

CSR REPORT

2009



LINDEX



THE REPORT

Lindex has now published a CSR Report for the fourth year in succession. The Report covers issues related to the environment, ethics, social responsibility and human rights. Unless stated otherwise, all data in the report refers to 2009. The Report is published each spring on the company's website www.lindex.com and is based, where appropriate, on Global Reporting Initiatives (GRI) version G3 guidelines for corporate social responsibility reporting. The content has been selected on the basis of the GRI principles and on views put forward by stakeholders who monitor the development of CSR work at Lindex. Certain environmental key data is lacking for some regions. Work is in progress to ensure that all regions measure and report data in the same way. Key figures dealing with work on the Lindex Code of Conduct are based on an internal follow-up system and the results have not been assured with the aid of IT support. The Lindex CSR Report satisfies Application Level C requirements according to the GRI rules. No third-party review has been made.



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Inspirational, sustainable fashion

At Lindex sustainability is an integral part of our day-to-day work. It is important for us that our garments are manufactured under acceptable conditions. We are also striving to reduce the amount of energy used and we think and act sustainably in our approach to business. Having customers who are satisfied with us as a company is fundamental. For the fourth year in succession we have published our CSR Report and I can proudly state that our work is producing results.

It is thanks to our employees that we are succeeding in our sustainability work. They are committed on every level, giving us an enormous source of strength to continue making our part of the industry as sustainable as possible. The basis for the Lindex CSR work is the UN Global Compact's 10 principles for responsible conduct in the business sector.

Over the past year we have, among other things, started the Lindex Energy Hunt, an initiative where we have brought together all our environmental activities that could help save electricity. In just one year we have managed to reduce electricity consumption at our 85 comparable Swedish stores by 858 MWh. At the winning store, Gislaved, consumption was reduced by 17 per cent. There has been an incredible response to our Energy Hunt, which will continue at all stores during 2010. The aim is to reduce electricity consumption by an average of 10 per cent.

As President and Chief Executive it gives me great pleasure to see how far we have come in our sustainability programme over the past few years. I would like to extend my sincere thanks to everyone who has contributed. We must never lose sight of the fact that everything we do to promote sustainability, makes a change.

Gothenburg, April 2010

Göran Bille,
President and CEO, Lindex

Sustainability - part of our daily work

During the past year, Lindex has worked in a variety of ways, both large and small, to promote sustainability.

We have focused a great deal on water and produced and implemented a new environmental code at those suppliers that have their own wet processes. Water is important to us and is an area we will continue to focus on a great deal in the years to come.

Making it simple and natural to incorporate sustainability into our daily work is something that we will constantly strive to achieve and improve. During the year we started producing a new IT system for following up work on the Code of Conduct, which will ultimately give everyone who is involved in the purchasing process a simpler tool for monitoring and discussing Code of Conduct conditions at each individual factory. The IT system will be implemented during 2010.

Maintaining an open dialogue with our stakeholders is important to us. During 2009, freelance journalist Mats Wingborg carried out a study of three Swedish companies, one of which was Lindex. He was commissioned by SwedWatch and others and his work resulted in the report *Vägar till ett bättre arbetsliv* (Pathways to a better working life). The report shows that Lindex employs a working approach that has an impact on many workers and which has created a better working environment and improved working conditions even if the problems of trade union membership, low wages and overtime still remain. These issues are important and are something that we will continue to work on. We take a very positive view of the study and the report, both of which are factual and illustrate well the difficulties and challenges facing us.

At Lindex we work with sustainability issues as part of our day-to-day work and we are endeavouring to bring about a more sustainable situation. We hope that as a reader of this year's CSR report you will gain good insight into how we work and what we have achieved during the year.



Pleasant reading!

Sara Winroth,
Head of Environmental Affairs and
CSR Communications Officer, Lindex

Improve the environment and exert a positive influence on others

Human beings have always adapted to the environment in order to survive although in the last 100 years it has often been the case that the environment has been forced to adapt to accommodate people's need for space. Small things and small habits can make a big difference. Taking the bus to work, replacing regular bulbs with low-energy bulbs or not taking a plastic bag when you buy something are small things that make a big difference.

We asked our employees how they managed to break old habits and what they're doing to take account of the environment in their daily lives. It's quite simple. We care – do you?

1. Cissi Andersch, Sweden

My first step... was to compost and recycle all our refuse at home. I also take a bag with me when I buy groceries.

The next step for me will be when I challenge my colleagues to a "no impact week". For a whole week we will challenge each other to see how simply we can induce each other to change our behaviour and set patterns. It will be extremely exciting!

2. Nina Haugen, Norway

My first step... was to install a heat pump at home. I also use public transport or car share to get to work each day.

The next step is to buy an electric car when the time comes to change. It will be eco-friendly and I can avoid all the traffic jams to and from work as I can travel in a dedicated lane.

3. Tuulia Pärkö, Turkey

My first step... was not to wash my clothes after using them just once. Often it is sufficient to air the clothes as they are seldom dirty after being worn just once. I have also stopped using the tumble dryer and now I always dry clothes naturally.

The next step will be to acquire a more eco-friendly heating system for my house out in the country which at the moment is heated using oil.

4. Hong Chojfay, Sweden

My first step... is, as far as possible, to buy

food that is locally produced, organic and fair trade-marked. I consume less and I give away or sell things instead of just throwing them away.

The next step is to dry my clothes naturally.

5. Sara Bergström, China

My first step... has been to take the underground or bus to work. I also try to use the train or bus for longer journeys and avoid flying.

The next step will be to try to influence those around me to take the environment into account in everything they do.

6. Gabriella Bjärneroth, Sweden

My first step... is that I will never use the tumble dryer again and instead I will dry my clothes naturally.

The next step will be to use detergent balls instead of detergent and rinsing agents, which are very bad for the environment.

7. Marianne Beck Heien, Norway

My first step... has been to recycle everything that can be recycled. This includes paper, food waste, glass, plastic, metal and so on. I also use public transport to get to work.

The next step will be to reduce the amount of hot water I use at home even more. I also need to be better at turning off the lights.

8. Suman Tripathi, Bangladesh

My first step... is to never throw away paper that has not been written on both sides. I always use both sides of the paper before handing it in for recycling. I'm also careful to switch off my computer when it's not being used and to turn of the air-conditioning when I leave a room or when I leave home. Here in Bangladesh as much as possible is recycled as we need to conserve our resources.

The next step is to continue to think about the environment in everything I do.

9. Mridula Dixit, India

My first step... has been to replace all the fluorescent tubes with another type of low-energy lighting. It saves up to 30 per cent in energy. I'm also good at recycling and me and my co-workers at the office in India have agreed that we will halve our paper consump-

tion his year.

The next step is that I am due to give birth. I am obliged to give my child a better environment in which to live and breathe. Concern for the environment will be incredibly important for me in the future.

10. Natalia Chuda, Czech Republic

My first step... is to always use public transport to get to work. I only use organic cosmetics.

The next step will be to cut down on water consumption, both at home and at the office.

11. Samuel Weber, Finland

My first step... is to always turn off the lights when I leave the room. I also turn off all domestic electronic appliances at the main switch at night and when I'm not at home so that they're not on standby.

The next step for me is to investigate which lights at home can be replaced with LED. I must also become better at remembering to bring my shopping bag with me when I go to buy groceries.

12. Mats Olsson, Sweden

My first step... has been to reject goods that have unnecessarily large packagings. They cost a great deal of energy to manufacture, transport and not least to take care of afterwards. I've also examined my energy use at home. It's important not to have unnecessary sources of high energy use on all the time.

The next step is that I'm waiting with excitement to see what types of solar cells are being developed so that we can make effective use of solar energy in our day-to-day lives.

13. Ingalill Ulvdell, Sweden

My first step... is that we use the Good Environmental Choice for electricity at home.

This is electricity generated from renewable energy sources such as the sun, wind, biofuel and older HEP plants.

The next step will be to try to become better at dealing with the food that is not eaten and make sure that it is saved to be eaten later. In doing so I save money and have less impact on the environment. We're also in the process of replacing our windows at home with newer, more energy-efficient windows.





This is Lindex

Lindex is one of the leading fashion chains in northern Europe with approximately 400 stores in Sweden, Norway, Finland, the Baltic countries, the Czech Republic, Russia, Slovakia and the Middle East.

Our business concept – to offer inspiring, affordable fashion – has led to rapid international expansion in recent years and strong growth in sales. The range covers several different concepts within women’s fashion, lingerie, children’s clothes and cosmetics. Apart from sales in our stores, Lindex also has online sales in Sweden and Denmark.

Designed fashion

The first Lindex store was opened in 1954 in Gothenburg, Sweden and this is where Lindex still has its head office. The company has around 4,500 employees.

The company’s fashion is created by our own designers. Lindex does not have its own production facilities and instead co-operates with around 250 different suppliers, mainly in Asia. We have production offices in all our largest production countries. Lindex estimates that over 135,000 people are involved in the production of the company’s garments.

A part of the Stockmann Group

Lindex is owned by the Finnish retailing company Stockmann, which is listed on the Finnish OMX Stock Exchange. The Stockmann Group reported total sales in 2009 of EUR 2 billion. For further information about Stockmann and financial information about Lindex, see www.stockmann.com or Stockmann’s Annual Report, which can be downloaded from the Stockmann website.

Sustainable key events in 2009

- Lindex introduced plastic bags consisting of recycled plastic at all Lindex stores.
- The company initiated the ‘Lindex Energy Hunt’, the aim of which is to save energy and thus reduce the company’s carbon dioxide emissions.
- As part of the Pink Ribbon Cancer Fund fundraising campaign, Lindex and its customers collected a record-breaking SEK 6.3 million.
- Lindex received an award from BGMEA, Bangladesh Garment Manufacturing Association, for the efforts made by Lindex during 2009, particularly with regard to its environmental initiatives and CSR work in the country.
- Air transport was reduced by 25 per cent compared with the previous year.
- Environmental certification according to Miljöfyrtorn of 12 stores in Norway.
- Environmental audits were conducted with a focus on water treatment, environmental management and the handling of chemicals at suppliers that dye and print.

