

# Index



## Sustainability REPORT 2015

# LINDEX

we make fashion feel good

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# Working for a SUSTAINABLE FUTURE

LINDEX TAKES RESPONSIBILITY FOR HOW THE COMPANY'S OPERATIONS AFFECT PEOPLE 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:

- REDUCING ENVIRONMENTAL IMPACT
- INCREASE EFFICIENT USE OF RESOURCES SECURE HUMAN RIGHTS INCLUDING CHILDREN'S RIGHTS
- SECURE LABOUR CONDITIONS AND DECENT WORK
- CONTRIBUTE TO A SUSTAINABLE FINANCIAL DEVELOPMENT
- PREVENTING CORRUPTION AND SECURE ETHICAL BUSINESS PRACTICE

In this way, we contribute to a positive development and sustainable future in the countries where we do business and in countries where our production takes place.

## *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.



## *Lindex at a glance*

- FOUNDED IN ALINGSÅS, SWEDEN, 1954
- DIFFERENT CONCEPTS WITHIN WOMEN'S- AND KID'S WEAR, LINGERIE AND COSMETICS
- HEAD OFFICE IN GOTHENBURG, SWEDEN
- A PART OF THE STOCKMANN GROUP SINCE 2007
- STOCKMANN GROUP IS LISTED ON THE NASDAQ HELSINKI STOCK EXCHANGE
- 487 STORES IN 19 COUNTRIES
- LINDEX SHOP ONLINE IN THE EU AND NORWAY
- 652.3 MEUR IN TURNOVER 2015
- 4935 EMPLOYEES
- 6 PRODUCTION OFFICES
- 42% SUSTAINABLE CHOICE GARMENTS IN 2015

# I'm proud to present our 11th SUSTAINABILITY REPORT

Lindex offers inspiring and affordable fashion, made by people who loves fashion, retail, service and sales. We support UN Global Compacts ten principles. For us it is clear that in order to maintain successful, we need to operate within the planetary boundaries as well as safeguard/acknowledge human- and workers' rights and act to fight corruption and unethical business practices. Lindex is a vision and value driven company and to act sustainable is one of our key values that influence everything we do on a daily basis.

To create a long-term sustainable future for Lindex we, during 2015, implemented important actions for increased profitability. We achieved many historical results with stable growth in almost all markets and ended the year with the best sales ever.

For us the customer comes first. We are offering a great assortment and work to deliver an outstanding customer experience. Our focus on increased clarity in our concepts and collections have yielded results. Along with successful campaigns we give our customers a really good commercial offer and we see that it is appreciated.

We at Lindex are committed to work for a sustainable future. Both the Sustainable Development Goals Agenda 2030 and the Climate agreement COP21 is given the world and businesses a common to do list, that we all need to acknowledge and chip in to. Since many of the sustainability challenges we face are not Lindex specific, we are joining forces with our peers. Through collaborating with suppliers, partners, customers, NGOs, other brands and stakeholders we find solutions that step by step are more sustainable for people, for the environment, for the society and for the business.



In the beginning of 2016 we joined the network Swedish Leadership for Sustainable Development and we are continuing with our public-private partnership projects. STWI project is one such important project for better water management in the supply chain.

We continue to put great focus on empowering people. Among other things we are expanding the work we do around women's health. We have started to collaborate with UN women and we are also looking into how we can empower women in our production countries, like Bangladesh, through the HERfinance project.

**“As a significant step in Lindex international expansion, Lindex opened its first store in London during 2015 ,”**

We have signed the Canopy Style pledge where we commit to protect endangered forests. And as part of the Swedish Bioinnovation project we are looking into the potential of viscose from sustainable managed Swedish forests.

We have set targets, that 2020 all cotton Lindex use will come from sustainable sources and at least 80% of our garments will be produced with more sustainable manufacturing processes, using less water, energy and chemicals.

So far 42% of all Lindex garments are made of more sustainable fibers such as organic cotton, Better Cotton and recycled fibers. But fibers is only one part of the garment, and through our launch of "Better Denim – now and forever" we show our sincere commitment to make sustainability a core part of Lindex products and production. Not only is almost all Lindex denim now made of sustainable cotton we are also making the washing process more sustainable using less water, energy and chemicals. This is not a single collection but the way we produce denim from now and onwards, something that I personally am very proud of.

We have started to collect discarded textile and garments from our customers through approximate 50 of our stores, and aim to scale this up. We see a great potential in using post-consumer recycled fibers and fabric and as a first step we have our first close the loop product, a sneaker made in upcycled denim fabric, on the market this spring. To use post-consumer recycled materials in our products will be even more important and common in the future.

We do know that our customers loves fashion and appreciates that we are committed to work for a sustainable future. We want our customers to have an enhanced, coherent and inspiring shopping experience, and that is why we will continue, during 2016, to strengthening our digital presence and take steps to make the shopping experience to reach the next level.

I wish to thank all of our stakeholders, particular our customers, suppliers, partners and employees for their commitment and trust, together we are working for a long-term sustainable future.

INGVAR LARSSON  
CEO Lindex

# *A few words from Lindex*

## SUSTAINABILITY MANAGER

Working with sustainability for more than ten years, 2015 has been a very positive year in many ways. The world leaders jointly committed to work to realize the Global Goals for Sustainable Development to transform and strengthen our world. Another important milestone was the Climate deal adopted by 195 countries in Paris in December. It is the first universal, legally binding global climate deal ever. The agreement sets out a global action plan to put the world on track to avoid dangerous climate change by limiting global warming to well below 2°C. That gives hope.

Businesses play a vital part in achieving the Sustainable Development Goals. At Lindex we are determined to contribute to several of the SDG's through our work. Projects and actions we have done during 2015 is directly supporting eight of the goals. This is just a beginning, and we are humble to meet the challenges that lie ahead, but we are also determined that if we work together with our suppliers, partners, customers and other players in the society we can make an important sustainable change.

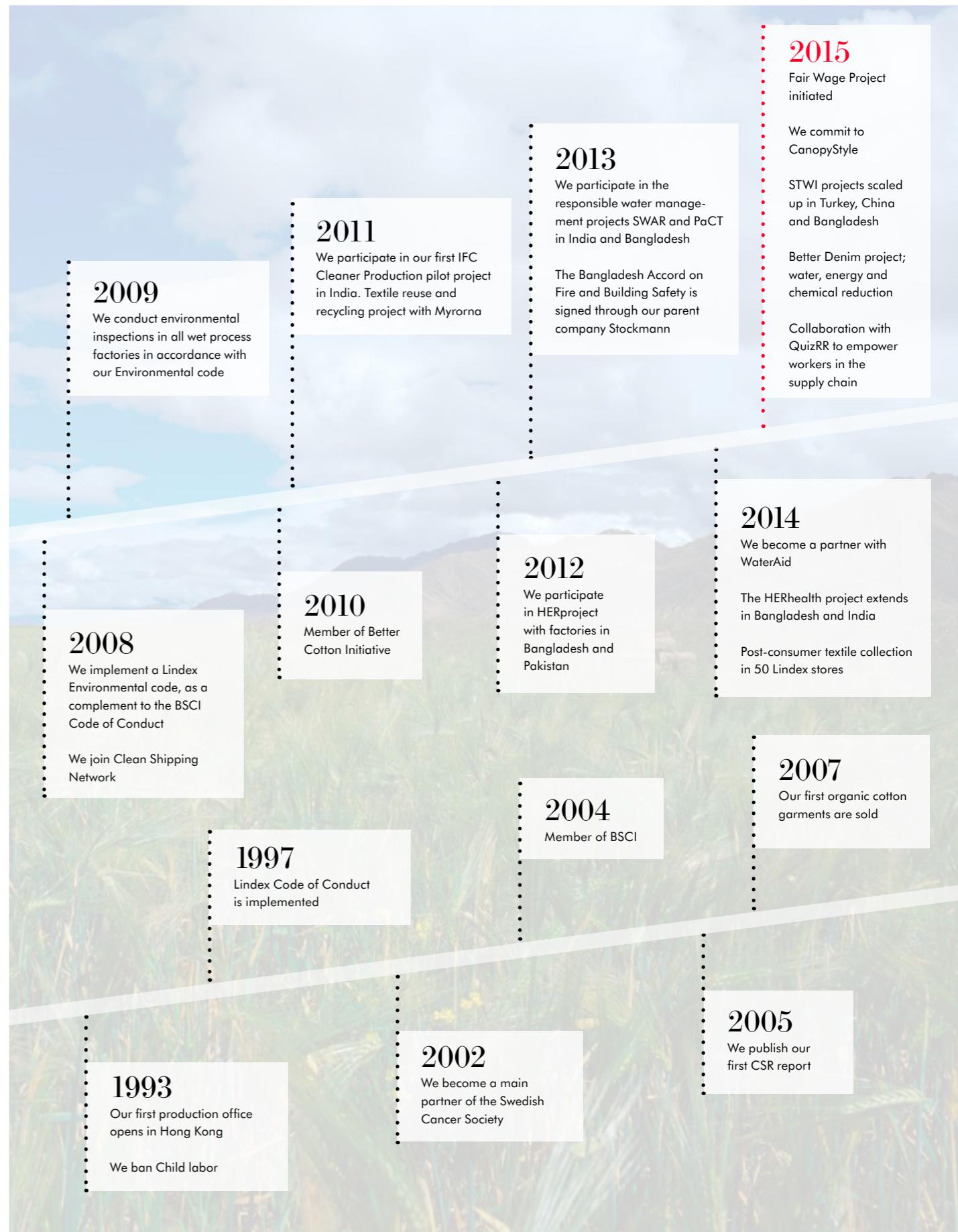
SARA WINROTH  
Sustainability Manager



### *What are the Sustainable Development Goals?*

In September 2015 World Leaders committed to the Global Goals for Sustainable Development (SDGs). It is 17 goals to transform our world to achieve 3 extraordinary things in the coming 15 years; End world poverty, Fight inequality and injustice and Fix climate change.

The SDGs are based on six essential elements: Dignity, people, prosperity, our planet, justice, and partnership. The SDGs have been agreed by governments, demanding action from all countries. Yet, the success relies heavily on actions and collaborations by all actors in the society, business included.



# Highlights 2015



# REPORTING *principles and materiality*

THIS IS LINDEX 11TH SUSTAINABILITY REPORT AND IT SUMMARIZES OUR SUSTAINABILITY PERFORMANCE FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2015.  
THE LAST REPORT, COVERING THE YEAR 2014, WAS PUBLISHED ON APRIL 27, 2015.

Lindex is part of the Stockmann Group. Additional information about ownership structure, organisational changes and Stockmann Group's reporting that cover integrated reviews of the business operations, financials, governance and CSR are found in Swedish, Finnish and English at: [year2015.stockmanngroup.com](http://year2015.stockmanngroup.com)

Lindex support the UN's Global Compact initiative through our parent company Stockmann, and accordingly promote human rights, labour rights, environmental work and anti-corruption measures. Lindex sustainability report is in compliance with the Global Reporting Initiative (GRI) G4 Guidelines, and in accordance with the Core option of the guidelines. The report has not been reviewed in full by a third party.

## REPORT BOUNDARIES

This report covers the global activities of the Lindex group, i.e. AB Lindex and its wholly-owned subsidiaries, six production offices in Asia and six country offices in Europe, Lindex stores and Lindex-owned distribution centers in Sweden. The report also cover Lindex share of the Stockmann Group's shared production activities in Asia, where Lindex accounts for some 91 per cent of the business.

The report does not include information about Lindex franchising stores, a total of 37 stores in eight countries managed by five franchising partners. Nor does it cover outsourced distribution and warehousing services that Lindex buys in.

## MATERIALITY ASSESSMENT

During the years 2012–2014 Stockmann Group defined its material sustainability aspects for reporting according to

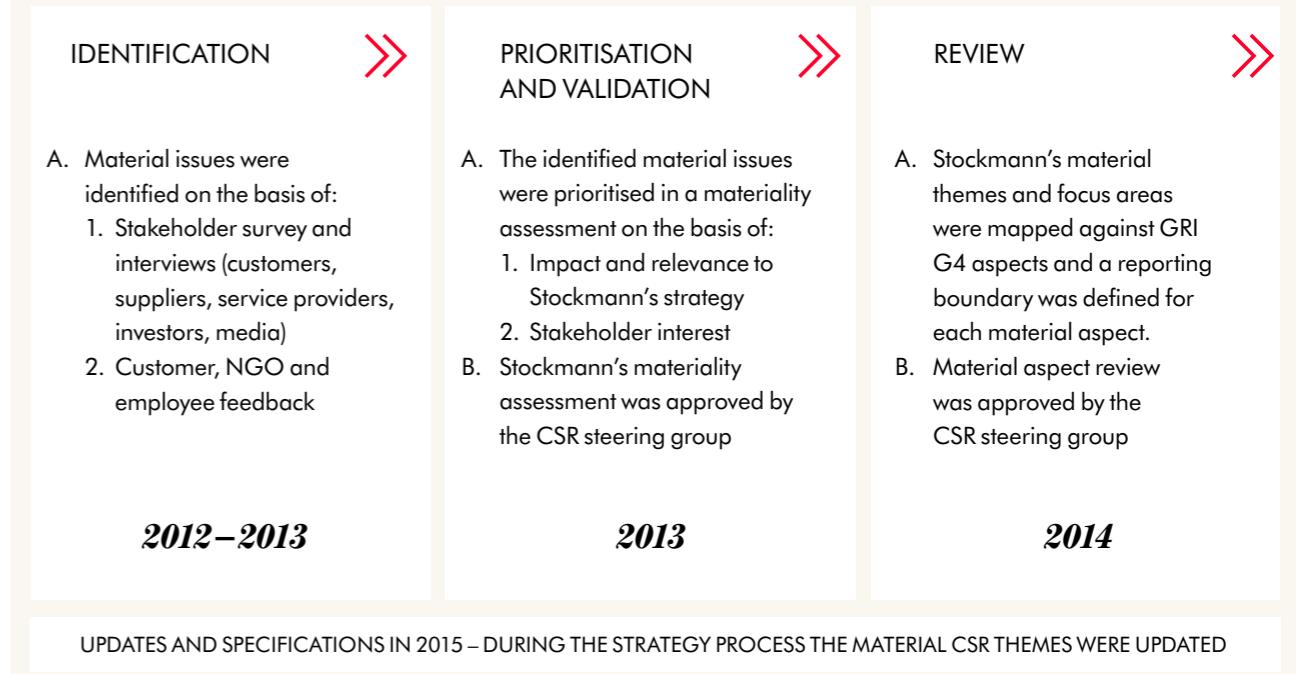
the requirements in the GRI G4 reporting guidelines. The materiality assessment process consisted of the phases of identification, prioritization and validation, and review.

