

Index

INTRODUCTION	
Working for a sustainable future	3
About this report	4
CEO's comment	5
Highlights	7
Materiality	9
Stakeholder dialogue	10
Financial profitability	11
SUSTAINABILITY GOVERNANCE	12
CUSTOMER ORIENTATION	17
WORKING AT LINDEX	19
Diversity	23
Skills development & trainings	26
SUSTAINABLE FASHION & PRODUCTION	
Sustainable fashion	27
Sustainable materials	29
Use of chemicals	31
Product safety	32
Animal welfare	33
Sustainable processes and production	34
Improving our denim processes	35
BSCI Code of Conduct challenges	37
Factory audits in 2014	39
ENVIRONMENT	40
Cleaner production	43
Store concept and interior design	45
Sustainable transportation	49
Clean shipping	50
SOCIAL COMMITMENT	51
Other social commitments during 2014	57
GRI index	58
Contact	59

Working for a sustainable future

LINDEX TAKES RESPONSIBILITY FOR HOW THE COMPANY'S OPERATIONS AFFECT HUMAN BEINGS AND THE ENVIRONMENT.



The production of our products shall take place under good working conditions. Assuming responsibility for how people and the environment are affected is an important prerequisite if Lindex is to grow and at the same time maintain a good level of profitability.

All our efforts are about minimizing the negative environmental effects, taking ethical and social responsibility, contribute to a sustainable financial development, and preventing corruption. In this way, we contributing to a positive development and sustainable future in the countries where we do business and in countries where our production takes place.

In 2014 we launched our Sustainability ambition at our 60 years in fashion anniversary, to guide us into a sustainable next 60 years!

Let us make a difference!

Our ambition is that Lindex will be recognized as a leading fashion retailer, known as one of the most sustainable, open and trusted companies in the industry. We want to be the company that has gone beyond business as usual and sought to drive change. By being innovative, transparent and acting to create a positive impact, we will create a sustainable difference together with our suppliers, partners and customers.

About this report

THIS IS LINDEX TENTH SUSTAINABILITY REPORT AND IT SUMMARIZES OUR SUSTAINABILITY PERFORMANCE FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2014.

Our previous report, covering the year 2013, was published on May 26, 2014.

Lindex is a part of the Stockmann Group. Additional information about ownership structure and organisational changes, and the Stockmann Group's joint annual report, CSR and Climate reports are available in Swedish, Finnish and English on the Stockmann Group website www.stockmanngroup.com.

UN GLOBAL COMPACT

Lindex sustainability commitment is based on the 10 principles of the UN Global Compact which have been endorsed at the group level by our parent company Stockmann. We have used the GRI G4 guidelines for this year's sustainability report.

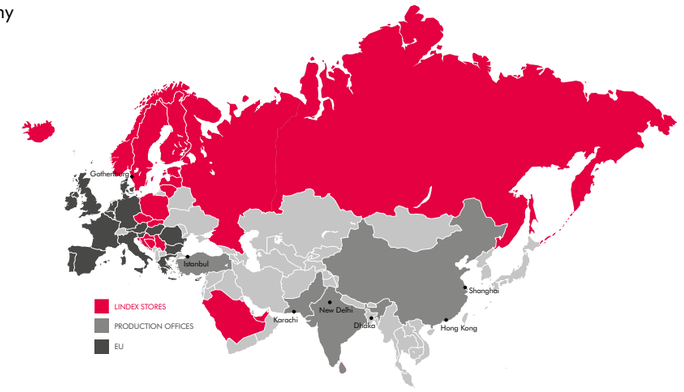
REPORT BOUNDARIES

This report covers the global activities of the Lindex group, i.e. AB Lindex and its wholly-owned subsidiaries, 5 production offices in Asia and 6 country offices in Europe, Lindex stores and Lindex-owned distribution centers in Sweden. The report also covers Lindex share of the Stockmann Group's shared production activities in Asia, where Lindex accounts for some 87 per cent of the business.

The report does not cover Lindex franchisees, a total of 35 franchising stores in 6 countries, which are managed by four franchising partners. Nor does it cover outsourced distribution and warehousing services that Lindex buys in.

Lindex sustainability report is available in English at the group website about.lindex.com.

This report has not been externally assured.



LINDEX AT A GLANCE

- Founded in Alingsås, Sweden, 1954
- Fashion for women and kids, and lingerie
- Head office in Gothenburg, Sweden
- A part of the Stockmann Group since 2007
- Stockmann Group is listed on the Nasdaq OMX Helsinki stock exchange
- 491 stores in 16 countries
- Lindex Shop Online in the EU and Norway
- 650.6 MEUR turnover 2014
- 5,031 employees
- 6 production offices
- 22 per cent sustainable choice garments in 2014

Act sustainable is core to Lindex

2014 was a significant milestone for Lindex as we celebrated Lindex 60th anniversary. Since founding in 1954, the company has continued to grow, develop, producing successful collections and campaigns offering customers an inspiring affordable fashion experience that today is more feminine, joyful and sustainable than ever before.

During the 2014, we focused on building Lindex foundation for its future. Lindex values were revitalized and the emphasis on sustainability was clearly stated. We made a major internal work setting the frames of Lindex sustainability ambition and targets for the entire company, which visualized where we are heading, and what makes me most proud is that we did this work together within the company. Employees at the head office, key people in our sales countries and production offices had their say on the sustainability ambition and the commitment we made, and this was a milestone for us.

We also made sustainability a given part in Lindex Brand Platform, which is Lindex DNA and our promise to our customers. It wasn't a hard decision to make, but a very important one. This sets even higher standards on our requirements and ambitions on making the right choices. Sustainability has been important for us for a long time and is present in our daily work, and with such focus on sustainability in our brand platform it creates clarity on our path forward. When celebrating Lindex 60 years in fashion in September, Sustainability took center stage and stated where we are heading.

CHALLENGES AND OPPORTUNITIES

Nevertheless, 2014 was also a very challenging year for Lindex as the conditions in the retail market were tough and affected our profitability. We decided to postpone our entry to the Chinese market and we put much efforts into preparing the opening of Lindex first store in UK, located in one of Europe´s largest shopping Centre; Westfield Stratford City. The opening took place in March 2015 and was an important step in reinforcing the Lindex brand and continues the international expansion.



Ingvar Larsson

As a result of the growing global economy and the world population, a constantly increasing number of people are sharing the planet´s natural resources. The access to energy and water is becoming a strategic issue in many of Lindex production countries, since it is critical for the people, industry and agriculture.

Lindex suppliers´ production operations throughout the supply chain are significantly dependent on access to water, and we will continue our collaborations and projects with suppliers and other stakeholders where we are implementing responsible water usage. In addition to that, Lindex partnership with the global organization WaterAid will bring clean water and sanitation to some of the world's poorest communities.

We have made some decisions; by 2020 we aim to have at least 80 per cent of our garments made of more sustainable fibers, cotton will be 100 per cent sustainable, produced using more sustainable processes with less energy, water and chemicals, producing less waste.

To be resource efficient is a given, but there is definitely a great challenge to move from linear resource flow (take-make-dispose) to a more circular (reuse-recycling) flows and business models. But it is never the less crucial that we move in that direction. As a first step we have since 2010 encouraged our customers to increase the reuse and recycling of garments and textiles to prevent textiles to go to waste. And as we aim to close the material loops and use more recycled fibers, we expanded the possibilities to hand in textiles to be reused or recycled in approx 50 of Lindex stores during 2014, in collaboration with the charity organization Myrorna and service provider Cirqle.

To strengthen the labor conditions in our supply chain we are through our parent company Stockmann committed to a number of international initiatives, including UN Global Compact, the Business Social Compliance Initiative and the Bangladesh Accord on Fire and Building Safety. By acting sustainably we can help people along our value chain improve their lives and further improve their working conditions. And during 2014 we have become partner with the organization QuizRR with the aim to educate workers about their rights and responsibilities.

COLLABORATION IS THE KEY

In order to create a more sustainable fashion industry collaboration are crucial, both within the industry with other brands, organizations, suppliers, research institute and innovators, in order to manage the need for technical development, new sources of raw material, better and cleaner production processes, manage the material flow for recycling and closing the loop, developing more circular business models, improve labor- and life conditions.

LOOKING FORWARD

Having sustainability incorporated in our vision and values and our daily operations strengthen our business in many ways, and we will continue to focus on where we can make the greatest difference. Overall, our strategic priority is to be very clear about what we choose, and it is important for us to choose right and to choose what makes the greater difference both internally for our employees and for our profitability but also in the human- and environmental perspective and the impact in the supply chain.

2015 is set to be a challenging year for us. We will continue our long-term work to increase the responsibility of our entire value chain. We will also continue our dialogue and collaborations with different stakeholders. I wish to thank all of our stakeholders for their trust and particular our customers and staff for their commitment.

Sustainability milestones

1983
Our first production office opens in Hong Kong

1993
Child labour ban

1997
Lindex Code of Conduct is implemented

2002
We become a main partner of the Swedish Cancer foundation

2004
Member of BSCI

2005
We publish our first CSR report

2006
We participate in our first Cleaner Production project in Bangladesh

2007
Our first organic cotton garments are sold

2008
We join Clean Shipping Network

We implement a Lindex Environmental code, as a complement to the BSCI Code of Conduct

2009
We conduct environmental inspections in all wet process factories in accordance with our Environmental code

2010
Member of Better Cotton Initiative

2011
We participate in IFC Cleaner Production pilot project in Bangladesh

2012
We participate in HERproject with factories in Bangladesh and Pakistan

2013
We participate in the cleaner production programme in India

We participate in the 4-year cleaner production in Bangladesh

We sign the Bangladesh Accord on Fire and Building Safety through our parent company Stockmann

2014
We become a partner with WaterAid

We extend the HERproject with more projects in Bangladesh and India

Textile recycling in selected Swedish stores

Highlights 2014



Lindex celebrated

60 years in fashion

…and launched our Sustainability 2020 ambition

1.4 MEUR

donated to cancer research through successful design collaboration with

Jean Paul Gaultier

…and together with our customers, we have now contributed with over

9.5 MEUR

to the fight against breast cancer since 2003



We banned the use of per- and polyfluorinated compounds (PFCs) in production of our garments



Textile reuse and recycling

We started collecting garments in 50 Swedish stores in co-operation with Myrorna and the app Cirqle

We sold **16.3** million garments

in sustainable materials which is an increase of **31%** compared to the previous year

…and represents **22%** of our total product range



8,000 women

have received education on their personal health in

HERprojects

since 2012

We partnered up with

WaterAid

as an extension of our ongoing work with water related issues



900 million liters

of water was saved in Lindex factories through PaCT and SWAR programmes

Materiality

DURING 2012–2014 LINDEX AS A PART OF THE STOCKMANN GROUP DEFINED THE MATERIAL ASPECTS AND BOUNDARIES THROUGH THE MATERIALITY ASSESSMENT PROCESS ACCORDING TO THE FIGURE BELOW.

In the process, all key stakeholder groups were heard to identify material aspects. The extensive stakeholder analysis including a stakeholder survey on CSR topics was sent to loyal customers and employees. Suppliers and service providers, investors, NGOs, other organisations and media were covered with interviews. Customer feedback, employee feedback and questionnaires and topics raised by non-governmental organisations were also used as a basis for identifying important topics.

The topics were then assessed and prioritised according to relevance to Stockmann Group's strategy and stakeholder interest. The materiality assessment was approved by the CSR steering group where Lindex is represented, responsible for implementing, developing and monitoring corporate responsibility within the Stockmann Group.

In 2014, the material themes and focus areas for the Stockmann Group were mapped against the GRI G4 aspects, and the reporting boundary was defined for each material aspect. A total of 31 material aspects were identified and categorized under seven themes:

- FINANCIAL PROFITABILITY,
- CORPORATE GOVERNANCE
- CUSTOMER ORIENTATION
- EMPLOYMENT & WELL-BEING
- PRODUCTS & PRODUCT SAFETY
- RESPONSIBLE SUPPLY CHAIN
- ENERGY & MATERIAL EFFICIENCY

In the GRI Content Index on p. 58 you get a full overview of where these themes are reported in the Lindex Sustainability Report 2014, and which GRI indicators are covered.

Stockmann materiality assessment process

IDENTIFICATION

A. Material issues were identified on the basis of:
   1. Stakeholder survey and interviews (customers, suppliers, service providers, investors, media)
   2. Customer, NGO and employee feedback

2012–2013

PRIORITISATION AND VALIDATION

A. The identified material issues were prioritised in a materiality assessment on the basis of:
   1. Impact and relevance to Stockmann's strategy
   2. Stakeholder interest
B. Stockmann's materiality assessment was approved by the CSR steering group

2013

REVIEW

A. Stockmann's material themes and focus areas were mapped against GRI G4 aspects and a reporting boundary was defined for each material aspect.
B. Material aspect review was approved by the CSR steering group

2014

Stakeholder dialogue

AT LINDEX WE ENGAGE IN AN ACTIVE AND ONGOING DIALOGUE WITH OUR STAKEHOLDERS, TO STRENGTHEN OUR RELATIONSHIP AND TO BETTER UNDERSTAND THEIR EXPECTATIONS. IN OUR SUSTAINABILITY STRATEGY WORK WE HAVE IDENTIFIED SIX KEY STAKEHOLDER GROUPS THAT MOST AFFECT AND ARE AFFECTED BY OUR BUSINESS. THE GROUPS AND STAKEHOLDER DIALOGUE WITH THEM ARE OUTLINED BELOW.