KEY FIGURES	2009	2008
Turnover	€ 524 million	€ 540 million
Gross margin	63%	64%
Profit after tax	€ 45 million	€ 23 million
Number of stores	395	365

Sustainable business throughout the whole organisation

At Lindex, work on Corporate Social Responsibility (CSR) takes place in five different areas – improving working conditions at the suppliers, working environment initiatives within the organisation, environmental work, ethics, and the approach to human rights. In practice, the work in these areas is very much interlinked and at the same time closely integrated into our day-to-day business.

All departments in the company are responsible for establishing their own sustainability targets and for incorporating CSR into their work. We have opted not to have a CSR department and instead we have co-workers who are employed to work with the various aspects of CSR at different departments at Lindex. Their task is to coach, advise and guide all employees in sustainability issues. We believe that this is the best approach if CSR really is to become part of the business and not simply something that we do at a special department

Long-term guidelines

As a basis for control of the Lindex long-term CSR work the company has set guidelines within nine different key areas, including compliance with the Code of Conduct, different forms of environmental impact and communication. You can read more about these guidelines and key areas on the Lindex website www.lindex.com.

CSR organisation

Ultimate responsibility for CSR work at Lindex rests with the Lindex CEO, who is supported by the CSR management group, which also includes other members of the executive management as well as the Lindex Head of Purchasing Development and the Head of the Production Office. Together they are responsible for strategically pursuing the CSR work at Lindex.

The Lindex Social Compliance Manager works at the purchasing department at the head office in Gothenburg on developing, implemen-

ting and pursuing the work at Lindex involving the Code of Conduct and advising and coaching the design and purchasing departments in their work. Lindex has its own CSR auditors, eight in all, at the production offices. These auditors work with auditing, training and coaching the suppliers in both environmental work and improved working conditions.

The Lindex Environmental Manager works from the corporate communications department at the head office and with a network of colleagues throughout the whole organisation they are responsible for developing environmental work at Lindex.

Collaboration and communication with our stakeholders

To constantly develop and improve our sustainability work, we have an ongoing dialogue with groups of stakeholders. Together we discuss what Lindex can improve from a liability point of view and how and what the stakeholders want Lindex to report and communicate.

Lindex is a member of different local networks, what are termed Brand Meetings, in Turkey, Bangladesh, India and China. Together with other international fashion companies we discuss and co-operate in order to move the CSR work forward. In Turkey, India and Bangladesh, we are also active in Round Tables. A similar type of group but where the trade unions and government representatives are also included. Their purpose is to work on issues that deal with the country’s labour law and working environment in order to promote development.

CSR-MISSION

Lindex works today with the future in mind. We not only assume responsibility for our products but through our long-term CSR work we act to bring about good working conditions, a sustainable environment, good ethics and human rights.

Lindex supports the Global Compact initiative

Since 2003, is Lindex participating in the UN Global Compact initiative. We support and undertake to comply with ten principles in four main areas: human rights, working conditions, environment and anticorruption. Further information about Global Compact is available at www.unglobalcompact.org, where you can also follow our work on realising the ten principles.



In 2009, Lindex was nominated for the Swedish Publishing prize for its CSR Report.

Engagement for a better world

Today there is a growing conviction that the only way of reducing poverty in the world is through sustainable financial and social development. However, it is impossible to solve the sustainability situation without at the same time solving the problem of poverty.

At Lindex we are convinced that the only way to achieve this is collaboration between the public and private sector, which is where we also have a role to play. Our most important contribution is of course to successfully develop our business and to ensure that this is done sustainably.

At the same time, Lindex also wants to give something back to the countries in which it has business and manufacturing operations. We focus our community involvement on projects that are important at those specific locations with which we have a link and which we know something about. This could, for example, take the form of projects for women and children, dressmaking programmes or water projects. This is the way we believe our contribution will have the greatest impact.

In 2009, Lindex donated a total of SEK 2.5 million – around one per cent of the company’s profit – to various community projects throughout the world.

Lindex is involved in community projects all over the world and the following are some of the projects in which we were involved in 2009.

Pink Ribbon

Lindex is one of the main sponsors of the Cancer Re-search Fund Pink Ribbon campaign, which aims to raise money for research and to increase awareness of breast cancer. Some of the money also goes to the Swedish Breast Cancer Association, which works to support those who are affected and their relatives. Lindex and its customers raised a total of SEK 6.3 million during the year.

Round Up

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

Woman to Woman

In collaboration with local women’s organisations in countries in which there are current conflicts, the Swedish organisation Woman to Woman helps women

to take the initiative instead of being victims. Through support from Lindex, Woman to Woman has started a number of initiatives, including a sewing workshop in Armenia to provide young women who have fallen victim to human trafficking, or run the risk of doing so, with an education and a job.

Shanghai Sunrise

For many years Lindex has helped children in China with their schooling through the organisation Shanghai Sunrise. In 2009, ten pupils could complete their studies thanks to financial support from the Lindex production office in Shanghai.

School of Hope

At the School of Hope children from the slums of Dhaka in Bangladesh receive an education, something that would otherwise not have been possible. The school is attended by around 200 children ranging from preschool to Grade 5. The school was founded in 1990 and Lindex has been involved for many years.

My Life

My Life works to increase diversity and integration on the Swedish labour market and through a mentorship programme, education and an expanded network of contacts, My Life seeks to open doors for young women with an immigrant background. Some of Lindex employees in Sweden are involved as mentors for young people from My Life.

Donation of clothes

Lindex donates on an ongoing basis clothes which have been produced as samples. Both in the sales countries and in the manufacturing countries, subsidiaries have agreements with different organisations to which the clothes donate. In India, for example, the company has donated to Goonj, a local organisation that works with various social projects and often with a focus on women and children.

In India, Lindex suppliers also donate textile remnants which Goonj uses to make hygiene articles for women in the villages and slum areas.





Committed employees with a clear vision

Lindex is highly conscious of being a good employer. In order to attract and develop employees we endeavour to offer a secure, inspiring working environment. Working at Lindex should be stimulating, challenging and enjoyable. We seek to create a sense of involvement in the planning and setting of objectives.

Common values which are used by all Lindex employees throughout the world offer guidance on how to we should work and behave. We want all our employees to feel that Lindex is a place where each person's unique personality is valued and appreciated.

Lindex values:

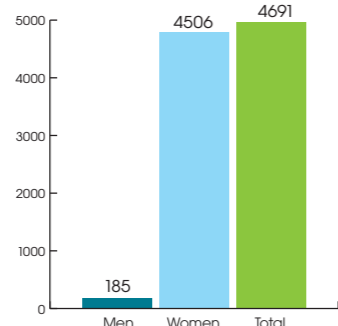
FASHION IS FUN!

- We inspire our customers
- We believe in sustainability
- We have a winner attitude
- We are profit driven
- We are passionate and committed

Employees throughout the world

As of December 31, 2009, Lindex had 4,691 employees in 10 countries, which is a slight increase on the previous year. As a large proportion of our employees work part-time, the number of employees calculated on a full-time basis is 2,570 compared with 2,699 in 2008. Approximately half of the employees are in Sweden and the remainder are spread throughout the other Lindex markets.

DIVISION BETWEEN WOMEN/MEN IN THE LINDEX GROUP



Diversity at the workplace

Lindex is an international fashion company that regards cultural diversity as a means of competition and where all employees are united in their feeling for fashion, customers and commerce.

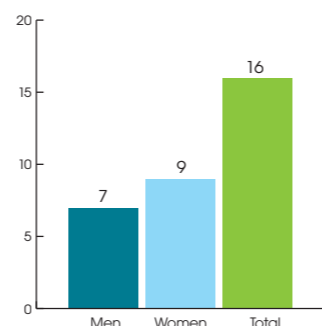
Our employees largely reflect the company's target group – 96 per cent of the employees are women and the average age is 32. For us it is important to have an equal opportunities workplace although due to the nature of our operations it is difficult to realise an even gender division. Striking a good balance between women and men is positive and something that we are striving to achieve.

We value and develop the contribution and expertise of our employees regardless of age or ethnic affiliation and Lindex seeks to be an attractive company for both women and men. We work in line with an equal opportunities and diversity plan, which is revised every third year. An active equal opportunities and diversity process contributes to increasing motivation and satisfaction among employees, which in turn increases our competitiveness and profitability. The task of promoting diversity and equal rights and opportunities in working life is also part of our endeavour to be an attractive employee with a good working environment for everyone

Involved employees with clear objectives

In November 2009, an employee survey was conducted at the Lindex head office. Almost 400 employees completed the questionnaire and the response rate was 77 per cent. The aim now is to continue this work and expand the survey even further.

DIVISION OF WOMEN/MEN IN THE LINDEX EXECUTIVE MANAGEMENT



The aim of the survey is to pick up on how Lindex employees perceive their working situation, their immediate superior and how involved they feel in Lindex's objectives and strategies.

The survey showed that more than 90 per cent are proud to work at Lindex and have a positive attitude to their workplace. It also revealed that over 70 per cent feel involved in Lindex's objectives and strategies.

Dialogue with the trade unions

Lindex has an open, close co-operation with the trade unions. In Sweden, Norway and Finland the trade union representatives come

together at an annual meeting of what is known as the EWC Council. They discuss matters such as working environment, human resource issues, values etc. Our operations in the Czech Republic and Slovakia are still quite limited for them to be included. In the Baltic countries and Russia trade union issues are addressed within what are known as Working Councils arranged by Stockmann.

Lindex did not have any conflicts with the trade unions during the year.

