



Corporate Social Responsibility
Report 2007

LIND&X®

Lindex CSR mission

What Lindex does today takes place with the future firmly in focus. Not only do we assume responsibility for our products, we also employ long-term sustainability initiatives to ensure good working conditions, a sustainable environment, good business ethics and observance of human rights.

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Statement by the CEO



The Lindex business concept is to offer inspiring, affordable fashion. A sustainable view of the whole of our business is fundamental if we are to achieve this. Acting today bearing tomorrow in mind is one of the company's basic values. I know that as one of the leading fashion chains in Europe we can contribute making a sustainable, positive impact on human beings throughout the world and to contribute to the reduction in environmental impact.

Lindex's new values – *We inspire our customers, we believe in sustainability, we have a winner attitude, we are profit driven and we are passionate and committed* – provide a set of values for our employees throughout the world. These values function as guidance in all our decisions, both group strategic decisions and decisions regarding our day-to-day behaviour and thus also in our sustainability work. Together with the ten principles laid down in the UN corporate initiative Global Compact, to which Lindex is affiliated, the BSCI Code of Conduct and our own policies, our values describe our approach as a responsible enterprise.

The effects of our work were clearly noticeable during the past year. What I am particularly satisfied with is the fact that we have succeeded in reducing the proportion of air transport from five to three per cent. Air transport is Lindex's greatest source of environmental loading and we will continue to work to reduce emissions that result from our transport operations.

During the year we expanded our sustainability work with our suppliers in Asia. We can see an improvement in the working environment and reduced violations of human rights at the suppliers. But it is important to remember that this work is long-term and more is required before we can be satisfied with the working conditions in many of the countries where we have manufacturing operations.

By finding new ways to in a sustainable way offer a world-class fashion experience, we are endeavouring to become a company that is respected and believed in by customers, employees and other external parties. To achieve this, the commitment of our employees is vital and I would like to extend my warm thanks to all our employees who make a difference every day.

I believe that an important step towards meeting our challenges is to talk about them. Through our Corporate Social Responsibility Report and ongoing communication we are dedicated to preserving an open dialogue with our customers and other interested parties.

We look forward to keeping you updated on our development within the sustainability field.

Gothenburg, May 2008

Göran Bille, CEO

LINDEX AS A COMPANY

- With around 350 stores in Sweden, Norway, Finland, Estonia, Latvia, Lithuania and the Czech Republic, Lindex is one of the leading fashion chains in Northern Europe.
- The Lindex business concept is to offer women inspiring, affordable fashion. The collections include concepts in women's wear, lingerie, children's wear and cosmetics.
- The stores are characterised by a unique, feminine feeling that mediates Lindex fashion and inspires the customer to feel beautiful and look great.
- The Lindex head office is in Göteborg. In 2006/2007 the company had approximately 5,000 employees.
- In 2007, Lindex became a part of the Finnish listed company Stockmann.

Background

Lindex has for several years worked to bring about sustainable development under the heading Corporate Social Responsibility (CSR). Lindex CSR covers the company's working environment programme, environmental programme, ethical issues and position on human rights. CSR work is an integral part of Lindex operations and is incorporated into the day-to-day work of the company.

A great deal has happened since Lindex introduced a ban on child labour in 1993. Producing fashion is a complex process and Lindex must ensure that it takes place in a manner that is both good and acceptable to all concerned. The company knows that it is possible to produce fashion under good social conditions although doing so requires long-term co-operation with suppliers to improve working conditions.



MILESTONES IN LINDEX'S SUSTAINABILITY WORK

- 1993** The first Lindex purchasing office is opened. Ban on child labour. Audits introduced.
- 1995** An analysis is made of the environmental impact of the average store and textile manufacturing.
- 1996** The Lindex Environmental Policy and the first environmental objectives are adopted.
- 1997** The Lindex Code of Conduct is established.
- 1998** The Environmental Management System according to ISO 14001 is introduced.
- 1999** Over half of the Lindex suppliers are audited. Environmental training is introduced throughout the whole Group. Lindex begins reporting its carbon dioxide emissions.
- 2000** Lindex's in-house system for the classification of suppliers is introduced.
- 2003** Joint in-house CSR organisation. Environmental requirements are included in the Lindex Code of Conduct.
- 2004** Membership of the Business Social Compliance Initiative (BSCI).
- 2005** Lindex begins working according to the BSCI Code of Conduct and classification of suppliers
- 2006** New group education programme for both the environment and the Code of Conduct.
- 2007** Information and workshops for suppliers and factories dealing with the Code of Conduct. Sale of products made of ecological cotton commences. Lindex first Corporate Social Responsibility Report is published.
- 2008** CSR training for all managers. Expanded dialogue with the parties concerned. New values are implemented in the organisation.

Organisation and persons responsible

The Lindex CEO bears ultimate responsibility for the company's CSR programme. On the Group level, Lindex has a CSR steering committee, which is made up of the CEO, members of the executive management and the persons responsible for the Code of Conduct and the environmental programme. The committee is responsible for running CSR work on a strategic level whilst the operative work rests with the business area and country managers. The CSR committee defines objectives and activity plans and follows up the work as it proceeds.

On the Group level, Lindex has a co-ordinator for the Code of Conduct and this is the person who pursues, implements and follows up the work being done. The co-ordinator is assisted by seven full-time auditors, who are based at the Lindex production offices in China, Bangladesh, India and Turkey. Lindex also has around 25 quality controllers who visit suppliers continuously to check on quality, carry out tests and report back in the event of a suspicion of a violation of the Code of Conduct.

At group level, Lindex has an environmental co-ordinator who through a network of co-workers within the Group, both on the departmental level and country level, promote, implement and follow-up the environmental programme. A number of departments at head office have appointed environmental officers. Within retail operations, the store managers are regional environmental co-ordinators.

Employee matters within Lindex are dealt with at group level by the company's Human Resources Department.

The Group Head of Security is responsible for developing, implementing and following up Lindex business ethics.

Control of the Lindex sustainability work

The basis for the sustainability work is to be found in the UN corporate initiative Global Compact. Linked to each of the Global Compact principles are Lindex policies and guidelines on how these are to be put into practice in day-to-day operations.

GLOBAL COMPACT - TEN PRINCIPLES FOR GOOD BUSINESS ENDURANCE

By supporting Global Compact Lindex has undertaken the following:

[Read more on page](#)

HUMAN RIGHTS

- | | |
|--|-------|
| 1. Lindex should support and respect the protection of internationally proclaimed human rights; and | 11-13 |
| 2. make sure that we are not complicit in human rights abuses. | 11-13 |

LABOUR STANDARDS

- | | |
|--|--------------------|
| 3. Lindex should uphold the freedom of association and the effective recognition of the right to collective bargaining; | 11-13, 30
11-13 |
| 4. the elimination of all forms of forced and compulsory labour; | 11-13 |
| 5. the effective abolition of child labour; and | |
| 6. the elimination of discrimination in respect of employment and occupation. | 7, 11-13 |

ENVIRONMENT

- | | |
|---|--------------|
| 7. Lindex should support a precautionary approach to environmental challenges; | 20-22 |
| 8. undertake initiatives to promote greater environmental responsibility; and | 25 |
| 9. encourage the development and diffusion of environmentally friendly technologies. | 23-24, 26-27 |

ANTI-CORRUPTION

- | | |
|---|---|
| 10. Lindex should work against corruption in all its forms, including extortion and bribery. | 6 |
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Policies and guidelines

CODE OF ETHICS

Honesty, integrity and fair play must always characterise Lindex business operations. It is just as important that the employees – CEO and store personnel alike – have a clear attitude to bribes, gifts, business entertainment and company secrets. With its Code of Ethics, Lindex works actively to combat all forms of corruption, including extortion and bribery.

All Lindex suppliers are informed about and sign the Lindex Code of Ethics. All Lindex employees at the company's purchasing offices have also undergone training in the Code of Ethics. Through this training the employees acquire knowledge and an understanding in subjects such as corruption, extortion and bribes.

ETHICAL GUIDELINES FOR DESIGNING THE PRODUCT RANGE

Lindex has chosen to avoid certain garment designs as well as certain symbols and texts on its products. As a leading company in the fashion industry, Lindex carries a lot of weight and has considerable potential to influence fashion and thus also bears a certain responsibility. Lindex is therefore involved in regular debates on ethical guidelines and garment design.

Lindex avoids products linked to war or other military operations. Military symbols, weapons and karate kicks, for example, may not be used. Nor does Lindex use symbols, texts or pictures that are incompatible with the basic principles of democracy. Symbols linked to drugs must also be avoided.

It can be difficult to draw the line in deciding whether or not a garment can cause offence and wishes differ from one

person to another and from one market to another. The international, cross-border fashion of today does not make it any easier to decide when a garment is to be regarded as unsuitable, thus making discussion more important.

ANIMAL RIGHTS POLICY

Lindex has had an animal rights policy since 2004. The policy was revised in spring 2008. The company has opted to adopt a restrictive position regarding products manufactured from fur or leather. Real fur is not permitted in the Lindex product ranges. Only leather from animals bred for meat production may be used. Lindex does not permit cosmetic end-products to be tested on animals.

Lindex disassociates itself from mulesing, performed on merino sheep in Australia to prevent flystrike. The company has decided to steer purchases towards other countries of origin and suppliers in Australia that can guarantee mulesing-free merino wool. The aim is to exert greater pressure on sheep farmers that still carry on mulesing. Lindex does not accept the method of using clamps as an alternative to mulesing.

ENVIRONMENTAL POLICY

Since 2002, Lindex has worked according to an environmental policy and the company assumes responsibility for the environment on all levels, from production and transport to sales. See under Environmental Work.

WORKING ENVIRONMENT POLICY

The Lindex Working Environment Policy forms the basis for the working environment initiatives taken by Lindex. The policy covers guidelines for matters related to human resources and the working environment and clarifies that Lindex is striving to achieve a good physical and mental working environment. The primary objective is to ensure that the working environment does not entail any risk of ill health or accident.

DISCRIMINATION POLICY

Lindex does not tolerate any form of offensive discrimination such as slander, exclusion, bullying or sexual harassment and has a policy to this effect. The company policy and plan of action is aimed at combating direct discrimination and harassment. The policy is available on the company's intranet and its existence has been communicated to the company's employees. As an employee at Lindex one should never need to feel insulted, discriminated against or in any other way feel ill at ease because of ethnic affiliation, religion, gender, sexual disposition or functional impairment.

