

CSR REPORT

2008



LINDEX®



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.



CONTENTS

3	STATEMENT BY THE CEO
4	THIS IS LINDEX
5	CSR WORK AT LINDEX
8	SOCIAL COMMITMENT
10	AN ATTRACTIVE EMPLOYER
11	OUR PRODUCTS
12	SUSTAINABLE FASHION
14	SOCIAL RESPONSIBILITY IN PRODUCTION
22	ENVIRONMENT
28	RISK ANALYSIS
30	ETHICS
30	FINANCIAL VALUE
30	GRI TABLE
32	KEY AREAS AND GUIDELINES

Statement by the CEO

By nature, the fashion industry is in many respects contradictory to the concept of sustainability. It is therefore more important than ever that as an individual fashion company we assume responsibility for the world in which we live and that we contribute by making our part of the industry as sustainable as possible. Our greatest responsibility at present is to the environment and to stipulate how our products are manufactured.

The Lindex sustainability programme is founded on long-term visions which we have broken down into more short-term objectives in order to ensure ongoing improvement. We can see over time that we have succeeded in forcing down the company's carbon dioxide emissions. This has been achieved mainly through more sustainable transport of goods by using better logistics solutions and through a substantial reduction in air transport. Electricity use in the stores has also been reduced and is something we have worked on a great deal.

During the year we ran a major water project in Bangladesh, China and Turkey, where we reviewed and worked to reduce the environmental impact at all suppliers

that have wet processes. Addressing the water issue in many of the countries in which Lindex products are manufactured is one of the most important issues for the future and is not something that Lindex can solve alone. However, I am extremely proud that through our project, which will continue during 2009, we can be involved and make a contribution.

Even if we have achieved our objectives with regard to controls and levels at the suppliers it is at our suppliers that the challenge lies in the future. In the short term, the demands that we can make on the suppliers could appear costly. However, we know that through measures such as good working hours, safer machines and better lighting, productivity at the factories can be improved, thus also generating financial benefits for the supplier. The test lies in communicating this to the suppliers, which is crucial to how we succeed in improving the working environment at the suppliers even further.

Lindex has opted to focus on one or a small number of core sustainability issues each year, as we realise this is how we can achieve the best results. For 2009,



the focus will be on reducing the environmental impact of our store fittings. This applies to everything from the choice of materials to the mode of transport. Lindex is currently undergoing major expansion and it is particularly important to examine how we can build new stores that have the least possible impact on the environment.

We also want to help our customers to assume responsibility for the environment in the way they handle our products – washing and recycling for example. We know this is an area in which there is considerable potential to reduce environmental impact and this can be achieved by providing information at the stores, on the garments and on the internet.

The basis for the Lindex CSR programme is the UN corporate initiative Global Compact, which lays down 10 principles for responsible enterprise. These principles permeate the whole company. In the fashion industry it is very easy to look at temporary trends. However, working sustainably and with concern for the world around us is the only way forward in the long term and for us at Lindex this is always the height of fashion.

Lindex employees are very committed to these issues and want to assume responsibility. This is something for which I am extremely grateful. Respect for our products, for our environment and for those who manufacture the garments continues to be the cornerstone of our CSR work. I hope that by openly reporting our work through the CSR Report we can maintain a dialogue with all our interested parties on how we can continue to work best to achieve our objectives.

Gothenburg, April 2009

Göran Bille, CEO

Milestones in Lindex's CSR work

- 1993** Ban on child labour. The first Lindex purchasing office is opened and audits are introduced.
- 1995** 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.
- 2003** 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.
- 2007** Sale of products made of organic cotton commences. The first CSR Report is published.
- 2008** Lindex becomes a member of Better Cotton Initiative and Organic Exchange.



This is Lindex

The Lindex business concept is to offer inspiring, affordable fashion. Lindex assumes responsibility for how the company's operations affect human beings and the environment. Production of the company's products should take place under good working conditions and the customers should be satisfied with Lindex as a company. Assuming responsibility for how people and the environment are affected is an important prerequisite if Lindex is to grow and at the same time maintain a good level of profitability.

With over 360 stores in Sweden, Norway, Finland, the Baltic countries, the Czech Republic, Russia and the Middle East, Lindex is one of the leading fashion chains in northern Europe. The range covers several different concepts within women's fashion, lingerie, children's wear and cosmetics, which are sold through the company's stores and on the Internet in Sweden.

Lindex was founded in 1954 and the head office is located in Gothenburg, Sweden. Lindex has production offices in China, India, Hong Kong, Bangladesh, Pakistan and Turkey. The company does not own its own production facilities and instead cooperates with around 200 different suppliers, mainly in Asia. Lindex estimates that a total of 130,000 people are involved in the production of the company's garments.

Owner

AB Lindex is wholly owned by the Finnish retailing company Stockmann, which is listed on the Finnish OMX Stock Exchange. The Company runs four business units in the retailing sector: the Stockmann department store group, the fashion chains Lindex and Seppälä and the mail-order company Hobby Hall. The company was founded in 1862 and currently has over 15,000 employees. The Group's sales in 2008 totalled €2.3 billion. For further financial information about Lindex and Stockmann, see www.stockmann.com.

Key events in 2008

- Lindex opened stores on two new markets: Russia and the Middle East. A total of 19 new stores were opened.
- Lindex sold over one million garments made of organic cotton.
- Successful co-operation with the Swedish organisation Kvinna till Kvinna and support from Lindex in the fight against trafficking.
- The head of Human Resources at Lindex was voted Human Resources Manager of the Year.
- Lindex's own environmentally constructed distribution centre became fully operational. In 2008, the introduction of a new type of recyclable packaging made of plastic meant that the volume of cardboard boxes could be reduced by more than 50 per cent.
- Over 360 Lindex stores introduced plastic bags for customers made from recycled material.
- Lindex became a member of the Better Cotton Initiative in order to work to bring about improved and more sustainable growing of cotton.

Lindex key figures 2008

• Turnover	540 million €
• Gross margin	64 per cent
• Profit after tax	23 million €

CSR work at Lindex

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. There is a strong link between the clothing industry and economic development in poor countries. Lindex products are manufactured mainly in Asia, where the clothing industry has provided work and thus a higher standard of living for many people, particularly women. Even if considerable progress has been made in terms of improved working conditions in the manufacturing countries a great deal remains to be done and this requires mutual co-operation with suppliers to improve working conditions.

Working with sustainable development is a prerequisite for the long-term development of Lindex and Corporate Social Responsibility (CSR) work is an integral part of the company's operations and day-to-day activities. Apart from improved working conditions at the suppliers, CSR work at Lindex also involves occupational health and safety work within the organisation, environmental work, ethical issues and the approach to human rights.

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 purchasing development manager. The committee is responsible for running CSR work on a strategic level whilst on the operative level responsibility 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 Social Compliance Manager who is responsible for developing, implementing and running activities at Lindex related to the Code of Conduct. The co-ordinator is assisted by seven full-time CSR-auditors, based at the Lindex production offices in China, India, Bangladesh and Turkey.

On the group level, Lindex has an Environmental Manager who through a network of co-workers within the group is responsible for developing and pursuing environmental work. A number of Lindex departments have appointed environmental officers. On the store level, the store managers also act as regional environmental co-ordinators.

The Lindex Head of Security is responsible for developing, implementing and pursuing work at Lindex related to ethics.

Leadership and employee matters are dealt with on a group level by the company's Human Resources Department.



Control of Lindex CSR work

The basis for Lindex CSR work is the UN corporate initiative Global Compact, which aims to promote responsible enterprise throughout the world. By supporting Global

Compact Lindex undertakes to realise and integrate the following ten principles into day-to-day operations. For each of the ten principles laid down in Global Compact for

human rights, labour standards, environment and counteracting corruption, Lindex has policies or guidelines for how these should be integrated into day-to-day operations.

Global Compact's ten principles for good CSR work

By supporting Global Compact Lindex has undertaken to:	Read more on page:
Human rights	
1. Support and respect the protection of internationally proclaimed human rights where Lindex can exert an influence.	14
2. Ensure that we are not complicit in human rights abuses.	14
Labour standards	
3. Uphold the freedom of association and the effective recognition of the right to collective bargaining.	10, 14, 18
4. Eliminate all forms of forced and compulsory labour.	14, 18
5. Abolish child labour.	14, 17
6. Eliminate discrimination in respect of employment and occupation.	14, 18
Environment	
7. Support the precautionary approach to environmental challenges.	22, 25
8. Undertake initiatives to promote greater environmental responsibility.	24, 26
9. Encourage the development and diffusion of environmentally friendly technologies.	22-25
Anti-Corruption	
10. Actively combat corruption in all its forms, including extortion and bribery.	30

Lindex must also disseminate its principles and thus become involved with and encourage other companies to support 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.



The Report

This is the third year Lindex has published a CSR Report. It mainly comprises aspects dealing with the environment, ethics, social responsibility among suppliers and human rights. The data presented refers to the 2008 calendar year unless stated otherwise. The Report covers the operations that have had a material impact from a sustainability point of view. The Report is published annually in the spring on the company's website www.lindex.com. You can also find reports from past years. The previous report was published in May 2008.

The Report is based on applicable parts of the Global Reporting Initiative (GRI) version G3 guidelines for CSR reporting.

Information on key figures presented in the Report have been selected using the GRI core indicators as a starting point and using the GRI principles for defining report content as guidance. The selection was made based on the impact of operations from a sustainability point of view and their impact on human beings and the environment. The Report also includes events that have affected Lindex during the year and activities that are a source of pride among Lindex employees. When selecting the content, account has also been taken of wishes and views presented by interested parties who follow the advancement of the sustainability programme at Lindex. Lindex regards these views as a valuable

contribution to the ongoing development of this report.