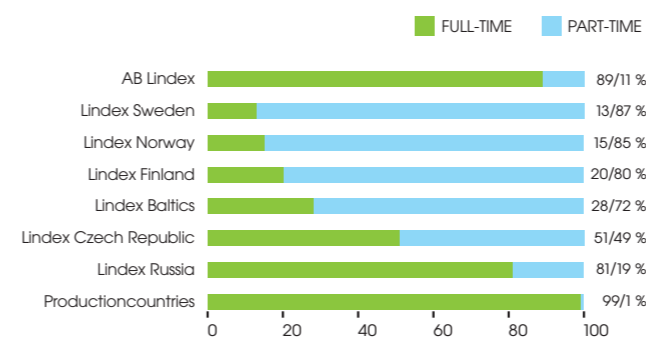
Clearer leadership

Lindex Academy is the collective name for continuing professional development initia-

tives at Lindex. Through Lindex Academy we create greater understanding, commitment and knowledge, which are important if the employees are to develop Lindex.

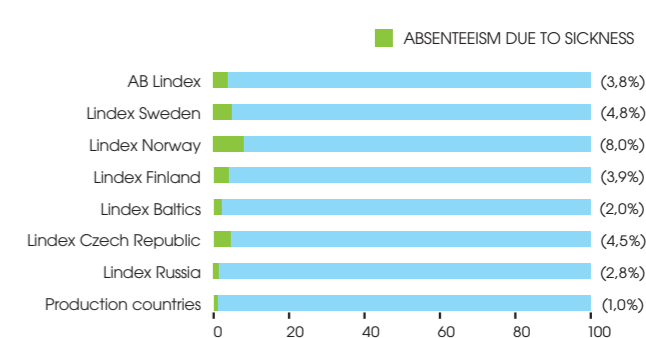
Key initiatives taken during the year were aimed at reinforcing and improving leadership at Lindex. A new view of leadership has been created and introduced throughout the whole group. A prerequisite for this view of leadership is the creation of a feedback culture. At workplaces where people are able to give and take feedback, conditions are created for development of the business and individual.

NUMBER OF FULL-TIME/PART-TIME EMPLOYEES/COUNTRY



* Lindex in Slovakia opened in September 2009 and statistics are thus not available for the full year.

ABSENTEEISM DUE TO SICKNESS/COUNTRY



Hello...

EVIIJA GASPARE,
HUMAN RESOURCES IN THE BALTIC COUNTRIES

How is Lindex perceived as an employer in the Baltic countries?

At the present time we are an attractive employer in the Baltic countries. 2009 has been a difficult year in the Baltic region and there are few companies that are growing and taking on staff in these challenging times. The fact that we are opening new stores and producing results in the Baltic countries has made people curious about Lindex.

At Lindex we work a great deal on our values, which guide our employees in making their own decisions. How common

is to have corporate values in the Baltic countries?

Not particularly common. However, here at Lindex in the Baltic region we like our common values very much. It helps us when we are looking for new employees so that we employ the right people who share Lindex's values. It also helps us in our day-to-day work.

What do you feel is the best thing about working at Lindex?

Our joint concept, which is totally unique, as well as our values, which I make great use of in my work at Lindex.



More sustainable cotton cultivation

We are seeking to reduce the negative environmental impact of cotton growing. We are doing this in two ways: by improving conventional cotton production and by promoting organic cotton and purchasing and using it in Lindex products.

To become involved in improving the growing of conventional cotton we are members of the Better Cotton Initiative (BCI). The aim of BCI is to make conventional cotton growing less harmful to the environment and to the people who work with it. This will be achieved through artificial irrigation and the use of insecticides and artificial fertilisers will be handled more intelligently, thus reducing total consumption. Read more about BCI at www.bettercotton.org.

Organic

We have used organically cultivated cotton since 2007 and there is an organic range available at all departments. All garments

made of organic cotton are labelled 'Organic Cotton by Lindex'. Our investment in organic cotton has increased and the target for 2010 is to manufacture 1.5 million garments made from organic cotton.

All organic cotton used by us is certified by the International certification body Control Union.

Organic Exchange

Lindex is a member of the organisation Organic Exchange, which is charged with the task of promoting the organic growing of cotton. Read more about Organic Exchange at www.organicexchange.org.

Did you know that a significant environmental impact occurs when the garments reach consumers?

The following are a number of tips to reduce energy consumption

- It is often sufficient to air a garment instead of washing it.
- When you wash, fill the machine and wash at a low temperature. 30°C is often enough.
- Allow the garments to air dry and don't use the tumble dryer.

On the new Lindex washing instructions label, we urge all our customers to lower the washing temperature and avoid tumble drying.



Industrial hemp - a more sustainable alternative.

Hello...

ULRIKA HEDBERG,
PURCHASING DEVELOPER AT LINDEX

What is happening at the present time with regard to sustainable material?

In the fashion industry there is a strong focus on using fibres that have less environmental impact. Recycling of materials is also growing in importance as it offers reduced use of energy, raw materials and chemicals.

What are we doing at Lindex?

We have an environmental objective for 2010 of purchasing 1.5 million garments made of organic cotton and testing and evaluating materials such as recycled polyamide and polyester. We have worked intensively to produce different routines that make it easier for our design and purchasing department to buy garments with the least possible negative impact on the environment. We are constantly endeavouring to find new working methods, alternative materials and better modes of transport. It also comes down to designing fashion sustainably. We have no garments or materials, for example, that need to be dry cleaned. Sustainable fashion has many dimensions.

New for 2010 are trials using Tencel, an artificial fibre based on wood pulp. The advantage is that the chemicals used to produce the fibre are recycled.

What do you consider to be the greatest challenge?

As many of the countries we work with have not come as far with regard to sustainability our focus during the year has been on disseminating know-how to our suppliers. They must also assume responsibility and become more involved in the process.

During spring 2010 leggings made of recycled polyamide will appear in our stores. Can you tell us little bit more about this?

That's correct. We have introduced two different models in eight different colours into our range. Recycled polyamide is made from textile waste from production. The material is shredded and melted down into new polyamide.

What other materials do you think we will see more of in the future?

I think that we'll see more recycled polyester, polyamide and cotton. I also hope that we will see more hemp, which could replace cotton in certain products. Hemp doesn't require any insecticides or artificial fertilisers. It also grows quickly and can be cultivated in a variety of climates.



Why are there not more products made of hemp?

At the present time availability is quite limited as hemp cultivation is banned in certain countries. The drug association in the 1970s caused many countries to ban the growing of hemp. The process for producing the fibres is also very labour-intensive.

Do you think cotton will disappear completely?

No, but growing it must be improved. That's why we support the Better Cotton Initiative, an organisation that is seeking to ensure that conventional cotton growing is less harmful and that it is more profitable to cultivate organic cotton.



We choose our suppliers with care

At Lindex we strive to ensure that workers have good conditions and that ongoing improvements are being made at the factories used by us.

As Lindex does not have any factories of its own, we co-operate with around 250 suppliers who produce at over 400 factories.

By doing so we are involved in creating jobs for more than 135,000 workers, largely in Asia and particularly in China, India, Bangladesh, Pakistan and Turkey. In Europe, a large proportion of our hosiery range is produced in countries such as Italy and Turkey. The washing instruction labels on Lindex garments always state the country in which the garment was produced.

Code of Conduct for all our suppliers

Through the Code of Conduct, which all Lindex suppliers undertake to follow, we lay down stipulations regarding basic working conditions. We choose our suppliers with care and we make both announced and unannounced audits. As it is important that the supplier has the knowledge required to make improvements in the right direction and to ensure that such improvements are sustainable in the long term, we place great emphasis on training, workshops, dialogue and the adoption of a common approach. The results from the Code of Conduct are one of the parameters in the regular, ongoing supplier and factory evaluations made by the purchasing department.

Proximity facilitates our CSR work

Lindex has production offices in Istanbul in Turkey, New Delhi in India, Karachi in Pakistan, Dhaka in Bangladesh and Shanghai, Hong Kong and Guangzhou in China. Through our production offices we are closer to production, which facilitates the task of ensuring that production takes place under acceptable conditions. As a company we naturally want our products to be manufactured in a decent way.

Largest Lindex purchasing markets 2009

Production country	Per cent
China	42%
Bangladesh	13%
India	9%
Turkey	9%
Italy	7%

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

Daily checks

Each day we visit factories and suppliers and talk to the workers who produce our products. Not only do we carry out audits in the factories; we also inspect at the workers' housing, the dining room where the workers eat, the infirmary at the factory, the child-care premises and other premises and areas where the workers spend time.

Documentation is everything

We check that the information given to us by the factory management, both written and verbal, concurs with the picture the workers give when they are interviewed individually and in groups. A great deal of the work involves crosschecking that what the factory management has said and the documents that are shown to us actually concur with the picture we get of the situation when we make a physical audit of the factory and the picture the workers give during the interviews. All facts that are presented from dif-

ferent sources, both verbal and written, must concur if we are to acquire a true picture of the situation.

"The importance of complete, truthful documentation is a basic prerequisite if we are to be able to make a fair assessment of the situation at a factory. We're not interested in being given a fine but falsified image of the factory. What we are interested in is seeing the situation as it is so that we can then use it as a starting point for improvement," states Helen Fu, who works as a CSR Auditor at the Lindex production office in Shanghai.

Plan of action for ongoing improvement

At the end of an audit, a plan of action is drawn up specifying the things that need to be improved. The plan of action also contains the time schedule stating when the measures must be completed. The action plan is always followed up with a new audit at the factory, new interviews with the work-

ers and further meetings with both the supplier and the factory management. We have learnt that the improvement process can often take a long time.

Auditors from external, independent audit companies also carry out regular checks on the conditions at Lindex factories.

