

Together for a more sustainable business

LINDSTRÖM GROUP

Sustainability report
2022



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About this report

Lindström's Sustainability Report has been published annually since 2003. This report describes the most significant impacts on the environment, people and economy, and how we manage these impacts. It describes our key sustainability themes, goals and achievements during the year 2022. The report's primary stakeholders are our customers, partners and employees. Our reporting period is based on the calendar year, from 1 January to 31 December.

Reporting principles and practice

The report has been prepared in accordance with GRI standards. The figures cover the entire Lindström Group if not otherwise stated. Also operations in China are included in the reporting from the 5 August, when the transaction took place, except in the environmental reporting due to the lack of available data.

In the cases of the withdrawals, the exit from Belarus has been completed on 8 December 2022 but most of the figures are reported until the end of November, as the period of a week is not considered material. Russia is included for the entire reporting period as the exit is expected to be completed in the beginning of the year 2023.

At the end of the report, the Global Reporting Initiative (GRI) table contains aggregated data. Lindström's Sustainability Report has been assured by Ernst & Young Oy and their statement can be found at the end of the report. More information about reporting principles at the end of the report.

Publication of the report

The 2022 Sustainability Report was published on 30 March 2023. The report can be found in English on our website, in PDF format. Please find more information on Lindström and our services at:

www.lindstromgroup.com



Introduction

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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 textile 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 is an effortless and care-free solution for our customers. It includes textiles, their washing and maintenance as well as recycling at the end of their lives.

Sustainability is at the heart of who we are. It is in the interest of our business to avoid overproduction and optimise the use of natural resources. 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 ensure the most environmentally friendly services for our customers now and in the future.

23
COUNTRIES

NUMBER OF EMPLOYEES
5,055

NUMBER OF CUSTOMERS
250,000

TURNOVER
• **EUR 496.4 million**

EBITA
8.3%

PIECES OF TEXTILES IN CIRCULATION
• **17.7 million**

ESTABLISHED IN
1848

• 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. That is why we want to help our customers become more sustainable with our services and inspire them to grow in a sustainable way. As our circular business model has proved to us – sustainability, cost-efficiency and growth can go hand in hand. In the following interview, our CEO Juha Laurio and Senior Vice President of Strategy and Sustainability Kati Pallasaho talk more about our development and thoughts about sustainability.

**What was the year 2022 like for Lindström?**

Laurio: The year included many moments of joy and sorrow. The war and its devastating implications were heartbreaking. We withdrew from Russia and Belarus, and the difficult situation in Ukraine still unfortunately continues. We also had to cope with the impacts of COVID-19 in some of the countries where we operate. On the other hand, we have been able to grow our business both organically and with acquisitions in spite of the challenges. Thanks to our committed employees, our customer satisfaction has remained at a comfortable level.

Pallasaho: We continued our sustainability work towards our strategic goals with great achievements. We exceeded our target for textile recycling and accelerated the development of a circular textile industry by investing in Rester, a pioneering textile recycling company. We also joined the world's largest corporate sustainability

initiative, the United Nations Global Compact. Following our commitment to the Science Based Targets initiative, we sent our net-zero targets for validation review and set a new seven percent annual reduction target for greenhouse gas emissions.

What were the key drivers of our growth?

Laurio: The biggest growth driver is definitely our Lindström team, which is very resilient and dedicated to serve our customers. It is an essential part of our company culture. Our services are important for the business continuity of many customers, and this is something we keep in mind when we go the extra mile to serve our customers.

Our company is also financially solid. We keep our eyes on the horizon and also see beyond current events during more challenging or turbulent times. For example, we have been able to further proceed in developing our circular business model to help our customers achieve their sustainability goals. Our long history provides us with lots of experience from different times and that certainly gives us perspective.

Which achievements of the year 2022 are you most proud of?

Laurio: I always feel proud when I see Lindströmers succeed and shine, which happened many times within the year. There is one specific team that I would like to highlight here. Our Ukrainian team has been keeping up a positive spirit and served our customers in very difficult – I would say even extreme – circumstances. I have lots of respect for them and I feel proud to work with such a team.

Pallasaho: I would like to bring up the results that our employees have achieved in many countries. We started new collaborations with local recycling partners and expanded the use of renewable energy. We also continued the deep collaboration throughout the value chain in circular product development to increase the share of recycled and bio-based fibres in our textiles. Our hard work in different areas of sustainability was recognised by the gold certification of EcoVadis' sustainability rating.

How has the energy crisis impacted our operations?

Laurio: Naturally, the energy crisis and rising inflation have been on our employees' and customers' minds during the last year. We have put more focus during 2022 on energy availability and prices. Most of our units in different countries are now secured with alternative energy sources and other backup solutions in case there is a shortage of natural gas or other primary sources of energy. Therefore, our customers do not need to concern themselves about our capability to serve them.

Pallasaho: On the other hand, the crisis will accelerate the green transition of energy in the long run, which supports our net-zero goals. As green technology develops, it also becomes more cost-effective.

What does sustainability mean for Lindström?

Laurio: Sustainability is the core of our purpose and strategy. 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 also see that international companies like us play an important role in sharing sustainable practices and inspiring other businesses in all their operating countries.

Pallasaho: Sustainable practices strengthen our customers', partners' and employees' trust in us. They help us grow and also ensure business continuity in the future.

Do you see circular economy practices offering us any competitive advantages?

Laurio: Today, successful companies have clear targets to improve their sustainability and those companies value partners who can help them achieve those targets. Our strong focus on sustainability has also helped us attract employees who have a passion for it as well and for further developing the sustainability of our services.

Pallasaho: Our circular business model is well aligned with the EU strategy for sustainable and circular textiles. This gives us a clear advantage as many textile industry companies are just starting this journey. 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.

How do we plan to stay ahead of sustainable development in the textile industry?

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.

What are the key priorities and objectives for 2023?

Laurio: Our priority is to continue to execute our strategy to create value for our customers in the future as well. To succeed in this, we need to make sure that Lindströmers feel happy to serve our customers and ensure good customer experiences. We continuously collect feedback from our employees and customers, and develop our operations based on it. Next year, we will further develop our customer survey to get even better input from our customers.

Pallasaho: We continue our quest for circularity to reach our ambitious targets. Our target for 2023 is to recycle 80% of our textile waste. We have placed emphasis on finding recycling solutions for mats, whose recycling rate is still quite low. We will also work to reduce the emissions of our biggest emission categories. One of them is naturally textiles, where we will continue to increase the use of bio-based and recycled fibres to reach the new target that 30% of purchased textiles will include them by 2025.

How do you expect the business environment to develop in the future?

Laurio: The past three years have proved that there can be sudden changes with a high impact where companies must adapt in an agile way. Certainly, sustainable business models, circular economy and clean energy are also topics on every successful company's agenda in the future as well.

Pallasaho: The global goals and regulation will increase the demand for more sustainable and circular solutions, and transparency. It will accelerate the development of



“International companies like us play an important role in sharing sustainable practices and inspiring other businesses in all their operating countries.”

CEO Juha Laurio

new technologies as well as provide opportunities for new players in different industries.

What kind of future trends and new business development opportunities do you see?

Laurio: I believe that we are in a very fortunate position as most of the future trends will support our business. Besides the ones mentioned earlier, I would like to mention requirements for transparency and technology-enhanced services. 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.

Learn how our customers use EcoVadis



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.

Get to know how we plan to reduce emissions



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.

Read more about UNGC and the SDG Ambition Accelerator programme



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.

Find out how we reduce, reuse and recycle



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 re-cycled fibre produced from our textile waste is used as a raw material for new textiles.

Read more about our closed-loop recycling project with our partners



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.

Read more about this achievement



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 45) and the CX Index 8.8 (target 8.5).

Learn how we collaborate with our customers



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.

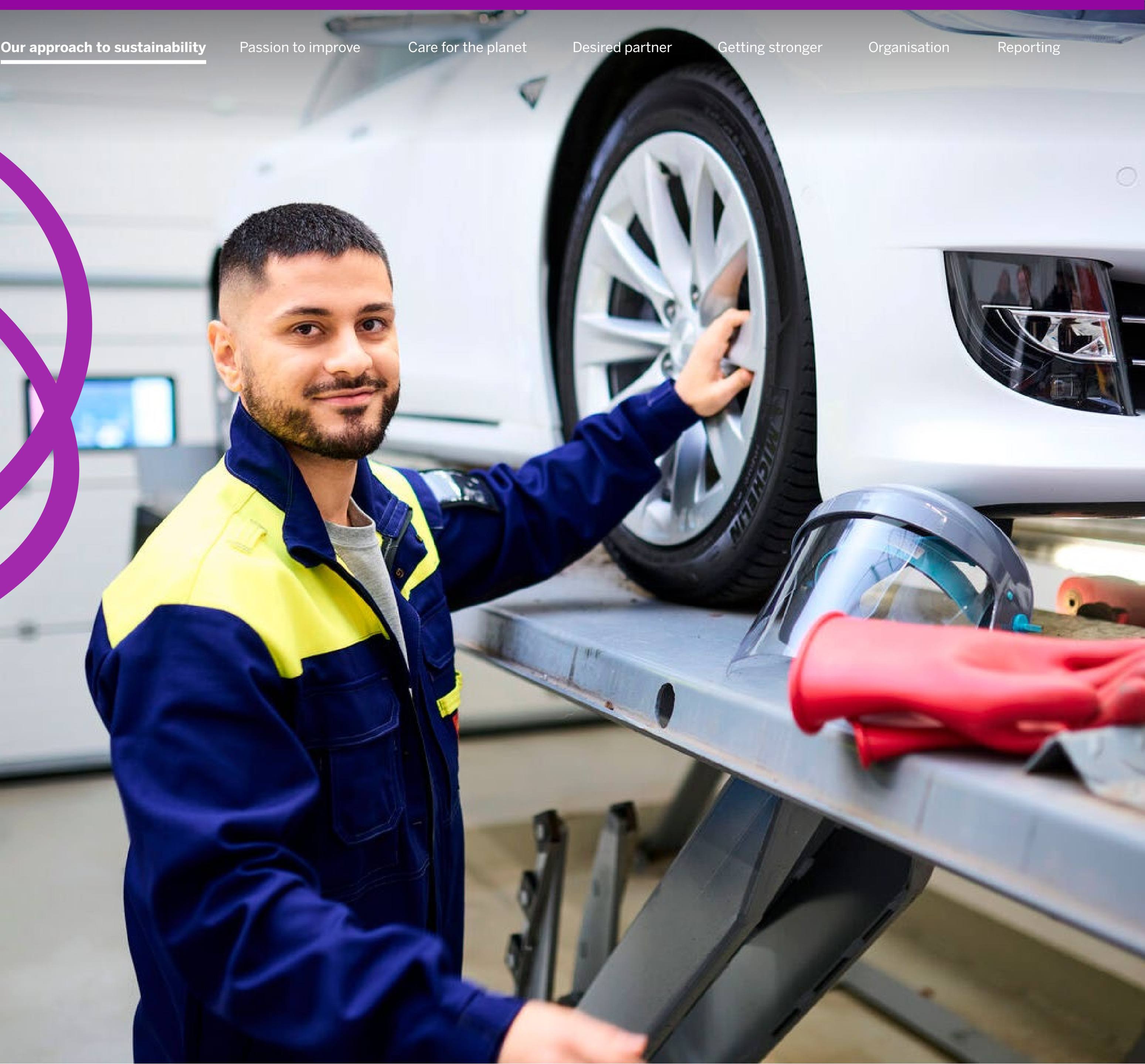
Find out how we can serve Chinese customers better





