



LINDSTRÖM GROUP

Sustainability
report

2022

Highlights

Together
for a more
sustainable
business

Lindström in brief

We are a family-owned textile service company whose business is based on circular economy. Our company was established 175 years ago in Helsinki, Finland, where our head office is still located. We offer textiles services to our customers in different industries in Europe and Asia.

Our customers can focus on their core business while we take care of their textile needs with our easy-to-use and sustainable services – ranging from workwear and cleanroom textiles, mats, industrial wipers and washroom products to textiles for hotels, restaurants and healthcare. Our comprehensive service includes textiles, their washing and maintenance as well as recycling.

Although our service offering varies from country to country, our conceptualised operations ensure that we offer the same reliable and sustainable textile rental services to all our customers, while meeting the specific hygiene and safety requirements of different industries.

Sustainability is at the heart of who we are. All our decisions are guided by our purpose of caring for people and our planet by inspiring people to shine and businesses to grow in a sustainable way. We always strive to raise the bar to make our operations more sustainable to ensure the most environmentally friendly services for our customers now and in the future.

23

COUNTRIES

NUMBER OF EMPLOYEES

5,055

ESTABLISHED IN

1848

NUMBER OF CUSTOMERS

250,000

TURNOVER

EUR **496.4** MILLION

EBITA

8.3%

PIECES OF TEXTILES
IN CIRCULATION

17.7

MILLION

● Countries of operation

Describes the situation at the end the year 2022
(number of customers in January 2023).

Lindström has completed the withdrawal from Belarus in December 2022 and is expected to complete the exit from Russia in 2023.

**Together for a more
sustainable business**

We believe that a sustainable company helps others act sustainably. That is why we want to minimise the environmental burden of our services. We actively collaborate with our customers and partners to develop more sustainable business for us all.



INTERVIEW WITH CEO AND SVP, STRATEGY & SUSTAINABILITY

Together for a more sustainable business

We have long promoted sustainable practices and we truly think it is the only way businesses can survive in the future. Our CEO Juha Laurio and Senior Vice President of Strategy and Sustainability Kati Pallasaho share their thoughts about sustainable business.

Sustainable company helps others act sustainably

Laurio: Today, successful companies have clear targets to improve their sustainability and those companies value partners who can help them achieve those targets. Our business model is based on circular economy, and it is also in our business interest to operate in a sustainable manner, reducing overproduction and conserving natural resources. I see that international companies like us play an important role in sharing sustainable practices and inspiring other businesses in all their operating countries.

Pallasaho: With our offering, we can help our customers reduce the number of disposable and short-term products. Our service operations are well optimised to reduce the usage of resources such as water and energy. With the help of our services, customers can significantly reduce the environmental load of their textiles in a cost-efficient way.

Staying ahead of sustainable development

Pallasaho: We will work together with our value chain to raise the bar in sustainability and further accelerate the closed-loop recycling of textiles. By improving the transparency of our own operations and throughout our value chain, we can identify development areas. We also collaborate with other stakeholders such as research institutes and universities to find new innovative solutions. And naturally, as an employer, we compete for skilled employees and it is important for us to offer meaningful work to them.

Laurio: We are constantly developing the digitalisation of our services to make them fully transparent and easier to use for our customers. With the help of data and digital solutions, we can offer our customers value-added services, for example, to improve hygiene, safety – and naturally, the sustainability of our services.

Highlights 2022

Recognised with the EcoVadis Gold

Our continuous efforts at sustainability performance have been rewarded with a gold certificate in the EcoVadis sustainability rating. It means that we are in the top 5% of the more than 100,000 evaluated companies and the top 2% in our own industry.



Commitment to net zero

We submitted our greenhouse gas reduction and net zero targets for the validation of the Science Based Targets initiative. We also set a new target of 7% annual reduction of greenhouse gas emissions and created the roadmap to halve the emissions by 2030.

Joined the UN Global Compact

We joined the world's largest corporate sustainability initiative, United Nations Global Compact, which is a voluntary leadership platform for the development, implementation, and disclosure of sustainable and socially responsible business practices.