For certain key environmental figures, data is missing for a number of regions. Work is in progress to ensure that all regions measure and report data consistently. Key figures relating to the work done at Lindex on the Code of Conduct are based on an internal follow-up system and the results have not been assured with the aid of IT. It is Lindex's aim to continue to develop the Report in line with the guidelines laid down by Global Reporting Initiative and the UN Global Compact. Lindex's CSR report satisfies level C reporting stipulations according to the GRI rules. No third-party examination has been made.

Co-operation & communication with associated parties

As with other international companies, Lindex has both internal and external associated parties, all of which have expectations and demand that the company acknowledges its responsibility and actively pursues its 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, NGOs, the media and students.

Lindex reports CSR results to the company's associated parties through various 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 CSR work forward. In Turkey, Bangladesh and India, 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 collaborate 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, in order to examine issues related to the country's labour laws and the working environment and in doing so to promote development.

During the year Lindex has among

others conducted an active dialogue with the organisations Rena Kläder, Amnesty and PETA. Together with the organisations, Lindex has discussed ways in which the company can improve in terms of responsibility and also what the organisations would like Lindex to report and communicate and in what way.

Questionnaires from students, authorities and NGOs provide valuable feedback on the Lindex CSR work.

Assessments and nominations

In 2008, the head of Human Resources at Lindex was voted Human Resource Manager of the Year. Each year the Swedish HR Association and the magazine Chef present an award to the best managers in different categories.

In a Norwegian poll dealing with ethics in the clothing and textile industry, Lindex received top marks. The poll, conducted by the Forum for Environment and Development, is based on interviews with 18 chains and 17 brands and covers environmental toxins, child labour and working conditions. Read more about the survey at www.forumfor.no.

In 2008, Lindex was nominated for the Globe Award. This award is presented to Swedish companies and organisations that have made most progress in integrating Corporate Social Responsibility into their operations.



Social commitment

Lindex seeks to contribute positively to the countries and communities in which the company conducts its operations and it is therefore involved in a whole range of different social and environmentally oriented activities on the international, national and local level. Through co-operation with carefully selected partners, Lindex supports projects aimed at reinforcing groups in society that are at risk, primarily women and children. In 2008, Lindex donated SEK 2.3 million, approximately 1 per cent of the company's profit, to various charitable projects.

Kvinna till Kvinna (Woman to Woman)

During 2008, Lindex began co-operating with the Swedish organisation *Kvinna till Kvinna*. Together with local women's organisations in countries affected by conflict, *Kvinna till Kvinna* helps women to become instrumental instead of victims.

The organisation helps women in both legal terms and mentally. They reinforce and educate female politicians, they counteract violence against women and human trafficking, they work to influence legislation and they train police officers. They inform women and men about the human rights of women. They work with women's health and highlight their sexual and reproductive rights.

Lindex supports the organisation on a long-term basis, not only financially but also by helping them to attract attention and to support them in their fund-raising.

Together with *Kvinna till Kvinna*, Lindex started a campaign in 2008 to combat human trafficking. *Kvinna till Kvinna* has worked for a long time with several local organisations in countries where the risk of recruitment is particularly high. One of the organisations is Democracy Today in Armenia. Democracy Today helps those who have fallen victim to sex trafficking but also works to prevent recruitment.

With support from Lindex a new project for young women commenced in Armenia in autumn 2008. They are offered practical, creative work which has definitely changed their lives. A small sewing workshop was started and the women have learnt simple design and sewing. The women also have the opportunity to learn how to market and sell

the products. The women who started up this work are now passing on their skills and know-how to other women.

The project has changed the lives of these women. In the long term it creates work and opportunities for many more. The women are also role models and demonstrate that there are opportunities available in the country. It is common for women who have fallen victim of trafficking not to receive any support when they return to their home country. The danger then is that they fall victim to criminal gangs and are forced back into the sex trade as they do not have any other means of survival. The project thus works to prevent both new recruitment and re-recruitment.

The first course in Armenia will continue through to the end of March 2009 although the women will receive continued support and assistance over a long period through Democracy Today. Lindex will continue to support the organisation and during spring 2009 new women will commence training.

Pink Ribbon

Lindex is one of the main sponsors of the Swedish Cancer Society Pink Ribbon campaign to combat breast cancer. Lindex has been involved in the campaign ever since the start in 2003 and together with its customers the company has raised and donated SEK 18 million.

In 2008 Lindex encouraged its fashion interested customers to design a t-shirt. The five winning entries were sold in stores during October and 20 per cent of sales price was donated to the Pink Ribbon campaign. Lindex has also sold pink ribbons, donating SEK 1 for each bra sold during October and SEK 10 for each bra sold on Pink Saturday, October 25, 2008. All Lindex stores in Sweden, Norway, Finland, the Baltic countries and the Czech Republic were involved in the fundraising. Lindex and the company's customers raised a total of SEK 4.6 million during the year.

The aim of Pink Ribbon is to increase awareness of breast cancer and to raise money for research. Some of the money also goes to the Swedish Breast Cancer Association, which works to support those who are affected and their relatives.



The picture was taken in the Bihar area in India, which was struck by floods in 2008 and where Lindex provided disaster aid. Photo copyright: Oxfam.

Round Up

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

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. Lindex has been involved in supporting Handslaget since 2007.

Lifeleader Academy

During the year Lindex began sponsoring Lifeleader Academy, a career and leadership programme for young women aged 16-25. The aim of the programme is to provide the young women with the correct know-how and the self-confidence they need to become the leaders and managers of the future.

Lindex is the main financial sponsor and also supports the programme through its participation in a mentorship programme where Lindex employees coach the young

women as part of their career development. Twelve Lindex store managers are involved in the one-year mentorship programme, where they support the participants from the 2009 Lifeleader Academy residential summer programme and contribute with their knowledge. Lindex hopes that this will contribute to Swedish industry having more female managers and leaders.

Lindex throughout the world

Lindex production offices throughout the world are involved in different projects aimed at improving living conditions, particularly for women and children. The following are a number of the organisations to which the company has donated money or gifts during 2008.

India

Lindex helps different organisations by donating surplus garments, textiles and financial aid. The help is mainly for women and children in poor areas. Oxfam, Child Rights & You and Helpage India are just some of the organisations that Lindex has helped during 2008.

Bangladesh

In 2008, the production office in Bangladesh donated over 16,000 garments to be sold

and where the proceeds went to School of Hope, the Gulsham Literacy Programme, the ABC School and Save the Children Sweden. The picture is from the School of Hope, taken at the annual celebrations with dancing, theatre, singing and poetry.

Turkey

For several years the Lindex production office in Turkey has regularly donated surplus clothes to the charitable association Deniz Feneri. Lindex in Turkey also gives away clothes to a home for children aged 0-16 years.

China

For many years Lindex has supported poor children in China with their schooling through the organisation to Shanghai Rise. In 2008, ten students could complete their studies thanks to financial support from the Lindex production office in Shanghai.

Red Cross Society of China

Following the major earthquake in Sichuan in May 2008, Lindex employees began fundraising among the company's employees and together with Lindex they donated SEK 120,000 to the Red Cross Society of China to support those who were affected.



KVINNA TILL KVINNA



An attractive employer

Lindex employees are an important success factor for the company. The capacity to attract new employees, to retain those employees and to contribute to their development is vital if the company is to achieve its vision and objectives.

At the end of 2008, the Lindex Group had 4,734 employees. A large proportion of the employees work part-time and the number calculated on a full-time basis was 2,699.

Lindex employees reflect to a large extent the Company's target group: 96.4 per cent are women and the average age is 32. Lindex's long-term objective is to achieve a more even gender distribution although the nature of the Company's operations makes it difficult to achieve an even gender distribution in the stores and at the purchasing department.

All employees at Lindex, regardless of gender, ethnic affiliation, sexual disposition, disability, age or cross-gender identity shall have equal rights, obligations and opportunities. To ensure this, Lindex has an equality and diversity plan in place which is revised every three years.

Health and fitness

Lindex has the long-term objective of achieving an attendance level of 97 per cent. Lindex offers all employees in the sales countries an allowance for health and fitness activities as a means of promoting good health.

Competence development and more distinct leadership

Lindex Academy is the collective name for various continuing professional development initiatives within Lindex. The course programmes at Lindex Academy will create greater understanding, commitment and know-how, which is vital to the development of Lindex. To launch and establish the new Lindex values that have been formulated, the Lindex Academy Values programme was run during the year. Important initiatives were also taken to improve leadership. During the year Lindex adopted a new view of leadership. All persons in managerial and supervisory positions will work to promote visible leadership that will highlight each person's responsibility and authority. The idea is to create a 'feedback culture' within the company in order to promote openness and to help each other to develop.

Lindex encourages in-house recruitment

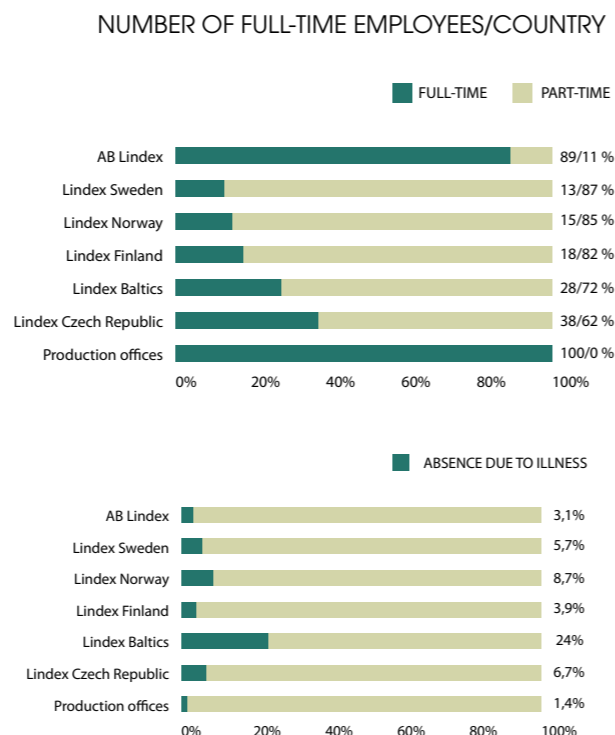
and job rotation at the workplace. Vacant positions are advertised on the company's intranet. When Lindex opened its first store in Russia in autumn 2008, employees from the company's stores in the Baltic countries, Finland, Norway and Sweden were there to help and ensure that the opening was as successful as possible.

