCING EMISSIONS AND INCREASING ENERGY EFFICIENCY

The Stockmann Group reduces climate emissions in line with its commitment to the Science Based Targets initiative (SBTi). The Group aims to reduce climate emissions from its own operations and its value chain by 42% by 2030 compared to 2022.

At the end of October 2023, the Group submitted its climate plan and target prepared under the commitment to SBTi experts for review. The company expects SBTi to validate its climate target during 2024.

The Stockmann Group is tackling climate change by enhancing energy efficiency, adopting renewables, and transitioning to more sustainable materials. The focus extends to the wider value chain, a major source of emissions. The Group is also advancing towards circular solutions and regularly updates its climate action strategy.

CARBON FOOTPRINT AND GREENHOUSE GAS EMISSIONS

The Group's carbon footprint in 2023 was approximately 261 (296) kilotonnes of carbon dioxide equivalent emissions, covering the greenhouse gas emissions of both divisions in all their countries of operation across the entire value chain.

The calculation of emissions has been carried out in accordance with the international Greenhouse Gas Protocol reporting principles, and it includes Scopes 1–3. In 2022, the calculation was revised and extended to meet the requirements of the SBTi, which also led to a broader scale recalculation of carbon dioxide emissions for 2021.

The Stockmann Group's climate impact from forest, land, and agriculture (FLAG) have been calculated for the first time for the year 2022 to determine the share of the emissions and to apply for the SBTi FLAG target. The FLAG emissions account for 15% (19) of the Stockmann Group's total emissions. The calculations include both the impact from land use change (LUC) and land management (non-LUC) along the whole supply chain.

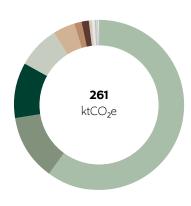
The four commodities accounting for the largest share of the Stockmann Group's FLAG emissions are cotton (27%), wool (25%), viscose (18%), and food (17%). These commodities and commodity groups account for a total of 88% of the total FLAG emissions. To further develop calculations, there is a need to increase data quality and supply chain transparency. This ensures that the Stockmann Group can make strategic choices and select relevant activities to reduce emissions.

The Group reports on its GHG emissions annually in the international Carbon Disclosure Project (CDP). In 2023, the Group's score remained at a good level, with a Management level score of B- (B-), consistent with the previous three years. The score is better than the global average (C), and is slightly below the European regional average (B).

The Stockmann Group aims to reduce its climate impact by

42% by 2030 compared to 2022

STOCKMANN GROUP'S GREENHOUSE GAS EMISSIONS 2023



S3 Cat. 1 Purchased goods and services	60.2%
S3 Cat. 9 Downstream transportation and distribution	12.5%
■ S3 Cat. 11 Use of sold products	10.5%
S2 Purchased energy	7.9%
S3 Cat. 2 Capital goods	4.2%
S3 Cat. 7 Employee commuting	1.4%
S3 Cat. 4 Upstream transportation and distribution	1.3%
S3 Cat. 14 Franchises	0.6%
■ S3 Cat. 3 Fuel and energy related activities	0.5%
S3 Cat. 6 Business travel	0.3%
S1 Fuel use in vehicles and stationary	0.2%
S3 Cat. 5 Waste generated in operation	0.2%
S3 Cat. 12 End-of-life treatment of sold products	0.1%

GREENHOUSE GAS EMISSIONS 2021–2023

	tCO ₂ e 2023	tCO ₂ e 2022	tCO ₂ e 2021	Change % 2022 –2023	Change % 2021 –2022
Direct emissions (Scope 1)	446	223	413	100	-46
Stockmann division	307	28	295	997	-91
Stationary and mobile combustion	299	28	36	969	-23
Refrigerants	8	0	259	800	-100
Lindex division	139	195	118	-29	66
Stationary and mobile combustion	60	0	38	-48	203
Refrigerants	79	0	80	-1	0
Indirect emissions from purchased energy (Scope 2)	20,648	12,206	17,324	69	-30
Stockmann division	13,789	6,481	11,561	113	-44
Purchased electricity (market-based)	11,996	4,872	9,751	146	-50
Purchased electricity (location-based)	3,910	4,884	5,891	-20	-17
Heating and cooling (market-based)	1,793	1,609	1,809	11	-11
Heating and cooling (location-based)	1,793	1,840	1,809	-3	2
Lindex division	6,859	5,725	5,764	20	-1
Purchased electricity (market-based)	1	0	0	100	0
Purchased electricity (location-based)	2,563	1,481	2,026	73	-27
Heating and cooling (market-based)	6,858	5,725	5,764	20	-1
Heating and cooling (location-based)	6,858	2,029	2,568	238	-21

	tCO ₂ e 2023	tCO ₂ e 2022	tCO ₂ e 2021	Change % 2022 –2023	Change % 2021 –2022
Other indirect emissions (Scope 3)	239,798	283,719	281,425	-15.48	1
Stockmann division	81,859	97,032	98,192	-16	-1
Purchased goods and services	57,380	73,045	76,183	-21	-4
Capital goods	2,159	2,267	2,357	-5	-4
Fuel and energy related activities	589	3,442	3,852	-83	-11
Upstream logistics	725	922	1,100	-21	-16
Waste	117	115	124	2	-7
Business travel	177	141	65	26	117
Employee commuting	519	860	913	-40	-6
Downstream logistics	15,355	12,757	10,216	20	25
Use of sold products	4,708	3,426	3,335	37	3
End-of-life treatment of sold products	130	57	46	128	23
Lindex division	157,939	186,687	183,233	-16	2
Purchased goods and services	99,739	129,121	125,063	-24	3
Capital goods	8,730	4,911	1,634	78	201
Fuel and energy related activities	727	2,245	2,587	-68	-13
Upstream logistics	2,658	3,253	7,744	-18	-58
Waste	351	62	38	466	63
Business travel	668	519	139	29	273
Employee commuting	3,194	2,892	2,925	10	-1
Downstream logistics	17,305	20,895	19,387	-17	8
Use of sold products	22,738	21,012	22,289	8	-6
End-of-life treatment of sold products	153	72	73	112	-1
Franchising	1,679	1,705	1,353	-2	26

Please note. A change has been made to the Group's calculation methodology for the years 2021–2022, and the figures from previous years are therefore not comparable with these years. The new calculation corresponds to SBTi requirements covering Scope 1, 2, 3 and all the most relevant categories.

REDUCING TRANSPORT EMISSIONS

Emissions from downstream logistics account for 12.5% of the Group's total emissions. The Group is actively looking for transportation solutions with lower climate impacts.

The Group values long-term partnerships in transport operations and strives for close cooperation with its partners to further improve efficiency. Distribution transport is continuously optimised through route planning and returns are minimised. Most of the Group's and its divisions' cargo is carried via road and maritime transport. The share of air freight is low, and actions are taken to further reduce it.

The Lindex division employs smart product distribution and shared transport strategies to minimise unnecessary transportation and ensure full loads, with most online returns processed in-store to reduce logistics demands. Lindex complies with the requirements of the Swedish Transport Administration in such aspects as traffic safety, emissions, speed limits, and legislation.

To reduce its transport emissions, the Stockmann division works actively to optimise its logistics from ship to store and from its online store to customers. The work includes analysing, optimising, and updating shipment processes and packaging automation, among others.

IMPROVING ENERGY EFFICIENCY

The Stockmann Group improves its energy efficiency to mitigate its climate impact. Energy emissions in the Group's own operations account for 8% of its total climate impact.

The Group's energy consumption in its own operations mainly consists of electricity and district heating and cooling. Energy is consumed in stores, distribution centres and offices by the lighting, ventilation, heating and cooling systems, as well as equipment and machinery such as lifts and escalators.



STOCKMANN GROUP ENERGY AND WATER CONSUMPTION 2021–2023

	2023	2022	2021	Change % 2022–2023
DIRECT CONSUMPTION				
Heating fuels (MWh)	1,265	661	47	91
Stockmann division	1,251	117	25	969
Lindex division	14	543	22	-97
INDIRECT CONSUMPTION				
Electricity (MWh)	53,173	42,894	62,810	24
Stockmann division	25,590	28,834	31,953	-11
Lindex division	27,583	29,544	30,857	-7
District heating and cooling (MWh)	47,285	49,137	49,765	-4
Stockmann division	18,224	18,369	20,290	-1
Lindex division	29,061	30,768	29,475	-6
Share of green energy	32%	49%	31%	-35
Water (m3)	79,372	76,107	66,362	4
Stockmann division	74,232	74,069	64,256	0
Lindex division	2,000	2,038	2,106	-2

Purchased electricity consumption covers all Group's functions. Purchased heating and cooling energy consumption covers all the Group's functions, excluding purchasing offices. Heating and cooling data for Stockmann is based on invoicing and data from service providers. Lindex heating is estimated. Reporting on water covers all the Stockmann functions (excluding the department store in Itis in Helsinki) and Lindex's distribution centre.

ENERGY SAVINGS IN LINDEX DIVISION

In accordance with its sustainability promise, the Lindex division prioritises renewable energy and uses only renewable electricity in all its stores, warehouses and offices globally. The Lindex division is actively working to minimise energy consumption in its stores. For instance, it has transitioned from halogen to LED lights, resulting in an average energy consumption reduction of 30% per store. The transition began in 2020, and by the end of 2023, the division had implemented the initiative in over 200 stores.

ENERGY SAVINGS IN STOCKMANN DIVISION

During 2023, the division continued to execute its energy efficiency programme by optimising the operating hours of building systems and ventilation and lighting control across all its premises. The LED lighting in several of the division's department stores was renewed, resulting in significant energy savings. The division uses renewable energy whenever feasible and continues to explore potential renewable energy projects and usage opportunities with all property owners.

The division's distribution centre in Finland has been awarded the LEED Gold environmental certificate. The centre uses LED lighting, and its geothermal system contributes significantly to the heating and cooling energy required on the property.

In 2023, the division's department store property in Tallinn obtained a BREEAM certificate at the Very Good level. In addition, a joint project with the property owner is underway to apply for an energy label for the department store.

ENVIRONMENTAL MANAGEMENT

The Stockmann Group complies with environmental legislation and requires the same from its partners. The Lindex and Stockmann divisions set specific environmental targets, determine indicators for monitoring the achievement of these targets, and establish appropriate management practices.