Our approach to sustainability

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Sustainability at the core of strategy

We at Lindström focus on making our customers' lives easier by supporting them to shine and their businesses to grow.

Our mission states that we want to make our customers' lives easier and strengthen their image with textile services while helping them to become more sustainable. At the core of our business is our commitment to care for people and our planet, based on the sustainable, circular-economy business model, we serve our customers in 23 countries. 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.

Strategy 2025

By 2025, our vision is to become a forerunner in enabling our customers to become more sustainable with easy-to-use textile services, offered with passion and a human touch. We seek to deepen our understanding of the industries we serve. A strong focus on our customers' industries all around our 23 countries also enables us to share our extensive industry knowledge of global and local markets with our customers. Our customers will become more sustainable as we work towards carbon-neutral textile services and recycle 100% of our textile waste. The ease of use relies on us digitalising our services for improved transparency, optimised textile volumes, and self-service for our customers. Long-term customer relationships, responsibility, enthusiasm, the joy of learning and profitable growth are the values that guide how we interact with our customers.

We care – We shine – We grow

We care for people and our planet by inspiring people to shine and businesses to grow in a sustainable way.

STRATEGIC GOALS

Passion to Improve
Care For the Planet
Desired Partner
Getting Stronger

MUST-WINS

Industry Forerunner
Agile Operating Model
Sustainable Solutions
Integrated Lindström

VALUES

PROFITABLE GROWTH | RESPONSIBILITY | LONG-TERM CUSTOMER RELATIONSHIP | ENTHUSIASM AND THE JOY OF LEARNING



STRATEGY PROGRESS

| STRATEGIC GOAL | What do we aim for? | What did we aim for in 2022? | How did we do in 2022? | What do we aim for in 2025? |
|---------------------|---|---|---|---|
| Passion to improve | We have passionate and engaged employees that enjoy working at Lindström and making Lindström a better company. | eNPS > 38 | eNPS 20 | eNPS 40 |
| Care for the planet | We offer solutions that make our customers more sustainable. | 50% of textile waste recycled | 68% of textile waste recycled | 100% of textile waste recycled. 7% annual emission reduction from the base year level (average of 2019 & 2021) |
| Desired partner | We want to offer the best customer experience in the industry together with our partners and ecosystems. | NPS 45 CX index 8.5 Voice of Partners index 8.0 | NPS 52 CX index 8.8 Voice of Partners index 8.5 | NPS 50 CX index 8.8 Voice of Partners index 8.5 |
| Getting stronger | We want to continue growing to serve new customers with the best profitability in the industry. | Organic turnover growth 6% EBITA 13.4% | Organic turnover growth 11% EBITA 8.3% | Organic turnover growth 6% EBITA 13% |



Operating environment

As we want to be prepared for the future and make timely decisions, our group and region strategy work is foresight-driven. This means that we have a good understanding of which phenomena are the most important as well as trends and change drivers in our operating environment.

In our yearly strategy update, we examine what the future may look like given the time horizons of the current strategy period until 2025 and the next one that extends to 2030. As a result, our group, region and country management teams have a unified view of the future and they are able to make informed decisions about the future based on our shared assumptions. It also provides us with a common understanding of what kind of implications and challenges the identified trends and phenomena may bring about for our business model and value chain.

| MEGATRENDS | | | |
|---|---|--|--|
| SUSTAINABILITY AND ENERGY TRANSITION | CHANGING DEMOGRAPHICS | THE DIGITAL ECONOMY WITH TECHNOLOGY-ENHANCED EXPERIENCES AND SERVICES | GEOPOLITICS AND GLOBAL MARKETS SHIFT FOCUS |
| IMPLICATIONS | | | |
| <p>Politics and regulation, including the global goals and principles, guide demand and the actions of companies, as well as funding and investments. New directives to disclosure such as the EU's Corporate Sustainability Reporting Directive (CSRD) will increase transparency. The EU Green Deal and Sustainable textile strategy set requirements for the industry which could bring new competition and new kinds of players to the market.</p> <p>The emergence of new, and more environmentally friendly technologies will help us to reach our carbon neutrality targets. Green energy and technology will become more cost-effective. The energy crisis will also accelerate the green transition.</p> | <p>As the world population is ageing, we can see growing demand in certain industries that we serve, such as the pharmaceutical and healthcare industries.</p> <p>Generation Z has different values and expectations which will affect the decision making of both employees and customers.</p> | <p>The requirements for transparency increase. There is a lot of data available and the expectations for its utilisation will continue to grow. In practice, it means more transparent reporting as well as improved services and customer experience through data-enabled and digital solutions.</p> <p>Omnichannel sales and digitalisation are expected to be the norm. Consumerisation and customer expectations are changing as people are expecting similar experiences in b2b as they have experienced as consumers in b2c.</p> | <p>The growth of the world's population will continue, which fosters growth potential especially in the Asian markets and supports our strong presence in the region.</p> <p>The current geopolitical situation has caused countries and regions to promote self-sufficiency. The relocation of businesses and production facilities to premises inside national or regional borders will increase the potential for growth in European countries.</p> |

Value creation

Input

People

- 5,055 employees (+285)

Global presence

- 250,000 customers (+13,000)
- 23 countries of operation (-1)
- 3 on-demand manufacturing units, Prodems (-)
- Global partner network

Products and services

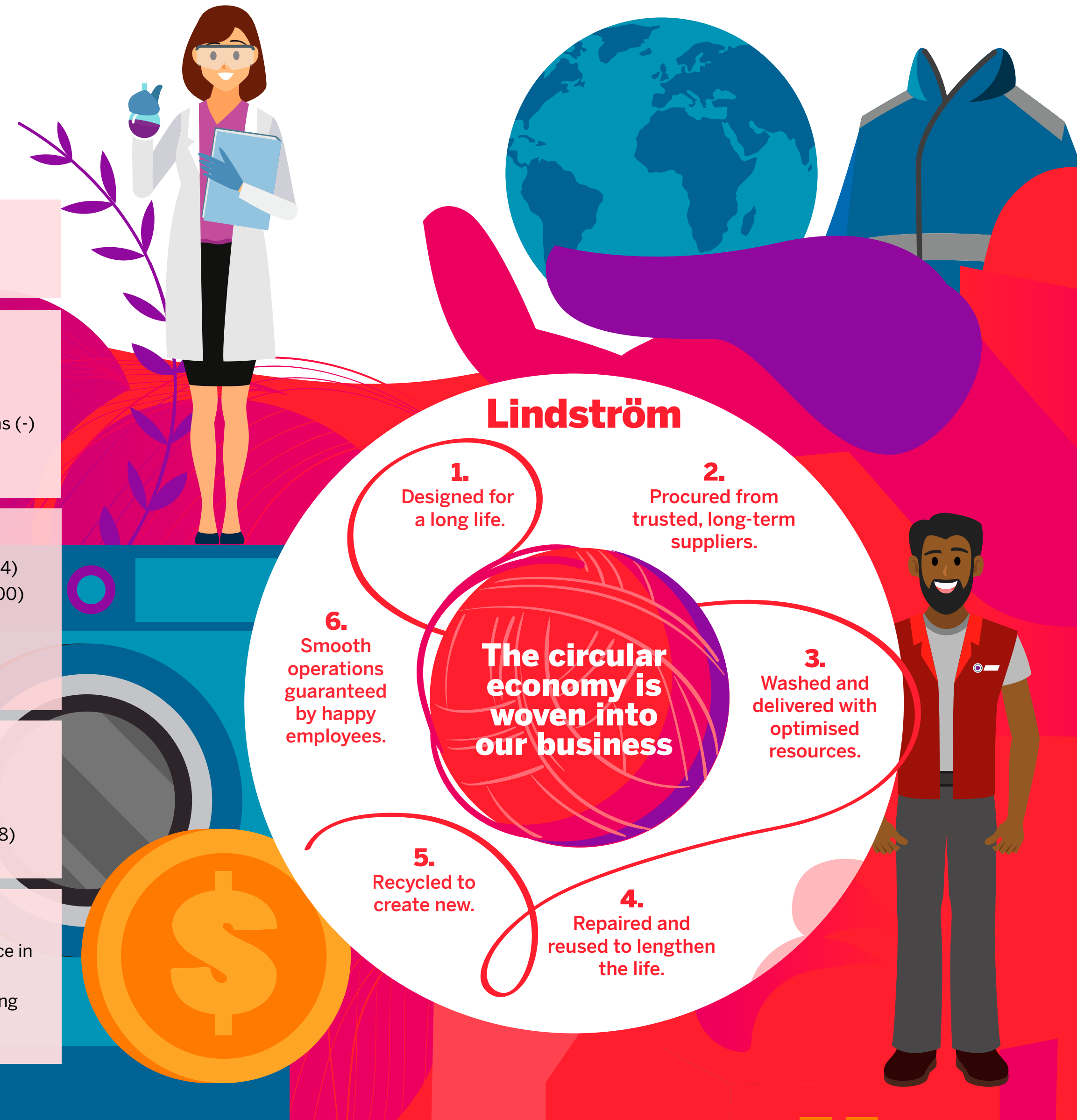
- 17.7 million pcs of textiles in circulation (+2.4)
- 5,800 tons of new textiles purchased (+1,700)
- 222,800 tons of textiles washed (+29,400)
- 80% of our laundries have water recycling practice