All Lindex employees will attend the company's CSR training.

Co-operation with the trade unions

Lindex has very good co-operation with the trade unions in its sales countries. In Sweden, Norway and Finland representatives gather at an EWC meeting twice a year. The meetings provide an opportunity to discuss matters such as occupational health and safety, human resource issues and values. Trade union issues in the Baltic countries are dealt with through working councils arranged by Stockmann twice a year. In those countries where there are no trade union activities, Lindex attempts to find other forms of employee empowerment and they are invited along to discuss benefits, terms and conditions of employment and leadership matters.

Lindex had no conflict with the trade unions during 2008.



*Lindex Russia opened on August 31, 2008 and statistics are thus not available for the full year.

Our products

Alongside the correct level of fashion, quality and price, safety is a very important parameter for children's clothes. Lindex is working actively on safety in children's garments and safety thinking permeates the way the company works, all the way from design to finished product. All Lindex children's garments comply with the new European standards for safety of children's clothing (EN 14682) and the Swedish agreement regarding removable hoods.

Despite strict quality and safety tests, some products that do not satisfy the stipulations still manage to reach the stores. If this were to occur, Lindex has an activity plan to ensure rapid action is taken to recall the garments. This means, among other things, advertising in the media, sending a mail shot to members of the Lindex Club and producing information for display at the store tills and on the website. During 2008, a children's hat was recalled as it did not satisfy the Lindex safety stipulations.

Ethical guidelines for design

Lindex has chosen to avoid certain clothes 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 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 when deciding whether or not a garment could cause offence and wishes differ from person to person and from market to market. 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 2008. The company has chosen 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 clips as an alternative to mulesing.



Sustainable fashion

Since 2007, all departments at Lindex have had a range of organic products and in 2008 the company produced over one million organic garments. Lindex also aims to produce one million organic garments during 2009. However, sustainable fashion is much more than just organic garments. For Lindex it means working with the whole chain, from raw material to use of the garment, respecting our world in every way and ultimately reducing the total environmental impact.

SFA – The Sustainable Fashion Academy is a training programme where designers, buyers and product managers learn how to combine fashion and sustainability with good business. The programme started in 2008 and 21 people from different Swedish fashion companies graduated during the year. In 2009, the programme will continue with new students and an alumni programme will also commence for past students so that they can continue to learn from each other. Lindex is one of the companies behind the initiative and one of the main sponsors for the programme. The following are a number of concrete examples of the positive effects that have emerged in the daily work at Lindex.

Always two prices for cotton

Making a garment in a totally organic way is difficult although for cotton it is in fact possible. Lindex production offices are therefore always required to ask the supplier for two prices – one price for normal cotton and one price for organic cotton. In doing so Lindex always see the price difference and can decide whether the company believes that the customer are prepared to pay for the item in question.

Fashion changes

The majority of fashion products in Lindex stores cannot be made organically and for a designer this could be a major limitation. Some colours and materials are quite simply difficult to produce sustainably. However, by thinking sustainably from the very outset Lindex can influence fashion. What would the implications



be if the company purchased the material from India and the zips from China and then had everything manufactured in Bangladesh? Here Lindex can become better and think more about what the chain looks like, from each individual supplier through to the final manufacturer of the garment.

Alternative materials

Lindex is examining the possibility of using, for example, recycled wool or polyester from PET bottles.

Right suppliers

Finding suppliers who are certified for organic cotton is no easy task. India and Turkey have made considerable progress compared with China. At the same time a balance must be struck between sustainability and good business. Lindex tries as far as it can to choose the supplier that maintains the highest level with regard to environmental thinking.

Know-how across corporate boundaries

In environmental work everyone benefits from co-operating and exchanging knowledge and experience. One of the major advantages of SFA is that fashion companies can come together to form a network to disseminate know-how and to exert pressure externally. If we make the same demands and speak in the same terms we have a

◀ PET-BIKINI

Through a patented process the PET bottle you had in your beach bag last summer could now be part of your new bikini. Lindex are taking tentative steps in the use of recycled material in fashion products.

ORGANIC COTTON

It is now easier for Lindex customers to purchase organically. All organic products have the Organic Cotton by Lindex label. On the back of the label there is information about the type of organic labelling used for the garment. Lindex uses two different labelling systems for organic products:

EKO Sustainable Textile/GOTS

EKO Sustainable Textile labelling means that the garment contains at least 95 per cent organic cotton. The remaining five per cent can be synthetic material. Apart from the environmental demand for organic cotton, EKO-labelling also makes demands on the whole manufacturing process, from cultivation to dyeing, printing and choice of zips or buttons. Demands are also made on the working environment, where forced labour, discrimination and child labour are not permitted. Lindex imposes these working environment demands on all suppliers.

Organic Cotton

In those garments that are labelled Organic Cotton, we use organic cotton certified by the international certification body Control Union.

Better Cotton Initiative (BCI)

Lindex is seeking to reduce the environmental impact of cotton growing. In order to contribute to improving the growing of conventional cotton, Lindex became a member of the Better Cotton Initiative (BCI) in spring 2008. BCI aims to reduce tangibly the negative social and environmental effects of conventional cotton growing.

This co-operation initiative was taken in 2004 by a number of bodies, including the Worldwide Fund for Nature (WWF). Read more about BCI at www.bettercotton.org.

Organic Exchange

Since spring 2008, Lindex has been a member of the Organic Exchange organisation, which is charged with the task of promoting the organic growing of cotton.

If you would like to know more about Organic Exchange see www.organicexchange.org.

4

QUESTIONS FOR
KICKI OLIVENSJÖ,
PURCHASING- &
DESIGN DIRECTOR

What does sustainable fashion mean?

I feel that respect is a key word in this context: respect for the environment and for those who manufacture the garments. It is very much about practical matters such as the garment being manufactured from organic material under fair working conditions. But also about our whole way of thinking with regard to design and purchasing.

What is happening at Lindex with regard to sustainable fashion?

We have worked intensively on producing different routines to make it easier for our buyers to purchase fashion that has the least possible impact on the environment. We have a plan that we follow and it includes clear objectives for how many organic garments we will produce. We are constantly endeavouring to find new ways of working, alternative materials and better transport routes. It is also a question of designing fashion sustainably. We have, for example, minimised the number of garments or materials that need to be dry-cleaned. Sustainable fashion has many dimensions.

What challenges have you encountered in your work?

It has not been an easy journey every time as unfortunately many of the countries we work with have not made much progress with regard to thinking sustainably. A major challenge for us is to influence attitudes around the world, to present demands and to disseminate knowledge to our suppliers so that they can also begin to assume responsibility and become involved in the process.

What will be the next step?

Communicating sustainable fashion to our customers. A major source of environmental impact, despite everything, is when the garment reaches the consumer. They wash the garment too often, or at too high temperature, and they use rinsing agents. The garment then goes straight into the tumble dryer. We can advise them instead to air the garment or to wash at a lower temperature. It would feel good if we could pass on this know-how to our customers and demonstrate how they can contribute in a very simple way.



Social responsibility in conjunction with production

Lindex has just over 200 suppliers, with manufacturing at approximately 350 factories. Around 130,000 persons are employed in the production. Around 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 production market.

Employment is a basic prerequisite for people to combat poverty although the implementation of labour laws and rules has 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's largest purchasing markets 2008

Production country	Per cent
China	47%
Bangladesh	19%
Turkey	12%
India	8%
Italy	7%

On the Lindex website, www.lindex.com, you can download a list of Lindex manufacturing countries.



Demands on suppliers through the Code of Conduct

Lindex knows that it is possible to produce fashion under good social conditions although this requires 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. Lindex suppliers undertake to comply with the Code of Conduct and to work to bring about continuous improvements at the factories they use for Lindex production.

Lindex is a member of the Business Social Compliance Initiative (BSCI) and uses the BSCI Code of Conduct. BSCI is a collaborative undertaking between European companies seeking to improve the social situation and working conditions in the manufacturing countries. All members of BSCI, at present over 250 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, who often manufacture goods for several companies within BSCI. Previously, this involved several different Codes of Conduct with variations in content and requirements.

Lindex was part of the pilot group that was involved in starting up BSCI and since spring 2005 Lindex has worked in accordance with the BSCI Code of Conduct and audit model.

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.

All suppliers that produce goods for Lindex have a business relationship covered by the Code of Conduct. This is part of the General Agreement signed by the supplier before an order is placed.



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

The whole Code can be downloaded from the Lindex website, www.lindex.com.

The Code of Conduct deals with the following areas

- Legal Compliance
- Freedom of Association and the Right to Collective Bargaining
- Prohibition of Discrimination
- Compensation
- Working Hours
- Workplace Health and Safety
- Prohibition of Child Labour
- Prohibition of Forced Labour and Disciplinary Measures
- Environment and Safety Issues
- Management Systems

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. This takes place mainly through notified visits although unnotified visits also occur.