CUSTOMERS

Most of the questions from our customers are related to our products, e.g. use of sustainable fibres and production processes. Our customers' questions are mainly responded to through:

- Direct dialogue in our stores and through Lindex Customer Service
- Information via Lindex website, social media and printed material

STUDENTS

The questions we receive from students are mainly regarding Lindex sustainability work in the supply chain in general. The dialogue with students is held in:

- Direct dialogue with the responsible Lindex department
- Information via Lindex website, social media and printed material
- Annual Lindex sustainability report

EMPLOYEES

We have a direct dialogue with our employees, and in addition all Lindex employees find information via

- the intranet
- meetings, workshops and seminars

An employee satisfaction survey was conducted at Lindex HQ in December 2014. A total of 195 answers were received, and the result was overall positive. Lindex employees are proud to be working at Lindex and most of them feel that they are a part of reaching our objectives and strategies. Though, there are areas to develop which are to challenge our employees even further to perform after their fully potential, and to strenghten our leaders to act according to the Lindex leadership view; able, clear and driven

OWNERS

The dialogue with shareholders is mainly done by our parent company Stockmann. At Stockmann Group level, strategy and follow-up meetings are held on a regular basis. Information is shared through stock news, group website, conference calls and annual report. The Annual General Meeting is held in March each year. Investor meetings are held on a regular basis

SUPPLIERS AND FACTORY WORKERS

- General information via the website as well as targeted information to suppliers, production units and factory workers
- Direct dialogue through regular meetings and workshops, regular visits to suppliers and in connection with factory audits

TRADE ASSOCIATIONS AND CO-OPERATION PARTNERS

- Information via the website
- Direct dialogue regularly through networks, collaboration forums, workshops and information meetings

AUTHORITIES

- General information via the website, as well as targeted, specific information and reporting. At the national and international levels dialogue also occurs through trade associations, via networks and in connection with improvement work and development projects

INTEREST GROUPS AND OTHER PARTNERS FROM THE LOCAL COMMUNITY

- General information via the website, as well as targeted, specific information
- Direct dialogue regularly through networks, collaboration forums, workshops, lectures and information meetings as well as individual meetings and email exchanges



Financial profitability

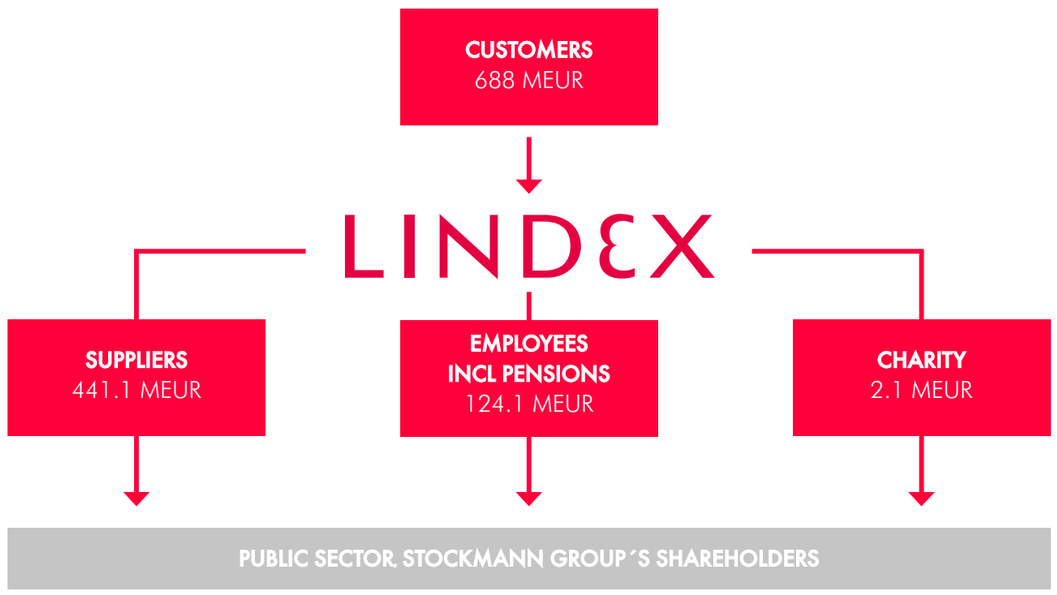
DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

In 2014, Lindex employed 5,031 people, who were paid EUR 124.1 (EUR 126.3) million in salaries, other remuneration and pension contributions. In total, the staff costs paid were EUR 153.6 (EUR 156.6) million. The breakdown of the added value from Lindex operations to the key stakeholders is presented in the table below.

As a part of Lindex corporate social responsibility, we support non-profit organisations through sales activities in the countries where we operate. We also support public benefit organisations through commercial campaigns and activities. Read more about these on p. 56.

Lindex parent company Stockmann plc shares are listed on NASDAQ OMX Helsinki, and have approximately 55,000 (59,475) shareholders. Due to the negative result for 2014, the Annual General Meeting decided, based on a proposal by the Board of Directors, that no dividend be paid on the 2014 result. The dividend for 2013 was EUR 0.40 per share. The Stockmann Group's financial key indicators and financial statements are available in the Stockmann annual report and at the Stockmann Group website.

FINANCIAL VALUE – ADDED PER INTEREST GROUP IN 2014:



INDICATORS

EC4 Financial assistance received from government

Lindex did not receive financial assistance from the government during the reporting year.

Sustainability Governance

At the Stockmann Group level, a Corporate Social Responsibility Steering Group, whose Chairman is Jouko Pitkänen, Head of Stockmann Retail, is responsible for implementing, developing and monitoring CSR within the Stockmann Group. The CSR Steering Group, where Lindex is represented, approves Group-level procedures, sets goals for responsibility and defines procedures which are implemented with the help of normal management systems. Separate working groups related to CSR targets and topical issues are set up as necessary to prepare or implement the issues or decisions that have been dealt with by the CSR Steering Group. Lindex takes the Group level targets into account in our own operations, and regularly compare our performance with these targets.

In addition to the Stockman Group level CSR steering, the ultimate responsibility for the strategic sustainability governance at Lindex lies with Lindex CEO together with the Management Group.

As Lindex is a vision and value driven company, and Act Sustainable is one of the core values, where the leaders and employees at every country organisation, store, office and department is responsible for carrying out the sustainability work within their daily operations. This includes setting goals, developing and applying working methods, following up, measuring and reporting results. We are convinced that the sustainability work has the biggest effect when it is made a part of the daily routine, thus leading to continuous improvements in Lindex activities.

Lindex Sustainability Manager is responsible for developing, coordinating, measuring and follow-up for sustainability activites.

Lindex Corporate Communication department is responsible for sustainability communication and reporting of Lindex sustainability.



Business Social Compliance Initiative (BSCI)

Lindex is a member of BSCI since 2004. BSCI is a business-driven initiative for companies committed to improving working conditions in factories and farms worldwide. The BSCI Code draws on important international labour standards protecting workers' rights such as International Labour Organization (ILO) conventions, declarations of the United Nations (UN) as well as guidelines of the Organization for Economic Co-operation and Development (OECD). To better respond to the supply chain challenges, a revised version of the BSCI Code of Conduct was adopted in the beginning of 2014. The BSCI code sets out 11 core labour rights which the participating companies and their business partners commit to incorporating within their supply chain in a step-by-step development approach.

The BSCI unites companies around one common Code of Conduct, and offers a platform to co-operate with other companies that purchase from the same suppliers and producers. This is valuable as typically a supplier or producer supplies for many different brands and the share of production of a single brand is minor.

The new Code better addresses for example the importance of co-operation and close communication between buying companies and their suppliers, the responsibility of all tiers of the supply chain for cascading the Code of Conduct, importance of training as a route to continuous improvement, as well as specific topics such as fair remuneration and special protection for young workers. The new Code is complemented with an extensive implementation manual for guidance to BSCI participants, producers and auditors that will become public in 2015 to increase transparency. The audits according to the new BSCI Code of Conduct can begin starting May 2015.

More about BSCI on:
www.bsci-intl.org

BSCI CODE OF CONDUCT

Lindex has had a Code of Conduct since 1997, and we are a member of the Business Social Compliance Initiative (BSCI) since 2004. The BSCI Code of Conduct standards protecting workers' rights, together with the UN Universal Declaration of Human Rights and the Convention on the Rights of the Child are very important to us in our procurement practices.

A revised version of the BSCI Code of Conduct was adopted in the beginning of 2014. The BSCI Code sets requirements for freedom of association and collective bargaining, fair remuneration, decent working hours, occupational health and safety, special protection for young workers, protection of the environment and ethical business behavior, and prohibits discrimination, child labour, bonded labour and precarious employment. During 2014, the new version of the BSCI Code was communicated to our suppliers and producers and their commitment was checked. All of our suppliers are expected to follow the BSCI Code of Conduct.

The BSCI Code of Conduct is the backbone of our procurement practices. Lindex does not own any factories, we are co-operating with 190 different suppliers mainly in Asia, who in turn are using approximately 350 factories to produce our garments. Around 90 per cent of our garments are bought through our production offices. Approximately 125,000 people are involved in the production of Lindex garments.

Unauthorized subcontracting presents a risk of sidestepping the Code. Our producers are always required to inform us about the possible use of sub-contractors beforehand. All sub-contracting must be approved by Lindex. In Bangladesh, due to risk analysis, we have banned the use of sub-contractors altogether and it is a zero-tolerance issue which leads to no further orders being placed. Read more about the challenges facing the BSCI Code of Conduct on p. 37.

FACTORY AUDITS

Factories in countries classified as high-risk by the BSCI where Lindex garments are manufactured are regularly audited by internal audits conducted by our own local personnel and BSCI audits conducted by a third party. If deficiencies are identified, a corrective action plan will be formulated and its implementation monitored. Local working conditions are also influenced by various international conventions and initiatives. Read more about the audits conducted in 2014 on page 39.

When choosing a supplier, we pay attention to a number of factors: the fit with our fashion- and quality needs, supplier know-how and ability to deliver, sustainability with focus on working conditions and environmental issues, and all factories need to fulfill our starting requirements and commit to the BSCI Code of Conduct. However, during the past years our expectations and relationships have changed and today we are not looking for suppliers but for long-term strategic partners. Hence quality, lead time and price are no longer the only requirements.

In addition to the factory inspections and training, every part of the supplier's operations is rated according to a 'supplier scorecard', which forms the basis of the development work. The suppliers are evaluated based on the score card twice a year, where the Code of Conduct-performance is included as a parameter. Based on the evaluation, we grade our suppliers on different levels.

After each audit, whether a BSCI audit, own audit or an Accord inspection in Bangladesh, an audit report with a corrective action plan (CAP) is put together. Each task on the CAP is given a deadline and the progress is followed-up. Own audits focus on employees' working conditions and environmental issues. In addition to the above-mentioned audits of factories, Lindex and the Stockmann Group are specifically involved in developing the safe working conditions of factory workers in Bangladesh, especially after joining the Accord on Fire and Building Safety in May 2013. 125 accord inspections were made in 34 factories producing for Stockmann. Read more on p. 39.

HUMAN RIGHTS

A significant share of our products are manufactured in areas classified as risk countries by the BSCI. We are aware that there is a risk of violation of the Code of Conduct and we are actively working to ensure compliance. All of our suppliers are expected to follow the BSCI Code of Conduct, which sets requirements for freedom of association and collective bargaining, fair remuneration, decent working hours, occupational health and safety, special protection for young workers, protection of the environment and ethical business behavior, and prohibits discrimination, child labour, bonded labour and precarious employment.



Continue

INDICATORS

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

All factories need to fulfill Lindex starting requirements and commit to the BSCI Code of Conduct and continuous improvement prior to starting co-operation. These requirements include requirements for labour practices, human rights and environmental aspects. The purchasing offices review the operating models and quality levels of each factory that they use before entering into a contract and starting production. After the preliminary inspection, the systematic responsibility work continues and own and external audits are carried out on the suppliers.

A specific human rights impact analysis is currently not being conducted, but we are looking into the possibilities of better including human rights and children's rights into our assessments.

HR3 Total number of incidents of discrimination and corrective actions taken

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

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

A significant share of the own brand fashion products, 96 per cent, are manufactured in areas classified as risk countries by the BSCI, where negative impacts for labour practices and human rights are more likely to occur than in low-risk countries.

Lindex engages in an ongoing dialogue and in regular auditing of the producing factories, both through own audits and BSCI audits. Our risk analysis, based on risks identified for the textile industry by Amnesty, shows five areas of risks with the Code of Conduct: management systems, documentation, trade union affiliation, wages and compensation.

LA16 Significant actual and potential negative impacts for labour practices in the supply chain and actions taken

We do not have any formal grievance mechanism at the moment.

INDICATORS

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

The freedom of association and right to collective bargaining of Lindex employees is reported on p. 26 , indicator G4-11. Freedom of association in the supply chain is monitored through BSCI and SA8000 audits as well as our own audits conducted by the CSR specialists working in the purchasing offices.