Factory audits

All factory audits include a series of fixed elements. These are:

- Meeting with the factory management
- Documentation review
- Inspection of the factory premises
- Interviews with the workers
- Concluding meeting with the factory management and the drafting of a possible action plan



"Today Lindex devotes twice as much time to informing and training as we do to auditing. We inform, train and provide advice to suppliers, factory owners, middle managers and supervisors at the factory and also to individual factory workers."

Swati Sharma, Lindex CSR employee in India.



Lindex Stop List – when everything else fails

Unfortunately, there are suppliers and factories which after a time are not as conscientious about pursuing the improvement process in line with the stipulations laid down in the Code of Conduct.

Constantly improving conditions for the workers at a factory is the very foundation of our Code work and something which our suppliers must be keen to do. When all else fails, we make use of what is known as the Stop List. Putting the factory on the Stop List means that no further orders will be placed until agreed measures have been taken and improvements have been made. The Stop List is Lindex's way of putting its foot down when discussions and other means do not lead to the improvements and results we are seeking.

Legislation exists but is poorly implemented

In many of Lindex's production countries there are labour laws and regulations to ensure a good, safe working environment, that the workers receive the statutory wages, that no forced labour or child labour, that not too much overtime is worked and so on. Unfortunately, compliance with these laws and regulations is poorly implemented in many countries.

Improvement process

To be removed from the Stop List and once again supply products to Lindex it is required that the factory remedies the problems that have been highlighted and continues its improvement process. If a factory ends up on the Stop List repeatedly, co-operation with that factory is discontinued as Lindex then notes a lack of desire to bring about improvements.

Leaving a factory is never a good solution and is always our alternative resort. We try as far as possible to solve the problems in other ways and induce the factory to continue its improvement process.

Lindex CSR employees

Lindex CSR employees are born and brought up in the production country in which they audit the factories and who have good knowledge of local conditions in the country. They benefit considerably from their knowledge of the prevailing culture, local laws and regulations, the true situation of the workers in the factories as well as local difficulties and challenges.

The fact that Lindex CSR employees speak the local language facilitates good communication and makes it easier to win the confidence of the workers. Apart from the local language, our CSR employees also speak English as it is equally important to be able to communicate with Lindex's buyers, merchandisers and other persons within Lindex purchasing organisation.

Our CSR employees have different backgrounds; some are engineers whilst others have worked in a factory. Several have a background as auditors and have worked with CSR issues at other companies. Every new auditor undergoes internal Code training and then receives ongoing training in the environment, local legislation and so on. All auditors complete an SA 8000 auditor's course, an international certification standard for social responsibility.

A common code for greater success

Since 2004, Lindex has been part of the Business Social Compliance Initiative (BSCI), which transcends sector boundaries and involves collaboration between over 450 companies, mainly European, which currently use a joint Code of Conduct and factory audit system. All audits are reported in a joint database where it is possible to follow developments at the different factories.

The fact that we now use the same Code of conduct as over 450 companies affiliated to BSCI presents a whole series of positive effects for us as buyers and for the factories and suppliers.

A common Code of Conduct attracts greater attention among suppliers and factory owners as we have greater purchasing power behind our demands compared with what we would otherwise have as an individual company. In doing so we have greater opportunity to influence the factories positively. A factory that ensures that it has good working conditions automatically has hundreds of BSCI member companies as potential customers, which is looked on very positively by the suppliers.

Each supplier often produces for several companies within BSCI. Previously, this meant several different codes of conduct with varying content and stipulations. Now it is sufficient for the factory to follow just one code, thus making it easier for both factories and suppliers.

The Code of Conduct deals with the following areas

- Legal Compliance
- Freedom of association and 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

Local language for stronger rights

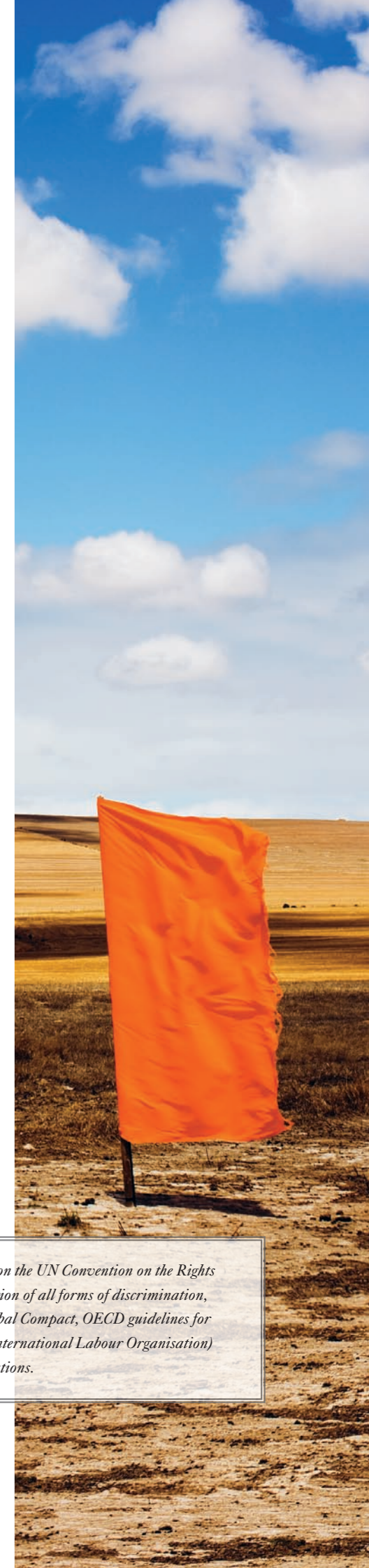
The Code of Conduct is translated into the local language and is posted in the factory at an appropriate place to ensure that all workers can read the Code and keep themselves up to date on their rights.

Important that the factories have the know-how and the capacity to change

Today the CSR work which Lindex pursues goes far beyond simply performing audits and inspections at the factories. The focus these days is on training and coaching at the individual factories. The aim is for each factory to reach a point where they can work voluntarily to improve conditions for their employees without constant pressure from Lindex. The degree of urgency at the individual factory is crucial to how sustainable the improvements will be in the long term. A great deal depends on giving the factories the opportunity to acquire and own the know-how they require in order to drive development forward in a positive spirit. We have noted an increase in interest among the suppliers and today they are more involved and committed. We will continue to discuss with the factories and support them through regular seminars and workshops, arranged by BSCI, Lindex and other organisations and companies.

The BSCI Code of Conduct stipulations are based on the UN Convention on the Rights of the Child, the UN's conventions regarding abolition of all forms of discrimination, the UN Declaration of Human Rights, the UN Global Compact, OECD guidelines for multinational companies, the fundamental ILO (International Labour Organisation) conventions as well as basic environmental stipulations.

You can download the Lindex Code of Conduct from our website, www.lindex.com.



Integration of the Code of Conduct work into the purchasing process

Lindex is endeavouring to ensure that responsibility under the Code of Conduct becomes an integral part of the purchasing process and part of the day-to-day work for everyone who is involved in the purchasing process.

It is not only the CSR auditors at the different production offices who are responsible for ensuring compliance with the Code of Conduct. Responsibility rests with everyone involved in purchasing. When our buyers and merchandisers show the suppliers how important they regard compliance issues we attract greater attention among suppliers and factories.

Apart from the fact that Lindex CSR employees visit the factories regularly,

Lindex also has 26 quality controllers who visit the factories frequently to monitor the quality of the work and at the same time review the visible working environment to ensure that there are no under-age workers at the factory. If there is any suspicion that things are not as they should be, the quality controllers report back immediately to the CSR team, who then initiate an investigation.

The Lindex purchasing organisation reviews continuously the Code of Conduct compliance level of each supplier and factory, this is part of the overall evaluation of the supplier. If two suppliers submit similar tenders in terms of price and quality, it is the Code of Conduct level that decides which supplier is given the order.

Ban on child labour

Lindex has worked for a long time to prevent child labour and take 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.

Today the majority of factories and suppliers are well aware of the rules and to be on the safe side it is often the case that no one under the age of 18 is employed.

Despite this, we discover on odd occasions workers who have been employed at the age of 15 instead of 16 and this is regarded as child labour. No cases of child labour were discovered during 2009. However, if it were

to happen, we find a solution that is best from the child's point of view. Consequently, Lindex has produced a "Child Labour Action Plan" which complies with the guidelines produced by Save the Children and which always uses the interests of the child as a starting point.

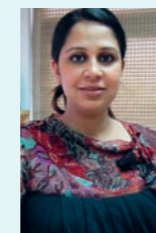
To find out whether there are under-age workers at the factories, Lindex auditors examine a range of areas. The auditors check, among other things, that there are always contracts of employment, ID cards, salary lists, medical certificates, attendance reports from production etc. All Lindex employees who visit the factories are constantly on the lookout to see if there is anyone who appears to be too young and report back immediately to the CSR team if there is any suspicion of use of child labour.

Strong commitment throughout the whole business process

Teamwork and a committed manager represent the key to success when it comes to integrating the Code of Conduct process into the business process. We have seen proof of this in India.

Mridula Dixit is head of the Lindex production office in India: "Nowadays it is no longer just the person responsible for the Code of Conduct who talks about decent working conditions with the suppliers. Everyone at the Lindex office helps within their area.

"When everyone who has contact with the supplier is mindful of good working conditions, the message to the supplier is clear; they



understand that this is part of the business, that it is something that we care about and that they must have good working conditions if they are to produce goods for us. We have succeeded in incorporating the Code and it is now a natural part of daily work and that is

the reason why we have succeeded so well," concludes Mridula Dixit.

Swati Sharma, who is a CSR Auditor in India, states that everyone can contribute to the day-to-day work.

"These days everyone at the office is involved and committed: merchandisers, quality controllers and even the driver who drives me to the factory that is to be audited. When I go into a factory, the driver keeps watch outside and lets me know immediately if the factory owner tries to get workers out the back way that they do not want me to meet. It is important that all workers are at their workplace so that we can build up as complete picture as possible of the situation.

