

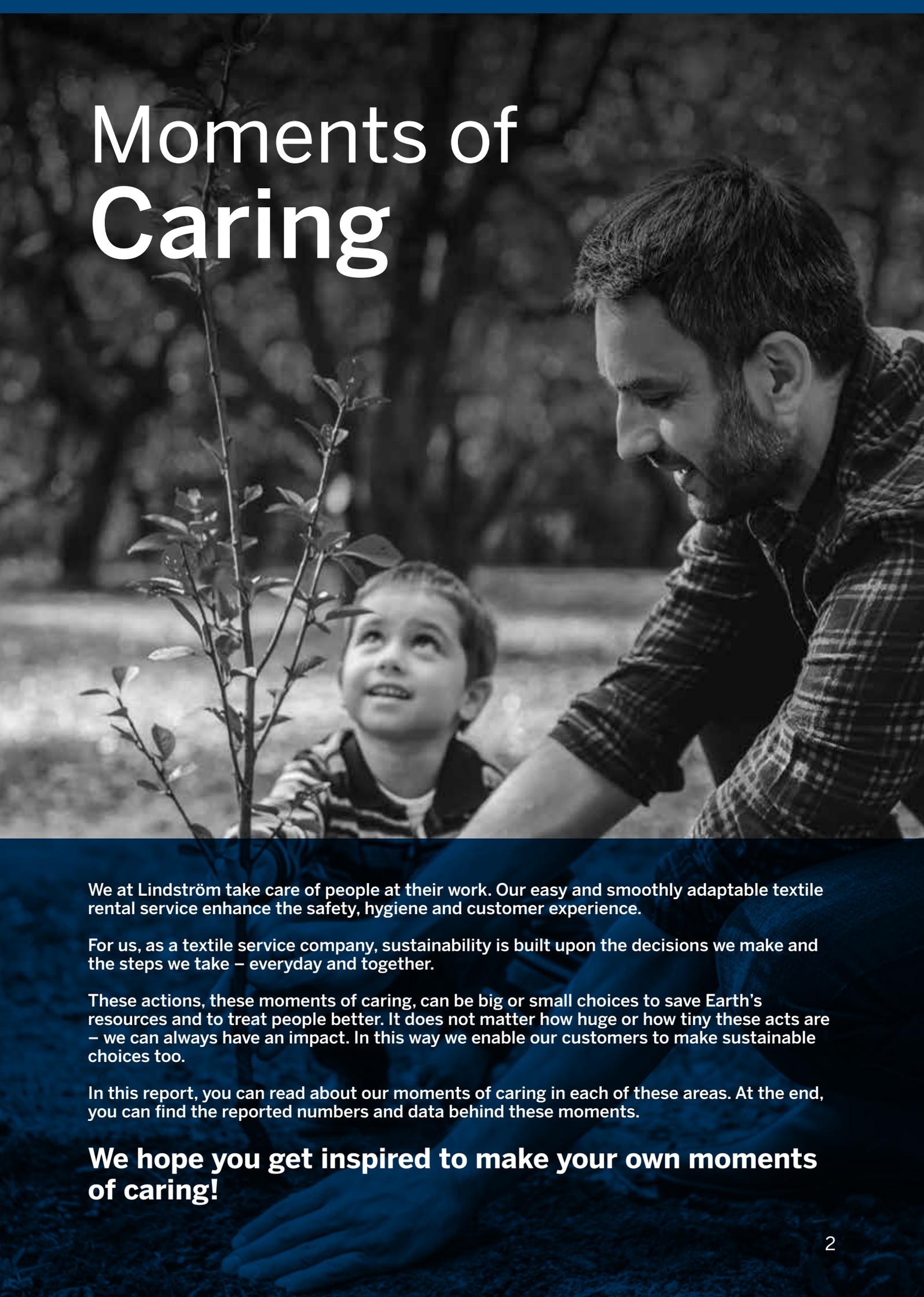
Moments of **Caring**

Sustainability Report - **2018**

Caring for people
and our planet



Moments of Caring



We at Lindström take care of people at their work. Our easy and smoothly adaptable textile rental service enhance the safety, hygiene and customer experience.

For us, as a textile service company, sustainability is built upon the decisions we make and the steps we take – everyday and together.

These actions, these moments of caring, can be big or small choices to save Earth's resources and to treat people better. It does not matter how huge or how tiny these acts are – we can always have an impact. In this way we enable our customers to make sustainable choices too.

In this report, you can read about our moments of caring in each of these areas. At the end, you can find the reported numbers and data behind these moments.

We hope you get inspired to make your own moments of caring!

This is our way to make an impact

We have always strived to raise the bar for sustainability in the textile service business – a goal that is tightly woven into our business.

From our position, we can have an impact by making sustainable innovations, enabling a circular economy, advancing true partnerships and simply caring about each other.



Sustainable Innovations

Pushing the boundaries

We work hard and put great pride into everything we do so that our customers can trust that working with Lindström means working responsibly. It is about making innovative sustainable decisions at our laundries and offices daily. For us, digitalization is not just a means of being efficient but also a way to provide new choices for our customers to make their lives easier and more sustainable.



Circular Economy

More is less

Our business builds on a circular economy: repairing broken sleeves, giving new life to used linen and reusing energy in our processes. With us, more is less: more extended life cycles, less burden on our planet.



True Partnerships

The only way is together

We see cooperation with our partners as a shared long-term path requiring trust and transparency. Our goal is to create win-win situations, helping our partners to be sustainable businesses too. In the same way, we work closely with local communities in the locations where we operate.



Way of Working

We care about each other, our customers and our partners

To be more than just bold words, sustainability requires everyone to be onboard and working together to reach our shared goals. We want to stay curious about each other and our customers – our way of working is really about working and creating together. For us, happy employees mean happy customers.

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SUSTAINABLE DEVELOPMENT GOALS

United Nation's Sustainable Development Goals are the blueprint to achieve a better and more sustainable future for all. They address the global challenges we face, including those related to poverty, inequality, climate, environmental degradation, prosperity, and peace and justice. The Goals interconnect and in order to leave no one behind, it is important that we achieve each Goal and target by 2030. With our work at Lindström we see that we can promote these three goals in particular.

6 CLEAN WATER AND SANITATION



Goal 6: Ensure availability and sustainable management of water and sanitation for all.

We use plenty of water in our laundries and therefore, sustainable and efficient water use is really important to us. We support UNICEF's water and sanitation work in India. Lindström and UNICEF Finland have had a partnership for over a decade and the co-operation agreement was renewed for 2018-2020.

8 DECENT WORK AND ECONOMIC GROWTH



Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Our goal is to grow in a sustainable manner and take care of the wellbeing and safety of all our employees. We are an equal employer. In addition, we demand responsible practices from all our suppliers. Read cases on pages 30 and 24.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Goal 12: Ensure sustainable consumption and production patterns.

We take care of the efficient use of textiles throughout their life cycle and we are constantly looking for new ways to recycle disposed textiles. With our customers, we discover new sustainable innovations. One example of this is returnable fabric shopping bag to replace plastic one. Read case on page 17.

CEO review



Caring for people and our planet comes from our hearts

Caring for people and our planet has always been in our hearts. We are doing everything in our power to leave a legacy – by putting a stamp on the future and supporting generations to come.

Year 2018 was a dream year for us in many ways. We celebrated the 170th anniversary of our founding with all Lindström people and our customers worldwide. This was a huge milestone for us.

We've continued to find new ways to digitalize our services. We are constantly developing and testing what innovative, digital, sustainable actions can be taken next so that we can make our customers' days even smoother. We consider the big picture – our planet and its people – and do our best to work in a way that meets the needs of both.

A sustainable tomorrow is built by taking the right actions to preserve our existing resources today. For example, by recycling and reusing our textiles, we want to give more to and take less from our planet. We have the privilege of serving our customers with a business model that is based on a circular economy.

Superb record year

For us, sustainability is also about taking the responsibility to grow our business and our customers' business. For us, 2018 was a superb record year. We exceeded all our financial targets. This means that we are doing very well in terms of our organic growth and strengthening our organization as a financially solid company.

We have also started our journey towards the future by dreaming and forming our vision and strategy all the way to 2025. We are doing this together with the people who best know what is expected from us: our employees and our customers. It has been great to see how motivated everyone involved has been to make this happen.

Innovation. Motivation. Co-operation. Empowerment. These are not just bold words. These are essential traits in supporting our sustainability efforts for the next 170 years. Those moments of caring really can make a difference.

Best regards,

Juha Laurio
President & CEO, Lindström Group

Highlights of the year 2018

€387

Turnover
Million

4,300

Employees

8%

Annual
growth rate

24

Operating

Countries

4.04

(on scale 1-5)
Employee
Satisfaction

88%

Textile Waste

Recycled

NPS
+30

4.0

(on scale 1-5)
Customer
Satisfaction

Over 10 Million Items

of Workwear in Use

Key events

- We celebrated our 170th anniversary together with employees and customers around the world
- Returnable shopping bags developed together with Finnish retail companies to replace plastic ones
- The first customers started to use our digital FlowAbility workwear and washroom services
- 80% of our employees participated in cross-functional workshops to improve customer experience
- We Care leadership program kicked-off to develop our leaders' skills to inspire and empower our people.

Openings

- We started industrial Cleanroom service in India
- Our own garment factory Prodem opened in Mumbai, India
- New service centres opened in Finland, India and China

We are part of the solution

Many industries are undergoing dramatic change. Developments in technology, growing public awareness and rising competition are driving this global shift in business. As it progresses, organizations are trying to find reliable partners as consumers choose sustainable products from brands that care.

A closer look at the textile industry reveals many challenges that need to be solved before it reaches the next level in sustainability. Throughout our 170-year history, we have been at the forefront of expanding the boundaries of our industry. And we are now taking the next steps to reach new heights in what can be done to find solutions for the most pressing issues.

The heavy cost of producing textiles

However, the largest by far is the linear system in which the textile industry is operating. In this system, mainly non-renewable resources are used in the production process, and clothes themselves are only worn a short while before their disposal.

The environmental impacts of the textile industry go beyond contributing to landfills. At 1.2 billion tonnes of greenhouse gasses emitted annually, textile industry emissions exceed those of all international flights and shipping. Combined. Now add to this the lasting effects of plastic microfiber. They often end up as pollution in our oceans, where they harm marine life. It is estimated that this is the fate of 0.5 million tonnes of microfiber annually.

A completely new way of thinking is essential, and our experience is well suited to establish one.

Redefining an industry in need of change

Our long history gives us a unique perspective on the market, but also the experience and wisdom needed to make a change. All of us are passionate and committed to raising the bar for sustainability in the textile rental industry – a goal that is tightly woven into our business.

Our work is built on a circular economy model, where more is less: more extended life cycles, less burden on our planet. Our goal is to provide durable and sustainable products that have as little impact as possible on the environment. We do this by recycling, upcycling and reusing our products.

All of this is done in tight cooperation with our customers and partners. Together, we work on creating new ideas and win-win situations that support sustainable business operations and activities centered on sustainability. Our culture is all about caring – about our people, our customers, our end-users and, of course, our planet.

This is not just about words, but clear actions. We demonstrate this in the following pages of this report. And we are committed to this approach for the next 170 years.



Our long history gives us a unique perspective on the market, but also the experience and wisdom needed to make a change.



A Moment with our Stakeholders



Dear Reader,

We are grateful to have the opportunity to work together with many stakeholders around the world on a daily basis. The stakeholders comprise, for example, our customers or the European Textile Service Association that drives the development of the industry. What our stakeholders think about us and how they experience our service means a lot to us. That's why we always try to step into their shoes and develop our ways of working based on their needs, thoughts and feedback. I know this is a bold promise, but it is our goal to keep it.

It has always been essential for us to be close to our stakeholders. This means working together with them locally, sharing those big or small moments of caring where they actually happen. For example, every day we work locally to make our customers even happier with innovations and ways of working.

We believe in a philosophy that puts happy employees first. This is why we “lead with our hearts”. This means that our leaders also lead with warmth and empathy, not only with analytics or numbers. This applies to everything that happens in our company, including the environmental perspective, workplace safety and supplier cooperation – topics that we see as extremely important in order to make a positive impact on our planet and people's well-being.

