

Climate Transition Plan

LINDEX



Introduction

We are facing a climate crisis along with biodiversity loss at an alarming rate. We know that global warming beyond the limit of 1.5 degrees Celsius will put humanity's core needs at risk, and greatly impact people, society as well as businesses.

Science Based Climate target

To further strengthen Lindex Group's commitment to sustainability and carbon reduction, and secure that we are following the industry global carbon roadmap, the Science Based Targets initiative (SBTi) was signed in autumn 2021. As part of this, the Group established a new target that now applies to Lindex and Stockmann. Our new target is a near term target to reduce absolute climate emissions by 42 per cent until 2030 from the base year 2022.

Climate roadmap

With this document we present all our climate related activities consolidated into one strategic action plan for the organisation to reach our 2030 target. The document presents our targets, strategy and methodology and details our strategic plan to reduce emissions including our strategic growth plan as well as roadmaps for each part of the value chain.

We have developed this roadmap as a first direction and possible scenario of how to reach our 2030 target. Since our roadmap includes all parts of our value chain, each with their own individual roadmaps and targets, in a constantly changing environment, we recognise that this roadmap can never be static but needs to be revisited and possibly updated every year in order to stay relevant and secure our progress.

Lindex Climate Target

By reducing the emissions by 42 per cent until 2030, Lindex Group is in line with the Paris Agreement to keep the global warming maximum on 1.5 Celsius degrees.

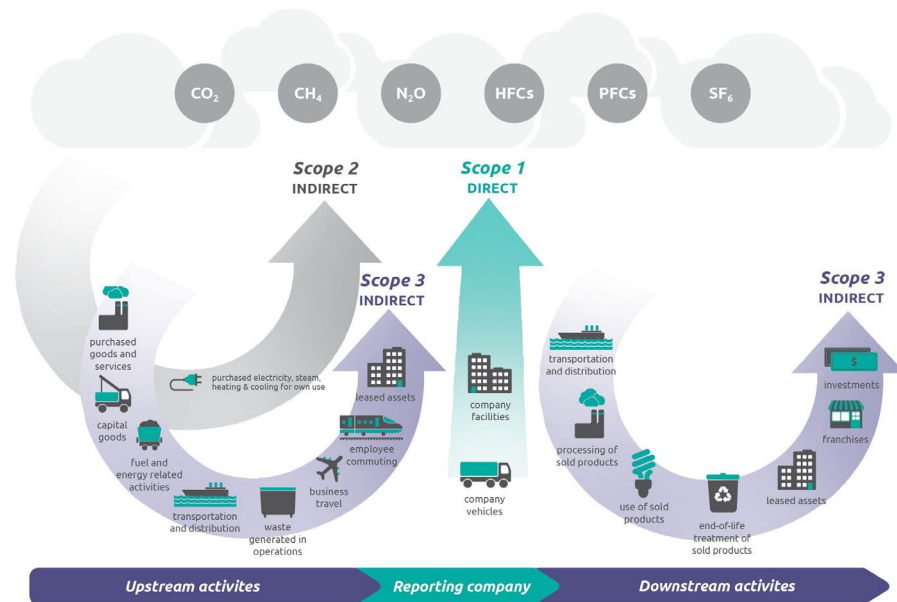
| | Scope 1+2 12 ktCO ₂ e in 2022 | Scope 3 227 ktCO ₂ e in 2022 |
|--------------|--|---|
| Stockmann | -3 ktCO ₂ e -42 % | -34 ktCO ₂ e -42 % |
| Lindex | -2 ktCO ₂ e -42 % | -61 ktCO ₂ e -42 % |
| Lindex Group | -5 ktCO ₂ e -42 % | -95 ktCO ₂ e -42 % |

Methodology

2022 Baseline

The carbon footprint for our baseline has been quantified and reported according to the greenhouse gas (GHG) protocol reporting standard. A full disclosure of our carbon footprint and calculations as well as our yearly progress can be found in our [Sustainability Reporting](#).

Figure [1.1] Overview of GHG Protocol scopes and emissions across the value chain



GHG Inventory diagram. Source [Greenhouse gas protocol](#)

2030 Roadmap

The roadmap has been calculated using an action tool that was developed through a multistakeholder collaboration between the Swedish Textile Initiative for Climate Action (STICA), 2050 Climate Consultancy, STICA brands and Lindex.