ALCOHOL AND DRUG POLICY

Lindex classes the abuse of alcohol or other drugs as a disease and it is thus a working environment matter. A drug-free working environment is important for the safety, health and enjoyment of everyone. Lindex does not accept that anyone is under the influence of alcohol or other drugs during working hours and initiatives in this area are based on an alcohol and drug policy.

CODE OF CONDUCT

Through the Lindex Code of Conduct, the company makes demands on the company's suppliers with regard to the working environment, human rights and the environment. See also under Social responsibility in conjunction with production.

Social involvement

PINK RIBBON

Since 2002, Lindex has been one of the main sponsors of the Pink Ribbon campaign. During 2007, Lindex and the company's customers collected SEK 6 million for the campaign. Apart from selling pink ribbons, Lindex also donated SEK 1 for each bra sold during October and SEK 10 for all bras sold on 'Pink Saturday' in October. In 2007, Lindex produced a

fashion collection, Pink Collection, where 10 per cent of the sales price was donated to the campaign. All Lindex stores are involved in the fundraising. The money raised goes to breast cancer research and to the Breast Cancer Associations' National Organisation BRO, which offers support to persons who are affected and their relatives.

HANDSLAGET

The Chamber of Commerce for Western Sweden is running a long-term programme involving industry and schools in order to increase co-operation between the two. Handslaget has been designed in line with the scope and needs of industry and schools. Lindex has been involved in supporting Handslaget since 2007. Apart from making a contribution and having an opportunity to get to know the younger generation, Lindex is increasing the long-term potential for recruiting the right employees.

RUNDA UPP

Since 2006, the Red Cross and the fashion industry have worked together to run the fund-raising project Runda upp (Round Up), in which Lindex is also involved. Customers are offered the opportunity to round up the final price of their purchases in Lindex stores and in doing so contribute to the work of the Red Cross.

PROJECTS IN LINDEX MANUFACTURING COUNTRIES

Lindex production offices are involved in different local charity projects all over the world. Among other things, the company supports the School of Hope in Bangladesh and 120 school-children in Shanghai. The schools receive clothes from Lindex as well as financial support.

Lindex also gives away surplus garments from the head office to various aid organisations such as Stadsmissionen, the Olivia Women's Shelter in Alingsås and to children's homes in countries such as Lithuania and Poland.

External principles and initiatives

GLOBAL COMPACT

The Global Compact was founded by the UN with the aim of promoting responsible enterprise throughout the world. By supporting the Global Compact, Lindex has undertaken to implement and integrate the following ten principles in its day-to-day work:



Human rights

1. Lindex should support and respect the protection of internationally proclaimed human rights; and
2. make sure that we are not complicit in human rights abuses.

Labour standards

3. Lindex should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.

Environment

7. Lindex should support a precautionary approach to environmental challenges;

8. undertake initiatives to promote greater environmental responsibility; and

9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

10. Lindex should work against corruption in all its forms, including extortion and bribery.

Lindex must also disseminate its principles and thus become involved with and influence other companies in supporting the Global Compact. Further information about the Global Compact and other companies that have adopted its principles can be found at www.unglobalcompact.org, where you can also follow how Lindex implements the ten principles.

BSCI

The Business Social Compliance Initiative (BSCI) is a collaborative undertaking between European retailers, all of which are seeking to improve the social situation and working conditions in the manufacturing countries. Within BSCI, which at present has over 120 member companies, everyone makes the same demands on suppliers. In doing so, the members can pool their resources to exert pressure on suppliers in a positive way and to a greater extent than if the companies were to act individually.

Lindex was one of the parties responsible for initiating BSCI and since spring 2005 Lindex uses the BSCI Code of Conduct and carries out audits and produces reports in accordance with the BSCI system.





AMNESTY BUSINESS GROUP - BUSINESS FORUM

Since 2007, Lindex has been a member of the Amnesty Business Group's Business Forum, which is part of Amnesty International. It is a member organisation and the vision is that no human rights should be infringed anywhere in the world as a result of lack of knowledge or refusal on the part of Swedish companies to comply with internationally established human rights principles. Business Forum is made up of companies that wish to work together with the Amnesty Business Group in order to promote respect for human rights in their business operations.

Through the Amnesty Business Group's support, reports and other publications Lindex has a better insight into the problems in countries where the products are manufactured. The company can also obtain advice on how Lindex can handle human rights issues in their business operations correctly. If you would like further information go to Amnesty Business Group at www.amnestybusinessgroup.se.

Co-operation with stakeholders

As with other international companies, Lindex has both internal and external associated parties, all of which have expectations and make demands on the company's CSR work. Lindex maintains an ongoing dialogue with interest groups and in doing so helps develop and improve the work being done at Lindex. The principal parties concerned include customers, employees, suppliers, the media and students.

Lindex reports sustainability results to the company's associated parties through various communication channels, such as the CSR Report, the website, press releases, talks and meetings.

Lindex is a member of various networks where the company, together with other international companies, conducts discussions and co-operates to move the sustainability work forward. In Turkey, Lindex has for a long time taken part in Brand Meetings, where participants from different clothing and shoe companies are represented. The purpose of the network is to discuss and co-operate on common issues related to the Code of Conduct and to share practical experience that could be of benefit to several companies.

In Turkey, Lindex is active in Round Tables, the aim being to work on issues related to the country's labour laws and the working environment as a means of moving development forward.

Questionnaires from students, authorities and non-profit organisations provide valuable feedback on the Lindex sustainability work.

Assessments and nominations

According to a survey conducted by the Amnesty Business Group among the 150 largest companies in Sweden on the way they handle human rights, Lindex came seventh in 2007.

In the organisation Rena Kläder Etikbarometer (Clean Clothes Ethics Barometer), the work done by Lindex on the Code of Conduct is compared with the work done by other companies. The results are reported on the Rena Kläder website and also in the media.

At the beginning of 2008, Lindex was nominated for the Globe Award 2008. This award will be presented in May 2008 to Swedish companies and organisations that have made most progress in integrating Corporate Social Responsibility into their operations.



Social responsibility in conjunction with production

Lindex does not own any factories and the company's products are instead manufactured by external textile suppliers, mainly in Asia and Europe. Lindex has just over 300 suppliers, with manufacturing at approximately 400 factories. Around 160,000 people are employed in production. Approximately 20 per cent of the company's products are purchased from Europe and approximately 80 per cent from Asia, of which China is the largest supplier.

Employment is a basic prerequisite for people to combat poverty although labour law and rules have not come quite as far in many of the Lindex manufacturing countries as in the Western world. Consequently, Lindex has a responsibility as a company

for ensuring that the people who manufacture the company's clothes do so under acceptable conditions.

Lindex has production offices in Shanghai, Hong Kong and Guangzhou in China, Istanbul in Turkey, New Delhi in India, Karachi in Pakistan and Dhaka in Bangladesh. By having its own production offices, Lindex can be closer to production. Being close to the suppliers facilitates the task of ensuring that production takes place under acceptable conditions. The company acquires considerable insight into local problems and finds it easier to discover any unsatisfactory conditions at the suppliers.

LINDEX LARGEST PURCHASING MARKETS 2007

PRODUCTION COUNTRY	PER CENT
China	44
Bangladesh	18
Turkey	12
India	7
Italy	6
Indonesia	3
Romania	2
South Korea	2
Hong Kong	2
Pakistan	2
Ukraine, Poland, Germany, Makau, Sweden, Bulgaria, Portugal, Sri Lanka, The Netherlands	<1



CODE OF CONDUCT AND THE BUSINESS SOCIAL COMPLIANCE INITIATIVE

Lindex knows that it is possible to produce fashion under good social conditions although this requires long-term collaboration with suppliers to improve working conditions. As Lindex does not have direct control over manufacturing, the company has rules and requirements, in the form of a Code of Conduct, which the suppliers must comply with. All Lindex suppliers sign an undertaking that they will comply with the company's Code of Conduct.

Since spring 2005, Lindex has been a member of the Business Social Compliance Initiative (BSCI) and uses the BSCI Code of Conduct.

BSCI is a collaborative undertaking between European retailers seeking to improve the social situation and working conditions in the manufacturing countries. All members of BSCI, at present over 120 companies, make the same demands on the suppliers. In doing so, the members can pool their resources to exert pressure on suppliers in a positive way and to a greater extent than if they were to act individually.

A common Code of Conduct also makes it easier for the suppliers. Suppliers, who often manufacture goods for several companies within BSCI. Previously, this involved several different codes of conduct with variations in content and requirements.

HISTORY – DEVELOPMENT TOWARDS THE PRESENT CODE OF CONDUCT

BAN ON CHILD LABOUR

The work on the Lindex Code of Conduct commenced at the beginning of the 1990s. It was then that Lindex began purchasing clothes directly from the suppliers instead of from agents. In doing so, Lindex came into direct contact with the suppliers and gained an insight into the situation at the factories. This led to a ban on child labour in 1993 and the establishment of the Lindex Code of Conduct in 1997.

DRESS CODE

In 1999, the organisation Rena Kläder, together with Lindex, H&M, KappAhl and Indiska, started the 'Project for independent control of clothes manufacturing', which came to be known as DressCode. The aim was to improve working conditions in the clothing industry, particularly among suppliers to Swedish clothing companies. The project appointed a pilot committee with representatives from clothing companies, human rights organisations and trade unions. The pilot committee took the initiative for a number of studies to test 'independent' controls and audits of suppliers and clothes companies. A draft Code of Conduct was produced for the project but was dissolved in 2001 as the trade union representatives did not support the proposal regarding independent controls.

BUSINESS SOCIAL COMPLIANCE INITIATIVE

Since spring 2005, the Lindex Code of Conduct has been part of the European collaborative organisation BSCI, Business Social Compliance Initiative.



CODE OF CONDUCT

The BSCI Code of Conduct is based on the UN Declaration of Human Rights, the UN Convention on the Rights of the Child and the ILO (International Labour Organisation) conventions dealing with working conditions and rights in working life.

THE CODE OF CONDUCT DEALS WITH THE FOLLOWING AREAS

- Laws and ordinances
- Freedom of association and the right to collective bargaining
- Ban on discrimination
- Salaries and remuneration
- Working hours
- Working environment, health and safety
- Ban on child labour
- Ban on forced labour
- Environmental issues
- Management practice and documentation

The Code of Conduct must always be translated into the local language and be posted in the factory at an appropriate place and available to all workers.