HR9 Total number and percentage of operations that have been subject to human rights reviews or impact assessments
HR10 Percentage of new suppliers that were screened using human rights criteria;

All factories need to fulfill Lindex starting requirements and commit to the BSCI Code of Conduct and continuous improvement prior to starting co-operation. These requirements include requirements for labour practices, human rights and environmental aspects. The purchasing offices review the operating models and quality levels of each factory that they use before entering into a contract and starting production. After the preliminary inspection, the systematic responsibility work continues and own and external audits are carried out on the suppliers.

A specific human rights impact analysis is currently not being conducted, but we are looking into the possibilities of better including human rights and children's rights into our assessments.



New instructions and alignments can be made according to human rights risks identified. At the moment, our alignments include the prohibition of sandblasting as a method for jeans as it can be hazardous to workers' health if it is carried out without proper protective equipment or training, a risk that is controlled by not placing orders in a factory that has equipment for sandblasting. In 2013, we joined the Accord on Fire and Building Safety in Bangladesh through our parent company Stockmann, due to the risk posed by substandard factory buildings in the country, read more on p. 39.

CHILDREN'S RIGHTS AND ACTION PLAN AGAINST CHILD LABOUR

At Lindex we do not accept child labour at any of our suppliers or production units that produce goods for us. For many years we have worked to counteract child labour from occurring in our production, and we consider it a very serious matter if this should arise. In order to determine if minors are working in the factories, Lindex has its own inspectors who, among other things, check employment agreements, ID cards, wage lists, doctor's certificates, attendance reports from the production, etc.

Lindex employees who visit the factories are also on the look-out if anyone appears too young and report back to the Lindex sustainability team if there are grounds to suspect child labour.

On the basis of Save the Children guidelines, Lindex has developed the "Lindex Child Labour Action Plan", which focuses on the best interests of the child. The action plan is largely based on removing the child from work and giving him/her the opportunity to go to school. The supplier pays a statutory monthly wage during the child's education, until the child reaches employable age and is offered reemployment in the factory. At the same time, the parents must guarantee that the child does not accept employment at any other place until reaching the employable age, but is being given the opportunity to go to school.

A specific children's rights impact analysis is currently not being conducted, but we are looking into how to better include childrens rights into our assessments.

PRODUCTION OFFICES

Our six local production offices in China, Bangladesh, India, Turkey and Pakistan have a key role in developing working conditions and identifying risks. Together, the offices employ around 160 members of staff and their task is to supervise purchasing and production.

The production offices review the procedures of each factory that they use before any orders are placed. After the preliminary inspection, the systematic responsibility work continues and own and external audits are carried out on the suppliers. The goal is to be able to develop the operations at factories while supervising the production operations.

At our production offices, our local sustainability specialists' task is to train and support our suppliers and factory owners in the improvement work that comprises both the Code of Conduct and environmental requirements, as well as to perform both announced and unannounced own audits. Moreover, our local production and quality controllers visit the production units on a daily basis in order to ensure that production lives up to our requirements. They also have the task of reporting any suspected violations of the Code of Conduct or Lindex environmental requirements.

ANTI-CORRUPTION & ANTI-COMPETITIVE BEHAVIOR

Lindex works to counteract all forms of corruption, and our ethics policy is the foundation for this work. We are also committed to the Stockmann Group anti-corruption policy, approved in August 2014. The anti-corruption policy is available at the Stockmann Group website.

At Lindex we operate in an ethical manner, complying with international and national laws and regulations applicable in the countries in which we operate. Such laws and regulations include legislation on securities markets, competition, consumers, marketing, product liability, employment, the environment, privacy and equality. We have a consistent attitude to bribery, gifts, representation and company secrets that apply to everyone in the whole company, regardless of country.

Counteracting corruption and bribery is a constantly on-going process that requires collaboration, consensus and a joint approach. We have a dialogue and co-operate with external partners in business and industry, trade associations and authorities.

We are committed to the UN's Global Compact initiative through our parent company Stockmann, and in accordance with this we promote human rights, labour rights, environmental protection and anti-corruption measures.

Lindex has prepared guidelines for personnel in situations of abuse and conflicts of interest. Lindex Code of Conduct is intended to assist in decision-making and the resolution of potential problem situations. Its purpose is to make our operating practices clearer and more consistent and to provide the staff with a uniform way of working responsibly around the world.

INDICATORS

SO4 Communication and training on anti-corruption policies and procedures
Employees are trained in matters related to the Code of Conduct and encouraged to contact their supervisor when the best course of action is unclear. A Code of Conduct e-learning that also incorporates the contents of the anti-corruption policy will be launched in 2015.
The employee discount rules and Lindex ethical policy also contain information on anti-corruption policies, as explained in 'Anti-corruption; Anti-competitive behaviour'.

SO5 Confirmed incidents of corruption and actions taken
In 2014, Lindex was not informed of any corruption-related lawsuits.

SO6 Total value of political contributions by country and recipient/beneficiary
Lindex does not make political contributions or donations to any politician, political party or related organisation either directly or indirectly.

SO7 Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes
No legal actions or fines in 2014.

Customer Orientation

CUSTOMERS ARE OUR MOST IMPORTANT STAKEHOLDERS. WE RESPECT THE RIGHTS OF THE CONSUMER AND ENGAGE IN RESPONSIBLE MARKETING, AND COMPLY WITH APPLICABLE COMPETITION LEGISLATION AND PROMOTE FREE COMPETITION. COMMERCIAL AIMS AND RESULTS ARE ACHIEVED BY ACTING RESPONSIBLY. LINDEX AND ITS EMPLOYEES RESPECT THE PRIVACY AND THE INVIOLABILITY OF THE RIGHTS OF ITS CUSTOMERS AND OTHER STAKEHOLDERS.



CUSTOMER SATISFACTION

We place the customer at the core. We want to improve our dialogue with our customers and better understand their needs and expectations towards Lindex.

Customer satisfaction surveys and customer and employee feedback provide valuable information that guides us in developing our operations. We regularly measure customer satisfaction and recognition and develop our operations according to the results. Customer satisfaction is also actively monitored in relation to the wider competitive situation and the general retail market. We reply all customers who request this.

MARKETING COMMUNICATIONS

Lindex respects the rights of the consumer and engages in a responsible marketing – our policy is included in the group-wide Code of Conduct (read more on p. 13). Our marketing communication is carried out according to the Consolidated ICC Code on Advertising and Marketing Communication Practice. Our Marketing Communication Practice does not involve misleading practices, such as false or deceptive messages, or leaving out important information. Our marketing is never inappropriate or offensive. These practices are known and followed by all marketing planners and accounted for by the Marketing director.

We use Brand Tracking to follow-up brand perception. Feedback is always listened to and adjustments are made when needed. While most feedback on marketing is positive, at Lindex, the critique has touched for example the choice of models and gender perspective on kids' clothes.

Our brand strategy and marketing guidelines cover images, copying, choice of models, retouch management etc. as well as social media guidelines. Lindex is a member of Reklamombudsmannen (RO) or the Swedish Advertising Ombudsman, a self-regulatory organisation founded by the industry. RO receives complaints about advertising and assesses if advertising is following the Consolidated ICC Code. RO also provides information, guidance and training in the field of ethical marketing. Members can also get copy advice for specific campaigns.

Lindex may support non-profit projects of public benefit organisations as part of our commercial campaigns and activities, presented on p. 56.

CUSTOMER PRIVACY

We protect customer privacy, and follow the EU Data Protection Directive 95/46/EC.

We do not reveal or use customer information otherwise than in strict accordance with Lindex customer privacy policy.

Lindex loyalty programme More at Lindex has a total of 3,196,975 members. We connect with our loyal customers on a regular basis and offer them exclusive deals and benefits with a monetary value. The loyal customer systems' data file descriptions can be found on our website www.lindex.com.

More
at LINDEX





INDICATORS

PR5 Results of surveys measuring customer satisfaction
Lindex arranged two customer surveys during 2014. The response rate was over 40 per cent, with around 70,000 responses for both surveys from Sweden, Finland and Norway. The topics of the surveys related to in-store customer experience and customer service, and the results were that most customers were either satisfied or very satisfied with the overall experience, and likely or very likely to recommend the store. There is still potential for improvement in respect to the service level delivery.

PR6 Sale of banned or disputed products
We do not sell banned products. Our supplier requirements ban certain practices from our own brand products such as sandblasting for jeans, and set standards for animal rights, including angora and merino wool, leather and fur, feathers and down, cotton and chemicals. For example based on the new information about angora wool breeding and public discussion on angora wool that started in late 2013, we immediately stopped purchasing angora wool. Real fur products are not included in our range.

PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcome
During the reporting year, two complaints about Lindex marketing campaigns were made to the Swedish Advertising Ombudsman, but they were both found groundless. Lindex has never received any reprimands or been convicted by the Advertising Ombudsman. There were no incidents of non-compliance with legislation or voluntary codes in 2014.

PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data
In 2014, there were no complaints or cautions about the loyal customer systems from the authorities or customers.

Working at Lindex

Lindex appreciates our employees and treats them fairly and equally and according to the principle of equal opportunities in all human resources matters. Employees are paid a fair compensation for their work, and their personal and professional growth and development is encouraged. Employees are encouraged to look after their well-being and we provide healthy and safe working conditions. Our aim is to be an attractive and well-liked employer in the labour market.

Our human resources (HR) policies are based on the company values, the HR strategy and the group Code of Conduct that support the success of individuals and the well-being of the staff. The implementation of good HR policies is monitored through personnel surveys, performance dialogues and other feedback channels. The Director of Business Development and Support, who is a member of the Lindex Management Group, is responsible for HR at Lindex.

VISION & VALUE DRIVEN COMPANY

Working at Lindex is challenging, exciting and fun. We love fashion, customers and retail and are driven by our vision. As an international and fast growing company, in a constantly changing industry, our future lies in our ability to use our employees' ideas, creativity and the encouragement of feedback. To be committed, take responsibility and wanting to perform is something that is really valued at Lindex and this means that we can develop as a fashion company.

Our values guide us in everything we do, how we act and in the decisions we make. The values are the foundation for building our successful business in which you are encouraged to take initiatives and make decisions on your own. There is no exact roadmap telling you what to do. We believe in your ability to make the right priorities and decisions with the help of our values.

In 2014, Lindex values were revitalized. The revitalized values were revealed at our 60 years celebration in September and released in stores on October 1st. The updated values are more action oriented, designed to strenghten each employee to be a Lindex brand ambassador and to take Lindex towards its vision: a world-class fashion experience. The entire sales staff took part in trainings covering values and the Brand Platform.

The revitalized values continue on the path begun in 1954, and stay true to Lindex way of constantly developing and challenging itself. The Brand Platform that forms the company's identity – fashion, price, communications and brand experience – as well as direction for how to meet the customer – was also clarified. The Lindex brand is open, energetic, confident, positive and involved.











31/12 2014:

4,870 EMPLOYEES

IN **16** SALES MARKETS INCLUDING HEAD OFFICE...

161

EMPLOYEES AT THE PRODUCTION OFFICES IN CHINA, INDIA, PAKISTAN, TURKEY & BANGLADESH

FULL-/PART-TIME

PART-TIME
FULL-TIME

The primary reason for part-time positions is that Lindex prioritises being able to give customers the best service during the store's most attractive opening hours.

	2014	2013	2012
AB LINDEX	9% / 91%	9% / 91%	12% / 88%
LINDEX SWEDEN	86% / 14%	86% / 14%	84% / 16%
LINDEX NORWAY	86% / 14%	87% / 13%	86% / 14%
LINDEX FINLAND	79% / 21%	79% / 21%	79% / 21%
LINDEX BALTIC STATES	77% / 23%	71% / 29%	67% / 33%
LINDEX CENTRAL EUROPE	61% / 39%	60% / 40%	38% / 62%
LINDEX RUSSIA	71% / 29%	48% / 52%	38% / 62%

SICKNESS ABSENCE PER MARKET 2014:

Lindex takes conscious preventive measures for employees' health and actively works to keep absence at a reasonable level.