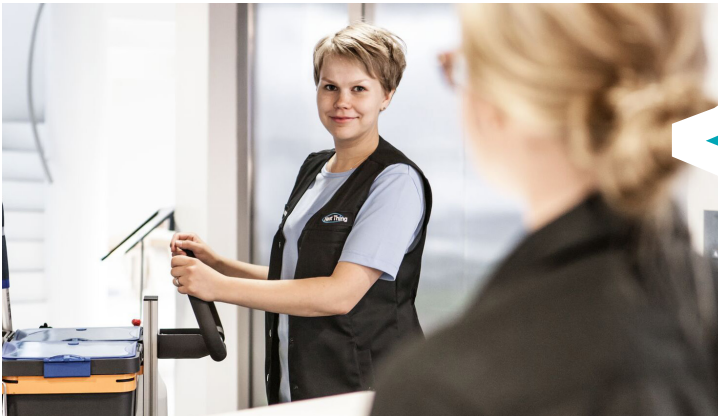


Exceeded the targets in textile waste recycling

We exceeded our target (50%) for textile waste recycling, reaching a recycling rate of 68%. We started collaborations with new local recycling partners and deepened the collaboration with existing partners.

Invested in circular economy

Accelerated the development of circular textile industry and systemic change by investing in Rester, a European pioneer in textile recycling. We also started testing a closed-loop recycling process together with our partners where recycled fibre produced from our textile waste is used as a raw material for new textiles.



Achieved ISO 45001 certification

We took steps to enhance our Health & safety management, and achieved ISO 45001, the internationally recognised standard for occupational health and safety management. It provides a framework for us to help increase safety, reduce workplace risks even further and enhance the work-life balance of our employees.

Outstanding customer satisfaction

Our continuous work towards improving customer experience has resulted in excellent results exceeding both the targets and last year's numbers. Our Net Promoter Score was 52 (target 50) and the CX Index 8.8 (target 8.5).



Strengthened our position in China

To improve our ability to serve Chinese customers better and over a wider geographical area, we acquired the Chinese operations and personnel of the textile rental company AlSCO. One of the key benefits is the know-how and experience of the 110 employees that joined our organisation.

Care for the planet



Collaboration is the key to reaching our ambitious goals

As our business is based on circular economy, it is in our business interest to avoid over-production and optimise the use of natural resources. We thrive to keep our textiles in use as long as possible and produce new ones only when needed. To conserve natural resources, we optimise their usage in our service process as well as aim to reach our bold environmental goals. That requires a holistic approach and an active collaboration with the whole value chain.

4.6
MILLION
PIECES OF
TEXTILES SAVED
BY REPAIRING

1.02
KWH
OF ENERGY WAS
USED TO WASH 1 KG
OF TEXTILES

TEXTILE WASTE
RECYCLED:
68%
(2021: 36%)
TARGET 2025:
100%

6.9
LITERS
OF WATER WAS
USED TO WASH 1 KG
OF TEXTILES

TARGETS:
-50%
EMISSIONS BY
2030
FROM THE BASE YEAR
LEVEL

Maximising product lifespan, minimising textile waste

The long lifespan of textiles is the key to preventing textile waste. When materials and products are used efficiently and for a long time, fewer resources are needed.