All suppliers with which Lindex has a business association are covered by the Code of Conduct. This is part of the General Agreement signed by the supplier before an order is placed.

The whole code can be downloaded from the Lindex website, www.lindex.com. Further information about the BSCI Code of Conduct is available at www.bsci-eu.org.

AUDITS

Textile factories that wish to be suppliers to Lindex not only sign an undertaking that they will comply with the Lindex Code of Conduct, they must also allow Lindex to monitor compliance with the demands for audits at the factories. To check that Lindex suppliers are complying with the stipulations

regular audits take place at the factories. This takes place mainly through notified visits although unnotified visits also occur.

Lindex has seven auditors employed in the manufacturing countries, working full-time to improve the conditions of the factory employees. Auditors from external independent audit companies, approved by BSCI, also monitor conditions at Lindex suppliers.

The audit takes place in the form of a review of documents, visual inspection of the factory and any workers' accommodation as well as interviews with company representatives and workers. The auditor goes through what needs to be improved and the measures that need to be taken by the supplier and then produces a corrective action plan. This also includes timeframes within which any measures must be implemented. For a change process to take place, the supplier must be given a reasonable amount of time to make the change. Should changes not be made within the time stipulated, Lindex will discontinue co-operation.

During 2007, Lindex carried out 502 BSCI audits. Of these, 268 were what are known as initial audits, i.e. the first inspection to be made at a supplier, and 234 were re-audits. Of the audits, 365 were carried out by Lindex's own auditors and 137 were carried out by external auditing companies approved by BSCI.

Before an order is placed with a new supplier, the factory is audited. All factories are audited at least once a year to ensure that they are complying with Lindex demands and are making continuous improvements until they reach level 2 according to the BSCI criteria (see section on levels and reporting systems). Lindex continues to audit the factories that have reached level 2 in order to ensure that they remain on that level and to support them in making further improvements.

LINDEX AUDITORS

Lindex local auditors have a broad level of expertise, including engineering skills, experience of factory work, ILO and auditing. All new auditors undergo in-house training as well as subsequent continuing professional development in, for example, environmental legislation and local laws. All auditors also take an SA 8000 Auditor's course, an international certification standard for social responsibility. All auditors also have a knowledge of the local language as well as English. The role of auditor requires good knowledge of the country's laws, culture and the various situations at the suppliers.

Once a year all auditors meet for a joint strategic working week. The focus is on follow-up, risk analysis, continuing professional development, future objectives and working methods.

Apart from the Code of Conduct auditors, Lindex also has around 25 quality controllers who visit the factories regularly to check on quality and to review the visible working environment, ensuring that there are no underage workers in the factory.

LEVELS AND REPORTING SYSTEMS

All companies that are members of BSCI carry out the same types of audit and assess the factories according to the same criteria.

In each part of the Code of Conduct the factory is assessed on a scale of 0-2 depending on how well the demands are being met according to the following levels. Level 0: non-compliant, a deviation from the majority of the requirements and/or crucial factors. Level 1: improvements needed, deviations from a small number of requirements and no crucial factors. Level 2: good, no deviations from requirements or only minor deviations.

After each audit, the auditor prepares an audit report in which the results from the audit are gathered. The report is presented to the supplier. The results are also examined by Lindex purchasing office and to the head office in Sweden. The results of the external audits are also stored in a database to which other members of BSCI have access. This means that the suppliers also have justification on business grounds for improving standards at the factories. A good BSCI report or an improvement according to plan opens up the market to more BSCI companies that wish to begin working with the supplier.

EDUCATION LEADS TO IMPROVEMENT – EXAMPLE FROM CHINA

Control procedures in the form of audits are important but to really bring about long-term improvement in working conditions education is also required. Lindex therefore works actively to train the suppliers through local seminars and workshops, arranged either by BSCI or Lindex. The aim is to raise the level of knowledge at suppliers and factories to make it easier for them to make changes.

During 2007, Lindex worked actively on education to improve working conditions at the Chinese factories. The company has run seminars and workshops. The themes for these seminars have included BSCI's and Lindex's routines as well as health and safety. A total of 133 suppliers took part. These selective measures in China have produced very good results.

INITIATIVES TO COMBAT CHILD LABOUR

A ban on child labour is one of the minimum requirements imposed on Lindex suppliers. The company has worked for a long time to combat child labour and takes a very serious view of this.

The age at which a child is permitted to work is the age laid down in law in each country, normally 15 years. According to the ILO and UN children's conventions the minimum age is 14 years in certain developing countries. In China the minimum age to be allowed to work is 16 years.

IF LINDEX DISCOVERS CHILD LABOUR

If Lindex, despite everything, discovers that an under-age child is working at a supplier the company always seeks the best solution from the child's point of view. Simply discontinuing co-operation with the supplier or dismissing the child without any follow-up would instead result in the child finding another job or ending up on the street. Lindex has therefore produced a 'Child Labour Action Plan', which is used if the company discovers that an under-age child is working at one of its suppliers.

On the few occasions Lindex has found under-age workers at suppliers, Lindex has worked with the child's parents and the supplier to produce a plan of action based on the best interests of the child. The child naturally stops work immediately. Exactly what form the plan takes differs in order to adapt to the case in question although the solution often comprises the supplier guaranteeing that the child will continue to receive a monthly salary, which is not below the country's minimum wage, until the child reaches the statutory age at which he or she can commence work. The supplier also guarantees in writing that the child will

be re-employed when he or she reaches the statutory working age. The parents guarantee in writing that the child will not begin working anywhere and if possible the child should attend school. Lindex then follows up compliance with the agreement.

If the supplier does not go along with an agreement that is in the best interests of the child, Lindex discontinues co-operation with the supplier.

During 2007, Lindex discovered four cases of child labour with children who were one or two years younger than the statutory working age. In all cases the Lindex Child Labour Action Plan was used.

AUDITS TO DISCOVER CHILD LABOUR

To discover whether there are under-age workers in the factories, Lindex auditors look at a number of factors. The auditors always check, among other things, employment papers and copies of the ID card and other documentation related to the employees. All the auditors and other employees who are out at the factories are always on the lookout for anyone who appears to be too young to work.

If Lindex suspects that there are under-age workers in the factory, the company carries out extra audits and can, apart from the employment papers, also check the child's age through dental records or enlist the aid of a doctor to assess the age. The problems in many of the Lindex manufacturing countries, is that many people lack exact proof of age.





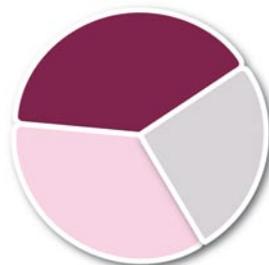
COMPLIANCE WITH THE CODE

Lindex is aware of the risk of violations of the Code of Conduct and is working actively to ensure that the Code is fully complied by all suppliers. Work on the Code is a long-term process where Lindex, together with the supplier, attempts to bring about improvements within all areas as laid down in the Code of Conduct. This work and the development process take place in stages. Lindex combines information and education with clear demands and regular audits.

Of the active suppliers with which Lindex is currently working, based on turnover, 39 per cent have reached the highest BSCI level, level 2, at the end of 2007. A total of 26 per cent had reached level 1 and 35 per cent were on level 0. This is a tangible improvement on previous years.

LEVELS FOR ACTIVE SUPPLIERS DECEMBER 31, 2007

- Suppliers on level 2, good: the figure has increased from 33% to 39%.
- Suppliers on level 1, improvement needed: the figure has increased from 19% to 26%.
- Suppliers on level 0, non-compliant: the figure has decreased from 48% to 35%.



At the end of 2007, Lindex could see that a number of the areas dealt with under the Code of Conduct have improved at the suppliers. Within occupational health and safety, which was previously a major problem area, significant improvements were made during the year. This includes a better working environment (more light, better ventilation, less noise), improved use of safety equipment, handling of chemicals under ordered conditions and better fire protection.

However, Lindex still sees a number of problem areas where violations of the Code of Conduct are common. Documentation, management systems, salaries and remuneration, working hours and trade union membership continue to be major problems and on which Lindex will continue to focus during 2008.

DOCUMENTATION

A basic problem at the suppliers is that the majority have major shortcomings with regard to documentation. This could, for example, take the form of not having copies of all the employees' ID cards, that the salary lists are substandard or that there is no written undertaking to comply with the Code of Conduct.

Insufficient or poor documentation also leads to further problems. It makes it difficult to verify total compliance with certain

demands in the Code, such as the correct salary been paid out, no under-age workers in the factory or that there is no overtime. This makes it even more important to come to grips with the problem. In those areas where there is insufficient documentation the suppliers are regarded as not having satisfied the demands laid down in the Code.

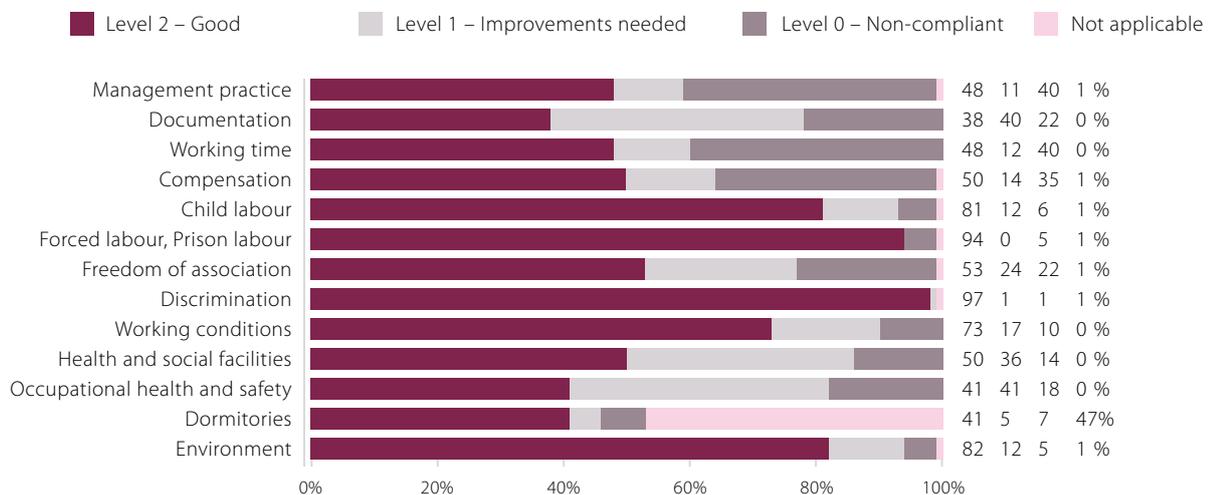
Through seminars and workshops with the suppliers, Lindex is working to improve awareness of the importance of good documentation. Lindex also provides training for the persons responsible at the factories.