Economical assets

- Investments EUR 26.7 million (+15.2)
- Equity to assets ratio 79.9% (-0.1)
- Working capital of turnover ratio 9.8% (+0.8)

Intangible assets

- eLindström customer portal for 24/7 service in all countries
- Intelligent digital solutions for textile tracking and optimisation



Output and impact

Contributing to the environment

- 68% textile waste recycled (+32)
- Commitment to net-zero target (targets sent for validation)
- 4.6 million pcs of textiles repaired, extending their lifespan (+0.1)
- 1.02 kWh of energy (-) and 6.9 L of water (-0.3) was used to wash 1 kg of textiles

Contributing to the society

- EUR 46.3 million (+7.3) to taxes and social paid to authorities
- Support for UNICEF work in India for water, sanitation and hygiene
- Several collaborative projects involving research institutes and our industry

Enhancing wellbeing & safety

- EUR 120.8 million (+15.2) to salaries and compensation to personnel
- eNPS 20 (-9)
- Employee satisfaction 78/100 (new)
- 0.77 Safety observation per person per year (+0.1)
- Acquired the ISO 45001

Bringing value to customers & partners

- NPS +52 (+2)
- CX Index 8.8 (scale 0–10) (+0.1)
- Voice of Partners Index 8.5 (+0.3)
- EUR 71.4 million (+11.4) to subcontractor services

Describes the situation at the end the year 2022 (number of customers in January 2023). Lindström has completed the withdrawal from Belarus in November 2022 and the withdrawal from Russia is expected to be completed in 2023.

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.

The Board of Directors has the ultimate responsibility to oversee the management of the organisation's impact on the economy, environment, and people. The Group Management Team is responsible for management and practical implementation of the impacts in their respective areas of responsibility. The CEO and the Board of Directors review and approve the policies and primary sustainability initiatives and targets. The sustainability report is reviewed and approved by the Board of Directors in March before it is published.

The knowledge and skills of the Board of Directors are enhanced by involving the members in different initiatives and projects, for example, in the Science Based Targets setting and strategy updates. The Board of Directors evaluates its own performance yearly with a self-evaluation, in which they evaluate the work with each other and in relation to the operational management within the framework of the strategy. The evaluations are reviewed in the meeting and development actions are agreed upon if needed.

The role of global functions in the development of sustainability

Sustainability-related guidelines and centralised development are embedded within several global functions and steering groups tasks. Our Corporate Social Responsibility (CSR) committee consists of nine key persons from each function. It leads the Sustainable Solution strategic programme and reports the key performance indicators three times per year to the Group Management Team and the Board of Directors. The global and regional Sustainability Tribe members contribute to the strategic programme by coordinating, leading and executing the market and business unit-level activities.

Human Resources develops and guides the We Care culture and leadership skills, provides a comprehensive framework for learning and development, and supports line management in well-being and employee engagement-related topics. The Health & Safety steering group sets and prioritises the activities to be implemented in

local Health & Safety committees, promotes transparent safety culture, and develops the reporting.

Our global procurement team defines and implements supply chain strategy and manages and monitors sustainability in the supply chain. For global service & product concepts, sustainability is one of the key fundamentals in developing new offerings.

Risk management

The risk management process is a part of our management system, which is reviewed together with the Group Management Team and the Board of Directors yearly, and from the year 2023 onwards twice a year. The assessment focuses on foreseeing changes in our business operations, in the operating environment, and in the prerequisites of our operations.

We have categorised the significant internal and external risks according to strategic, financial, operational and event risks. Strategic risks may endanger the achievement of our strategic or financial goals. Their review is integrated into the annual strategy review process. Financial risks are related to the sufficiency of financing, currency or interest rates, credit or counterparty risks, and reporting process and they are monitored monthly. Risks related to financial reporting and internal controls are assessed annually as part of the internal audit process. Operational and event risks are related to the nature of business operations. They are assessed and reported monthly as part of routine management processes.

In 2022, we placed more focus on environmental, social and governance (ESG) risk management by identifying the most relevant ESG risks. As a result, three new strategic risks were added to the group's risk management map and evaluated based on their probability to occur and their possible monetary consequences. We assessed that reaching our target for emission reductions and textile recycling as well as governance-related issues may cause risks. We will work with the identified



risks and continue to further develop the ESG risk management process in the coming year. The ESG risks will be reviewed regularly by the Sustainability Tribe.

Anti-corruption policies

We do not tolerate corruption in any form. It is strictly forbidden by our Code of Conduct to give or take any bribes or to allow personal or family interest to influence our professional judgement.

To monitor the corruption risk and to promote open competition, our partner, Ernst & Young, is doing a related-party transaction analysis in 2022 and 2023. The aim of this analysis is to review whether our country management or their family members have decision-making power in the companies where we have acquired products or services. In case of a conflict, it is reported how we have operated regarding purchase decisions. The analysis was previously conducted three years ago, and we plan to repeat it regularly in the future.

In our management review and internal audits, we survey the risks related to corruption. This survey covers all our operations (100%) and the corruption risk is monitored in country and business unit levels. We have not identified any significant corruption risks in our risk management process. There were no incidents of corruption or court decisions reported in 2022.

To reduce the risk of corruption, we promote value-based leadership and decision-making, as well as use control mechanisms such as not allowing unilateral decisions on major purchases. The training of our Code of Conduct principles is part of our onboarding process. Our current system does not support reliable reporting of the trainings, but in the future, the renewed HR system will allow more systematic reporting and follow-up on the refresher trainings. We will also improve our documentation on risks of corruption in the coming year.

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. It is covered in a mandatory course in our e-learning tool for every Lindströmer and is also an integrated part of our supplier agreements.
- 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 our 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 noticed or suspected within the company.

CASE STORY

Great results in UNICEF WASH program

For every 1 US dollar invested, 4.30 dollars are generated in economic returns through increased productivity. And this investment goes directly to the benefit of children. This is just one amazing fact of the WASH program – the water, sanitation and hygiene work we support in India through UNICEF Finland.

The UNICEF WASH program aims to guarantee equitable access and use of sustainable, safe, and

affordable water, sanitation, and hygiene services. Our collaboration dates back to 2007 and over the course of the years we have witnessed excellent results through the program. For example, 10 million more people gained access to basic sanitation, and 28 million families gained access to household tap water in 2021.

[Read more](#)



ENGAGING WITH STAKEHOLDERS

| STAKEHOLDER | STAKEHOLDER EXPECTATIONS | WAY TO MEET EXPECTATIONS |
|-----------------------------------|---|--|
| Employees | Responsible and caring employer that pays attention to employees' safety, wellbeing and development. Diversity, fair treatment and equality are embraced. | We develop our leadership, provide learning opportunities, and build the culture of caring, empowerment and diversity. We have yearly health and safety risk assessment with mitigation actions. We provide health-care services and engage people with active safety observations and improvements. Our yearly Voice of Employees survey measures our success, and we make action plans in teams accordingly. |
| Customers | A partner that supports customers' sustainable growth and good employee experience with easy-to-use services. | We collaborate closely to reach in-depth understanding of our customers' businesses and to develop value-added services. Our regular Voice of Customer surveys measure our success and identify areas for improvement. |
| Partners and suppliers | Long-term partnership that ensures profitable business in the years to come. Open collaboration and trust between partners. | We aim to build long-term partnerships that bring value and growth to both parties. The yearly Voice of Partner survey guides us with the next actions to strengthen the partnerships further. |
| Shareholders | Leading operations according to our values and ensuring our legacy for future generations. | We are a financially solid company with good growth and profitability. We have set ambitious goals to become the industry forerunner and to ensure sustainable development, which we report three times a year to the Board of Directors. |
| Local communities and authorities | Compliance with laws, regulations and agreements, providing jobs and prosperity to the local community. Promoting sustainable and responsible practices. | We work closely with local organisations, municipalities, schools and other companies to develop our operations and services, as well as to generate innovation. |
| Textile industry | Collaboration, knowledge-sharing and innovation to develop the whole industry. | Our specialists are active in various national and international work groups to share knowledge and develop the industry, such as in European Textile Service Association (ETSA). We have set bold targets and collaborate with different partners and organisations to generate new innovations. |



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.