3.47% AB LINDEX

4.88% LINDEX SWEDEN

6.2% LINDEX NORWAY

3.5% LINDEX FINLAND

0.9% LINDEX BALTIC STATES excl. Lithuania

4.1% LINDEX CENTRAL EUROPE

2.5% LINDEX RUSSIA

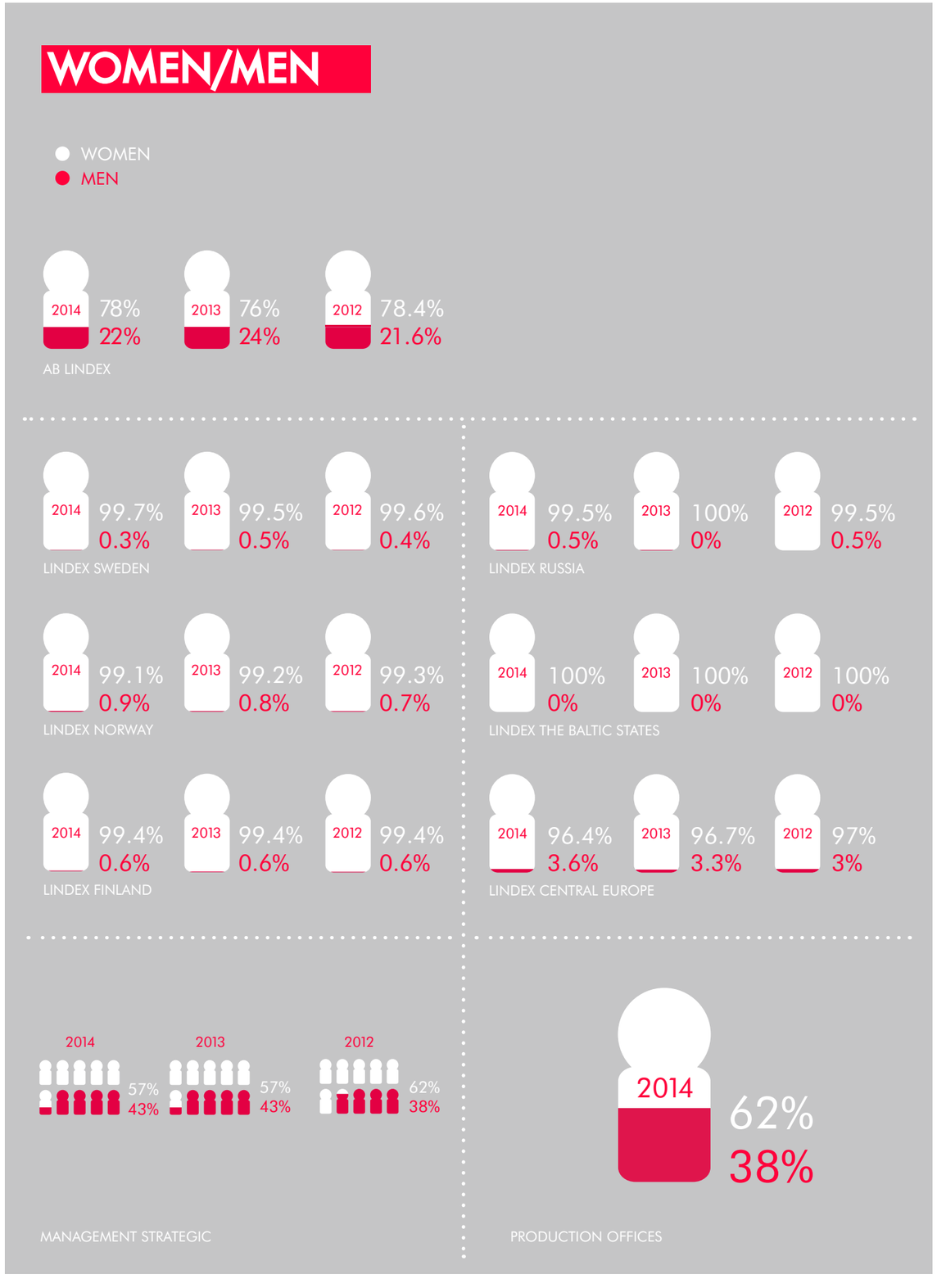
No cases of discrimination have been reported within our own organisation during the reporting period.

Diversity

As an international fashion company on a global market, diversity among our employees and to have a global mind-set are crucial for us in order to stand strong in the competition and to reach our business goals. By taking advantage of our employees' unique competencies and experiences, we increase creativity and deliver better long-term results.

For us, diversity means a mixed group of employees with different gender, ethnicity, age, disability, religion and sexual orientation, but also experience, lifestyle, education and personality.





Skills development & trainings

Lindex employees are an important factor for the company's success and to contribute to their development we offer continuous professional development through participation in different projects, internal circulation, ongoing inspiration about fashion and trends and also internal training courses and activities such as Customer Experience and Leadership training.

Continuous professional development is promoted through various in-house training courses and activities. The Lindex Souls programme is seeking new solutions that will accelerate the success of the entire chain. In 2014, there were 12 participants in the Lindex Souls programme. The mission for Lindex Souls 2014 participants was to be a role model, to tell their stories of how they use the Lindex values and how the values help them make decisions in everyday life at Lindex. The Lindex Souls' stories were used to help everyone at Lindex to understand the revitalized values better and inspire acting according to them.

The Lindex Leadership Programme was implemented at the head office, with an average of 11 hours of training per leader. Trainings such as work environment, labour law and interview techniques were held for groups of around 10 leaders, as well as salary, budgeting and communicative leadership.

An average of 15 hours of training per employee included a CSR workshop for approximately 350 participants and Vision & Values training for approximately 500 participants. Customer Experience and Brand Platform trainings were also held during the year.

In stores, an average of 13.5 hours of training per employee included trainings in Vision & Values, Security & Safety and Customer Experience & Brand platform.

All permanent employees at Lindex have annual performance dialogues with their manager.

INDICATORS

G4-10 Number of employees by employment contract and gender

Employment contract

The need for fixed-term employees is high in retail, as the summer and Christmas seasons, for example, increase the need for seasonal employees. At Lindex 23 per cent had fixed-term employment contracts in 2014. The number of full-time employees was 1,464, while the number of part-time employees was 3,724, 72 per cent of the workforce.

Seasonal variations

Lindex offers internships both at the Head Office and in stores and we have established co-operation with different universities regarding internship positions. At the Head office we have about 20–30 interns per year and most of them are placed with the Design- and Purchasing Department. Each year, Lindex employs about 20 seasonal employees during summer and Christmas holidays.

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

All Lindex employees in Sweden, Norway and Finland (excluding professional and managerial staff) are covered by a collective bargaining agreement.

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

Personnel turnover was 4.8 per cent in 2014. However, the turnover depends to a great extent on the local labour market. The turnover rate varies within the Lindex group, but the rate is similar to the local labour market. Information on the distribution by gender and age group has not been collected in this detail.

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

Lindex offers employees the benefits required by the local legislation in all of the countries where we operate. These benefits might include occupational health services, insurance against occupational injuries and diseases, parental leave and retirement benefits. Personnel benefits do not vary between part-time and full-time employees.

Each year, all Lindex employees in Sweden receive a Health Care benefit that for example can be used for different health activities.

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

Lindex operates according to the notice periods specified in local labour legislation in all its operating countries. Minimum notice periods regarding operational changes have not been defined in trading section collective bargaining agreements.

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

Sickness absence rate was 4.4 per cent of regular working hours at Lindex group. In 2014, 71 reported workplace accidents were reported. Most of them were accidents related to the journey to or from work, mainly slipping. No occupational accidents leading to severe injuries took place in 2014.

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

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

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

In 2014, women comprised 95.4 per cent and men 4.6 per cent of Lindex employees. In Lindex Management Group 67 per cent were women, and 33 per cent men. All members of Lindex Management Group were Swedish in 2014. 60 per cent of Lindex country managers were locals.

Sustainable fashion



Lindex long-term sustainability ambition is to minimize the environmental impact in all parts of our design and production chain, and to create a positive impact together with our suppliers, partners and customers.

The BSCI Code of Conduct is the backbone of our procurement practices. Read more about how we govern our sustainability work on p. 13.

Lindex brand promise is to offer our customers an affordable fashion experience that is more feminine, inspiring, joyful and sustainable. Sustainability is of great importance to us throughout the entire garment process, and by making conscious choices starting already with the design, we do what we can to make a sustainable difference in all parts of the process. Sustainable design to us, is about evaluating the options and making all choices with sustainability in mind.

"Our goal is that by 2020, 80 per cent of our assortment will be sustainable, using sustainable fibres, sustainable processes and sustainable production."

"Sustainable design is about making good choices"

AT LINDEX WE WORK WITH SUSTAINABILITY FROM A LIFECYCLE PERSPECTIVE AND IT BEGINS WITH THE DESIGN PROCESS. NINA STARCK, OUR HEAD OF DESIGN, THINKS THAT SUSTAINABILITY IS SOMETHING THAT CREATES A POSITIVE FRAMEWORK AND IS ABOUT MAKING GOOD CHOICES. TO HER, SUSTAINABILITY IS SOMETHING THAT ENGAGES EVERYONE AND SHE NEVER HAS TO REMIND THE DESIGN TEAMS TO THINK SUSTAINABLE.

What is sustainable design to you?

Sustainability is considering all aspects of a product and a sustainable design process is about making choices. Material, colour and prints are crucial aspects where we need to make good choices in the design process but it is also important to take sustainability further. We need to ask ourselves how our creativity impacts a garment's sustainability and which paths we can choose throughout the whole process that are the best.

Sustainability depends on awareness and that everyone is considering what the best practice is and which choices make a difference. At Lindex and in our design teams, sustainability involves everyone and it is something we take pride in. There is such a driving force and I never have to remind the designers to think sustainable. We strive to make a difference in our design process but we also have the whole process in mind such as opportunities for recycling and closing the loops. We need to do everything we can and then encourage others to do what they can, because it really is together that we are the strongest.

What challenges are there working with sustainable design?

There are many challenges of course, and they depend on the kind of garment or type of fashion. Working with sustainable design might give us some narrower boundaries initially, but boundaries are great in the way that within the boundaries you are free. It can be a challenge but we should not view it as a limitation since it is a good thing and we have chosen the boundaries ourselves. Our work is to create great fashion that our customers want and I believe that the kind of boundaries we have chosen often results in developing even better ideas.

Another challenge is to see all the opportunities for sustainable choices. When we design a pocket, sustainable design is not necessarily in the shape but in the material choices. We use quite a lot of fabric for pockets and by using sustainable cotton we can make a positive change. This is why we always have to keep all aspects of sustainability in mind during the design process.



Nina Starck

What is new within sustainable design at Lindex 2015?

There are exciting things ahead in sustainable design. We have recently launched the baby garments Grow for Life that has a prolonged lifetime, which Annette Tenstam and Cecilia Andersch will share more about. We have also been working with improving the processes for denim and water-less denim, work which we will continue during this year.

I believe that sustainability in the future is about truly adjusting the design to our sustainable thinking. One aspect of sustainability is creating garments that can be used for a longer time and embrace trends and quality. It is important that we continue to create good quality garments that our customers can use for a long time and strive for constant improvement in everything we do at Lindex.

Sustainable materials

AT LINDEX OUR GOAL IS TO SEVERELY INCREASE OUR SUSTAINABLE CHOICE RANGE, AND BY THE YEAR 2020 80 PER CENT OF OUR GARMENTS SHALL BE MADE OF SUSTAINABLE MATERIALS AND 100 PER CENT OF OUR COTTON SHALL COME FROM SUSTAINABLE SOURCES.

To succeed with our fibre goals we are working to increase the share of the sustainable materials we already use, but we are also evaluating new more sustainable fibres. In order to minimize the environmental impact we are also co-operating with partners and suppliers to find new ways of recycling fibres, as saving raw material is an important issue for the fashion industry.

In 2014, we sold 16.3 million garments in sustainable materials which represents 22 per cent of our total product range. Our goal was to reach 12.8 million pieces, or 20 per cent of our total range.

1.4 per cent of our garments were made out of recycled pre-consumer fibres which means that the fibres are recycled from production. Our aim is to close the loop by using post-consumer fibres in our garments, and as a first step we started collecting textiles in selected Swedish stores in 2014. During 2015 and 2016 we will offer customers in other countries the opportunity to recycle their textiles as well. When opening the first Lindex store in London, the opportunity to recycle textiles is a given from the start.

2.4 per cent of Lindex entire assortment was GOTS certified cotton in 2014, a figure that will increase in 2015. As organic cotton and GOTS cotton are traceable to cotton farm level, the transparency in the supply chain increases together with the materials.

We are a member of the Better Cotton Initiative (BCI) since 2010, and in 2014 1.5 million Lindex pieces were made out of better cotton. However, a garment made in better cotton is never labelled with a Lindex sustainable choice hang tag due to BCI regulations.



"Our world is changing and it is important to keep up"

IN DECEMBER 2014 LINDEX LAUNCHED A NEW BABY BODYSUIT THAT CAN GROW ONE SIZE, CALLED GROW FOR LIFE. ANNETTE TENSTAM, BUYER BABY ASSORTMENT AND CECILIA ANDERSCH, ASSORTMENT MANAGER BABY ASSORTMENT HAVE BEEN PART OF DEVELOPING THE GARMENT. WITH PASSION AND COMMITMENT TO SUSTAINABILITY, THEY TRULY EMBODY LINDEX VALUE 'ACT SUSTAINABLE'.



Annette Tenstam and Cecilia Andersch

Tell us about the new baby bodysuit!

For us, sustainability is a broad concept and is really about the importance of being economical with with our limited resources on earth. The best option is to have garments that last as long as possible and since we already have great quality in our Baby garments we started thinking about ways to prolong the garment's lifetime even more. Since babies grow fast we created this baby bodysuit that can grow one more size with a clever snap solution and therefore be used twice as long.

Times are changing and we live in a world where circularity and sustainability have become much more important, and we have to find new ways of thinking to adapt to what our customers want and continue to inspire them now and in the future.



What challenges are there in your work for sustainability?