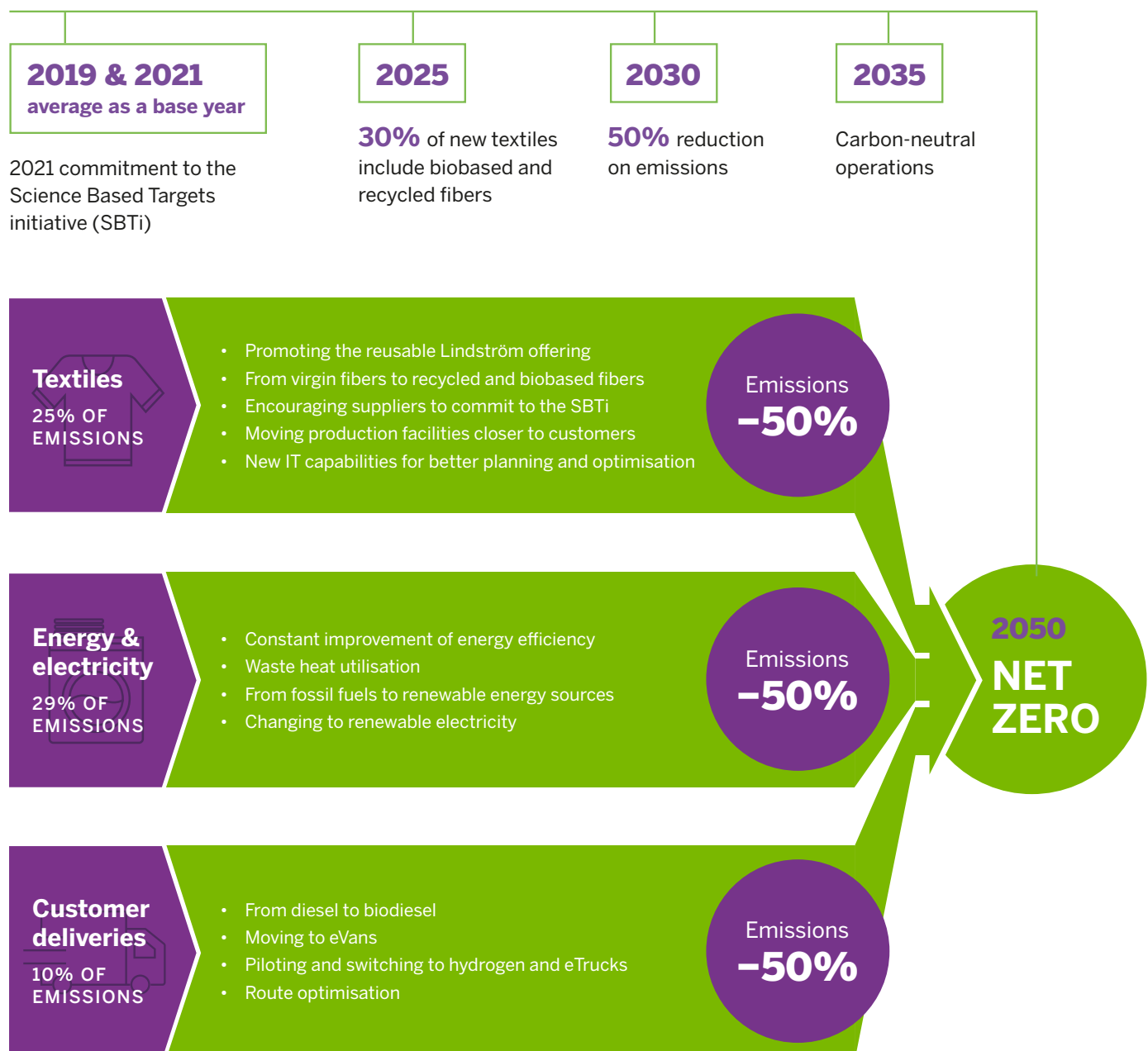
We have long been reducing the amount of textile waste through our circular approaches. We do not only seek to reduce the amount of waste but also to decrease the need to use virgin materials. Textile waste can be used as raw material for different industries, including the textile industry itself. Our bold aim is to close the loop, using end-of-life textiles as raw material for new textiles.

When our textiles reach the end of their lives, we strive to recycle the waste close to where it is generated. Our goal is to recycle 100% of our textile waste by 2025.



Towards net-zero emissions

We have a long history of reducing our emissions by increasing energy efficiency, optimising our customer deliveries and reducing overproduction of textiles. Committing to the net-zero emissions was a natural next step on our journey towards more sustainable services that support the common target to preserve a livable planet for future generations.





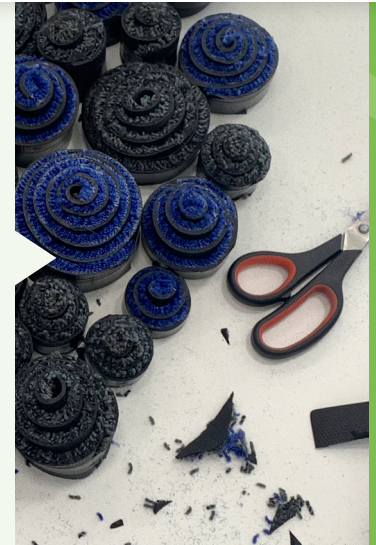
Read the full stories on our website

Collaboration with students spawned innovative mat recycling concepts

One of the most inventive approaches to recycle mats was developed by students in Finland, where we have most of our mats. "Cooperation with universities provides us with fresh, out-of-the-box ideas about new recycling concepts," explains **Tero Oksanen**, Manager of our Service Operations in Finland.