Regular factory audits are necessary although a vital reason for the very tangible improvement in the Code conditions at Lindex's suppliers in India over the past year is that everyone at the office has the Code process as a parameter in day-to-day discussions with the suppliers.



"We have succeeded in incorporating the Code and it is now a natural part of daily work and that is the reason why we have succeeded so well."

Mridula Dixit, head of the Lindex production office in India.

Code of conduct results 2009

Lindex is aware of the risks of infringement of the Code of Conduct and is working actively to ensure that all suppliers and factories are fully compliant with the Code. A combination of audits, training and exclusions has led to progress during the year.

During 2009, Lindex conducted a total of 274 audits. Of these, 192 were initial audits, i.e. the first audit at a supplier, and 82 where re-audits. 199 were conducted by Lindex's

own auditors and 75 were conducted by external companies.

In a factory audit, an assessment is made in 13 different areas and each area is assigned a score of 0, 1, 2 or n/a depending on how well the requirements have been met. When each part of the Code has been given a score (0-2 or n/a) a final assessment of the factory is made.

Lindex Stop List

During 2009, 24 factories were on the Stop

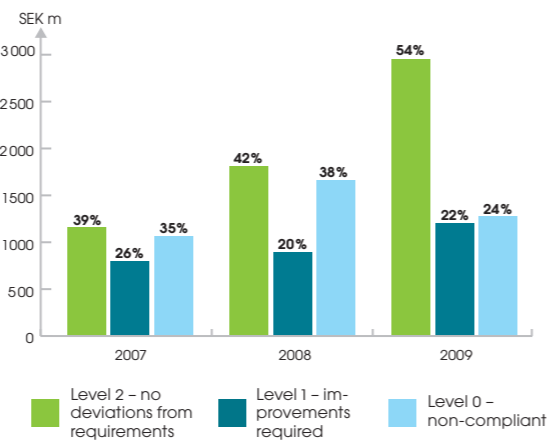
List. Infringements include incomplete or contradictory documents which result in it not being possible to verify the demand for a minimum wage or where a supplier has used factories which have not been audited and approved by Lindex for certain parts of its production.

Training activities

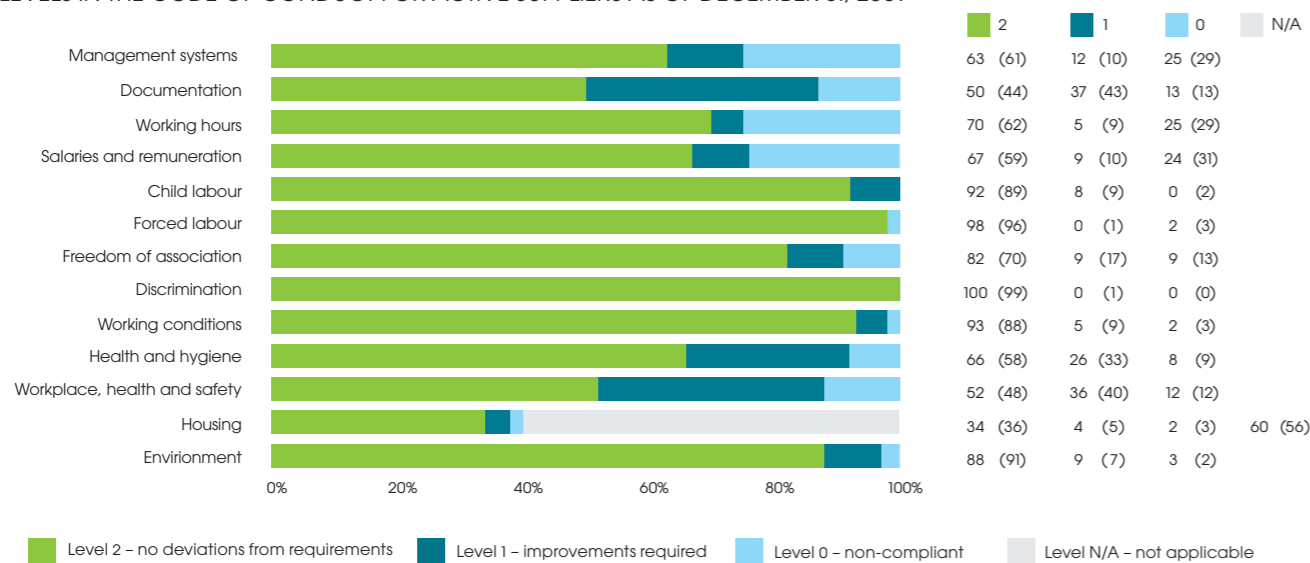
During 2009, a total of 157 suppliers and factories took part in training activities initiated by Lindex and BSCI.



CODE RESULTS, TOTAL BREAKDOWN FOR 2007-2009* BASED ON COST PRICE



LEVELS IN THE CODE OF CONDUCT FOR ACTIVE SUPPLIERS AS OF DECEMBER 31, 2009*



* The figures are based on an internal follow-up system and the results have not been assured with the aid of IT support. The figures in brackets are figures as of December 31, 2008.

Path ways to a Better Working Life

In 2009, freelance journalist Mats Wingborg visited two Lindex suppliers in India which for a number of years have worked with Lindex and which step by step have improved the working conditions for the employees at their factories.

At the request of SwedWatch, the Fair Trade Centre and the Church of Sweden, Mats made a comparison of the strategies adopted by three Swedish companies to create better conditions at production sites in developing countries.

To create as true and fair a picture as possible, Mats Wingborg visited the factories in India and talked to both workers and managers as well as Lindex employees in India.

In his final comment on the report Mats Wingborg wrote: "Lindex represents a strategy that affects many workers and which has cre-

ated a better working environment and working conditions." At the same time he points out that the work done by Lindex has not led to a strengthening of the trade union organisation, that overtime is still common and that Lindex obviously needs to strive more to ensure that all workers receive what can be regarded as a living wage.

The report is entitled Vagar till ett bättre arbetsliv (Path ways to a Better Working Life) and can be downloaded from the Lindex website www.lindex.com.



Salaries in focus for better living conditions

The Code areas in which greatest progress was made during 2009 are also the areas in which we still have the greatest difficulties and challenges with regard to breaches of the Code of Conduct stipulations.

The areas in question are management systems, documentation and working hours. Other areas in the Code where we see major challenges are the demand for trade union membership and that the wage paid covers basic needs and be what can termed a living wage.

Documentation

A common problem at the suppliers is the considerable shortcomings in documentation, with serious problems as a result. This could, for example, take the form of a lack of copies of the employees' ID cards or that the salary lists are below standard. This makes it difficult to verify compliance with Code requirements, such as the correct salary being paid, that no under-age workers are in the factory and that there is no overtime.

The suppliers are often considered not to have satisfied the requirements in the Code in those areas where there is insufficient documentation.

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

Management systems

Problems with management systems could take the form of poor control routines at the factory, checks on suppliers, a lack of persons responsible for the management system or the absence of internal policies.

Lindex is working on the training of the factory management in order to be able to carry out internal controls in its supply chain. We place considerable emphasis on the factories having functioning management systems and the provision of advice and support to improve the situation.

Working hours

The maximum working hours permitted

according to the stipulations in 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 every country in which Lindex has manufacturing operations. Overtime is a difficult problem to address as the underlying reasons are many and varied. Some say that the workers at the factories want to work overtime to earn more money.

In those cases where the workplace is far away from the workers' homes they want to be able to work a lot during an intensive period so that they can then take time off to travel home. The supplier naturally benefits from having overtime at its factory as production is increased. Lindex lead times also represent a risk of overtime. To minimise the risk, an assessment is made of the supplier's production capacity before an order is placed.

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 hard to improve compensation for overtime at the suppliers as in the long run this will also reduce the need and will 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 are unable to ensure that the correct wage is paid. Other problems include suppliers not granting holidays and time off according to national laws.

During 2009, independent sources show that the statutory minimum wage in many countries does not satisfy basic needs and is insufficient to provide for a family. As we at Lindex feel that it should be possible to live on the wage earned by a factory worker, i.e. the cost of housing, food, medical care, schooling for the children and certain savings, we are working actively to ensure that all factory workers receive at least the statutory minimum wage, the correct compensation for any overtime etc. If the statutory minimum wage is not the same as a wage which covers relevant living costs, we enter into a discussion with the supplier and do our best to ensure that the supplier makes adequate compensation.

Lindex regards compensation as a priority area in order to bring about improvements.

Right of association

The right of association with the related possibility of negotiating collectively is a basic and very important right which Lindex is careful to safeguard. Unfortunately, trade union membership in many of Lindex's manufacturing countries is weak and the underlying reasons are complex and often multifaceted.

At many of the factories which Lindex currently uses, there are functioning worker committees in which the workers are given the opportunity to enter into discussions with the factory management. These committees are in no way an equal alternative to a functioning trade union and nor should they be seen as a replacement for such. The opportunity to be a member of a trade union and be able to negotiate collectively is a primary objective. However, it is the responsibility of the workers to establish trade unions and it is Lindex's responsibility to make demands on the supplier to ensure that this right is not infringed.

On the Lindex website, www.lindex.com you can find more about the Lindex Code of Conduct objectives and the current status. You can also find information about key areas and guidelines for the long-term CSR work as well as our risk analysis.

Good ethics – an important part of daily life

Honesty, integrity and fair play must always characterise Lindex business operations. With its Ethics Policy, we work to combat all forms of corruption, including extortion and bribes.

All our employees must have a clear attitude to bribes, gifts, business entertainment and company secrets. Nor is it permitted for our suppliers to give gifts or any other benefits of any kind to our employees.

We work with the Lindex Ethics Policy, both for our employees and for our suppliers.