The action tool includes data covering all scopes and uses emission data from various globally recognised databases for the calculation of all scopes (i.e. HIGG MSI, country energy grid data, etc).

The roadmap focuses on the categories that are most material to us (in line with STICA reporting).

Data collection and measuring impact

Collecting and verifying data throughout our value chain is a real challenge and climate data collection requires an extra critical eye. We need to remain critical of the data we receive and conduct constant verification and assessment.

Throughout the value chain we rely on data that we get from partners such as travel agencies, transport providers, suppliers etc. Our current calculations are based on a mix between generic data and real data, and we are committed to continually increasing the share of real data as we improve our access and our verification processes. This is an ongoing journey, and as we replace generic data with actual figures, we must also re-calculate our baseline figures.

So far, we have replaced generic data with real data from tier 1 suppliers that cover 70 per cent of our order quantity. Of these, 35 per cent are vertical operations, so here we include wet processes such as printing and coloration, and/or knitting.

Baseline 2022

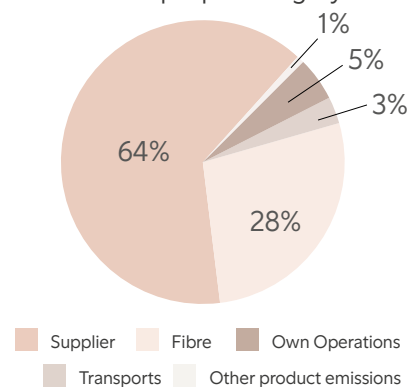
Science Based Targets

Our new commitment to Science Based Targets means an update of our baseline to 2022 compared to our previous climate goal of achieving a 50 per cent reduction against 2017 as baseline. This means that all progress already made between year 2017 and 2022, will not be included in our updated roadmap. We will however throughout the report describe the actions already taken against our previous baseline to explain the emissions and activities that remain.

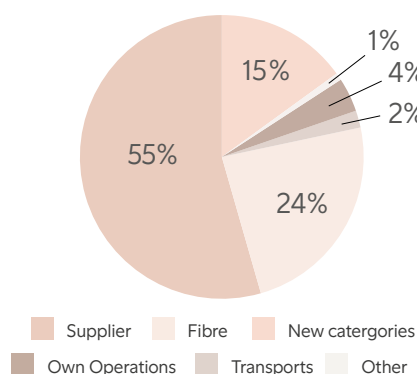
In 2022, Lindex's total emission amounted to 128.268 tons of CO₂e.

| Scope | Area | 2022 Baseline |
|-------------|--------------------------------------|---------------|
| Scope 1 & 2 | Operated facilities | 5.914 |
| | Electricity | 0 |
| | Heating | 5.725 |
| Scope 3 | Fibres | 35.658 |
| | Transports | 3.253 |
| | Suppliers | 82.541 |
| | Suppliers - Electricity | 34.254 |
| | Suppliers - Fuel | 42.295 |
| | Packaging and other supplier related | 5.991 |
| | Other emissions | 903 |
| | Total emissions in main focus | 128.268 |
| | New categories* | 22.115 |
| | Total SBTi emissions | 150.383 |

Base 2022 split per category



Base 2022 - SBTi scope incl. new categories



Scope 1+2 emissions refer primarily to purchased energy for owned or leased buildings, i.e. the stores and warehouses where we sell and store the goods. These emissions have more than halved since our original baseline and amounts to four per cent. The scope also includes emissions from owned or leased vehicles which amounts to less than 0,1 per cent.

Scope 3 emissions refer primarily to purchased goods and transportation. Since 2017 we have drastically reduced emissions from transportation, which now accounts for only two per cent of our total emissions. While emissions from purchased goods have also decreased since our baseline, this remains the area with the greatest potential for further emission reductions in the future.

New Categories: With our commitment to Science Based Targets we are adding new categories to our climate balance such as indirect purchases, capex, employee commuting, franchise, and cosmetics. Since these categories are new to us, the emission reduction potential needs to be explored further until 2030 and the roadmaps will be developed further in coming updates.



Strategic growth plan

Lindex has set a climate goal, in line with science, to reduce absolute emissions by 42 per cent by 2030. Achieving this goal will require that we integrate the goal with Lindex’s overall business strategy, as well as the strategic sales and growth plans.