MANAGEMENT PRACTICE

Problems with management practice can take the form of poor routines for the control of suppliers, the absence of persons responsible for the management system or the absence of internal policies.

Lindex is working on training the factory management so that they can carry out internal audits within their supply chain. The company is also working on courses focusing on efficient management practice and helping suppliers to formulate policies in areas such as child labour and discrimination.

LEVELS IN THE DIFFERENT AREAS FOR ACTIVE SUPPLIERS DECEMBER 31, 2007



WORKING TIME

Widespread overtime which exceeds the stipulations in the Code is a major problem in virtually all countries in which Lindex has manufacturing operations. At the same time, 48 per cent of the suppliers have reached level 2, no deviations from requirements, which proves that it is possible to come to grips with the problem in every country.

To reduce overtime at the factories, Lindex is working in association with the suppliers on demonstrating how important it



is that the supplier has a production planning schedule. Before each order is placed, Lindex also makes an assessment of the supplier's production capacity.

SALARIES AND REMUNERATION

Ensuring that the correct salary is paid out and that documentation showing that this actually takes place continues to be one of the areas in which Lindex has noted most violations. According to the Code of Conduct the suppliers must, as a minimum requirement, pay the country's statutory minimum wage to employees in the factories.

Other violations of the Code of Conduct with regard to remuneration include cases where production records and attendance records do not concur. This means that the time worked cannot be verified and Lindex auditors cannot ensure that the correct salary is paid. Other problems include suppliers not granting holidays and time off according to the country's rules, incorrect payment for overtime and delayed payment of wages.

Lindex is working on a combination of education, information and demands that problems are rectified before further orders are placed with the supplier. During 2007, suppliers that are non-compliant, level 0, in the payment area decreased to 35 per cent from 41 per cent in 2006, which shows that this work is producing results although it is taking place gradually.

TRADE UNION MEMBERSHIP

In the majority of Lindex manufacturing countries it is either difficult or forbidden to join a trade union. The right to collective bargaining and trade union membership is important. However, responsibility for establishing an independent, efficient trade union organisation at the individual supplier/factory falls outside the framework of the Lindex Code of Conduct. Lindex is responsible for conducting a dialogue and for ensuring that rights are not infringed.

In those countries or regions where trade union activities are not legal, Lindex is working on making demands on the suppliers that they set up workers' committees through which the workers at the factories can negotiate collectively with the management. At all factories that supply products to Lindex there is a basic demand that there should be at least an employee-elected workers' committee that is empowered to meet and negotiate with the factory management. Lindex provides assistance in electing representatives and training those representatives.

OBJECTIVES AND CURRENT STATUS REGARDING WORK ON THE CODE OF CONDUCT 2008-2009

Every second year, new in-house objectives are laid down for work on the Code of Conduct.

OBJECTIVES TO BE ACHIEVED THROUGH TO 2008 AND 2009	PERSON RESPONSIBLE	COMMENT	DEADLINE
COMPLIANCE WITH THE CODE OF CONDUCT:			
At least 2/3 of Lindex suppliers (in risk countries measured in terms of turnover) should be audited by external BSCI-approved audit companies.	PO	At the end of 2007, 63% had been checked through external audits.	Aug-2008
All textile suppliers should be audited by external BSCI-approved audit companies.	PO	See above.	Aug-2009
20% (measured in terms of the number of suppliers) of all BSCI-audited factories will reach BSCI level 2.	PO	At the end of 2007, 18% had reached level 2.	Aug-2009
Lindex will regularly (at least twice a year) invite suppliers for training or information about the Code of Conduct.	PO	During 2007, Lindex arranged four seminars involving a total of around 140 suppliers.	Aug-2009
Lindex will produce subject-specific training packages to support and exert pressure on Lindex suppliers to achieve full compliance with the Code.	PO	During 2007, Lindex held subject-specific seminars for suppliers in China.	Aug-2009
Lindex will actively encourage its suppliers to become involved in different seminars and projects aimed at improving working conditions and environment at the factories.	PO	Ongoing.	Aug-2009
BUSINESS IMPLEMENTATION			
Lindex endeavours to secure the best price and delivery time and the right product. When two or more suppliers have similar tenders, the supplier with the best Code of Conduct status should be given the order.	B	Ongoing. Tools for improved implementation in day-to-day business are being developed.	Ongoing
During regular monthly supplier follow-ups, the current Code of Conduct status must be taken into account as a significant parameter.	PO	Ongoing.	Ongoing
At the annual supplier evaluation meeting at the head office the Code of Conduct situation should be examined and discussed and future strategies must be decided.	PDM, CoCC	Ongoing.	Ongoing
EMPLOYEES' RESPONSIBILITY:			
All new employees in the Lindex Group must undergo CSR training.	CM, POM, BAM	Ongoing training.	Ongoing
All managers at the Lindex head office must undergo expanded CSR training	GC, HR	Training planned for autumn 2008.	Aug-2009
DIALOGUE AND COMMUNICATION WITH STAKEHOLDERS:			
Lindex will take part in external fora and networks to promote an exchange of relevant information about CSR work.	CSR, MG	In 2007, Lindex became, among other things, a member of the Amnesty Business Group and Global Compact's Nordic network. Lindex has been a speaker at a number of external fora dealing with CSR work.	Ongoing
Within its CSR work Lindex will co-operate with relevant organisations, authorities and stakeholders.	PD, GC	The dialogue is conducted with, among others, Round Tables in the production office countries, Brand meetings, Swedish Trade, Amnesty Business Group, Rena Kläder, Textile importers and Global Responsibility.	Ongoing

PO= Production offices, B= Buyers, PDM= Purchasing Development manager, CoCC= Code of Conduct coordinator, CM=Country managers, POM= Production office managers, BAM= Business Areas Managers, GC= Group Communications, HR= Human Resource, CSR MG= CSR Management group, PD= Purchasing Development

Environment

Lindex is very much involved in environmental issues. Producing fashion is a complicated process and Lindex must ensure that it takes place in a manner that does not put the environment or people's health at risk. The aim of the Lindex environmental programme is to reduce the load on the environment, both where the products are manufactured, during transport and in the countries in which the goods are sold.

Lindex most significant source of environmental impact by far is the emission of carbon dioxide in conjunction with transport, the use of energy, particularly electricity, at the company's 350 or so stores and waste from packaging. The environment is also affected by the manufacturing of the company's products at external suppliers.

ENVIRONMENTAL POLICY

WE OFFER, INSPIRING AFFORDABLE FASHION AND AT THE SAME TIME ASSUME RESPONSIBILITY FOR SUSTAINABLE DEVELOPMENT.

- Our employees are very much aware of the company's environmental work and take the environment into account in all decisions.
- We encourage and support initiatives taken by our suppliers to promote sustainable development and follow up to ensure compliance with our environmental demands.
- We keep ourselves updated on environmental laws and regulations. They are seen as a minimum requirement and we often go beyond statutory requirements.
- We take part in external fora and networks and co-operate with other companies, authorities and NGOs to promote a better environment.
- We maintain open communication about the Lindex environmental programme and report on our environmental impact both in-house and externally.

LINDEX ENVIRONMENTAL MANAGEMENT SYSTEM

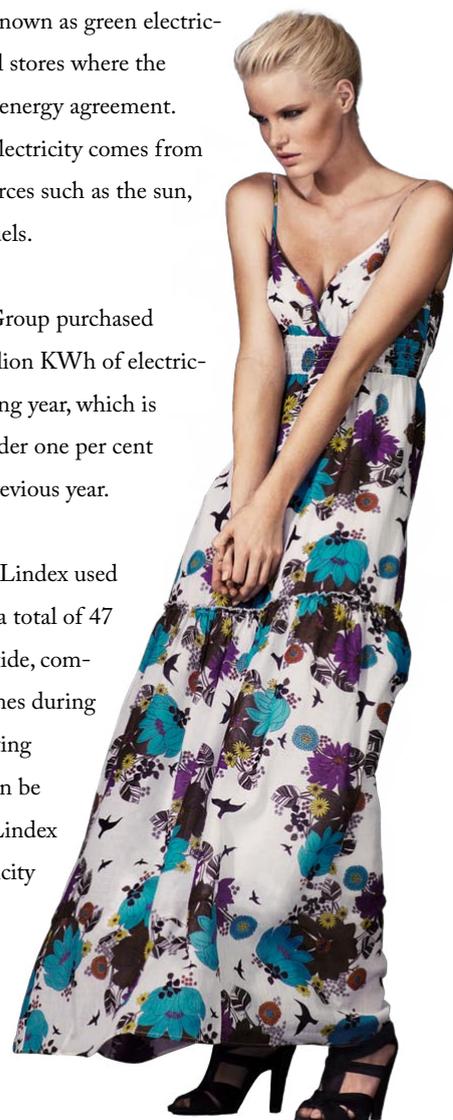
Lindex's environmental work is not ISO-certified. Nevertheless, the company's environmental management system observes the principles of ISO 14001. Although it is important for the environmental work to proceed systematically, Lindex has opted to focus on reducing its impact on the environment by using simple, practical methods.

EFFICIENT ENERGY

Lindex uses what is known as green electricity at offices and in all stores where the company has its own energy agreement. This means that the electricity comes from renewable energy sources such as the sun, wind, water and biofuels.

In total, the Lindex Group purchased approximately 28 million KWh of electricity during the operating year, which is a reduction of just under one per cent compared with the previous year.

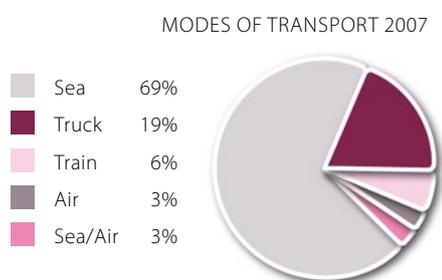
The electricity which Lindex used during 2007 emitted a total of 47 tonnes of carbon dioxide, compared with 1,350 tonnes during the 2005/2006 operating year. The reduction can be attributed largely to Lindex not using green electricity during the preceding year as a result of an administrative mistake.