I have had the privilege of working with many of our stakeholders. It is always a very eye-opening and enriching experience. In this report, we describe the work that we've done from the perspective of many different stakeholders. I hope you enjoy reading the report and that it inspires you in your daily life.

Harri Puputti
Vice President, Quality

Lindström is a family business owned by the Roiha family. Its 170-year history is unique, and for the owners, it is important that the company's legacy is transferred to the coming generations, ensuring future success.

Owners

Our leading thought is to create value for our customers in everything we do. Throughout the past year, we have increased our understanding of customer experience management. From a recent customer survey, we learned that our customers value us as a very reliable partner.

Customers

Our people are the most important asset that we have. From our employee survey, we discovered that our people value us as an employer that embraces diversity and equality. This makes us really proud!

Employees

When obtaining services from us, our customers actually buy from a whole network of companies. We value long-term partnerships and will always take the effort to improve sustainable operations together with our partners.

Partners and suppliers

Our business model builds on operating close to our customers. This means we are an integral part of the local communities in these locations. We work closely with municipalities, schools, organizations and other companies.

Local communities and authorities

We are members of organizations that are significant for our operations, such as the European Textile Service Association. Our specialists act on various national and international teams promoting our field of business, standards and legislation.

Industry and organizations

Sustainable Innovations

Pushing the Boundaries

We work hard and put great pride into everything we do so that our customers can trust that working with Lindström means working responsibly. It is about making innovative sustainable decisions at our laundries and offices daily: from the way we wash our textiles to how we track our workwear's journey.

We see that financial growth comes from responsible operations and new ideas. We engage our experts and our clients to co-create to solve the needs of our customers and the world around us.

For us, digitalization is not just a means of being efficient but also a way to provide new choices for our customers to make their lives easier and more sustainable.

Dreaming big with the help of technology

What does it take to make your day perfect? We believe that a perfect day happens when everything just flows smoothly without any extra effort. Both people and technology are required to make this perfect flow possible.

During the past couple of years, Lindström has put a lot of effort into service digitalization with an aim of improving customer experience and sustainability at the same time. Our leading thought in digital development is to provide worry-free, need-based and even predictive service. Protecting the personal data of the users is always our starting point when designing new services.

Adding technology to our products and co-creating together with customers and partners enables us to dream big and develop our services in a way that was impossible before. Our first digital services – FlowAbility Storage Solution and FlowAbility Washroom Solution – are already available.

“Storage Solution is actually a digitally enabled option for workwear sharing. Employee wellbeing is the priority – they will always have clean, safe and properly fitting clothes available. Shared use enables the efficient utilization of textiles meaning less waste. In today’s world, this is important to many of us,”



says **Marita Vuohensalo**, who is responsible for FlowAbility Wear solutions at Lindström.

“With digitalization, we can collect data during the whole lifecycle of the garment – how it is used and washed and how many times it is handled and why. My dream is

that this data will help us to develop even more durable clothes with longer lifecycle.”

Communicating washrooms mean more meaningful work

Perfect flow in one’s workday means that you don’t need to do unnecessary work tasks. FlowAbility Washroom makes the cleaners’ work more meaningful in shopping malls, airports, restaurants and hospitals. A simple notification is sent when a cotton towel roll needs to be changed or a soap dispenser requires refilling.

Going one step forward, we can work even better in our laundries and delivery service too when only fully used cotton towel rolls are collected for washing. This will help us to save even more water and energy.

“Each year, people dry their hands with our cotton towel rolls 320 million times, and this actually saves Earth’s resources. Cotton towel rolls produce 95% less waste, require 48% less energy and have 29% lower global warming potential than virgin paper,”



says **Satu Haikarainen**, who is responsible for developing site-related services at Lindström.

“My dream is that this data will help us to develop even more durable clothes with longer lifecycle.”



Fazer: A real-time view of the workwear usage

Fazer Bakery piloted FlowAbility Storage Solution with their 300 bakery employees in Vantaa, Finland. Hygiene expert Irina Aaltonen from Fazer summarizes:

“One of the most important things for us is to have a clear perspective of our workwear use. Through this pilot with Lindström, we have had a real-time view of the usage and circulation of our workwear. This gives us an understanding of the actual amounts of workwear we need in our bakery.

“Hygiene and food and product safety are extremely important to us. With Lindström we piloted a model in which we defined workwear models and amounts of garments for each employee group. This means that if an employee tries to access production facilities using inappropriate workwear, they cannot check materials out from the smart storage.

“Gathered data also shows us how long our employees wear the same garments – a fact that is extremely important for maintaining hygiene.

“On a weekly basis, our contact persons have traditionally had to dedicate surprisingly long portions of time to workwear-related tasks. With the FlowAbility Storage Solution pilot we have managed to reduce this time by 1.5 days per week.”



Sustainability goes digital

By now, we all understand what needs to be done to heal our planet. Changing our habits, improving our everyday actions and making our voices heard are great steps for every person.

The start of 2019 marked a new milestone in Lindström's digital journey. "After a period of testing and collecting feedback, our digital eLindström service will roll out



globally in 2019. It provides access to data and information updated in real time and is fully optimized to support all of our services and the business of our clients in the area of sustainability," describes **Sini Rajala**, Head of IT, Customer & Concept.

We emphasize full transparency of the data presented in our service. It can be used as a means to share our environmental goals, but also to raise sustainability awareness through, for example, the newsletters we publish. As an innovative tool, eLindström enables the easy tracking of garments embedded with RFID chips. This allows us to noticeably reduce plastic waste, as we do not need plastic bags anymore when returning workwear.

"The new eLindström service brings real value to our business - from tracking the number of garments in circulation to an overview of workwear used by individuals and easy problem solving. We can optimize the whole service, avoiding overuse of resources and creating less textile waste,"



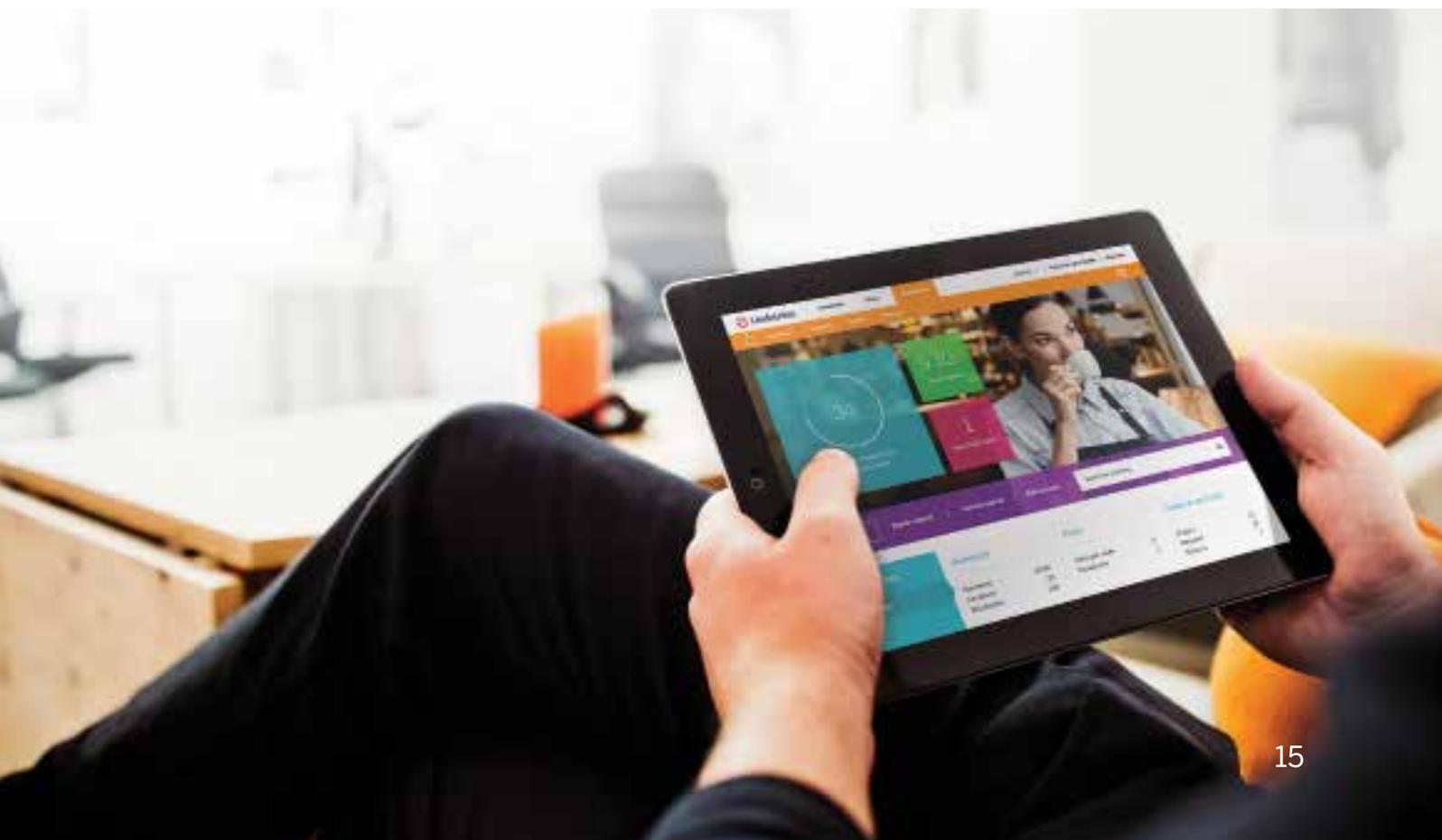
says **Eva Čurdová**, Purchasing and Production Scheduler Specialist at Bel Sýry Česko a.s., one of our food industry clients.

The details that count

Tools like eLindström fuel excitement among our team, customers and partners. It makes sustainability more than just talk, allowing us to reach new heights in what can be done for our planet and driving us to innovate and enhance our digital solutions.

"The eLindström service is created in cooperation with our customers. By maintaining an active dialogue, we can uncover additional opportunities to reduce waste and offer a better customer experience," adds Sini Rajala. "This also extends to paper waste, which can be reduced by providing easier access to data. There is no need to print any documents, as they can instead be shared via the system itself," she concludes.

"Tools like eLindström fuel excitement among our team, customers and partners."



Returnable shopping bag makes a difference

In 2018, plastic waste made the headlines of the world's biggest newspapers and magazines. We saw the problem and created a returnable shopping bag that helps to address this challenge.

Over our 170-year history, we have learned the power of conversations and true partnerships. The dialogues we have with our clients pave the way for innovative projects that meet the needs of our service users and raise the bar in sustainability.

Consider this: Our innovative returnable shopping bag can be used and washed several times, with an expected lifetime for this fabric bag of at least 4 years. In that time period, one consumer who uses just 2 plastic bags per week is responsible for 416 plastic bags.

Let us tell you how we developed it.

The beauty of washable bags

For its 125th birthday, the Academic Bookstore in Finland shared a special present with its customers. "It all started during a conversation we had with our client. The idea was to replace plastic bags with returnable shopping bags," says Sales and Business Development Manager **Ilkka Eskola**, who ran the project with Sales Representative **Johanna Riihimäki**.



The basic idea for this innovation is straightforward: The shopping bags are available for consumers from the check-out counter in the shop for a small deposit. If the bag is dirty or damaged, it can be returned to the shop and the deposit is returned. Lindström then takes care of washing and repairing that bag and delivers it back to the shop for the next user.

As an added treat for their customers, the Academic Bookstore got Finnish artist Ville Andersson involved in designing the bag. But a feature for the tech savvy was also included: the bags can be equipped with RFID chips that signal to us how many bags are in use and how often and how many times the bags are washed during their lifetime. One might say this is a fine example of smart art.

An idea that saves a million plastic bags annually

The Academic Bookstore returnable shopping bags were a big success. So much so that very soon after their launch, we collaborated with another client on a similar project. As part of a customer loyalty programme, we also helped K-Supermarket Hertta in Helsinki offer its customers 10,000 similar returnable bags for groceries. This is projected to eliminate the need for one million plastic bags annually!

As Johanna Riihimäki adds with pride: "In both cases, the returnable bags are made out of the same fabric we use in our workwear. This makes them extra durable. Our garments' average lifecycle is three years, and when used in shopping bags, the textile can last even longer. After this period, the bags can be recycled. We constantly search for new ways to recycle out-of-use textiles."