Key themes of sustainability

As sustainability is at the core of our strategy, many of the key themes of our sustainability work are embedded in our vision and strategic goals. Our vision for 2025 sets the ambition – to become the forerunner in making our customers more sustainable. Our four strategic goals – Passion to improve, Care for the planet, Desired partner and Getting stronger – cluster the most important environmental, social, and governance issues for our internal and external stakeholders.

Material topics are identified as part of our strategy process. When creating our long-term vision for 2025 and 2030, we focused on defining our societal impact: what is our role in solving global challenges and what kind of an impact will we have, for example, on the environment? We also assessed how our global development supports and contributes to the United Nations' Sustainable Development Goals.

To define the priorities for our stakeholders, we have collected views from different stakeholders:

- In 2019, as part of our initial exercise to create the strategy 2025, we organised Dream Sessions for all Lindströmers to come and speak about what kind of a company we could be in 2030. Every year, we ask for feedback and suggestions for improvement from all Lindströmers as part of our annual Voice of Employees survey.
- We have engaged with our customers through a variety of means, for example, future discussions,










Lindström Lounge Innovation Workshops, Voice of Customer surveys, and customer interviews.

- We have collected feedback from our suppliers and partners with our Voice of Partners survey.
- We have collected our shareholders' views and level of ambition for sustainability based owners' strategy communicated by the owners' committee.

As multiple information sources were used, strategy was built on the most frequently reoccurring topics. We analysed contents and identified which topics pop up the most often and were considered important from the stakeholders' point of view.

Our four strategic goals form a framework for our corporate sustainability reporting. We report and measure our success in these goals. Our Material Topics for reporting purposes in 2022 are based on topics which were identified as material when we were creating the strategy.



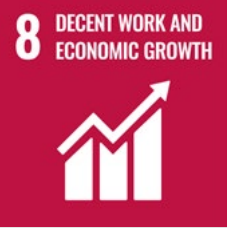
| STRATEGIC GOAL | MATERIAL TOPIC | DESCRIPTION |
|---|---|--|
| PASSION TO IMPROVE  | Health & safety | Health and safety is one of the key ingredients of our ambition of being the preferred employer and covers all aspects of wellbeing at work. Our goal is that every accident and occupational illness can be prevented, and to increase the number of reported safety observations to at least one per person each year. |
| | Learning, development, and employee satisfaction | Learning and development drive growth, employee engagement, motivation and retainment. Our goal is to have passionate and engaged employees that enjoy working for Lindström and aim to continuously improve employee satisfaction. We help our employees develop their skills to excel in their work, find exciting career paths and support our business and strategy. |
| | Fair employment | By fostering diversity and inclusion, we create conditions for a happier, healthier, safer, and more productive workplace. We support fairness and equal opportunities when we hire, train, promote and compensate people. |
| CARE FOR THE PLANET     | Textile waste recycling | Textile waste is one of our biggest waste streams, and we have long reduced the amount of textile waste via our circular approaches. Our goal is to recycle 100% of our textile waste by 2025. |
| | Sustainable water management | Water is at the very core of our continuous service operations, and for decades, we optimised its usage. Several of our service centres are situated in the high or extremely high water stress areas. |
| | Net-zero emissions | To preserve a liveable planet and to ensure our business continuity, we must take action to reduce emissions. That's why we are committed to the Science Based Targets initiative to reach net-zero emissions by 2050. |
| DESIRED PARTNER    | Sustainable supply chain and partnerships | We aim for long-term partnerships that bring value and growth to both parties and continuously strive to improve our cooperation measured through our Voice of Partner survey. We require our suppliers to comply with our Code of Conduct and to respect basic human rights, and we develop responsibility in our supply chain through regular audits and discussions with our suppliers. |
| | Customer experience | With smooth-running service, we want to make our customers' lives easier and help them to be more sustainable. We aim for continuous development of our offering and our customer experience and satisfaction. Our long-term target for the Customer Experience Index is 8.5 and for the Net Promoter Score (NPS) +50. |
| GETTING STRONGER  | Sustainable growth and cost-efficiency | Sustainable and profitable growth ensures that our business remains healthy, and we can contribute to society as a good corporate citizen. Our 2025 target is 6% annual organic turnover growth and 13% EBITA. |



Passion to improve

Health and safety
Learning and development
Fair employment
Lindströmers in figures
Case stories

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30



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.



WE CARE CULTURE



We Care Health and safety

- Wellbeing
- Safety guidelines
- Open and transparent reporting



We Care Learning and development

- Personal and professional development
- Passion to improve and learn
- Feedback and coaching
- Reward and recognition



We Care Fair employment

- Code of Conduct
- Labour rights
- Equal treatment



We Care Leadership

- Leading self and others
- Leading change and innovation
- We Care values and emotional intelligence

We Care culture lives through time

Ensuring a great employee experience is one of our key priorities, and we measure it on an annual basis with a comprehensive survey in November and a shorter Pulse survey in May. Additional Pulse surveys are conducted in countries when necessary.

To emphasize the importance of employee experience, we introduced a completely new approach to measuring employee experience and launched a new survey tool in 2022. Rather than asking employees to rate general statements around employee satisfaction, the survey allows employees to select and rate topics that are most relevant to them in order to be happy, satisfied and engaged at work. The results help us prioritise development activities accordingly.

In 2022, the total score for employee satisfaction reached 78 out of 100. The Employer Net Promoter Score (eNPS), which measures the likelihood of recommending Lindström to a friend or a colleague, was slightly lower than in 2021 at +20 (+29). The result was satisfactory, but there is still room for improvement: Our target is to go over 40 by 2025. According to the survey, the factors our employees consider the most meaningful are fair and competent supervisors, job security, fair salary and perks, work-life balance and equal treatment of employees.

Our employee turnover in 2022 was 23% (22%). Based on the feedback from our employees, our sustainable business, long legacy as a family company and the genuine, open and informal company culture, where everybody has the best intent to help each other and continuously improve are important reasons why people choose to stay with us. Our company has been living through transformation, but family values and culture remain.

In 2023 we will focus on ensuring the successful launch of our new integrated HR management system, developing our culture and leadership skills by introducing the updated We Care Leadership trainings, and improving employee satisfaction based on the feedback from the new employee survey. Our plan is to increase our investments in our learning and development function to facilitate even more systematic, strategic learning and development.





Holistic approach to health and safety

Health and safety of our employees is at the core of Lindström’s We Care culture and embedded in our daily practices. It is one of the key ingredients of our ambition to be the preferred employer of our current and future employees. We want to make sure our employees aren’t at any kind of risk because of the work they do for Lindström. Ultimately, our goal is that every accident and occupational illness can be prevented.

Our approach to health and safety is holistic, covering all aspects of wellbeing at work, including mental health. We want to make sure our employees are protected from bullying and harassment and are free from discrimination.

All our employees are provided with statutory health-care services locally, coordinated by local HR and provided by public or private service partners. The service agreements include privacy statements that guide the confidential handling of health-related information.

In 2022, our management system was certified in accordance with the ISO 45001 standard for health and safety, and it covers all employees, activities and workplaces. Our work is guided by our Quality, Environment, Health and Safety Policy, and we continuously aim to improve our performance by reviewing our practices and identifying gaps to best practices. Risks to people’s occupational health and safety are reviewed in all sites annually, and we continuously aim to reduce and eliminate risks based on the risks identified. The status of

risk review is monitored in the annual management review and internal audits.

Our employees are invited to take part in the continuous improvement of health and safety at work. Our health and safety committees include employee representatives and all units have occupational health and safety managers who are responsible for developing health and safety in the workplace.

Ensuring safety in many ways

The most significant risks related to our occupational safety typically arise from traffic accidents and commuting as well as machine and fire safety in the service centers. We set annual focus areas for our health and safety work based on accident reports, safety observations and audit findings, and by following up the working environment. In 2022, we focused on deploying a new safety observation reporting tool, preventing slips, trips and falls, promoting traffic and commuting safety and ensuring the well-being of white-collar workers in the

hybrid working mode. These topics continue to be in focus also in 2023, and our work covers all Lindström employees and outsourced partners in our maintenance and delivery service. When necessary, we cooperate with insurance companies and other external partners to build a safe and healthy working environment.

In 2022, the number of accidents increased to 143 (2021: 109). The most important reason for the increase was the improved reporting activity and the development of safety culture, where reported accidents are used for improvement actions. Our injury rate based on one million working hours was 5.3 (6.2). There were no fatal injuries in 2022, which was also the case in 2021. However, there were 2 (1) high-consequence work-related injuries (i.e injuries from which the employee cannot recover to pre-injury health status within six months) in 2022. The work-related hazards that pose a risk of high-consequence injury include working at heights or traffic. All reported incidents are investigated and our aim is to learn a valuable lesson from them.

There were 392,151 (367,415) sick leave hours with an average sick leave rate of 4.6% (4.3%) in 2022.