The policies are available to all employees on the Lindex intranet. Our suppliers are informed of and sign the Lindex Ethics Policy when they begin working with us.

Ethics – part of daily life

An important part of our ethics work is ongoing education. One of the ways this takes place is by bringing together all employees at the company's production offices once a year. With the aid of a workshop, the employees receive clarification about the rules that apply. It is by working together with our employees that we can coun-

teract corruption, extortion and bribes. Observation of good ethics is also important in our stores and this is therefore included in the annual security training.

The Head of Group Security acts as an independent adviser to any employee who needs help, advice or explanations regarding the company's ethics policy or applicable legislation.

To counteract and find a way of handling breaches of legislation or the Lindex Ethics Policy, our employees can report infringements of ethical rules to their immediate superior or anonymously by e-mail.

Hello...

JERKER ENGSTRAND,
HEAD OF SECURITY AT LINDEX



What is the aim of our ethics programme?

It is a clear, simple way of getting everyone who works at and with Lindex to understand the basic values behind our ethics programme. Everyone benefits from having a clear ethical approach in our work.

How can we counteract corruption, including extortion and bribes,

particularly in the more corrupt countries in which Lindex operates, such as Russia, which according to the organisation Transparency International is number 146 on the list of most corrupt countries in the world?

It is no easy task. At Lindex we place great emphasis on education, workshops and dialogue. It is important that we are on site and inform about our views on ethics. We also talk to all our employees, not just managers. Providing concrete examples or asking tricky questions as a basis for discussion are also effective ways of putting across what we mean at Lindex by good ethics. It is also important that we act as role models in everything we do in order to promote understanding of Lindex's ethical position. It shouldn't simply be a pile of attractive documents and policies but a course of action which means that we understand what our ethics programme really means.

What challenges do you see in our ethics programme in the future?

Getting all employees at Lindex to adopt the same set of values and a common view of the meaning of ethics. Another challenge is to get all employees to live according to our ethical rules and understand why. At Lindex we have many different cultures and views about what is ethically right and wrong and this could differ significantly between different countries and cultures."



On the Lindex website, www.lindex.com, you can see Lindex environmental targets and their current status.

Environmental aspects in focus

The purpose of our environmental programme is to reduce the load on the environment when the products are being produced, during transport and in those countries where the products are sold and used.

We are constantly striving to improve our working methods and to contribute to a more environmentally adapted product chain.

Co-operation for cleaner transport

Lindex has the long-term objective of minimising the carbon dioxide emissions generated by our operations. Freight transport is a significant source of carbon dioxide emissions by Lindex. To achieve cost-effective, reliable and environmentally beneficial transport solutions we believe that co-operation is vital – with other companies in the industry and with the carriers.

For several years we have laid down environmental stipulations for our transporters and during 2009 there has been a particular focus on sea carriers. The manufacturing of Lindex products takes place mainly in Asia and the vast majority is transported to Europe by sea. Sea transport is a mode of transport that has low environmental impact potential although there are major differences between vessels depending on the engines and the fuel.

Cleaner sea freight and reduced air freight

To minimise the environmental impact of our sea transport we work together with other companies in the Clean Shipping Project. The project has produced a database where different shipping companies' vessels and their environmental load are registered. The project is still in its infancy but we hope that more shipping companies will become affiliated and register their vessels in the database. We believe that this could be an

excellent tool to evaluate different shipping companies from an environmental point of view as part of our transport procurement process.

During 2009, air freight was only used in exceptional cases and just 2.7 per cent of all goods during 2009 were transported by air or using a combination of sea and air. This is a substantial reduction compared with the previous year when the figure was 4.0 per cent. Reducing the proportion of air freight has been a vital issue for us and we feel that a figure of just 1.5 per cent of all Lindex products transported by air is positive.

Project run in co-operation with the Swedish National Road Administration

For several years Lindex has worked with other companies and the Swedish National Road Administration to impose environmental demands on road carriers. The environment is always a factor when choosing a supplier and in our most recent transport agreement we incorporated environmental stipulations.

Environmental choice important in conjunction with business travel

During the year, Lindex worked to reduce the amount of business travel. Prior to each trip, an employee should consider whether alternative meeting forms, such as a telephone or video conference, could be used instead. When planning all business trips, the environment should be taken into account and for shorter business trips, where the travelling time is less than six hours, travel must be by train.

Lindex encourages, through extra financial rewards, employees with company cars to choose environmentally classified vehicles. We are linked to a car pool with environmentally classified vehicles and in our rental agreements environmentally classified vehicles must be chosen.

In total, Lindex emitted around 1,330 tonnes

of carbon dioxide as a result of business travel during 2009, a reduction of approximately 25 per cent. The reduction can be attributed largely to a reduction in the number of business trips by air but also to the fact that travel by car has fallen during the year.

Electricity from renewable energy sources

Lindex uses electricity from renewable energy sources, such as the sun, wind, water and biofuels, at the offices and at all stores in Sweden, Norway and Finland where the company has its own energy agreement. During the year, Lindex used a total of approximately 31 GWh of electricity. In 2008, the total reported consumption was 23 GWh. The increase is due largely to the fact that more than Lindex stores were able to report their electricity consumption compared with previously. The Lindex stores use most electricity. In 85 comparable Swedish stores, electricity consumption fell during the year by approximately 850 MWh or approximately 7 per cent. The Lindex production offices in Asia increased their electricity consumption during the year as a result of the expansion in their operations; they are today production offices for the whole of the Stockmann Group.

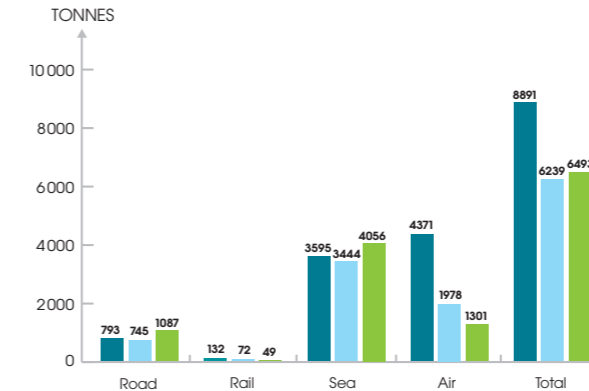
Lindex works to assure its measurement systems for electricity consumption but as a result of different electricity agreements and different reporting methods in different countries, the total figure is still uncertain. During 2010, work will continue to produce common reporting methods for electricity consumption for all subsidiaries in the Lindex Group.

Reduced carbon dioxide emissions

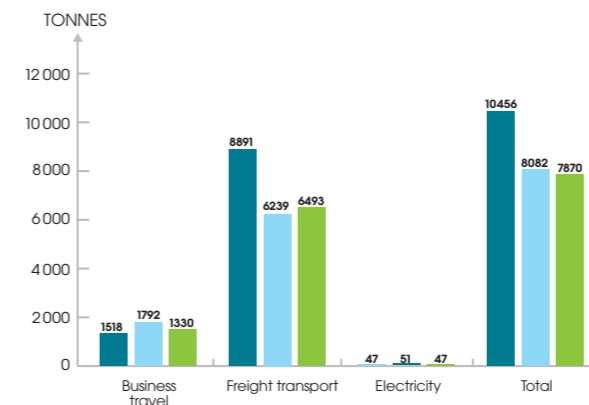
During 2009, Lindex reduced its total carbon dioxide emissions by 2.6 per cent. This reduction is mainly due to the fact that we have reduced our business travel by air and transported fewer goods by air.

2007 2008 2009

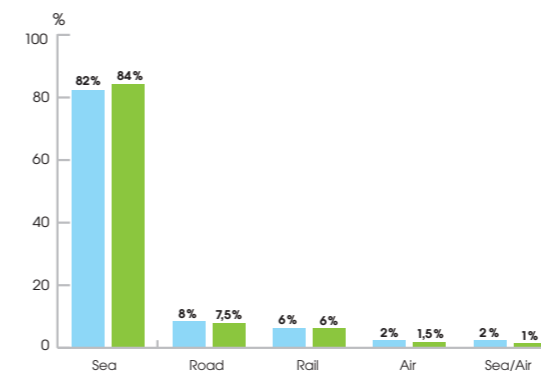
CARBON DIOXIDE EMISSIONS FROM FREIGHT TRANSPORT



TOTAL CO2 EMISSIONS



INCOMING FREIGHT TRANSPORT



Environmental policy

We offer inspiring, affordable fashion and at the same time assume responsibility for sustainability 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 sustainability and follow up in order 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.

Hello...

EMMA ALBINSON, TEAMLEADER, LINDEX LOGISTICS DEPARTMENT

during the year she has worked on the Clean Shipping Project and for several years she has worked with other companies and the Swedish National Road Administration in transport and environmental projects.

Why is it important to co-operate in environmental issues?

The more people who support and make the same type of demands the better – the carriers know what they are up against and we can exert considerable influence when there are several major companies behind the demands. We then notice that the carriers listen to us more as transport purchasers.

How can Lindex make its sea transport more environmentally friendly?

This is difficult for freight is purchased on several levels but I believe that in time the Clean Shipping Project database will be an excellent tool as part of the decision-making process. A new version was launched during the year and we are extremely pleased with it.

What is in focus with regard to transport and the environment at Lindex during 2010?

We will co-ordinate transport of what we term non-commercial freight, such as marketing material, to the stores. This material will now be sent together with other freight and in doing so we will have higher filling levels and fewer transport movements to each store. We will also look into the possibility of introducing return packaging at all the stores in the Baltic countries. This system is already in place in the Nordic countries.



The hunt to reduce energy consumption has given results

During the year all Lindex employees have been on a hunt. Over a two-year period, up to and including 2010, Lindex aims to reduce its total energy use by 10 per cent. As part of this work, we started Energy Hunt during the year - an initiative where we bring together all our environmental activities that save energy.