Now imagine what can be done for the planet if more businesses and consumers decided to join us in taking the next step towards sustainability.

"An expected lifetime for this bag is at least 4 years. In that time period, one consumer is responsible for 416 plastic bags."



Circular Economy

More is Less

With us, more is less: more durability, more ways to use products, more life cycles for textiles with less water, less waste and less of an impact on the environment. Our business model builds on a circular economy – we have 170 years of history behind us, and since the 1990s we have concentrated solely on our textile rental service.

The growth of textile waste is a global challenge that must be addressed. Our goal by 2020 is that 90% of our textile

waste to be recycled. By repairing broken sleeves, giving new lives to used linen and recycling water and energy in our processes, we want to give more to the planet and use less of its resources.

We are also excited that our customers can be part of circular economy too. Together, we are constantly looking for new ways to redirect waste into recycling.

The circular economy is woven into our business

1. Designing for a long life

We start our design process by looking at the end of the product lifecycle. We aim for emotionally durable designs that reduce waste by building relationships between users and products – designs that take into consideration different job titles, working environments and cultures.



“A finished product always has a lot of information collecting, sketching, fittings, testing and customer visits behind it. I hope that the end-user feels that the piece is ergonomic, comfortable and practical, but also pleasing to the eye too.”

~Soile Pakarinen
Workwear Designer of 3 years.

2. Manufacturing with commitment

Using resources efficiently is one of our top priorities. The key is producing only the needed textiles in just the right amount. Our carefully selected partners are committed to our standards, too. We choose durable fabrics and quality pieces to ensure our textiles are made to last.

3. Transportation with optimized moves

To serve better, we have to be closer. We keep our transportation distances short with local service centers and use local transportation services. We optimize our routes to minimize emissions – transporting textiles and picking up laundry on the same run.

4. Used then reused again to make many workdays perfect

We want our end-users to be and feel comfortable – so we test trial garments to ensure they fit the purpose and need. When the textile isn't suitable for its original purpose anymore, we can reuse it in a different job function. In this way, we maximize the lifecycle of the textiles.

“High-quality workwear is very important in my job. It guarantees that no impurities contaminate the production line.”

~Walteri Häkkinen,
Quality Supervisor at Atria

5. Maintenance to lengthen the life

We care. That's why we launder your overalls when they're dirty, mend them when they tear and make alterations when needed. We think one step ahead as we collect data to further product and service development, which helps us make even more long-lasting products with increased lifespans.



“It is more environment-friendly to repair clothes than to make new ones. I hope our service is convenient so that the customer can focus on their work.”

~Laura Lehdonheimo, Textile Care Worker of 2.5 years

“The best parts of my job are my friendly co-workers and varied tasks. I hope that the customers are happy with their clothes and the service they get.”

~Virve Vaahtio, Textile Care Worker of 13 years

“I like that I get to see my hand's work immediately. I hope the users feel that they are taken care of and they always have the best workwear.”

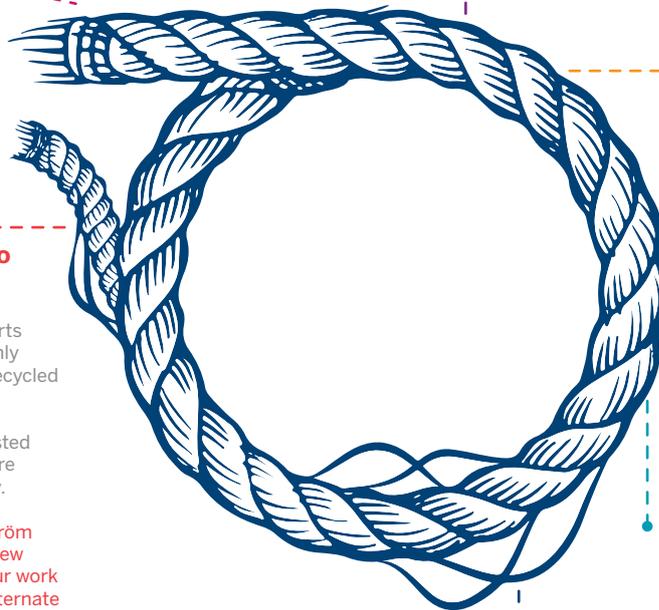
~Sui Vantanen, Textile Care Worker of 2 years

6. Recycling the old to create the new

For our textiles, a new life starts when the old one ends. It's only natural that old textiles are recycled as new fibers or as an energy source. New innovations are constantly developed and tested with our partners to make sure resources are used efficiently.

“We have worked with Lindström for more than a year to find new solutions for textile waste. Our work is important as we provide alternate products with a unique value proposition. The best part about my job is being part of a unique sunrise industry.”

~Manish Alagh
General Manager at
US Clothing India



Workwear's journey: The life of a uniform

Let us tell you how workwear comes to life: from the design phase to the moment we creatively reuse or repurpose it. This simple process shows our passion and commitment to making every day perfect.

2

Manufacturing is where most of the magic happens. We carefully select materials from proven suppliers. Then, every cut and stitch is executed with care to not only make your overalls fit, but also to reduce potential waste.

1

We understand that you don't want to put on overalls that you don't like. That's why we make them with the end-user in mind. All modifications, even minor visual changes, are thoughtfully made after careful dialogues with our customers. Only when we know everything is perfect, do we take the next step.

3

This precision also extends to the pickup and delivery of your overalls. Both are handled at the same time, and routes are carefully planned, thus minimizing vehicle emissions.

6

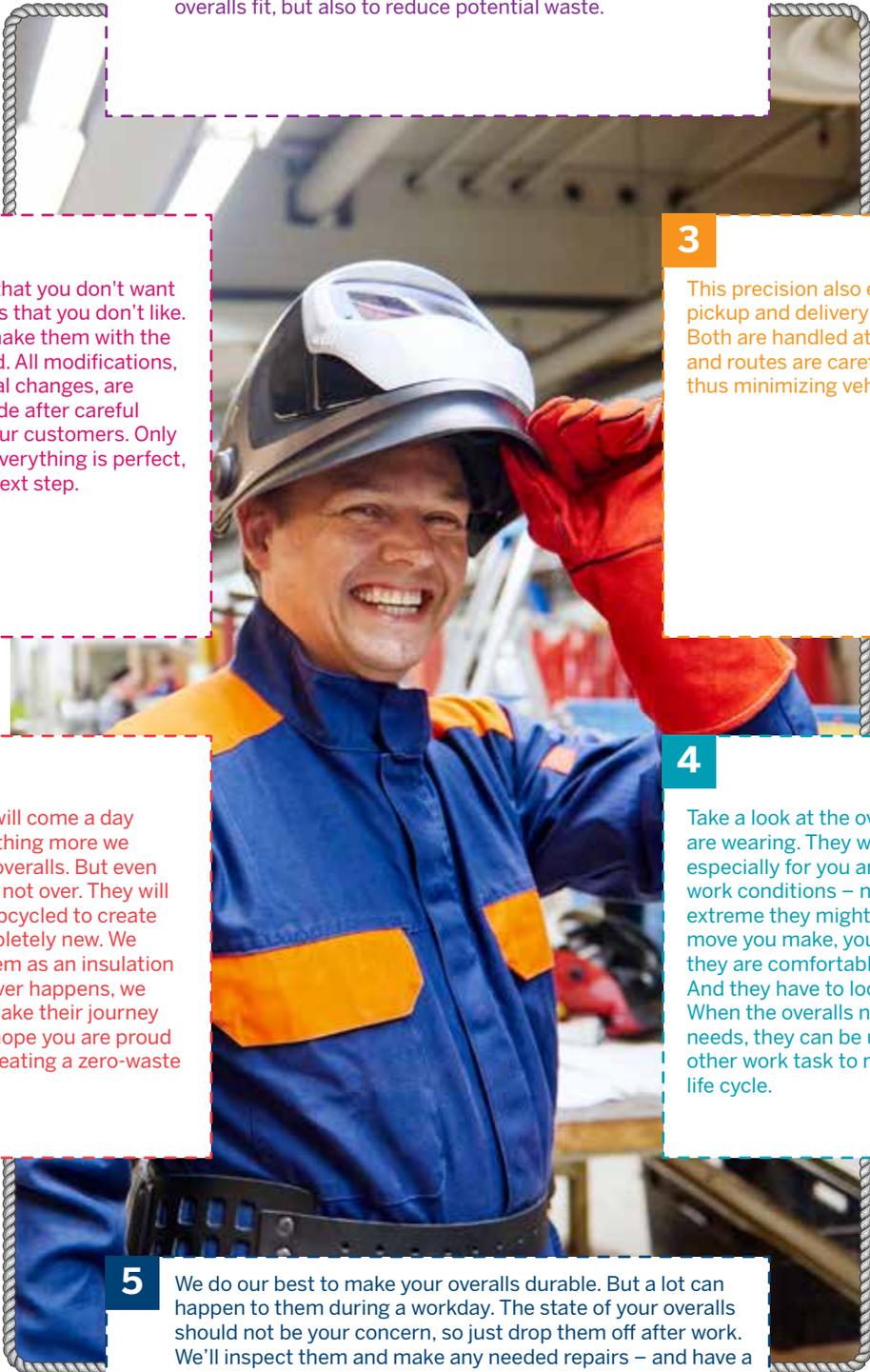
However, there will come a day when there's nothing more we can do for your overalls. But even then, their job is not over. They will be recycled or upcycled to create something completely new. We can even use them as an insulation material. Whatever happens, we do our best to make their journey a full circle. We hope you are proud of your role in creating a zero-waste future.

4

Take a look at the overalls you are wearing. They were made especially for you and your specific work conditions – no matter how extreme they might be. With every move you make, you need to feel they are comfortable and practical. And they have to look good too. When the overalls no longer fit your needs, they can be used in some other work task to maximize their life cycle.

5

We do our best to make your overalls durable. But a lot can happen to them during a workday. The state of your overalls should not be your concern, so just drop them off after work. We'll inspect them and make any needed repairs – and have a pair always ready for you when you come back to work.





True Partnerships

The only way is Together

We not only set strict standards and demands for ourselves, we also expect the same from our partners throughout our whole supply chain.

We see co-operation with our partners as a shared long-term path requiring trust and transparency. Our goal is to create win-win situations for sustainable operations, and we will help them become sustainable businesses too. We are all in this together.

As a truly global company, we always work responsibly in all our areas of operation – something that does not change between our operations in Europe and Asia. We are a proud supporter of UNICEF's water and sanitation work in India, increasing access to clean water for over 10 years.

The sound of a garment factory

Who made my clothes? This is a question that is increasingly important in today's global world. Lindström workwear is manufactured by carefully selected, long-term partners and, more and more often, in our own production facilities. This approach ensures employee well-being, health, safety, and decent work for all.



When our experienced sourcing professional **Kristiina Tiilikainen** entered the facilities of B. Textile in Madagascar for the first time in 2012, she immediately noticed that it sounded different from most garment factories. It had a homemade rather than industrial sound.

"We noticed that the production was not as efficient as it could have been, but we decided to start purchasing workwear from this family-owned business and develop the operations together. It has been great to see the development path of the company. While making processes more efficient, they have improved their employees' safety and well-being too. This is really important for Lindström," Kristiina Tiilikainen says.

Long-term cooperation bearing fruit

Of course, there is more to consider in a cooperation than just the sound of the factory. Lindström audits its key suppliers personally every 3 years with an emphasis on employee well-being, safety, minimum wages and annual employee leave policies to name few. Suppliers

are also visited regularly and unofficially to deepen the relationship. The latest audit with B. Textile was in March 2018.

"We value long-term partnerships. In this way, both sides commit to taking care of the relationship. Every time we meet with the supplier, we bring our Code of Conduct to the discussion and talk about social responsibility and other sustainable aspects that are important for us. Then little by little, we see improvements," Kristiina Tiilikainen says.

The owner of B. Textile, **Mr. Thierry Biny**, is proud of the development of the factory and co-operation with Lindström.

"I am happy that we have been able to offer decent and regular income for 300 employees in our factory. Over the years, we have developed good practices for health and safety, including fire safety, medical care and resting facilities for employees. Reducing environmental impacts by optimising container loading and utilising textile waste is also in our focus. Even though our scale of business is different, we share the same values in our business as Lindström does, so the co-operation has been meaningful."