The phases of the process are more specifically presented in the Stockmann Group materiality assessment process table on page 12. During the process, all key stakeholder groups were heard in order to identify material aspects. The extensive stakeholder analysis, including a stakeholder survey on CSR topics, was sent to loyal customers. Suppliers and service providers, investors, non-governmental organisations and media were covered in interviews. Customer feedback, employee feedback and topics raised by non-governmental organisations were also used as basis for identifying important topics. The topics were then assessed and prioritized according to their relevance to Stockmann Groups strategy and stakeholder interests. The materiality assessment was approved by the CSR steering group, responsible for steering, developing and monitoring corporate social responsibility within the Stockmann Group.

In 2014, Stockmann Groups material themes and focus areas were mapped against the GRI G4 aspects, and the reporting boundary was defined for each material aspect. In 2015, Stockmann Group started the preparation of the CSR strategy 2016–2018. During the strategy process the materiality assessment was re-evaluated and the material CSR themes were updated. Based on these processes Stockmann Group has identified 31 material aspects that are categorized under five CSR themes. These are presented in a table on page 12.

STOCKMANN GROUP	GRI G4 ASPECTS	ASPECT BOUNDARY
CUSTOMERS	<ul style="list-style-type: none"> <li>Customer satisfaction (product and service labelling)</li> <li>Marketing communications</li> <li>Customer privacy</li> </ul>	Own operations
EMPLOYEES	<ul style="list-style-type: none"> <li>Employment</li> <li>Labour management relations</li> <li>Freedom of association and collective bargaining</li> <li>Human rights assessment</li> <li>Occupational health and safety</li> <li>Training and education</li> <li>Diversity and equal opportunity</li> <li>Equal remuneration for women and men</li> <li>Non-discrimination"</li> </ul>	Own operations
PRODUCTS	<ul style="list-style-type: none"> <li>Customer health and safety</li> <li>Product compliance</li> <li>Products and services environmental performance</li> <li>Product and service labelling</li> <li>Procurement practices (economic performance)</li> <li>Supplier assessment for environmental and labour practices, and human rights</li> </ul>	Supply chain and procurement practices in Lindex own operations
ENVIRONMENT	<ul style="list-style-type: none"> <li>Materials</li> <li>Energy</li> <li>Emissions</li> <li>Water</li> <li>Effluents and waste</li> <li>Transport</li> </ul>	Own operations Indirect (scope 3) CO2 emissions (selected parts)
FINANCE AND GOVERNANCE	<ul style="list-style-type: none"> <li>Economic performance</li> <li>Anti-corruption</li> <li>Anti-competitive behaviour</li> <li>Labour practices, human rights and environmental grievance mechanisms</li> </ul>	Own operations

## Stockmann materiality assessment process



# Stakeholder ENGAGEMENT

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 fibers 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 2015. A total of 225 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 strengthen 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 reporting. 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

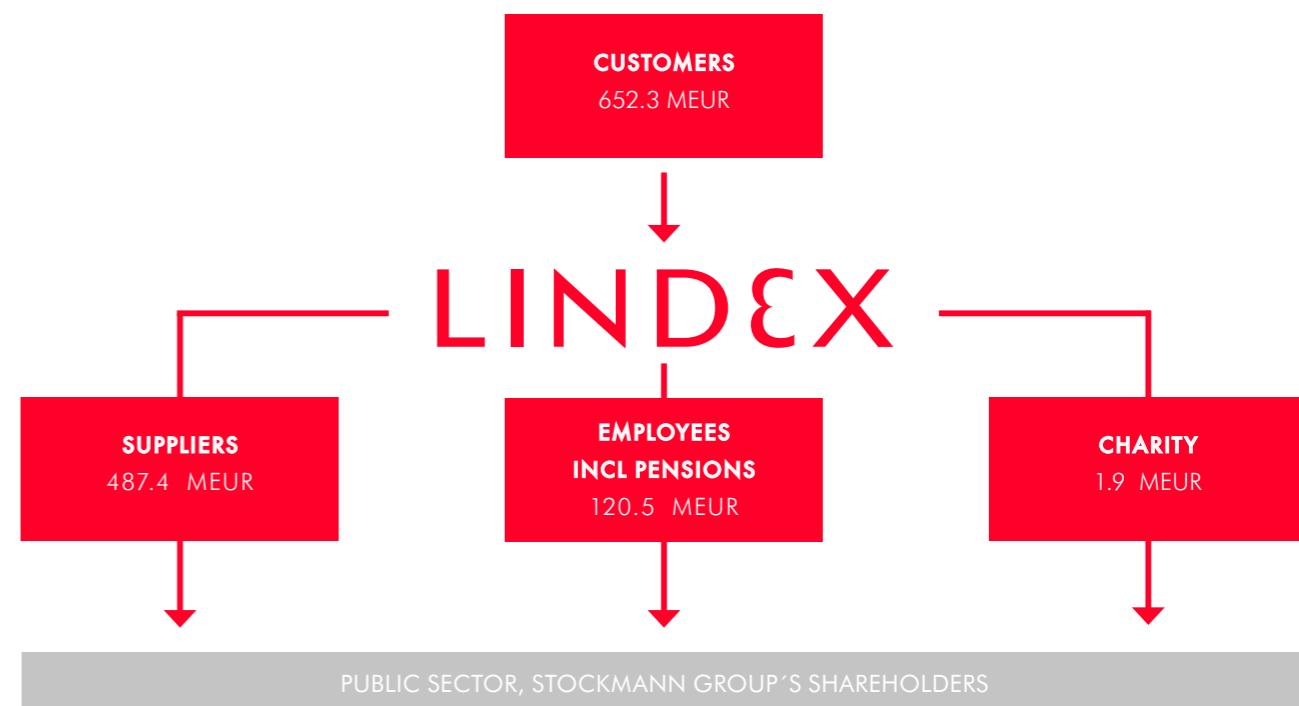
Lindex full-year revenue was on a par with the previous year and totalled EUR 652.3 million (EUR 650.6 million). Revenue at comparable exchange rates was up 3.3 per cent with growth in all countries except Russia and Poland where Lindex closed stores during 2015. The strongest product area was children's wear.

Lindex gross margin was 62.3 per cent (61.9 per cent). The increase was due to fewer markdowns. Operating costs were down by EUR 8.5 million. This was due to savings measures mainly in office and marketing costs. Due to good cost efficiency, Lindex recorded an operating profit of EUR 44.6 million (EUR 30.8 million) in 2015.

In 2015, Lindex employed 4935 people, who were paid EUR 120.5 (MEUR 124.1) million in salaries, other remuneration and pension contributions. 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 page 53.

## FINANCIAL VALUE – ADDED PER INTEREST GROUP IN 2015:



# Customer EXPERIENCE

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



## WORLD-CLASS FASHION EXPERIENCE

At Lindex we have a clear vision that we all work towards every day; to give our customers a world-class fashion experience. As an omni-channel fashion retailer we are striving to create the same experience for the customer through all Lindex channels; stores, web, phone, e-mail, social media etc. With our vision in mind in everything we do, and with help from our company values to make the right decisions we believe that we will reach it.

## CUSTOMER SATISFACTION

We place 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 their operations according to the results.

Customer satisfaction is also monitored actively in relation to the wider competitive situation and the general retail market. We use separate given customer feedback channels, and a reply is made to all customers who request this.

In 2015 we arranged two customer surveys. The response rate was 42 per cent, with more than 80.000 responses for both surveys from the Nordic countries. The topics of the surveys related to in-store customer experience and customer service. The results showed that most customers were either satisfied or very satisfied with the overall experience, and likely or very likely to recommend the store. Based on the survey Lindex increased the level of satisfied customers with more than five per cent from the previous surveys made in 2014.

## MARKETING COMMUNICATIONS

Lindex respects the rights of the consumer and engages in responsible marketing policy is included in the group-wide Code of Conduct, read more at page 23. Our marketing communications is carried out according to the Consolidated ICC Code on Advertising and Marketing Communication

Practice, the Consumer Protection Act and our marketing strategy. 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 answered by the Marketing director.

We use Brand Tracking to follow-up brand perception. Feedback is always listed to and adjustments are made when needed. Our brand strategy and marketing guidelines covers images, copying, choice of models, retouch management etc. as well as social media guidelines.

Lindex is a member of the self-regulatory Swedish Advertising Ombudsman (RO) organisation, founded by the industry to review and maintain standards. RO receives complaints about advertising and assesses if advertising is following the Consolidated ICC Code. Lindex has never received any reprimands or been convicted by the Advertising Ombudsman. RO also provide 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.

## CUSTOMER PRIVACY

We protect customer privacy, and we do not reveal or use customer information otherwise than in strict accordance with Lindex customer privacy policy. 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](http://www.lindex.com).



# Working AT LINDEX



At Lindex we value our employees and treat 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. We want our employees to look after their wellbeing and we provide them with safe working conditions. Our aim is to be an attractive and well-liked employer in the labor market.

Our human resources (HR) policies are based upon the company values, the HR strategy and the group Code of Conduct that support the success of individuals and the wellbeing of the employees. The implementation of good HR policies is monitored through personnel surveys, performance appraisal discussions 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.

## DRIVEN BY OUR VISION AND VALUES

Working at Lindex is exciting, challenging and fun. We love fashion, customers and retail and are driven by our vision and values. As an international and fast growing company, in a constantly changing industry, our future lies in our ability to use our employee's 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 towards each other 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. Lindex values are designed to help each employee to be a Lindex brand ambassador and to take Lindex towards its vision: A world-class fashion experience.

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.

# Fashion is fun!

*As a team we strive to make the customer experience outstanding*

Empower yourself and each other  
Seek constant improvement  
Make business oriented decisions  
Act sustainable  
Make it simple

*...always with passion and commitment*

## PERFORMANCE CULTURE

In order to reach our vision and stand out in a constantly changing fashion business, we want our employees to feel passionate and committed to their job and to enjoy performing their best every day!

We believe in a performance culture where all employees take responsibility for developing themselves and their roles. Everyone's own passion and commitment, drive and urge to learn new things do not only help the own development but is also essential for the development of Lindex. As an international fashion company the possibilities are endless and we believe in internal mobility and growth. We want to highlight and reward good performance and it can lead to great opportunities!

To enable high performance we have clear areas of responsibility, communicate expectations of our employees, set yearly individual goals and have structured evaluations. All permanent employees at Lindex have annual employee appraisal meetings with their manager.

## DEVELOPING COMPETENCE

Our employees are an important factor for Lindex success, and in order 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.

The three stage Lindex Leadership Program training was given in the Head Office, with an average of 16 hours of training per leader. Step one focused on how to become a leader, step two focused on communication and step three on how to grow as a leader. Training on the working environment was held for groups of around ten managers. Training was also provided on salary and budgeting, labor law, working environment and interview technique.

In stores, an average 11.1 hours training per employee was held during 2015. This included training about Live the brand (Lindex revitalized values, Customer Experience and Lindex Brand platform).

**WALK THE TALK – LEADERSHIP THE LINDEX WAY**  
We believe in our leaders and we expect a leader to live and act as a leader everyday by being able, clear and driven. This way we create and develop high performing teams and proud employees with self-esteem who develop Lindex further.

Lindex leaders believe in what they do and are happy to show it. We want our leaders to be examples in word and action and create commitment by communicating Lindex vision, values and goals.