Fostering a strong safety culture

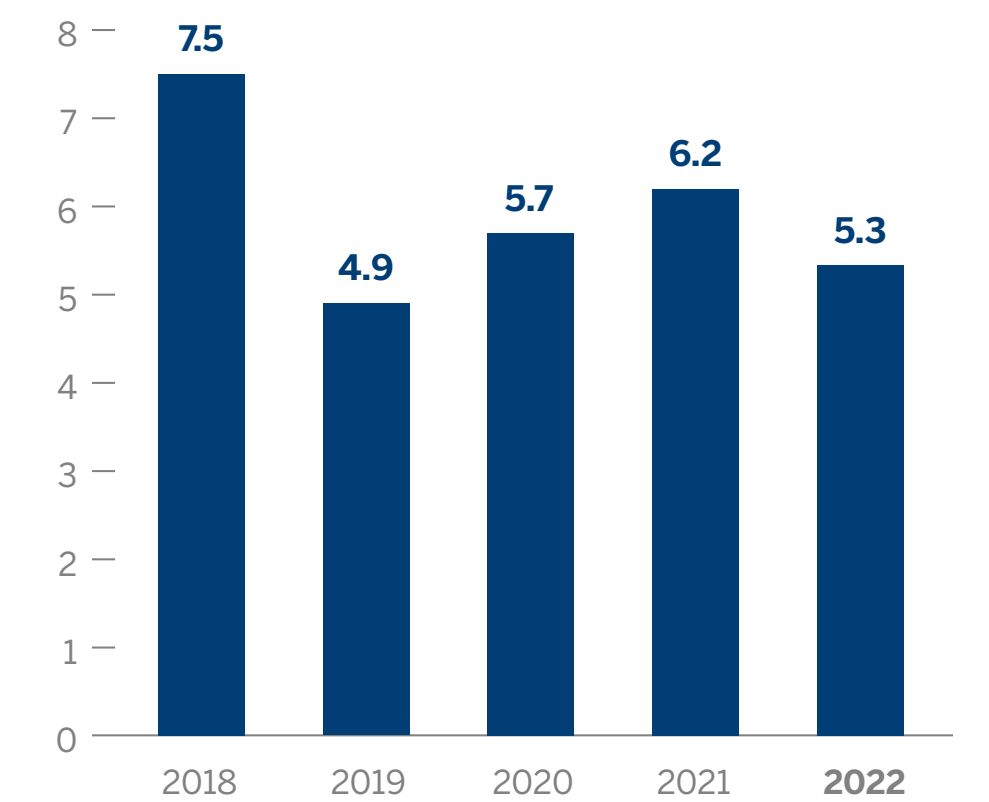
Health and safety in the workplace is a joint effort, and we encourage all employees, customers, suppliers and partners to report their safety observations. Our goal is to increase the number of observations to at least one observation per person each year. We have not yet reached this target but are making good progress towards doing so: In 2022 the number of total safety observations increased to 3,893 (3,152) or 0.77 (0.66) per person.

During the year, we introduced a new mobile app that makes it easier for everybody to submit their ob-

SAFETY OBSERVATIONS



INJURIES PER MILLION WORKING HOURS (LT11)



servations, also anonymously. In addition, observations can be reported with the AMT desktop application or by using paper forms, if needed. Our site managers are instructed to conduct monthly safety walks in all our facilities. To increase this activity, we have introduced checklists for making safety observations in a more structured way.

Continuous and active communications and training play a significant role in ensuring that our entire staff is committed to safe ways of working. From the moment they join us, Lindströmers are made aware that health and safety is to be treated as a priority. We provide our employees training on work-related hazards and hazardous situations as part of their induction. In 2022, we organised regular webinars, published monthly safety bulletins and carried out safety campaigns with a focus on traffic safety. Regions and countries were also active in promoting the topic, and our cross-regional health and safety network had regular, monthly and quarterly meetings to share good practices.

Learning and development facilitates innovation



We Care
Learning and
development

Learning and development has a flood of positive outcomes for us. It is the key driver of growth, employee engagement, motivation and retainment at Lindström. We have a very ambitious approach to innovating new solutions, usually co-created together with our customers or with our vast partner network. Our roles are becoming more and more complex as we digitise our end-to-end business processes and pursue our ambitious sustainability goals. All this requires new competencies and ways of thinking and opens new opportunities to curious Lindströmers. We want to help our employees develop their full potential so that they have skills to shine in their work and even exceed expectations to support our business and strategy, both today and in the coming years.

We encourage Lindströmers to grow personally and professionally and help them find career paths that excite them. Our company-wide Employee Journey describes the development opportunities we offer at different stages of the work journey. We do annual succession planning and talent review on a country, region and group level.

All our leaders and HR professionals are in a key position to promote learning and development opportunities within their teams. We believe that 70 percent of learning happens on the job, 20 percent through individual coaching and mentoring, and 10 percent through formal training. While our learning and development focuses on on-the-job learning, we also organise regular trainings

through our internal university, the Growth Academy, which allows our employees to learn and share knowledge virtually and face-to-face, both on a global and regional level. Some trainings are open to all employees, while others are targeted at certain job categories and roles. Health and safety inductions and Code of Conduct e-learning are available in all local languages.

In 2022, the trainings in the Growth Academy focused on topics relevant to our strategy implementation, ranging from sales and marketing and customer journey to new technologies and processes. Trainings were also held on soft skills such as presentation skills, cross-functional cooperation, leading teams and solving conflicts. During the year we further expanded the

operations of local Growth Academies. The regions and countries focused on the development of middle management and their leadership skills, in particular.

Integrated HR system transforms learning

We are currently going through a major transformation as we prepare for the launch of the new integrated HR and learning management system in 2023. The integrated system will harmonise our learning and development, people processes and way of working together. As one system is used to manage and register all the trainings, we will also gain better visibility of participation in trainings and development discussions, training needs and individual targets set.

Development discussions are held annually for all white-collar employees. Adjustments to development plans are made according to individual needs or as employees change position. In 2022, we developed our performance management process further to ensure that the company-level strategy work is more closely integrated with regional, country and team-specific target settings and individual targets.





Fair employment builds long-term value

We strongly believe that by fostering diversity and inclusion we create conditions for a happier, healthier, safer, and more productive workplace. We support fairness and equal opportunities when we hire, train, promote and compensate people, and do not discriminate based on gender, maternity status, sexual orientation, marital or civil partner status, race, color, nationality, ethnic or national origin, religion or belief, disability or age, among others.

In 2022 we joined the [UN Global Compact](#), which means we are even more committed to supporting and respecting the protection of internationally proclaimed human rights, fair employment, equality and fair salaries.

Our Code of Conduct establishes clear rules of equality and non-discrimination in the company. It also states that we are committed to respecting the basic human rights of employees regarding child labour and forced and compulsory labour. We take actions to minimise the risks of child labour or forced labour with our suppliers and partners when establishing new supplier contracts. Our suppliers and partners also need to agree to comply with our Code of Conduct.

We recognise the right of free association of employees and neither favour nor discriminate against members of employee organisations or trade unions. The Code of Conduct training is part of everybody's onboarding and available in all languages as an e-learning module.

We are proud of our culture of openness and transparency where people are not afraid to speak up, and encourage all employees to raise their concerns and communicate any suspected breaches of the Code of Conduct to their line managers or anonymously via the [Whistleblowing Channel](#).

In 2022, there were no reported incidents of discrimination. We have gone a long way, but our work continues. We recognise that gender equality is a challenge in some job categories, especially in the production, and strive to develop in this area. In 2023, our plan is to more systematically build awareness of what equality, diversity and inclusion are all about and why they are crucial for us.

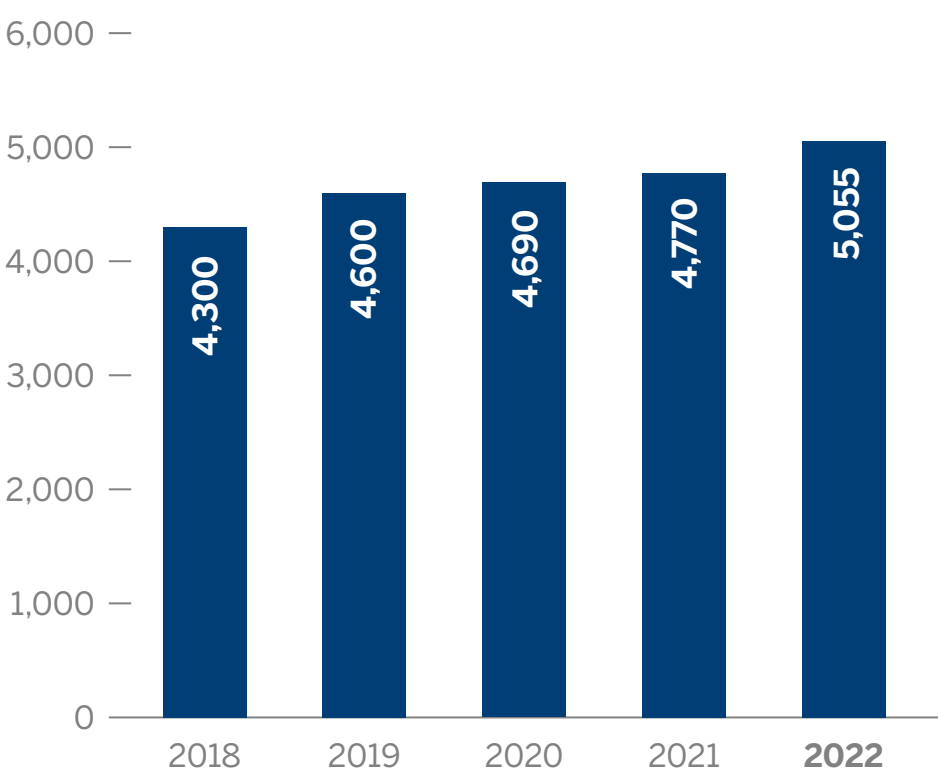


Lindströmers in figures in 2022

EMPLOYEES BY TOP 10 LARGEST COUNTRIES BY OPERATION

| Country | 2022 | % |
|----------------------|-------|--------|
| Finland | 1,770 | 35.0% |
| China | 589 | 11.7% |
| Russia | 525 | 10.4% |
| Hungary | 390 | 7.7% |
| India | 359 | 7.1% |
| Latvia | 245 | 4.8% |
| Estonia | 196 | 3.9% |
| United Kingdom | 144 | 2.8% |
| Lithuania | 132 | 2.6% |
| Czech Republic | 111 | 2.2% |
| Other countries | 594 | 11.8% |
| All countries, total | 5,055 | 100.0% |