The Stockmann division in Finland has had an ISO 14001 certified environmental management system since 2003. The division's department stores in Estonia and Latvia have also adopted the operating methods and guidelines of the environmental management system.

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



CIRCULARITY ENHANCED IN OFFERING AND BUSINESS MODELS

The Stockmann Group continuously develops business operations that support the circular economy by monitoring and studying new solutions to extend the life cycle of products and materials, while also saving natural resources and reducing climate impacts.

The Group also guides its customers towards sustainable consumption by increasing communication on topics such as product maintenance to extend their life cycle, service options, and recycling opportunities. Customer returns are either sold as they are, or if they are not fit for sale, they are offered at a discounted price to personnel or donated to charity. Packaging materials from customer returns are recycled following the normal procedure.

LINDEX DIVISION AIMS FOR CIRCULARITY

The Lindex division has been successfully implementing circular economy principles in its operations for several years. The division aims to transform its business to create value and growth while decreasing its climate impact, minimising its use of natural resources, and impacting consumer behaviour to reduce overconsumption.

Lindex has set two goals for its transformation. By 2025, 100% of the division's materials will be recycled or sustainably sourced and its entire assortment will be designed for longevity and/or circularity. In 2023, 78% of Lindex's materials were recycled or sustainably sourced.

In 2023, the division advanced circularity by partnering with Infinited Fiber Company, which produces a patented fibre InfinnaTM made from post-consumer textile waste. The division will start innovating and testing InfinnaTM as a raw material in

2024 to prepare for the fibre's commercial-scale production, which is set to commence in 2026.

STOCKMANN DIVISION DEVELOPS SERVICES THAT SUPPORT CIRCULARITY

The Stockmann division is committed to achieving growth in line with circular economy principles, with a focus on developing services that support circularity as one of its strategic growth targets. In 2023, the division participated in the Circular Design – a path towards the circular economy training programme, which explored the principles and practical solutions of circular design, based on circular economy principles. The programme has provided additional momentum to the division's initiatives that support circular economy.

To further advance its circularity efforts, the division has also developed material data management of its own brands and a tool that calculates the carbon dioxide emissions of materials used in its own brand products.

EXPANDING SECOND-HAND OFFERING

The Lindex division has expanded its offering with recommerce, or second-hand, children's wear in Sweden and women's wear in Norway in previous years. In 2023, the division also introduced recommerce children's wear in Finland and initiated a collaboration with the online recommerce retailer Tradera to further enhance the availability of its second-hand products online.

In 2023, the Stockmann division expanded its high-quality second-hand offering in the Helsinki city centre department

The Lindex division explored new circular materials from post-consumer waste.

store. Its newest partners were Ninyes, a children's clothing recycling company, and Luxury Helsinki, a store offering second-hand designer bags and accessories. The division's other circular economy partners include HSY, Emmy, Kierrätyskeskus, Mjuk, and Relove. The Stockmann division helps consumers extend the life cycle of products by offering services such as sewing, laundry, and shoe repair.

REDUCING WASTE, PROMOTING RECYCLING

The waste generated by the operations of both the Lindex and Stockmann divisions consists primarily of packaging waste. The Stockmann division also generates biodegradable waste in the operations of its grocery stores in Estonia and Latvia, as well as in the operations of its tenants, including restaurants and cafés.

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STOCKMANN GROUP WASTE IN TONNES 2021–2023

LINDEX DIVISION

CTOCK	LAA KIKI	DIVISION	

	LINDEX DIVISION		STOCKMAININ DIVISION			
	2023	2022	2021	2023	2022	2021
RECYCLING		<u> </u>				
Cardboard	1,117	1,395	1,420	824	801	790
Paper	159	199	161	38	33	35
Biowaste	4	-	2	624	686	615
Plastic	684	712	574	46	28	33
Glass	-	-	-	25	29	40
Metal	-	-	6	45	39	34
Electronic waste (WEEE)	18	-	1	6	2	3
RECOVERY						
Mixed waste	147	-	184	138	135	179
Combustile waste	-	-	-	454	533	550
Construction waste	82	-	-	180	150	-
HAZARDOUS WASTE	10	0	1,203	4	3	2
TOTAL	2,221	2,306	3,551	2,382	2,438	2,280
Recycling, %	70	100	61	67	66	68
Recovery, %	-	0	5	32	34	32

A change has been made to the group's calculation methodology for the years 2021–2022, and the figures from previous years are therefore not comparable with these years. The new calculation corresponds to SBT requirements covering Scope 1, 2, 3 and all the most relevant categories.

LINDEX DIVISION FOCUSES ON REDUCING AND REUSING

The Lindex division follows the waste hierarchy rules of reduce, reuse, and recycle. These rules are implemented by preventing unnecessary production and reducing overproduction, circulating products to enable their reuse, and, as a final stage after the previous measures have been taken, recycling the materials.

The division has developed its operations to support the resale of its garments or the repurpose of their materials. In 2023, the division collected circa 36,000 garments for resale from its customers. In addition, the division repurposed the material from unsellable baby pyjamas – those with stains or worn-out parts – into new unique baby hats sold in selected stores.

To cut waste in the supply chain and minimise overproduction, the division has also initiated work to explore ways to improve its forecasting and related processes by utilising Al and machine learning.

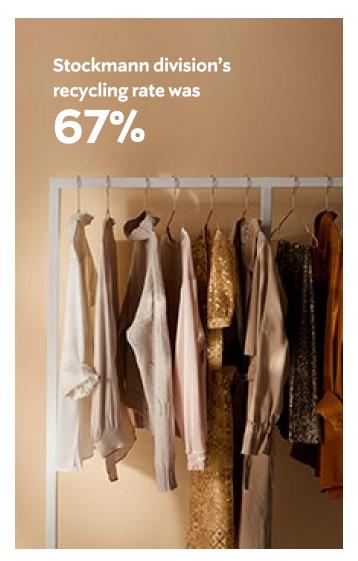


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STOCKMANN DIVISION DECREASED ITS AMOUNT OF WASTE

The Stockmann division pays close attention to waste sorting and recycling by providing training for personnel and tenants, developing its guidelines, and making sorting more convenient. In its Finnish operations, waste sorting is managed in accordance with the ISO 14001 standard. The goal is to reduce waste and to recycle as much of it as possible.

The Stockmann division's total amount of waste decreased by around -2% (-7) in 2023, and its recycling rate was 67% (66). Stockmann cooperates closely with its waste management service provider to improve the efficiency of its recycling operations.

If products are not sold at a normal or discounted price at the Stockmann department stores, personnel have an opportunity to purchase unsold products with more significant discounts. The division also engages in charity cooperation to promote reuse and recycling by donating unsold products, product samples, and leftover materials to local partners, charitable groups, and recycling organisations. This ensures that no products are left over.

TOWARDS A HIGHER RECYCLED CONTENT IN PACKAGING MATERIALS

The Stockmann Group reports on the packaging materials it uses in accordance with the EU Packaging Directive. The Group pays attention to the quality, recyclability, and amount of packaging materials to minimise the environmental load of packaging. The Group is moving towards a higher recycled content in its packaging.

The Lindex division has worked to eliminate as much single-use plastic as possible in transport packaging, which constitutes the majority of its plastic volume used. Currently, the division only uses single-use plastic for delicate and sensitive items. 98% of its plastic packaging is made with 100% recycled and recyclable content. The division follows a circular packaging strategy to ensure that packaging materials are recovered and recycled as the first alternative.

The Stockmann division has made a commitment to reduce the consumption of plastic bags under the Finnish Society's Commitment to Sustainable Development. The division's department stores have ceased using plastic bags and replaced them with options such as Paptic® bags made of renewable wood fibres.

The Stockmann division's packaging materials, such as cardboard boxes and packing paper, used for packaging items purchased in the online store are partially made of recycled materials. The division uses plastic-free online store deliveries. The plastic seal bags used in the online store have been replaced with seal labels. The division has also optimised the size of its online store's shipped cartons through a packaging automation project to reduce the amount of packaging material.

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PROMOTING GLOBAL AND LOCAL WATER RESPONSIBILITY

Water consumption in the Stockmann Group's own operations is minimal. The Lindex division is promoting water responsibility in the supply chain to minimise the negative impacts related to water use in the countries where own brand products are manufactured. The Stockmann division minimises water consumption in its own operations.

LINDEX DIVISION STRIVES FOR GLOBAL WATER RESPONSIBILITY

The Lindex division has promised future generations that it is working to be a water responsible company. The division has a country-specific approach to water, and its water risk assessment is done using the Aqueduct risk assessment tool by WRI Aqueduct. In 2023, the division built a comprehensive water-strategy and framework to guide its water-related activities.

The division's water strategy is based on both the quantity and quality of water. The aim is to consider the amount of water available while giving priority to the availability of water in agricultural and production communities for other purposes, such as drinking, fishing, or other agricultural activities. In addition, the aim is to ensure that the water used during production is clean and safe to be returned to the environment. This requires careful consideration of the use of chemicals, equipment, and processes.

As part of its commitment to being a water responsible company and empowering women, the Lindex division is working together with WaterAid. The goal is to improve access to clean water and sanitation worldwide, with a special focus on

the needs of women and girls, particularly in menstruation hygiene management.

Through the partnership, the division has set up a programme in Bangladesh that delivers the physical means to improve sanitation, such as stations for handwashing, toilets, and showers. The programme also raises awareness and offers training in factories and communities. The division has renovated or constructed 100 improved sanitation facilities segregated for women and men in communities of readymade garment (RMG) workers and their families in Dhaka and Yangon. The facilities have so far reached 13,400 people. The programme's next project in Savar, Dhaka, started in October 2023 with an expected reach of 8,700 people.

STOCKMANN DIVISION MINIMISES WATER CONSUMPTION IN ITS OWN OPERATIONS

Most of the water consumed by the Stockmann division is used in its department stores' restaurants, kitchens, and sanitary facilities. The division minimises its water consumption by instructing personnel and tenants on water usage, preventing and repairing even the smallest leaks, and procuring more efficient water fixtures to replace older ones. The Stockmann division relies on water from municipal supplies.

LIMITING THE USE OF HARMFUL CHEMICALS

When producing garments, chemicals are used in processes such as dyeing, printing, and washing. The Stockmann Group

fulfils the requirements of the REACH regulation and actively works to limit the use of harmful chemicals in all its products.