The audit sometimes takes place in the form of an audit of documents, an audit of the factory and any worker 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 (CAP). 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 2008, Lindex carried out 372 BSCI audits. Of these, 223 were an initial audit, i.e. the first audit to be made at a supplier, and 149 were re-audits. Of the audits, 238 were carried out by Lindex's own auditors and 134 were carried out by external companies approved by BSCI.

Lindex CSR auditors

Lindex has seven CSR 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.

Lindex local auditors have a broad level of expertise, including engineering skills, experience of factory work, ILO and auditing. All new auditors undergo continuing professional development as well as

subsequent continuing professional development training in, for example, the environment and local legislation. All auditors also take an SA 8000 Auditor training course, an international certification standard for social responsibility. All auditors also have a command 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 auditors who visit the factories regularly to check on quality, to review the visible working environment and to ensure that there are no under-age 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 required, deviations from a small number of requirements and no crucial factors. Level 2: 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 and the results are followed up by the Lindex head office and purchasing office. The results from 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.

A factory that is on Level 0 or 1 is audited regularly to ensure that the factory at least satisfies the initial Lindex requirements and continually improves

until it reaches level 2 according to the BSCI criteria. Lindex continues to visit factories that have reached Level 2 in order to ensure that they remain on that level and to support them in order to bring about further improvement even if, according to the BSCI rules, audits should not be carried out at these suppliers as often.

Education leads to improvement

Control procedures in the form of audits are important but in Lindex's experience to really bring about long-term improvement in working conditions they must be combined with dialogue and education. Lindex therefore works actively to train and inform the suppliers. This takes place through individual coaching but also through, local seminars and workshops, arranged either by BSCI or by Lindex. The aim is to raise the level of knowledge and involvement at suppliers and clients in order to make it easier for them to make changes and to bring about a higher level of understanding of why these issues are important.

Initiatives to combat child labour

A ban on child labour is one of the initial 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 were to discover 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 consistently based on the child's best interests. It is always used if the company discovers that an under-age child is working at one of its suppliers. If the supplier is not willing to enter into a settlement in the child's best interests, Lindex discontinues co-operation with the supplier.

To discover whether there are under-age workers in the factories, Lindex auditors look at a number of factors. The auditors always check, for example, employment papers and copies of the ID cards and other documentation related to the employees. Both the auditors and other employees who are out at the factories are continually on the lookout for anyone who appears to be too young to work. During 2008, Lindex had two cases of child labour, where it emerged that the children were 15 years of age instead of 16. The Lindex Child

Labour Action Plan was invoked. The factory refused to comply with the plan and Lindex subsequently opted to discontinue co-operation with the factory.

Code requirements are part of the day-to-day purchasing work

When an order is placed with a new supplier or factory, the factory must be inspected in order to be approved by the Lindex Code of Conduct team. To satisfy the initial Lindex requirements, a minimum wage must be paid, there must be no child labour or forced labour and there must be fire protection and access to clean, free water for all workers.

The Lindex purchasing organisation reviews continuously the levels on which the suppliers have been placed and this is part of the overall evaluation of the supplier. If two suppliers submit tenders equal in terms of price, quality and delivery time, it is the Code of Conduct level that decides which supplier is granted the order.

Not all suppliers see the importance of complying with the requirements in the Code of Conduct. One means available to Lindex to exert pressure in order to bring about change is the company's stop list. Placing the supplier on the stop list means that the supplier will not receive any more orders until the agreed measures have been taken. The stop list is Lindex's way of putting its foot down when discussion

and other means have failed to bring about the improvements the company is striving to achieve.

To be removed from the stop list and to once again be considered as a Lindex supplier it is required that the supplier rectifies the problems that have been highlighted and continues its improvement process. If a supplier appears on the stop list repeatedly, the supplier is phased out completely as Lindex then realises that there is a lack of will to bring about improvements.

Each year a wide-ranging review and evaluation of all Lindex suppliers is made and a decision is made regarding which suppliers the company will continue to place orders with and which suppliers will be phased out. An important part of the evaluation is to look at the supplier's development and willingness to adapt with regard to the Code of Conduct. In recent years Lindex has sought to reduce the number of suppliers, one of the reasons being that it is easier to implement long-term improvement. In two years the number of suppliers in the risk countries has fallen from around 300 to approximately 200. During 2008 there were 21 suppliers on the stop list. Breaches included incomplete or contradictory documents, which meant that the employment age or the minimum wage requirement could not be verified.

Long-term work on the code

Lindex is aware of the risk of breaches of the Code of Conduct and is working actively to ensure full compliance with the Code by all suppliers. Work on the Code is a long-term process where Lindex, together with the supplier, attempts to bring about improvements. Lindex is firmly of the opinion that the only way to bring about improvement is to do so in stages and to combine demands and controls with dialogue and education.

Of the active suppliers Lindex is currently working with in the risk countries, based on turnover, 42 per cent (39) had reached the highest BSCI level, Level 2, at the end of 2008. A total of 20 per cent (26) had reached Level 1 and 38 per cent (35) were on Level 0. This is a tangible improvement on previous years.

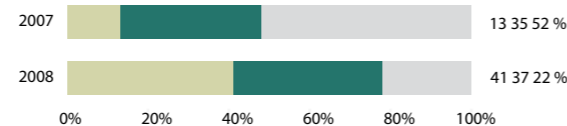
In 2008, Lindex noted a clear improvement with regard to management systems, documentation and to a certain extent working hours. Lindex appreciates the progress that has been made during the year and it is confirmation that Lindex's dialogue and education at the suppliers is leading to improvements. At the same time, they are the same areas that Lindex still feels are the greatest problem with regard to breaches of the Code, together with compensation and freedom of association.

Education project in India

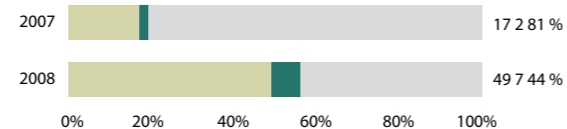
During 2008, Lindex worked on a focus project in India to improve the management system and documentation at the suppliers. Insufficient or poor documentation also leads to further problems. It makes it difficult to verify total compliance with certain demands in the Code, such as the correct salary being paid out and no under-age workers in the factory. Often problems are rooted in a lack of knowledge or shortcomings in routines and they are therefore relatively easy for the supplier to rectify.

Ten suppliers took part in a training programme in India that was much appreciated by the suppliers and produced very tangible results. The suppliers in India not only improved their levels with regard to documentation and management systems following the training – levels for working hours and salaries and remuneration also rose significantly, which can be regarded as being the result of improved documentation.

DOCUMENTATION



MANAGEMENT SYSTEMS



- Level 2 – No deviations from the requirements
- Level 1 – Improvement necessary
- Level 0 – Deviations from the requirements



Documentation

A common problem at the suppliers is that there are major shortcomings with regard to documentation, which could lead to serious problems. This could, for example, take the form of not having copies of all the employees' ID cards or that the salary lists are sub-standard. This makes it difficult to verify compliance with the stipulations in the Code, such as the correct wage being paid out, no under-age workers in the factory and no overtime. In those areas where there is insufficient documentation the suppliers are regarded as not having satisfied the stipulations 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 those persons responsible at the factories.

Management systems

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

Lindex is working on training the factory management so that they can carry out internal controls within their supply chain. The company is also working on courses focusing on efficient management systems and providing advice and support to improve the situation.

Working hours

The maximum working hours permitted under the Code of Conduct are 48 hours

per week plus 12 hours' overtime. Widespread overtime which exceeds the stipulations in the Code is a major problem in virtually all countries in which Lindex has manufacturing operations. Overtime is a difficult problem to address as there are many reasons why it arises. Before each order is placed, Lindex makes an assessment of the supplier's production capacity.

Compensation

Incorrect payment of wages is a problem at many suppliers. According to the Code of Conduct the suppliers must, as a minimum requirement, pay the country's statutory minimum wage to employees at the factories. The largest number of breaches involves incorrect payment for overtime. In the majority of countries, national legislation states, for example, that overtime compensation should be double the normal rate. Lindex is working persistently to improve compensation for overtime at the suppliers as in the long run this will also reduce the need and willingness on the part of both employees and employers to work overtime.

Other problems could take the form of production records and attendance records not concurring, which means that the time worked cannot be verified and the auditors cannot ensure that the correct wage is paid. Other problems include suppliers not granting holidays and time off according to national laws.

Lindex is working on a combination of education, information and demands that problems are rectified before further orders are placed with the supplier. Lindex regards compensation as a priority area to

bring about improvement. During 2008, the number of production units who demonstrated shortcomings in the compensation area, Level 0, to 103 compared with 132 the year before. This shows that this work is producing results although it is taking place gradually.