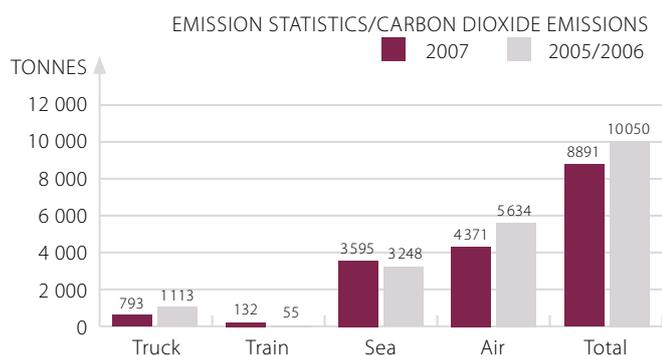
SUSTAINABLE TRANSPORT

Lindex has a long-term ambition to continuously reduce carbon dioxide emissions. The company has for several years required that its transport suppliers have a documented environmental programme and that they provide the company with a follow-up of carbon dioxide emissions for transport that takes place on behalf of Lindex. Lindex also lays down road safety and environmental demands on road carriers based on a common demand platform produced together with other fashion and sports companies in collaboration with the Swedish National Road Administration.

In recent years Lindex has worked actively to reduce its transport by air. In 2006, five per cent of Lindex products in terms of volume were transported by air and in 2007 three per cent. The combination of air/sea also decreased from four per cent in 2006 to three per cent in 2007.



Carbon dioxide emissions resulting from Lindex freight transport decreased overall by 13 per cent, from approximately 10,000 tonnes (2005/2006) to 8,800 tonnes (2007). Emissions from air transport reduced by 22 per cent.



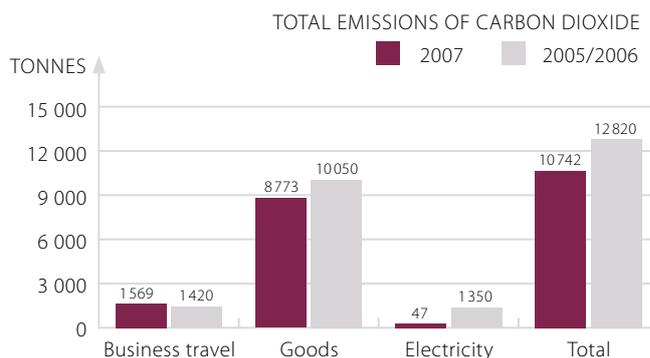
BUSINESS TRAVEL

In total, Lindex emitted almost 1,520 tonnes of carbon dioxide as a result of the company's business travel during 2007, an increase of approximately 6 per cent compared with 2005/2006. Air travel to and from the purchasing countries accounts for 80 per cent of the carbon dioxide emissions deriving from business travel although travel by rail, bus, hire car and private car are also included in the figures. The main reason for the increase in carbon dioxide emissions is the fact that air travel between the Lindex head office and the manufacturing countries has increased and that Lindex has more cars used for transport between offices and stores.

According to the Lindex travel policy, all shorter journeys where the travelling time by rail is less than six hours should be made by rail instead of by air. The company is affiliated to a car pool which offers access to eco-friendly bi-fuel cars. Lindex also uses video and telephone conferences to a greater extent to reduce the amount of business travel. Lindex demands that the environmental load from the company's cars should be as low as possible. Lindex employees are encouraged to choose a company car that is environmentally classified and are offered a sum of money to put towards the purchase if they choose an environmental car or a diesel-powered vehicle with a particle filter.

TOTAL EMISSIONS OF CARBON DIOXIDE

In 2007, Lindex reduced its total emissions of carbon dioxide by 18 per cent compared with the previous year.



ENVIRONMENTALLY ADAPTED PACKAGING

Lindex is endeavouring to reduce the use of packagings and improved recycling of hangers, packagings, decoration materials and other consumables.

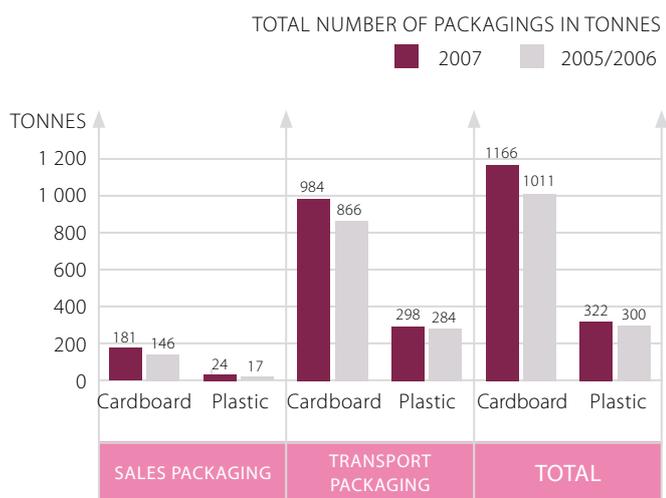
Packagings used to transport, sell and present Lindex products account for a large proportion of the Lindex environmental impact. Lindex selects packaging materials that generate as little environmental load as possible and they make demands on the suppliers' choice of materials. The packagings should affect the environment as little as possible during manufacturing, use and final use/combustion. Avoiding mixed materials as far as possible makes it easier for the customer to sort the packagings. The company complies with the EU packaging directive.

Lindex transport packagings make up the largest proportion of the packagings. In 2007, Lindex used approximately 1,500 tonnes of packaging material. The volume of cardboard/paper increased by 15 per cent and plastic increased by seven per cent compared with the preceding year.

During 2007, Lindex worked with a supplier to develop and test a returnable box made of plastic that will replace the cardboard boxes used in the distribution of goods from the distribution centre to the 350 or so Lindex stores. The box can be folded and has a functional guarantee of 45 cycles. The plastic from boxes no longer fit for use is recyclable. The new box will be introduced at the beginning of 2008 and the aim is that it will reduce the use of cardboard boxes by 70 per cent.

By transferring to thinner plastic in the bags in which the products are packed during transport, Lindex will reduce the total consumption of plastic. The new plastic bags will come into use from 2008.

Lindex is responsible for ensuring that the company's sales and transport packagings are taken care of after the customer has purchased the product by reporting the volume and paying a packaging charge in each sales country.



ENVIRONMENT IN FOCUS IN THE CONSTRUCTION OF A LINDEX DISTRIBUTION CENTRE

At the end of 2007, Lindex opened a new distribution centre outside Gothenburg. Environmental issues were an important consideration during the planning of the building. The heating comes from the municipal district heating facility. District heating is generated using surplus heat or renewable energy sources.

On the roof, solar panels have been installed to supply the kitchen, showers and washbasins with hot water. The energy is sufficient to heat up the water all year round. Walls and ceilings were built using a prefabricated concrete frame known as a sandwich construction. At present, this is by far the most energy-efficient means of construction to achieve as pleasant a temperature as possible in the building, both summer and winter. Effective sealing of the loading gates contributes further to reducing energy consumption.

LINDEX'S NEW SERVER ROOM

In conjunction with the construction of the distribution centre, a new, modern server room was built. Through more effective cooling and fewer servers, Lindex expects to reduce energy consumption by 18,000 kWh per month, resulting in an annual saving of approximately SEK 150,000.

ENVIRONMENTALLY AWARE PRODUCTION

Manufacturing clothes has an impact on the environment in different ways. As Lindex does not own any factories itself, the company makes demands on its suppliers through the Code of Conduct. Through the Code Lindex makes stipulations regarding the handling of waste, water purification and that suppliers comply with the environmental laws in each country. Lindex also requires that all chemicals are handled safely in view of the health of the factory workers and to avoid damaging the environment.

IMPROVED WET PROCESSES PROJECT

Large volumes of chemicals are used to dye, bleach and wash textiles before they are used in the production of garments. Lindex has, however, limited scope for making environmental demands on these processes as they often take place at a sub-supplier with which the company does not have any business links.

According to the environmental requirements laid down in the Code of Conduct, the suppliers must comply with the environmental laws in the country although when it comes to wet processes, Lindex has noted that the country's laws are not always sufficient. Lindex will therefore introduce restrictions on the chemicals that are permitted to be used in the processes. Stricter demands on water purification will also be introduced that go beyond the legislative requirements in many of the countries.

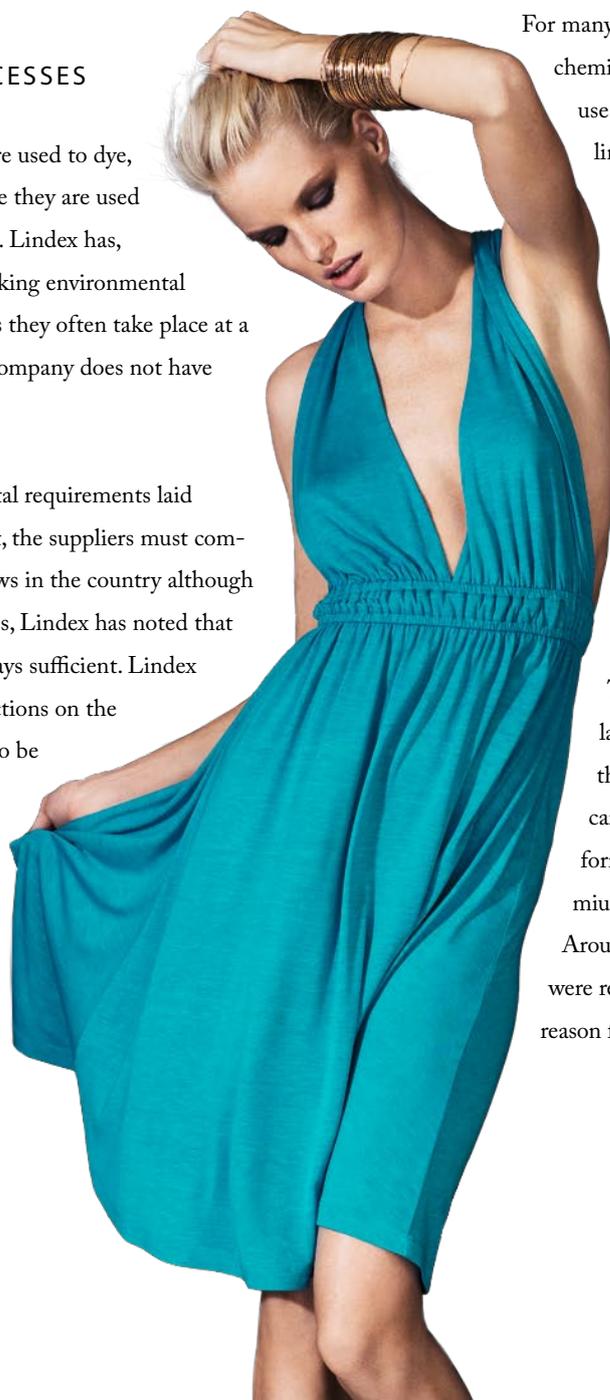
During 2007, Lindex conducted a survey among its suppliers to determine which of them had various wet processes integrated into their operations and where Lindex could thus have the opportunity to exert a direct influence. During 2008, the project will continue with the aid of external experts to produce special demands with regard to the use of chemicals, water purification etc. and to commence implementation of these demands.