This includes, for example, banning the use of perfluorinated compounds (PFCs), among other chemicals, completely since 2014. The ban applies to all own brand outerwear in both divisions. These items are treated with Bionic-finish® ECO instead of PFCs.

In addition, the Lindex division has adopted a voluntary ban on the use of cyclic siloxanes and perfluorinated alkylated substances (PFAS) in cosmetic products.

Lindex is aiming to be a water responsible company.



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WORK COMMUNITY

We strive towards a better work life by promoting diversity, equity, and inclusion, as well as by strengthening ethical working practices in our supply chain. We provide our personnel with healthy and safe working conditions, while also supporting their wellbeing and competence development.

- 30 Progress, development and challenges
- 31 Equality and diversity
- 34 Competency development
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TOWARDS BETTER WORK LIFE

PROGRESS AND DEVELOPMENT 2023

LINDEX DIVISION

- Work on setting and implementing a diversity, equity, and inclusion (DEI) strategy continued, including trainings, discussions, and goal setting in cooperation with employees.
- · Leadership was trained on inclusion and unconscious bias.
- · Work on developing onboarding training continued.
- According to the Lindex Voice employee survey, in DEI specific questions, the division is positioned in the top 25% in the industry.

STOCKMANN DIVISION

- Employees' learning and development were supported by organising the first ever Career Days, continuing the Merchant Mindset learning programme, and developing content on the division's learning platform.
- Employee surveys were complemented by a separate survey on diversity, equity and inclusion (DEI) as well as health surveys.
- New wellbeing teams consisting of staff members began their work.
- The implementation of a new HR Master and workforce management systems strengthened people analytics and insights.

CHALLENGES 2023

LINDEX DIVISION

 According to the Lindex Voice employee survey, employees' confidence in the division's ability to rectify a situation of serious misconduct is lower than hoped for, indicating a need for further development.

STOCKMANN DIVISION

- The division's financial situation and restructuring have caused uncertainty among personnel, and therefore focus has been directed to developing leadership and internal communication.
- According to the personnel survey, career and learning opportunities, as well as wellbeing at work, need further development.



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FOSTERING EQUALITY AND DIVERSITY

The Lindex and Stockmann divisions' work concerning diversity, equity, and inclusion is guided by each division's equality and diversity plan.

Diversity is also considered when electing members of the Stockmann Group's Board of Directors and management teams. Members should represent different fields of education and professions, international backgrounds, and different ages and genders.

In the Stockmann division, the remuneration of women and men is monitored annually using an index in Finland. Identified causes of pay differences between sexes include, for example, the differences between job roles, and the level of qualifications and individual competences within the same job evaluation grade, which the index does not take into account. Potential pay differences in the Stockmann division were reviewed in 2023 as part of the salary review process, and unjustified pay differences are being addressed.

STOCKMANN GROUP PERSONNEL 2023

	2023	2022	2021
Number of personnel, 31 December	6,062	6,008	5,833
in Finland (men/women)	222/1,325	234/1385	214/1 298
in Sweden (men/women)	138/1,933	154/2 031	152/1 982
Personnel on average	5,801	5,802	5,649
Personnel as full time equivalents, on average	4,283	4,332	3,886
Personnel by employment relationship and contract			
fixed-term (men/women)/permanent (men/women)	17 (2/98) / 83 (10/90)	16 (5/95) / 84 (10/90)	17 (10/90) / 83 (2/98)
fixed-term (men/women)/permanent (men/women) in Finland	4 (3/97) / 96 (15/85)	7 (9/91) / 93 (15/85)	7 (8/92) / 93 (15/85)
fixed-term (men/women)/permanent (men/women) in Sweden	16 (2/98) / 84 (7/93)	20 (7/93) / 80 (7/93)	20 (7/93) / 80 (1/99)
Share of full-time/part-time employees of personnel, %	35/65	35/65	37/63
in Finland (men/women)	35 (27/73) / 65 (7/93)	36 (26/74) / 64 (8/92)	39 (25/75) / 61 (7/93)
in other countries (men/women)	35 (17/83) / 65 (1/99)	35 (18/82) / 65 (1/99)	36 (17/83) / 64 (2/98)
Turnover of permanent employees, on average, %	24	21	17
in Finland	14	17	16
in Sweden	9	12	8
New permanent employee hires, %	21	19	17
in Finland	11	17	9
in Sweden	6	8	5
Personnel costs, EUR million	212.1	212.1	194.6
Personnel expenses, share of revenue %	21.6	21.6	21.6
Average age of personnel	38	35	38
in Finland	41	41	42
in Sweden	39	39	40
Sickness absences, %	5.4	6.1	5.1
in Finland	6.5	7.2	4.7
in Sweden	5.3	6.3	5.7
Reported workplace accidents at the workplace + on the way to work in Finland, quantity	91 + 35	72 + 53	35 + 31
Reported workplace accidents at the workplace in Sweden, quantity	93	111	49
Personnel training expenses (Stockmann Finland, excluding direct wage costs), EUR million	0.2	0.3	0.1

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STOCKMANN GROUP EMPLOYEES BY GENDER

	2023	2022	2021
Men/women			
Entire personnel, %	9/91	9/91	9/91
With Director title, %	33/67	35/65	38/62
Group Management Team, persons (%)	1/4 (25/75)	2/3 (40/60)	3/3 (50/50)
Board of Directors, persons (%)	3/3 (50/50)	3/4 (43/57)	3/4 (43/57)

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

INDEX	2023	2022	2021
Sales personnel (hourly salary)	100	101	98
Warehouse personnel (hourly salary)	98	97	96
Office personnel (monthly salary)	91	93	95
Senior salaried employees and management (monthly salary)	84	87	79

The index is only indicative, as it does not take into account the diversity of job roles and requirements and differences in competence level.

ZERO-TOLERANCE AGAINST DISCRIMINATION

The Stockmann Group has a zero-tolerance policy against discrimination and other inappropriate behaviour. Discrimination incidents are addressed through prompt investigations, corrective actions, and follow-up training to reinforce company policies and promote a respectful work environment.

During the reporting year, one case of sexual harassment at the Stockmann Group was raised and handled in good cooperation with all parties involved. There were no cases of religious or political discrimination reported within the Group.

LINDEX DIVISION IS SETTING UP DEI STRATEGY

The Lindex division initiated the development of a diversity, equity, and inclusion (DEI) strategy for its employees in 2022. The strategy is centred around two key ambitions: increasing diversity and fostering an inclusive environment while effectively communicating these values. Progress on the strategy is measured through the Lindex Voice employee survey, external branding surveys, and the division's gender balance KPIs.

The strategy was built together with the division's employees, involving data collection within the division and gathering information through surveys, deep-dive interviews, and workshops. Employee engagement has been integral to the implementation of the strategy, incorporating trainings, discussions, and common goal setting.

In alignment with the strategy, six DEI-specific questions have complemented the division's employee survey. In 2023, the overall score from these questions on a scale of 1–10 was 8.7~(8.6), which positions the division in the top 25% of

the consumer industry among users of the data-gathering platform. According to the results, the division's strength lies in inclusiveness. Employees in the division find that people of all backgrounds are accepted for who they are.

The Stockmann division encourages its employees to express themselves and their identities in the work community.

The results from these questions are used to inform the division's DEI strategy and are reflected in the actions implementing it.

STOCKMANN DIVISION CONDUCTED A SEPARATE DEI SURVEY FOR EMPLOYEES

The Stockmann division's equality plan is regularly updated and approved in the Stockmann Group Council. The plan's purpose is to identify structural issues in work duties with the aid of statistics and to establish improvement targets for creating a more equal working environment.

The Stockmann division aims to foster a diverse workplace community through its recruitment practices. The division values the various backgrounds of candidates and ensures that tasks, qualification requirements and titles are gender neutral. Age, sex, or religious beliefs are only considered if there is a justified reason based on the position.

The division conducts a biannual employee survey. In 2023, leased employees working at the division's logistics centre were also invited to respond to the surveys. According to the results, employees feel that the Stockmann division's strengths include the feeling of energy at work, a sense of achievement in one's work, cooperation within the team, and the opportunity to fulfil oneself at work. The division should continue to pay special attention to improving overall job satisfaction, learning, and career opportunities.

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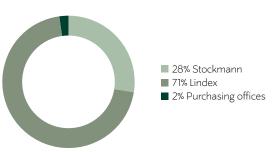
In 2023, the division also conducted a separate employee survey regarding diversity, equity, and inclusion (DEI). The results from the survey were used to plan and develop DEI training provided for the division's people leaders during the year. The survey will also serve as the basis for the division's future work on increasing diversity, inclusion, and awareness among its personnel.

The Stockmann division encourages its employees to express themselves and their identities in the work community.

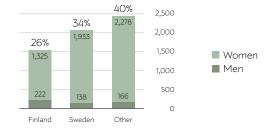
In 2023, the division was an official support partner of Helsinki Pride, which is the biggest cultural and human rights event in Finland, taking place annually during international Pride Month. Throughout Helsinki Pride Week, the division demonstrated its support for equality, particularly in its department stores and on its social media channels.

The Lindex division works actively to provide an inclusive and welcoming working environment to everyone.

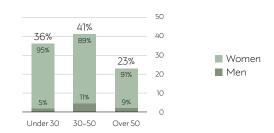
STOCKMANN GROUP'S EMPLOYEES BY DIVISION



STOCKMANN GROUP'S EMPLOYEES BY COUNTRY



STOCKMANN GROUP'S EMPLOYEES BY AGE GROUP



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SUPPORTING CONTINUOUS LEARNING

The Stockmann Group aims to be a company where employees can grow, develop, and contribute to a sustainable future together. Enabling systematic continuous learning is a core part of the Group's HR practices.

Learning opportunities offered to personnel consist of on-the-job learning, online training programmes, and internal coaching sessions and training events involving representatives from different functions and personnel groups.

LINDEX DIVISION EMPHASISES DEI

The Lindex division's learning and development opportunities emphasise diversity, equity, and inclusion (DEI). By prioritising DEI, the division wants to build a strong brand and company that mirrors its current customers and those it seeks to attract. The division also aims to attract and retain the right talent among its employees, promoting wider perspectives to become more innovative and sustainable.

Employees and leadership are offered trainings and lectures on inclusion and unconscious bias. The division is also constantly developing the onboarding training offered to new employees with a specific emphasis on DEI.