HEADCOUNT 2018–2022



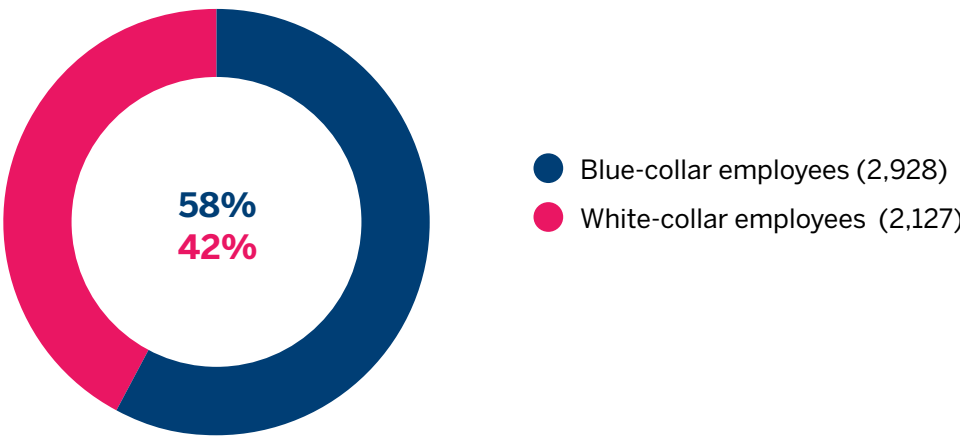
PERSONNEL BY EMPLOYMENT CONTRACT BY REGION

| | Temporary | Permanent | Total |
|--------------------------------------|-----------|-----------|-------|
| Asia | 314 | 655 | 969 |
| Central & Western Europe | 101 | 752 | 853 |
| Finland | 153 | 1,617 | 1,770 |
| Russia, Baltics, Belarus and Ukraine | 49 | 1,155 | 1,204 |
| South East Europe | 29 | 230 | 259 |
| Grand Total | 646 | 4,409 | 5,055 |

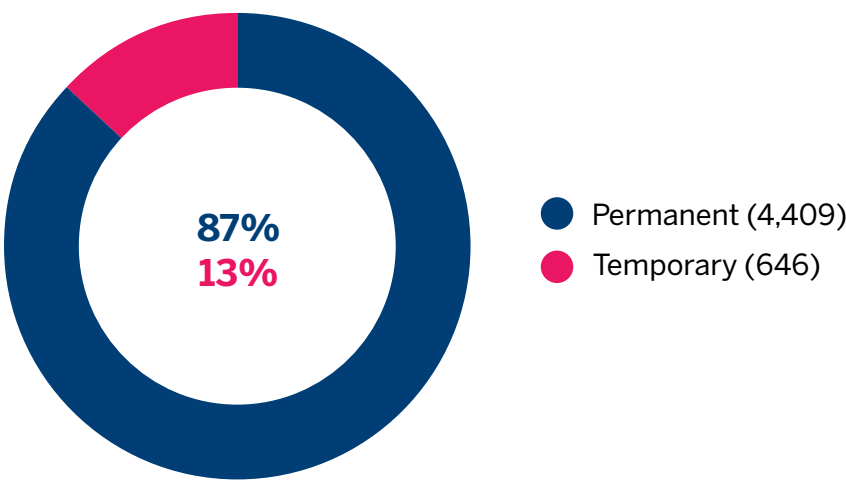
PERSONNEL BY EMPLOYMENT TYPE BY REGION

| | Part time | Full time | Total |
|--------------------------------------|-----------|-----------|-------|
| Asia | 11 | 958 | 969 |
| Central & Western Europe | 30 | 823 | 853 |
| Finland | 432 | 1,338 | 1,770 |
| Russia, Baltics, Belarus and Ukraine | 61 | 1,143 | 1,204 |
| South East Europe | 5 | 254 | 259 |
| Grand Total | 539 | 4,516 | 5,055 |

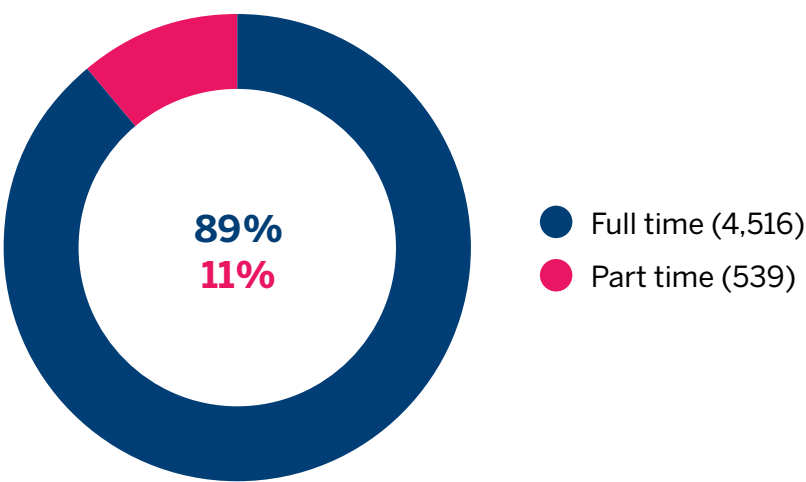
EMPLOYEE GROUPS



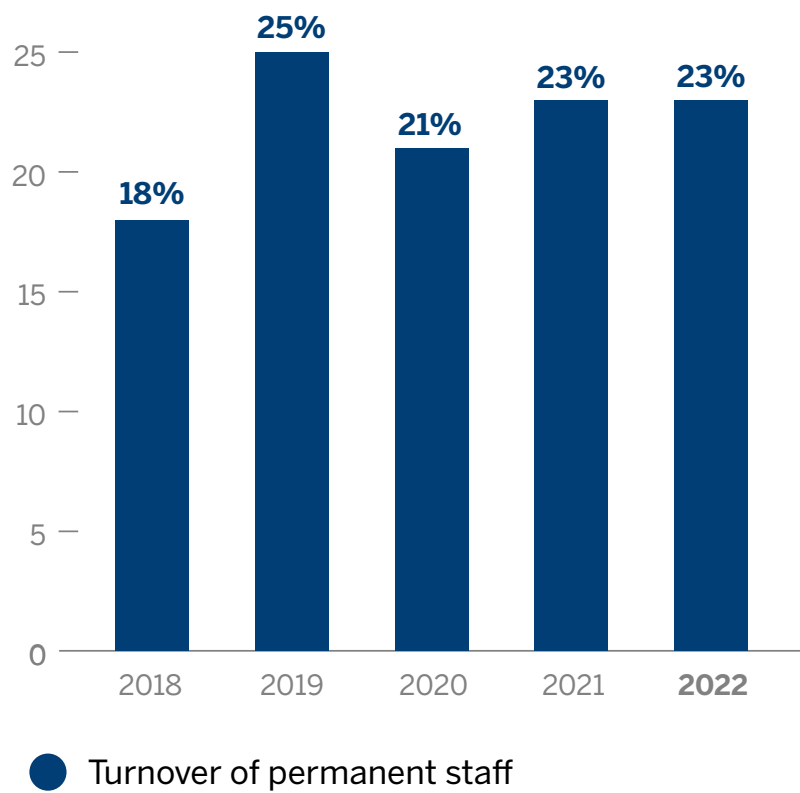
TYPE OF EMPLOYMENT



TYPE OF EMPLOYMENT



PERSONNEL TURNOVER



JOINERS – PERMANENT EMPLOYMENTS

Total number and rate of new employees by age

| Age group | New hires | New hire rate, % |
|-----------|-----------|------------------|
| <30 | 348 | 30.1% |
| 30–49 | 652 | 56.5% |
| 50–59 | 130 | 11.3% |
| 60+ | 25 | 2.2% |
| Total | 1,155 | 100.0% |

Total number and rate of new employees by gender

| Gender | New hires | New hire rate, % |
|--------|-----------|------------------|
| Female | 682 | 59.0% |
| Male | 473 | 41.0% |
| Total | 1,155 | 100.0% |

Total number and rate of new employees by region

| Country | New hires | New hire rate, % |
|--|-----------|------------------|
| Asia | 126 | 10.9% |
| Finland | 461 | 39.9% |
| Russia, Belarus, Baltic states and Ukraine | 353 | 30.6% |
| South East Europe | 46 | 4.0% |
| Central & Western Europe | 169 | 14.6% |
| Total | 1,155 | 100.0% |

New hires calculations: (permanent new hires per category / total number of permanent new hires in 2022)*100

* Calculations are based in the end of the year 2022 numbers.