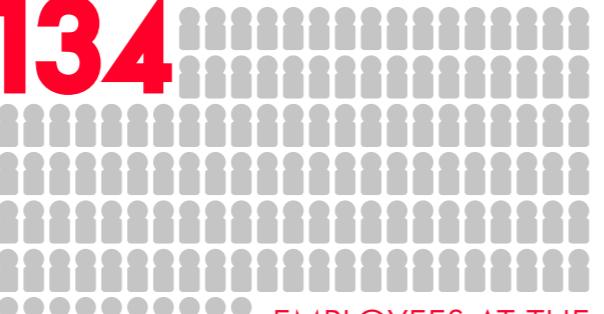


**31/12 2015:  
4.935 EMPLOYEES**



**IN 19 SALES MARKETS  
INCLUDING HEAD  
OFFICE ...**



**134**   
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.



## SICKNESS ABSENCE PER MARKET 2015:

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

Market	Absence (%)
AB LINDEX	4.2%

Market	Absence (%)
LINDEX SWEDEN	5.1%
LINDEX NORWAY	7%

Market	Absence (%)
LINDEX FINLAND	4.5%
LINDEX BALTIC STATES excl. Lithuania	0.8%

Market	Absence (%)
LINDEX CENTRAL EUROPE	3.2%
LINDEX RUSSIA	1.8%

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

# Sustainability GOVERNANCE



At the Stockmann Group level there is a Corporate Social Responsibility Steering Group chaired by Nora Malin, Director Corporate Communication. The group is responsible for implementing, developing and monitoring CSR within the Stockmann Group. The CSR Steering Group, where Lindex is represented, approves Group-level guidelines, sets goals for responsibility and defines procedures which are implemented with the help of normal management systems.

Separate working groups related to sustainability targets and topical issues are set up as necessary to prepare or implement the issues or decisions that have been dealt with by the Stockmann Group level CSR Steering Group.

In addition to the Stockmann Group level CSR steering, the ultimate responsibility for the strategic sustainability governance at Lindex lies with Lindex CEO together with the Management Group. The directors in the Management Group sets the direction and targets specific for Lindex.

**“ Our aim is that 80% of our supply chain capacity shall be sustainable by 2020 ,”**

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 organization, 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 together with Lindex Management Group responsible for developing, coordinating, measuring and follow-up Lindex sustainability activities.

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



## LONG-TERM SUPPLIER PARTNERSHIP

To make progress in our supply chain and have a closer cooperation with our suppliers, we have over the last few years consolidated our supply chain heavily and today we work with fewer suppliers in long term partnerships. This is a crucial step in our sustainability work as this brings us closer to our suppliers and we can commit to each other when it comes to support, investments and long term improvement projects.

Creating mind shifts as well as moving the ownership of the sustainability business thinking to our supply chain partners is an important part of our strategic sustainability work and this can only be done in a close cooperation. Our aim is that 80 % of our supply chain capacity shall be sustainable by 2020, meaning they are ranked as 4-best industry practice, in our 1–5 score card grades. Read more about our supplier score card at page 27.

80 % of our supply chain capacity equals around 40 suppliers in 2015, and our goal is that these 40 suppliers will have at least score 4 by 2020.

## PRODUCTION OFFICES

Our six local production offices in China, Hong Kong, Bangladesh, India, Turkey and Pakistan has a key role in developing Lindex sustainability work in production. As our garment production is located in countries classified

as high-risk by the BSCI, being present in our production countries is of high importance for identifying risks and prevent violations of human rights, labour rights and Lindex environmental requirements.

Lindex sustainability strategies and governance is managed from the Head office in Gothenburg, Sweden and the full implementation of sustainability projects and initiatives are being made from our production offices together with the suppliers.

The production office employees are our local sustainability specialists whose task is to both 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 announced and unannounced audits. Read more about our factory audits at page 27.

The production office managers' reports sustainability issues to Lindex Production Support Manager. Lindex Production Support Manager reports to the Director of Stockmann Group Production Office, who is also a member of Lindex Management Group. Around 90 per cent of our garments are bought through our production offices. In total, Lindex production offices employs 134 people.

## Business Social Compliance Initiative



Stockmann has been a member of BSCI since 2005. BSCI is a business-driven initiative for companies committed to improving working conditions in factories and farms worldwide. The BSCI Code draws on important international labour standards protecting workers' rights such as International Labour Organisation (ILO) conventions, declarations of the United Nations (UN) as well as guidelines of the Organisation 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 labor 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 BSCI code was updated in 2014 and was put into practise during 2015. It reflects the latest developments within supply chain relations and is more comprehensive than previous versions. While producers are still called on to comply with national laws and ILO Core Conventions as a minimum, two principles have been added: Ethical Behaviour and No Precarious Employment. Rather than focusing on the monitoring aspect alone, BSCI request its participants to take a holistic approach to their responsibility and to cascade the opportunities that lie in responsible behaviour through to the different actors in the supply chain. The new BSCI Code of Conduct emphasises the importance of a proactive risk assessment approach based on management systems, policies and processes to prevent and address adverse human rights impacts in the supply chain.

A constructive engagement with stakeholders is recommended. Involving workers in information exchanges and making them aware of their rights and responsibilities is an essential part together with building industrial relations between workers and management.

More about BSCI on: [www.bsci-intl.org](http://www.bsci-intl.org)

### BSCI CODE OF CONDUCT

Lindex has had a code of conduct since 1997, and 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.

The BSCI code of conduct 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 labor, bonded labor and precarious employment.

Lindex does not own any factories, we are cooperating with 160 different suppliers mainly in Asia, who in their turn are using approximately 290 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.

All of Lindex suppliers are expected to follow the BSCI Code of Conduct. Factories are regularly audited both by third party and internal Lindex auditors. Read more at page 27.

### ENVIRONMENTAL REQUIREMENTS

Lindex environmental requirements focuses on wet processes and set requirements regarding waste water treatment, handling of chemicals and waste treatment. Assessments and follow up are conducted by Lindex own Sustainability Experts based in our production offices.

The aim of Lindex environmental requirements 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. We have seen significant improvements since we first started using the environmental code in 2008.

Side by side with our environmental requirements and assessment, we are cooperating with our suppliers in improvement projects covering responsible water management, energy efficiency and use of chemicals, which during the last years has proven to be a more effective way to reach the sustainable difference we want to see in the industry. In 2016 Lindex will continue and strengthen our engagement to work with our suppliers in improvement projects. Read more about our responsible production projects on page 31.





### RISK ANALYSIS

Lindex BSCI Code of Conduct is constantly faced with challenges and risks concerning issues such as violation of human rights, labour rights and Lindex environmental requirements. The risk analysis below uses is based on the risks that Amnesty has identified in the textile industry.

#### Wages and compensation

At Lindex, we believe that workers in the apparel supply chain should be able to live on their wage and we recognize the wage issue challenge. A common problem is that incorrect wages are paid out by suppliers. In compliance with our Code of Conduct and local law, suppliers must pay the country's statutory minimum wage to their employees as a minimum requirement. However, this is not enough since the minimum wage often is at a level that does not cover the workers basic needs or provides some discretionary income. In Bangladesh, we have taken part in appeals to the Bangladeshi government together with other companies for raising the statutory minimum wage.

We are looking for sustainable solutions which create a shift in the industry. Our ambition is to support a process that enables our suppliers to pay a wage that cover basic needs for workers and their families. Together with Solidaridad and Fair Wage Network, we are working with selected factories in China to improve wage practices and pay systems to work towards fair wages. We are implementing and testing the Fair Wage Methodology in these factories and provide guidance and training on how to integrate key dimensions into their HR systems. The project also puts focus on our own buying practices and what impact we have on the workers conditions when it comes to overtime and pay.

Together with our suppliers we are also working on other solutions to improve the workers' situations through benefits such as child care, subsidized food, transport or education on health and finances which we implement through BSR Health Enables Return (HER) projects.

#### Working hours

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



#### Management system

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

#### Documentation

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

#### Trade union affiliation

The right to join a trade union and to engage in collective bargaining is a basic right that we uphold. Unfortunately, in many of our production countries the trade unions are weak



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

#### Unauthorized subcontracting

Unauthorized subcontracting is a risk for working around 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.

## FACTORY AUDITS

The production of Lindex garments is located in countries classified as high-risk by the BSCI, hence there is a need of regularly internal and third party BSCI audits as well as management support and coaching to prevent any violations of human rights, labour rights and negative environmental impact.

Before start working with a new supplier or factory we perform a due diligence where all BSCI Code of Conduct aspects are controlled to make sure that the supplier follows our requirements. Besides commitment to our Code of Conduct we take a number of factors into account, such as fit with our needs, supplier know-how and ability to deliver.

Though, during the last years our expectations and relationships with our suppliers has changed, and we are rather looking for long-term strategic partners than for suppliers. In order to achieve strategic partnership and improve social compliance, we need to move from factory evaluation and auditing to supplier revaluation and supplier ownership. We have to go from auditing to training and self-assessment. We have started this work parallel with our compliance work.

All factories are audited before they receive their first Lindex order. Factory audits have a number of set elements: meeting with factory management, review of documentation, visual inspection of the factory premises, interviews with the factory workers and a concluding meeting with factory management. Above that, Lindex

internal audits performed by our local sustainability specialists also focus on environmental aspects in wet processes regarding waste water treatment, handling of chemicals, waste treatment and emissions.

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

After each audit, whether a BSCI audits, own audit or an Accord inspection in Bangladesh, an audit report with Corrective Action Plan (CAP) is put together. Each task on the CAP is given a deadline and the progress is followed-up.

### Supplier score card

During 2016 we are implementing a score card which will be used to score our suppliers on their sustainability performance. It is built on six different criterias which reflects their environmental and their social performance, as well as their level of transparency. The supplier sustainability score is added into the business score card which is our supplier management tool. High scores come with a business incentive.

## HUMAN RIGHTS

Respect for human rights is fundamental to the sustainability of Lindex. We are committed to ensuring that fundamental rights are respected and that people are treated with dignity and respect in our operations, our value chain and in the communities where we operate.

Lindex Human Rights Policy is guided by international human rights principles encompassed in the Universal Declaration of Human Rights and Convention on the Rights of the Child, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights.

Lindex support and respect human rights and is committed to identify, prevent and mitigate adverse human rights impacts resulting from or caused by our business activities before or if they occur through human rights due diligence and mitigation processes.

A significant share of our products is 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, prohibits discrimination, child labor, bonded labor and precarious employment.

New instructions and alignments can be made according to human rights risks identified. At the moment, our alignments include the prohibition of sandblasting method for jeans as it can be hazardous to workers' health if it is carried out without proper protective equipment or training, a risk that is controlled by not placing orders in a factory that has gear 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.

In the case of human rights violation, we work together with the supplier to remediate the victim. New orders are not placed until the violation has been corrected and the victim has been compensated.



### Children's rights

At Lindex we do not accept child labor at any of our suppliers or production units that produce goods for us. For many years we have worked to counteract child labor 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 lookout if anyone appears too young and report back to the local Lindex CSR team if there are grounds to suspect child labor.

In the case of a children's rights violation, we work together with the supplier to remediate the victim. New orders are not placed until the violation has been corrected and the victim has been compensated.

## *Audits 2015*

### THIRD PARTY AUDITS:

A total of 115 BSCI audits were conducted at Lindex suppliers, 93 full audits and 22 re-audits, by internationally accredited independent auditors.

### INDEX AUDITS:

In addition to the external audits, Lindex carried out 114 own audits by CSR specialists working at our production offices. Of these, 88 were full audits and 26 re-audits. 108 were announced and 6 unannounced.

### BANGLADESH ACCORD:

All 38 factories producing for the Stockmann Group in Bangladesh have been visited and a total of 91 inspections were made in 2015. The total number of factories covered by Accord inspections in Bangladesh is more than 1660.



## ANTI-CORRUPTION & ANTI-COMPETITIVE BEHAVIOR

Lindex work to counteract all forms of corruption and our Ethical 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.

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

At Lindex we operate in an ethical manner, complying with international and national laws and regulations valid at any time 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. The Ethical Policy provides a foundation for counteracting all forms of corruption at Lindex, and has been applied in all countries of operation and informed to all suppliers before entering into cooperation. For example, our suppliers are not permitted to give any gifts, other than ordinary courtesy corporate gifts, or any other benefits to individual employees.

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

Lindex has guidelines for personnel in situations of abuse and conflicts of interest. Lindex BSCI 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.

Lindex does not own any factories, instead we are co-operating with 160 different suppliers mainly in Asia, who in turn are using approximately 290 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 page 11) 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.

## CORRUPTION RISK ASSESSMENT

The Stockmann Board of Directors has approved the company's risk management policies, which concern all of the Stockmann Group's divisions and areas of business. An essential part of internal control is the Internal Audit, which operates as an independent unit under the Stockmann CEO and reports its observations to the Board of Directors. Stockmann's Board of Directors and the Group Management Team regularly evaluate the risk factors to which business operations are exposed and the sufficiency of risk management actions, as a part of the strategy process. Risk management is supported by internal control systems and guidelines. Risk management guidelines have been drawn up separately for the following areas, among others: IT and information security, finance operations, environmental issues, misconduct, security and insurance.

## LABOUR PRACTICES, HUMAN RIGHTS AND ENVIRONMENTAL GRIEVANCE MECHANISMS

Lindex employees are entitled to report any violations or suspected abuse of the Code of Conduct or other corporate policies to their supervisor, their unit's security manager, the company management, the legal department, or the Stockmann Group's Internal Audit.

In 2015, Stockmann introduced a group-wide whistleblowing reporting channel, which is provided by an external partner. The channel is a tool for Stockmann Group's own employees, as well as for business partners and other stakeholders, to report suspected or detected violations of the Company Code of Conduct or other corporate policies.

All whistleblowing reports and discussions are treated seriously and handled confidentially. All incidents will be reported to the Director of Internal Audit and to the Director of Legal Affairs.