Volume vs value

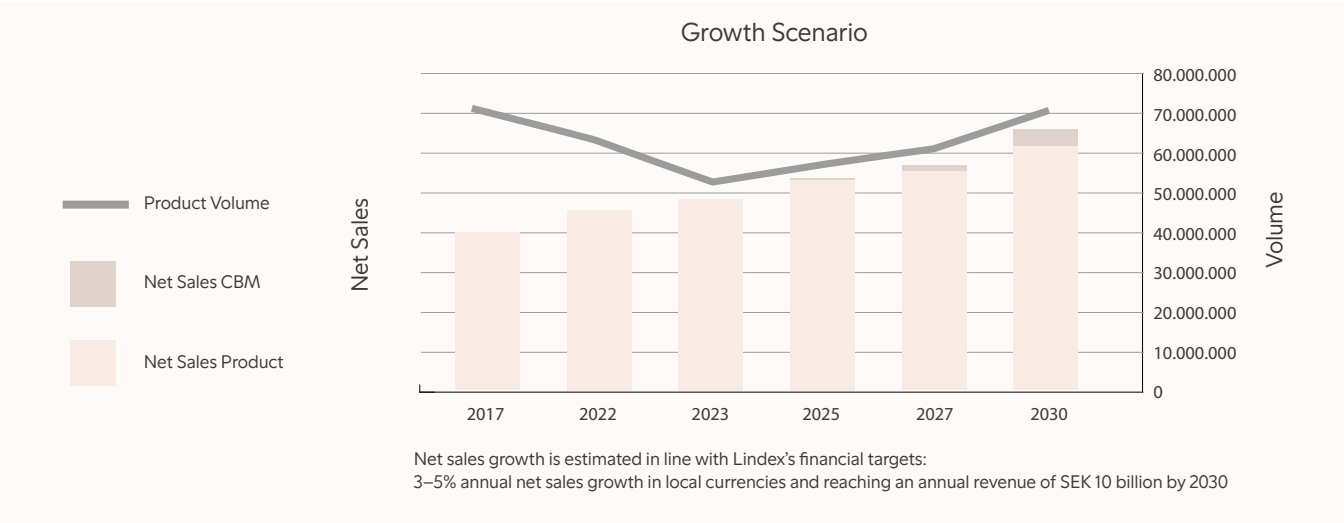
Since the volume of products produced has a direct impact on an absolute emission reduction target, we have already learned that product volume optimisation, reducing our mark down clearance, and increasing our full price sales are key components in our approach to sustainable growth.

Since our original baseline 2017, the reduction of volumes has made a significant contribution to the reduction of scope 3 emissions, purchased goods. Going forward we will continue to carefully balance our strategic growth plan with a clear focus on optimising the value of each product. To minimise any overproduction, we will also continue to focus on the right product in the right place and in the right amount.

Circular business models and services

Our industry is in a transition towards a circular economy where new circular business models (CBM) and services will be part of our future growth. Over the last few years, we have already explored several options where we see business opportunities while reducing carbon emissions.

Until 2030 we expect CBM and Services to be five per cent of our total annual turnover.





Collaboration and Advocacy

The fashion industry is undergoing transformational changes. These changes cannot be achieved by Lindex alone, but collaboration, advocacy and engaging with our stakeholders is needed at every level of our value chain. We are part of multiple commitments where we join forces with others and gather around common goals and ambitions. Together we can increase leverage, share learnings, and pave the way for a harmonisation among industry players.

Lindex is a member of STICA, the Swedish Textile Initiative for Climate Action, where brands are coming together to reduce the climate impact of the textile industry. Within STICA, we work together to set science-based targets and plans for GHG reductions in line with limiting global warming to 1.5 degrees Celsius, and we report on our progress on a regular basis. We also join forces, advocating for ambitious climate legislation at the industry level.

Throughout our value chain we collaborate directly with both existing and new partnerships. We are since many years working closely together with our suppliers in partnerships to advance the sustainability agenda. To further accelerate energy efficiency and secure access to renewable energy in our production countries

we need to engage both in the development of new technologies as well as in country level energy policy. In Bangladesh we are part of The Sustainable Fashion by Sweden Platform that was established by the Embassy of Sweden in Dhaka and Business Sweden. Together with key stakeholders such as Swedish technology companies, finance and development organisations, the government of Bangladesh, and brands including Lindex, IKEA and H&M, we collaborate to move this agenda.