Right of association

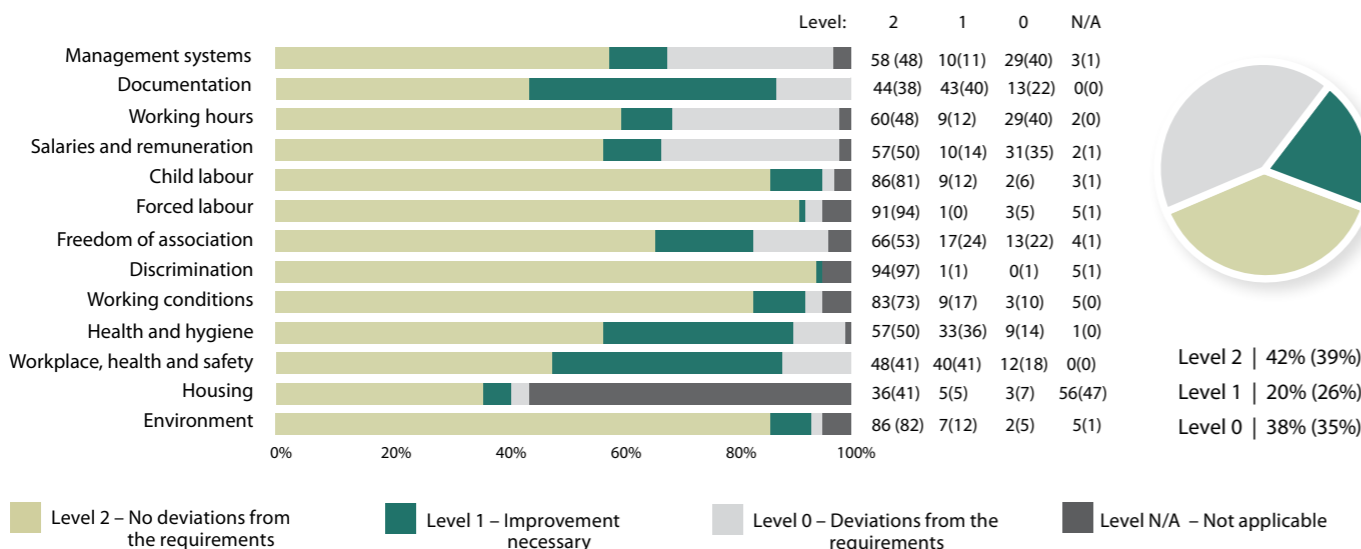
The right of association is a difficult issue in many of Lindex's manufacturing countries and in several countries there are difficulties and in some cases a ban on joining a trade union. Independent trade union activity as we see it could in many cases be an unknown phenomenon and both workers and suppliers are very uncertain about how it would work and what it would entail. Lindex regards the right to collective bargaining and the right of association as important. However, it is the responsibility of the workers to establish trade unions. Lindex is responsible for demanding that the supplier ensures that this right is not infringed.

In those countries or regions where trade union operations are not legal, Lindex is working on imposing demands on the suppliers that there should be 'workers' committees', where the workers at the factory should be able to exert an influence and be given the opportunity to negotiate with the management collectively. At those factories that supply products to Lindex there is a demand that there should at least be the possibility for the workers to organise themselves into a worker-elected workers' committee that could meet regularly and negotiate with the factory management.

OBJECTIVES TO BE ACHIEVED THROUGH TO 2008 AND 2009

GOALS TO BE ACHIEVED TO 2009	RESPONSIBLE	COMMENT	DEADLINE
COMPLIANCE WITH THE CODE OF CONDUCT			
At least 2/3 of Lindex suppliers (in risk countries measured in purchases) should be checked by external BSCI-approved audit companies.	PO	At the end of 2008, 85% had been checked through external auditors.	2008
All textile suppliers should be checked by external BSCI-approved audit companies.	PO	See above.	2009
20% (measured in terms of the number of factories) of all BSCI-checked factories will reach BSCI level 2.	PO	At the end of 2008, 29% had reached level 2.	2009
Lindex will regularly (at least twice a year) invite suppliers for training or information about the Code of Conduct.	PO	Ongoing.	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 2008, around 170 suppliers took part in various training arrangements focused on different parts of the Code.	2009
Lindex will actively encourage its suppliers to become involved in seminars and projects aimed at improving the Code of Conduct situation at the factories.	PO	See above.	2009
BUSINESS ACUMEN			
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.	PD	Ongoing. Tools for increased 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 be included as a significant parameter in the business decisions.	PDM, SCM	Ongoing.	Twice a year
EMPLOYEES' RESPONSIBILITY:			
All new employees in the Lindex Group must undergo CSR training.	HR	Ongoing training.	Ongoing
All managers at the Lindex head office must undergo expanded CSR training.	CC	Training took place during autumn 2008.	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.	PD MG, CC	Among other things, Lindex plays an active role in the BSCI Swedish network and the Global Compact Nordic network.	Ongoing
Within its CSR work Lindex will co-operate and discuss with relevant organisations, authorities and stakeholders.	PD, CC	A dialogue is conducted with, among others, Round Tables and brand meetings in the production office countries, Amnesty, Rena Kläder, the Swedish Trade Federation, the Textile Importers' Association and the Swedish Partnership for Global Responsibility.	Ongoing

LEVELS FOR EACH CODE OF CONDUCT AREA FOR ACTIVE SUPPLIERS AS OF DECEMBER 31, 2008



Figures in brackets show the corresponding figures as of December 31, 2007. * The figures are based on an internal follow-up system and the results have not been assured with IT support.



Swati Sharma, CSR auditor at the Lindex production office in India.



Auditor & woman

Swati Sharma was just 21 years old when she began working as a labour law auditor in India. It is a demanding job which could at times also be dangerous.

"I'm extremely happy when I'm able to contribute to bringing about social improvement even if my contribution is relatively small," she says.

Swati has always been inquisitive and socially committed. Alongside her school work, voluntary work always played a large part in her life. She has been involved in programmes aimed at improving literacy, health and hygiene in slum areas. She has read stories to orphans, raised money and worked with the blind.

"The fact that I became so involved is largely thanks to a woman at my school who was an aid co-ordinator. She saw how interested I was and she encouraged me to become involved in these issues on a deeper level. Once she said to me 'no one will give you a more heartfelt and warmer smile than the person whose heart and life you have touched – albeit in the simplest way'. My experience has shown me that what she said was really true."

After Swati finished secondary school she began studying communication and journalism. She worked for a couple of years as a journalist and documentary-maker before by chance she came to contact with an American audit company where she

secured a position.

The majority of auditors in India are slightly older men and as a young woman Swati initially found it difficult to be taken seriously. Three years and 250 audits later she is known and respected in her profession, both at factories and authorities. One of her greatest challenges is to create understanding among the factory management and get them to become involved in the matters in question.

"Those who own and run the factories are often sceptical and are afraid that as inspectors we are out to 'put them away'. To receive answers and establish an open dialogue she must first create trust. We usually have open meetings where I explain our purpose, which is basically to take a look at what the situation is like in reality and to present proposals for improvements."

One trust has been established it is a matter of achieving the best possible results. Swati is careful to allow the factory management to understand that she regards herself as their guest and she is careful to note how her behaviour is perceived. This could come down to small details such as asking if she be allowed to look at documentation instead of demanding. Being honest and friendly and yet professional.

The second most important part is to win the trust of the factory workers. Swati usually gathers them in groups on the factory floor where they sit down and talk about the

factory and their work, both light-heartedly but also more seriously. In this way a situation is created that is more relaxed and as far from the traditional questioning procedure as you could come.

"They are allowed to speak anonymously and I always ask first before I take notes. Then I ask open questions which gets them to open up and share their feelings and thoughts with me. Often they come up to me afterwards and say how pleased they are that someone really wants to listen to them. It is then that I feel that my work is of genuine benefit."

Swati believes that her academic background as a communicator and journalist is a big advantage in the profession when it comes to establishing contact on different levels in the company.

"I also believe that it is a major advantage that I'm a woman, particularly when it comes to getting the female factory workers to talk about their situation," she says. "Many of the women I meet have grown up in small villages. They're often shy, vulnerable and have poor self-esteem. They find it easier to talk to me than a male auditor, particularly with regard to equality, discrimination and sexual harassment. I feel that two of the most important aspects of my job are to give them strength and to get them to understand their rights."

Being an auditor can also be dangerous in certain cases. Some years ago, when Swati

worked for another audit company, she visited a shoe factory in Agra together with a female colleague. The factory management had spread rumours that the workers' salaries would not be paid on time as a result of the audit.

"I really love my job. I have now worked for Lindex for a year and it has broadened my outlook and my knowledge"

They had also threatened to close the factory if the workers said anything negative to the auditors.

"The audit got out of control and we were chased around the factory floor by five workers armed with knives. It was a case of getting out as quickly as possible."

The incident demonstrates the problem of ingrained scepticism on the part of certain factory owners. But this is definitely not something that will cause Swati to want to change career.

"I really love my job. I have now worked for Lindex for a year and it has really broadened my outlook and my knowledge. The best thing of all is that I have been involved in bringing about improvements in practice. I have the opportunity to see many of those warm, heartfelt smiles and I hope to see even more in future."

Hello there...



MARIA LÄNJE, acting Social Compliance Manager during 2008

1. What has your time been like as a Social Compliance Manager?

Really exciting, enjoyable and instructive. A year filled with challenges, such as linking our Code requirements with good business. We have also improved our Corporate Social Responsibility report and our dialogue with associates.

2. What will be the greatest challenge in the future?

I can see two major challenges. The first is to continue to integrate the Code requirements into our day-to-day work. There is willingness and awareness in the organisation although we need to become better if the Code is to really become a natural part of our decisions. When purchasers and merchandisers are to choose a supplier for example. We must ensure that they have the know-how and means to help them to be able to take account of Code factors in the same way as price, quality and lead time. The second challenge is to continue to develop environmental demands made on our textile suppliers, both sewing units and suppliers that have dye works and wet processes.

3. What has been the most instructive?

I have acquired a greater understanding of the countries and cultures we work with and the conditions that prevail there.

Environment



Lindex's greatest environmental impact takes place through the emission of carbon dioxide in conjunction with transport, the use of energy in the form of electricity at the company's approximately 360 stores, and through packaging waste. The environment is also affected through the manufacturing of the company's products, which takes place at external suppliers.

The aim of the Lindex environmental programme is to reduce the load on the environment – where the products are manufactured, during transport and in the countries in which the goods are sold and used. The company is working continuously to improve working methods and to contribute to a better and more environmentally adapted production chain.

The Lindex environmental management system is based on the principles laid down in ISO 14001. By having a structure and by following routines the company ensures that established objectives and results are achieved.