In addition, Lindex educates its entire staff on its existing policies, such as those related to discrimination, equal treatment, and whistleblowing. All employees receive a basic water training connected to the division's responsible water strategy.

The development needs and goal setting of the division's employees are identified, and their progress is monitored

through the Lindex Voice employee survey. The survey results are used in employees' success planning, for example.

STOCKMANN DIVISION HELD ITS FIRST CAREER DAYS

The learning and development needs of the Stockmann division's employees are identified in performance and development discussions, called Success dialogues, which are held with each employee at least twice a year. Moreover, all new employees of the Stockmann division are offered onboarding trainings. Learning experiences are regularly measured through the employee survey.

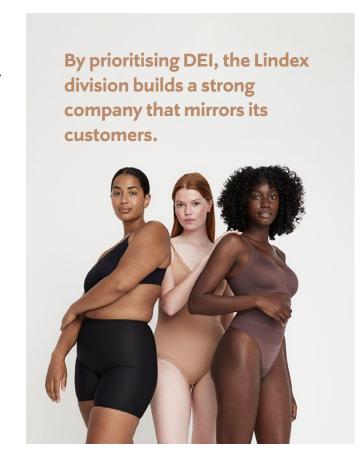
In 2023, the Stockmann division continued implementing the Merchant Mindset learning programme across all its department stores. All key personnel and majority of the sales staff participated in the programme's workshops to agree on operational and leadership measures to improve the customer experience.

The first-ever Career Days, introducing the range of the division's internal roles, were held in 2023. The event consisted of live seminars that were also recorded for the intranet. Additionally, employees had the opportunity to shadow a chosen colleague to learn about working in different roles.

In 2023, the division's leaders had six Share & Learn sessions on topics such as the Success dialogue process. The division also organised two Leadership Days for all division unit leadership team members.

During the year, the division's eLearning platform had 207 courses available. Nearly 1,200 employees and leaders

completed courses. The elearning offering is complemented by Coursera platform. In 2023, studies were carried out in the areas of business, IT, and health, to name a few.



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SUPPORTING PERSONNEL WELLBEING

The Stockmann Group's occupational health care services are organised in accordance with the local laws and regulations in all its countries of operation.

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

SYSTEMATIC APPROACH TO SUPPORT EMPLOYEES' WORK ABILITY

In 2023, the Stockmann division created a model to support employees' work ability in Finland. The model includes all support processes used in its operations. Furthermore, wellbeing was introduced as a topic in the staff's Success dialogues during 2023.

The Stockmann division's new site-specific wellbeing teams commenced their work in 2023. These teams, consisting of employees, aim to further strengthen employee involvement in developing wellbeing at work.

In addition to statutory occupational healthcare, the Stockmann division's occupational healthcare in Finland includes medical care, low-threshold mental health support, and easy-access occupational physiotherapist without a referral. The division actively uses different forms of support for the return to work from sick leave, such as a trial period, reduced workload, or part-time sick leave.

The Stockmann division uses an early support model to monitor and promote the work ability and health of its employees. In cases involving substance abuse, the division has a substance abuse programme to support intervention.

Personnel's wellbeing is promoted by employee engagement and cooperation.



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EMPLOYING LOCALLY AND GLOBALLY

The Stockmann Group's HR policies take into account the UN Sustainable Development Goals and are based on its human rights policy and international commitments. The Group respects the basic rights of its employees, such as freedom of association and collective bargaining.

All Stockmann Group employees in Sweden, Norway, and Finland, excluding senior salaried employees, are covered by collective agreements. The Group does not monitor the extent of union membership.

The Stockmann Group's divisions have their own HR policies. Their implementation is monitored through employee surveys, performance and development discussions, and other feedback channels. The divisions' HR Directors are responsible for the company's human resources management and report to the CEO or COO of their respective division.

The Stockmann Group complies with local legislation in its countries of operation. Personnel benefits may include occupational healthcare services, insurance against occupational accidents and diseases, parental leave, and retirement benefits.

These benefits are evaluated and updated regularly. In most of the Group's countries of operation, the employees receive benefits that exceed the requirements set by the legislation, including healthcare and health insurance as well as an employee discount.

In retail, the need for fixed-term employees is traditionally high due to seasonal peaks such as the summer and Christmas seasons, as well as campaigns. Some of the individuals working at the Stockmann division's department stores are employed

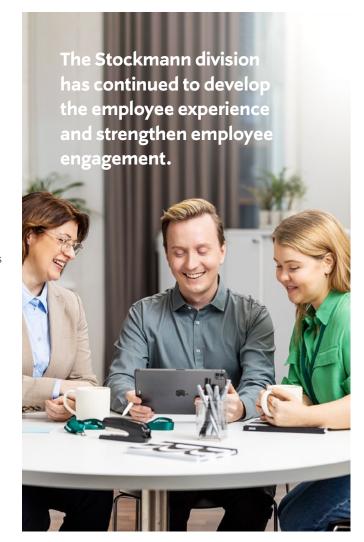
by the division's tenants, including those in restaurants and departments operated by partners, for example.

IDENTIFYING IMPACTS ON LOCAL COMMUNITIES

The Stockmann Group has studied and identified its impacts on local communities from the perspectives of social and environmental responsibility. The Group has a significant employment impact in the value chain in countries where products are manufactured, especially among women, thereby improving their position and earning opportunities.

The textile industry is concentrated in high-risk countries, as classified by the BSCI, where concerns include working conditions, human rights issues, and living wages. Both divisions of the Group require their partners to commit to responsible business practices, conduct their own assessments, and ensure the performance of their factories through third-party audits. The Lindex division also offers tools to its suppliers to support empowering women.

In terms of the environment, the energy and water consumption of the textile factories are also under review, and environmental issues are being addressed through different kinds of multi-stakeholder projects.



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SUSTAINABILITY MANAGEMENT

The sustainability work of the Stockmann Group's divisions, Stockmann and Lindex, is based on the UN Sustainable Development Goals, the Group's sustainability commitments, and the vision, strategy, values, and materiality analysis of each division.

The divisions' sustainability strategies are reviewed annually with the Stockmann Group's Board of Directors as part of the business strategy process. The progress of sustainability work is monitored annually in connection with sustainability reporting and more frequently as part of the Board's and its committees' work, which includes financial targets and development projects, for example. The Audit Committee and the Board approve the Disclosure on Non-Financial Information as part of the Board of Directors' Report. The Board reviews the Annual Reporting, including the Group's Sustainability Review.

The divisions regularly update their sustainability strategies and conduct a new materiality analysis for each strategy period, once every two or three years on average. The implementation of the entire strategy is monitored semi-annually. The achievement of each target is monitored as part of standard business management on a monthly, semi-annual, or annual basis, depending on the target, in line with the basic principle determined in 2020.

Sustainability risks are identified and processed as part of the Group's risk management process, which also involves the Board and its Audit Committee. The Stockmann Group's Chief Legal Officer is responsible for risk management within the Group.



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SUSTAINABILITY MANAGEMENT IN LINDEX DIVISION

The Lindex division takes planetary and human factors into account in all its business decisions, embedding sustainability into the division's business plan and strategy.

The division's sustainability work is governed from its head office in Gothenburg. The division's Director of Sustainability, supported by a team, is responsible for the overall direction and strategy of sustainability work. The Director of Sustainability is part of the division's Management Group and reports directly to the CEO of the division. The Chair of the division's Board of Directors is responsible for human rights impacts.

The Lindex division's corporate sustainability team ensures that the division's sustainability targets are aligned with science, and that the strategy is based on the division's materiality analysis. The team supports the entire organisation in implementing the sustainability strategy.

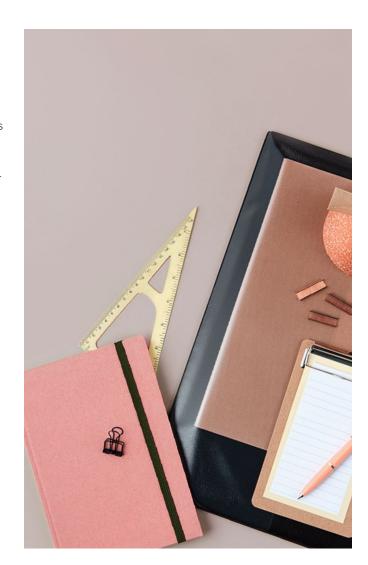
The Lindex division's production offices have local sustainability teams that develop and implement the strategy in the division's supply chain. The local sustainability teams report progress to both business owners and the division's Director of Sustainability.

SUSTAINABILITY MANAGEMENT IN STOCKMANN DIVISION

The Stockmann division's sustainability strategy has been integrated into its business strategy. The division's Management Team is responsible for executing the strategy and monitoring its progress. The Management Team also approves the targets and focus areas of the sustainability strategy and manages the strategy. It monitors the progress of sustainability work semi-annually. The Management Team approves guidelines and key sustainability projects, which are implemented with the help of standard management systems. If necessary, the Management Team establishes separate working groups to prepare or implement decisions or matters to be processed.

The division's sustainability function is responsible for definitions of materiality and implementing the sustainability strategy, goals, and indicators. It is also responsible for developing, coordinating, and reporting on the division's sustainability work, together with the company's management and experts within its units. The practical implementation of sustainability work and the monitoring of its progress take place in the units as part of their day-to-day operations.

In addition, the Environmental Management System Steering Group of the Stockmann division meets regularly to monitor matters related to environmental management in line with the requirements of ISO 14001 certification across all operations in Finland.



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GRIEVANCE MECHANISMS

The Stockmann Group uses a group-wide whistleblowing channel provided by an external partner. The channel is a tool for employees of the Group and its divisions, business partners, and other stakeholders to anonymously report any suspected or detected violations of the Code of Conduct or other Group policies. Information about the whistleblowing channel and other mechanisms for advice and concern is available on the Group website and intranet. Employees can also report any suspicions to their supervisor, their unit's security manager, Group management, the legal department, or the Group's Internal Audit.

All whistleblowing reports and discussions are taken seriously and processed confidentially. All incidents are reported to the Internal Audit and the Chief Counsel, who report their observations to the Board's Audit Committee. Any deviations or unethical practices can be detrimental to business operations and stakeholder relations, which is why deviations are always taken seriously.