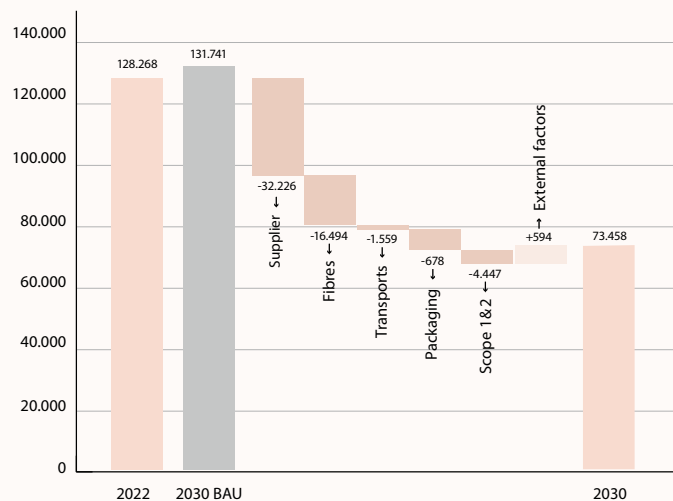
Collaborations are also key for shifting to low carbon materials. We are forming commitments, partnerships, and collaboration with new solution providers such as Södra Skogsägarna and Infinited Fiber Company to increase postconsumer textile recycling.

To further develop the solutions that not yet exist we engage with research institutes and universities. We engage with the Swedish School of Textiles at the University of Borås, to drive innovation in new circular business models, programme advisory and knowledge sharing, and we work with RISE, Research Institute of Sweden, in order to secure necessary standards for recyclability.



2030 Roadmap overview

Table: 2030 Roadmap overview by area



An overview of the total roadmap divided into our different scopes and areas of major impact. The areas will be described individually in the coming pages.

| Scope | Area | 2022 Baseline | 2030 Roadmap | Reduction | Reduction % |
|-------------|--------------------------------------|---------------|--------------|-----------|-------------|
| Scope 1 & 2 | Operated facilities | 5.914 | 1.467 | -4.447 | -75% |
| | Electricity | 0 | 0 | 0 | |
| | Heating | 5.725 | 1.251 | -4.475 | -78% |
| Scope 3 | Fibres | 35.658 | 19.164 | -16.494 | -46% |
| | Transports | 3.253 | 1.694 | -1.559 | -48% |
| | Suppliers | 82.541 | 50.097 | -32.444 | -39% |
| | Suppliers - Electricity | 34.254 | 13.782 | -20.472 | -60% |
| | Suppliers - Fuel | 42.295 | 30.541 | -11.754 | -28% |
| | Packaging and other supplier related | 5.991 | 5.773 | -218 | -4% |
| | Other emissions | 903 | 1.037 | 134 | 15% |
| | Total emissions in main focus | 128.268 | 73.458 | -54.810 | -43% |
| | New categories* | 22.115 | 12.827 | -9.288 | -42% |
| | Total SBTi emissions | 150.383 | 86.285 | -64.098 | -43% |

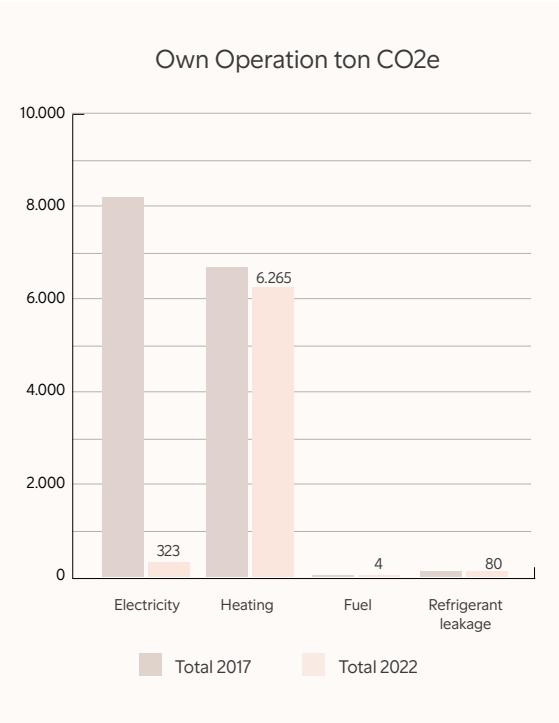
* New categories = Indirect purchase, Cosmetics, Capex, Franchise, Employee commute



Scope 1 & 2

Own operations

Our Scope 1 and 2 emissions mainly come from company operated facilities and stand for four per cent of total emissions.