# Responsible PRODUCTION

A RESPONSIBLE AND TRANSPARENT SUPPLY CHAIN IS IMPORTANT TO US AND TO OUR STAKEHOLDERS, AND COMPRISES ONE OF OUR SUSTAINABILITY FOCUS AREAS. OUR REPORTING ON THE SUPPLY CHAIN RANGES FROM OUR OWN BUYING PRACTICES TO PRODUCTION IN FACTORIES, AND IS BASED ON RIGOROUS RISK ASSESSMENTS.



We understand the complexity of producing sustainable fashion, and we know the importance of cooperating with our peers, suppliers, partners and customers. Cooperating with factories, for instance, presents enormous challenges. We do not own a single manufacturing facility, relying instead on 160 suppliers, who in turn work with 290 production units, to produce our garments. We estimate that 125 000 people are involved in the production of Lindex garments.

We ensure supplier factories comply with the BSCI Code of Conduct (read more at page 23), and we have employees whose role is to ensure compliance via internal and third party audits (both announced and unannounced) at our production offices in Bangladesh, China, India, Turkey, Pakistan, Hong Kong (read more at page 22). But we also realize that we need to do more than simply audit factories. Our focus is moving more towards educating and coaching management.

This shift in focus is aimed at developing the skills of supplier and production unit managers to a point where they are intrinsically motivated to improve workplace conditions without constant outside pressure. Commitment from factory management is crucial to the long term success of our sustainable goals. One of our major objectives is to provide factory management and staff with opportunities to own the knowledge required for them to improve their own businesses and workplaces. We continue to engage production units through training seminars and dialogue.

In order to advance our sustainability goals, we have developed four new strategic aims, and this section of the report outlines our progress so far in each area.

## SUSTAINABLE PRODUCTS

We aim to produce more sustainable apparel. This includes using sustainable material and fibers, but also encompasses sustainable processes and factories. Improving management practices, as mentioned above, plays a large role. As a matter of course, we mitigate our exposure to factories that are unable to meet our standards by working with the Swedish embassy to understand challenges and risk before entering a new market. Prior to working with any new supplier, we conduct due diligence to ensure compliance with all aspects of the BSCI Code of Conduct, or in the absence of that, a willingness to work with us to improve.

Besides this high level approach, we made progress on three key areas in 2015:

### Cleaner production

For a resource efficient and cleaner production we ask our suppliers to participate in different improvement project together 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.

Two of our cleaner production projects are PaCT and STWI Projects:

- Partnership for Cleaner Textile in Bangladesh (PaCT) The Partnership for Cleaner Textile (PaCT), which commenced during 2013, aspires to effect positive environmental change in the Bangladesh textile wet processing industry. Concluding in 2016, the project is a collaborative partnership between eight international fashion companies to primarily reduce groundwater consumption and surface water pollution associated with textile wet processing.

- Sweden Textile Water Initiative (STWI) Projects Lindex is one of the founders of and remains an active participant in the STWI, 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.

Read more about PaCT and STWI Projects at page 34.





#### Better Denim processes

Water is especially used in textile production in the washing processes that gives the garment the right color, look and feel. The amount of washes a garment goes through is decided by raw material, technical equipment and look. Denim production can require one of the most water intense textile processes, due to intensive washings, which is why we took a holistic approach to our denims in 2014 as an extension of our ongoing work with cleaner and more sustainable production projects.

Working with Jeanologia, an innovative Spanish company that developed the first Environmental Impact Measuring software – EIM – specifically for the denim finishing industry, and core denim suppliers in Bangladesh and Pakistan, we have seen measurable improvements; the water consumption was reduced with up to 45 per cent and energy usage was reduced by 27 per cent.

The first results landed in our stores in August 2015, when we launched some of our most popular denim styles for women and kids made from organic cotton and with washing processes using less water, energy and chemicals.

This project required the analysis of every aspect of production from raw materials, through washing processes to sewing the final product. We assessed zippers, buttons, rivets, badges, hang tags and labels to find the most sustainable alternatives in the market. The next phase of better denim program is to work with more sustainable processed fabrics. We started already to investigate together with our denim fabrics mills how to save water, energy and chemicals and make our denim products even more sustainable.

#### Chemical management

Chemicals are used in garment production processes such as dyeing, printing and washing. We actively work to limit the use of harmful chemicals in production

for the sake of the environment, worker's health as well as for our customers' health and safety.

All of our suppliers undertake by written agreement to follow Lindex Limitations of Chemicals list, which lists chemicals that are not allowed in production because they present health or environmental hazards. The chemicals on the restriction list shall not be used in production and may not occur in the finished products. E.g. the use of PVC, phthalates, PFC's and APEO are banned in the production of our garments. The list Limitation for Chemicals is available at [lindex.com](http://lindex.com).

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

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. We cancel orders if a product tests negatively. No products rejected during the chemical test phase are available for sale.

To take our chemical management to the next level we started to work with international chemical suppliers who are bluesign® system partners to promote bluesign® approved chemicals among our supply chain partners. We already achieved encouraging results and positive feedback from our suppliers and we have subsequently set goals for each production office to drive the use of bluesign® approved chemicals in our supply chain.

We will strengthen our cooperation with the chemical industry in 2016 to increasingly promote "greener chemistry".

#### RESPONSIBLE WATER MANAGEMENT

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 through buying cotton that is water-intensive, and by selling products that are 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, two of our most important production countries where the garment production accounts for a significant share of water consumption.

In the interests of resource efficiency and cleaner production, we ask our suppliers to participate in a range of water improvement projects. These projects extend further than legislative requirements, and are a necessity to make the positive changes we want to see in the textile industry. The Better Cotton Initiative (BCI) in India, Sweden Textile Water Initiative (STWI) projects and Partnership for Cleaner Textile (PaCT) in Bangladesh are examples of long-term cooperative 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.

#### Partnership for Cleaner Textile in Bangladesh

PaCT is a collaborative partnership between eight international fashion companies to primarily reduce groundwater consumption and surface water pollution associated with textile wet processing. It does this by:

- 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 program is raising awareness about basic cleaner production and in-depth cleaner production. In 2015, five of Lindex suppliers participated in the in-depth program.

In total, 13 of Lindex suppliers have participated in the PaCT program since the start in 2013, and together they represent 80 per cent of our garments manufactured in Bangladesh. Our goal of having 80 per cent of all our garments manufactured in Bangladesh produced in cleaner factories by 2016 was already achieved in 2014.

#### Sweden Textile Water Initiative Projects

Lindex is one of the founders of and remains an active participant in the STWI, a joint project between textile and leather retail companies in Sweden together with Stockholm International Water Institute (SIWI) and SIDA. STWI projects (2014–2017) aim to develop textile suppliers' water use and water management in production. In 2015 we have participated with eight of our fabric mills in India, Turkey, China and Bangladesh.





## FAIR WAGE

At Lindex, we think that workers in the garment supply chain should be able to live on their wage, and fair wages for workers is a very important issue for us. We are looking for sustainable solutions which create a shift in the industry. Our ambition is to support a process that enables our suppliers to pay a wage that cover basic needs for workers and their families.

### Fair Wage project

Together with Solidaridad and Fair Wage Network, we are working with selected factories in China to improve wage practices and pay systems to work towards fair wages.

The Fair Wage methodology, sets a framework of 12 wage dimensions to be integrated into HR management processes, and attaches great importance to dialogue

between management and workers to establish solid pay systems. We are implementing and testing the Fair Wage Methodology in the selected Chinese factories and provide guidance and training on how to integrate key dimensions into their HR systems.

As a part of the Fair Wage project, we have also critically analyzed our own purchasing practices, which highlighted linkages to wages in supply chain. Our purchasing policies have thereafter been improved, and key staff has been trained to ensure that our own purchasing practices does not obstruct paying living wages.

The lessons from the Fair Wage project will be transferred to our other markets and suppliers and will form a basis in our work.

## SAFE, HEALTHY AND EMPOWERED EMPLOYEES

Many of our customers and employees as well as the factory workers making our garments are women, which naturally influences our 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.

### Empowering women with the HERhealth project

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

HERhealth project (Health Enables Return) is a factory-based training program focusing on women working in factories in Asia and Africa, initiated by Business for Social Responsibility (BSR) to promote the improvement of women textile workers' situation. The education program is focusing on women's personal health to improve their well-being and increase their standard of living. However, in 2014 we extended the HERhealth project at one of our Indian suppliers to also include men in the education program and in 2015 we saw very positive results from this project. It differed from other HERhealth projects in the way that women and men learned to communicate about sensitive issues, and that the men also brought the knowledge and insight they got home to their families. In 2015/2016 we have continued with yet another HERhealth project in India targeting both men and women.

The HERhealth project is based on peer education trainings, where the participating women and men becomes peer educators, taking their new information forward to the other workers at the factories which means that the project reaches many people at ones. The commercial value of the HERhealth project is that the workers feel better as it increases the quality and efficiency of the factories, which also makes it interesting for the factory owners to participate in the project.

Lindex started working with BSR HERhealth projects in 2012, and today we have reached approximately 12 000 women. That equals 50% of all female workers in the factories that we work with in Bangladesh.

### QuizRR – Tool for improved working conditions

We strive to empower and educate factory workers in our supply chain in order to improve their working conditions and to have a positive impact on their lives. Currently, there is often a lack of tools to secure functioning systems for workplace safety and dialogue, and there is a struggle to meet increasing demands in compliance. Factory workers are often not aware of their employment rights and responsibilities, which is a risk not only for the worker but also for factory owners and the sourcing companies and for countries involved in global trade.

QuizRR is a digital training tool to educate factory workers on rights and responsibilities and safe workplaces, developed by QuizRR in a close collaboration with Lindex and several other Swedish brands. By implementing QuizRR, we are going beyond code of conduct and audits to drive improvements of working conditions in factories.

Currently, the digital tool covers four areas: Workplace Policies, Health and Safety, Fire and Building Safety and Workplace Dialogue. The content is based on international conventions, codes of conduct from global companies and industry associations, as well as local legal requirements and regulations.

During 2015 Lindex has taken part in the first phase of the QuizRR pilot in China together with one of our suppliers. The factory chose to focus on the Health and Safety area and completed over 400 training sessions. The best results were on questions regarding working environment and the most difficult about safety measures. The factory will continue with QuizRR phase 2 in 2016 together with 4 other Lindex factories. Totally about 50 factories will be involved during 2016/2017.





# Sustainable FASHION

SUSTAINABILITY IS OF GREAT IMPORTANCE FOR US THROUGHOUT THE ENTIRE GARMENT PROCESS. 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.



## DESIGN

Sustainable design is about making good choices in every single detail when drawing a garment. The choice of raw material, minimizing fabric waste, garment color and prints are all crucial aspects for a sustainable design process. Another important aspect is how our creativity impacts a garment's sustainability and which paths to choose throughout the entire process that are the best. Sustainability depends on awareness and that everyone is considering what best practice is and which choices make a difference.

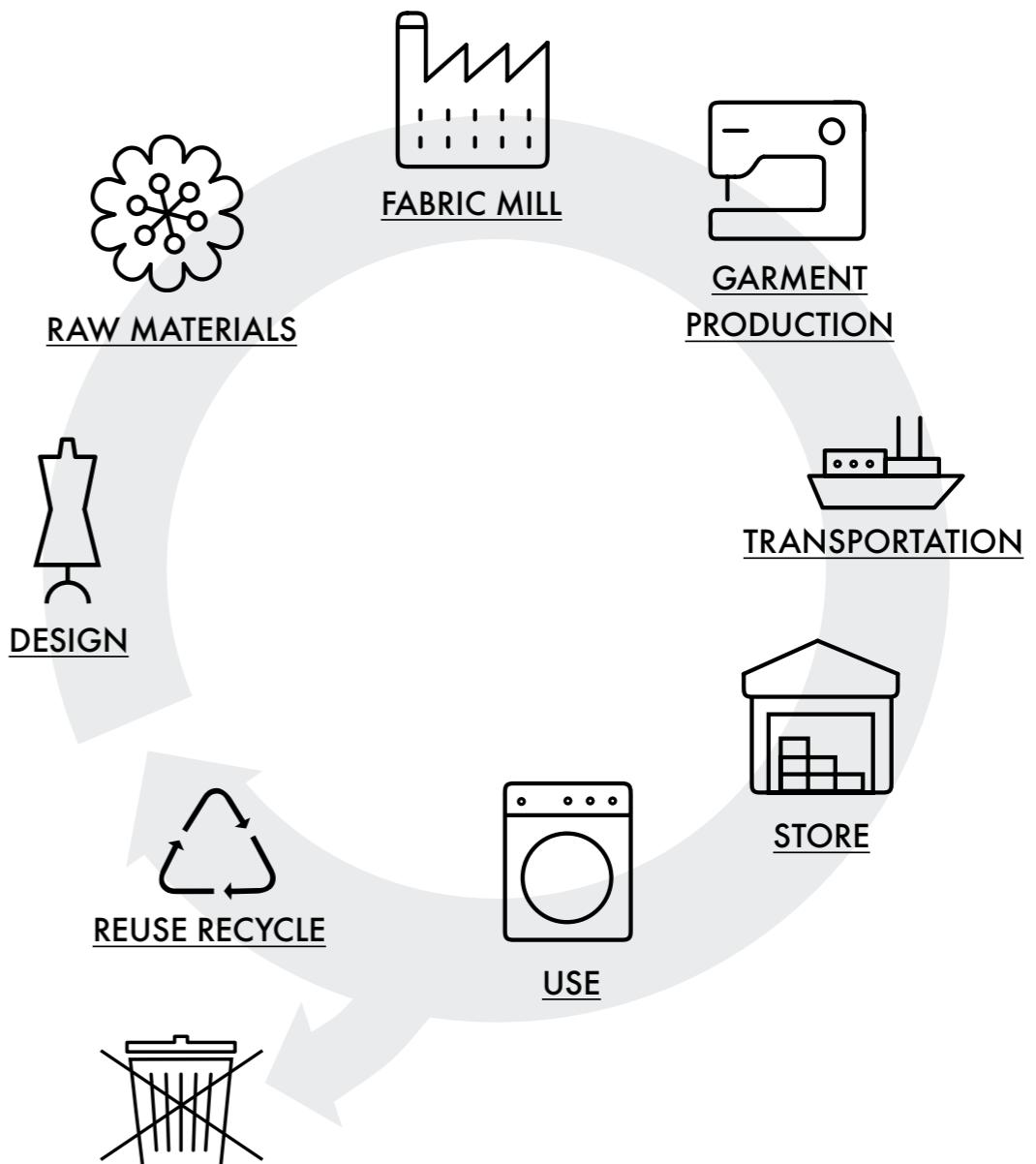
## RAW MATERIALS

To minimize the negative environmental impact of our garments we are strategically increasing our share of more sustainable fibers, and continuously evaluating new fiber options with less environmental impact. Our goal is that by the year 2020, 80 per cent of our garments shall be made of sustainable materials and a 100 per cent of our cotton shall come from sustainable sources (i.e. organic, recycled or better cotton).