Electricity from renewable energy sources

In Sweden, Norway and Finland, Lindex uses electricity from renewable energy sources 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 sun, wind, water and biofuels. The electricity is labelled 'Good Environmental Choice'.

In Sweden and Finland, Lindex used electricity through its own agreements*, equivalent to approximately 23 gigawatt hours during 2008, which is a reduction compare with 2007 when the company used 28 gigawatt hours. During the year use of electricity at the stores fell, whilst use at the production offices increased slightly. In total, Lindex emitted 51 tonnes of carbon dioxide, compared with 47 tonnes during the 2007 operating year. The increase can be attributed to the rise in use in the production countries, where the majority of electricity purchased derives from renewable energy sources. Lindex is constantly endeavouring

*174 stores, 11 offices plus the Lindex distribution centre are included in the reported electricity use.

to reduce the use of electricity in all countries in which the company operates and there are specific electricity targets for Sweden, Norway and Finland. Read more about the Lindex environmental targets on page 27.

Reduced environmental impact of 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.

The manufacturing of Lindex products takes place in both Asia and Europe. The garments are shipped by sea to Gothenburg in Sweden, where they are then transported to the Lindex central warehouse in Partille, just outside Gothenburg. From certain manufacturing countries in Europe transport is by road and rail. Air freight should in principle not be used and is only permitted in exceptional cases. In recent years Lindex has worked actively to reduce its air transport where this is justified from a financial and environmental point of view. In 2007, three per cent of Lindex products were transported by air and during 2008 the proportion fell to two per cent, measured in terms of volume. The reduction is the result of the company's active focus on avoiding airfreight. The proportion of transport by road also fell during 2008. The proportion of freight by sea has increased and is now 82 per cent.

Lindex can affect transport from warehouse to store by adopting an efficient logistics system and good planning. This is something on which the company is working continuously to improve.

Carbon dioxide emissions resulting from Lindex's transport of goods has fallen by 30 per cent from approximately 8,900 tonnes in 2007 to 6,239 tonnes in 2008. Emissions from air transport have fallen by 55 per cent.

Total carbon dioxide emissions

During 2008, Lindex reduced its total carbon dioxide emissions by 23 per cent compared to 2007. The reduction can be attributed mainly to a decrease in emissions from freight transport.

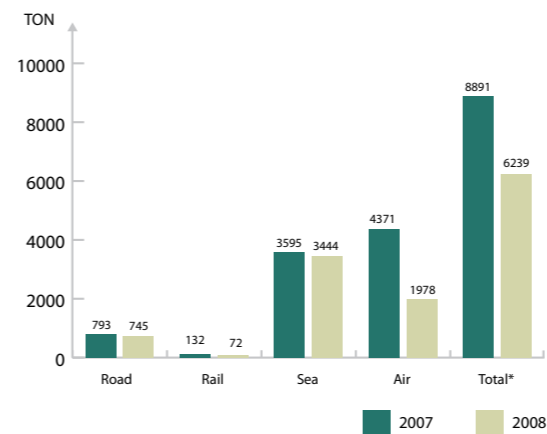


Lindex Environmental Policy

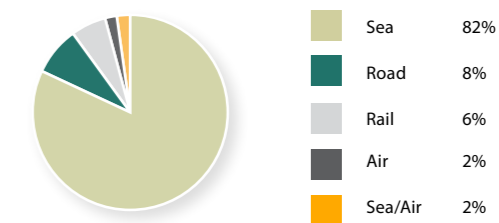
We offer inspiring, affordable fashion and at the same time assume responsibility for sustainable development.

- Our employees are very much aware of the company's environmental programme and they 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 regarded 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 interest groups 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.

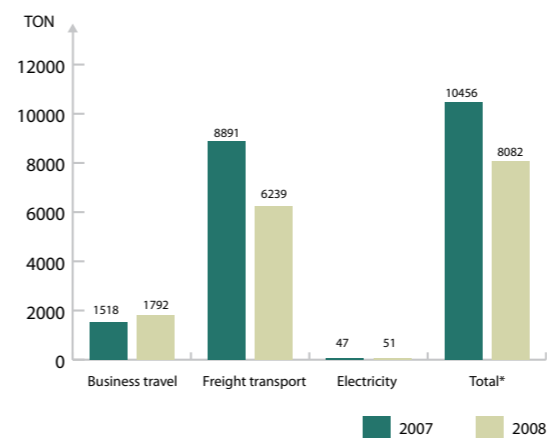
CARBON DIOXIDE EMISSIONS IN CONJUNCTION WITH FREIGHT



BREAKDOWN OF FREIGHT TRANSPORT INBOUND 2008



TOTAL CARBON DIOXIDE EMISSIONS



*The reduction can be attributed largely to reduced airfreight-related emissions.

Clean Shipping Project

In 2008, Lindex joined the Clean Shipping Project, which is a project in which a number of the largest importers and exporters in Sweden meet with a common objective – to minimise environmental impact from sea transport. Sea transport is the mode of transport that has the potential to offer a low level of environmental impact. The project team has produced a questionnaire which the shipping companies/transport companies are required to complete. The questionnaire covers five areas: carbon dioxide emissions, nitric oxide, sulphuric dioxide and particulate matter, chemical products and fuel as well as water and waste control. The shipping companies that complete the questionnaire are ranked according to their environmental performance and this information is available in a database on the Internet – the Clean Shipping Index Database. The aim is for it to function as a tool for environmental assessment in conjunction with the procurement of sea transport.

Swedish National Road Administration

Lindex imposes 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.

Environmentally adapted packagings

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 2008, Lindex used approximately 815 tonnes of packaging material. The volume of cardboard/paper fell by 65 per cent and

plastic increased by two per cent compared with the preceding year. The reduction in cardboard is due mainly to the fact that a new packaging has come into use for distribution.

In conjunction with Lindex taking over responsibility for its distribution warehouse, the company decided to reduce the use of cardboard boxes. Recyclable boxes made of plastic are used instead of the distribution of goods from the warehouse to the Lindex stores. The box can be folded and has a functional guarantee of 45 cycles. The plastic from the boxes that have reached the end of their useful life is recyclable. During 2008, the introduction of the plastic box has meant that the use of cardboard boxes could be reduced by more than 50 per cent.

In 2008, Lindex introduced plastic bags

manufactured from recycled material for customers at all its stores. The bag is produced from material of which at least 90 per cent has been recycled, i.e. that it has been out on the market previously and has been reused. The bag is made of PCR, Post Consumer Recycled material. The bag can be sorted as soft plastic and can be recycled by the customer. Lindex has also established the target of reducing the number of plastic bags by 20 per cent by the end of 2009.

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. All Lindex stores sort their packaging materials based on local conditions.

Business travel

According to the Lindex travel policy, all travellers should choose the most appropriate means of transport, taking into account cost, time, safety and environment.

All shorter journeys where the travelling time by rail is less than six hours should be made by rail instead of by air. In total, Lindex emitted almost 1,790 tonnes of carbon dioxide as a result of the company's business travel during 2008, an increase of approximately 18 per cent compared with 2007. Air travel to and from the purchasing countries accounted for 84 per cent of the carbon dioxide emissions deriving from business travel although travel by rail, bus, hire car and private car is also included in the figures. The increase can be attributed to the increase in the number of trips to production offices and national offices and to a higher emission factor used in the calculation of CO₂ emissions for air.

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 by the company offering 0.5 base amounts extra towards the purchase if they choose an environmental car or a diesel-powered vehicle with a particle filter.

Lindex is also affiliated to a car pool which offers access to eco-friendly bi-fuel vehicles. According to the company's travel policy, Lindex employees should make more use of video and telephone conferences to reduce the number of business trips. In 2009, Lindex aims to reduce its business travel by 20 per cent.

Chemicals

Large volumes of chemicals are used to manufacture clothes. Lindex is working actively to limit the use of harmful chemicals in all the products, not only for the sake of the environment but also for the safety of employees in the supplier chain and for the safety of the customers.

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.

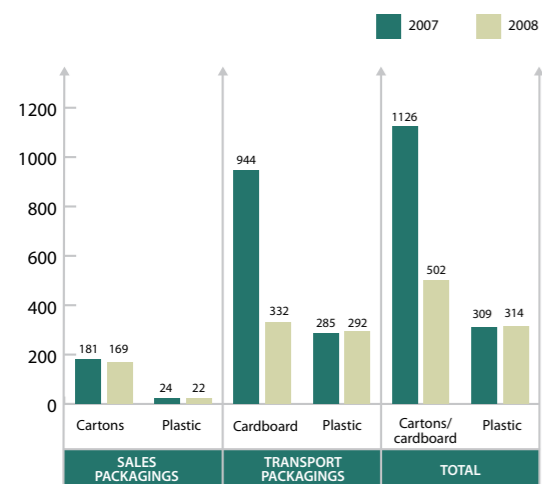
The whole of the chemical list is published on the Lindex website www.lindex.com.

Chemical tests

During 2007, Lindex carried out 979 random, unnotified chemical tests on their products, which means that approximately 10 per cent of all articles are tested. The tests are conducted by independent laboratories. The tests mainly focused on the presence of allergenic dispersion dyes, lead, carcinogenic azocolourants, cadmium, formaldehyde, phthalates, hexavalent chromium, pentachlorophenol, nonylphenol ethoxylate (NPEO), perfluoro octane sulfonate acid (PFOS), perfluoro octane carboxylic acid (PFOA) and pH values. Around six per cent of the products tested were rejected. NPEO and an incorrect pH value accounted for the majority of the rejected samples.