"However, it is important to remember that we can always do better", Kristiina Tiilikainen says. The sounds of a factory need to be taken care of regularly – and so do the people.



How can we teach children about textile waste?

It is important to practically decrease textile waste to save Earth's limited resources. But it is equally important to educate the next generation about sustainable consumption habits. This is what we have done to address these issues in our own garment factory in Latvia.

In the small Latvian town of Tukums, we have something very unique – our own garment factory called Prodem. It is not at all a regular factory; rather, it is a factory that has been fine-tuned to deliver workwear to customers fast and based only on their needs. This helps us to fight against textile waste, which is a huge problem globally.

In Europe, we deliver around 20 percent of our workwear from Tukums, so we really can have impact through having the production in our own hands.

Textile waste can be used creatively

Garment manufacturing is mainly handicraft work, but there are also processes that can be automated and optimized, such as cutting. With optimized cutting, we are able to generate only a minimum amount of textile waste. And we donate these scraps to local schools

and kindergartens. This is our way of helping to save the planet and educate children through the creative usage of textile waste.



“This is a very important project for me personally,” says **Inga Jaakola**, Managing Director of the Latvian

factory. “While using their own hands and making something useful out of the leftover fabrics, the kids learn that textile waste is a big problem and that they can be part of the efforts to minimize it. Today’s kids are smart! At the nearby school they wanted to get rid of plastic bags and had an idea to use the waste textile from Lindström to prepare re-usable shopping bags for themselves.”

Education about textile waste and sustainable textile consumption may seem like a small step in the big picture, but it can actually have a huge impact on people’s thinking and attitude.

We at Lindström are over 4000 employees, and each of us is a parent, grandparent, uncle, aunt, neighbor or godparent to some young people. We can start a conversation with the children in our lives about the problems faced in the textile industry and what each and every one of us could do about it. We are amazed by the ideas these kids have, many of which we would never have thought of ourselves.”

~**Inga Jaakola**

“The kids learn that textile waste is a big problem and that they can be part of the efforts to minimize it”



Way of Working

We care about each other, our customers and our partners

To be more than just bold words, sustainability requires everyone to be onboard and working together to reach our shared goals.

At Lindström, we believe in our We Care culture. Engaged people, dedicated leadership and smart everyday decisions by us all are at its core. We Care runs through our daily ways of working – from the way we recruit to our leadership development. We believe in leading with heart which means that our leaders lead our people with purpose, values, warmth and care.

We want to stay curious about each other and our customers – our way of working is really about working and creating together. For us, happy employees mean happy customers.

We recognize and celebrate success, we coach and are eager to be coached. This gives everyone the best platform for finding their own path. We Care is about caring – something that we cherish and celebrate with each other, our customers and our partners.

Lindström Customer Journey

We want to provide the best customer experience in the B2B service industry

Striving to deliver great service is not just in our DNA. In our Strategy 2020, we made a commitment to our customers by adding Excellent Customer Experience to our strategic cornerstones. For us at Lindström, it is crucial to create value for our customers in everything we do – good service and high quality are not enough anymore. We must challenge ourselves to aim for more. We need to be proactive and genuinely care for our customers.

The goal is clear, and it is hard to disagree with the fact that a great customer experience brings a real competitive advantage nowadays. The most practical way to understand our customers better is by literally stepping in their shoes and experiencing our services from their perspective. This is how we developed our very own Lindström Customer Journey – together with and thanks to our customers in the Czech Republic, Finland and India. This has allowed us to move from theory to practice – and we are excited to tell you how!

2017

Customer Journey begins



We made sure our customer journey is 100% customer-made. We conducted interviews and observations at 10 client organizations, involving 20 managers and 54 workwear users. The insights we received were truly global, spanning the Czech Republic, Finland and India.

2018

Stepping into customers' shoes



If you want a customer-centric organization, you need to get rid of silos. This is a goal we believe in. Together with Customers workshops were our playful way to introduce Lindströmers from 24 countries to the customer journey. Can you imagine delivery and laundry personnel with IT and Sales professionals around the same table figuring out how to make customers happy? This is just what we did at Lindström!

Customers' voice matters

For years, we have been listening to our customers via our annual Service Culture Survey. In 2018, we piloted a new way of gathering feedback from different customer touchpoints in Finland, Lithuania, Romania and Turkey. For example, we ask customers for feedback about their visits shortly after them. We want every single customer's voice to be heard.



2019

Our first Customer Experience Week

Aiming to make our customers happy in everything we do



Customer feedback is now everything. Our very first CX (Customer Experience) Week 2018 was a great success. We visited our customers globally to thank them for their co-operation with small surprises for them and their employees. Why? Because we care!

Our Customer Experience initiatives show no sign of stopping. In 2019, we will gather customer feedback in more countries. Do not be surprised if you receive a message from us – we would be over the moon to get your opinion!

At Lindström, work does not discriminate

We at Lindström want to change the world and make it a better place. And we have a very long history of acting fair and responsibly backing this statement. Being mindful of the past, we are also looking towards the future to identify new areas in which we can still innovate and improve.

We strongly believe in what we say and are focused on making it a reality. One key part is living by our high standards and values, which will continue to guide us throughout the coming decades. This approach is materializing in many positive ways that are visible in our company culture.

"I think that good deeds create good actions. We care about our people, and this ensures that they take care of our customers,"



"We're focused on creating an environment filled with respect, positivity and the potential for success by empowering and developing our people through direction and constant feedback," says **Kirsi Aropaltio**, Head of Human Resource Management.

Be open, accept everyone

We want to give our current and future employees equal opportunities to develop their skills and careers. That is why our recruitment system is very transparent and unbiased. Still, we constantly look for ways to innovate.

"The latest initiative we have joined is the 'Work does not discriminate' campaign organized by the Confederation of Finnish Industries. Our values compel us to eliminate any type of discrimination in the workplace and create an environment of equality for people, no matter their age, sex, ethnicity, nationality, opinions, religious beliefs or sexual orientation," explains Kirsi Aropaltio.

The campaign is aimed at developing our people across the company ladder. Accordingly, it pushes us as individuals to critically examine our own actions and conduct if we genuinely make progress towards equality in our daily work. But it is also about promoting diversity in our workplace, as we believe this fuels creative thinking, understanding different perspectives and continuous learning.

The expansion of this diverse culture and atmosphere of respect is enabled by constantly challenging our assumptions and traditional way of doing things. Our approach enables us to identify flaws that were previously unnoticed. For example, we no longer request the age of job applicants, as in reality it has no real importance.

We strongly believe in working together and opening ourselves to the diversity present all around. This drives us towards identifying or inventing new, creative ways of making days exciting – for us, our clients, consumers and the world.

We're focused on creating an environment filled with respect, positivity and the potential for success



Taking care through the joy of learning

Engaged employees are our key to success. Our way of working ensures we take care of each other, our customers and our partners.

“Taking care” means implementing concrete actions but it also requires specific skills. That’s why in 2018 we started our own We Care leadership program for our management to coach and lead with heart. We encourage our employees – across all countries in which we operate – to stay curious and develop their own skills. Here are two great examples of our internal training programs: one focusing on learning soft skills, the other on the hard skills of selling.

Soft skills: enhancing the customer experience in India

Amidst the intense competition in artificial intelligence and robotics in today’s world, it is still important to develop soft skills – people, social and communications skills. As part of our We Care leadership program, our Indian team held an enthusiastic gathering to learn what it takes to exceed our customers’ expectations. The participants were a diverse group from different positions which elevated the possibilities for cross-functional learning.

The training module was comprised of a fast-track course touching upon important topics such as developing and excelling individually, managing work relationships, and team building through cooperative activities. In soft skill training, building trust is extremely important, enabling the participants to feel comfortable. The learning has even continued beyond the course; participants were invited to a group chat for discussing and sharing ideas on how to fully utilize their learnings in daily work.



Hard skills: sharing what works in Russia

Our Russian team strongly believes that sharing knowledge is the best way to learn. Back in 2016, we launched a pilot where experienced and well-known mat and workwear sellers were engaged to newly recruited sales people. Two programs were launched: “King of mats” and “Best of workwear.” During the past two years, 80% of all newcomers in Russia have participated in these trainings.

Strong results encouraged us to expand the idea, and the new “Educational Alliance” program was born. We gathered around 40 applicants from all around Russia to share their priceless experiences, and we divided them into four groups:

- 1) Trainers:** those, who already have experience in conducting trainings and support the development of new ones – for example, our VP Russia Nikolay Stotyka is creating “Management in Lindström” training.
- 2) Facilitators:** our trainers-to-be, who do not have the right skills yet – and that’s why we start with games that build skills and facilitating brainstorming sessions.
- 3) Moderators:** developers of online video-lessons – or vlogs – that are available through our internal online platforms.
- 4) Coaches:** those who coach the sales people in our global and local sales trainings.

We are excited to see how this shared knowhow enhances our operations throughout Russia. Sharing knowledge is a great way to show we care for each other – don’t you think?



A young child and an adult are planting a sapling in a field. The child is on the left, wearing a striped shirt, and is holding the sapling. The adult is on the right, wearing a plaid shirt, and is helping to plant the sapling. The background is a blurred field of trees. The entire image has a purple tint.

Moments of Caring

We hope you get inspired to make your own moments of caring!

In this part of our sustainability report, we report Lindström Group data for year 2018 backing up our moments of caring stories. You can familiarize how we manage sustainability and our principles of operations.

We have also summarized and grouped people, environment, and financial as well as supply chain related data and key achievements.

Managing sustainability

Corporate responsibility is systematically linked to all of our operations and management. We see that a successful company can only operate in one way – responsibly.

Our values and ethical principles determine how we act and guide us in such a way that operating is possible for future generations as well.

Corporate responsibility is an integral part of our business through our management system, and its integration into the business is ultimately the responsibility of the company's Board of Directors.

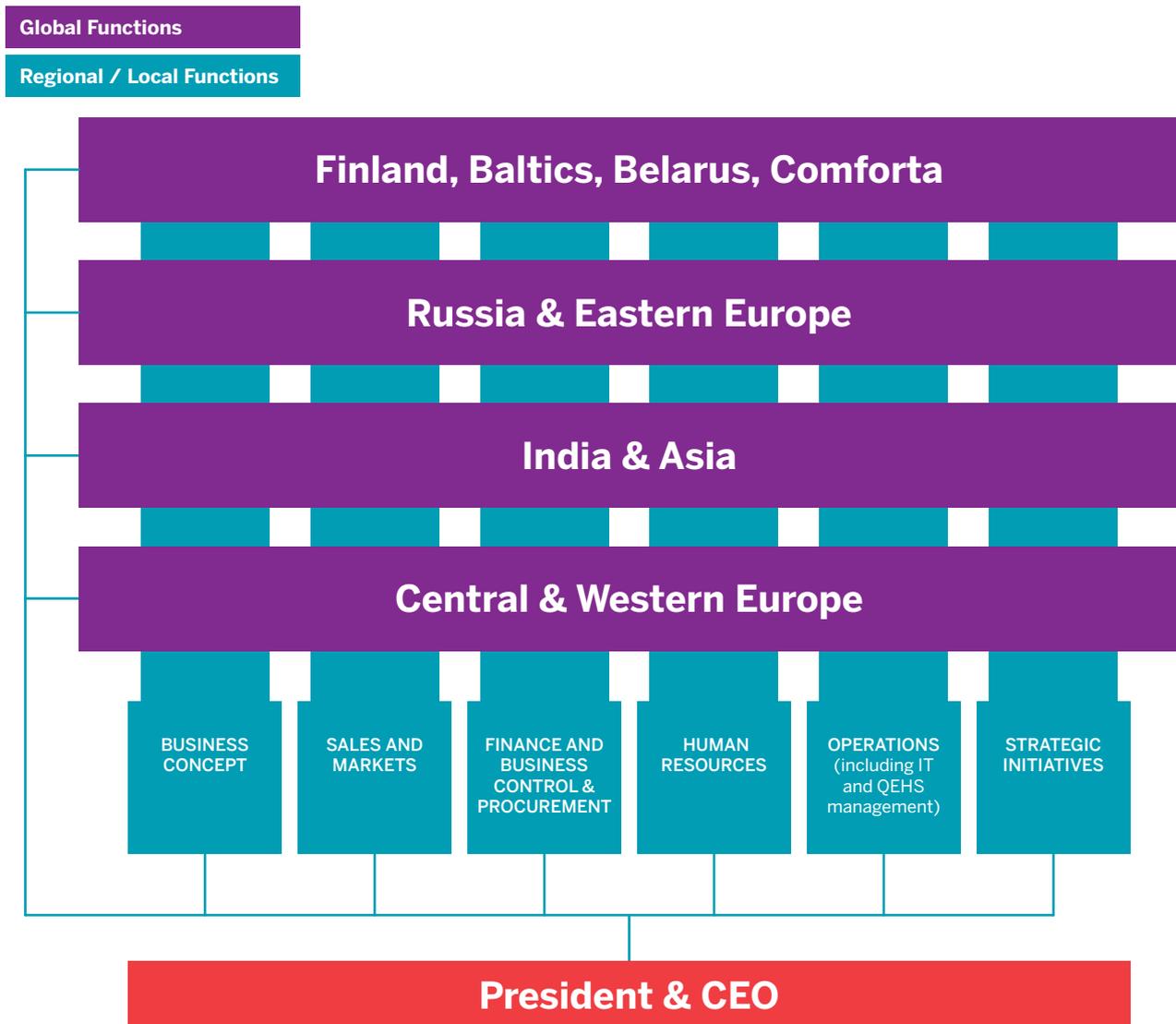
The CEO and Group Management Team are responsible for the practical implementation of sustainability in their respective areas of responsibility. Corporate responsibility and reporting is coordinated at the Group level by a Guidance and Development Team led by the Vice President, Quality.