**“ We're committed to making 80% of our clothes from sustainable sources by 2020 ,”**

By using certified organic fibers we can trace the raw material to farm level, which unfortunately is impossible for other fibers today. Read more about fiber traceability challenges at page 42.

Apart from using the existing sustainable fiber options in the market and pushing the demand for the same, we are also engaged in a number of projects that brings the development forward in terms of future sustainable ways of producing textile fibers with the aim of saving raw material. We are also cooperating with partners and suppliers to find new ways of recycling fibers, and by using recycled fibers we are saving raw material which is a very important issue for the fashion industry today.



*42 per cent of Lindex garments were made in sustainable materials in 2015:*

- MORE THAN 70% OF ALL OUR GARMENTS MADE IN BANGLADESH ARE MADE IN SUSTAINABLE FIBERS.
- 90% OF OUR WOMEN'S BASIC ASSORTMENT AND 100% OF OUR KID'S BASIC ASSORTMENT ARE MADE IN SUSTAINABLE MATERIALS.
- 100% OF OUR NEWBORN ASSORTMENT IS MADE OF SUSTAINABLE MATERIALS.

IN 2015 WE SOLD **27 MILLION GARMENTS IN SUSTAINABLE MATERIALS**

WHICH IS AN INCREASE OF **64%** COMPARED TO THE PREVIOUS YEAR  
AND REPRESENTS:  
**42%** OF OUR GARMENTS

Lindex long-term sustainability ambition is to minimize the negative environmental impact in all parts of the value chain, and to create a positive impact together with suppliers, partners and customers. In 2015, we sold 27 million garments in sustainable materials which represents 42 per cent of our garments. Our goal for the year was to reach 25 per cent of our garments.

#### Cotton

Growing cotton is highly water and pesticide intense and have a large negative environmental impact. By choosing organic and better cotton, we want to contribute to a more sustainable cotton production using less water, chemicals and pesticides and to improve the life conditions of small holder farmers.

Our goal is that by 2020, 100% of all of our cotton comes from sustainable sources – better, organic or recycled.

#### – Organic cotton

Organic cotton is grown without chemical pesticides and fertilizers, no genetically modified crops are used and cultivation is done with consideration for the environment.

All of our organic cotton garments are certified according to Textile Exchange Standard or Global Organic Textile Standard (GOTS), which means the cotton is traceable all the way to the cotton plantation where cotton is grown. Lindex products marked with Organic Cotton always contain 100% certified organic cotton. In 2015, 25 per cent of our entire assortment was made from organic cotton including 7 per cent GOTS certified organic cotton.

– Global Cotton Organic Textile Standard certified cotton GOTS is a standard that ensures the organic status of textiles and includes social requirements throughout the whole

supply chain from cotton crop cultivation to dyeing, finishing and production. A GOTS labelled garment ensures the customer that the garment is organic and that it has been responsibly produced. In 2015 7 (2.4) per cent of Lindex entire assortment was made from GOTS certified cotton.

When dyeing and producing our Organic Cotton-labeled garments our suppliers follow the same environmental and chemical requirements that we apply to all our collections. For the GOTS certified organic cotton garments there are also environmental requirements for dyeing, finishing and production. These garments are labeled with the GOTS symbol on the label.



#### – Better Cotton Initiative

The Better Cotton Initiative (BCI) aims is to transform cotton production worldwide with focus both on using less water and chemicals, but also it improves the livelihoods of cotton farmers. Lindex are members in BCI since 2010, in order to contribute to improving conventionally-cultivated cotton.

Through the Better Cotton Initiative Lindex has supported education of 3500 farmers to grow cotton more sustainably.



In 2015 5.1 million Lindex garments was made out of better cotton and accounted for 7 (2.1) per cent of the total product range. From late autumn 2015 we are on product marking our BCI products, which will be visible on our garments from spring 2016 and onwards.

#### Man-made cellulosic fibers

Man-made cellulosic fibers, such as viscose, are made from cellulose from e.g. wood or cotton. Viscose can have a heavy negative environmental impact in both the sourcing of wood pulp and in the production process where a vast amount of chemicals are required. As a more sustainable option to viscose we are using Tencel®, a fiber made of eucalyptus tree in a closed process where 99.5% of all process chemicals can be recycled and used again.

#### – CanopyStyle

In 2015 we formulated a Viscose policy to reduce our negative environmental impact, and we committed ourselves to CanopyStyle. Through the CanopyStyle campaign we contribute to the broader collective work towards ensuring a viscose supply chain free of ancient and endangered forests by 2017. This commitment is a part of our goal to have at least 80 per cent of our garments made from sustainable sources by 2020.

#### – Bioinnovation

Alongside with our CanopyStyle commitment we are active in global dialogues and research projects focusing on finding new ways of making viscose out of old textiles saving natural resources. The need for textile fibers is growing and is expected to triple by 2050 due to urbanization and a growing middle class. The production of petroleum-based textile fibers and cotton fibers have already peaked and stress the environment in different ways.

Lindex is participating in the Bioinnovation research initiative on how sustainable bio-based textile production can be achieved through the production of textile fibers of the wood raw material or recycled bio-based textiles.

The initiative is financed by VINNOVA, the Swedish Energy Agency and Formas, as well as stakeholders from industry, academia, institutes and public sectors.

#### Recycled fibers

In 2015 2 per cent of our garments were made out of recycled pre-consumer fibers which means that the fibers are recycled from production. These fibers are mainly polyamide and polyester. Our ambition is to close the loop by using post-consumer fibers in our garments, and as a first step we are collecting textiles in selected stores in Sweden, UK and Norway. Our aim is to collect textiles in all of our sales markets.

#### Re-used materials

In spring 2016, we introduced our very first upcycled item – a sneaker made from re-used denim fabric collected by Myrorna, partially from Lindex Reuse and Recycle initiative in Swedish stores. The denim sneaker was made in collaboration with the Swedish second hand store Myrorna and Fair Unlimited.

Using denim fabric from the post-consumer recycling flow is a natural part of our ongoing work to reduce our environmental footprint. When upcycling using old garments that normally would have gone to waste to become new products, we reduce the use of raw materials, saving water, energy and chemicals in production.

## *From and old pair of jeans to a new pair of shoes*

**NOT ONLY IS THE DENIM FABRIC RE-US ED,  
BUT ALL PARTS OF THE SNEAKERS ARE SUSTAINABLE:**

- The preparation of the jeans, which is the process where the legs of the jeans are cut off, is made by the Sigtuna Hantverkshus, a social business center for women.
- The lining and inner sock are made of Fairtrade-certified and organic cotton.
- The soles are made of 100% FSC certified natural rubber, sourced from responsibly managed forests.
- The rubber is also fairly traded; a premium is paid on each kilo of rubber purchased which pays for welfare schemes that benefit the rubber tappers and their families.
- The factory in Pakistan, where the shoes finally put together also get the Fair Trade premiums that go to projects which benefit employees and their families.





#### ANIMAL FIBERS AND LEATHER

In 2015 approximately 0.5 per cent of Lindex assortment was made of animal fibers, including down, wool and leather. Using animal fibers and leather in the assortment comes with a responsibility. All of our suppliers undertake to follow Lindex Animal Welfare Policy, which states that animal rights shall be respected in all aspects of refining our garments.

Lindex is a part of the Swedish Trade Federation network on animal welfare that advocates animal rights issues in the fashion industry. We are also a member of Textile Exchange, a global non-profit organisation committed to accelerating sustainable practices in the textile value chain. Read more about our animal welfare policy at [lindex.com](http://lindex.com).

#### Wool

In accordance with our Animal Welfare policy we do not accept that the wool used in our garments is plucked or shaved on live animals in such a way that it causes the animal harm or suffering. Plucking and mulesing is not accepted. In 2013 we banned the use of angora wool in our products as we could not guarantee that our angora wool did not come from plucked rabbits due to traceability challenges.

#### Down

We do not accept plucking, and all down used in our garments shall come from already dead animals bred for food industry. We do not use down or feathers from wild or endangered birds.

Lindex are committed to the Textile Exchange Responsible Down Standard that was launched in 2014. We have not used down in our assortment since the responsible down standard launch, but will adopt it when using down onwards.

#### Leather

All leather used in Lindex products originates from animals that are bred for the food industry. Since 2012 Lindex leather belts are produced in Sweden from leather originating from the EU. The leather in our belts is vegetable-tanned in Italy, which means that no chrome is used in the tanning process.

#### Fur

Lindex does not use genuine fur, and is a Fur Free Alliance listed retailer.

#### Animal tests

We do not permit any animal testing of our products.



#### TRACEABILITY CHALLENGES

The textile industry supply chain is complicated and not very transparent at times, which is one of our biggest challenges. We are actively working to improve the traceability of our materials used in our garments, in different ways depending on fiber.

Besides the positive environmental effects, traceability is one of the main reasons why we aim to buy 100% of our cotton from more sustainable sources by 2020. When buying BCI cotton and certified organic cotton we can trace the cotton all the way to the farm, which is not the case with conventional cotton today.

Since 2015 we are committed to CanopyStyle to protect endangered and ancient forests from being used in materials such as viscose in the fashion industry. Through the CanopyStyle commitment we are also improving the traceability of our viscose raw material, as we get a deeper understanding of where the tree pulp is sourced and what suppliers we should use with regards to responsible sourcing.

We have a strict Animal Welfare Policy and we put pressure on our suppliers with our demands. However, to understand where our animal fibers come from is important for following up on our policy and demands, and with the lack of transparency this is challenging. There are a number of standards, e.g the responsible wool standard, that are just being developed that will also support the traceability of wool fibers.



## PRODUCT SAFETY

We take full responsibility for the products that are sold in our stores. All of the products must be safe, have a good quality and not contain any dangerous chemicals, and they must have been produced with consideration to people, the environment and with regard to animal rights. All products we sell must comply with the valid 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.

Each year we conduct thousands of quality, chemical and safety tests at 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.

In 2015 almost 90 000 quality and chemical tests were carried out on Lindex initiative. The number of failed tests

has decreased significantly the last few years, due to active and purposeful routine tests. Today approximately 1–2 per cent of the quality and chemical tests fails. Quality tests that fails are corrected or rejected before delivery. Products that fail our chemical tests are rejected.

### Safe kid's wear

Children crawl, climb, cling on, jump, and no child must ever come to harm when wearing Lindex clothes. Our kids wear follow 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.

### Product recalls

When recalling a product we inform our customers through our website, in 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.

### In 2015 one product was recalled:

One baby vest where the push buttons had not been attached in accordance with Lindex instructions and could fall off. Customers was urged to return the product at the nearest store for a full refund.