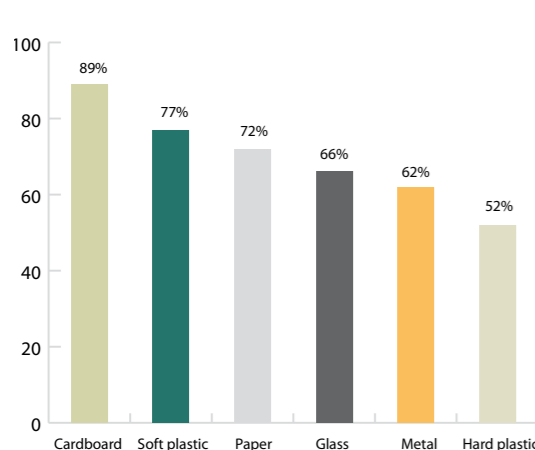
Lindex will continue during 2009 to test approximately ten per cent of all articles. During 2008, Lindex focused in particular on phthalates, PFOS and PFOA. Phthalates are used as a plasticiser in the printing of plastics. A number of phthalates are included in the list of particularly hazardous substances in REACH, the EU chemical legislation. PFOS and PFOA are included in the group of fluorocarbons used in waterrepelling impregnation of outer garments. Fluorocarbons can be harmful to the environment and health. The company will also continue to work on the phasing out the process chemical nonylphenol ethoxylate.

PACKAGINGS IN TONNES



*Plastic bags and gift packaging are not included.

SORTING OF WASTE IN LINDEX STORES*



*Based on 247 of the 360 Lindex stores.



REACH

REACH, Registration, Evaluation, Authorisation of Chemicals, is the EU chemical legislation. The primary purpose of the legislation is to reduce the use of harmful chemicals. One of the aims of REACH is to regulate the chemical content of products and thus also affects Lindex.

Lindex is following the development of REACH and ensures that the company complies with the requirements. The company is playing an active part in co-operation groups established to incorporate the stipulations in the directive into the Lindex chemical requirements. REACH seminars for suppliers were run during 2008 in co-operation with Lindex partner laboratories.

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 environmental demands on its suppliers through the Code of Conduct. Through the Code Lindex demands that the suppliers comply with the environmental legislation in each country. Lindex also requires that all chemicals and waste are handled safely in view of the health of the factory workers and to avoid damaging the environment.

Water project

Lindex also demands that suppliers with wet processes purify their sewage water before it is released into lakes and watercourses. Large volumes of chemicals, water and energy are used to dye, bleach and wash textiles and the company feels that further demands need to be made on suppliers with wet processes to promote more sustainable production. In 2008, Lindex ran a pilot project where wet process suppliers in Bangladesh, China and Turkey were investigated with regard to the way they work with environmental issues.

Lindex examined their water purification systems, how water purification plants are run and whether local laws are complied with when it comes to external water sample analyses and emission limits. The company has mapped how the factories handle chemicals and it has gathered information about water and energy use. Lindex also examined the measures the factories have taken to reduce their use of water, chemicals and energy. Such investments not only lead to reduced environmental impact but often also to lower overall costs for the factories.

Lindex has also trained its CSR auditors so that they can help the factories to improve their routines. Based on this work, Lindex has produced new demands governing water purification and the handling of chemicals and waste, which have been specially adapted to wet process suppliers. Implementation of the demands will begin in 2009.

No water – no life

Meet Rejaul Haque, one of our auditors in Bangladesh. He talks about why he became involved and how he is working to improve the water situation.

Rejaul Haque has worked as an auditor at Lindex for several years, specialising in social compliance at our suppliers in Bangladesh.

“When the American Senate highlighted the issue of child labour in Bangladesh in 1993 I became very much involved. Then I began working for UNICEF in a project aimed at helping children who had been sacked from the factories.”

Nowadays Rejaul's work also includes the water issue. Textile manufacturing has a considerable impact on water, soil and air. In Bangladesh many factories still allow unpurified water to enter rivers and other watercourses.

During the monsoon the rivers overflow and the polluted water spreads to nearby land.

In addition, many factories have limited knowledge of how much water they use or their emission levels.

In 2008, Rejaul and his colleagues visited suppliers with wet processes to investigate the environmental problems and to find out what needs to be done.

“I believe that the Lindex initiative to improve the water situation is vital if we are to bring our ecosystem back into balance. Our population is increasing, which makes us even more dependent on clean water and soil that we can cultivate without risk to human health.”

All the factories that Rejaul has surveyed now have their own water purification system, which is also a demand from Lindex. But it is also important to deal with the sludge generated in the purification process, which contains heavy metals and other hazardous substances.

Rejaul feels that the people he meets at the factories are now aware of the situation to a greater extent than previously. A good deal still remains to be done however.

“Our aim is for the factories to reduce their use of water, chemicals and energy and thus use the minimum amount of resources while at the same time produce good results. It is possible, for example, to reuse the water in the processes in a

relatively simple way and in doing so reduce water consumption. Other environmental problems could be more difficult to solve as they require major investments by the factories.”

“Environmental legislation is often quite good when it comes to water purification demands. The problem is that the authorities do not have the resources to follow up compliance with the laws. We also see shortcomings in the legislation. In Bangladesh, for example, there are no laws governing how the sludge generated through water purification should be handled. It is therefore vitally important that those of us who buy textile products help to make demands for improvements,” says Ingela Lind, who is head of the project at Lindex.



Name: Rejaul Haque
Age: 40
Profession: CSR auditor
Lives: Dhaka, Bangladesh
Family: Wife and two sons aged 8 and 5
Leisure interests: Reading and television

“I believe that the Lindex initiative to improve the water situation is vital if we are to bring our ecosystem back into balance.”

LINDEX ENVIRONMENTAL OBJECTIVES 2008-2009

OBJECTIVES TO BE ACHIEVED	RESPONSIBLE	COMMENT	DEADLINE
ENVIRONMENTALLY AWARE PRODUCTION:			
Map the environmental impact of Lindex's vertical suppliers and introduce chemical restrictions on water purification requirements for those vertical suppliers who have their own wet processes.	Purchasing	During 2008 a pilot project was run in Bangladesh and Shanghai. Training programmes were also run for all Lindex auditors.	2009
Purchase more than one million organic garments.	Purchasing	Achieved March, 2008. Retained level for 2009 and an increase to one and half million garments for 2010.	2010
REDUCED ENVIRONMENTAL IMPACT FROM 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%.	Purchasing	During 2008 Lindex reduced the proportion of air freight to 2% (from 3% in 2007). The proportion of sea/air fell to 2% in 2008 (from 3% in 2007).	2009
Routines will be introduced for environmental evaluation in conjunction with transport procurement and for the continuous follow-up of transport.	Logistics	Ongoing project.	2009
Reduce the proportion of business travel by air between Gothenburg and Stockholm and between Gothenburg and Oslo by 15%, measured in terms of the number of kilometres travelled compared with 2005/2006.	Group Service	During 2008 the number of journeys by air between Gothenburg and Stockholm and between Gothenburg and Oslo fell by approximately 60%.	2009
Reduce the number of parcels deliveries to stores by 20%.	Market	Ongoing project.	2009
EFFICIENT ENERGY:			
At the head office, electricity use for computers and computer screens will be reduced as well as in the Lindex server room.	IT	New servers and more efficient cooling in the new server room in Partille has reduced energy use in the server room by 19%. A survey and publication of information regarding routines for computer use (turning the screen and computer on/off as well as energy use) were run via the Lindex intranet.	2008
Reduce electricity use by 3% at the Swedish stores. The aim has been revised and the reduction will be 10%.	Sweden	Ongoing project. The aim has been revised and extended and there will be a reduction of 10 per cent. Approximately 50% of the stores now have what is known as hourly measurement, which means that the effect of energy-saving measures is calculated directly for a specific store.	2010
Reduce electricity use by 2% at the Finnish stores and maintain the same level as 2006 at the office in Helsinki.	Finland	Ongoing project, reduce use at the Helsinki office by 17% during 2008. The aim has been revised and extended and there will be a reduction of 10 per cent.	2010
Reduce electricity use by 5% at the Norwegian stores and by 3% at the Oslo office.	Norway	Ongoing project, total reduction of 8% during 2008. The aim has been revised and extended and there will be a reduction of 10 per cent.	2010
REDUCED VOLUME OF WASTE:			
Introduce return packagings for at least 80% of the distribution to stores.	Logistics	Plastic boxes instead of cardboard boxes were introduced for some of the deliveries to stores at the beginning of 2008.	2009
Reduce paper consumption by 8% at the two Lindex head offices compared with the level of consumption in 2006.	Group Service	In 2008, paper consumption fell by 17% compared to 2006.	2009
Reduce the number of plastic bags used by customers by 20% compared with 2008.	Sweden, Norway, Finland	Ongoing project.	2009
ENVIRONMENTALLY ADAPTED PACKAGINGS AND PROCUREMENT:			
Introduce routines at the IT department for the regular environment assessment of suppliers and products.	IT	The objective has not been achieved as Stockmann is responsible for procurement of IT equipment for the whole group.	2008
Introduce a routine for procurement involving regular environmental assessment of suppliers.	Shared Service	A routine has been introduced and a supplier assessment was made at 15 suppliers within printing, interior decoration, cleaning and postal delivery.	2008
Increase the proportion of eco-friendly materials for printing and packaging for Lindex stores.	Market	All bags given to customers are now made from recycled plastic.	2009

Risk analysis

Lindex risks becoming involved in violations of human rights, particularly in conjunction with the manufacturing of the company's products. In preparing a risk analysis for its operations, Lindex has enlisted support from Amnesty and the risks they have identified in the textile industry.

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 workers are forced to work overtime so that the factory owners can meet order deadlines.