People are our main resource and we are developing our operation largely through people. We guide our

employees to always work responsibly in decision-making, planning and evaluation. We operate locally in all our operating countries and encourage and emphasize local decision-making close to the customer. During 2018 we launched a new whistleblowing process. This means that all employees have a possibility to anonymously report any wrongdoing inside the company, whether it is deemed illegal, unethical or going against our values or processes.

On group level our most important development programs that started during 2018 were our "We Care Leadership" programme, Customer Journey development in all our operating countries involving as much as 80% of all employees and strategy work kick-off for the next strategy period.

Our vision and strategy are determined at five-year periods. Our current vision and strategy reaches to year 2020. Towards the end of 2018 we have already started to dream about our vision and strategy 2025. We invite all employees to participate in the strategy work by arranging several discussion rounds and workshops.



Our values

- Profitable Growth
- Long Term Customer Relationships
- Responsibility
- Enthusiasm and Joy of Learning

Our mission

Textile service company Lindström strengthens the company image of its customers. Our service makes our customer's everyday life easier and provides the best value on the market. We are a responsible corporate citizen and a respected employer.

Our vision 2020

Solid, half a billion euro company, achieving excellent customer experiences with engaged employees..

According to our strategy, our goal is to create value for our customers in everything we do, and creating excellent customer experiences is at the core of our business. The way in which we generate value for our customers must always be responsible according to our values.

Our strategy is built around four cornerstones:

- Engaged employees
- Operational excellence
- Excellent customer experience
- Profitable growth

The most important megatrends that affect our business practices are digitalisation, people first thinking, competition for the best employees, and customers' changing needs such as need for speed and comfort.

Risk management

Risk assessment and management are planned and controlled by the Board at our company, and with their aid, we strive to ensure the continuity of our operations. Risk management focuses on foreseeing changes in the business operations, the operating environment and the prerequisites of operation, on contractual and credit risks, as well as on risks associated with occupational and chemical safety and the security and protection of data.

Risk management is implemented locally on a business unit and branch level, including monthly assessments of opportunities and risks, capacity assurance and

contingency planning, fire safety through regular fire and rescue exercises, and taking care of the safety of employees, for example through risk surveys, training, safety walks and personal protective equipment. When opening new business or service centres precautionary approach means for Lindström a proper business case preparation, including the environmental, social and financial impact analysis.

Lindström management system is certified based on ISO 9001 and ISO 14001 quality and environmental management standards. Internal audits and controls for the subsidiaries and business units as well as external audits for administration, controls and bookkeeping are done annually.



Board

Corporate responsibility is an integral part of our business through our management system, and its integration into the business is ultimately the responsibility of the company's Board of Directors.



Top row from left: Kalle Kantola, Steph Feijen, Harri-Pekka Kaukonen (Chairman), Max Rautiainen
Front row from left: Naresh Gupta, Anne Korkiakoski, Petteri Kousa

*Independent members (not Lindström employees nor shareholders): Harri-Pekka Kaukonen, Anne Korkiakoski, Naresh Gupta, Steph Feijen and Kalle Kantola



Top row from left: Ismo Nastamo, Juha Laurio, Mika Kujala, Anupam Chakrabarty, Petri Vapola
 Front row from left: Mika Hartikainen, Theo Slegt, Anna-Kaisa Huttunen, Jari Vihervuori

Management team

The CEO and Group Management Team are responsible for the practical implementation of corporate responsibility in their respective areas of responsibility.

Juha Laurio
 President & CEO

Anupam Chakrabarty
 Senior Vice President, Sales & Markets,
 India and Asia

Mika Hartikainen
 Senior Vice President, Russia and
 Eastern Europe

Anna-Kaisa Huttunen
 Senior Vice President, Business Concept
 Development

Mika Kujala
 Senior Vice President Central & Western
 Europe

Ismo Nastamo
 Senior Vice President, Strategic
 Initiatives

Theo Slegt
 Senior Vice President, Operations

Petri Vapola
 CFO

Jari Vihervuori
 Managing Director, Comforta Oy
 Senior Vice President, HR, Finland, Baltic
 States and Belarus

People

Our vision is to be the best service company and an excellent place to work. Engaged employees and excellent customer experience make up two of the cornerstones for our strategy.

In employee satisfaction, we want to be among the top 20 per cent in comparison to international companies. This year the limit value of this top 20% was 4.04. In customer satisfaction, our goal is to score over 4 on scale 1-5 and in customer experience our goal for NPS is over 28 (NPS means net promoter score and it means percentage of promoters minus percentage of detractors).

Leadership Development

Employee engagement leads to customer satisfaction. And all starts in good leadership. This is why we strongly emphasize developing the leadership and coaching skills of our management teams. We started We Care Leadership program in 2018 with 9 pilot countries and will expand the program to all countries during 2019-2020. In the future we will follow leadership development systematically – the same as we follow sales or profitability.

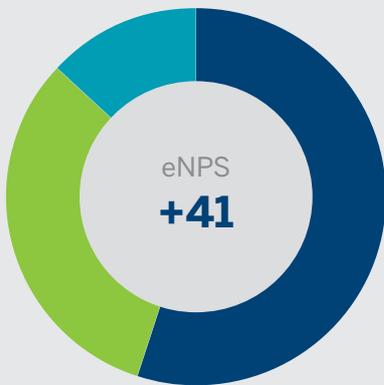
Learning & Development Opportunities for Employees

Our global sales training arena, Growth Academy, gathers around 100 sales people together every year with the idea that this year's students will become next year's coaches. Our way of working includes co-creation together with our customers so we also have started to strengthen our people's skills to facilitate the co-creation sessions. We operate in 24 countries and our people use over 20 languages as their mother tongue. We offer our people a possibility to develop their English skills so that we can collaborate better in this multinational work environment.

Rewarding

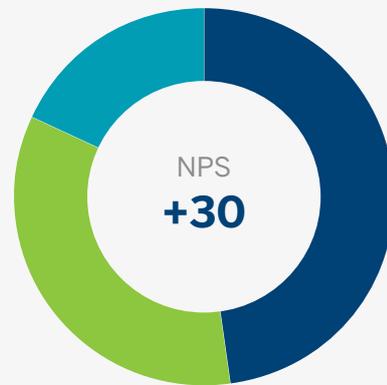
Every year we reward our people globally with We Care Awards, Innovation Awards and in a global sales competition. In 2018 we rewarded over 400 people with personal and team awards for their great work, attitude and achievements.

Employee Experience

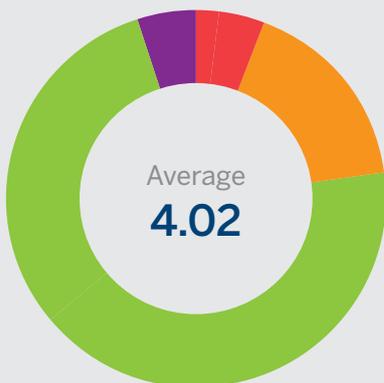


55%	Promoters	48%
32%	Passives	34%
13%	Detractors	18%

Customer Experience



Employee Satisfaction

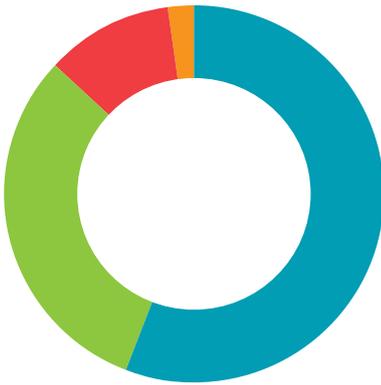


6%	Unsatisfied	9%
17%	Not Satisfied or Unsatisfied	17%
72%	Satisfied	72%
5%	No Answer	2%

Customer Satisfaction

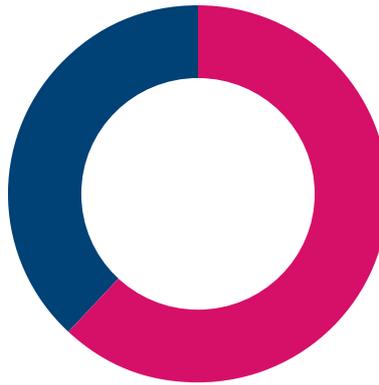


People by Position



Production	56%
Sales and Customer Service	31%
Experts	11%
Management	2%

People by Gender



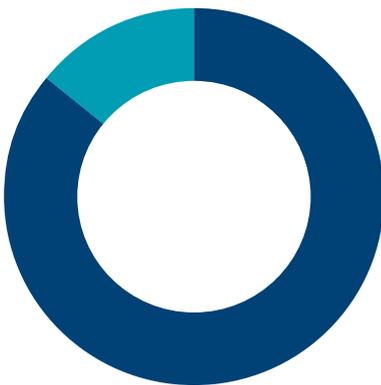
Women	62%
Men	38%

People by Age Group

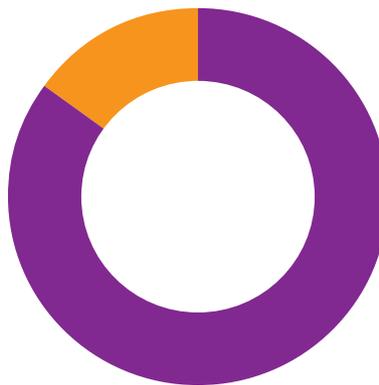


Under 30 yrs	26%
30-50 yrs	58%
Over 50 yrs	16%

Type of Employment 2018



Full-time	86%
Part-time	14%



Permanent	85%
Fixed-term	15%

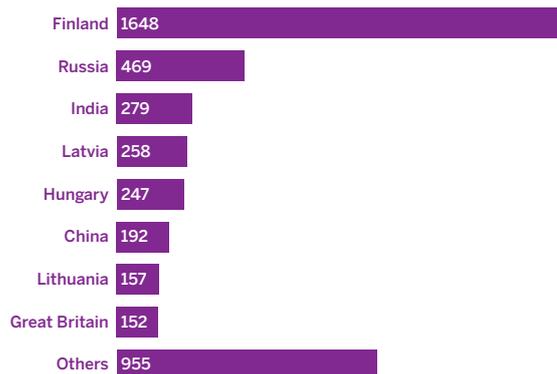
People by Country

Finland	1648
Russia	469
India	279
Latvia	258
Hungary	247
China	192
Lithuania	157
Great Britain	152
Ukraine	142
Czech Republic	134
Estonia	120
Slovenia	86
Slovak Republic	83
Sweden	82
Poland	56
Bulgaria	52
Romania	50
Turkey	39
Serbia	31
Croatia	25
Belarus	23
Germany	16
Kazakhstan	9
South Korea	7

Total Number of People



People by Country



Safety

We want to be a workplace where everyone can work safely. Our goal is to decrease our injury rate to be less than five injuries per million working hours and for sick days to be less than seven. We also believe that by increasing the number of safety observations, we are able to manage safety risks even before any accidents occur.