"We started the project with extensive brainstorming, where no ideas were excluded yet. The material is well suited

for acoustic purposes, so I came up with the idea of acoustic panels," describes **Maija Juhola**, a student at LAB University of Applied Sciences. After designing the first piece, Juhola noticed that the product became like a work of art: "I think the product could be used in different spaces as an artistic acoustic element that highlights sustainable choices."



Developing a closed-loop textile recycling process with our partners

One of the answers to the challenges that the textile industry is facing could be in a circular approach to the business with a closed-loop recycling process. This means that when the textile comes to the end of its lifetime, it could be recycled as new fibre that is used as a raw material to produce fabric. Together with our recycling partner Rester and our fabric supplier Klopman, we have been developing a closed-loop recycling process.

Amaury Sartorius, Managing Director at Klopman, highlights the importance of the process as 80–85% of clothes in Europe today are burned or dumped. **Otti Luukko**, the founder of Rester, points out that the change in the textile industry needs to be considered from a holistic point of view. It requires a lot of work and many parties, including the whole value chain.



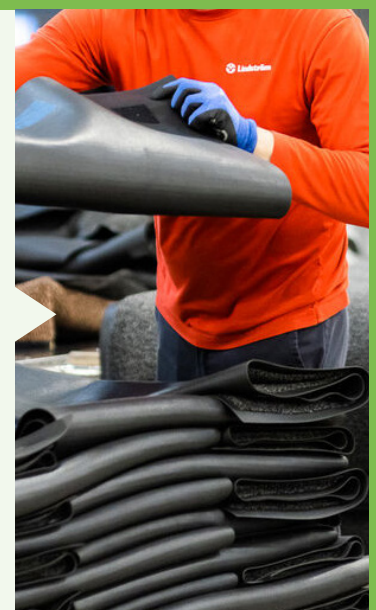
The second life of mats

Our mats consist of three layers; the yarn, the rubber underlay, and the mid-layer connecting them. They are hard to separate, making the mats challenging to recycle. Still, in 2022, we recycled 14.4% of our end-of-life mats. We aim to raise that number to 30% in 2023.

The most common recycling process is to grind the mats into granules that can be used in, e.g., golf simulators, anti-vibration mats, or infill for football fields. Another option is to cut the mats into pieces and use them as reinforcement in sound insulation mats.

Together with partners and suppliers, we are looking into new ways of both producing and recycling mats.

"Sustainability is at the heart of what we do, which includes looking at transportation and logistics. If end-of-life mats must travel from one corner of Europe to another, the emissions will outweigh the benefits. It needs to make sense for both the business and the environment," explains **Kaspars Grava**, Service Owner of Lindström's Mat Service.



Desired partner



Together

we go circular

With smooth-running textile rental service, we want to make our customers' lives easier and help them to be more climate-friendly. We aim for continuous development of our offering to meet our customers' needs and to promote circular economy. Active cooperation with our partners and customers and creating innovations together are crucial. We highly value our suppliers and partners: Without them, we could not offer sustainable solutions to our customers.

250,000

CUSTOMERS

(237,000)

NPS

52

(50)

CX INDEX
(VOICE OF CUSTOMER)

8.8/10

(8.7/10)

VOICE OF
PARTNER INDEX

8.5/10

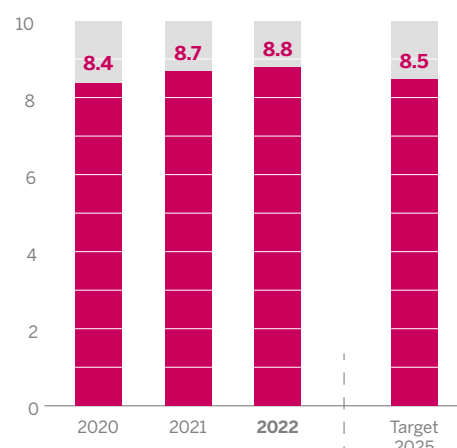
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Striving for superior customer experience