LEAVERS – PERMANENT EMPLOYMENTS

Total number of leavers and turnover rate by age

| Age group | Number of leavers | Turnover rate, % |
|-----------|-------------------|------------------|
| <30 | 238 | 37.8% |
| 30–49 | 565 | 21.2% |
| 50–59 | 131 | 15.4% |
| 60+ | 41 | 15.4% |
| Total | 975 | 22.1% |

Total number of leavers and turnover rate by gender

| Gender | Number of leavers | Turnover rate, % |
|--------|-------------------|------------------|
| Female | 562 | 20.4% |
| Male | 413 | 25.0% |
| Total | 975 | 22.1% |

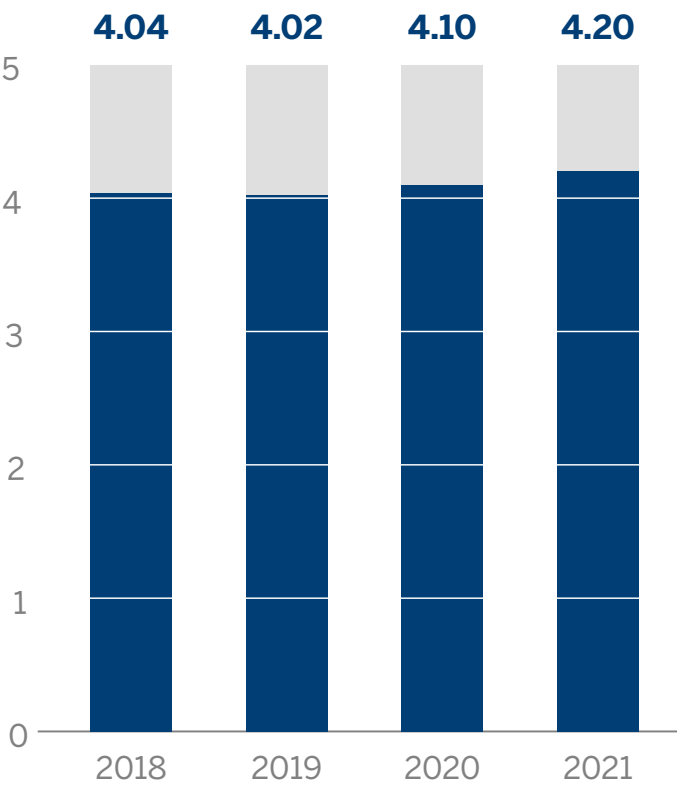
Total number of leavers and turnover rate by region

| Country | Number of leavers | Turnover rate, % |
|--|-------------------|------------------|
| Asia | 83 | 12.7% |
| Finland | 361 | 22.3% |
| Russia, Belarus, Baltic states and Ukraine | 325 | 28.1% |
| South East Europe | 54 | 23.5% |
| Central & Western Europe | 152 | 20.2% |
| Total | 975 | 22.1% |

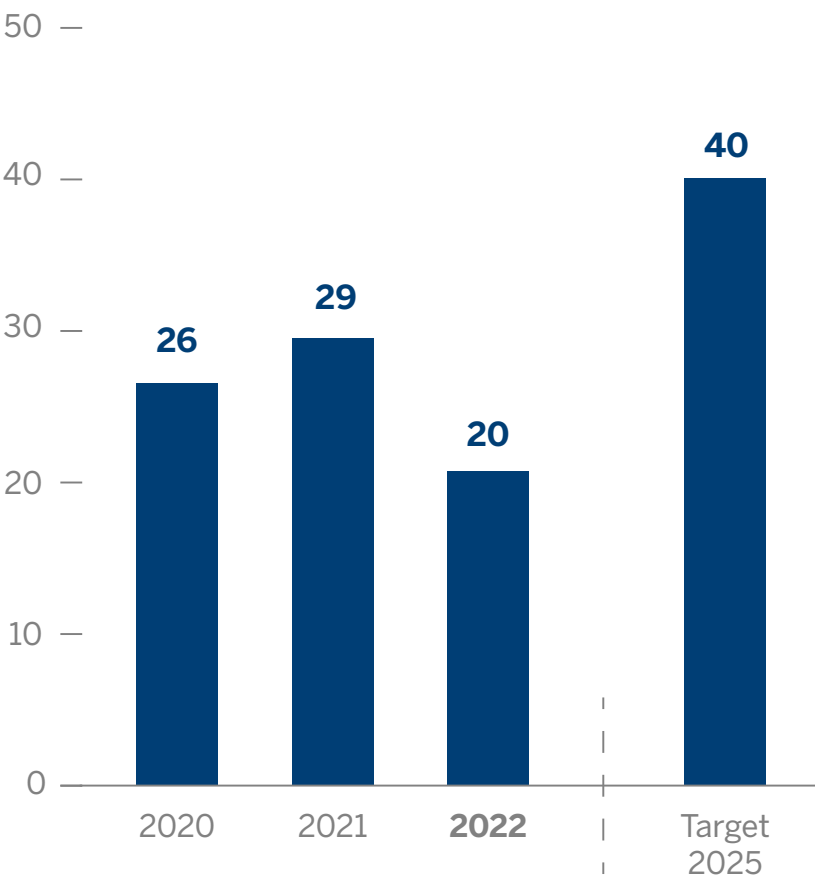
Turnover rate calculation: (total number of leavers with permanent employment per category / number of permanent employees per category as of 31 December 2022)*100. Turnover includes voluntary and involuntary leavers, as well as retirements.

Wellbeing

EMPLOYEE SATISFACTION IN 2018–2021 (OUT OF 5)



EMPLOYEE NET PROMOTER SCORE (eNPS) 2018–2022



OCCUPATIONAL HEALTH AND SAFETY

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|-------|-------|-------|-------|-------|
| Average sick leave rate | 5.1% | 4.1% | 4.0% | 4.3% | 4.6% |
| Injuries per million working hours (LT11) | 7.5 | 4.9 | 5.7 | 6.2 | 5.3 |
| Safety observations | 1,638 | 1,884 | 2,781 | 3,152 | 3,893 |
| Safety observations per person | 0.41 | 0.40 | 0.64 | 0.66 | 0.77 |

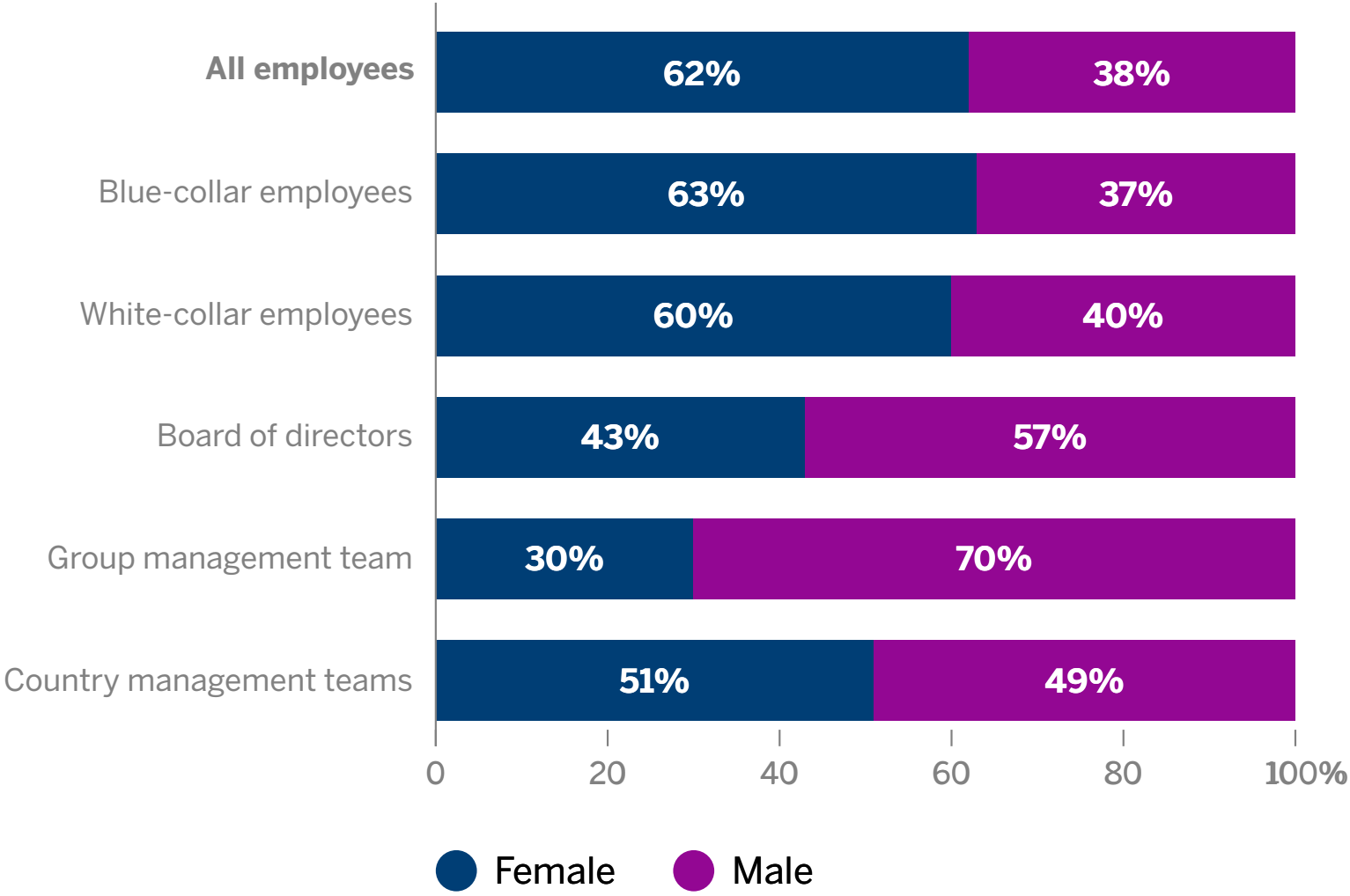
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Employee satisfaction in 2022