In 2023, 1 (1) incident was reported through the channel. It was investigated, and appropriate measures were taken. The Stockmann Group's Chief Counsel monitors legal compliance and ethical business practices, initiating an internal audit process to address issues if necessary.

STOCKMANN GROUP'S CODE OF CONDUCT

The Stockmann Group's Code of Conduct defines the ways of working for all employees and management. The Group also requires its suppliers and other partners to comply with the Code of Conduct, which covers the following main themes:

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

Responsible business conduct is specified in the following:

- · Stockmann's Anti-Corruption Policy
- · Stockmann's Human Rights Policy

More about the Stockmann Group's policies here.

MATERIALITY AND COOPERATION WITH STAKEHOLDERS

The Stockmann Group has conducted a double materiality assessment to align with the EU's Corporate Sustainability Reporting Directive (CSRD) and to shape both divisions' sustainability strategies. As a part of the double materiality process, a stakeholder survey was conducted in line with CSRD requirements in 2023.

The survey considers the stakeholders' views on the most important sustainability-related impacts, risks, and opportunities of the Group's operations in the industry and especially in its value chain. It helps the Group to identify and prioritise the most important sustainability topics that are relevant to both the company and its stakeholders.

The double materiality assessment considers both financial and non-financial factors. On one hand, it looks at the impact of the company on people and the planet, and on the other hand, it looks at how sustainability-related topics will influence the company's business model and activities. The double materiality assessment will be finalised in early 2024. Its results will be used in the 2024 reporting and the company's strategy work.

As a basis for Lindex's sustainability strategy, the division conducted a comprehensive stakeholder survey in 2021. Its aim was to collect feedback from stakeholders on the focus areas of sustainability to support reporting the division's approach and establishing the level of commitment to key topics. The table to the right summarises the main findings. More information is available in Lindex's 2023 Sustainability Report under "Materiality" in the "Report background" chapter.

THE LINDEX DIVISION'S MATERIALITY ANALYSIS

High

INCLUDE **FOCUS** Wages and compensation in our supply chain Water management Chemicals management in the supply chain Labour practices in our supply chain and forced Sustainable production Sustainable materials Purchasing practises and contracts Diversity and inclusion in own operations Transparency Workers' empowerment in our supply chain Climate action Gender equality in supply chain Circular business models Circular models **EXCLUDE INCLUDE** IMPORTANCE TO STAKEHOLDERS Gender equality in own operations Sustainable consumption Child labour Sustainable design Labour practises in own operations Transportation Microplastics Procurement practices Digital innovation Single-use plastics Cause-based advocacy

THE STOCKMANN DIVISION'S MATERIALITY ANALYSIS

INCLUDE FOCUS · Offering sustainable products and services · Environmental sustainability and social responsibility · Focusing on the circular economy in supply chain · Increasing the share of products made of • Ensuring transparency and traceability in supply chains sustainable materials • Environmental impacts throughout the product supply chain · Good relationships between employees · Safe and sustainable clothing industry and the employer · Human and labour rights in the product supply chain · Reducing food waste in (Estonia and Latvia) · Ensuring fair pay in the supply chain · Understanding customers' needs · Good governance and management • Ensuring profitability and growth of business operations · Continuously developing knowledge and skills of the personnel · Investing in employees' wellbeing, health and safety at work High-critical · Mitigating climate change · Open and reliable communication

NOT IN MAIN FOCUS

- Employment
- · Treating employees equally
- Addressing inappropriate behaviour and preventing harassment
- Complying with competition laws and ensuring free competition
- · Preventing corruption and shadow economy
- · Ensuring customers' privacy
- · Responsible marketing
- · Active cooperation with retail organisations and trade
- · Charitable cooperation
- · Minimising the use of chemicals in the products

INCLUDE

- · Offering sustainable options as part of the selection
- · Taking measures to reduce the use of plastic
- · Reducing packaging materials in online commerce
- · Replacing packaging materials and shopping bags
- Clear product markings
- · Ensuring product safety, durability and quality
- · Supporting biodiversity
- Offering products that support customers' sustainable lifestyle
- Fair practices towards partners
- · Respecting employees' diversity

The Stockmann division's sustainability strategy 2022–2025 is based on the materiality analysis and extensive stakeholder survey conducted in 2021. To facilitate operational development at the Stockmann division, feedback was supplemented by a consumer survey of both customers and non-customers, with a total of 760 respondents. The results serve as the foundation for shaping the strategy and further developing sustainability work.

SUSTAINABILITY ON THE BOARD OF DIRECTORS' AGENDA

As the Stockmann Group does not currently have a common sustainability strategy, the views of the Group's stakeholders and Board of Directors have been taken into account in the Stockmann division's materiality assessment process. Representatives of the Board of Directors have participated in the materiality assessment through in-depth interviews, during which the preliminary results have been reviewed and discussed further.

The Group's Board of Directors discusses the divisions' sustainability strategies, focus areas, and risks as part of the strategy process.

CONTINUOUS DIALOGUE WITH STAKEHOLDERS

The Stockmann Group engages in an active and continuous dialogue with its stakeholders to strengthen relations and better respond to the expectations and wishes placed on the Group. The Group has identified five key stakeholder groups that affect its business operations the most and are most affected by them. These key stakeholders have been identified through a process that considers their impact and influence on our operations and vice versa.

Low-moderate

High-critical

STOCKMANN'S INTERNAL STAKEHOLDERS

moderate

COOPERATION WITH STAKEHOLDERS

STAKEHOLDER GROUP	INTERACTION	KEY INTERESTS AND CONCERNS FOR STAKEHOLDERS IN 2023	RESPONDING TO STAKEHOLDER EXPECTATIONS
CUSTOMERS			
Customers are a particularly important stakeholder group for the Stockmann Group.	Interaction in department stores, fashion stores and digital marketplaces and at events, customer service, customer surveys, customer panels, marketing communications, loyal customer programmes, customer magazine and emails, websites, social media, mobile apps and press releases	Customer service and satisfaction, customer privacy protection, materials and chemicals in products, labour practices and salaries in supply chains, animal welfare, geopolitical situation, future of the Stockmann department stores.	The Group continued to develop its operations and selection to better meet customers' expectations. In 2023, a double materiality survey was initiated for both divisions to improve operations and comply with the CSRD regulation.
PERSONNEL			
The Stockmann Group values its employees and their commitment to the company. The focus is on continuously improving the working environment and developing interactions with employees.	Performance and development discussions, personnel surveys, Employees' Councils, co-determination, change negotiations, personnel events, workshops, intranet, Teams.	Employee wellbeing and safety, continuous learning, professional and career development, increased understanding of diversity, equality and inclusion, modern collaboration platforms and communication channels, progress in sustainability, discussions regarding remuneration in reference to high inflation.	In both divisions, personnel participated in the development of operations in a variety of ways as part of continuous dialogue and development projects. Development measures are based on personnel surveys.
SHAREHOLDERS AND INVESTORS			
The Stockmann Group aims to be an attractive investment in the capital markets.	Stock exchange releases, press releases, financial reviews, annual reporting, Group website, webcasts, investor meetings, Capital Markets Day, Annual General Meeting, surveys, and social media channels.	Financial performance, the strategy and the corporate restructuring programme, strategic assessment, progress in sustainability, customer and employee satisfaction.	The Group communicates openly and transparently with shareholders. It participated in the CDP climate survey and UN Global Compact CoP, and responded to numerous sustainability and ESG surveys.
SUPPLIERS AND SERVICE PROVIDERS			
The Stockmann Group cooperates closely with its suppliers to promote a sustainable value chain.	Meetings, negotiations, workshops, cooperation projects and campaigns, factory visits and audits, website, supplier surveys.	Developing the selection together with suppliers and service providers, implementing sustainability targets and initiatives in business operations, raising sustainability topics such as climate, environment, human rights, materials, production processes, and transparency.	The Group engaged in active dialogue with our purchasing offices and service providers on sustainability and safety topics. Lindex continued working with the WE Women toolkit to improve gender equality and inclusion in its supply chain.
AUTHORITIES AND NON-GOVERNMENTAL ORGANI	SATIONS		
We collaborate and engage in continuous dialogue with the authorities and non-governmental organisations to develop our business operations.	Activities in organisations, collaboration, projects, cooperation meetings, responding to surveys, charitable work, website, annual reporting.	Environmental and human rights risks in the supply chain, supply chain management and transparency, work practices in our own operations, climate change, animal welfare, use of plastics, circular economy, compliance with regulations and guidelines.	The Group responded to surveys, gave interviews, and continued our dialogue with authorities and organisations. We participated in several charity campaigns.

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SUSTAINABILITY PROGRAMMES

LINDEX DIVISION'S GOALS: EMPOWER WOMEN

TOPIC	GOAL	DEFINITION AND MONITORING FRAME	SUPPLEMENTAL KPI	PROGRESS 2019	PROGRESS 2020	PROGRESS 2021	PROGRESS 2022	PROGRESS 2023	NOTES 2023
Gender inclusive workplace	By 2025, Lindex suppliers who stand for 80% of our production have completed our Women Empowerment programme and sustained the learnings	Yes		Suppliers standing for 38% of order qty	Suppliers standing for 51% of order qty, not rolled out further in 2020 due to Covid	Suppliers standing for 51% of order qty	Suppliers standing for 57% of order qty	59%	The calculation method was adjusted in 2023 and now looks at the volume of suppliers that have onboarded WE Women / full Lindex volume. In 2023 we also launched a pilot in China with Family Friendly Factories (FFF) by China National Textile and Apparel Council (CNTAC).
			Number of factories that provided skills and trainings in management and leadership for female workers				Bangladesh: 14 factories (51% of suppliers) India: 2 factories (28% of suppliers)	Bangladesh: 22 factories (88% of our suppliers) India: 4 factories (57% of our suppliers)	
			Number of female supervisors				Baseline in Bangladesh is 546 (10,7% of supervisors). Baseline in India is 62 (8,4% of supervisors).	Bangladesh: 15% of supervisors India: 12% of supervisors	