2022 Baseline

Since our previous 2017 baseline we have more than halved our emissions by sourcing renewable energy with ‘guarantees of origin’ for all of our electricity needs within our own operations, including our stores, offices, and warehouses globally.

We have also taken energy efficiency measures to lower the total energy consumption. We have already invested in transitioning halogen lights in our stores around the world to LED lights as part of a project we started in 2020.

2030 Roadmap

Moving forward, we will build upon these learnings and focus on addressing energy consumption from heating. Our ambition is to transition to renewable heating sources, covering 80 per cent of all our stores, offices and warehouses globally.

We will also initiate further energy efficiency measures to reduce total energy consumption by 10 per cent.

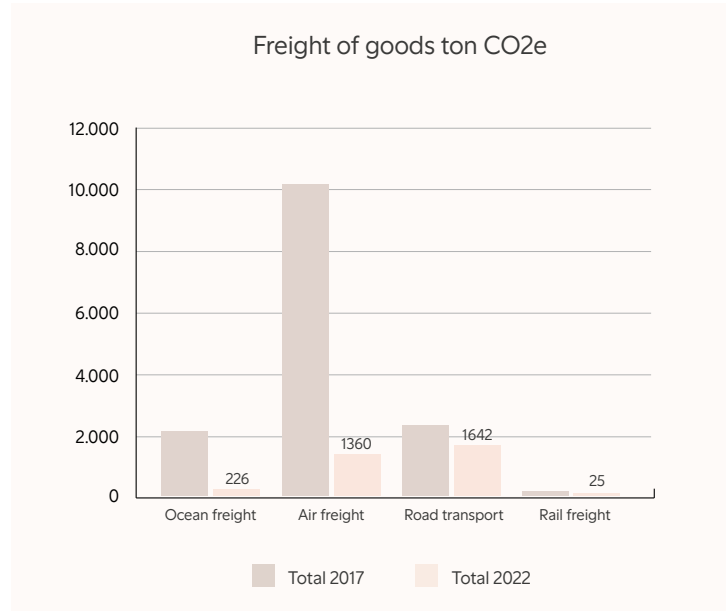
In total, we anticipate a 75 per cent reduction in emissions from our own operations by 2030.

| | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Scope 1 & 2 | 5.914 | 4.916 | 3.877 | 2.799 | 1.680 | 1.631 | 1.579 | 1.524 | 1.467 |
| Electricity | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Heating | 5.725 | 4.724 | 3.682 | 2.600 | 1.477 | 1.425 | 1.369 | 1.311 | 1.251 |

Scope 3

Transports

The emissions from transportation stand for two per cent of Lindex's total emissions.



2022 Baseline

Since our previous 2017 baseline we have been able to drastically reduce our emissions from transportation due to a shift in transportation mode from air to sea shipments in combination with a shift to biofuels covering 100 per cent of all sea shipments.

Our 2022 emissions are coming from the remaining air shipments and from the fuels used in our truck shipments.

2030 Roadmap

Inbound

Going forward we will continue to reduce air shipments and we

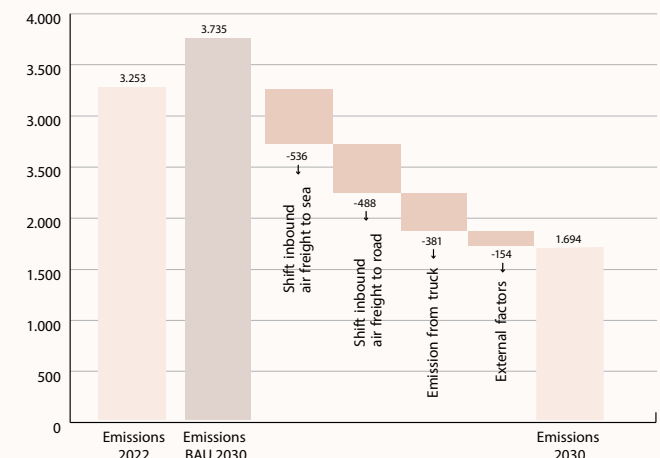
are planning a re-localisation of production to markets that are closer to our sales countries to make up for the flexibility needed, hence the shift from air will be both to sea as well as road transportations. By 2030 we will have reduced our air shipments by another 50 per cent against 2022 baseline.