By thinking in an energy-smart way throughout the whole chain, a great deal of energy can be saved. In just one year alone energy consumption at the stores in Sweden fell by seven per cent measured according to store floor space.

Small measures produce the greatest difference

The aim of the Energy Hunt is to reduce electricity consumption by 10 per cent in two years, calculated according to the store floor space. To achieve this objective, Lindex has worked on three levels.

Stores which reported unreasonably high energy consumption have been examined in greater detail to identify the underlying reasons. We often found that the electricity meters in the stores were linked to external things - adjacent stores for example - or that the cooling facility setting is completely incorrect.

New stores have been equipped with new, electricity saving technology, including facade signs with LED lights, automatic activation of lights, lower wattage in public lighting in the store, and fewer, yet more effective, spotlights.

All stores have also worked according to what is termed the 'hot list' - a list of small, energy-saving measures, such as allowing

the escalator to operate only if there are customers in the store, to the use of timers and developing good routines for turning the lights on and off.

Competition for involvement

It emerged that it is in fact all the small measures that produce the greatest effect, which means that it is the energy behaviour of the personnel in the store that largely governs consumption. To get everyone on board, Lindex started the Energy Hunt competition at the company's Swedish stores. The winner was the store in Gislaved in Sweden, which reduced its consumption by a commendable 17 per cent.

Environmental focus at Norwegian stores

During the year, 12 Lindex stores in Norway were environmentally certified according to the Norwegian certification body Miljöfyrtorn. Certification was conducted in co-operation with the landlord Steen & Ström, which during the year has certified several of its shopping precincts. To be certified, the stores must, among other things, conduct an environmental analysis along with an activity plan. They have reviewed their working environment, energy use, purchasing and use of materials as well as waste and emission management.

Twice a year the stores, together with the whole shopping precinct, run a campaign under the title 'Good Choice', which makes it simpler for the customer to choose environmentally friendly alternatives. During these campaigns Lindex highlights in particular its organic garments.

Further information about environmental

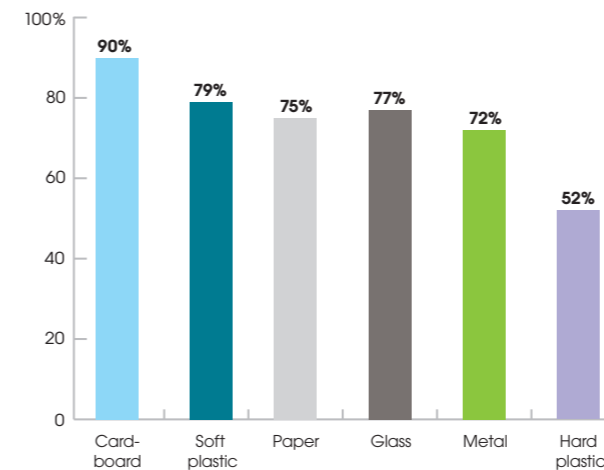
certification can be found on the Miljöfyrtorn website www.miljofyrtorn.no.

Plastic bags and in-store sorting

The Lindex e-commerce store has begun using bags for packaging made from recycled plastic. The bag is manufactured from what is at least 90 per cent recycled material.

All stores in Sweden, Norway and Finland have adopted primary sorting based on local conditions. We are working to adopt primary sorting in all countries in which we operate although local conditions have meant that this is not possible in all locations.

PRIMARY SORTING OF WASTE AT LINDEK STORES *



*Based on 268 of 395 Lindex stores.



When the flagship store in Gothenburg, Sweden was redeveloped during 2009, reduced energy use was in focus and this is something that has really produced results. Since it was re-opened in March, the store has reduced its electricity consumption by more than a third.

Hello...

AGNETA ANDERSSON,
STORE MANAGER IN GISLAVED

which won the 2009 Energy Hunt competition in Sweden and reduced energy consumption by 17 per cent.

What did you do to win?

We were extremely focused from the very outset and we decided at an early stage that we were going to win. It is important that all employees are involved and committed and this has certainly been the case here.

We have old premises with old fluorescent lights, spotlights and other lighting that use a lot of electricity. We replaced the fluorescent tubes with new variants where we were also able to fit timers. Previously, the lights were on all night but now that we've fitted timers, the display window lighting is on until one in the morning and then it is switched off automatically. Our old spotlights were a real environmental black spot before but now they're only on for a few minutes before the store opens.

We're also careful to turn off the lights in areas that are not in use. Previously, lights were on all the time in the staff room and other small areas. Now we turn the light off as soon as we leave the room.

How have you managed to get the employees involved?

They were committed and became involved from the very beginning. As I said previously, our aim was to win the whole competition. It's the little things that matter; you don't need to make major changes. As the saying goes: "Every little helps."

What will your focus be in the future?

We have continued to work on reducing our electricity consumption. It's our world we're talking about and in my opinion everyone who can make a contribution should do so. I am convinced that by next year we can halve our consumption!



Lindex's five tips for reducing energy consumption in the store

1. Draw up a plan for how the lights in the store are turned on and off when opening and closing.
2. Start the escalator just before opening and only allow it to operate as long as there are customers on it.
3. Examine the heat curtain above the entrance. Has it been correctly set for the current weather conditions?
4. As far as possible use only low-energy bulbs.
5. Examine the times when the store's display windows ought to be lit up and set the timer accordingly.

New environmental code for cleaner water

All Lindex suppliers that have their own wet processes have become subject to a new environmental code with effect from 2009. The suppliers are ranked using a colour system – green, yellow or red – depending on how well they meet the requirements. A supplier with a green rating has an environmental programme that is in line with Lindex’s stipulations. A yellow or red rating means that the supplier has more to do although this does not exclude the supplier from supplying to Lindex.

Ingela Lind is the project manager for the Environmental Code at Lindex: “By not just choosing green suppliers we can induce more suppliers to begin working with environmental aspects. Environmental concern is part of the agreement with a new supplier and even if they have a red rating we can still work with them although our agreement with them includes measures that must be taken if the supplier is to move up the ranking system.”

Environmental demands on suppliers

As Lindex does not have its own production facilities we have for a long time imposed environmental demands on our suppliers through a Code of Conduct, where Lindex demands that suppliers follow current environmental legislation and that chemicals and waste are handled safely and with due consideration given to the health of the factory workers and avoidance of damage to the environment.

The environmental requirements in the Code of Conduct which Lindex uses have been adapted to assembly units, which in the first instance are the suppliers with which we have direct contact. However, the greatest environmental impact in textile production is in wet processes, such as dyeing, printing and washing. We therefore feel it is important to also exert pressure on the suppliers who work with wet processes in manufacturing the company’s products.

During the year Lindex began working with the new Environmental Code of Conduct which all suppliers that have wet processes must sign. The Code includes stipulations regarding water treatment, analyses, handling of chemicals and emission limits. Some larger suppliers have sub-suppliers that have been environmentally audited voluntarily.

“There has been a considerable willingness to co-operate at the suppliers. They are open and ready to improve. We can also see that the degree of awareness at the suppliers with regard to environmental issues has increased since we started this project,” states Ingela Lind.

Environmental training and information to the suppliers

The new environmental requirements are followed up through environmental audits conducted by Lindex’s own CSR employees, who also carry out audits for the social Code of Con-

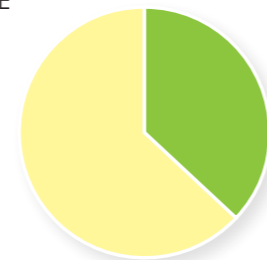
duct. During the year all CSR employees received training in the new Environmental Code and how they can in turn train and inform the suppliers in environmental issues.

The most common problems we have encountered among the suppliers during the year are a lack of written routines on how the factories should handle hazardous waste and that there is a lack of water analysis tests. In Bangladesh and China there are also problems related to a lack of information about how chemicals should be stored and handled and the fact that protective equipment is not used. Through a joint training project with suppliers, which will commence in 2010, the aim is to rectify this.

Around 20 per cent of Lindex garment purchases in 2009 came from suppliers who had signed the new environmental demands and where environmental audits had been carried out.

Our aim is of course to assure environmental standards for more of the company’s products. This is a long-term task and as Lindex does not have direct contact with the majority of factories that work with wet processes this must take place through collaboration with the principal suppliers, which are the sewing factories with which we have an agreement. During 2010, Lindex will continue with this work. We will also work with several local environmental projects to further support the suppliers in their development in the environmental field.

LEVEL, SUPPLIER ENVIRONMENTAL CODE



Yellow	12 = 63%
Green	7 = 37%
Red	0 = 0%

Bangladesh

In Bangladesh environmental and water pollutants from the textile industry are a major problem. Untreated water, waste and sludge are not always handled correctly. In addition, many factories frequently have limited knowledge of the environment and environmental work. One of Lindex’s suppliers which dyes and prints fabrics at a factory outside Dakar in Bangladesh, was formerly a red supplier that has moved up the scale and is now a yellow supplier. The supplier has

become part of an environmental project which Lindex has run together with local organisations that have provided support and information about the environmental initiatives that need to be taken. The supplier has during the year built a completely new water treatment facility and at the same time become increasingly interested in environmental work, even in other areas. The aim is now to continue this work so that the supplier reaches the green level.

Hello...

HUMAYUN KABIR

who is responsible for the water treatment facility at one of Lindex’s suppliers in Bangladesh.



What have you done to reduce environmental impact during 2009?

We are now aware and realise what impact our operations have on the environment. During the year we not only built a new water treatment plant, we also reviewed other environmental aspects and we have become more involved in social issues.

What does environmental work mean to you?

It is of course extremely important both for us as a company and for our country. The daily cost of our water treatment facility is an investment that is well worth making for generations to come.

What do you feel are the challenges that are facing Bangladesh in terms of environmental issues?