There are many challenges like materials, the ability to recycle and the balance between sustainability, costs and price and these are challenges for everyone that works for sustainability. And, sometimes we are a bit impatient when it comes to research and new innovations, but that is also why it is so much fun, because we get to be a part of the development.

What do you think lies in the future of sustainability?

Our world is changing and it is important to keep up with our customers' needs in the future and find new ways to inspire our customers. We think that the future is about reclaiming the garments' value and closing loops. We want to get to the place where less new raw material is needed because we have closed the loop through recycling. There is a lot of interesting research and innovation on the subject of renewing material from recycled garments, and there is also the remake loop which will give us new challenges in the future.

When it comes to materials we have come a long way with organic materials in the Baby assortment, our Newborn and Basic collections consist of 90 per cent sustainable choice garments today. For the Autumn 2015 they will be 100 per cent sustainable.

Use of chemicals



When producing garments chemicals are used in processes such as dyeing, printing and washing. At Lindex we actively work to limit the use of chemicals in production, both for the sake of the environment, employees and suppliers in the value chain as well as for our customers' health and safety.

All of our suppliers undertake by written agreement to follow the Lindex "Chemicals Restrictions" list which lists chemicals that are not allowed at all in production. The chemicals on the restriction list shall not be used in production and shall not occur in the finished products.

Our "Chemicals Restrictions" list goes beyond legal requirements, and we have for example banned the use of PVC, APEO, PFCs and 16 different phthalates starting with DEHP, BIBP, DBP and BBP.

"In 2014 we banned the use of per- and polyfluorinated compounds (PFCs) in all of our garments."

By participating in different networks and forums we gather information and knowledge about chemical risks in order to reduce the negative effects of using chemicals in production and find replacements for undesirable chemicals. One aspect of this is our membership of the Swedish Chemicals Group and the trade dialogue with KemI.

Chemical tests are carried out on a regular basis by independent laboratories at our request. Comprehensive risk and safety assessments are made on every product and regular testing is carried out. The order is cancelled if a product is rejected. No products that have been rejected in the chemical tests are available for sale.

Product safety

We take full responsibility for the products that are sold in our stores. All of the products must be safe, be of good quality and not contain any dangerous chemicals and they must have been produced with consideration to people and the environment, and with regard to animal rights. All products we sell must comply with applicable requirements set in legislation, such as chemical and product safety legislation. Our products are tested regularly, and the testing ensures that the products fulfil all quality and safety requirements set by legislation or the stricter requirements set by Lindex.

QUALITY TESTS

Quality is important to us and takes center stage when we create our fashion. All of our suppliers sign agreements that the products shall meet the quality and chemicals requirement based on legal requirements and recommendations in our sales markets. We always apply the strictest requirements in all of our sales countries. In 2014 more than 35,000 quality tests were carried out by Lindex initiative.

Each year we conduct thousands of quality, chemical and safety tests at our own testing facilities as well as at external independent laboratories. The tests are carried out both throughout the production process and on the finished product.

PRODUCT RECALLS

During 2014, two Lindex products were recalled: a Lindex cap was recalled due to a sticker on the peak of the cap, which might pose a choking hazard to small children that might ingest the sticker. A soother holder was recalled by the manufacturer Esska for precautionary reasons due to potential choking hazard for small children. Customers who had purchased the products were informed to return the product for a full refund.

When recalling a product we inform our customers through newspaper ads, our website, in our stores and via information to the members of More at Lindex in order to reach as many customers as we can with the news as soon as possible.

SAFE KIDS' WEAR

Children crawl, climb, cling to, jump, and no child must ever come to harm when wearing Lindex clothes. Our kids' wear follows the requirements of the European standard regarding children's safety, EN 14682. We work actively to make our kids' wear safe to use with established routines and checklists that are used during the entire process.



Animal welfare



ANIMAL RIGHTS SHALL BE RESPECTED IN ALL ASPECTS OF REFINING LINDEX GARMENTS. IN 2014 APPROXIMATELY 3 PER CENT OF LINDEX ASSORTMENT WAS MADE OF ANIMAL FIBRES, INCLUDING DOWN, WOOL AND LEATHER.

Lindex is a part of the Swedish Trade federation network on animal welfare. In November 2014 the network gave a joint letter to the Australian embassy addressing and animal transport problem in Australian wool industry.

We are also a member of Textile Exchange, a global, nonprofit organisation committed to accelerating sustainable practices in the textile value chain, who develops standards for sustainable production including the Responsible Down Standard launched in 2014 which Lindex will adopt when using down in the assortment forward.

At Lindex we do not use genuine fur in our garments, and we are a Fur Free Alliance listed retailer.

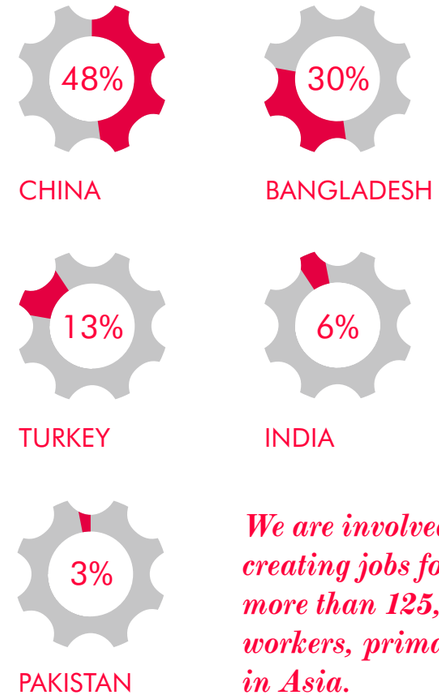
Read more about our animal welfare policy on about.lindex.com.

Sustainable processes and production

LINDEX DOES NOT OWN ANY FACTORIES, INSTEAD WE ARE CO-OPERATING WITH 190 DIFFERENT SUPPLIERS MAINLY IN ASIA, WHO IN TURN ARE USING APPROXIMATELY 350 PRODUCTION UNITS TO PRODUCE OUR GARMENTS. WE ARE ESTIMATING THAT A TOTAL OF 125,000 PEOPLE ARE INVOLVED IN THE PRODUCTION OF LINDEX GARMENTS.

Many of our sustainability challenges lies within the supply chain, which is why we focus a lot of our efforts working for more sustainable processes within fashion production. In fact, our goal is that by 2020 80 per cent of all our products will be produced using more sustainable processes, meaning that they are using less water, less chemicals and less energy. At Lindex, we are humbled by the complexity of the sustainability issue in the fashion industry, and we understand the importance of co-operation within the industry itself and with our suppliers, partners and customers to be able to make a sustainable difference.

Our BSCI Code of Conduct (read more on p. 13) sets the requirements for basic working conditions, and we perform both internal and external audits to ensure that the Code of Conduct is being complied with. However, Lindex Code of Conduct work encompasses far more than just inspections and inspections of the factories. Today, there is a focus on educating and coaching within the individual factory.



We are involved in creating jobs for more than 125,000 workers, primarily in Asia.

Published list of suppliers and factories

In 2013 we first published our list of suppliers and factories at our website. This list contains factories that represent 93 per cent of our total purchases.

Continue



Lindex goal is for suppliers and production units in our supply chain themselves to progress to the point where they voluntarily work to improve the conditions for their own employees, without constant outside pressure. Commitment among the factory management in the individual factory is absolutely crucial for how the long-term sustainable improvement work unfolds. A great deal has to do with giving the factories' management and staff the opportunity to obtain and own the knowledge they need in order to advance the development forward themselves in a positive direction. Lindex continues to pursue a dialogue and support the production units' work through training seminars.

However, we are aware that there is a risk of Code of Conduct violations, and we are actively working to ensure that the Code is complied with by our suppliers and production units. The employees at our Stockmann Group joint Production Offices in Bangladesh, China, India and Turkey (read more on p. 16) have the task of both implementing our internal audits (announced and unannounced) and to train and support our suppliers and factory owners in the improvement work comprised within our Code of Conduct and environmental requirements.

Improving our denim processes

As the washing process of denim can be an energy and water consuming process, this is where we started our work towards more sustainable processes in our production.

In 2014 we first measured the environmental impact of selected denim washes in a close co-operation with two of our main denim suppliers in Pakistan and Bangladesh, and with help from Jeanalogia using the Environmental Impact Measuring software, EIM.

Starting off with selected denim styles we aimed to achieve a low impact score according to EIM, which means that less than 35 liters of water is consumed, and a maximum of 1 kWh per garment in energy consumption. This can be compared with an average of 70 liters and 1.5 kWh in a regular denim process.

The result is five styles of denim for women and kids made of organic cotton and with a process consuming less water and less energy, available in our stores autumn 2015. These processes are now to be implemented in all of our denim processes during 2015, with the aim to extend our work with more sustainable processes to other products than denim.

Our goal is that by 2020 80 per cent of our garments are produced with more sustainable processes.

"Transparency is a necessity for taking responsibility"

A BIG PART OF LINDEX SUSTAINABILITY WORK IS TAKING RESPONSIBILITY FOR PRODUCTION OF LINDEX PRODUCTS IN COUNTRIES LIKE CHINA, TURKEY, BANGLADESH AND INDIA. ANNA-KARIN DAHLBERG, OUR PRODUCTION SUPPORT MANAGER KNOWS ALL ABOUT THE COMPLEX ROAD TO A SUSTAINABLE PRODUCTION AND HER TEAM HAVE A CLEAR VISION FOR THE FUTURE.

How does your team at Production Support work with sustainability?

We are a department that supports the purchase department at our head office and the production offices in the countries where our suppliers operate. We work with the supply chain to secure the quality on a global level and this includes all aspects of sustainability like environment, animal welfare, social responsibility and much more.

A big part of our everyday work is being present and following the debate. We listen to our customers and stakeholders and are a part of the public conversation, often through round table dialogues, and then work to see how we can improve our production further. Also, we have our new Global Sustainability Manager for Production stationed in Hong Kong, Lars Doemer. So, at the same time as we connect the public conversation in Europe with production, we also work to connect what Lars sees in production with our processes here at the head office and purchase department. So even though our team's focus lies in the production countries, it is highly connected to our work here in Sweden and the rest of Europe.

What are the challenges for sustainability in production?

There are many challenges but what it is depends on the market. In some markets we face the challenge of transparency since it is hard to get access to all necessary documents. And transparency is a necessity for taking responsibility throughout our whole supply chain and is something we demand from our suppliers, but it is without a doubt a challenge.

But a challenge we face that applies to every market is the complexity in taking responsibility as a company. We know what we want to achieve but we cannot just bring our structure to another country, instead we have to adapt to the structure of the local society at the same time as setting demands. Questions like living wage and working conditions are very important to us but we can only achieve positive change if we work together with the local society, adapt to their perspectives and work to influence the legislation. When it comes to responsibility, it is not always a straight road.



Anna-Karin Dahlberg

What lies in store in 2015 for you and your team?

We have a lot of things in the pipeline right now. Since we have a sustainability ambition for 2020 we have a strategy for how to reach our goals, a roadmap. We have a clear vision of how we want our supply chain to look by 2020, therefore 2015 is all about supply chain management. Our production offices will focus on structure and further mapping of our suppliers in several layers to understand where to dig even deeper in order to reach our sustainability ambition and goals for 2020.

BSCI Code of Conduct challenges

LINDEX BSCI CODE OF CONDUCT IS CONSTANTLY FACED WITH CHALLENGES AND RISKS CONCERNING ISSUES SUCH AS HUMAN RIGHTS, WORKING METHODS AND ENVIRONMENTAL PROBLEMS. THE RISK ANALYSIS BELOW IS BASED ON THE RISKS THAT AMNESTY HAS IDENTIFIED IN THE TEXTILE INDUSTRY.

WAGES AND COMPENSATION

A common problem is that incorrect wages are paid out by suppliers. In accordance with the Code of Conduct our suppliers must as a minimum requirement pay the country's statutory minimum wage to employees in the production units. However, this is not enough since the minimum wage often is at a level that does not cover the workers' basic needs or provides only discretionary income. In Bangladesh, we have taken part in appeals to the Bangladeshi government together with other companies for raising minimum wages.

At Lindex we think that one should be able to manage relevant living expenses on the wage earned. We are addressing the wage issue both through BSCI and by benchmarking different initiatives. We actively follow the discussion on the living wage, take part in round-table discussions and other initiatives on the issue and consider new ways of addressing the issue, for example Fair Wage Network by Fair Labor Association and various the round-table discussions. We have ongoing discussions with suppliers and factory owners about providing fair compensation and improving livelihoods through benefits such as child care, free lunch, transport, or education on health and finances, which we implement through Health Enables Return (HER) project.

WORKING HOURS

Widespread overtime is a common challenge for the textile industry. In our factory audits we verify that the overtime is within legal limits and focus on that it is correctly remunerated. We also look at that the number of overtime hours is connected to wage levels, productivity and lead times.

We are aiming to improve in this area within the framework of Lindex Sustainability Ambition 2020.

MANAGEMENT SYSTEM

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

DOCUMENTATION

Shortcomings with documentation, for example, copies of employees' ID cards or wage lists are a common problem. Lack of proper documentation hampers the verification of compliance with the Code, such as paying correct wages, controlling worker age and respecting overtime limits. If documentation is insufficient, the supplier is considered not to comply with the requirements. We work to increase knowledge about the importance of good documentation through seminars and workshops with suppliers, and provide training to responsible persons at the factories.