The year 2018 focus points in Health and Safety work were:

- Support line management in safety work
- Technical safety
- Communication

Occupational health and safety is cooperation and applies to all people working in the workplace. Everyone must identify the dangers of their own work and their working environment and know how to prevent accidents and work related diseases. One of our focus areas was to implement common health and safety practices to acquired companies. In the UK, we merged 4 legal entities and have succeeded to create active culture in reporting both accidents and safety observations.

Health and safety related training for fire safety, emergency evacuation and first aid have been organized in our local units. Monthly safety walks continued also during the year even though we still have space for improvement in the activity.

Communication was one of our focus points in 2018. We have activated discussions in our internal channels, published internal Safety Bulletin and as a new way of sharing best practices, started a video challenge. The first person to share his thoughts about safety was CEO Juha Laurio and the video challenge has travelled around our operating countries during the year.

We participated in the European Week for Safety and Health at Work in October by encouraging our units to pay extra attention to chemical safety and dangerous substances that are handled in our premises. Also, a Chemical Safety newsletter was published during Safety Week. In 2019 we will further develop reporting in Business Unit level and continue active communication on safety topics.

Occupational health and safety is cooperation and applies to all people working in the workplace.

Sick Days, Personnel Turnover & Injury Rate	2014	2015	2016	2017	2018	Vision 2020
Injury Rate (injuries/million working hours)	9.3	6.8	6.8	6.8	7.5*	< 5
Sick Days, %	4.12	4.36	4.48	3.91	5.08	
Sick Days Per Person/Year	9.75	10.58	10.63	9.98	11.08	< 7
Turnover of Personnel, Permanent	18%	17%	18%	19%	18%	

*Injury rate increased from previous year. The main reason for this was that we were able to activate the reporting of accidents.

Safety Observations	2014	2015	2016	2017	2018	Vision 2020
Number of Observations	783	745	1133	1205	1638*	
Observations Per Person	0.26	0.23	0.32	0.3	0.41	3.5

*We have been able to increase the safety observations by 30%



Environment

Our most significant environmental impact in our operations comes from the laundry process that consumes energy, water and detergents. Most of the energy is used to heat up the washing water and to finish the textiles.

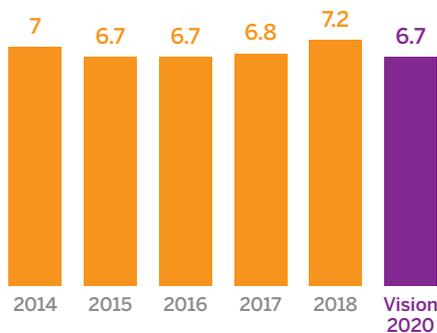
This is why we have set ourselves a goal to streamline the water and energy consumption by working efficiently and leaving out anything unnecessary. This operational excellence is also one of our four strategic cornerstones.

We have installed heat recovery systems in many of our laundries to recover heat from wastewater and dryers. We also reuse water in our process so that we use the rinse water as washing water for the next batch. In rinsing, we always use clean water.

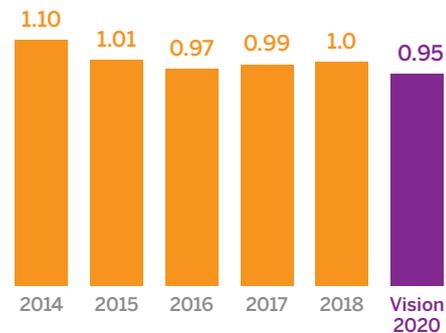
As a textile service company and textile manufacturer, we recognize our responsibility for increased utilization of textile waste. Our goal is that by 2020 we could recycle 90% of our textile waste. During 2018 the utilization of textile waste has increased considerably and is now 88% globally, so less of our textiles ends up in the refuse dump. We have been able to control the amount of the waste by expanding the lifetime of textiles and find new recycling opportunities for disposed textiles.

We constantly search for new ways to recycle out-of-use textiles. Our business model is built on a circular economy and as a textile rental company, we put effort into ensuring that our products are used efficiently during their entire lifecycle from design to disposal.

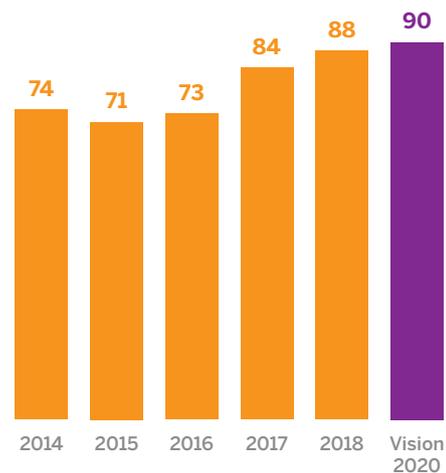
Water Consumption (l/kg)



Energy Consumption (kWh/kg)

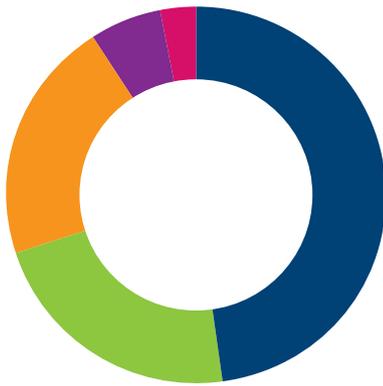


Textile Waste Recovery Rate (%)



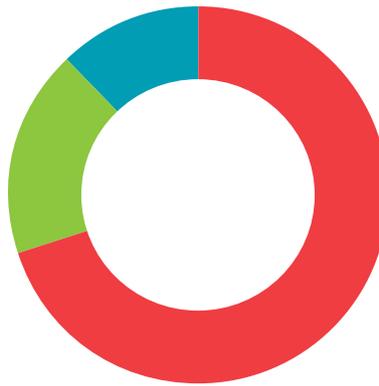
During 2018 the utilization of textile waste has increased considerably and is now 88% globally.

Energy Consumption by Source 2018



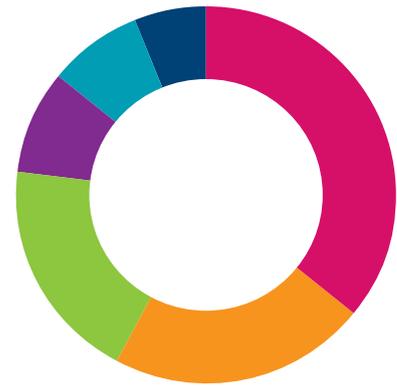
Natural Gas	48%
Propane	22%
Electricity	21%
District Heat, Bio Gas & Oil	6%
Steam	3%

Textile Waste Recycling 2017



To energy	70%
To reuse	18%
To landfill	12%

Wastes 2018



Sand and Sludge	36%
Hazardous Waste	22%
Textile Waste	19%
Other*	9%
Mixed Waste to Landfill	8%
Energy Waste	6%

* Cardboard and paper, metals, plastic, bio waste

Textile Transport and Emissions	2014	2015	2016	2017	2018
Kilometres driven (1,000 km)	30,691	32,698	35,421	36,977	38,514
Driven kilometres per washed textile kilos (km/kg)	0.19	0.20	0.20	0.20	0.20
Transport Emissions Per Washed Textile Kilos*					
CO ₂ eq g/kg	78.2	80.9	75.7	74.1	64.8
CO g/kg	0.2	0.2	0.1	0.1	0.02
HC g/kg	0.2	0.2	0.2	0.2	0.004
NO _x g/kg	0.4	0.4	0.2	0.2	0.2

*Due to gradually renewed car fleet, transport emissions are reduced.

Textile Waste (kg)	2014	2015	2016	2017	2018
Finland	660,881	673,654	776,273	769,699	827,066
Europe and Asia	481,021	530,145	524,930	614,865	629,800
Total	1,141,902	1,203,799	1,301,203	1,384,564	1,456,866
Textile Waste Recovery Rate	2014	2015	2016	2017	2018
Finland	100%	100%	100%	100%	100%
Europe and Asia	38%	34%	31%	64%	72%
Total	74%	71%	73%	84%	88%*

*The utilization of textile waste has increased considerably globally, and less textiles ends up in the refuse dump.

Ecological Balance Sheet	2014	2015	2016	2017	2018	
In						
New textiles	2,446	2,634	2,883	3,315	3,765	ton
Washed textiles	159,334	163,679	175,483	186,638	195,168*	ton
Total energy	175,113	165,985	171,046	184,791	194,775	MWh
Oil	13,213	5,202	512	4,397	1,054	MWh
Natural gas	75,468	72,317	77,397	86,038	94,775	MWh
Propane	32,264	33,498	34,638	36,570	42,515	MWh
Steam	9,462	10,811	12,146	10,257	5,531	MWh
Electricity	35,098	36,275	38,078	38,755	40,836	MWh
Bio gas	1,189	1,230	1,638	1,778	1,830	MWh
District heating	8,418	6,652	6,637	6,996	8,234	MWh
Water	1,119,780	1,088,862	1,184,092	1,266,599	1,418,020	m3
Detergents	1,759	1,737	1,772	1,965	2,520	ton
Out						
Disposed textiles	1,142	1,204	1,301	1,385	1,457	ton
Total waste	6,021	6,143	6,118	6,964	7,739	ton
CO 2 emissions	58,726	60,462	60,363	66,613	66,290	ton
Effluent						ton
BOD7	579	427	469	486	570	ton
COD	1,567	1,162	665	585	1,805	ton
Phosphorus	13	17	7	7	7	ton
Suspended solids	486	442	370	382	412	ton
Heavy metals	4	2.7	3.5	1.3	3.4	ton
Grease and oil	107	122	117	139	87	ton

*Our business growth can be seen in growing amount of washed textiles.

Consumption & Emission in Relation to Washed Kilos	2014	2015	2016	2017	2018	
Washed Textiles	159,334	163,679	175,483	186,638	195,168	ton
Energy						
Total Consumption	175,133	165,985	171,046	184,791	194,775	MWh
Per Kilos Washed	1.10	1.01	0.97	0.99	1.00	kWh/kg
Water						
Total Consumption (1,000 m3)	1,120	1,089	1,184	1,267	1,418	M3
Per Kilos Washed	7	6.7	6.7	6.8	7.2	l/kg
Washing Detergents						
Total Consumption	1,759	1,737	1,772	1,965	2,520	ton
Per Kilos Washed	11	10.6	10.1	10.5	12.91	g/kg
Greenhousegas Emissions						
Total	58,726	60,462	60,363	66,613	66,290	tCO2e
Per Kilos Washed	370	370	344	357	340	gCO2e/kg

Greenhouse Gas Emissions, tCO2e	2014	2015	2016	2017	2018
Direct greenhouse gas emissions (Scope 1)					
Natural gas	15,245	14,608	15,670	17,419	19,188
Propane	7,324	7,604	7,863	8,301	9,651
Oil	3,528	1,389	373	3,205	769*
Indirect greenhouse gas emissions (Scope 2)					
Electricity	12,308	15,177	15,011	15,331	16,043
Steam	1,911	2,184	2,459	2,077	1,120
District heat	2,399	1,350	1,350	822	967
Other indirect greenhouse gas emissions (Scope 3)					
Business travel	3,551	4,782	4,358	5,635	5,506
Transportation of textiles	12,460	13,368	13,279	13,823	13,046
Total	58,726	60,462	60,363	66,613	66,290

*We are moving away from oil usage by replacing it with other energy sources.

Wastes 2018	kg	%
Sand and sludge	2,759,141	36%*
Hazardous waste	1,698,693	22%**
Textile waste to energy	1,022,235	13%
Mixed waste to landfill	645,248	8%
Energy waste	498,986	6%
Textile waste to recycling	260,953	3%
Textile waste to landfill	173,679	2%
Cardboard and paper	344,292	4%
Metals	288,992	4%
Plastic	27,380	0.4 %
Bio waste	18,919	0.2 %
Total waste	7,738,518	

*The largest single waste stream is sand and sludge from the mat laundries.