Water is the most important thing for people and we are facing a major challenge to ensure that the country’s water situation is improved. I am involved and extremely proud to be part of this work and in doing so reduce our impact on the environment.

Limiting the use of chemicals

When producing garments chemicals are used to dye, print and wash. Lindex is working actively to limit the use of harmful chemicals in all our products, for the sake of the environment, for the sake of employees in the supply chain and for the safety of our customers.

Lindex has a list of chemicals which are either completely banned from use or only permitted within pre-set, safe limits in the production process. Our suppliers issue a written undertaking to comply with the restrictions.

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

Independent laboratories carry out regular tests to make sure that the suppliers satisfy our demands. In 2009, Lindex tested around 10 per cent of all articles. The articles are

selected randomly.

The primary focus of the audits is allergenic dispersion dyes, lead, carcinogenic azo colourants, cadmium, formaldehyde, phlatates, hexavalent chromium, nonylphenol polyethoxylate (NPEO), perfluorooctanyl sulphonate (PFOS), perfluorooctanoic acid (PFOA) and pH values.

During 2009 Lindex focused in particular on phlatates and NPEO in clothes and lead in jewellery. Phlatates are used as plasticisers in plastic printing. NPEO is used in a range of different textile processes. The chemical is mainly an environmental problem; it is when the substance is broken down to non-ylphenol and enters the water system that it becomes environmentally hazardous.

Around 10 per cent of the products tested were rejected. NPEO and incorrect pH value accounted for the majority of the rejected

samples. More products were rejected compared with the previous year, the main reason being that more NPEO tests were conducted. NPEO is a chemical that is complicated to deal with as it can be used in many different processes. This means that when we find NPEO in a product it is still difficult to identify where in the chain it comes from. It could, for example, occur in the production of a textile fibre or in the washing agent at certain washing stages early on in the process.

If a product is rejected, the supplier must change its process to meet the chemical stipulations. If it fails to do so the order is cancelled. No products that are rejected in the chemical tests are sold.

Lindex will continue to test around 10 per cent of all articles during 2010 and will focus mainly on phasing out NPEO.

Quality work throughout the whole organisation



Each year, Lindex conducts more than 20,000 quality tests and the quality requirements are very strict. Everyone who works with the design and purchase of Lindex products is also responsible for ensuring quality and product safety.

Agneta Häll is head of quality at Lindex: "Lindex has high quality standards and our customers expect good quality when they buy from us. One of my tasks is to ensure that we constantly meet those expectations."

Agneta works at the Lindex purchasing development department. The department has six employees who work on assuring quality, product safety, use of chemicals, compliance with the Code of Conduct, organic cotton and finding new, sustainable fibres. Agneta is responsible for ensuring quality and child safety.

"I work with the first phases in the quality process although most of the work is actually done at our offices in the production countries by our test co-ordinators. Their job is to test all the products. Before the factory is given the go-ahead to start manufacturing a product all the tests must be completed successfully. The garment is washed and measured. We examine the colour-fastness to ensure that the dye does not chafe. We conduct nickel tests and we ensure that a knitted garment does not twist after washing and that the garment looks good."

Quality tests on all products

All the Lindex production offices have a test co-ordinator. To help them in their work they all have the same type of mini-laboratory, comprising washing machines, light cupboards and nickel tests. The tests follow the same rules and routines in all countries and are carried out on virtually all articles.

"The test co-ordinator is the spider in the web for all test routines. Apart from conducting their own tests they are also responsible for sending the products to external test laboratories, which we use for more advanced tests, such as on sun protection garments."

laboratories, which we use for more advanced tests, such as on sun protection garments."

Supporting and coaching in quality

If they are doubtful about something then the test co-ordinators check with Agneta. She acts as a quality coach and adviser for the whole design and purchasing department.

"Our quality requirements are written into the agreements with the suppliers and the product quality assurance work is conducted by everyone at the purchasing department. I support the organisation and provide them with the tools and know-how to make the right demands and discover faults."

Around 90 per cent of the products are approved from the very outset, whilst the others need be corrected in some way. Often the suppliers can change something in the production process so that they meet the requirements but if they fail to ensure the right quality, Lindex cancels the order.

Agneta is a trained tailor and she has previously worked with sewing technically advanced sports garments.

"I thought it was extremely exciting to work with both the functional and the technical aspects and I realised the importance of quality. This aroused my interest in technology in combination with fashion production and I subsequently trained as a textile engineer. It is extremely valuable to work with both these aspects in my job as it gives me an understanding of the totality."

Safety in focus for children's wear

When it comes to children's garments there is also a whole checklist of safety requirements used during the inspection process. Everyone

who works with children's products follows the list, which acts as a manual in which every detail is specified, such as the length of the drawstrings and the design of the hoods. Designers, buyers and assistants check things as they go along and in doing so guarantee that the garment is completely safe.

"It is important that it is right from the beginning. If the product is designed correctly, we save a great deal of work and minimise the risk of faults later on."

Safety is an integral part of production. No supplier is permitted to begin producing children's wear for Lindex before we have visited the factory to ensure that they have the correct equipment, including needle detectors, which all children's garments pass through to ensure that no broken or forgotten needles remain in the garment.

Lindex children's garments satisfy the requirements laid down in the European standard for safe children's clothing (EN 14 682). Agneta is also a member of the group that works with the development of the European child safety standard.

"Safety requirements must be constantly updated and developed in line with changes in fashion and the emergence of new materials and products."

Quality work all the way

Following the test phase, quality assurance continues throughout whole production process. All the production offices have quality controllers who are involved in the actual production. They are in the factories on a daily basis to carry out the final inspection of the goods before they are approved for delivery.

A DAY WITH AGNETA HÄLL

8.30 am Check e-mails

Our production offices are several hours ahead of me and so when I arrive in the morning there are often e-mails with questions from them. Today the test co-ordinator in Shanghai wonders how to interpret a fire test on a simulated fur jacket from an external laboratory. I call her and we discuss it.

10 am Visit to the purchasing department

One of our buyers is thinking about purchasing a new type of windproof jacket and we discuss the requirements for a fabric to be classified as windproof. One of the assistants from the children's department comes by and wonders whether she has measured the drawstring correctly on a child's jacket which has been attached in a new way.

1 pm Safety training for assistants

After lunch I conduct safety training for purchasing and design assistants at the children's department. They do a great deal of the work involved in checking compliance with all the safety requirements for children's wear. It is extremely important that they are knowledgeable and up to date.

3.30 pm Reply to the stores

When I return a store has sent me an e-mail asking whether the fastener on a bra has been nickel-tested and what the washing symbol means. I answer them by stating that all our accessories have been nickel-tested and I explain the washing symbols so that they can in turn answer their customers.



Animal rights policy

Lindex has a very restrictive attitude to products manufactured from fur or leather. Real fur is not permitted in the range. Only leather from animals reared for meat production may be used. We do not allow cosmetic products to be tested on animals.

Lindex takes exception to mulesing, which is carried out on merino sheep in Australia to reduce the incidence of flystrike. We have decided to make our purchases from other countries of origin and from those suppliers in Australia who can guarantee that the merino wool is produced without mulesing. The aim is to exert greater pressure on sheep farmers who still perform mulesing. Lindex does not accept the method of using clamps as an alternative to mulesing.

3 quick questions...

1. WHAT DO YOU CONSIDER TO BE THE GREATEST CHALLENGE WHEN IT COMES TO THE CODE OF CONDUCT BASED ON YOUR ROLE IN THE COMPANY?
2. HOW CAN WE IMPROVE?
3. IN WHAT WAY CAN YOU CONTRIBUTE?



Ingalill Ulvdell, product manager Lindex Children's Wear department

1. Fashion changes quickly and we're working constantly to reduce our lead times. By working in this way there is a risk that we jeopardise the demands in the Code of Conduct. As I firmly believe that it is important that our products are manufactured under fair conditions it comes down to finding a way of working that do not violate the workers' rights in any way. It's a matter of finding a good balance.
2. By making the Code of Conduct a natural part of the purchasing process at every stage. Each buyer must be more aware of the Code of Conduct level at the factories that we use and maintain a dialogue with our suppliers.
3. I hope to be able to contribute with motivation and commitment and an active dialogue with buyers, production offices and individual suppliers.



Anna-Karin Bengtsson, product manager Lindex Ladies' Wear department and former production office manager in Shanghai

1. By striking a balance between working for human rights with the desire to do good business. If we make unreasonable demands there is a risk that falsified documents and bribes will emerge. We're not looking for results that only look good on paper.
2. We must continue to push and support the suppliers by showing our personal involvement and by maintaining an ongoing dialogue about its importance.
3. Examine critically the suppliers we are working with and ensure that new suppliers really are acceptable to work with.



Ingrid Pors, buyer, Lindex Children's Wear department

1. To bring together the parameters best product, best price and a good Code of Conduct status. It is also a matter of moving forward carefully to ensure that we retain the best suppliers. We must pay attention to those factories that have major potential to improve their Code of Conduct status.
2. As buyers we need to be better at following up to check whether an improvement has been made or not.
3. If two factories offer the same price it is obvious that we choose the one that has the best Code of Conduct status. My experience is that this approach really gets the improvement process going.



Sara Bergström, production office manager in Hong Kong

1. Many factories that have been audited by an external audit company have achieved very good results in a short time which makes us suspicious. We are 'positively sceptical' and need to devote more time to investigating whether the situation at a factory really is as good as it appears on paper.
2. It feels good that as a company we don't simply look at the bottom line when we choose a supplier but instead look at a sustainable totality and make choices that support what we represent, both in business terms and as a responsible company.
3. We perhaps ought to make more unannounced inspections at the factories. However, the primary focus of our work is to ensure that the Code of Conduct requirements are something that we have with us at all times in the many simple yet important decisions we make on a daily basis.

If you have any opinions or questions regarding our CSR Report you are welcome to contact us.

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