TRADE UNION AFFILIATION

The right to join a trade union with the possibility of engaging in collective bargaining is a basic right that Lindex upholds. Unfortunately, in many of our production countries the trade unions are weak and the underlying causes are complex and often multifaceted. In many of the factories that we use, there are functioning workers' committees that give the employees the opportunity to engage in dialogue with the factory management. These committees are in no way an equal to a functioning trade union, and not seen as a replacement. Having the opportunity to join a trade union and engage in collective bargaining is the primary goal, but establishing trade unions remains the workers' own responsibility.

Lindex is responsible for making demands on the supplier to ensure that this right is not violated. Factory employees are informed of their rights through the BSCI principles that are placed visibly at the work place. We encourage the factory managers to take part in BSCI trainings about freedom of association and collective bargaining.







QuizRR – empowering factory workers

In collaboration with QuizRR Lindex are developing and educational tool and shared knowledge platform, that will motivate factory workers to learn about their rights and responsibilities and also improve the communication between factory workers and management.

Factory audits in 2014

A total of 143 BSCI audits were conducted at Lindex suppliers in 2014; 78 full audits and 65 re-audits. The BSCI audits are conducted by internationally accredited independent auditors. In addition to the external audits, Lindex carried out 197 own audits by sustainability specialists working in our production offices. Of these, 151 were announced and 46 unannounced.

ALL FACTORY INSPECTIONS HAVE A NUMBER OF SET ELEMENTS:

- MEETING WITH FACTORY MANAGEMENT
- REVIEW OF DOCUMENTATION
- VISUAL INSPECTION OF THE FACTORY PREMISES
- INTERVIEW WITH THE EMPLOYEES
- CONCLUDING MEETING WITH FACTORY MANAGEMENT AND CREATION, IF APPLICABLE, OF A PLAN OF ACTION

The most common violations include missing fire doors, automatic sprinklers, fire alarm systems, as well as egress doors and gates with locking features. The most urgent matters have been corrected. For example, electrical issues that are the cause of approximately 70 per cent of all fires in Bangladesh have been the easiest and quickest to fix. Other issues, such as installation of fire doors, take a longer time. This is because import products such as fire doors are not available in Bangladesh, a challenge that affects all factories in Bangladesh and requires co-operation with the government to be resolved. The next step is the remediation part of the assessments, and through our local presence in the purchase office, we work together with the suppliers to follow up on the corrective action plans and make sure that all improvements are made and deadlines kept.

125 ACCORD INSPECTIONS IN 34 FACTORIES

By signing the Accord on Fire and Building Safety in Bangladesh, Lindex via the parent company Stockmann group committed to having all of the factories producing garments for Lindex audited with three different inspections, concerning fire safety, electricity and structural issues, the latter including for example calculations on the carrying potential of a building, something that cannot be inspected in audits made by BSCI or our internal audits. The total number of factories covered with Accord inspections rises to over 1,100.

All 34 factories producing for Lindex have been visited and a total of 125 inspections have been made. Eight assessments remain to be carried out in 2015. After each inspection, a corrective action plan with deadlines has been produced. Only one factory was closed down, and opened up in a different location. One factory was closed down temporarily and soon reopened after the required improvements were made. During the almost two years in the Accord, considerable progress has been made.

Environment

AT LINDEX WE BELIEVE IN SUSTAINABLE GROWTH AND WE ARE ACTING ACCORDINGLY AS "BUSINESS AS USUAL" IS NOT A VIABLE OPTION. OUR AIM IS TO MAKE A DIFFERENCE WITH ALL OUR BUSINESS ACTIVITIES, ECONOMICALLY, SOCIALLY AS WELL AS ENVIRONMENTALLY. CHOOSING THE RIGHT BUSINESS PARTNERS IS ONE OF THE KEY STEPS TO DO SO. THROUGH ACTIVE PARTICIPATION IN INDUSTRY COLLABORATIONS, WE FOCUS ON WATER AND GO BEYOND OUR OWN OPERATIONS.

ENVIRONMENTAL MANAGEMENT

We take the environmental aspects into consideration in the management and development of our business operations. We comply with applicable environmental legislation and require the same from our suppliers and partners.

We acknowledge the environmental impacts of our business operations and strive to prevent the adverse effects of operations on the environment by reducing emissions, increasing the efficiency of energy and water consumption and carrying out waste sorting and recycling. Compliance with quality and environmental systems is monitored, and audits are used to assess whether environmental targets are achieved.

Our progress can be seen in our scorecard at about.lindex.com.





ENVIRONMENTAL CODE

Lindex Environmental Code focuses on wet processes and sets requirements regarding waste water treatment, handling of chemicals, waste treatment and health and safety for the factory workers in which suppliers were ranked depending on how well they meet the requirements. Audits and follow-up are conducted by Lindex own CSR auditors based in our production offices.

The aim of Lindex Environmental Code is to raise awareness on environmental issues within our supply chain and to improve processes in order to minimize the negative environmental effects within garment production. And, we have seen significant improvements since we first started using the Environmental Code in 2008.

Side by side with our Environmental Code and audits, we have been co-operating with our suppliers in improvement projects covering responsible water management, energy efficiency and use of chemicals, which during the last few years has proven to be a more effective way to reach the sustainable difference we want to see in the industry. In 2015 Lindex will continue to strengthen our commitment to work with our suppliers in improvement projects. Read more about our cleaner production projects on p. 43.

ENERGY & EMISSIONS

Our overall aim is to be as energy-efficient as possible, and the Lindex group is working systematically on keeping energy consumption as low as possible. The biggest share of Lindex electricity consumption is accounted for by the store segment, with over 490 stores that use energy for lighting, heating, operation of escalators, elevators, computers and tills. In order to reduce Lindex impact on the environment, we are, with in our own procurement, purchasing electricity from renewable sources for Lindex stores and offices.

Reporting on greenhouse gas emissions provides a basis for defining the areas where emissions should be reduced and for setting reduction targets. Our carbon footprint calculation in 2014 covers our operations in all sales markets, excluding franchising operations.

The comparison figures are presented for 2012 and 2013, and the changes in the scope of the calculation are explained in the comments column.

PricewaterhouseCoopers Oy has acted as a consultant in the calculation of the carbon footprint in 2013 and 2014. The calculation was carried out in accordance with the international Greenhouse Gas (GHG) Protocol reporting principles.

Read more about the entire Stockmann Group greenhouse gas emissions in the International CDP Survey, published at www.stockmanngroup.com.

INDICATORS

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

Category	tCO_2e 2014	tCO_2e 2013	tCO_2e 2012	Change in emissions 2013–2014 in %	Comment overall
Direct emissions (Scope 1)	138	197	664	-29.98%	
Stationary combustion	138	197	664	-29.98%	Fuel oil is estimated based on similar estimation as in previous years (share of fuel use and natural gas in heating). No breakdown of used fuels available. Changes due to estimation in floor surface area.
Indirect emissions from purchased energy (Scope 2)	13,049	12,606	13,336	3.51%	
Electricity	5,540	5,228	7,220	5.97%	No significant changes in consumption. Changes are aligned with minor changes in number of stores.
Heating	7,509	7,378	6,116	1.77%	No significant changes. The emissions have increased due to changes in estimations of floor surface and emissions factors. The data is estimated to a large extent and may include significant uncertainties.
Other indirect emissions (Scope 3)	8,826	11,934	10,931	-26.04%	
Internal logistics	1,272	1,648	2,353	-22.81%	Changes in emissions likely due to decrease in volumes (decrease in tkm for internal logistics from previous year).
External logistics	5,154	7,675	7,707	-32.86%	Tonne kilometers have increased from previous year, while share of transportation type and emission factors have changed, which has led to a decrease in emissions.
Business travel	883	1,251	872	-29.47%	No significant changes in reporting. Two PO's have been excluded due to lack of reliable data.
Vehicles	216	60	–	261.33%	Included more vehicles than in previous years, which has an impact on CO_2 (however, overall impact is not material).
Waste	1,301	1,299	–	0.20%	No significant changes.
Total	22,013	24,737	24,931	-11.01%	

A word from our Sustainability Coordinator for Production – Ingela Lind

In 2014, Lindex factories together saved nearly 900 million liters of water through our cleaner production projects PaCT and SWAR. Cleaner Production projects is a fantastic concept, that's a fact! When dealing with sustainability issues in the supply chain, it is not always obvious what to focus on to get the best results. But already in 2010–2011 when we participated with two of our main suppliers in IFC's pilot project for Cleaner Production in Bangladesh, we understood that this is the way to go when we saw the amazing results that our factories achieved, and the project was named one of the best water saving projects at the World Economic Forum in Davos in 2012.

For us it was natural to continue working with Cleaner Production when PaCT started in 2013, and as one of the first brands to sign the four-year agreement (2013–2016), we are also members in the steering group. Our ambitions are high, and our first aim, to cover up to 80 per cent of our total production in Bangladesh before the project period is over, has already been reached. More than 80 per cent of our products produced in Bangladesh are produced in factories that have implemented or are implementing Cleaner Production measures that lead to reduced use of resources and cleaner water discharges.



Ingela Lind

WATER

Textile production consumes large quantities of water, which makes the water issue critical for a sustainable fashion industry. As a fashion company our largest water impact lies in the production process, but we also affect indirectly through buying cotton that is water-intensive, and by selling products that is then washed by our customers.

Through long-term co-operation projects within the industry, we work to minimize the environmental impact in the entire value chain. For eight years we have been involved in sustainable projects to reduce water consumption and other environmental impacts in India and Bangladesh, which are important production countries for us. Garment production accounts for a significant share of water consumption in these countries. The Better Cotton Initiative (BCI) in India, Sustainable Water Resource (SWAR) project in India and Partnership for Cleaner Textile (PaCT) in Bangladesh are examples of long-term co-operation projects to reduce water consumption and other environmental impacts in different phases of garment production from the cultivation of cotton to the dyeing of the fabric.

Read more on the next page

Since 2014 we are partners to

WaterAid

INDICATORS

EN3 Energy consumption within the organisation
EN8 Total water withdrawal by source (including surface water, ground water, rainwater, waste water, municipal water)

Reporting on the consumption of fuels has been converted to megawatt hours (MWh). The data for natural gas has been converted to megawatt hours (MWh) and is based on estimations for Lindex. Electricity consumption covers all Lindex functions, excluding franchising operations. Heating and cooling energy consumption covers all Lindex functions, excluding franchising operations. Due to the significant amount of estimations and extrapolation in heat consumption for Lindex, the data quality is considered fair. Reporting on water covers all Lindex functions and distribution center.

Energy and water consumption	2014	2013	2012
Direct consumption			
Stationary combustion (MWh)	298	499	800
Natural gas (MWh)	297	332	482
Indirect consumption			
Electricity (MWh)	43,100	41,272	44,752
Heating and cooling (MWh)	52,139	51,931	43,245
Water (m^3)	4,955	3,185	–

Cleaner Production

FOR A RESOURCE EFFICIENT AND CLEANER PRODUCTION WE ASK OUR SUPPLIERS TO PARTICIPATE IN DIFFERENT IMPROVEMENT PROJECT WITH US, IN THE AREAS OF WATER, ENERGY EFFICIENCY AND THE USE OF CHEMICALS. THESE PROJECTS EXTEND FURTHER THAN LEGISLATION REQUIREMENTS, AND ARE A NECESSITY TO MAKE THE POSITIVE CHANGES WE WANT TO SEE IN THE TEXTILE INDUSTRY.

As a founding partner of the PaCT water programme in Bangladesh as well as a member of the Stockholm Water Initiative (STWI) Lindex is working actively to mitigate potential risks in key production markets. And after a successful pilot phase with the SWAR programme in India, we are now up-scaling it to other production markets such as Turkey, China and Bangladesh in 2015.

SWEDEN TEXTILE WATER INITIATIVE – STWI

Lindex is one of the founders of and remains an active participant in the Sweden Textile Water Initiative (STWI) which is a joint project between textile and leather retail companies in Sweden together with Stockholm International Water Institute (SIWI) developing suppliers' water use and water management in production.

SUSTAINABLE WATER RESOURCE MANAGEMENT – SWAR

Sustainable Water Resources Management (SWAR) is a pilot project in India for improving resource management in textile suppliers' production, run by Sweden Textile Water Initiative (STWI) together with Lindex and two other Swedish fashion brands supported by SIDA. The SWAR pilot phase in India ended in 2014, and has passed over to STWI Projects in 2015 in which Lindex will participate with production units in India, Turkey, China and Bangladesh.

In 2014 all of Lindex Indian garment suppliers and 13 of their fabric mills producing for Lindex participated in the SWAR programme, and together they saved more than 223 million litres of water. In total, more than 40 production units participated in the project and together they have implemented measures that will save 284 million litres of water and 402 tonnes of chemicals per year. Additionally, the production units also managed to save an average of 3 per cent of its electricity consumption as well as 3 per cent of their operating costs.

Based on initial assessments, the units implemented agreed recommended improvements with on-site support from the technical consultants. During the project awareness trainings in factories have been held, that nearly all workers in the production units attended.