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LINDEX DIVISION'S GOALS: RESPECT THE PLANET

ТОРІС	GOAL	DEFINITION AND MONITORING FRAME	SUPPLEMENTAL KPI	PROGRESS 2019	PROGRESS 2020	PROGRESS 2021	PROGRESS 2022	PROGRESS 2023	NOTES 2023
	By 2023, we are climate neutral in Lindex's own operations	Yes		Emissions decreased by 22%	Emissions decreased by 23%	Emissions decreased by 58%	Emissions decreased by 58%	Emissions decreased by 50%	This is compared to a 2017 baseline year, and initially incorporated offsetting, which is no longer part of our strategy. Going forward, we have updated this goal to be more ambitious and aligned with the SBTi.
Climate	By 2030, we have achieved 50% reduction of CO_2 emissions in Lindex's total value chain (with 2017 as baseline)	Yes				Emissions decreased by 21%	Emissions decreased by 25%	Emissions decreased by 42%	Excludes customer use phase. In addition to laundry and care, emissions from the customer use phase also includes assumptions on customer transport to and from stores.
	By 2026, 100% of Lindex's materials are recycled or sustainably sourced	Yes		65%	68%	78%	80%	78%	A garment is counted toward our 100% goal if it contains 50% or higher "more sustainable materials." We have designated "more sustainable materials" to mean raw material that comes from a renewable or recyclable source, and that the fibre is cultivated or produced using methods that have less of a negative impact on nature's resources compared to conventional alternatives
	By 2026, 70% of all products include a minimum of 15% recycled content	Yes				16%	27%	42%	We now have a goal specific to recycled fibres uptake and with that extended our commitment until 2026 compared to our previous 2025 goal.
Circularity	By 2025, our entire assortment will be designed for longevity and/or circularity	Yes					61% of teams started designing according to our circular design principles		Going forward, we will align this goal with the emerging EU regulations on eco-design.
	By 2025, all our own stores have functioning collection and recycling systems for paper and plastic waste streams	Yes			89%	92%	96%	96%	
	By 2025, all paper and plastic packaging follow our circular materials strategy	Yes					All transport packaging and stockings packaging plastic is shifted to 100% recycled content	98% of all plastic packaging made with 100% recycled content	This includes our transport business packaging, e-com consumer packaging, plastic bags and sales packaging.

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LINDEX DIVISION'S GOALS: RESPECT THE PLANET

TOPIC	GOAL	DEFINITION AND MONITORING FRAME	SUPPLEMENTAL KPI	PROGRESS 2019	PROGRESS 2020	PROGRESS 2021	PROGRESS 2022	PROGRESS 2023	NOTES 2023
	By 2025, all of Lindex's business partners with water intensive operations measure their water use, have set reduction goals and incorporated reduction, reuse and recycling of wastewater in the environmental management systems	Yes		Mapping and verification ongoing	Thorough water risk mapping in Tier1 and Tier2 completed. We have also developed an action plan per market to take us towards our goals		79%	72%	Scoring methodology is changing as we work towards a more granular scoring system for 2024. Currently, this score is a higher level environmental score encompassing water, climate, and other areas.
	By 2025, we have removed the release of all hazardous and toxic substances from Lindex's supply chain and promote transparency and more sustainable chemistry	Yes		Mapping and verification ongoing	The focus has been expanding our mapping and verification.		79%	72%	Scoring methodology is changing as we work towards a more granular scoring system for 2024. Currently, this score is a higher level environmental score encompassing water, climate, and other areas.
Natural Resources			Percentage of vertical suppliers in Bangladesh, India, Turkey, Pakistan, and Sri Lanka complying with local national requirements or above standard (ZDHC) on Wastewater Discharge.				100%	100%	
			Percentage of Tier 1 suppliers granting access to clean water and sanitation for workers, as verified by social audit.				100%	100%	

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LINDEX DIVISION'S GOALS: HUMAN RIGHTS

TOPIC	GOAL	DEFINITION AND MONITORING FRAME	SUPPLEMENTAL KPI	PROGRESS 2019	PROGRESS 2020	PROGRESS 2021	PROGRESS 2022	PROGRESS 2023	NOTES 2023
	By 2025, Lindex's suppliers who stand for 80% of our production show total supply chain transparency	In progress							While we have already mapped big parts of our supply chain, currently the IT infrastructure needed to enable SC transparency and product traceability is still in development.
	By 2025, Lindex's suppliers who stand for 80% of our production show commitment to improving working conditions	Yes			77% (out of top 30 suppliers)	70% (out of top 30 suppliers)	72% (out of top 30 suppliers)	78% (of total Lindex volume)	The calculation method was adjusted in 2023 and now looks at the volume of suppliers that show commitment to improving working conditions / Lindex total volume.
	By 2025, Lindex suppliers who stand for 80% of our production work actively with a living wage programme	Yes				40 %	83 %	83%	
Fair and decent workplace			Percentage of Tier 1 suppliers providing digital payment of wages				98 %	100 %	
			Among Lindex's 100% volume, the percentage of business volume verified as satisfactory on self-assessment			40% (out of top 30 suppliers)	86% (out of top 30 suppliers)	74% (of total Lindex volume)	The KPI was adjusted in 2023 and now looks at the volume of suppliers that are verfied as satisfactory on self-assessment / full Lindex volume. This is also the reason why we see a decrease from last year.
			Among Lindex's 100% volume, the percentage of business volume who are calculating living wage.			40% (out of top 30 suppliers)	83% (out of top 30 suppliers)	83% (of total Lindex volume)	The KPI was adjusted in 2023 and now looks at the volume of suppliers that are calculating living wage / full Lindex volume.
			Cases of discrimination and harassment that occur in Lindex's own operations	Head office has received training on workplace harassment and discrimination	in 2020 due	During 2021, there was one case of discrimination in Norway and one case of harassment in Sweden reported to HR; both were resolved during the year.	During 2022 there was one case that came in through our whistle- blowing system. It was resolved during the year.	There were no cases in 2023	

LINDEX DIVISION'S GOALS: HUMAN RIGHTS

TOPIC	GOAL	DEFINITION AND MONITORING FRAME	SUPPLEMENTAL KPI	PROGRESS 2019	PROGRESS 2020	PROGRESS 2021	PROGRESS 2022	PROGRESS 2023	NOTES 2023
Diversity,	Inclusive workplace	In progress					Lindex has set the ambition and made a decision to educate all managers and teams in DEI. Trainings for HQ managers were launched in the second quarter of 2022.	All staff except for retail store employees completed training.	This area will be under continuous development and goals will be updated as we move further in the process. The progress is followed via specific questions in Lindex Voice.
Equity, Inclusion	Increased diversity	In progress					Lindex has set the ambition and made a decision to work with communication, awareness and more focus on gender balance. A well-organised onboarding process is being developed.	Communication internally and externally about DEI enforcement. Onboarding process is according to plan. Recruitment training updated.	This area will be under continuous development and goals will be updated as we move further in the process. The progress is followed via specific DEI questions in Lindex Voice.

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STOCKMANN DIVISION'S GOALS: PROFITABLE AND RESPONSIBLE BUSINESS

STOCKMANN STRATEGIC SUSTAINABILITY PRIORITIES FOR 2022–2025	ACTIONS	SHORT TERM TARGETS	LONG TERM TARGETS	KPI TARGETS	TOPIC BOUNDARY	STATUS
Responsible and stable returns for	Improving economic performance progress	Increasing visitor rates and revenue growth	Increasing market share	Positive net result		In progressMore information available in the financial review
owners by creating added value to all stakeholders	Increasing shareholder value	Exit corporate restructuring programme	Restart dividend payout	Positive net result		In progressMore information available in the financial review
Ensure profitable business by responding to the customer needs	Constantly improve customer experience to achieve the premium-class customer satisfaction	Voice of Customer program collects and shares customer insight that leads to actions MyStockmann loyalty program is developed based on customer needs and it gains new and more active members	Continuous development and identification of customer needs and increasing incentives for responsible consumption	Touchpoint level EVI improvement Amount of active MyStockmann members	Own operations	 Achieved The division-level EVI result for 2023 was 62 (58). The EVI result was 65 (65) for the department stores, 33 (22) for customer service and 62 (54) for the online store. Increase in the number of active MyStockmann members 808,000 (790,000), MyStockmann members in total 1.4M (1.4M)
	Ensure customer privacy in omnichannel operations	Continuous development of Stockmann GDPR and security process	Continuous development of Stockmann GDPR and security process	Zero deviations	-	Achieved Zero deviations
Transparent communication, good governance, compliancy	Transparent stakeholder communication	Maintain the current level and active dialogue with stakeholders	Active development of Stockmann reporting according to reporting directive changes and stakeholders needs	Zero deviations to directives and authority requirements		Achieved Zero deviations
	Maintaining high level of anti-corruption and anti-competitive behaviour	All Stockmann employees have completed the Code of Conduct training	E-learning platform in use at Stockmann division	Zero deviations		 In progress Finland: 93% (93) Latvia: 100% (100) Estonia: E-learning platform not in full use, 100% otherwise

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STOCKMANN DIVISION'S GOALS: ENVIRONMENTAL SUSTAINABILITY 1/2

STOCKMANN STRATEGIC SUSTAINABILITY PRIORITIES FOR 2022–2025	ACTIONS	SHORT TERM TARGETS	LONG TERM TARGETS	KPI TARGETS	TOPIC BOUNDARY	STATUS
	Customer health and product safety (materials, chemicals)	We actively monitor regulatory updates and maintain product safety in all product categories and services	We actively monitor regulatory changes and maintain product safety	Zero deviations		Achieved Zero deviations
Environmentally sustainable valuechain	Environmental assessment of suppliers	Identify and build best practices for suppliers' environmental responsibility development together with suppliers and other stakeholders	Continuously support suppliers in developing responsible practices together with other stakeholders	Define the target		In progressStarted to identify and build the practices
Climate change	Ensure sustainable procurement practices	Develop and monitor procurement process	Monitoring and further development of sustainable procurement process	100% sustainability due dilligence	All operations	In progressWork in progress
	Set SBTi climate targets and action roadmap	Development of CO ₂ calculation to meet SBT's requirements covering Scope 1, 2, 3 and the essential categories, and to achieve more effective emission reduction solutions	Active monitoring and further development of emission calculations in all countries of operation of the division	SBT targets ready for validation process Q4/2023		 Achieved CO₂ calculation improved to meet SBT requirements Achieved SBT targets set by 10/2023, waiting for final approval
mitigation actions	Increase energy efficiency and reduce emissions	Develop and monitor emissions accounting to improve the efficiency of sustainable solutions	Monitoring and further development of emission accounting	Achieving the Stockmanns Science Based Target of 42% CO ₂ e reduction by 2030 (vs. 2022 level)		• In progress
	Reduce waste and maintain high recycling rate	Reduce the amount of biowaste in the Baltic department stores and actively utilise new ways of recycling waste in all operations	Maintain the ISO 14001 certification of Stockmann Finland operations and improve similar system in Baltics	Reduction of biowaste in the Baltics as a percentage of turnover	Own operations	In progressHigh and stable coverage