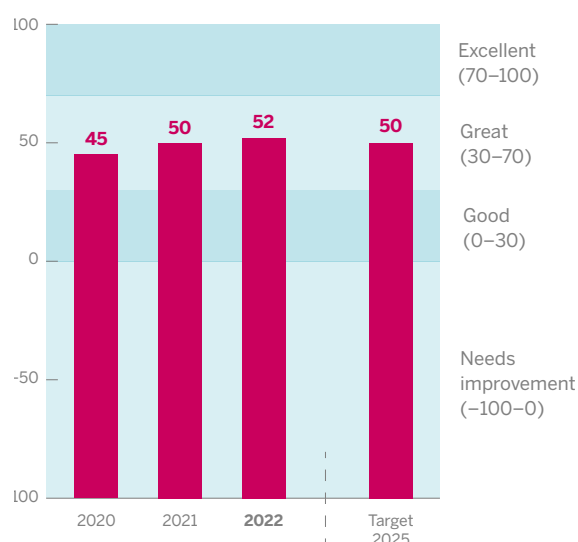
We want to foster open communication and actively collaborate with our customers in various ways. For example, in our Lindström lounge concept, we identify future needs together with our customers and look for new ways to grow their business.

We also involve our customers in product and service development and piloting. The launch of the product is always preceded by a trial run with the customer in a real environment. Our product and service development is also supported by our external industry advisory boards, where we invite external industry experts to hold open discussions with our own experts.

CX INDEX (VOICE OF CUSTOMER)



NPS



CASE STUDIES



Efficiency and future opportunities through service digitalization

In the summer 2022, our “workwear goes digital” project team had a reason to celebrate. They had concluded the long transformation journey, which meant that both we and our customers could benefit from increased transparency and efficiency of our service. In practice, it meant more than 12 million garments got an RFID tag, which is scanned at different points in the process. It enables tracking and

monitoring of how the workwear is used and handled.

“Previously, we did not have a full visibility of the garments in our service cycle, which meant more manual work to locate the missing garments. Now we can easily track whether the garments are in use, in delivery, in the laundry or being repaired,” explains **Demet Caglayan**, Service Owner of Lindström’s workwear service.