Quotes from SWAR partners

"Lindex is one of the most ambitious brands, when it comes to sustainability in production processes. They have been actively engaged in designing and implementing training programmes to increase resource effeciency througout the first tiers of their supply chain. For a brand like Lindex to be able to cover a majority of their direct suppliers and sub-suppliers, is quite impressive. We look forward to continuing to work on improving the sustainable use of water resources with Lindex suppliers in Bangladesh, China, India and Turkey within the Sweden Textile Water Initiative."

Rami Abdelrahman, SIWI

"Over the last 2 years, we have seen the Lindex suppliers make strides in incorporating sustainability into their operations. In several cases they have set up teams as well as processes: so that they can continue to ensure the improvement continues. This would not have been possible but for the active engagement from the Lindex CSR team and the Lindex India team, who have played the role of a catalyst as we worked with their suppliers. The uptake of resource related sustainability is presently on the upswing and the Lindex suppliers we have had the chance to work with are keeping pace to stay with the other leaders in the industry."

Pawan Mehra, CKinetics

PARTNERSHIP FOR CLEANER TEXTILE IN BANGLADESH – PACT

Lindex is participating in the four-year programme Partnership for Cleaner Textile (PaCT) in Bangladesh during 2013–2016 together with seven other international fashion companies. PaCT strives for a positive environmental change for the Bangladesh textile wet processing industry, its workers and surrounding communities by reducing groundwater consumption and surface water pollution associated with textile wet processing through:

- DEVELOPING RESOURCE-EFFICIENCY PROCUREMENT REQUIREMENTS
- HELPING FACTORIES INCREASE THEIR CAPACITY
- SPREADING TECHNICAL KNOWLEDGE
- ACCESSING TO FINANCE FOR CLEANER PRODUCTION INVESTMENTS
- CREATING A PLATFORM FOR COMMUNITY AND NATIONAL DIALOGUE ON SUSTAINABLE USE OF WATER IN THE TEXTILE SECTOR

The PaCT programme is all about raising awareness, basic cleaner production and in-depth cleaner production. In 2014 two of Lindex suppliers participated in the in-depth programme, which resulted in a total annual saving of 670 million liters of water and 304,000 GJ of energy. So far, a total of 19 factories from all brand members of the PaCT programme have saved 2,900 million of liters of water.

In total eight of Lindex suppliers have participated in the PaCT programme since the start in 2013, and together they represent 80 per cent of our garments manufactured in Bangladesh. This means that our goal of having 80 per cent of all our garments manufactured in Bangladesh produced in cleaner factories by 2016 is already achieved.

Comments from our PaCT partners

"In working with the Lindex team during our PaCT workshop, I was struck by the enthusiasm and the level of engagement throughout the company. On an individual level, discussions focused on how to apply the PaCT learnings to daily decision-making, while on an organisational level, everyone seemed quite eager and excited for Lindex to embrace a leadership role in building a more sustainable fashion future."

Ariel Kraten, Made-By

"Lindex was one the first companies who joined the PaCT programme and has already participated the pilot project back in 2010. Their support and engagement in the PaCT programme shows strong leadership and their commitment to make a real difference on the ground. Lindex together with their suppliers are key contributors to the success of PaCT and the great achievements in 2014. I am excited to continue to work with Lindex also in 2015!"

Bastiaan Mohrmann, IFC

Store concept and interior design

WITH OVER 490 STORES IN 16 COUNTRIES, WORKING WITH SUSTAINABILITY AND ENVIRONMENT IN MIND IN OUR STORES IS ESSENTIAL TO EVERYTHING FROM DESIGNING NEW STORES AND STORE CONCEPTS, TO HAVING ACTION PLANS FOR HOW TO MINIMIZE THE USE OF ELECTRICITY AND TO MANAGE WASTE AND RECYCLING.



"Sustainability is thinking beyond the current concept"

HENRIK ROSENLUND IS OUR STORE CONCEPT MANAGER WHO SEES SUSTAINABILITY AS A GOOD INVESTMENT AND KNOWS THE IMPORTANCE OF LONG-TERM THINKING WHEN BUILDING NEW STORES.

What does it mean to work with sustainability in Store Concept?

At the Store Concept department, we are responsible for the whole investment when building new stores. Sustainability is a natural part of our work where we look at options for materials and construction in relation to financial aspects and maintenance. We look at the whole picture and aim for sustainability to permeate the choices on all levels.

Sustainability is about long-term thinking when we develop our concepts. If we invest in more sustainable options today, we will have a longer duration of our choices and it will be a better investment in the end. It is therefore about thinking beyond the current concept and bearing in mind what will happen after we have used up a concept.

What challenges are there in sustainable Store Concept?

There are many challenges and one of them is balancing all the aspects of sustainability with the costs it generates. Naturally, more sustainable choices generate higher costs but have greater gain which is why we always have to think long-term in our investments.

Another challenge is the complexity in what is a sustainable choice. When we consider different options we have to look at all aspects of sustainability such as environmental issues, social aspects and maintenance. And every aspect has its own complexity, like the environmental issues. Some materials are preferable in manufacturing but have a negative impact on the environment when they are recycled, while some materials are great for recycling but there are issues in the manufacturing. So we always have to analyze and discuss our options from all aspects when we make decisions.

What lies in store in the future for your team's work for sustainability?

There are a lot of things going on at Lindex, where one thing is optimizing our processes from a sustainable perspective. This is about how we can make investments for less maintenance and how we can design the shell of a store to last through several concepts. We also want to make our concepts more flexible so we can work with the conditions that already exist in a location where a store is built. Working for a more flexible concept also includes giving franchise partners the opportunity to offer similar local alternatives to materials that are used in a concept. This can have great value from a sustainability perspective and it goes hand in hand with a cost efficient mindset.

Also, we will take our long-term thinking even further when it comes to suppliers for Store Concept. After our materials have been used for many years we want to make sure they are being reused or recycled, so in the future we want to use suppliers with a circular way of working. By minimizing the number of suppliers we can have better control, set greater demands and choose the suppliers that take responsibility from production to recycling. This also means being willing to be a part of their development and contribute in the ways we can. This may generate higher costs, but it is a responsibility we have to take and is how we think sustainable.



Henrik Rosenlund

"In sustainability, there are only winners"

SUSTAINABILITY IN LINDEX STORES IS A CONSTANT PROCESS WHERE CREATING SOLUTIONS THAT WORK ON A DAILY BASIS IS CRUCIAL. MALIN REYNOLD, PROJECT LEADER EXPANSION AT LINDEX SWEDEN COUNTRY OFFICE, THINKS SUSTAINABILITY IS ESSENTIAL AND IS VERY EXCITED ABOUT THE LATEST SUSTAINABILITY SOLUTIONS IN LINDEX STORES.

How does sustainability work in Lindex stores?

We work in many areas where we can create positive changes, such as in lighting, ventilation and recycling. We have been working a lot with recycling of waste produced in our stores like plastic wrappings, paper waste and used up hangers, to develop even better solutions for all our stores. By developing the solutions centrally we can have greater control of how much waste our stores produce and how well we recycle. Since recycling waste is performed directly in stores it sets great demands on our stores which is why the solutions must be thought out carefully and making it work on a daily basis is crucial. Our stores have been very dedicated in helping to develop solutions and routines that work and it has been very exciting.

Reducing waste caused by our stores is important to us. We have a policy that no leftover garments can go to waste and many of our stores have collaborations with local help organisations. We have also taken recycling beyond our own waste, and since December 2014 we launched the opportunity for customers to recycle textiles in about 50 selected Lindex stores in Sweden, Lindex stores in Sweden, in co-operation with Myrorna and Cirqle.

What challenges are there in working for sustainability in stores?

There are several challenges of course, but many of our sustainability projects have come such a long way that it is now a way of working. It is however important to never stop actively incorporating routines that increase sustainability in our stores. It is an ongoing process and sometimes our biggest challenge is that we want to do so much, but there are not enough time!

What lies in store in the future for sustainability in Lindex stores?

The most important aspect of our work for sustainability is the ability to follow up consumption and costs. We are very excited to have made agreements for complete follow-ups on the energy consumption in our stores, for example electricity, heat and waste recycling. Measuring energy consumption is not something new for us, but the new agreements enables much more extensive analysis than before and gives us the ability to dig deeper through cost management to find ways to increase our sustainability. Costs and sustainability are highly associated with each other and being profitable and sustainable is essential for our existence as a company. When it comes to working with sustainability, there are only winners!



Malin Reynold











Sustainable transportation

AT LINDEX WE WORK WITH SUSTAINABLE FASHION FROM A LIFECYCLE PERSPECTIVE INVOLVING ALL PARTS OF OUR DESIGN AND PRODUCTION CHAIN, WHICH INCLUDES TRANSPORTATION OF OUR PRODUCTS FROM PRODUCTION TO STORES. TRANSPORTATION OF GOODS AFFECTS THE ENVIRONMENT AND WE WORK CONTINUOUSLY TO MINIMIZE THE ENVIRONMENTAL IMPACT. OUR GOAL IS TO ALWAYS KEEP OUR USE OF AIR FREIGHT BELOW 4 PER CENT, AND WE ACTIVELY WORK TO USE THE SHIPMENT SPACE IN CONTAINERS AS EFFICIENTLY AS POSSIBLE.

In order to minimize emissions into the air and water associated with transportations of Lindex products, we work within several areas:

USING MOSTLY SEA FREIGHT

Sea freight is a more sustainable option than air freight since it has less negative impact on the environment. In 2014, 86.4 per cent of Lindex goods was transported by sea freight and our goal is to increase the proportion of sea freight even more.

UTILIZING SPACE IN SHIPMENT CONTAINER

We regularly measure and follow up on the loading efficiency in containers. We work to use the space as efficiently as possible and aim to fully load the containers, in shipments from production to distribution as well as shipments from distribution to stores.

CLEAN SHIPPING

Clean Shipping is a network that Lindex has been a part of since 2008 that works with an index on shipping companies' environmental impact. Read more about the network and our commitment on next page.

LOW USE OF AIR FREIGHT

Transporting goods by air freight has great negative impact on the environment which is why we must only use it in exceptional cases. In 2014, 2.4 per cent of Lindex goods was transported by air freight and our goal is to minimize the proportion of air freight even more.*

ROAD TRANSPORT REQUIREMENTS

We work with a requirement platform that is developed together with other companies in retail and grocery trades, in co-operation with the Swedish Transport Administration. It is a platform we use when we choose suppliers which includes requirements for:

- BUSINESS MANAGEMENT – THE ENVIRONMENT AND TRAFFIC SAFETY
- COMPLIANCE WITH LEGISLATION
- ALCOHOL AND DRUGS
- GREENHOUSE GAS EMISSIONS
- SPEED
- EMISSIONS OF SUBSTANCES HARMFUL TO HEALTH
- FOLLOW-UP

* This figure excludes freight by sea/air.
For more information, please see our Scorecard at about.lindex.com

Clean Shipping

LINDEX IS A PART OF THE CLEAN SHIPPING NETWORK, A NETWORK WHERE GLOBAL ACTORS IN SEA FREIGHT PROCUREMENT COME TOGETHER WITH A SHARED AIM: MINIMIZING THE NEGATIVE ENVIRONMENTAL IMPACT OF SHIPPING.

The Clean Shipping Network is a non-profit organisation which Lindex has been a part of since 2008. The network uses the Clean Shipping Index, a tool that registers different shipping companies and their environmental impact. The index offers environmental ranking for ships and entire carriers based on their performances in five different areas:

- CARBON DIOXIDE EMISSIONS
- NITROUS OXIDE
- SULPHUR DIOXIDE AND PARTICULATES
- CHEMICAL PRODUCTS AND FUEL
- WATER AND WASTE CONTROL

With the Clean Shipping Index it is possible for Lindex, as a buyer of transportation, to make fact-based decisions out of consideration for the environment. Most of our goods are transported by sea freight and by being a part of the Clean Shipping Network we can act to create a sustainable difference. In Lindex shipment procurement we require that 80 per cent of the ships registered in the Clean Shipping Index.

Clean Shipping Index

INDICATORS

EN1 Materials used by weight or volume
Information on the use of packaging materials is published on the Group's website www.stockmanngroup.com

EN23 Total weight of waste by type and disposal method
EN24 Total number and volume of significant spills
Information can be found in Stockmann Group CSR report, p. 40.

EN29 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations
There were no fines or sanctions during 2014.

EN32 Percentage of new suppliers that were screened using environmental criteria
All factories need to fulfill Lindex starting requirements and commit to BSCI Code of Conduct and continuous improvement prior to starting co-operation. These requirements include requirements for labour practices, human rights and environmental aspects. The purchasing offices review the operating models and quality levels of each factory that they use before entering into a contract and starting production. After the preliminary inspection, the systematic responsibility work continues and own and external audits are carried out on the suppliers.

EN33 Significant actual and potential negative environmental impacts in the supply chain and actions taken
We have been involved for years in sustainable projects in important production countries, such as India and Bangladesh, where there are challenges with water scarcity and clean water. We aim for as many suppliers as possible to participate in the improvement projects and transition to a more resource-efficient and cleaner production through participating in projects connected to water, energy efficiency and use of chemicals.