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STOCKMANN DIVISION'S GOALS: ENVIRONMENTAL SUSTAINABILITY 2/2

STOCKMANN STRATEGIC SUSTAINABILITY PRIORITIES FOR 2022–2025	ACTIONS	SHORT TERM TARGETS	LONG TERM TARGETS	KPI TARGETS	TOPIC BOUNDARY	STATUS
	Create and implement a circular design process for own brands	Explore the possibilities for developing the Stockmann design process towards a circular economy model. Optimise the use of product packaging materials, increase the use of recycled and certified material in private label packaging and update the supplier guidelines.	Continuous development of the design process to find new business opportunities in the circular economy	Investigate and create model	Own operations, (collaborate with Lindex)	 In progress Participation in the national Circular Design program. Using the Circular Design model in the design process of own clothing brands.
Circular economy as a growing part of product range and services	Increase the number of sustainably sourced choices of Stockmann's high-quality offering	Develop the sustainably sourced product selection by identifying customer needs, exceeding expectations and encouraging responsible consumption and lifestyle. Increase the use of high-quality sustainably sourced materials. Explore new business opportunities locally and at the group level.	Monitoring and further development of the product and service selection by listening to customers' needs and following developments in the industry. Increase product as a service selection.	Share of sustainably sourced materials and products of the selection	Own operations	 In progress Increased sustainably sourced product and service selection
	Increase customer awareness of sustainable consumption by customer communication and marketing	Increase customers' awareness of sustainable consumption and recycling opportunities by offering a variety of services and communicating in multiple channels	Constantly monitor and promote sustainability topics and maintain active communication with our customers and employees	Create and implement the model	Own operations	 In progress Multi-channel communication to increase customer understanding of responsible consumption

STOCKMANN DIVISION'S GOALS: ETHICAL RESPONSIBILITY AND COLLABORATION 1/3

STOCKMANN STRATEGIC SUSTAINABILITY PRIORITIES FOR 2022–2025	ACTIONS	SHORT TERM TARGETS	LONG TERM TARGETS	KPI TARGETS	TOPIC BOUNDARY	STATUS
Customer centric meaningful work	Understanding customers' needs and improving customer experience (CX) and employer experience (EX)	Improving customer experience in all touchpoints Customer Happiness development project improves CX and EX	Continuously improve identification of customer needs and increase incentives for responsible consumption	Touchpoint level EVI improvement Customer Happiness response times		 Achieved The division-level EVI result for 2023 was 58 (49). The EVI result was 65 (65) for the department stores, 22 (6) for customer service and 54 (48) for the online store.
		Stockmann team members get opportunities to leam and grow professionally by having Success Dialogues on a regular basis, with a minimum 1/year focus on learning and growth	Gets opportunities to learn and grow professionally • by being encouraged and empowered to think learning needs and find various ways to learn and build the needed competences • by developing systematic People Leader on	"I get enough support to learn and develop at	Own operations	 In progress Employer Brand strategy for Stockmann division was created in 2022 and has been systematically implemented in 2023.
	Enabling continuous learning and growth	Team members get support to build career paths at Stockmann by making career steps more visible by improving visibility on company level to recognise the people who are willing to take new steps by creating an employer branding plan and strengthening our employer marketing by carrying out People Review process on annual basis	Gets support to build career paths at Stockmann by encouraging more internal career movement. by always opening every vacancy at Stockmann internally equally for everyone, giving everyone the opportunity to apply for a new position. by having My future@ stockmann concept in use. by creating automated processes and contents to support team members and people leaders with career step questions.	Stockmann to be able to perform well in my role." "Stockmann offers good opportunities to develop on my career."		• In progress • The perception of development opportunities has stayed on the previous year's level. A total of 39% (42) felt that Stockmann offers good opportunities for professional development and 54% (52) said they had been given sufficient learning and development opportunities.

STOCKMANN DIVISION'S GOALS: ETHICAL RESPONSIBILITY AND COLLABORATION 2/3

STOCKMANN STRATEGIC SUSTAINABILITY PRIORITIES FOR 2022–2025	ACTIONS	SHORT TERM TARGETS	LONG TERM TARGETS	KPI TARGETS	TOPIC BOUNDARY	STATUS
	Strengthening inclusion and empowerment in work community	Stockmann team members work in safe and responsible work environment • by empowering local H&S -teams/ employee councils to work together for a healthy, safe and inspiring workplace. We support and encourage our local teams to actively develop work, wellbeing and safety, locally	We have empowered, motivated and healthy,	"Stockmann cares about my wellbeing" survey Sick leave (days/employee) Health-% Work related accidents		 Achieved Cross-country working group in place for establishing the wellbeing journey by end of H1/2023 In progress Stockmann cares about employees' well-being": 44% stated agreement; "Stockmann cares about employees' work-life balance": 45% stated agreement.
Equal, diverse, inclusive and safe work community	Improving our wellbeing together	Stockmann team members get support for taking care of their own health and wellbeing • by having wellbeing as part of every step in our employee journey • we identify and verbalise the actions and feelings that support and/or create wellbeing • by actively communicating about wellbeing at Stockmann to support employees' and work communities' ability to invest in wellbeing	self-steering teams that put wellbeing everyday at the core We have modern, safe working places in all countries and locations		Own operations	

STOCKMANN DIVISION'S GOALS: ETHICAL RESPONSIBILITY AND COLLABORATION 3/3

STOCKMANN STRATEGIC SUSTAINABILITY PRIORITIES FOR 2022–2025	ACTIONS	SHORT TERM TARGETS	LONG TERM TARGETS	KPI TARGETS	TOPIC BOUNDARY	STATUS
	Ensure safe working environment by monitoring and engaging active dialogue	Groupwide guidelines. Be transparent in choosing also local partners and publishing supplier list on webpage. Sustainability related certificates are listed and included in all contracts. Procurement agreements to cover sustainability topics.	Evaluate and update the common practices and communicate through open dialogue with stakeholders to foster growing sustainable business. Expanding the supplier list of own brands to also cover Tier 2 and Tier 3 operators.	Target level of audits and follow-up	Own operations	Achieved Increased amount of local partners, transparently published supplier list
Ensure ethical working practices in supply chain	Human rights assessments, sustainability due diligence	Re-evaluate and update the code of conduct and its process. Find solutions ensuring fair pay in the supply chain. IFS system.	Active data maintenance and process development. IFS system. Conduct corporate sustainability due diligence directive (CSDDD).	Code of Conduct signed by 100% of suppliers	All operations	In progress High and stable coverage
	Social audits made by third party, 100% of own suppliers (BSCI, SEDEX or similar)	Active dialogue with third parties and follow up of audits	Active data maintenance and process development. IFS system.	Social audits made by third party, 100% of own suppliers	Own operations	In progressHigh and stable coverage

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REPORTING PRINCIPLES

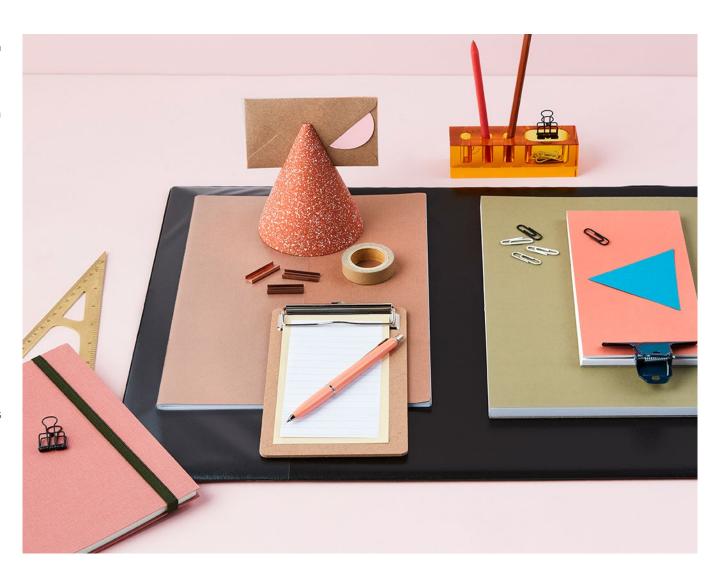
The Sustainability Review covers all the Stockmann Group's own operations during 1 January–31 December 2023. The report is published annually. The Group's reporting segments are Lindex and Stockmann divisions. The Lindex division publishes more detailed information about its sustainability work in its own Sustainability Report, at **lindex.com** and at

stockmanngroup.com.

The Sustainability Review is done in accordance with the Global Reporting Initiative (GRI) Standards. In its sustainability reporting, the Stockmann Group has focused on the accuracy, balance, clarity, comparability, recurrence, coverage, sustainability, context, and verifiability of the information.