Read the full story on our website

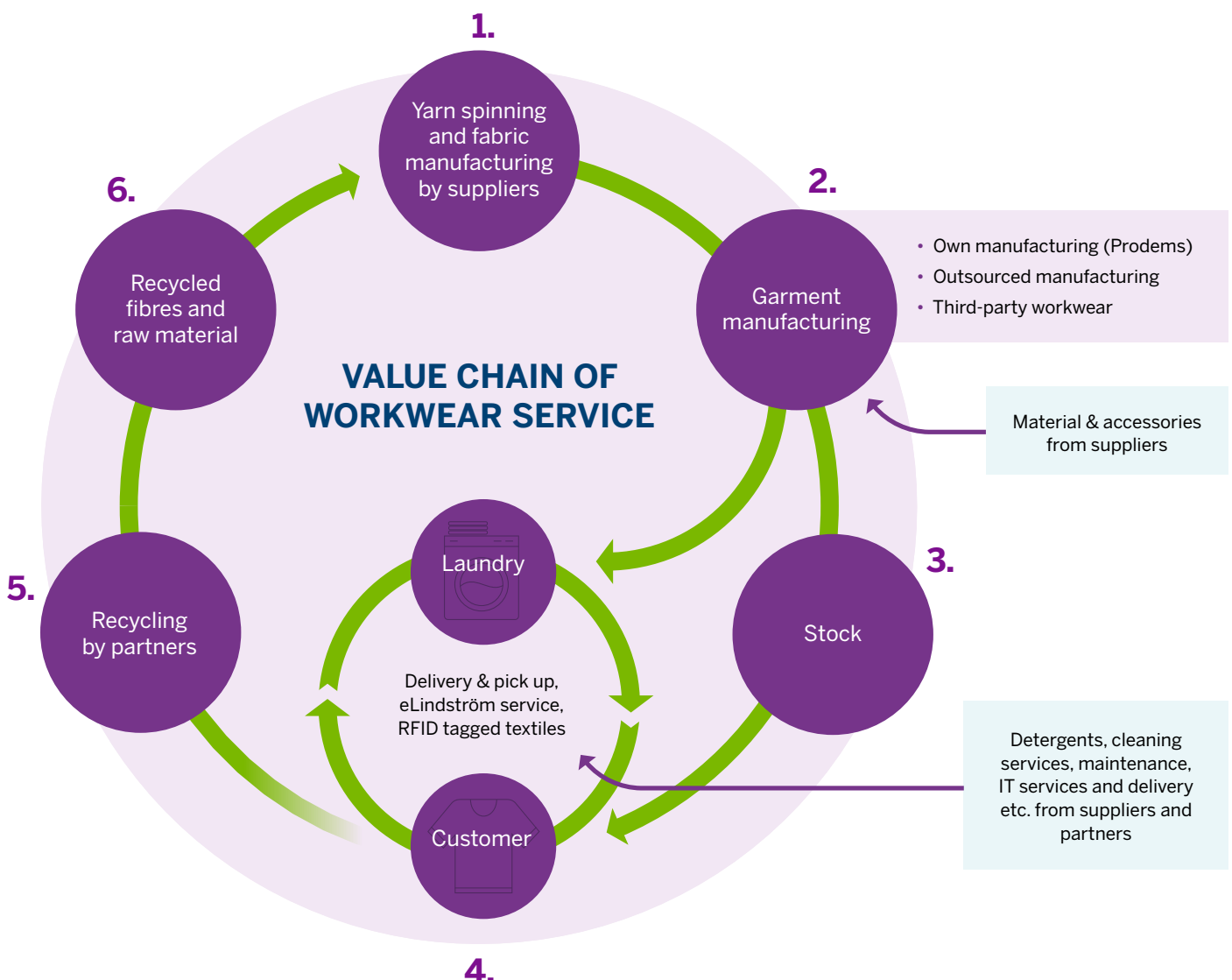


Sustainable supply chain and partnerships

We aim for long-term partnerships with our suppliers that bring value and growth to both parties. We believe that building mutual trust has a positive impact on the quality and that long-standing relationships encourage suppliers to invest in innovations.

The sustainability of our supply chain is extremely important to us. We require our suppliers and their supply chain to comply with our Code of Conduct, which defines the basic requirements for ethical business behaviour.

We conduct audits for all larger suppliers before entering into cooperation with them and also consider environmental, work safety and social responsibility related issues. We also perform annual supplier evaluations and audit all our strategic suppliers every three years.



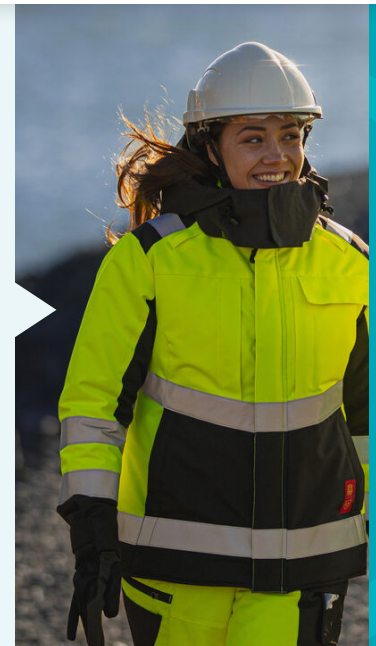


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Sustainable winter workwear made of plastic bottles

Our goal is to offer carbon-neutral textile services by 2035 and to increase the use of recycled and bio-based fibres in textiles. As part of this journey, we launched our first winter wear collection made of 100% recycled polyester wadding and lining in 2022. All of our winter garments will eventually follow this lead. The recycled polyester is made of post-consumer recycled plastic, mainly from plastic bottles. Recycled materials have been tested to be as good as similar virgin polyester alternatives – or even better.

The launch of the collection was preceded by several rounds of laboratory testing, numerous test washes and finally trials with customers. “The product development process took time, as we could not switch to a recycled material until we were absolutely sure that the product is as durable and protective as the existing product. It was easy to find customers for trial use. Recycled materials are clearly of interest to our customers,” notes **Katriina Walliander**, Product Manager at Lindström.



Reusable oversleeve reduces the total amount of plastic waste across several industries

In the food industry, the sleeves of working jackets get dirty easily. In addition, extremely high hygiene standards are required in the production environment. At the same time, the whole world is fighting against plastic waste.

We have, together with our customers, developed a sustainable, reusable, and washable oversleeve

that helps reduce plastic waste – a true showcase of circular economy.