**Hazardous waste comes from industrial wiper wash and wastewater treatment facilities.



Finance

Our goal is to grow both organically and through acquisitions and achieve a turnover of EUR 500 million by 2020. We want to continue to be a solid company and provide economic prosperity for society. In 2018 we exceeded all our financial targets.

In 2018 the Group's business grew in all markets

The Group's turnover grew by 8.0% to EUR 386.8 million compared to the previous year (previous year EUR 358.3 million). Turnover of the parent company was EUR 185.0 million (previous year EUR 176.1 million). Foreign subsidiaries' share of the Group's turnover was EUR 183.5 million or 45.6% (previous year EUR 157.6 million or 44.0%).

In 2018 the Group's business grew in all markets. In addition, the St. Petersburg and Moscow subsidiaries have merged into one legal entity in Russia. In Great Britain, the subsidiaries' businesses have merged into Lindström Ltd.

Profitability

The Group's pre-tax profit was EUR 35.4 million (previous year EUR 24.8 million). The parent company's earnings before extraordinary items, appropriations and taxes was EUR 28.0 million (previous year EUR 30.9 million). There has been an increase in the Group's profitability during the financial year, mainly due to lower external service costs, material costs, personnel costs and other operating costs when compared to revenue growth. At the parent company profitability decreased, due to group level changes in transfer pricing policy.

Investments

The Group's net investments in the financial year amounted to were EUR 23.4 million, whereas in the previous year they were EUR 35.7 million. The parent company's total investments amounted to EUR 9.7 million, whereas the year before they were EUR 11.5 million.

The most notable investments made by the parent company during the financial year were in IT systems and extensions to our facilities in Turku and Seinäjoki. Other parent company laundry machinery and service centre improvement investments were made in Pieksämäki. The subsidiaries invested in a new service centre as well as a garment factory, both of which are in India. In addition, new facilities regarding clean room services have been established in India and China. Extension and modernization work has been carried out in Lithuania and Russia. A significant investment has been made in an upgrade and enlargement of the laundry in Latvia.

Funding and liquidity

During the financial year the parent company made share capital investments worth EUR 5.8 million (previous year EUR 14.2 million) in its Hungarian, Turkish and Chinese subsidiaries.

The Group's liquidity remained good for the financial year. In the financial statements, the Group's bank loans are negotiated for the subsidiaries through the parent company.

Development operations

The company's development operations were primarily focused on the modelling and development of the service concept and processes. Development work has also taken place in the fields of product design, digitalization and acquisitions. Investments related to development are entered as operating expenses.

Estimate on future development

It is estimated that in 2019 the turnover of both the parent company and the whole Lindström Group will rise. The Group grows both organically and through acquisitions. The profitability of the company can be assured through active customer cooperation and by continuously making its processes more efficient. Thus, it is estimated that profitability will remain at the current level.

It is estimated that investments in 2019 will be on a higher level than in 2018. In Finland the laundry capacity for washroom services will be centralized to Oulu, Nurmo, Turku and Pieksämäki.

The parent company is also making significant investments in IT systems.

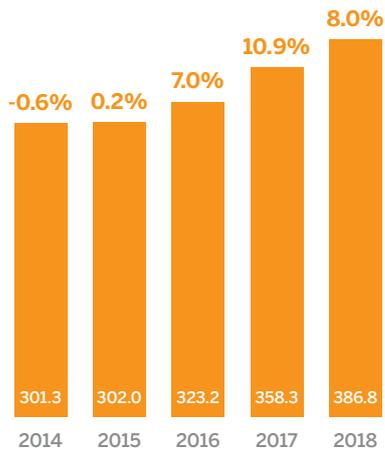
In the subsidiaries the most notable investments will be made in new service centres in the Czech Republic, as well in laundry expansion in Hungary and the United Kingdom.

We meet our obligations as a taxpayer

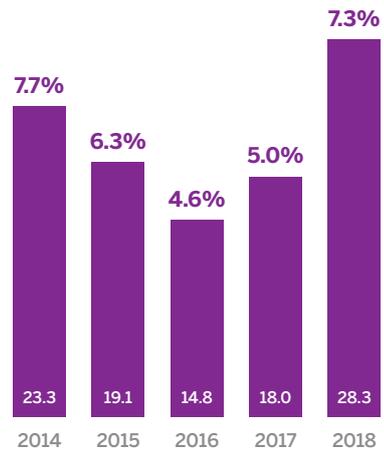
We do not practice aggressive tax planning. Each of our companies are each registered in a local business register and pay their taxes in the respective country. We comply with international transfer pricing regulations and local tax laws and regulations.

We paid a total of EUR 7.51 million in income tax in the 2018 period. Besides income tax, we paid for production, services, personnel and real estate-related taxes, a total of EUR 90.95 million in 2018.

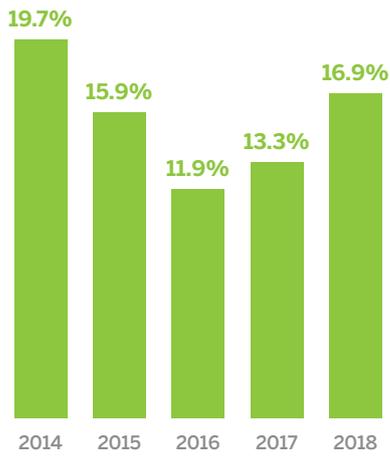
Turnover (M€) & Annual Growth Rate



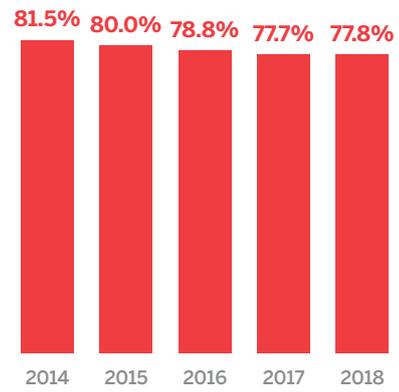
Net Profit, M€



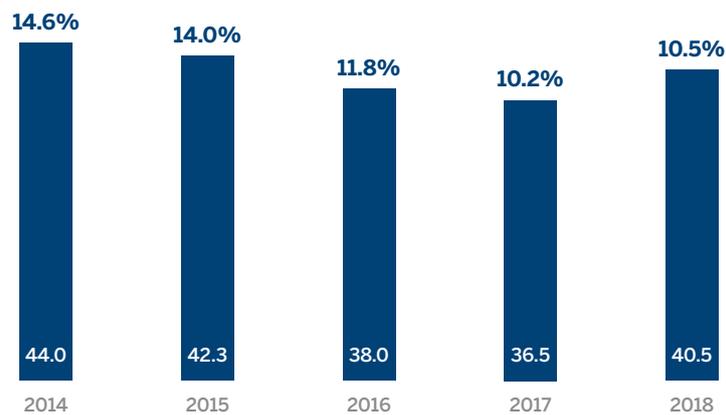
Return On Investment, %

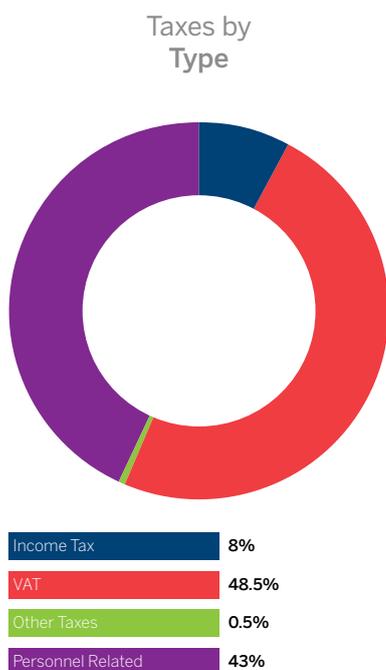


Equity Ratio, %



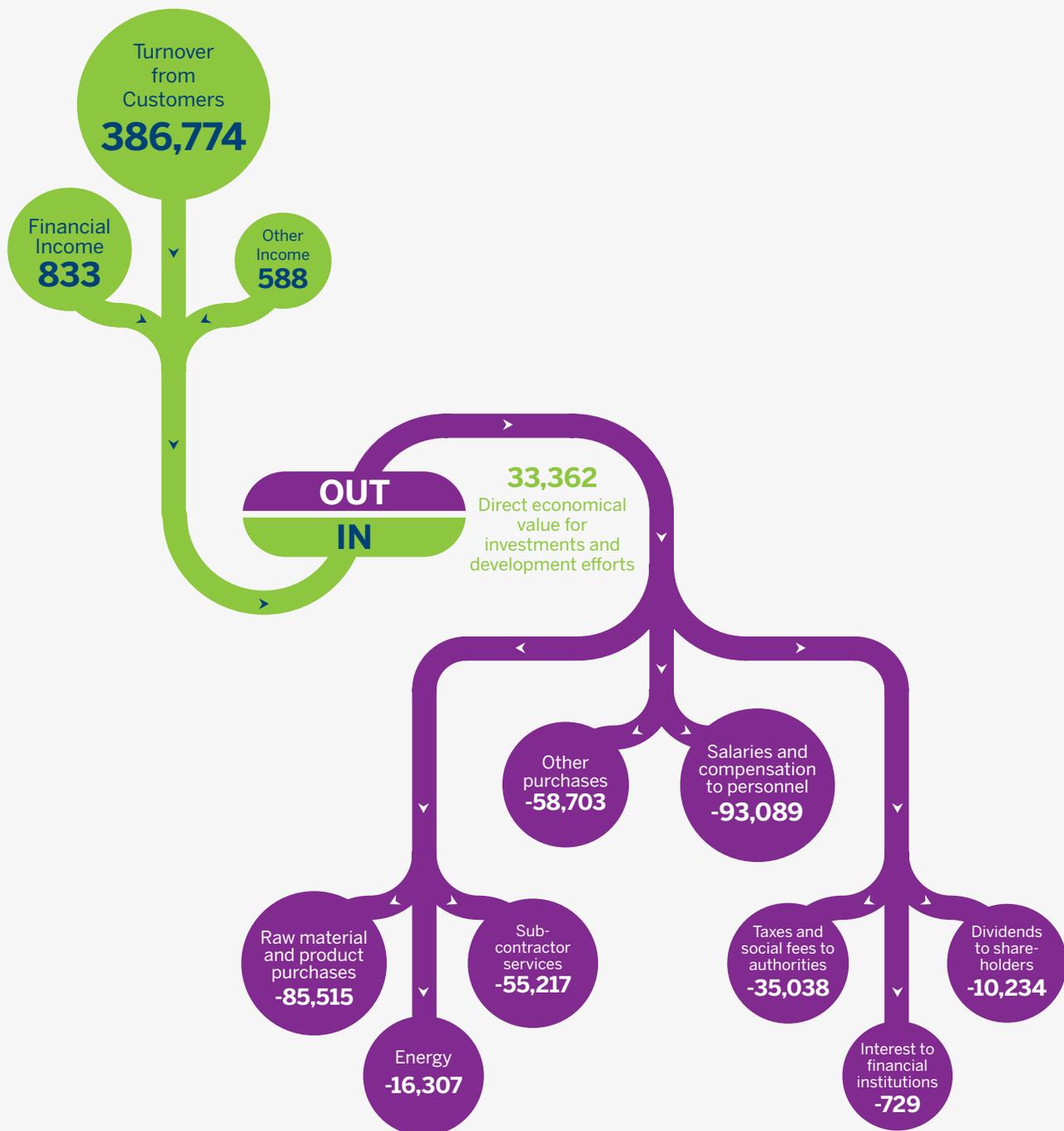
Working Capital (M€) & Share of Turnover, %





Direct Economic Value Generated & Distributed, t€	2014	2015	2016	2017	2018
Turnover from customers	301,290	301,959	323,170	358,258	386,774
Financial income	750	867	2,751	1,208	833
Other income	308	1,862	587	630	588
Income received	302,348	304,688	326,508	360,096	388,195
Raw material and product purchases	-61,538	-65,333	-76,139	-80,566	-85,515
Energy	-13,484	-12,070	-12,784	-14,890	-16,307
Subcontracting services	-43,979	-44,086	-46,314	-53,005	-55,217
Other purchases	-45,419	-46,441	-53,973	-57,240	-58,703
Direct economical value after supplier compensation	137,928	136,758	137,298	154,395	172,452
Salaries and compensation to personnel	-68,779	-71,584	-77,946	-86,805	-93,089
Taxes and social fees to authorities	-24,994	-25,647	-27,247	-32,997	-35,038
Interest to financial institutions		-639	-583	-844	-729
Dividends to shareholders	-9,890	-13,201	-10,191	-10,621	-10,234
Direct economical value for investments and development efforts	33,436	25,687	21,331	23,128	33,362

Direct economic value generated and distributed, t€



Supply chain

Our aim is to ensure that the whole supply chain operates in compliance with our Code of Conduct. This means our suppliers, our own operations and garment manufacturing and our delivery service. Our objective is that all our suppliers sign our Code of Conduct.