With all fuels shifted to renewable sources for sea shipments our next focus is to ensure the replacement of fuels for road transportation where the transport sector's global goals and our forwarders own roadmaps for transition will be key.

Outbound

Our outbound transportation mode is 100 per cent road transport. The use of fossil fuels will be replaced by renewable sources according to industry action plan and forwarders own roadmap for transition.

In total, the emission reduction from transportation will be 48 per cent until 2030.



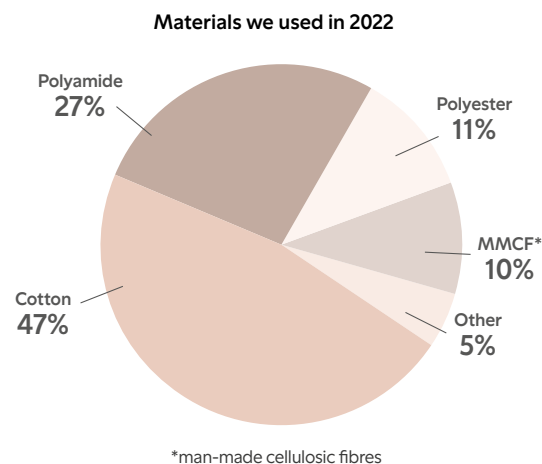


Fibres

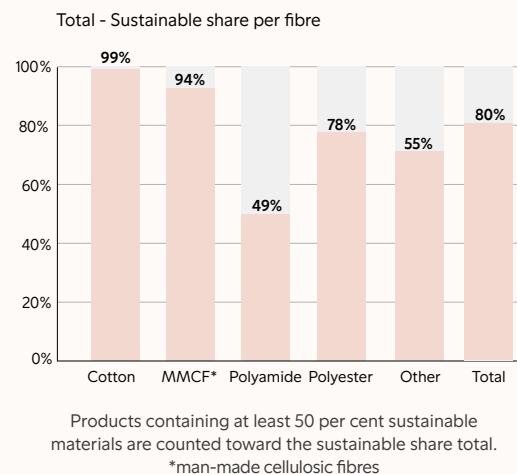
The emissions from fibre stand for 24 per cent of Lindex's total emissions.

2022 Baseline

Lindex main fibres are cotton, polyamide, polyester and manmade cellulosic. To date, we have successfully managed to shift most of our cotton and MMCF fibers into options with less impact such as organic cotton and Eco Vero Viscose. We have also been taking steps within our synthetic fibre portfolio moving away from fossil based raw materials to recycled options.



How far we have come in switching to more sustainable options



2030 Roadmap

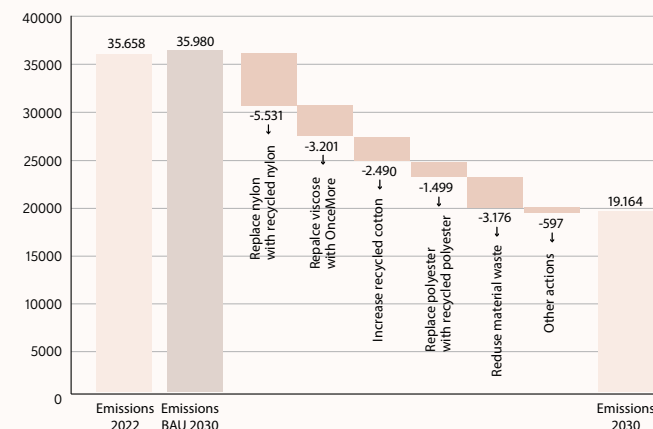
Going forward we see our largest reduction potential in shifting to recycled options.

We will focus on and scale up our shift to pre consumer recycled input for the remaining part of our polyamide fibres as well as our polyester fibres.

For our cotton and manmade cellulosic fibres, we have made several new commitments with partners and innovators to access and scale up postconsumer recycled fibres going forward. This will contribute significantly to our roadmap.

Reducing overall material waste is an important activity and something that our suppliers are constantly working on. We will continue this focus to reduce another 10 per cent of material waste throughout our supply chain until 2030.