CHEMICALS

For many years Lindex has maintained a list of chemicals that are either totally banned from use or only permitted up to certain, safe limits in the production process. The list is updated continuously. The suppliers undertake contractually to observe the company's restrictions. Chemical tests are carried out regularly by independent laboratories to ensure that the suppliers comply with the demands.

CHEMICAL TESTS

During 2007, Lindex carried out 1,192 random, unnotified chemical tests on their products, which was approximately 5 per cent of all orders. The tests are conducted by independent laboratories. The tests mainly focused on the presence of allergenic dispersion dyes, carcinogenic azocolourants, cadmium, formaldehyde, phlatates, hexavalent chromium, pentachlorophenol, and the ph value. Around seven per cent of the products tested were rejected. An incorrect ph value was the reason for the majority of the rejected samples.



In spring 2008, Lindex will increase the number of tests to 10 per cent of orders. In addition, the company will increase checks on the presence of lead in jewellery and the process chemical nonylphenoethoxylate in finished garments.

In September 2007, the Swedish magazine ICA-kuriren discovered the presence of lead in necklaces from Lindex and several others of the company's competitors' products. This led to Lindex withdrawing the necklaces in question and reinforcing checks on lead to ensure that it does not appear in the company's products.

PLAN TO PHASE OUT NONYLPHENOETHOXYLATE

In autumn 2007, the Swedish consumer website testfakta.se discovered NPEO (Nonylphenol) in a child's overall from Lindex. NPEO breaks down rapidly to nonylphenol, which is environmentally hazardous and can harm organisms living in water if it enters lakes and watercourses. Lindex banned the use of this chemical in the production process a long time ago and all the company's suppliers sign an undertaking that they will not use it. Lindex carries out regular tests on garments to check that the chemical is not used. After this incident, Lindex reinforced its chemical testing even further.

During 2008, Lindex will work with suppliers to phase out the use of NPEO completely. Lindex is conducting discussions and training its suppliers, drawing up a time schedule and following up their improvements to ensure that NPEO-free chemicals are used in the production process.

CHEMICAL LEGISLATION REACH

The new EU chemical legislation REACH (Registration, Evaluation, Authorisation of Chemicals) will, among other things, regulate chemical content in goods and therefore also affects Lindex.

Lindex is monitoring the development of REACH and ensures that the company satisfies the demands. Lindex is playing an active part in the collaboration groups to incorporate the stipulations in the directive into the Lindex chemical requirements. REACH seminars for suppliers have been run in collaboration with the laboratories used by Lindex.



ENVIRONMENTAL OBJECTIVES 2007-2009

Every second year Lindex presents concrete environmental objectives.

OBJECTIVES TO BE ACHIEVED THROUGH TO AUGUST 2009	RESPONSIBLE	COMMENT	DEADLINE
ENVIRONMENTALLY FOCUSED PRODUCTION:			
Map Lindex suppliers' environmental impact and introduce chemical restrictions on water purification requirements for those suppliers who have their own wet processes.	P	Project in progress since 2007. During 2008, special requirements regarding the use of chemicals and the purification of waste water will be drawn up and implemented.	Aug-2009
Purchase more than one million ecological garments.	P	Achieved on March 1, 2008.	Aug-2008
SUSTAINABLE TRANSPORT:			
Lindex's total proportion of air freight is subject to a limit of 4%. The proportion of sea/air of the total volume of goods transported is subject to a maximum of 3%.	P	During 2007 we reduced the proportion of air freight to 3% (from 5% in 2006). The proportion of sea/air fell to 3% in 2007 (from 4% in 2006).	Aug-2008
Routines will be introduced for environmental evaluation in conjunction with transport procurement and for the continuous follow-up of transport.	L	Ongoing project.	Aug-2009
Reduce the proportion of business travel by air between Gothenburg and Stockholm and between Stockholm and Oslo by 15%, measured in terms of the number of kilometres, compared with 2005/2006.	GS	During the period September 1, 2006-August 31, 2007, the proportion of air kilometres on these routes fell by 11% compared with 2005/2006.	Aug-2009
Reduce the number of deliveries of parcels to stores by 20%.	M	Ongoing project.	Aug-2009
EFFICIENT ENERGY:			
At the head office, electricity consumption for computers and computer screens will be reduced as well as in the Lindex server room.	IT	Fewer servers and more efficient cooling in the new server room. Environmental training for all employees.	Aug-2009
Reduce electricity consumption by 3% at the Swedish stores.	S	Ongoing project.	Aug-2009
Reduce electricity consumption by 2% at the Finnish stores and maintain the same level as 2006 at the office in Helsinki.	F	Ongoing project.	Aug-2009
Reduce electricity consumption by 5% at the Norwegian stores and by 3% at the Oslo office.	N	Ongoing project.	Aug-2009
REDUCED VOLUME OF WASTE:			
Introduce return packagings for at least 80% of the distribution to stores.	L	Plastic boxes instead of cardboard boxes were introduced for some of the deliveries to stores at the beginning of 2008.	Dec-2009
Reduce paper consumption by 8% at the two Lindex head offices compared with the level of consumption in 2006.	GS	In 2007, paper consumption fell by 10% compared to 2006.	Aug-2009
ENVIRONMENTALLY ADAPTED PACKAGINGS AND PROCUREMENT:			
Introduce routines at the IT department for the regular environment assessment of suppliers and products.	IT	Current project.	Aug-2009
Introduce a routine for procurement involving regular environmental assessment of suppliers and products.	SS	Ongoing project.	Aug-2009
Increase the proportion of eco-friendly materials for printing and packaging for Lindex stores.	M	Ongoing project.	Aug-2009

P=Purchasing, L=Logistics, GS=Group Service, S=Sweden, N=Norway, F=Finland, SS=Shared service, M=Marketing,

Sustainable fashion

ECOLOGICAL RANGE

Since 2007, all departments at Lindex have had a range of ecological products. Between September 2007 and August 2008, Lindex intends to produce one million ecological garments. This target will be achieved.

Ecological cultivation takes place in harmony with nature and no genetically modified plants, chemical insecticides or inorganic fertilisers may be used.

LINDEX LABELLING

All Lindex ecological products have a special label – Ecologic by Lindex. The label contains information about the type of ecological labelling for that particular garment.

Lindex uses two different labels for ecological products, EKO Sustainable Textile and Organic Cotton. Both contain ecological cotton that has inspected and certified by international bodies. The international certification bodies have a system for tracking the cotton throughout the whole process and a certificate is issued guaranteeing that the cotton/processes are ecological.

Organic Cotton – Products labelled Organic Cotton are manufactured from ecological cotton certified by the international certification body Control Union. They check that the growing takes place without the use of chemical insecticides, genetically modified seeds and inorganic fertilisers. Organic Cotton is Lindex own labelling.

EKO Sustainable Textile – Products which are labelled EKO Sustainable Textile contain at least 95 per cent ecological cotton. The remaining five per cent could be other material. Apart from the demand for ecological cotton, EKO-labelling also makes demands on the whole manufacturing process, from cultivation to dyeing and printing. The demands also cover the access. The buttons, for example, are not allowed to be made of plastic. In addition, there are demands regarding the working environment, where forced labour, discrimination and child labour are not permitted. Lindex makes working environment demands on all suppliers. The labelling is administered by Control Union.



RECYCLED TEXTILES

In 2007, Lindex produced a bikini made of recycled material. Using a patented process known as Ecosensor, textile material and PET bottles are transformed into a new polyamide which is suitable for the production of beachwear. By transforming recycled material, the Earth's resources are conserved and environmental impact is reduced. The bikini is available for both women and children and sales will commence at Lindex stores in spring 2008.

THE SUSTAINABLE FASHION ACADEMY

Lindex is one of the initiators of the first training programme in Sweden in sustainable fashion: the Sustainable Fashion Academy. The programme is a platform for Swedish fashion and textile companies seeking to build up socially, environmentally and economically sustainable fashion brands.

The aim is to speed up ecological and ethical development by creating a high-quality programme specialising in sustainable fashion. In time, this will be of benefit to the whole of the Swedish fashion industry. The programme will provide Swedish fashion companies and retailers with inspiration, know-how and tools to be able to put sustainability into practice in their operations.

Apart from Lindex the founders include Fair Unlimited, H&M, the Swedish Society for Nature Conservation, Svensk Form, Svensk Handel Stil, Sveriges Konsumenter, the Swedish School of Textiles in Borås and the Foundation for Design and Sustainable Enterprise.



Employees

The capacity to attract new employees, retain them and contribute to their development is a prerequisite if Lindex is to achieve its vision and objectives. In 2007, the whole of the Lindex Group was involved in producing a new set of company values. The values are a natural part of Lindex and will help the employees to make the right decision every day.

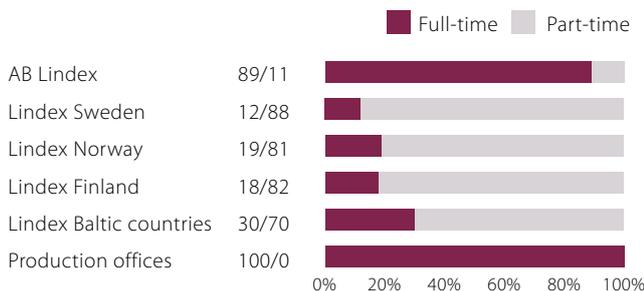
At the end of 2007, the Lindex Group had 4,644 employees. The number of employees calculated on a full-time basis was 2,888 as a large proportion of the employees work part-time.