Low salaries

There is a risk that workers 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 sub-standard with, for example, poor lighting, poor ventilation, a lack of safety equipment and blocked emergency exits.

Insufficient job security & discrimination

In the manufacturing countries it is common that the workers have uncertain conditions of employment or work entirely 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 supervisors 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 a trade union. In China there is no free right of association and only trade unions controlled by the government are permitted. In countries where by law it is permitted to form a trade union, in India for example, it occurs that employers actively counteract trade unions and those who are involved in a trade union are harassed.

Environmental damage

The manufacturing of Lindex products entails a risk of environmental damage which could also lead to infringement of rights. Examples quoted by Amnesty are emissions from dyeing processes that lead to nearby villages and watercourses being



destroyed, which could in turn entail infringement of the rights of ethnic minorities or that environmental activists are persecuted. Textile production requires a great deal of water and there is a risk of a water shortage in many regions where the company has production operations.

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.

Too much trust in the Code of Conduct and production offices

Codes of conduct and audits alone do not automatically produce improvements. There is a risk that Lindex believes 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.

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 reach the statutory minimum age. This risk has fallen however, due to the fact that unemployment has once again risen in China.

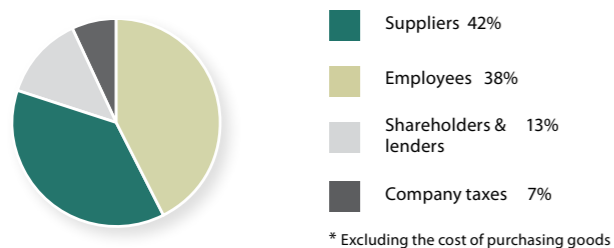
RISK AND MEASURES

RISK	COUNTRY	MEASURES
Pressure on prices and shorter lead times	All manufacturing countries	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. Greater responsibility to the production offices.
Long working hours	All manufacturing countries	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	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 estimated living costs, the suppliers are encouraged to make further payment.
Poor working environment	All manufacturing countries	The Code of Conduct lays down demands which are followed up during the audits.
Insufficient job security and discrimination	All manufacturing countries	The Code of Conduct lays down demands which are followed up during the audits.
Sexual harassment	All manufacturing countries	Questions in conjunction with personal interviews during the audits. Lindex auditors are aware of the issue and discuss appropriate measures with auditors and those responsible at the factories.
Export processing zones	China, Turkey and Bangladesh but could also exist in other countries.	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 these laws and government supervision are virtually non-existent in the export processing zones. Demand the same insight as in other factories, otherwise no co-operation.
Reduced right of free association	Mainly China although there is also a risk in all manufacturing countries.	The Code of Conduct lays down demands which are followed up during the audits. In the absence of trade unions, a Workers' Committee is demanded, where the workers meet the factory management and can discuss problems and negotiate wages.
Environmental damage	All manufacturing countries	The Code of Conduct lays down demands which are followed up during the audits. A project aimed at carrying out audits and producing a plan for improvement in wet processes in the factories. Continued focus on production of organic products. Focused training at production offices regarding chemicals and controls in spring 2009. Membership of BCI.
Chemicals	All manufacturing countries	The Code of Conduct lays down demands which are followed up during the audits. Chemical stop list. REACH workshops for suppliers. A project aimed at carrying out audits and producing a plan for improvement in wet processes in the factories. Focused training at production offices regarding chemicals and controls in spring 2009.
Too much trust in the Code of Conduct and production offices	All manufacturing countries, head office	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. Focused meetings for the purchasing organisation. Training for all managers at the head office.
Number of suppliers and distance	All manufacturing countries, head office	The number of suppliers has been reduced significantly. Own production offices on all major purchasing markets. Increased responsibility for the production offices.
Child labour	All manufacturing countries, head office. Particular attention in China.	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.

FINANCIAL VALUE

Lindex operations generate financial value for the company's stakeholders, both within and outside the company. The company has the objective of long-term, profitable growth which also contributes to a steady increase in value to the company's stakeholders. The value which Lindex operations generates is divided between different stakeholders: suppliers of goods and services, employees, owners and lenders as well as society in the form of taxes. For 2008, the total value of SEK 3,167 billion* can be broken down among the different parties concerned as follows.

ADDED VALUE FOR STAKEHOLDERS:



CODE OF ETHICS

Honesty, integrity and fair play must always characterise Lindex business operations. All Lindex employees must 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 bribes.

Lindex works with two different versions of the Code of Ethics: an internal part for employees and an external part for suppliers. The Code of Ethics is an important element when Lindex does business and all Lindex suppliers are informed of and sign Lindex Code of Ethics.

All employees at the Lindex production offices sign the policy when they are employed. The employees also receive training in ethics and clarification of the Lindex rules by attending a workshop, which is run once a year. All employees at Lindex production offices in Asia attended the training programme in 2008. Guidance and training material have been developed for support. In 2009, employees at the Lindex production office in Turkey will also attend the programme.

In conjunction with the training sessions run in 2008, a risk analysis was produced where the ethical risks which Lindex and its employees could be exposed to/are exposed to were mapped. The risk analysis is being compiled by the production offices and is expected to be ready in March 2009.

It is the Head of Security at Lindex who is ultimately responsible for breaches of the Code of Ethics. In 2008, the Head of Security were aware of four possible breaches of the policy. In all cases a special internal review was conducted to investigate and assess the circumstances surrounding the reported cases and actions were taken.

GRI TABLE

	DOCUMENT	PAGE
1. STRATEGY AND ANALYSIS		
1.1 Statement from CEO	CSR	3
1.2 Description of key impacts, risks, and -opportunities	CSR; Stockmann AR	3, 28-29; 35
2. ORGANISATIONAL PROFILE		
2.1 Name of the organization	CSR	1
2.2 Primary brands, products and/or services	CSR	4
2.3 Operational structure	CSR	4
2.4 Location of organization's headquarters	CSR	4
2.5 Countries where the organization operates	CSR	4
2.6 Nature of ownership and legal form	CSR	4
2.7 Markets served	CSR	4, 14
2.8 Scale of the reporting organization	CSR	4, 10, 30
2.9 Significant changes	CSR	4
2.10 Awards received	CSR	7
3. THE REPORT		
Report profile		
3.1 Reporting period	CSR	6
3.2 Most recent report	CSR	6
3.3 Reporting cycle	CSR	6
3.4 Contact point	CSR	32
Report scope and boundary		
3.5 Process for defining report content	CSR	6
3.6 Boundary of the report	CSR	6

3.7 Specific limitations	CSR	6
3.8 Basis for reporting	CSR	6
3.9 Data measurement techniques	CSR	6
3.10 Restatements of information	CSR	6
3.11 Significant changes	CSR	6
Content index recording to GRI		
3.12 GRI content index	CSR	31
4. GOVERNANCE, COMMITMENTS AND ENGAGEMENT		
Governance		
4.1 Governance structure of the organization	Stockmann AR	32-34
4.2 Chair of the board	Stockmann AR	32-34
4.3 Independent members	Stockmann AR	32-34
4.4 Mechanisms for shareholders and employees	Stockmann AR	32-34
4.5 Linkage between compensation to management and the organization's performance	Stockmann AR	32-34
4.6 The board's routines to avoid conflicts of interest	Stockmann AR	32-34
4.7 Processes for determining the qualifications and expertise of Board members	Stockmann AR	32-34
4.8 Internally developed principles	CSR	1, 14
4.9 The board's routines for evaluation	Stockmann AR	32-34
4.10 Evaluation of board work	Stockmann AR	32-34
4.11 Precautionary approach	Stockmann AR	32-34
4.12 Supported externally developed principles	CSR	6, 13, 14
4.13 Memberships in associations	CSR	7
4.14 Organisation's stakeholder	CSR	7
4.15 Identification and selection of stakeholders	CSR	7
4.16 Approaches to stakeholder engagement	CSR	7
4.17 Key topics and concerns by stakeholders	CSR	7
5. ECONOMIC PERFORMANCE		
EC1 Economic value generated and distributed	CSR	30
6. ENVIRONMENTAL PERFORMANCE		
EN1 Materials used	CSR	24
EN5 Energy saved due to conservation and efficiency improvements	CSR	22
EN6 Energy-efficient products and services	CSR	12
EN7 Initiatives to reduce indirect energy consumption and -reductions achieved	CSR	22
EN16 Total direct and indirect greenhouse gas emissions	CSR	23
EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved	CSR	27
EN29 Environmental impact through transports	CSR	22
7. SOCIAL PERFORMANCE		
Labor practices and decent work		
LA3 Benefits given to full-time employees	CSR	10
LA11 Programs for skills management and lifelong learning	CSR	10
Human Rights		
HR2 Suppliers that have undergone screening on human rights	CSR	15
HR5 Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk and actions taken	CSR	28-29
HR6 Operations identified as having significant risk for incidents of child labour and actions taken	CSR	17, 28-29
HR7 Operations identified as having significant risk for incidents of forced labor and actions taken	CSR	28-29
HR8 Percentage of employees who have received training in human rights	CSR	30
SOCIETY		
SO3 Percentage of employees who have received training against corruption	CSR	30
SO4 Work to reduce corruption	CSR	30
PRODUCT RESPONSIBILITY		
PR1 Assessment of product's impact on health and the environment	CSR	25
PR2 Incidents where products may result in health risk	CSR	11



Key areas and guidelines governing the long-term CSR work at Lindex

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.

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.

Reduced environmental impact of transports

- 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 audits 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 audits 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 interior fittings, consumables and printing services) an environmental assessment of the suppliers must be made.

AB Lindex
Box 233
401 23 Gothenburg
SWEDEN

Sara Carlsson,
Head of Corporate Communication
Phone: +46 (0)31 739 50 00
Email: info@lindex.com