In total, the emission reduction from fibre impact will be 46 per cent until 2030





Suppliers

Our greatest opportunity for creating positive change is to reduce the climate impact of our supply chain and the production, from raw materials to garment production. This is where about 55 per cent of Lindex's carbon footprint is determined (excluding transportation). Emissions come from the use of electricity and thermal energy in combination with the fossil-based source.

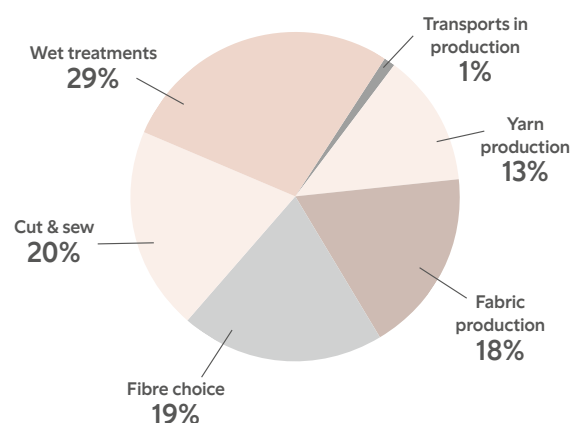
2022 Baseline

Since our previous 2017 baseline the total emission from purchased goods has been reduced due to a decrease in purchased volumes and weight.

Our key tier 1 suppliers, producing approximately 80 per cent of our volumes, have worked very closely with us in various energy efficiency projects over the years. They have also successfully managed to reduce the energy use from their production and initiated a shift towards renewable energy as source, replacing the fossil fuels used for electricity.

Meanwhile, our biggest potential for reduction is further down the supply chain in energy intense production and wet processing of materials.

Average emission in garment manufacturing per stage

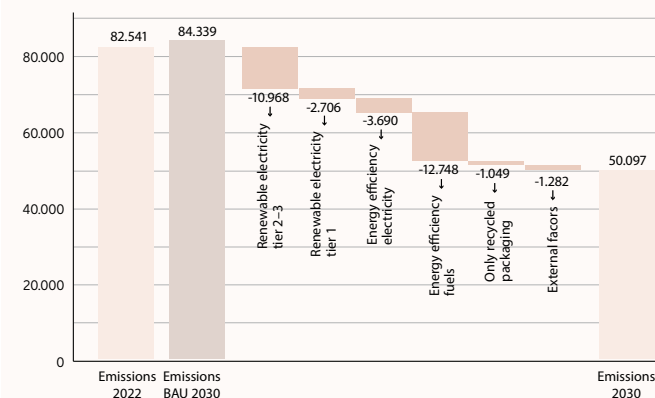


2030 Roadmap

Going forward, our biggest potential to emission reduction is reducing impact from Tier 2 and 3. To reach our goals, we need all suppliers across all tiers to shift the source for the energy used for electricity to renewable sources, either by installing on-site renewable energy or by purchasing renewable energy contracts.

But addressing electricity will not be enough as a big portion of emissions come from the use of fossil fuels generating thermal energy. This energy needs to be reduced or replaced by renewable sources and we need to have a special focus in our tier 2 production processes as well as the reduction and replacement of coal as a source.

In total, the 2030 emission reduction from suppliers in tier 1, 2 and 3 will be 60 per cent for electricity use and 28 per cent from fuels used for thermal energy.





2030 Roadmap

Tier 1 suppliers (including vertical suppliers)

Regardless of impact it is important that we continue to reduce all emissions throughout the value chain to reach our goal. We will build on our long-term collaboration and commitment with our strategic tier 1 partners who are producing approximately 80 per cent of our volumes and which are currently reporting actual energy data to us.

To reduce emissions, our roadmap suggests three key ambitions for the energy used in these facilities until 2030.

- Replace 90 per cent of energy from electricity by renewable sources.
- Reduce energy from electricity (the grid) by 10 per cent*
- Reduce energy from fossil fuels (thermal energy) by 30 per cent*

Tier 2 & 3 suppliers

We recognise that energy reduction and shifting to renewable sources in our tier 2 and 3 supply chain will be our biggest challenge as we proceed. This is due to the lack of direct business relations and leverage, as well as availability of renewable energy sources in the production countries, and the existing infrastructure and production availability for any global shift.

Our strategy and opportunity in emission reduction for this area builds on understanding the goals and roadmaps of the suppliers and align with our placing strategy. The first step is creating a robust system for transparency and data collection.