“Reusable oversleeves really have multiple advantages that contribute to environment, hygiene and employee satisfaction,” notes **Nataša Žnidarič**, Head of Quality Control from Panvita Agromerkur, a Slovenian food company that is piloting the reusable oversleeves with Lindström.

Top quality supported by social responsibility at Triest-Val

Estonian Triest-Val is one of our most important suppliers in Europe. Triest-Val’s 170 skilled sewers produce up to 20,000 work clothes for Lindström per month. The company has ambitious goals for developing and maintaining quality, putting a lot of effort into social responsibility.

Over the years, Triest-Val has made numerous investments not only in

new technical machinery and equipment, but also in working conditions and employee well-being. The goal is to ensure high quality in production.

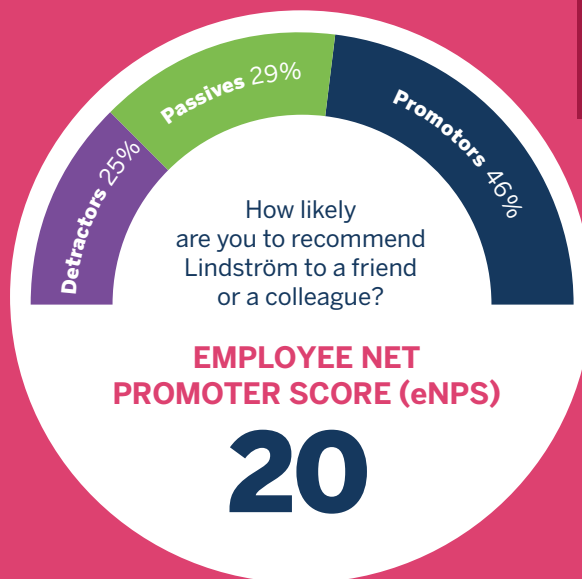
“Satisfied and well-trained employees are the key to a company’s development and growth,” asserts **Valentina Tšernomorets**, CEO of Triest-Val.



Passion to improve

Building a culture of caring

Our strategic goal is to have passionate and engaged employees that enjoy working for us and making Lindström a better company, and to be a preferred employer. With a long legacy as a family-owned company, we have put a lot of emphasis on building the culture of caring and responsibility. We take care of employees' wellbeing and safety and offer learning and development opportunities that help Lindströmers shine, create innovations and reach our ambitious targets of becoming carbon-neutral. As an international, multicultural workplace, we want to foster an environment that allows unique individuals to work together as equally valued contributors.



78/100
EMPLOYEE
SATISFACTION

ISO 45001
STANDARD FOR HEALTH
AND SAFETY COVERS

100%
OF OPERATIONS



INCREASE
IN SAFETY
OBSERVATIONS
PER PERSON

+17%

INJURIES PER
MILLION WORKING
HOURS

-15%



Management of sustainability

Our sustainability work is based on our purpose, vision and common values. It is guided by our management systems, policies, commitments, and guidelines. Sustainability is managed through our We Care culture by leaders and committed teams every day.

Our guidelines and policies

- Lindström's **Code of Conduct** consists of the ethical principles that determine how both we and all of our suppliers conduct business and how we take responsibility for people and for the environment.
- Our **Quality, Environmental, Health and Safety Policy** states guidelines that all of our employees and service representatives are required to adhere to.
- **Quality Assurance Handbook** ensures that all inbound goods and materials are manufactured in accordance with Lindström's instructions and standards.
- In our **Slavery and Human Trafficking Statement**, we commit to ensuring that slavery and human trafficking do not take place in our business or in our supply chain.
- In our **whistleblowing channel**, anyone can anonymously raise concerns about possible misconduct in business or any wrongdoing.