This can be attributed largely to the fact that the company adapts its work schedules to when customers want to shop. One of the aims at Lindex is that all store employees can work at least 30 hours a week if they wish.

NUMBER OF EMPLOYEES CALCULATED ON AN ANNUAL BASIS 2007



Almost 96 per cent of Lindex employees are women and the average age in the countries in which Lindex operates varies between 29 years and 37 years.



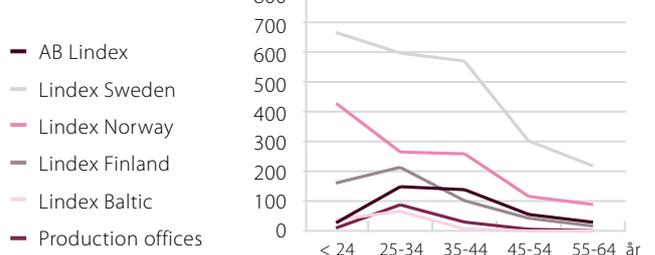
WORKING ENVIRONMENT

The Lindex Working Environment Policy forms the basis for the Lindex working environment programme.

In Sweden, Lindex works according to Systematic Working Environment Management, which means that the working environment should be dealt with as a natural part of day-to-day operations and should also include the psychological and social conditions in the working environment. The concept does not exist in other countries in which the Lindex Group operates although the company's approach to the working environment is the same in all countries.

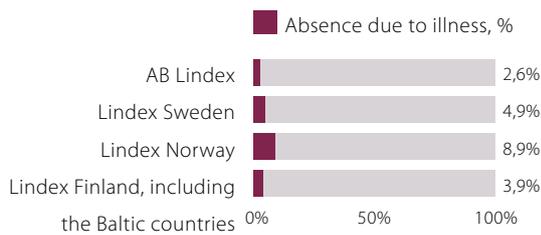
In Sweden, annual inspections are carried out according to Systematic Working Environment Management in consultation with the company's health and safety officers. The inspections take place to ensure that the workplace maintains a good standard in terms of physical and mental working conditions. Based on this, a plan of action is drawn up for points that need to be addressed. Each year, Norway carries out a working environment survey in the form of a questionnaire completed by all employees. Based on this, Human Resources and the regional manager produce a plan of action for each store to create a better working environment and thus reduce absence due to illness. In 2007, an education programme commenced in Sweden under the name Better Working Environment Programme. One person from Lindex travels around to all the stores in Sweden to train the health and safety officers, store managers and trade union representatives in how to improve the working environment. The training programme is expected to be completed in spring 2009.

AGE RANGE



ABSENCE DUE TO ILLNESS AND HEALTH INITIATIVES

Lindex has the long-term objective of achieving an attendance level of 97 per cent.



The subsidiaries work in different ways in each country to reduce absence due to illness. Lindex Sweden, for example, uses rehabilitation discussions. These are held in conjunction with the third period of illness within a six-month period in order to conduct a dialogue at an early stage and thus reduce the risk of long-term absence. In the event of a longer period of absence due to illness, four weeks or more, a rehabilitation inquiry is always conducted.

In order to reduce absence due to illness in Norway, they have worked to offer a health bonus. Part of the savings which Lindex makes by reducing the level of absence due to illness is offered to the employees if they succeed in achieving attendance targets. The trial has proved successful and the stores that were included succeeded in reducing their absence due to illness significantly. Lindex is therefore expanding the system to include more stores during 2008.

Lindex offers all employees in the sales countries a health care grant as part of the effort to promote health. The health care grant is given to all employees regardless of the basis on which they are employed. In addition to the health care grant and agreements with various fitness establishments, there are local activities such as contributing to the entry fee for different runs.

MANAGEMENT AND EMPLOYEE DEVELOPMENT A PRIORITISED AREA

Lindex Academy is the collective name for various continuing professional development initiatives for Lindex Group employees. These programmes are aimed in particular at managers and key persons in order to create greater understanding, commitment and knowledge of different areas which are important in the development of Lindex. During the first part of 2007, the Lindex Academy focused on the Lindex purchasing department and production offices. Around 200 people who work with Lindex fashion and products at the purchasing department and at the Lindex production offices took part in the programme.

During the latter half of 2007 and continuing into 2008, the whole of the Lindex organisation was involved in the Lindex Academy. It was then that the company began working on developing Lindex's values. A new strategic platform, with a new vision, business concept and strategies, required new values. The aim was to create commitment and interest in these key strategic points within the company and in doing so induce the employees to live according to the Lindex values. This work will continue during 2008.

In-house training programmes are run continuously, such as the Lindex environment and Code of Conduct training programmes in which everyone in the organisation takes part. All new employees attend the programme. Programmes such as safety and fire courses and computer courses were also run during the year.

CO-OPERATION WITH THE TRADE UNIONS

Lindex co-operates well with the trade unions in its sales countries. The company has regular meetings with the trade unions. There is little involvement by the trade unions in the Baltic countries.

The trade union representatives from Lindex Sweden, Norway and Finland meet twice a year at an EWC council. At workplaces that have operations in several European countries with more than 1,000 employees such a council can be set up on the initiative of the employees. The council discusses matters such as working environment, human resources, values and insurance agreements. Lindex employees in the Baltic countries have this type of dialogue covering the same areas but within the framework of working councils, which Stockmann arranges twice a year.

In some of the countries in which the company operates the trade unions are banned by law. It is therefore impossible to encourage the employees to join a trade union. In those cases Lindex tries to find other ways to exercise co-determination.

At all the company's purchasing offices discussions take place on terms and conditions of employment, benefits, policies, leadership issues and the company's values in relation to the employees.

Lindex had no disputes with the trade unions in 2007.

EQUALITY AND DIVERSITY

Lindex has approximately 96 per cent women and 4 per cent men working in the company. This uneven distribution can be explained largely by the fact that the company's operations are directed at women. Lindex has the long-term objective of achieving a more even gender distribution but because of the company's operations it will be difficult to achieve an even gender distribution in the stores and in the purchasing department.

Regardless of gender, ethnic affiliation, sexual disposition or functional impairment, all employees at Lindex should have equal rights, obligations and opportunities.

Lindex Sweden and AB Lindex have an Ethics Committee comprising representatives from the company and the trade unions. They produce a diversity and equality plan which is revised each year based on established objectives. This is reported to the Equality Ombudsman and the Discrimination Ombudsman.

At Lindex all employees should acquaint themselves with the company's guidelines and values at the time they are employed and through the company's intranet.



Risk analysis

Lindex risks becoming involved in violations of human rights, particularly in conjunction with the manufacturing of the company's products.

The Amnesty Business Group has identified the following risks within the textile industry and which Lindex has also identified in its operations.

PRESSURE ON PRICES AND SHORTER LEAD TIMES

International trade in textiles has moved more and more towards a model based on pressure on prices and the demand for rapid, flexible delivery. Switching manufacturing location to reduce production costs can also take place. This could ultimately lead to a risk that the conditions for those working at the factories could be worsened.

LONG WORKING HOURS

There is a risk that the working hours in textile factories can be very long. There is also a risk that the workers are forced to work overtime so that the factory owners can meet the deadlines for orders.

LOW SALARIES

There is a risk that the employees at the factories are forced to work for salaries that are below the statutory minimum wage for that country, that payment for overtime is not correct and that wages are not paid at the right time. There is also a risk that the statutory minimum wage is insufficient for a person to live on.

POOR WORKING ENVIRONMENT

In the factories there is a risk that the working environment is extremely substandard with, for example, poor lighting, poor ventilation, a lack of safety equipment and blocked emergency exits.

INSUFFICIENT JOB SECURITY AND DISCRIMINATION

In the manufacturing countries it is common that the workers have uncertain conditions of employment or work completely outside the formal labour market, which leads to a risk that they are not entitled to sickness benefit, a pension or other benefits.

SEXUAL HARASSMENT

In the manufacturing countries the majority of textile workers are young women whilst the managers and foremen are often men. There is therefore a risk of sexual harassment, humiliation and other forms of abuse.

EXPORT PROCESSING ZONES

According to the Amnesty Business Group violations of the workers' rights are particularly common in what are known as export processing zones (EPZ). In these zones, which are to be found mainly in Asia but also in Central America and South America, Eastern Europe and the USA, the laws that apply are often different from the national laws.

RESTRICTED RIGHT TO TRADE UNION MEMBERSHIP

There is a tangible risk of abuse of the right to become a member of the trade union. In China it is forbidden to form a trade union and only trade unions controlled by the State are permitted. In countries where by law it is permitted to form a trade union, in India for example, employers actively counteract trade unions. At the same time, the employees in many cases do not have time to run a trade union. In Bangladesh, for example, the right to set up a trade union requires that a certain number of employees are willing to play an active role in running the union.

ENVIRONMENTAL DAMAGE

The manufacturing of Lindex products entails a risk of environmental damage which could also lead to violation. Examples quoted by the Amnesty Business Group are emissions from dyeing processes that lead to the nearby villages and water-courses being destroyed, which could in turn entail violation of ethnic minorities or that environmental activists are persecuted. Lindex mainly sees the risk that emissions could destroy water-courses and land belonging to villages located near the factories.

IN ADDITION, LINDEX HAS IDENTIFIED THE FOLLOWING RISKS:

TOO MUCH TRUST IN THE CODE OF CONDUCT AND PRODUCTION OFFICES

Codes of conduct and auditors do not automatically produce improvements. There is a risk that employees at Lindex believe that the problem is solved by the company carrying out this work and failing to look at their own work, which is necessary to ensure that the company does not violate human rights.

CHEMICALS

In the manufacturing process there are risks involved in the handling of chemicals. Preparation could involve handling

toxic substances. There is a risk that the textile workers handle hazardous chemicals without suitable safety equipment.

NUMBER OF SUPPLIERS AND DISTANCES

Many suppliers are located far away from the company's head office and this makes the monitoring of terms and conditions of employment and the working environment more difficult.