Our roadmap for tier 2 and 3 suppliers resembles our roadmap for our tier 1 suppliers but we believe the opportunity to cover a larger part of the electricity consumption is higher for our tier 1 suppliers than for tier 2 and 3 suppliers since the energy consumption is significantly higher in material production processing.

- Replace 50 per cent of energy from electricity by renewable sources.
- Reduce energy from electricity (the grid) by 10 per cent*
- Reduce energy from fossil fuels (thermal energy) by 30 per cent*



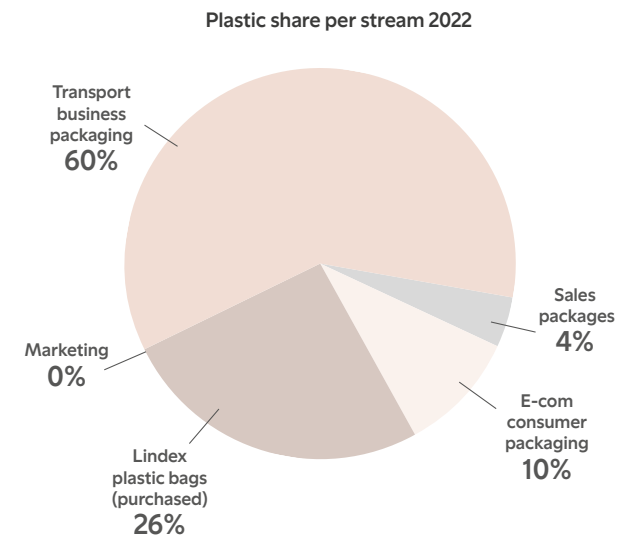
Packaging

2022 Baseline

In 2022 we changed the materials for all our transport packaging as well as the vast majority of our sales packaging (from stockings) to 100 per cent recycled and recyclable content. This covers about 98 per cent of our plastic packaging and follows up on our previous work to change all shopping bags and e-commerce packaging to 100 per cent recycled and recyclable content.

2030 Roadmap

Building on our learnings to transform all plastic packaging into recycled content we will going forward address all paper and cardboard packaging in the same way to secure 100 per cent recycled content by 2030.





Other

Business travels

Business travels stand for 0,4 per cent of total emissions. To keep emissions from business travels at a minimum we need to monitor and replace travelling by air. During the pandemic we had a drastic reduction in business travelling and even with resumed travelling in 2022 we are still down 60 per cent from our previous baseline in 2017. Going forward we will build on our learnings during the pandemic to replace travels with digital meetings or inhouse/nearshore photoshoots.

By 2030, our ambitions are that we will keep business travelling stable against 2022 low figures.

SBTi – New categories

Our commitment to Science Based Targets includes new categories into our climate target and emissions calculation. We have so far initiated a first analysis of the new data. For some of the categories we have been able to develop a roadmap and goals but for other categories we need further analysis to understand our emission reduction potential. As mentioned, we will continue to update our roadmap going forward as we progress, and our insights develop.

Franchise

Emissions from our franchise operated facilities stand for 0,9 per cent of total emissions. To reduce emissions from franchise we are following the same roadmap as for other operated facilities, i.e. to map energy use and shift to renewable energy sources and contracts, starting with electricity.

By 2030, our ambition is to change to 100 per cent renewable electricity sources covering 80 per cent of our franchise stores.

Indirect purchases

Indirect purchases stand for five per cent of total emissions and include primarily spend-based emissions connected to HR, marketing, IT, vehicles, and offices. Since most emissions come from purchased services from these categories, we need to explore further our emission reduction potential in this area to develop accurate action plans.

Capex

Emissions from investments and capital goods stand for 2,5 per cent of total emissions. To reduce impact, all coming investments should be evaluated from an emissions positive or negative effect.

Employee commuting

Emissions from employee commuting stand for 1,9 per cent of total emissions and is mainly related to the mode of transportation and our employee's possibility to shift travelling by car to alternatives such as walk, cycle or public commuting.

Going forward we could map the actual data on transportation mode from employees and build on existing solutions for supporting alternative modes through for example enabling parking and showers for cycling or making collective price negotiations for public commute.

Cosmetics

Emissions from cosmetics amount to 2,5 per cent of total emissions. The biggest category is makeup and body care. Going forward we need to further map and understand the emissions per category and supplier to develop an accurate roadmap.