OUR COMMITMENT TO INITIATIVES

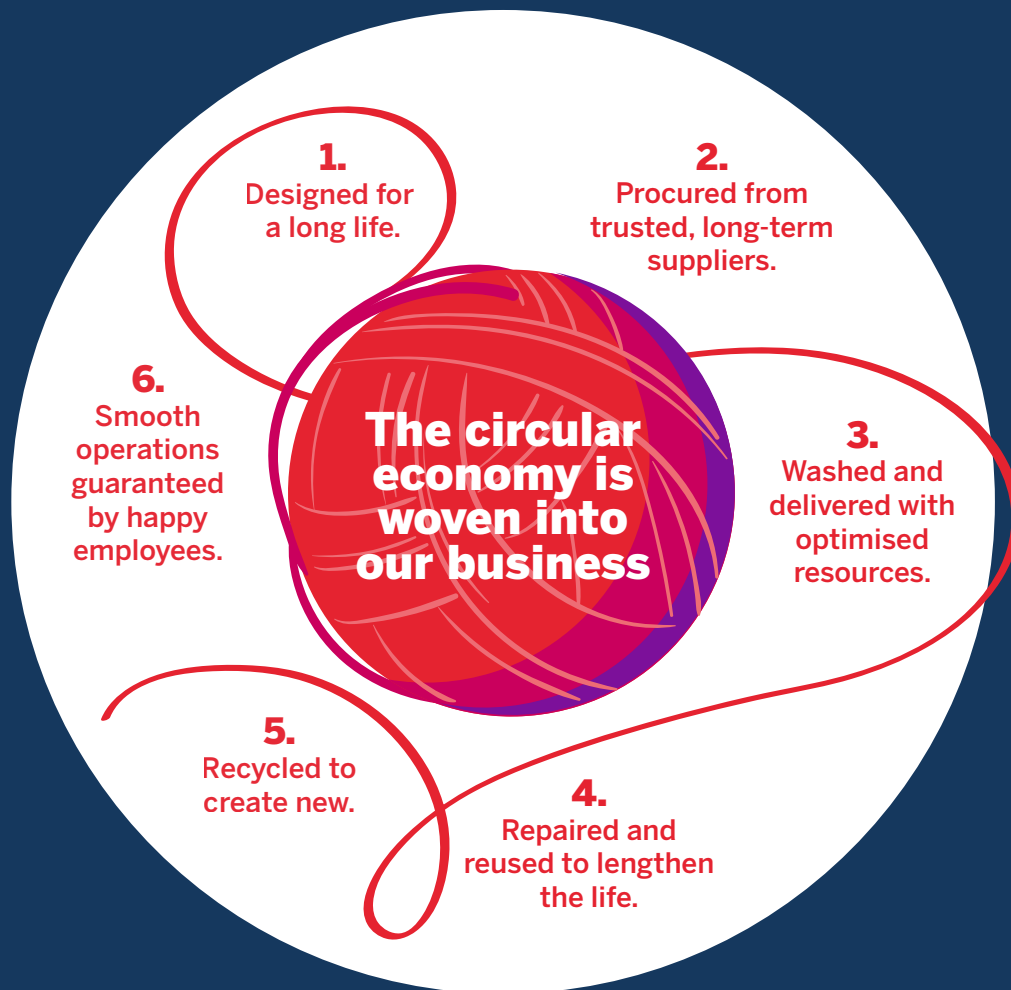
- The ICC Business Charter for sustainable development
- The Principles of the UN Universal Human Rights Declaration
- The ILO Declaration of Fundamental Rights and Principles
- The Guidelines of the OECD for Multinational Enterprises
- The Science Based Targets initiative (SBTi)
- The United Nations Global Compact

KEY MEMBERSHIPS IN ORGANISATIONS

- The Family Firms Association (Finland)
- The Confederation of Finnish Industries
- The European Textile Service Association (ETSA)
- The Textile Rental Service Association (TRSA)
- Our specialists act on various national and international teams promoting our field of business, standards, and legislation.

CERTIFICATES

- Our management system is in compliance with four international management system standards:
 - ISO 9001 for Quality
 - ISO 14001 for Environment
 - ISO 45001 for Health and Safety
 - EN 14065 Hygiene and biocontamination control
- Our cleanroom services operate according to ISO 14644 standard (cleanrooms and the associated controlled environment) and adhere to Good Manufacturing Practice procedures.
- Öko-tex certificate is a basic requirement for the textiles we use.
- The Washroom Services in Finland operate in compliance with Nordic Swan Ecolabel.
- We have a gold certificate by a global sustainability ratings provider EcoVadis.



Choose circular, choose Lindström

Our easy-to-use textile services are a cost-efficient and environmentally-friendly way of taking care of a company's textile needs. We strive to create value for our customers in everything we do, executed with excellent customer experience.



Want to know more?

Visit our website
lindstromgroup.com