CHILD LABOUR

In many of the countries in which Lindex products are manufactured, child labour is common and there is a risk of under-age workers in the factories used by Lindex. With the increasing shortage of labour in China, Lindex can foresee a greater risk that suppliers will allow children to begin working a few months before they have reached the statutory minimum age.

FORCED LABOUR

There is a risk that the workers in the factories are forced to work there. Apart from the fact that they are in purely physical terms locked in, forced labour also means that the workers are forced to work for a certain period of time before being paid, they are forced to work overtime before they are allowed to leave the factory and identification documents are taken off the workers and stored separately by the management.



RISKS AND MEASUREMENTS

RISKS	COUNTRY	MEASURES
Pressure on prices and shorter lead times	All manufacturing countries	<ul style="list-style-type: none"> • Before an order is placed an assessment is made of the factory's production capacity. • Endeavour to build up long-term relations with the suppliers. • Increased responsibility given to the production offices.
Long working hours	All manufacturing countries	<ul style="list-style-type: none"> • The Code of Conduct includes stipulations regarding working hours which are followed up during audits. • Make an assessment of the production capacity. • Spread orders over a period of time. • Place orders during the off-season.
Low wages	All manufacturing countries	<ul style="list-style-type: none"> • The Code of Conduct stipulates the minimum wage which is followed up during audits. • Lindex auditors in each country work using the country's/region's calculations to determine a living wage. • In those cases where the statutory minimum wage does not cover living costs, the suppliers are encouraged to make further payment.
Poor working environment	All manufacturing countries	<ul style="list-style-type: none"> • The Code of Conduct lays down demands which are followed up during the audits.
Insufficient job security and discrimination	All manufacturing countries	<ul style="list-style-type: none"> • The Code of Conduct lays down demands which are followed up during the audits.
Sexual harassment	All manufacturing countries	<ul style="list-style-type: none"> • Questions in conjunction personal interviews during the audits. • Produce a plan of action to combat sexual harassment.
Export processing zones	China, Turkey and Bangladesh but could also occur in other countries.	<ul style="list-style-type: none"> • The Code of Conduct lays down demands which are followed up during the audits. • Knowledge that the Code of Conduct and the audits will become even more important as the laws and state supervision are virtually non-existent in the export processing zones. • Demand the same insight as in other factories, otherwise no co-operation.
Reduced right to trade union membership	Mainly China although there is also a risk in all manufacturing countries.	<ul style="list-style-type: none"> • The Code of Conduct lays down demands which are followed up during the audits. • In the absence of trade unions, a Workers' Committee is required, where the workers meet the factory management and can discuss problems and negotiate wages.
Environmental damage	All manufacturing countries	<ul style="list-style-type: none"> • The Code of Conduct lays down demands which are followed up during the audits. • A chemical stop list. • A project aimed at carrying out audits and producing a plan for improvement in wet processes in the factories. • Increase production of ecological products.
Water scarcity	All manufacturing countries	<ul style="list-style-type: none"> • A project aimed at carrying out audits and producing a plan for improvement in wet processes in the factories
Too much trust in the Code of Conduct and production offices	All manufacturing countries plus head office	<ul style="list-style-type: none"> • An internal organisation works actively, not only on audits but also through dialogue, training, seminars and workshops to increase the suppliers' awareness and know-how. • Training for all employees in the Group. • Directed meetings for the purchasing organisation • Training for all managers at the head office during 2008.
Working environment and chemicals	All manufacturing countries	<ul style="list-style-type: none"> • The Code of Conduct lays down demands which are followed up during the audits. • Training and dialogue at the factories through the audits. • Chemical stop list. • Projects aimed at auditing and producing an improvement plan for wet processes at the factories. • Increased production of ecological products.
Number of suppliers and distance	All manufacturing countries	<ul style="list-style-type: none"> • The aim is to reduce the number of suppliers. • All production offices on all major purchasing markets. • Increased responsibility for the production offices.
Child labour	All manufacturing countries Particular attention in China.	<ul style="list-style-type: none"> • The Code of Conduct lays down demands which are followed up during the audits. • Child Labour action plan. • Particular attention in conjunction with the audits in China and more information to the suppliers to emphasise the importance of having no under-age workers.

Key areas and guidelines governing Lindex environmental and Code of Conduct work

COMPLIANCE WITH THE CODE OF CONDUCT

- Lindex will work actively to achieve complete compliance with the BSCI Code at all the suppliers and sub-suppliers that work on the assembly level.
- Lindex will actively support and encourage the suppliers/factories to assume greater responsibility in their endeavour to achieve long-term sustainable compliance with the BSCI Code.

BUSINESS ACUMEN

- The Code of Conduct should be fully integrated into Lindex business operations.

SUSTAINABLE TRANSPORT

- Lindex is endeavouring to reduce the environmental load arising from its freight transport by making demands on the carriers/forwarders and by making a conscious choice of mode of transport.
- Lindex is endeavouring to reduce the environmental load arising from its business travel by making a conscious choice of mode of transport.

EFFICIENT ENERGY

- The electricity which Lindex uses in stores and offices should as far as possible derive from renewable energy sources.
- Lindex is working actively to reduce its electricity consumption.

ENVIRONMENTALLY AWARE PRODUCTION

- Lindex suppliers must follow the environmental demands stated in the BSCI Code of Conduct and inspections must be carried out regularly.
- Lindex must support and encourage concrete environmental projects at the suppliers in the manufacturing countries.
- Lindex suppliers must comply with chemical restrictions stated in the Lindex stop list and chemical inspections of the company's products must be made regularly.
- Lindex must offer its customers environmentally labelled products.

REDUCED VOLUME OF WASTE

- Lindex is working actively to reduce the volume of waste from stores, warehouses and offices by means of reuse and sorting, based on local conditions.

ENVIRONMENTALLY ADAPTED PACKAGINGS AND PROCUREMENT

- The packagings and labels used for Lindex products should be produced according to the requirements stated in the company's Packaging Policy.
- In conjunction with the procurement of indirect materials (such as IT products, interior fittings, consumables and printing services) an environmental assessment of the suppliers must be made.

EMPLOYEES' RESPONSIBILITY

- All Lindex employees should have a high degree of awareness regarding the environment and code work taking place at Lindex.
- Lindex employees should receive information on an ongoing basis along with relevant training in the environment and code work at Lindex.

DIALOGUE WITH ASSOCIATED PARTIES AND COMMUNICATION

- Lindex takes part in external fora and networks to exchange relevant information about the work related to the environment and the Code of Conduct.
- Lindex co-operates with organisations, public authorities, associated parties and companies in an endeavour to maintain human rights and to work for a sustainable environment (within the framework of the Lindex Code of Conduct).
- Lindex should publish both in-house and external reports dealing with work related to the environment and sustainability.
- In each key area objectives are set each year. These are followed up on an ongoing basis by each production office and checked with those responsible at the Lindex head office.
- Work on the Code of Conduct is also part of the overall supplier evaluation made once or twice a year at the Lindex head office.

About the report

The Lindex Group's CSR report covers aspects related to the environment, working environment, ethics and human rights. Lindex's CSR Report is published annually in May at the company's web page www.lindex.com/csr. Previous years' environmental and sustainability reports are also available on this website. The last report was published in August 2007 and referred to the financial year 2005/2006. Due to the fact that Lindex in December 2007 has changed its financial year, from September 1 to August 31 to follow the calendar year, the Company also changed its CSR reporting to follow calendar year. Unless stated otherwise, the data presented refers to calendar year 2007.

The report is based on the applicable parts of the GRI (Global Reporting Initiative) Guidelines for sustainability reporting, version G3.

The information and key figures included in this report have been selected based on GRI's Core Indicators and with guidance from GRI's principles on definition of report content. The focus of the report has been on the indicators that represent the significant environmental and sustainability aspects of Lindex's operations. The report also mentions events that have affected Lindex during the year and activities

that employees are proud of. The design of the report has taken into consideration the opinions presented by the stakeholders who monitor the progress of Lindex's sustainability activities.

Lindex views these opinions as valuable contributions to the continuous development of this report.

During the year Lindex began improving its IT tools for compiling data for the report. This work will continue during 2008. Data is unavailable for certain ratios for some regions. Work is in progress to ensure that all regions measure and report data in the same way in order to ensure the quality of reporting in future periods.

It is Lindex aim to continue to develop the report in line with Global Reporting Initiative's guidelines and the UN Global Compact.

Lindex's Corporate Responsibility Report meets the requirements for GRI application level C. The report has not been third party reviewed.

The Corporate Responsibility Report covers activities that have a significant impact from a sustainability perspective. This includes activities at offices and in stores throughout the whole Lindex Group. Operations outside Lindex's control, such as those of suppliers, are not included.



GRI INDEX - GLOBAL REPORTING INITIATIVE

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2.2 Primary brand, products and/or services	AR; CSR; WS	Inside front cover; 3; WS
2.3 Operational structure of the organisation	CSR	5
2.4 Location of organisation's headquarters	AR; CSR; WS	Inside front cover; 3; WS
2.5 Number of countries where the organisation operates	AR; CSR; WS	9-10; 3; WS
2.6 Nature of ownership and legal form	CSR; WS	3; WS
2.7 Markets served	AR; CSR; WS	9-10; 3; WS
2.8 Scale of reporting organisation	AR	Inside front cover, 1, 5-7, 9-10, 14-19
2.9 Significant changes in size, structure and ownership	AR	3
2.10 Awards received during the reporting period	CSR	10
REPORT PROFILE		
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3.2 Date of most recent report	CSR	35
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3.6 Boundary of the report	CSR	35
3.7 State any specific limitations on the scope or boundary of the report	CSR	35
3.8 Basis for reporting on joint venture, subsidiaries, leased facilities	CSR	35
3.10 Explanation of the effect of any re-statements	CSR	35
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EN16 Total direct and indirect greenhouse gas emissions by weight	CSR	21
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HR6 Child labour - Operations identified as having a significant risk of incidents of child labor and actions taken	CSR	15, 32-33
HR7 Forced labour - Operations identified as having significant risk of incidents of forced labour and actions taken	CSR	32, 33
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SOCIETY		
SO4 Actions taken in response to incidents of corruption	CSR	6
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PR2 Total number of incidents of non-compliance	CSR	24
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EC1 Direct economic value and distributed	AR	21-22, 36, 40-41

AR = Annual Report 06/07, AR Stockmann = Annual Report Stockmann 2007, CSR = Corporate Social Responsibility Report 2007, WS = Website