- 100% of our strategic suppliers have signed our Code of Conduct representing vast majority of global raw material and finished goods supply
- 64% of all suppliers of raw materials and finished goods have signed our Code of Conduct.

We value long-term partnerships whereby we get to know our suppliers and are able to develop long-term partnerships with them. We carry out audits of each of our strategic suppliers every three years and pay attention to social responsibility issues. We follow-up the suppliers to ensure that the possible shortcomings are corrected.

- We have co-operated with 23% of our raw material and finished goods suppliers for over 10 years.
- In 2018 we personally audited 30 suppliers.

Our way of working is to operate locally. Each of our geographical areas have a named person who is responsible for building relationships with our strategic partners and audit and visit them regularly. With this

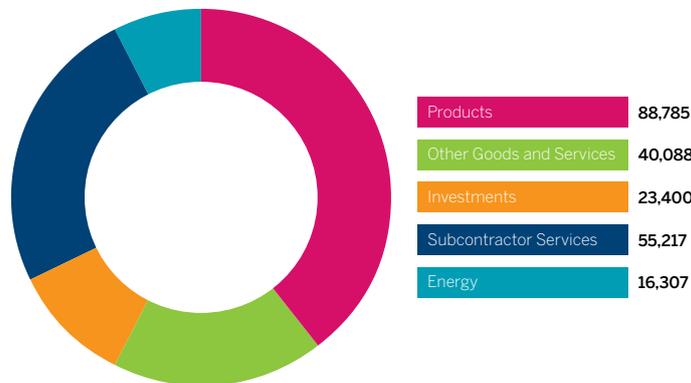
operating model we want to create a touch of personal relationships with the suppliers including unofficial visiting of the premises. We see that this is the best way of learning the working culture and conditions and noticing also improvement points.

Purchases per category and per country

High volume products, such as workwear, hotel textiles and personal protective equipment are mainly purchased from China, Madagascar, Pakistan and Malaysia. We also use local suppliers for smaller needs in Europe and Asia. Approximately one third of our raw material and end product purchases come from Pakistan and Madagascar, which we have classified as risk countries. In the country risk mapping we pay special attention to the level of government oversight of the contracting countries, human rights issues, the use of child labour and the level of corruption.

We have factories making garments to serve local markets: one in Tukums, Latvia and one in Mumbai, India (opened in 2018). 20% of workwear delivered to European customers comes from our own production from Latvia. Having a bigger proportion of the manufacturing in our own hands allows us to also ensure social and environmental responsibility, including the safety and working conditions of the employees.

Purchases, t€



Principles of our operations

Our values and ethical principles determine how we take responsibility for people and the planet.

Code of Conduct

The Lindström Code of Conduct (page 53) consists of the ethical principles that determine how both we and all our suppliers conduct our business, and how we take responsibility for people and for the environment. We purchase supplies only from those suppliers who are committed to our regulations, and follow the compliance with those regulations with audits and visits to suppliers. Read more about our supply chain from page 49.

Quality

We are responsible for the quality and product safety of all our products. The most important thing in producing quality is to identify the customer's need and provide a solution to that need. The need may be, for example, the safeguarding of processes with the hygiene of work clothes or the safeguarding of personnel with protective clothing and protective equipment.

Quality does not mean, however, only the technical

features of the products, but also that we act reliably and guarantee the smooth operations of our customers by keeping to the agreed delivery times. Everyone at Lindström influences, by their own work, the quality of our customers' experience.

- All our employees and service representatives are obliged to follow our Quality, Environmental, Health and Safety Policy (page 52).
- Our Quality Assurance Handbook for suppliers can be found from our web pages (lindstromgroup.com/suppliers).

We use washing programs that make the garments hygienic, so they are suitable, for example, for the food industry where the main task of the workwear is to protect foodstuffs. We also wash a significant amount of heavy-duty industrial clothing, the most important feature of which is to protect the employee. We are continuously developing our washing processes to improve the durability of fabrics and e.g. reflective surfaces in washing.



Certificates

- Our management system is certified according to the ISO 9001:2015 and ISO 14001:2015 standards.
- The self-inspection system for the hygiene requirements of all laundries has been built in accordance with standard EN-SFS 14065 (Textiles – Laundry processed textiles – Bio contamination control system).
- We also follow the ISO 45001 standard for health and safety management.

We want to support our customers in making responsible choices by offering large selection of sustainably produced products.

- Over 90% of our workwear and hotel textiles and all our cotton roll towel textiles are Öko-tex 100 certified.
- The Finnish roll towel service carries the Nordic Ecolabel.

Our Commitment to Initiatives

- The ICC Business Charter for sustainable development
- The principles of the UN Universal Human Rights Declaration
- The ILO Declaration of Fundamental Rights and Principles
- The guidelines of the OECD for multinational enterprises
- The principles of Global Compact (We issue reports via the European Textile Service Association)
- United Nation's sustainable development goals
- Modern Slavery Act 2015: Slavery and Human Trafficking Statement
- Ecovadis platform for sustainable and transparent procurement

Our Membership in Organisations

- European Textile Service Association (ETSA)
- Family Firms Association (Finland)
- Confederation of Finnish General Industry
- Confederation of Finnish Industries



GRI Table

This report covers Lindström Group data for year 2018. In the report GRI standard has been applied, where relevant.

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Lindström Group Policy - Quality, Environment, Health and Safety

Mission and Values

Textile service company Lindström strengthens the company image of its customers. Our service makes our customer's everyday life easier and provides the best value on the market. We are a responsible corporate citizen and a respected employer.

Our engaged employees achieve excellent customer experience and we can create genuine partnership with our customers.

In our daily operations decisions are guided by Lindström's values:

- Profitable growth
- Long term customer relationships
- Responsibility
- Enthusiasm and joy of learning

Our Commitments

In all our operations we promote economical, ecological and social development and respect the human rights of people who are affected by our activities.

We comply with relevant laws and regulations in all areas of our operations.

Our preventive risk management ensures continuity of service, improvement of environmental protection and working conditions that promote health and safety.

We continuously improve our operations and empower all our employees to suggest and implement improvements. Process of continuous improvement is documented and available to all employees.

We ensure induction and continuous competence development of our employees

We train our personnel to understand quality, environmental, health and safety impacts of their tasks and act in responsible way.

We have open interaction with our business partners in quality, environmental, health and safety issues. We require our suppliers to act according to Lindström Code of Conduct.

We create and sustain occupational safety culture for our personnel to work safe and stay healthy, also on leisure time. Our goal is zero accidents and occupational diseases.

Our facilities serve as an example of our services, safe and efficient work environment and facility management.

Lindström Group employees and service representatives are obliged to act upon this Quality, Environmental, Health and Safety Policy.



Code of Conduct for Lindström Group and its Suppliers

This Code of Conduct defines the basic requirements set on Lindström Group (Lindström Oy and its subsidiaries) later Lindström and its suppliers of goods and services concerning their responsibilities towards their stakeholders and the environment. Lindström reserves the right to make reasonable changes to the requirements of this Code of Conduct in case Lindström own compliance policy is revised. Lindström expects in such a case the supplier to accept the made reasonable changes.

The supplier agrees herewith:

1. Legal Compliance

- to comply with the laws of the applicable legal system(s) of resp. country

2. Prohibition of Corruption and Bribery

- to tolerate no form of and not to engage in any form of corruption or bribery, including payment or other form of benefit conferred on any government official for the purpose of influencing decision making in violation of law.

3. Respect for the Basic Human Rights of Employees

- to promote equal opportunities for and treatment of its employees irrespective of skin colour, race, nationality, social back ground, disabilities, sexual orientation, political or religious conviction, sex or age.
- to respect the personal dignity, privacy and rights of each individual
- to refuse to employ or to make anyone to work against his will
- to refuse to tolerate any unacceptable treatment of employees, such as mental cruelty, sexual harassment or discrimination
- to prohibit behaviour including gestures, language and physical contact, that is sexual, coercive, threatening, abusive or exploitative
- to provide fair remuneration and to guarantee the applicable national statutory minimum wage
- to comply with the maximum number of working hours laid down in the applicable laws
- to recognize, as far as legally possible, the right of free association of employees and to neither favour nor discriminate against members of employee organizations or trade unions.

4. Prohibition of Child Labour

- to employ no workers under the age of 15 or, in those countries subject to the developing country exception of the ILO Convention 138, to employ no workers under the age of 14.

5. Health and Safety of Employees

- to take responsibility for the health and safety of its employees
- to control hazards and take the best reasonably possible precautionary measures against accidents and occupational diseases
- to provide training and ensure that employees are educated in health and safety issues
- to set up or to use an occupational health and safety management system according to OHSAS 18001 or equivalent

6. Environmental Protection

- to act in accordance with the applicable statutory and international standards regarding environmental protection
- to minimize environmental pollution and make continuous improvements in environmental protection
- to set up or use environmental management system according to ISO 14001 or equivalent

7. Supply Chain

- to use the best efforts to promote among its suppliers compliance with this Code of Conduct
- to comply with the principles of non-discrimination with regard to supplier selection and treatment

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Lindström s.r.o., Slovakia
Lindström UAB, Lithuania
Lindström d.o.o., Slovenia
Lindström OOO, Russia, Moscow*
Lindström Ltd, United Kingdom
Lindström GmbH, Germany
Lindström Services AB, Sweden
Lindström Sp.z.o.o, Poland
Lindström S.R.L, Romania
TOV Lindström, Ukraine
Lindström (Suzhou) co. Ltd, China

EOOD Lindström, Bulgaria
Lindström Services India Private Limited,
India
Lindström Tekstil Hizmetleri Ticaret
Limited Şirketi, Turkey
FLLC Lindström, Belarus
Lindström d.o.o., Croatia
Lindström LLP, Kazakhstan
Lindström doo, Serbia
Lindstrom Korea COL LTD , South Korea
Lindstrom Prodem SIA, Latvia
Enviro Wipes UK Limited, United
Kingdom**
United Hygiene Services Limited,
United Kingdom**
United Eco Services Limited, United
Kingdom**

Lindstrom (Shanghai) Co., Ltd., China
Lindstrom (Beijing) Co., Ltd., China
Business Textile Services Ltd., United
Kingdom**

*) Lindström OOO, Russia, Moscow
has been merged with OOO Lindström,
Russia St. Petersburg during financial
year 2018.

***) Envirowipes UK Limited, United
Hygiene Services Limited, United Eco
Services Limited and Business Textile
Services have been merged with
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Lindström services

	Workwear	Cleanroom	Mats	Hotel Textiles	Restaurant Textiles	Personal Protective Equipment	Industrial Wipers	Washroom
Belarus	●							
Bulgaria	●		●					
China	●	●						
Croatia	●		●					
Czech Republic	●		●				●	
Estonia	●		●	●	●	●	●	●
Finland	●	●	●	●	●		●	●
Germany	●							
Great Britain	●		●				●	
Hungary	●		●			●		
India*	●	●						
Kazakhstan	●							
Latvia	●		●				●	
Lithuania	●		●				●	●
Poland	●		●					
Romania	●		●					
Russia**	●	●	●	●	●			
Serbia	●		●					
Slovak Republic	●		●				●	
Slovenia	●		●					
South Korea	●							
Sweden	●			●	●			
Turkey	●		●					
Ukraine	●		●					

Sustainability Report 2018

Lindström Group

We at Lindström take care of people at their work. Our easy and smoothly adaptable textile rental services enhance safety, hygiene and customer experience. We are a responsible corporate citizen and an engaging employer of 4,300 people in Europe and Asia. Our Group turnover in 2018 was 387 million euros. Our vision is to be a solid, half a billion euro company achieving excellent customer experiences with engaged employees.

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