## LINDEX BEAUTY

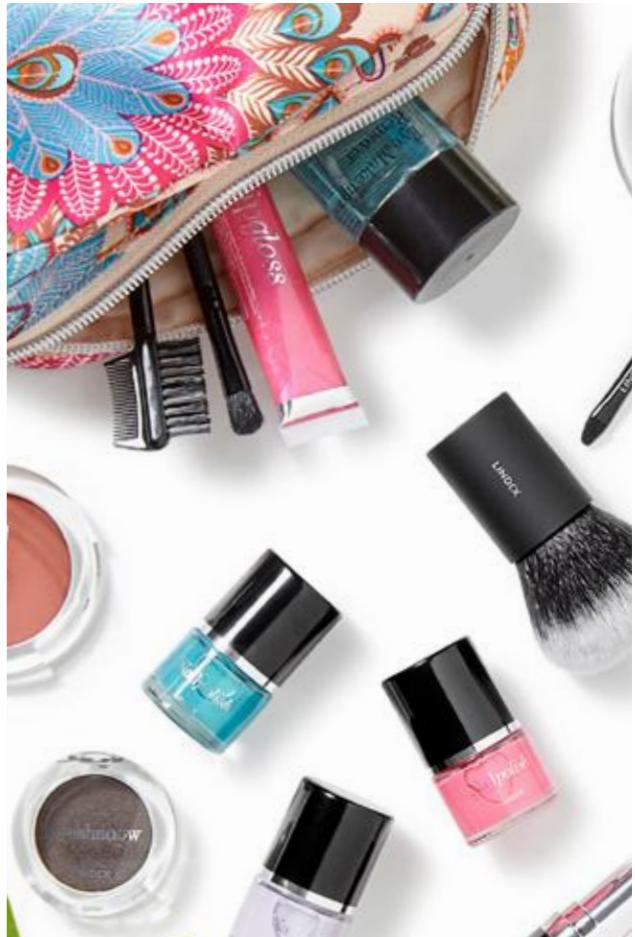
In 2015 we introduced Lindex Beauty as a part of Lindex brand. The assortment includes make-up, body and essentials. The body assortment is sustainable and is certified with The Nordic Ecolabel (Svanen). The Nordic Ecolabel emphasize on the total environmental perspective such as chemicals, water, energy and waste.

In accordance with Lindex Animal Welfare Policy Lindex Beauty is not tested on animals.

## MAKING GOOD CHOICES EASY FOR CUSTOMERS

As a responsible fashion company, we encourage our customers to make conscious decisions and consume responsibly. Today, 42 per cent of our garments are made from sustainable materials, and our Sustainable Choice range is clearly marked with the green hang tag. On the hang tag the customer get information on how the specific item is sustainable, which materials has been used and if there are any certifications linked to the item. At Lindex e-commerce the same information is visible.

For customers wanting to know more about the sustainable materials we use, a leaflet is available to collect at the cashiers desk. Information is also continuously updated at [lindex.com](http://lindex.com).





# 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 go beyond our own supply chain.

Our objective is to reduce the environmental impact of the company's business operations. We take the environmental aspects into consideration in the management and development of our business operations. We comply with valid environmental legislation and require the same from our suppliers and partners. Environmental work at Lindex is based on the Sustainability strategy and on the environmental policy. The management of environmental responsibility is coordinated by the Sustainability function and is part of the departments' day-to-day operations. The departments independently set specific environmental targets, define indicators for monitoring the achievement of these targets and establish appropriate management practices.

We acknowledge the environmental impacts of our business operations and strive to prevent the adverse effects of its 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.

Lindex does not have a certified environmental management system in use. Our stores mainly operate in leased premises in shopping centers, which mean that in addition to our stores energy-efficient concept, environmental issues are taken into account to the extent possible within the property in question.

[Read more about Lindex environmental requirements at page 23.](#)



## PACKAGING MATERIALS

Lindex aims to minimize the environmental impact of packaging materials and offer customers material efficient solutions. We follow technical and legislative developments as well as developments in the packaging industry and aim to use high-quality packaging and to reduce unnecessary use of packaging material through material efficiency.

We report on packaging materials used, in accordance with the EU Packaging Directive. The materials reported include plastic bags and other materials used in stores to package goods for customers, and packaging materials unpacked at the logistics centers. We also report on its use of packaging materials to the relevant authorities in the countries in which it operates.

[Oyster shells in plastic bags to reduce CO<sub>2</sub> emissions](#)  
As a part of Lindex work to minimize our environmental impact, we changed the materials used in our plastic bags in 2015. The bags, which previously consisted of 100 percent recycled plastic, is now made of renewable chalk from oyster shells mixed with industrial recycled and post-consumer recycled polyethylene. The oyster

shells are a biological and renewable resource, and is a waste product from the food industry. This new material mix lower the CO<sub>2</sub> emissions with 25 % compared to the previous bag made of 50/50 recycled polyethylene.

### Reducing plastics used in replenishment

In 2015 Lindex logistics department initiated a project to reduce the amount of plastic bags used for replenishment items to our stores after requests from store employees wanting less plastic to handle. The logistic department goal was to reduce the plastic in replenishment by 30 per cent during 2015, and 70 per cent by 2017.

By introducing guidelines for Lindex purchase department, where the buyers has to make an active choice to have the replenishment items covered in plastic bags, significant reductions has already been achieved. So far the project has just been implemented at the kid's wear business area, which resulted in a reduction of 62 per cent plastic bags. The aim is to implement the same working methods for all business areas during 2016.





## ENERGY

Lindex energy consumption mainly consists of electricity, heating and district heating. Energy is consumed by the lighting, ventilation, heating and cooling systems in the stores, warehouses and offices, as well as by other equipment and machinery in these facilities, including lifts, escalators, refrigeration and IT equipment. 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.

In logistics, transport is continuously optimized through route planning, choosing optimally sized transport equipment, taking advantage of return transport, new equipment with low emissions, and systematic follow-up and active engagement with transport suppliers.

Lindex stores are focusing on minimizing energy consumption, and all stores follow an efficient energy consumption checklist as a routine practice.

In order to reduce Lindex impact on the environment, all own procured electricity comes from renewable sources in our offices and stores.

ENERGY AND WATER	2015	2014	2013
DIRECT CONSUMPTION			
Stationary combustion (MWh)	414	298	499
Natural gas (MWh)	276	297	332
INDIRECT CONSUMPTION			
Electricity (MWh)	44 107	43 100	41 272
Heating and cooling (MWh)	49 817	52 139	51 931
Water (m <sup>3</sup> )	4 924.5	4 955	3 185

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.



## EMISSIONS

Climate change concerns us all, all regions of the world and all sectors of society, threatening global development and undermining the foundation of the global economy. Businesses can only achieve sustainable growth by addressing both the direct impacts on climate change and securing the resources at risk of disruption.

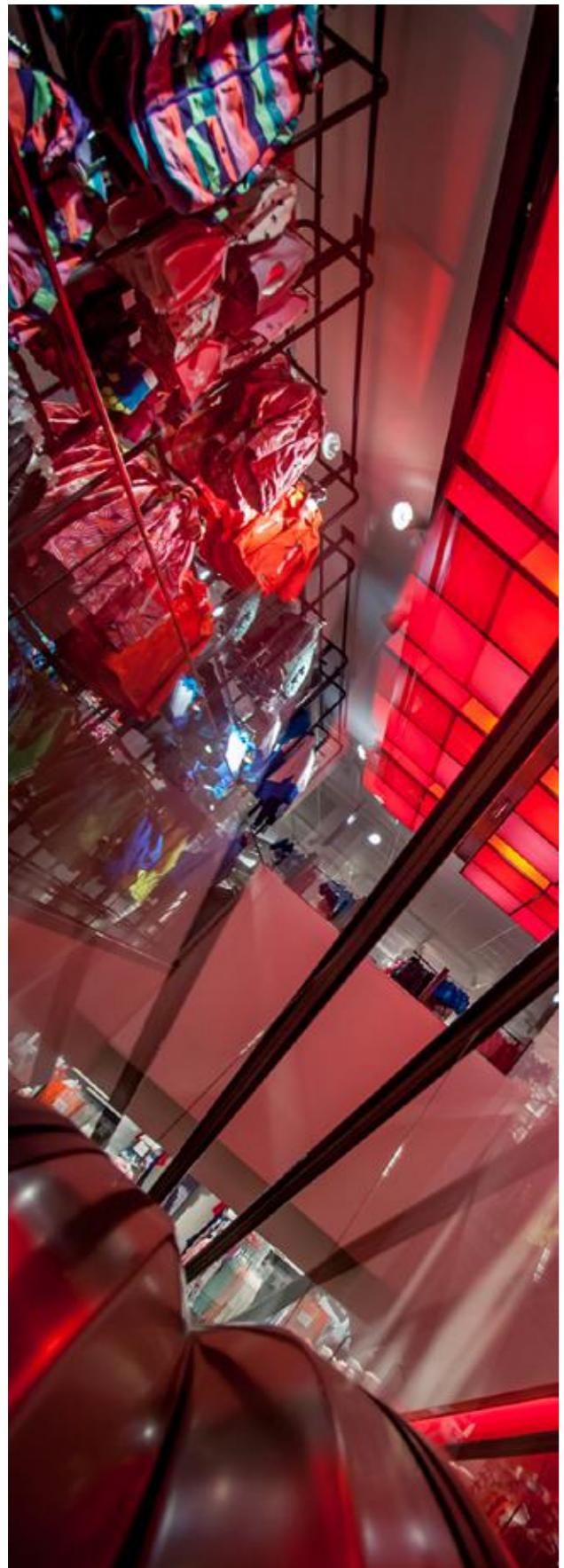
Reporting on greenhouse gas emissions serves as a management tool providing a basis for defining the areas where emissions should be reduced and for setting reduction targets. We are constantly developing the way we calculate our carbon footprint. The calculation of Lindex carbon footprint in 2015 covers our operations in all sales markets, excluding franchising operations.

The comparison figures are presented for 2013 and 2014, and the changes in the scope of the calculation are explained in the comments column. PricewaterhouseCoopers Oy has consulted us in the calculation of the carbon footprint in 2015. The calculation was carried out in accordance with the international Greenhouse Gas (GHG) Protocol reporting principles. Read more about the entire Stockmann Group's greenhouse gas emissions in the International CDP Survey, published at [www.stockmanngroup.com](http://www.stockmanngroup.com).

CATEGORY	tCO <sub>2</sub>	tCO <sub>2</sub>	tCO <sub>2</sub>	CHANGE 2014–2015 IN %	COMMENTS
	2015	2014	2013		
SCOPE 1	164	138	197	18.95 %	
Stationary combustion	164	138	197	18.95 %	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.
SCOPE 2	11 374	13 049	12 606	-12.83 %	
Electricity	4 454	5 540	5 228	-19.60 %	Emissions of electricity purchased from Bergen energi are zero.
Heating	6 920	7 509	7 378	-7.84 %	No significant changes. Decrease in average heating consumption used in the calculation. The data is estimated to a large extent and may include significant uncertainties.
SCOPE 3	9 559	8 826	11 934	8.30 %	
Internal logistics	1 751	1 272	1 648	37.57 %	Changes in emissions likely due to increase in volumes (increase in tkm for internal logistics from previous year) and increase in emission factor of road transportation.
External logistics	5 441	5 154	7 675	5.58 %	Tonkilometers by plane have increased from previous year, as well as emission factors of road and rail transportation.
Business travel	884	883	1 251	0.13 %	No significant changes in reporting.
Vehicles	201	216	60	-6.96 %	No significant changes in reporting.
Waste	1 282	1 301	1 299	-1.45 %	No significant changes
<b>TOTAL</b>	<b>21 097</b>	<b>22 013</b>	<b>24 737</b>	<b>-4.16 %</b>	

The reporting on greenhouse gas emissions excludes discontinued operations (Russian department stores) and franchising operations. The figures presented in the table are rounded to the nearest hundred thousand.





## EFFLUENTS AND WASTE

At Lindex we place great importance on sustainability in all aspects of our processes - from design to reuse and recycling. We are working to minimize the impact we have on our environment by using the earth's resources wisely. We strive to be one of the most sustainable, open and trusted companies in the industry.

The waste generated by Lindex operations is mainly packaging waste, such as cardboard and plastic. Our goal is to recycle 100 per cent of the waste in our own operations, and to reach our goal we work for an easy sorting of all fractions.

Waste management systems differ between our sales countries. The differences e.g. concern waste legislation, the number of different waste fractions and final disposal of waste.

### WASTE MANAGEMENT STATISTICS 2013–2015

RECYCLABLE WASTE	2015	2014	2013
Cardboard and paper	1 211	1 311	1 234
Combustible waste	94	110	0
Bio waste		476	0
Other (plastic film, metal, glass)	0.1	236	31
Mixed waste	5	3	2
HAZARDOUS WASTE	0	0	0
TOTAL	1 310	2 137	1 267
WASTE UTILIZATION, %	100%	100%	100%

#### Systematic reuse

Lindex regularly donates unsold products to different charity organisations, in accordance with its clothes recycling and donation policy. The stores themselves decide where to donate the garments. At the Head Office, product samples are sold at a garment sale every month, and leftover garments are donated to different charities. The purchase offices also donate garments to different charities. For example, the Group's purchase office in Turkey started cooperation with ASAM (Association for Solidarity with Asylum Seekers and Migrants) and prepared schoolbags for 500 children and donated product samples to them.

In 2015 Lindex also donated clothes, toys and hygiene products to different asylum accommodations and help organisations.



#### Textile recycling crucial for a sustainable fashion industry

Textile collection must increase. Out of about 12 kg textiles that a person purchases per year, approximately 8 kg are thrown in the garbage and about one-fifth are collected for reuse and recycling.

We aim to increase the use of environmentally sustainable, reused- and recycled fibers and materials. Closing the material loop, to a greater extent than today, is the long term goal. And to enable that, we need our customers help to submit the garments and textiles they no longer want to wear or use, to be reused and recycled. Together we can work towards a more resource efficient and sustainable future.

Today it is possible for anyone to hand in discarded textile and garments in around 50 Lindex stores. The aim is to increase the number of stores, so that in the end of 2016 almost all Lindex Stores in Sweden, Norway, Finland and UK will manage to collect garments and textiles for reuse and recycling.