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

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



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GRI CONTENT INDEX

		Location	Comments	SDG's
GRI 2: Gene	ral disclosures (2021)			
Organizatio	nal profile			
2-1	Organizational details	Introduction p. 5; Our year, p. 14-15		
2-2	Entities included in the organization's sustainability reporting	Reporting principles, p. 56		
2-3	Reporting period, frequency and contact point	GRI Content Index	The reporting period for the review is the financial year from 1 January to 31 December 2023. The report is published annually. More information: info@stockmann.com	
2-4	Restatements of information	GRI Content Index	Changes are reported in connection with relevant performance indicators. I.a. CO_2 e calculations have been developed the be more comprehensive, and thus previous years aren't compatible.	
2-5	External assurance	GRI Content Index	The Sustainability Review report has not been verified by a third party. Financial indicate which are presented in the financial statements, are assured by authorised auditors.	ors,
Activities an	nd workers			
2-6	Activities, value chain and other business relationships	Introduction, p. 7–8; Our ways of working, p. 17; Sustainable environment, p. 25; Sustainable working community, p. 36		
2-7	Employees	Sustainable work community, p. 31–33, p. 36		5, 8, 10
2-8	Workers who are not employees	Sustainable work community, p. 36	Data regarding the whole amount of workers who are not employees is not available. Data collection will be developed in the future.	5, 8, 10
Governance				
2-9	Governance structure and composition	Corporate governance, p. 2-4, p. 6-8		
2-10	Nomination and selection of the highest governance body	Corporate governance, p. 2-4		
2-11	Chair of the highest governance body	Corporate governance, p. 2, p. 6		
2-12	Role of the highest governance body in overseeing the management of impacts	Sustainable management and program, p. 39 Corporate governance, p. 3–4		
2-13	Delegation of responsibility for managing impacts	Sustainable management and program, p. 38–39		
2-14	Role of the highest governance body in sustainability reporting	Sustainable management and program, p. 38–39		
2-15	Conflicts of interest	Our ways of working, p. 17–18; Sustainable management and program, p. 39; Corporate governance p. 3–5		
2-16	Communication of critical concerns	Sustainable management and program, p. 40, p. 43		
2-17	Collective knowledge of the highest governance body	GRI Content Index	The Board of Directors has not received sustainability trainings arranged by Stockmann grou	ıp.
2-18	Evaluation of the performance of the highest governance body	Corporate governance, p. 3		
2-19	Remuneration policies	Remuneration report p. 3		
2-20	Process to determine remuneration	Remuneration report p. 2–7; Corporate governance p. 3–4		
2-21	Annual total compensation ratio		Data missing from the report. Data collection will be developed in the future.	

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		Location	Comments	SDG's
Strategy, po	licies and practices			
2-22	Statement on sustainable development strategy	Introduction, p. 4, p. 7-8; Our ways of working, p. 10-15; Sustainable management and program, p. 44-54		
2-23	Policy commitments	Introduction, p. 7–8; Our ways of working, p. 11–12, p. 16–18; Sustainable work community, p. 32, p. 36; Sustainable management and program, p. 38–40; Corporate governance, p. 2–3;		
		Stockmann group website: Code of conduct and policies https://www. stockmanngroup.com/en/the-stockmann-group/code- of-conduct/ Human rights policy: https://www.stockmanngroup.com/ en/sustainability/people-and-society/		
2-24	Embedding policy commitments	Introduction, p. 7–8; Our ways of working, p. 11–18; Sustainable environment, p. 24; Sustainable work community, p. 31–32, p. 34, p. 36		
2-25	Processes to remediate negative impacts	Our ways of working, p. 11–15; Sustainable work community, p. 36; Sustainable management and program, p. 43		
2-26	Mechanisms for seeking advice and raising concerns	Sustainable management and program, p. 40		
2-27	Compliance with laws and regulations	GRI Content Index	There were no legal actions or fines for anti-competitive behaviour, anti-trust, or monopoly practices or their outcomes in 2023.	
2-28	Membership associations	Stockmann group website: Memberships of associations and advocacy organisations https://www.stockmanngroup.com/en/sustainability/sustainable-business-approach/		17
Stakeholder	engagement	· ·		
2-29	Approach to stakeholder engagement	Our ways of working, p. 16-17; Sustainable work community, p. 36; Sustainable management and program, p. 41-43, p. 49		
2-30	Collective bargaining agreements	Sustainable work community, p. 36		
GRI 3: Mate	rial Topics (2021)			
3-1	Process to determine material topics	Sustainable management and program, p. 41–42		
3-2	List of material topics	Sustainable management and program, p. 41–42		
3-3	Management of material topics	Our ways of working, p. 11–12; Sustainable environment, p. 24; Sustainable work community, p. 36; Sustainable management and program, p. 38–40		

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	Location	Comments	SDG's
ECONOMIC STANDARDS			-
GRI 201: Economic performance (2016)			
201-1 Direct economic value generated and distributed	Our ways of working, p. 17–18		8
GRI 204: Procurement practices (2016)	***		
204-1 Proportion of spending on local suppliers	Our ways of working, p. 14; Stockmann group website: Production countries and list of suppliers and factories https://www.stockmanngroup.com/en/sustainability/ people-and-society/production-countries-and-factory- lists/	Partially reported. A list of the suppliers and factories for Stockmann fashion's own brand is available at https://www.stockmanngroup.com/en/sustainability/people-and-society/production-countries-and-factory-lists/, and Lindex's list of suppliers and factories, which includes production and processing factories and level 2 factories, is available at https://about.lindex.com/sustainability/how-we-work/suppliers-and-factories/	
GRI 205: Anti-corruption (2016)			
205-2 Communication and training about anti-corruption policies and procedures	Our ways of working, p. 17-18; Stockmann group website: Anti-corruption policy https://www.stockmanngroup. com/en/the-stockmann-group/code-of-conduct/		
205-3 Confirmed incidents of corruption and actions taken	Our ways of working, p. 18		
GRI 206: Anti-competitive behavior (2016)			
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	GRI Content Index	There were no legal actions or fines for anti-competitive behaviour, anti-trust, or monopoly practices or their outcomes in 2023.	
ENVIRONMENTAL STANDARDS			
GRI 301: Materials (2016)			
301-3 Reclaimed products and their packaging materials	Sustainable Environment, p. 25–27	This aspect is considered to be material, but the model for calculating the key figure is not suitable for Stockmann's operations. The section 'Circular economy' (p. 25–27) describes solutions that support circular economy with respect to packaging materials and shopping bags	12, 13 s.
GRI 302: Energy (2016)			
302-1 Energy consumption within the organization	Sustainable Environment, p. 21-24	Calculations have been developed to comply with SBTi regulations. SBT targets are expected to be validated during 2024.	13
302-2 Energy consumption outside of the organization	Sustainable Environment, p. 21-24	Calculations have been developed to comply with SBTi regulations. SBT targets are expected to be validated during 2024.	13
GRI 303: Water and Effluents (2018)			
303-3 Water withdrawal	Sustainable Environment, p. 28		
GRI 305: Emissions (2016)			
305-1 Direct (Scope 1) GHG emissions	Sustainable Environment, p. 21-22	Calculations have been developed to comply with SBTi regulations. SBT targets are expected to be validated during 2024. The Group's aim is to reduce climate emissions from its own operations and its value chain by 42% by 2030 compared to 2022.	13
305-2 Energy indirect (Scope 2) GHG emissions	Sustainable Environment, p. 21-22	Calculations have been developed to comply with SBTi regulations. SBT targets are expected to be validated during 2024. The Group's aim is to reduce climate emissions from its own operations and its value chain by 42% by 2030 compared to 2022.	13
305-3 Other indirect (Scope 3) GHG emissions	Sustainable Environment, p. 21-22	Calculations have been developed to comply with SBTi regulations. SBT targets are expected to be validated during 2024. The Group's aim is to reduce climate emissions from its own operations and its value chain by 42% by 2030 compared to 2022.	13
GRI 306: Waste (2020)			
306-2 Management of significant waste- related impacts	Sustainable Environment, p. 25–27		12
306-3 Waste generated	Sustainable Environment, p. 25–27	A change has been made to the group's calculation methodology for the years 2021–2022, and the figures from previous years are therefore not comparable with theseyears. The new calculation corresponds to SBT requirements covering Scope 1, 2, 3 and all the most relevant categories.	12

Our Ways of Working

Environment

Work Community

Sustainability Management and Programmes

	Location	Comments	SDG's
SOCIAL STANDARDS			
GRI 401: Employment (2016)			
401-1 New employee hires and employee turnover	Sustainable work community, p. 31		5, 8
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	771	Partially reported.	8
GRI 402: Labor/ management relations (2016)			
402-1 Minimum notice periods regarding operational changes	GRI Content Index	We comply with the notice periods specified in labour legislation in all our countries of operation. In Finland, the notice period is from two weeks to six months, depending on the duration of the employment relationship. In Sweden, the notice period is from one week to several months, depending on the duration of the employment relationship and the operational change in question. Minimum notice periods regarding operational changes are not specified in the collective agreements for the commerce sector.	8
GRI 403: Occupational health and safety (2018)			
403-3 Occupational health services	Sustainable work community, p. 35		8
403-9 Work-related injuries	Sustainable work community, p. 31	In 2023, there were no deaths due to accidents at work or serious accidents at work.	8
GRI 404: Training and education (2016)			
404-1 Average hours of training per year per employee	Sustainable work community, p. 34	Partially reported.	8
404-3 Percentage of employees receiving regular performance and career development reviews	Sustainable work community, p. 34	Partially reported.	8
GRI 405: Diversity and equal opportunity (2016)			
405-1 Diversity of governance bodies and employees	Sustainable work community, p. 32		5, 8
405-2 Ratio of basic salary and remuneration of women to men	Sustainable work community, p. 32		5, 8
GRI 406: Non-discrimination (2016)			
406-1 Incidents of discrimination and corrective actions taken	Sustainable work community, p. 32		5, 8
GRI 407: Freedom of association and collective bargaining (2016)			
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Our ways of working, p. 11–14, Stockmann group website: Human rights and labour practices https://www.stockmanngroup.com/en/ sustainability/people-and-society/	Most of the Stockmann Group's own employees work in countries classified by the amfori BSCI as low-risk countries for human rights violations. The fullfillment of freedom of association in the supply chain is monitored through own audits and those made by a third party.	8
GRI 414: Supplier social assessment (2016)			
414-2 Negative social impacts in the supply chain and actions taken	Our ways of working, p. 12–14		8, 12
GRI 415: Public policy (2016)			
415-1 Political contributions	GRI Content Index	Stockmann does not make political contributions or donations to any politicians, political parties or related organizations, either directly or indirectly.	
GRI 416: Customer health and safety (2016)			
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Our ways of working, p. 15		12
GRI 417: Marketing and labelling (2016)			
417-3 Incidents of non-compliance concerning marketing communications	Our ways of working, p. 16		12
GRI 418: Customer privacy (2016)			
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Our ways of working, p. 16		

LINDEX

STOCKMANN

The Stockmann Group's annual reporting consists of five reviews: 'Our Year 2023' Business Review, Financial Review, Corporate Governance Statement, Remuneration Report and Sustainability Review. The Financial Review includes the Report by the Board of Directors and the Financial Statements.

All reviews are available in Finnish, Swedish and English at year2023.stockmanngroup.com.

Links to other reviews

YEAR 2023

FINANCIAL REVIEW

CORPORATE GOVERNANCE STATEMENT

REMUNERATION REPORT