The water-related co-operation projects include Sustainable Water Resources Management (SWAR), Partnership for Cleaner Textiles in Bangladesh (PaCT), Sweden Textile Water Initiative (STWI) and Better Cotton Initiative and WaterAid.

A specific human rights impact analysis is currently not being conducted, but we are looking into the possibilities of better including human rights and children's rights into our assessments.

Social Commitment

MANY OF LINDEX CUSTOMERS AND EMPLOYEES AS WELL AS THE SUPPLIERS' FACTORY WORKERS ARE WOMEN, WHICH NATURALLY INFLUENCES LINDEX SOCIAL COMMITMENT WHERE WE STRIVE TO SUPPORT WOMEN AND THEIR CHILDREN. WE FOCUS OUR SOCIAL INVOLVEMENT ON PROJECTS THAT ARE IMPORTANT TO PLACES WHERE WE OPERATE.

A word from our Social Compliance Manager – Ingrid Porss



Ingrid Porss

Lindex is offering fashion for women and kids, and as we focus on women and kids in our stores we have decided to focus on them in our social commitment as well. This is why we first started with the HERprojects in our factories! We wanted to reach out to the factory workers, consisting of 80 per cent women, where our garments are produced and try to make their lives better.

But, while the project focus lies within the factory, the knowledge reaches far outside the factory walls and into the community as the women share it with families and friends. This was something I realized when interviewing one of the peer educators in our first HERproject in Bangladesh – that you can make a difference by very simple means, it does not always have to be big scale projects.

The HERprojects have shown great success in increasing the health knowledge of the female workers and make them use health facilities a lot more.

Since our first HERproject in 2012 to date we have reached about 8,000 female factory workers in Bangladesh, India and Pakistan.

During 2015 we will continue with HERprojects in all our Asian production countries, as well as other projects in co-operation with Business for Social Responsibility (BSR).

SCHOOL OF HOPE

Many children are not given the opportunity to go to school, and at Lindex we believe that education is a way out of poverty. We have been committed to The School of Hope, a school in the poor areas of Dhaka, Bangladesh, for many years now, both with corporate donations and Lindex employee sponsorships where employees donate an amount from their salary each month to the School of Hope.

The School of Hope was founded in 1990 and offers almost free education up to 5th grade. The parents only pay a symbolic amount of 5 taka per month, which is about 0.06 euro. The school started out with 25–30 students, but today it educates 200 students. In 2015 the school will be housing 250 students. The school depends entirely on donations from individuals and organisations.

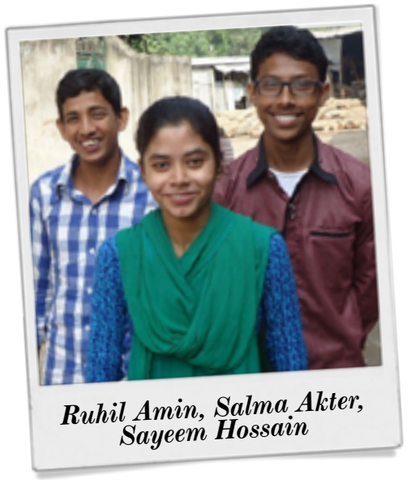
After the students have finished their education at the School of Hope, they can continue their education at Solmaid High School and eventually college, thanks to the sponsorships by Lindex employees. In 2014 the first group of students who started at the School of Hope many years ago are attending college! With the sponsorship of Lindex employees, five students' further education is fully paid for, including school fees and uniforms as well as books and material.

The students Salma Akter and Maksuda Akter, both whose favorite subject is accounting, can now continue to aim towards their wishes to work in a bank. Md. Sayeem Hossain and Israt Jahan Kaniz can both continue to study their favorite subject mathematics, after which Sayeem wishes to work as a mechanical engineer while Israt dreams of being a marine engineer or a doctor. Ruhul Amin can also continue his studies, with social welfare as a favorite subject, and pursue his dream to become a lawyer.

Together we can make a difference!



Israt Jahan Kaniz



Ruhil Amin, Salma Akter, Sayeem Hossain



Maksuda Akter

HERPROJECT

The majority of the factory workers are women, and Lindex engages in HERprojects to improve these women's conditions not only in the factories but also outside.

HERproject (Health Enables Return) is a factory-based training programme focusing on young women working in factories in Asia and Africa, initiated by Business for Social Responsibility to promote the improvement of women textile workers' situations. The education programme is focusing on women's personal health to improve their well-being and increase their standard of living. However, in 2014 we have as a pilot extended the HERproject in one of our Indian factories to also include men in the education programme, and this is something that we will continue working on together with BSR in 2015.

The HERproject is based on peer education trainings, where the participating women become peer educators, taking their new information forward to the other workers at the factories which means that the project reaches many people at once. In fact, it goes even further as the women share their knowledge with husbands, friends and neighbours and they can take better care of their children. The commercial value of the HERproject is that the female workers keep healthy as it increases the quality and efficiency of the factories, which also makes it interesting for the factory owners to participate in the project.



HERPROJECT BENEFITS

- INCREASED PRODUCTIVITY AND EFFICIENCY
- REDUCED NUMBER OF COMMON DISEASES
- REDUCED PRODUCTION COSTS
- IMPROVED WORKING ENVIRONMENT: EVERYONE KEEPS CLEAN AND NEAT IN THE FACTORY WHICH HELPS EVERYONE KEEP HEALTHY. WORKERS FEEL INCREASED CONFIDENCE IN THE FACTORY MANAGEMENT, WHICH ALSO HAS LED TO REDUCED TURNOVER OF WORKERS AND ABSENTEEISM.
- REDUCED COST FOR MEDICATIONS
- FEWER ILLNESSES AS THE WOMEN DEAL WITH MENSTRUATION AND INFECTIONS IN A BETTER WAY, AND SEEK MEDICAL ATTENTION AT AN EARLIER STAGE

"Since the first HERproject in 2012, we have reached about 8,000 female factory workers in Bangladesh, India and Pakistan."

MEET SOME OF OUR HERPROJECT PEER EDUCATORS

Paramount Products – Bangladesh



Puja Tripathi
Tailor

I was in a very poor health condition earlier and had no idea about the importance of meals, concept of nutrition and hence, I fell sick very often. I did not spare time to take care of my health and focused only on work. Due to this negligence I used to take leaves for 4 to 5 days every month because of headache, weakness and other health issues. But now I take proper care of myself, as well as my family's diet and eating habits. I no longer fall sick as frequently anymore and I am more frequently at work.

The programme has improved self-confidence and removed my inhibitions in communicating with others. I used to keep to myself and did not communicate much with either the co-workers or the factory management. But now I interact with my co-workers and am able to communicate with the factory management with ease. I am happy at having found my self-worth. I wish to take part in more such activities at the factory.

Paramount Products – India



Deep Prakash
Spotter

I am a peer health educator. My wife has just delivered a healthy baby girl. I acknowledge that the knowledge gained during the course of the HER health project has been instrumental in ensuring the good health of my daughter. I practiced all the learnings regarding maternal and child health including timely check-ups and delivery under medical supervision at a hospital.

I shared all the information received with my wife as well as family members.

I have not just learnt about the various aspects of health and general well-being, but have also undergone a change in the level of comfort in interaction with women at the factory. The amount of interaction between the male and female workers was minimal at the start of the project but has increased due to the common training sessions.

Artistic Garment Industry – Pakistan



Tahira
Peer Health Educator

Being a part of HER project and as a peer educator I am aware of good health benefits so I eat a simple healthy and balanced diet myself and make my co-workers and others aware about that good food doesn't mean expensive food. Pulses, wheat, rice, curd, seasonal fruits and vegetables make a complete nutritional diet.

Due to HERproject I was aware of health related issues. My brother's poor health conditions intimidated me and I convinced him to go for a medical check up and treatment was given on time which saved his life. He was affected by the dengue virus that can cause death.

Divine – Bangladesh



Ms. Sorari Khatun
Quality Controller, Sewing.

She has three sons and two of them are working at different factories and the youngest son is studying. Her husband passed away a long time ago.

"We are feeling healthier now. Earlier we did not know what type of foods we should eat. We were eating the same foods 3 times a day but now we are eating different types of foods each time. We are taking our seasonal local fruits and vegetables also which is less expensive compared to apples, oranges, etc. It helps to avoid absenteeism as frequency of common diseases has been reduced a lot. We feel more confident and free to ask questions or share our thoughts with our management through welfare officer, supervisors etc."



FIGHT AGAINST BREAST CANCER

Lindex is a proud main partner of the Pink Ribbon campaign since 2003, a commitment that contributes to financing breast cancer research and raising awareness about the disease.

In 2014 Lindex raised awareness about the fight against breast cancer through several different activities, mostly through the popular collaboration with fashion icon Jean Paul Gaultier where 10 per cent of the retail price was donated to the cause. A specially made bracelet as well as sales of the annual Pink Ribbon have also contributed to making the result of the fund raising higher than last year's.

BY SUPPORTING THE PINK RIBBON CAMPAIGN WE ARE

- RAISING AWARENESS ABOUT BREAST CANCER
- CONTRIBUTING TO FINANCING THE RESEARCH ABOUT THE DISEASE

TOGETHER WITH OUR CUSTOMERS WE DONATED

1.4 MEUR IN 2014

AND HAVE CONTRIBUTED WITH OVER

9.5 MEUR

to the fight against breast cancer since 2003

WATERAID

In 2014 we became proud partners with WaterAid to support their work in improving access to safe water, improved hygiene and sanitation in the world's poorest communities. We see our partnership with WaterAid as an extension of our ongoing work with water related issues, where we step outside of our own value chain and focus on improvements for the people living in the communities where we operate.

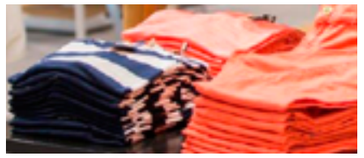
BY SUPPORTING WATERAID WE CAN HELP TO CHANGE LIVES

- KIDS CAN SURVIVE THEIR CHILDHOOD AND FAMILIES CAN STAY HEALTHY
- HOURS SPENT COLLECTING WATER CAN BE SPENT WORKING OR GOING TO SCHOOL INSTEAD
- SCHOOLS WITH SAFE WATER, SANITATION AND HYGIENE EDUCATION CAN KEEP YOUNG GIRLS IN SCHOOL, WHO OTHERWISE OFTEN DROP OUT WHEN THEY GET THEIR MENSTRUATION
- CLEAN WATER AND SANITATION CAN HELP COMMUNITIES AND COUNTRIES BREAK THE CIRCLE OF POVERTY

Other social commitments during 2014:

Stockpile garments

from Lindex stores, head office, country offices and production offices are always donated to various charities, and the garments go directly to those in need such as orphanages and women's shelters.



Moomin Collection for UNICEF

710,000€

donated to Unicef through the sales of a specially made Moomin collection





Min Stora Dag

(My big day)

100,000€

donated to help children with serious illnesses in having their dreams come true.

Round up

340,000€

Customers in Sweden, Norway and Finland raised altogether around EUR 340,000 for the struggle against Ebola, for families fleeing from Syria and for the victims of the Balkan flooding.



Göteborgs Stadsmission

Each year Lindex head office in Gothenburg wraps Christmas gifts for the less fortunate in Gothenburg, donating them to Göteborgs Stadsmission.

GRI content index

G4 GENERAL STANDARD DISCLOSURE	GRI REFERENCE	PAGE NO IN THE REPORT OR OTHER LOCATION
Strategy & Analysis	1	5, CEO's comment
Organisational Profile		
	3, 5, 7, 4-6, 8-9, 14	4, Lindex at a glance
	10	25, Working at Lindex
	11	26, Working at Lindex
	13	4, Lindex at a glance
	15	12, Sustainability governance
	16	stockmanngroup.com
Identified Material Aspects & Boundaries	17, 18-20	9, Materiality
Stakeholder Engagement	24-26	10, Stakeholder dialogue
Report profile	28-30	4, About this report
	31	58, Contact
	32	58, GRI Content index
	33	4, About this report
Governance	34	12, Sustainability governance
	56	13, Corporate governance

G4 SPECIFIC STANDARD DISCLOSURE	GRI REFERENCE	PAGE NO IN THE REPORT OR OTHER LOCATION
Economic	EC1, EC4	11, Financial profitability
Environmental	EN1	50, Sustainable transportation
	EN3, EN8	42, Environment
	EN15-17	41 Environment
	EN29, EN32, EN33	50, Sustainable transportation
	EN23-24	Stockmann CSR report p. 41
Social: Labour Practices and Decent Work	LA1-2, LA4, LA6, LA9, LA12-13	26, Working at Lindex
Social: Human Rights	HR3	13, Sustainability governance
	HR4, HR9-11	14, Sustainability governance
Social: Society	SO4-7	16, Sustainability governance
Social: Product Responsibility	PR5-8	18, Customer orientation

Contact

YOU CAN REACH US AT:

AB Lindex
Box 233
401 23 Gothenburg
SWEDEN

Linda Skogsberg,
Sustainability Communications Coordinator

Tel.: +46 (0)31 739 50 00
E-mail: info@lindex.com



Linda Skogsberg