During 2015 we managed to collect 3.5 tonnes textiles to be reused or recycled through our collaboration with sorting and recycling partner Myrona.

We already use pre-consumer recycled materials in our garments, such as recycled cotton, polyester and polyamide. For large scale use of post-consumer recycled raw materials,



which is what we are aiming for, the access to post-consumer recycled needs to increase substantially compared to today.

Read more about our re-cycled and re-used materials at page 40.

## Textile recycling needs and challenges:

- ACCESS TO RECYCLED MATERIALS WHICH CAN BE REUSED IN THE PRODUCTION
- CHALLENGES OF MANAGING MIXED MATERIALS
- CHALLENGES WITH THE RISK OF CONTAMINATION OF UNWANTED SUBSTANCES AND CHEMICALS IN RECYCLED MATERIAL
- TRACEABILITY OF THE MATERIAL SOURCE IN ORDER TO ENSURE CONSUMER SAFETY
- THE NEED FOR LARGE-SCALE AND COST-EFFECTIVE SOLUTIONS



## TRANSPORT

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 on a low level, and we actively work to use the shipment space in the transportation units as efficient 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 2015, approximately 98% of Lindex goods from Asia was transported by sea freight and our goal is to keep the proportion of sea freight from Asia on a very high level.

### Utilizing space in transportation units

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

### 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. Our goal is to minimize the proportion of air freight.

### Road transport requirements

We work with a requirement platform that is developed together with other companies in retail and grocery trades, in cooperation with the Swedish Transport Administration. It is a platform we use when we chose 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

### Transportation by train from China

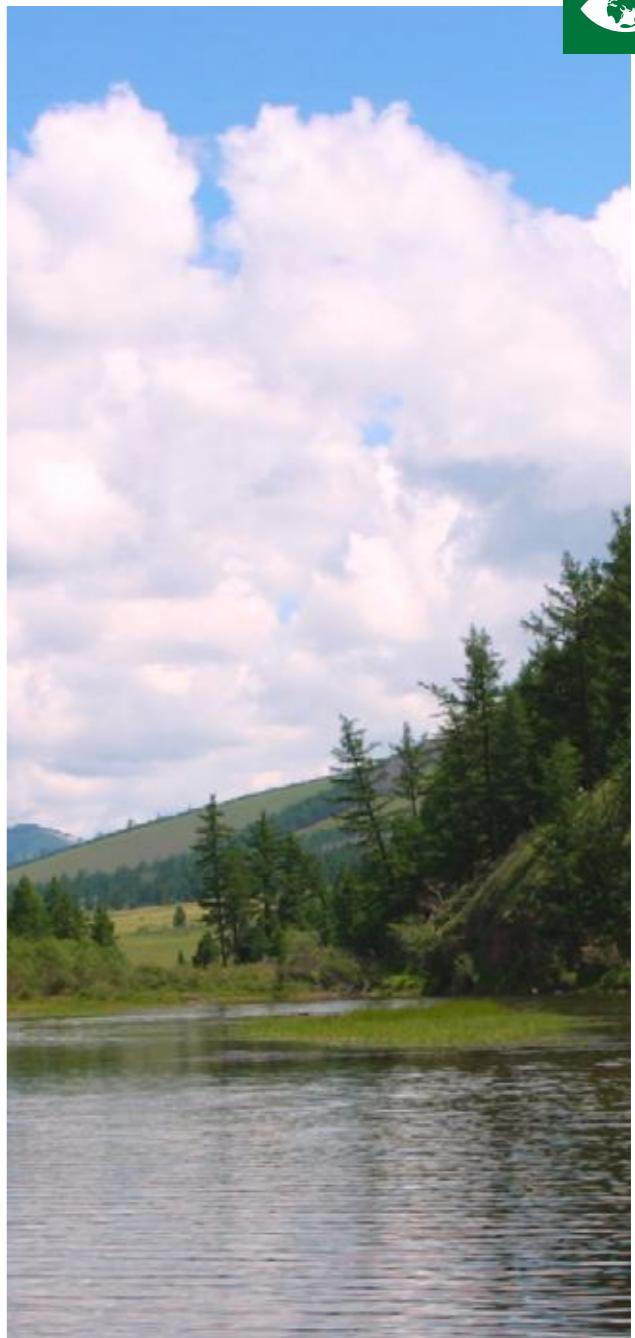
In the fashion industry we need to find quicker and more flexible ways to be able to offer our customers the right products at the right time. In order to ship our garments fast in a more environment friendly and cost efficient way, we for the first time used train shipping from China to our Distribution Center in Sweden in 2015. Our calculations show that by shipping with train instead of by air freight we save approximately 28 ton of CO<sub>2</sub> per container. Our first-hand choice of shipping is by boat, and shipping by train will mainly be used for speed orders. Our aim is to be able to ship by train to our Distribution Center in Prague as well.

### Clean Shipping

Lindex is a part of the Clean Shipping Network since 2008, which is a network where global actors in sea freight procurement come together with a shared aim: minimizing the negative environmental impact of shipping. 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 are Clean Shipping registered.



### PUSHING FOR A SUSTAINABLE SHIP RECYCLING

In 2015, the Clean Shipping Network started to address the need for sustainable ship recycling. Today the majority of old vessels end up on the shipbreaking beaches in India, Bangladesh and Pakistan. And the need of improved standards of occupational health and safety and environmental protection is needed.



### FINANCING CLEAN SHIPS

In order to create a market push for cleaner shipping when ships are being ordered, Clean Shipping has started to collaborate with several European banks to include a good environmental benchmark in the credit approval process when financing new ships. The bank will demand a green score on the Clean Shipping Index for the design of a new ship ordered by the ship-owner. The score of the vessels as well as the process is being verified by a third party classification company. A Clean Ship Design label for new built vessels is expected in quarter 1 of 2016. Investing in clean ships is a key driver for enhancing the environmental development of the maritime industry which benefit employees and their families.



# Social COMMITMENT

WOMEN PLAY A BIG ROLE IN KEEPING OUR BUSINESS MOVING SO WE ARE DEDICATED TO EMPOWERING EACH OTHER IN ANY WAY WE CAN. THIS IS WHY WE'RE COMMITTED TO A NUMBER OF GREAT CAUSES THAT WORK WITH WOMEN AROUND THE WORLD.



We focus our social commitment to improve the conditions for the workers in our production, and to the communities where we operate. Many of our social engagement projects are done together with our suppliers and third party organisations. Read more about our social engagement in production in Responsible Production at page 31.

Alongside with our social engagement in production we are committed to supporting children's education, the fight against breast cancer and to improving access to safe water through our WaterAid partnership.

## SUPPORTING EDUCATION

Many children in the countries where we produce our garments are not given the opportunity to go to school. As we at Lindex believe that education is a way out of poverty, we support a number of schools to make a positive impact in the communities where we operate.

### School of Hope – Dhaka, Bangladesh

Lindex has been committed to School of Hope, a school in the poor areas of Dhaka, Bangladesh for many years now, both by corporate donations and Lindex employee sponsorships where employees donate an amount from their salary each month to the School of Hope. From our production office in Dhaka we also donate samples for the school to sell at their garments sales.

School of Hope was founded 1990 and offers almost free education up to 5th grade. The parents only pay a symbolic

amount of 200 taka per year, which is about EUR 2. The school started out with 25–30 students, and since 2015 the school is housing 250 students. School of Hope entirely depends on donations from individuals and organisations.

During 2015 Lindex bought and installed firefighting equipment like fire alarm bells and smoke detectors, and a fire drill was executed with the teachers and school children. After the students have finished their education at School of Hope, they can continue their education at Solmaid High School and eventually college, thanks to the Lindex employee sponsorships.

### Thrive – Dhaka, Bangladesh

Since 2015 Lindex is supporting the volunteer-driven not for profit organisation Thrive. Thrive connects global donors and local volunteers to school children living in the poorest areas of Dhaka slum. They provide nutritious food and promote healthy and hygienic habits for a better life for the children. Food purchased goes directly to the kids.

When Thrive started in 2012 they served 250 children one banana per week. Today Thrive reaches about 800 kids who are served food on a daily basis. The parents of these children are very poor and the food is what makes the parents send their children to school. The food they get is: 1 banana, 1 boiled egg, a handful of nuts, 1 vegetable and a glass of milk.



## COMMITTED TO THE FIGHT AGAINST BREAST CANCER

The fight against breast cancer is an important issue in Lindex social commitment and we are a proud main partner of the Pink Ribbon campaign since 2003. The commitment has over the years contributed to the funding of cancer research and awareness about the disease. So far, Lindex and its customers has contributed with over MEUR 10.8 to the fight against breast cancer.

In 2015 Lindex boosted the fight against breast cancer funding through a range of activities; 10% of all sales during a Saturday in October and 10% of all sport bra sales of throughout October was donated. Sales of scented candles, lip gloss and the annual Pink Ribbon, also contributed greatly to this year's donation.

## IMPROVING ACCESS TO SAFE WATER THROUGH WATERAID PARTNERSHIP

In 2014 we became partners to WaterAid as a social engagement extension of our ongoing work with water related issues, where we step outside of our own value chain and focus on improving for the people who live in the communities where we operate. Through sales activities we raise funds to support WaterAid in their work in improving access to safe water, improved hygiene and sanitation in the world's poorest communities.

Lack of access to safe water and sanitation has severe negative impact for the local communities. As a result, people are trapped in a circle of poverty and diminished opportunities.

- 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

In 2015 Lindex together with customers donated EUR 194 409 to WaterAid through sales and Round Up activities in stores.

TOGETHER WITH OUR CUSTOMERS WE DONATED

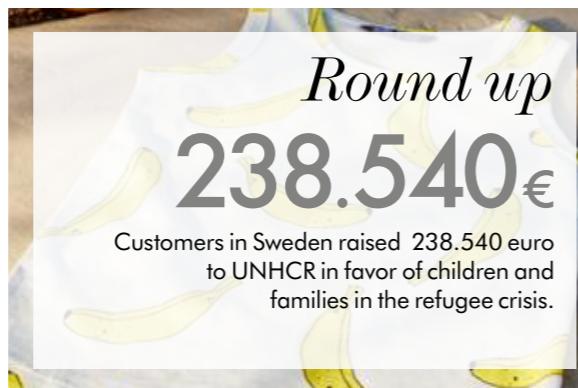
**1.3** MEUR IN 2015

AND HAVE CONTRIBUTED WITH OVER

**10.8** MEUR

TO FIGHT AGAINST BREAST CANCER SINCE 2003

## OTHER SOCIAL COMMITMENTS DURING 2015:



# Lindex sustainability report 2015

## CONTACT

IF YOU HAVE QUESTIONS REGARDING OUR SUSTAINABILITY REPORT,  
YOU CAN REACH US AT:

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PLEASE FOLLOW US ON WWW.LINDEX.COM AND SEE HOW  
OUR CONTINUED SUSTAINABILITY WORK IS PROGRESSING.



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

**LINDEX**  
we make fashion feel good

# GRI content index

Code	GRI Content	Page and section in report or other location	Further information	UN Global Compact principle
<b>GENERAL STANDARD DISCLOSURE</b>				
<b>Strategy and Analysis</b>				
G4-1	Statement from the CEO	5–6, Introduction		
<b>Organisational Profile</b>				
G4-3	Name of the organisation	4, Lindex at a glance		
G4-4	Primary brands, products and services.	4, Lindex at a glance		
G4-5	Location of the organisation's headquarters.	4, Lindex at a glance		
G4-6	The number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report.	4, Lindex at a glance		
G4-7	Nature of ownership and legal form.	4, Lindex at a glance		
G4-8	Markets served	4, Lindex at a glance		
G4-9	Scale of the organisation	4, Lindex at a glance		
G4-10	Total number of employees by employment contract, region and gender.	19–20, Working at Lindex	<p><b>Employment contract</b>            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 1464, while the number of part-time employees was 3724, 72 per cent of the workforce.</p> <p><b>Seasonal variations</b>            Lindex offers internships both at the Head Office and in stores and we have established cooperation with different universities regarding internship positions. At the Head office we have about 20–30 interns per year and most of them are placed at the Design- and Purchasing Department.            Each year, Lindex employs about 20 seasonal employees during summer and Christmas holidays. They work at the Head Office at the distribution center or the Finance Department.</p> <p>In Lindex stores, extra workforce is needed around summer and Christmas holidays. This need is solved mainly by offering more hours to part-time employees and extra employees connected to the store.</p>	Principles 1,2,3,6
G4-11	Report the percentage of total employees covered by collective bargaining agreements.		All Lindex employees in Sweden, Norway and Finland (excluding professional and managerial staff) are covered with collective bargaining agreement.	Principle 3
G4-12	Describe the organisation's supply chain.	31–36, Responsible production 37–44, Sustainable Fashion Products, supplier and factory lists published at <a href="http://www.lindex.com">www.lindex.com</a>		
G4-13	Significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain.	Stockmann Group Financial Statements; Report by the Board of Directors		
G4-14	Whether and how the precautionary approach or principle is addressed by the organisation.	Stockmann Group Corporate Governance, Stockmann Group Financial Statements; Report by the Board of Directors		
G4-15	Externally developed charters, principles or initiatives to which the organisation subscribes or which it endorses.	21–30, Sustainability Governance		
G4-16	Memberships of associations and advocacy organisations.	<a href="http://www.stockmannngroup.com">www.stockmannngroup.com</a>		

Code	GRI Content	Page and section in report or other location	Further information	UN Global Compact principle
<b>Identified Material Aspects and Boundaries</b>				
G4-17	Entities included in the organisation's consolidated financial statements.	Stockmann Group Financial Statements		
G4-18	Process for defining the report content.	11, Reporting Principles and Materiality		
G4-19	Material aspects	11, Reporting Principles and Materiality		
G4-20	Aspect boundary for each material aspect within the organisation.	11, Reporting Principles and Materiality		
G4-21	Aspect boundary for each material aspect outside the organisation.	11, Reporting Principles and Materiality		
G4-22	Restatements of information provided in previous reports.		Changes reported in connection with relevant performance indicators.	
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries.		Changes reported in connection with relevant performance indicators.	
<b>Stakeholder Engagement</b>				
G4-24	List of stakeholder groups engaged in the organisation.	13, Stakeholder Engagement		
G4-25	Basis for identification and selection of stakeholders with whom to engage.	13, Stakeholder Engagement		
G4-26	Organisation's approach to stakeholder engagement.	13, Stakeholder Engagement		
G4-27	Report key topics and concerns that have been raised through stakeholder engagement.	13, Stakeholder Engagement		
<b>Report Profile</b>				
G4-28	Reporting period.	11, Reporting Principles and Materiality		
G4-29	Date of most recent previous report.	11, Reporting Principles and Materiality		
G4-30	Reporting cycle.	11, Reporting Principles and Materiality		
G4-31	Contact point for questions regarding the report or its contents.	56, Sustainability Report Contact		
G4-32	GRI Content Index.	57–68, GRI Content Index		
G4-33	Organization's policy and current practice with regard to external assurance.		This report has not been reviewed by a third party.	
<b>Governance</b>				
G4-34	Governance structure of the organisation and committees	21–30, Sustainability Governance		
<b>Ethics and Integrity</b>				
G4-56	Organisation's values, principles and codes	21–30, Sustainability Governance		Principle 10

Code	GRI Content	Page and section in report or other location	Further information	UN Global Compact principle
<b>SPECIFIC STANDARD DISCLOSURE</b>				
<b>Disclosure on Management Approach</b>				
	Disclosure on Management Approach (DMA)		The DMA for each material aspect is presented under the relevant themes	
<b>Economic Impact</b>				
G4-EC1	Direct economic value generated and distributed	14, Financial Profitability		
G4-EC4	Financial assistance received from government		Lindex did not receive financial assistance from the government during the reporting year.	
<b>Environmental Impacts</b>				
<b>Materials</b>				
G4-EN1	Materials used by weight or volume	stockmanngroup.com		Principle 7,8
<b>Energy</b>				
G4-EN3	Energy consumption within the organisation	45, Environment		Principle 7,8
<b>Water</b>				
G4-EN8	Total water withdrawal by source	45, Environment		Principle 7,8
<b>Emissions</b>				
GE-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	48, Environment	In 2015 the highest emissions came from the generation of purchased energy (Scope 2), especially electricity. Scope 3 indirect emissions are presented where relevant; the biggest such emissions can be attributed to logistics and waste. The total reported emissions declined by 8 per cent.	Principle 7,8
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	48, Environment		Principle 7, 8
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	48, Environment	The Group's emissions from heating and cooling declined by 21 per cent, due to decreased consumption and changes in emissions factor. The emissions from purchased electricity declined by 9 per cent from previous year. The main reason for the decrease was that electricity produced by renewable energy was used in several Lindex stores.  The emissions from logistics, especially internal logistics, grew compared to previous year. Emissions from refrigerants and business travel declined. Emissions from waste remained on the same level as in the previous year.	Principle 7, 8
<b>Effluents and Waste</b>				
G4-EN23	Total weight of waste by type and disposal method	49, Environment		Principle 8
G4-EN24	Total number and volume of significant spills		During 2015, there were no environmental accidents or breaches related to environmental aspects.	Principle 8
<b>Products and Services</b>				
G4-EN27	Extent of impact mitigation of environmental impacts of products and services		The aspect is defined material but the GRI indicator is not suitable for Lindex operations. Information material is presented in the 'Environment' section of the report (page 47–54).	Principle 7,8,9
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category.		The aspect is defined material but the GRI indicator is not suitable for Lindex operations. Information material is presented in the 'Environment' section of the report (page 47–54)	Principle 8
<b>Compliance</b>				
G4-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 2015.	Principle 8

Code	GRI Content	Page and section in report or other location	Further information	UN Global Compact principle
<b>Supplier Environmental Assessment</b>				
G4-EN32	Percentage of new suppliers that were screened using environmental criteria.		<p>According to our procurement practices, all factories need to fulfil the Lindex starting requirements and commit to the BSCI Code of Conduct and continuous improvement, prior to starting cooperation. These include requirements for labour practices, human rights and environmental actions. The purchasing offices review the operating models and quality levels of each factory that they use before entering into a contract and starting production.</p> <p>No specific human rights impact analysis is currently being conducted, but we are looking into the possibility of better incorporating human rights and children's rights into our assessments.</p>	Principle 8
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.		<p>We have been involved for years in sustainability projects in important production countries, such as Bangladesh and India, where there are challenges with water scarcity and clean water. We aim for as many suppliers as possible to participate in these projects and to transition to more resource-efficient and cleaner production.</p> <p>The water issue is very important to Lindex, and it is part of the long-term sustainability commitment; partly because textile production consumes large quantities of water and it is a precondition for the business, and mainly because access to clean water is essential to human life. The water-related cooperation projects include the Sustainable Water Resources Management (SWAR) project, the Partnership for Cleaner Textiles in Bangladesh (Pact), the Sweden Textile Water Initiative (STWI), the Better Cotton Initiative and WaterAid.</p>	Principle 8
G4-EN34	Number of grievances about environmental impacts filed, addressed and resolved through formal grievance mechanisms.		A formal grievance mechanism was introduced in the late 2015 and information is not yet available.	Principle 8
<b>Social Impacts</b>				
<b>Labour Practices and Decent Work</b>				
<b>Employment</b>				
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.		<p>Personnel turnover was 15.4% in Lindex Group 2015 with big variations between different markets, ex employee turnover in AB Lindex was 4.9%, in Lindex Sweden AB was 5.0% and in Baltic countries 7.7%. Information on the distribution by gender and age group has not been collected in this detail.</p>	Principle 6
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation		<p>Lindex offers the employees 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.</p> <p>Each year, all Lindex employees in Sweden receive a Health Care benefit that can be used for example to different health activities. The company also gives partial finance to a non-profit association at Lindex Head Office called "Lif" that arranges different activities and get-togethers to employees from all head office departments.</p> <p>Lindex in Sweden has its own reward scheme according to which employees are rewarded for 25 years of service. In addition, all units reward employees on their 50th birthdays. All Lindex employees can purchase products with employee discount in store.</p>	

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<b>Labor/Management Relations</b>				
G4-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 labor legislation in all its operating countries. Minimum notice periods regarding operational changes have not been defined in trading section collective bargaining agreements.	Principle 3
<b>Occupational Health and Safety</b>				
G4-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 4.7 per cent of regular working hours at Lindex group. 126 reported work related injuries were reported, the increase vs previous year comes mainly from better reporting quality.		
<b>Training and Education</b>				
G4-LA9	Average hours of training per year per employee by gender, and by employee category	17–20, Working at Lindex		Principle 6
<b>Diversity and Equal Opportunity</b>				
G4-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.	17–20, Working at Lindex		Principle 6
<b>Equal Remuneration for Women and Men</b>				
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	17–20, Working at Lindex		Principle 6
<b>Supplier Assessment for Labour Practices</b>				
G4-LA14	Percentage of new suppliers that were screened using labour practices criteria.		<p>According to our procurement practices , all factories need to fulfill Lindex start requirements and commit to BSCI Code of Conduct and continuous improvement prior to starting cooperation. These requirements include requirements for labor 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. These include requirements for labour practices, human rights and environmental actions. The purchasing offices review the operating models and quality levels of each factory that they use before entering into a contract and starting production.</p> <p>No specific human rights impact analysis is currently being conducted, but we are looking into the possibility of better incorporating human rights and children's rights into our assessments.</p>	
G4-LA15	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken.		<p>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 labor 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 to identify negative human rights impacts according to our risk analysis.</p> <p>In 2015 a total of 115 BSCI audits were conducted in factories located in risk countries that manufacture for Lindex. Of these, 93 were full audits and 22 re-audits. The BSCI audits are conducted by internationally accredited independent auditors. In addition to the external audits, Lindex carried out 114 own audits by CSR specialists working at our production offices. Of these, 88 were full audits and 26 re-audits. 108 were announced and 6 unannounced.</p>	

Code	GRI Content	Page and section in report or other location	Further information	UN Global Compact principle
<b>Labour Practices Grievance Mechanisms</b>				
G4-LA16	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken.		A formal grievance mechanism was introduced in the late 2015 and information is not yet available	
<b>Human Rights</b>				
<b>Non-discrimination</b>				
G4-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.	Principle 6
<b>Freedom of Association and Collective Bargaining</b>				
G4-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 in indicator G4-11.  Freedom of association in the supply chain is monitored by BSCI audits and by Lindex own audits conducted by CSR specialists working at the production offices.	Principle 3
<b>Human Rights Assessment</b>				
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments.		Most of Lindex own employees work in countries classified by the BSCI as low-risk countries for human rights violations. Therefore, no human rights assessment of our own operations has been conducted.	Principle 1
<b>Supplier Human Rights Assessment</b>				
G4-HR10	Percentage of new suppliers that were screened using human rights criteria		According to our procurement practices , all factories need to fulfill Lindex start requirements and commit to BSCI Code of Conduct and continuous improvement prior to starting cooperation. These requirements include requirements for labor 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. These include requirements for labour practices, human rights and environmental actions. The purchasing offices review the operating models and quality levels of each factory that they use before entering into a contract and starting production.  No specific human rights impact analysis is currently being conducted, but we are looking into the possibility of better incorporating human rights and children's rights into our assessments.	Principle 2
G4-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 labor 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 to identify negative human rights impacts according to our risk analysis.  In 2015 a total of 115 BSCI audits were conducted in factories located in risk countries that manufacture for Lindex. Of these, 93 were full audits and 22 re-audits. The BSCI audits are conducted by internationally accredited independent auditors. In addition to the external audits, Lindex carried out 114 own audits by CSR specialists working at our production offices. Of these, 88 were full audits and 26 re-audits. 108 were announced and 6 unannounced.	Principle 2

Code	GRI Content	Page and section in report or other location	Further information	UN Global Compact principle
<b>Human Rights Grievance Mechanisms</b>				
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms.		A formal grievance mechanism was introduced in the late 2015 and information is not yet available.	Principle 1
<b>Society</b>				
<b>Anti-corruption</b>				
G4-SO4	Communication and training on anti-corruption policies and procedures.		<p>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. The group-wide Code of Conduct is published on the Stockmann Group website and communicated internally via the intranet. In 2015, e-learning to teach personnel about Stockmann Group Code of Conduct, which also incorporates the content of the anticorruption policy, was launched.</p> <p>The target is for each Stockmann Group employee to complete the training programme by 2017 and to operate according to the principles outlined in the Code of Conduct. By the end of 2015, 35 per cent of the Group's support functions personnel and department store supervisors had successfully completed the training. The Employee Discount Rules and Lindex Ethical Policy also contain information on anti-corruption policies.</p>	Principle 10
G4-SO5	Confirmed incidents of corruption and actions taken.		In 2015, Lindex was not informed of any corruption-related lawsuits.	Principle 10
<b>Public Policy</b>				
G4-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.	Principle 10
<b>Anti-competitive Behavior</b>				
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.		No legal actions or fines in 2015.	
<b>Product Responsibility</b>				
<b>Customer Health and Safety</b>				
G4-PR2				
<b>Product and Service Labelling</b>				
G4-PR5	Results of surveys measuring customer satisfaction.	15–16, Customer Experience	In 2015 Lindex arranged two customer surveys. The response rate was 42 per cent, with more than 80,000 responses for both surveys from the Nordic countries. The topics of the surveys related to in-store customer experience and customer service. The results showed that most customers were either satisfied or very satisfied with the overall experience, and likely or very likely to recommend the store. Based on the survey Lindex increased the level of satisfied customers with more than 5 per cent from the previous surveys made in 2014.	
<b>Marketing Communication</b>				
G4-PR6	Sale of banned or disputed products.		Lindex does not sell banned products. Our supplier requirements ban certain practices from our own brand products such as sandblasting for jeans, and also set standards for animal rights, including angora and merino wool, leather and fur, feathers and down as well as guidelines for cotton and chemicals. Real fur products are not included in our assortment.	
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.	15–16, Customer Experience	During the reporting year, there were no complaints about Lindex marketing campaigns made to the Swedish Advertising Ombudsman. Lindex has never gotten any reprimands or got convicted by the Advertising Ombudsman. There were no incidents of non-compliance with legislation or voluntary principles in 2015.	
<b>Customer Privacy</b>				
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.		In 2015, there were no complaints or cautions from the authorities on the loyal customer systems.	