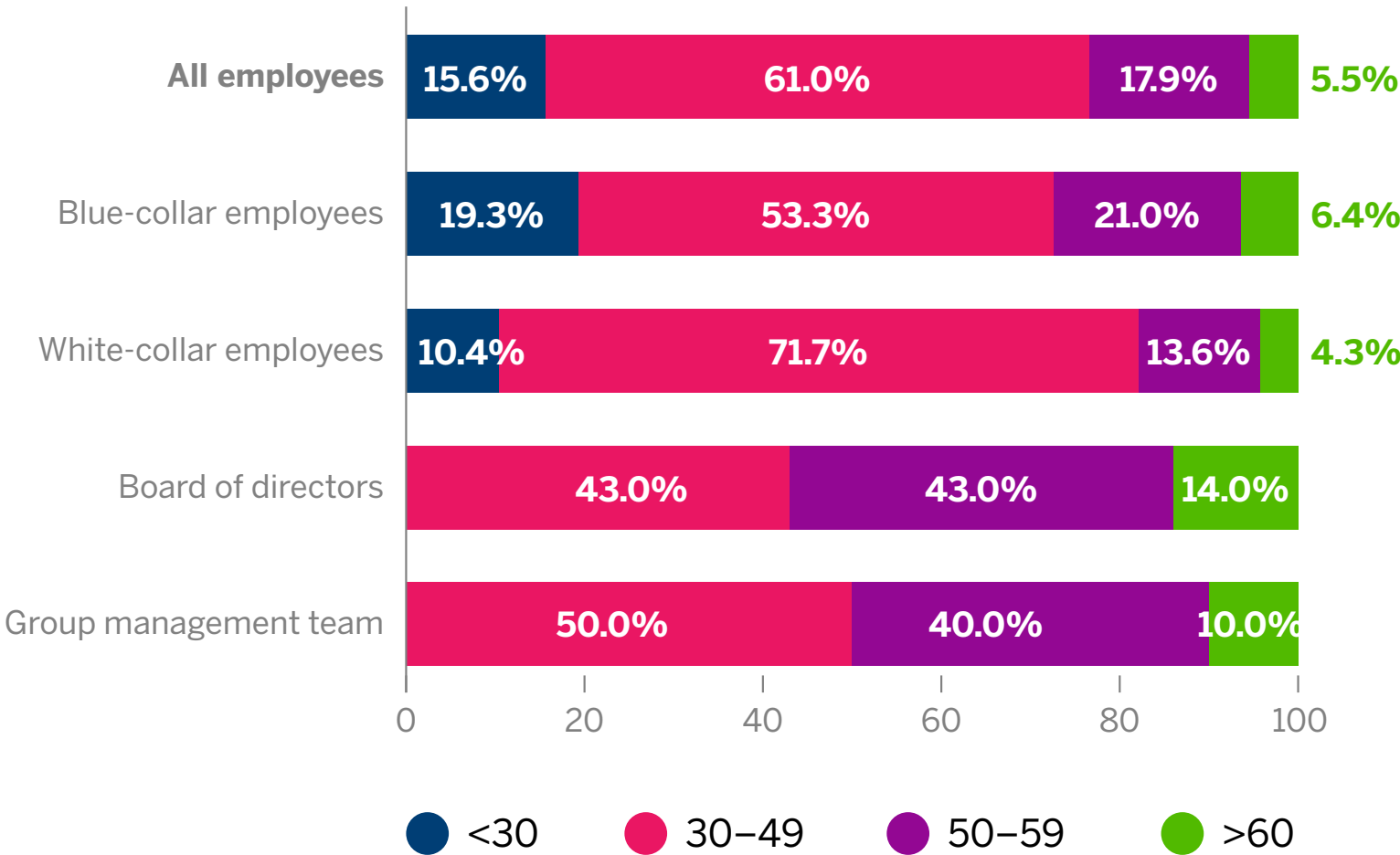


Diversity

GENDER DISTRIBUTION IN 2022



EMPLOYEES BY AGE GROUP



PERSONNEL BY EMPLOYMENT TYPE AND CONTRACT BY GENDER

| | Female | Male | Female | Male |
|-----------|--------|-------|--------|------|
| Full time | 2,786 | 1,730 | 62% | 38% |
| Part time | 355 | 184 | 66% | 34% |
| Permanent | 2,758 | 1,651 | 63% | 37% |
| Fixed | 383 | 263 | 59% | 41% |

CASE STORIES

Lindström Latvia awarded family-friendly workplace status

In the summer of 2022, Lindström Latvia was recognised as a "family-friendly workplace" by the Foundation for Social Integration – a state programme run by the Government of Latvia. The programme recognises that strong families and family values make for a cohesive society. Within the programme's framework, employers can apply for an assessment of their working environment and obtain a family-friendly workplace status. The programme observes the performance of the organisations in the following areas employee development, adherence to legal requirements regarding families and children, health and safety in the workplace, employee well-being programmes, and charitable and social responsibility initiatives. **Aleksandra Safonova**, HR Partner, who leads and drives the employee engagement initiatives in Latvia, shares, "We can attribute this recognition to our strategic and purposeful investments in culture, people and our mission."

[Read the full story on our website](#)



Lindström Bulgaria lists among the top quartile Best Employers 2022

The prestigious ARS (Aon Global Network Correspondent), in partnership with Kincentric, certified Lindström Bulgaria as a company among the country's top quartile employers in 2022. ARS Bulgaria has run the best Employers Bulgaria survey for over 17 years in partnership with Kincentric. The survey follows their internationally recognised methodology and examines employee engagement and satisfaction, as well as all aspects of the work environment – flexibility, engaging leadership, brand, talent attraction and retention, collaboration,

workplace experience and feel, and more. Lindström Bulgaria participated in the Best Employers 2022 survey, which was filled out by 94.4% of the total headcount of our team in Bulgaria. Our employee feedback is stacked against the best organisations in Kincentric's robust database – the strongest in the industry, with data from nearly 15 million employees and over 160 markets globally.

[Read the full story on our website](#)

Boosting health and safety culture with ISO 45001

The Health and safety of our employees is at the core of Lindström's We Care culture and embedded in our daily practices. We understand that driving a culture of safety excellence requires that each of us is equipped to be accountable for our own safety and that of those around us. In 2022, we examined our health and safety operations and way of working and acquired ISO 45001 certification which specifies the occupational health

and safety management system requirements for all our operating sites globally. From establishing, implementing and maintaining the health and safety management system to identifying the system deficiencies, the certificate lays a strong foundation for continuous development in the area.

[Read the full story on our website](#)



CASE STORIES

Regional Growth Academy in Central and Western Europe

In the past few years, regions and countries organise Growth Academy sessions on their own, knowing best what would boost employees in their work. In 2022, one of the key regional growth academy sessions in the Central and Western Europe region was organised in late autumn – the first live, face-to-face event after the pandemic, which brought people together the old-fashioned way. The last session was an online event that focused on the Country Management Teams and how they can benefit from cross-functional cooperation regarding the sales process and customer journey. This time, the focus was on developing the competencies of Key Account Managers. Bringing together various interest groups involved in Key Account Management (KAM), the event fostered and encouraged knowledge exchange between colleagues driving key account management activities in the region.

[Read the full story on our website](#)



The rise of health and safety awareness at Lindström India

We have been operating in India for over 15 years and currently have 12 business units across the length and breadth of the country. Health and safety is naturally not a new initiative at Lindström India, but the systematic development of the related processes and procedures took a substantial leap last year. It is also essential to recognise that there are stark demographic differences when we consider implementing group-led health and safety programmes in India. Many complexities like developing infrastructures, literacy rate and prior understanding of health and safety topics, especially among textile care workers, need to be taken into account. "We are in an emerging economy, and things move fast here. It is imperative that in an ever-evolving workplace, there is active employee participation on safety topics" comments **Jayant Roy**, Managing Director of Lindström India.

[Read the full story on our website](#)



Introducing a mobile tool: bringing safety observation reporting to everyone's pocket

We strive for uncompromised safety for our employees in every aspect. Health and safety touches all, and so there's something that each of us can do to make our workplace safer for ourselves and our colleagues. To make it easier for all employees to care for each other's wellbeing and safety, we introduced the Mobile Safety Observation side to our audit management tool. This makes safety observation reporting a breeze for anyone, anywhere at any time with the help of QR codes.

[Read the full story on our website](#)

CASE STORIES

In the shadow of the war

Russia's invasion of Ukraine has influenced the business environment in the whole of Europe, most severely and remarkably it weakened the situation in the three countries involved, Ukraine, Russia, and Belarus. This unwanted and unprovoked attack against Ukraine soon launched a series of sanctions and countersanctions, which have also affected Lindström.

As a consequence, we decided to withdraw all of our operations from Russia and Belarus. This was a sad end to a promising joint journey: we had been operating in Russia since 1993, and in Belarus since 2010. In 2021, these countries accounted for about 8% of our turnover. The formalities in Belarus are done and we have made a clean exit in December 2022, while in Russia, some formalities are still pending and are expected to conclude in the beginning of 2023.

Despite the difficult circumstances, our Ukrainian team managed to serve the local customers and keep the business operating at least partially, and thus helped keep Ukraine's basic services and infrastructure in operation. We were able to keep serving our customers thanks to the third-party laundry facilities and the determination of our own employees. Summing up the emotions of our team in Ukraine, **Inna Novikova**, Managing Director of Lindström Ukraine comments, "There is dedication and determination to continue contributing to the economy of Ukraine and support our customers. We have

re-engaged core personnel in all functions to support our business and our customers' business. I have said this on many occasions, and I keep repeating it: the solid international support we have received during these ordeals has meant the world to us."

Testing the We Care culture

Despite the turmoil, the Ukraine team was able to keep the spirits and the We Care culture alive throughout the year by supporting and comforting each other, and by further supporting people by offering them a roof over their heads as needed. One indication of this was the feedback given in the Voice of Employees survey: the country team managed to increase their eNPS by 21 points from the previous year, resulting in a score of +63 – which gave them the second best result of our entire company.

We have found different ways to support the local organisation and its people. For instance, when war-led grief and pain struck our local employees in February 2022, we immediately announced a relief aid package distributed equally among our colleagues, regardless of

their roles or job titles. "We wanted to help our employees in Ukraine directly and concretely and be sure, that the support we provide will be delivered in full. We know our people and their situation in Ukraine and that the individual needs for help vary. As the banking system in Ukraine is operational, we decided that by providing financial help directly to each employee, we can ensure that everyone is able to use it in the way that works best for their own situation," commented **Juha Laurio**, CEO of the aid. As a token of our gratitude, additional monetary compensation was shared among all of our Ukrainian colleagues in January 2023.

The urge to be able to help was strong amongst all colleagues globally. For instance, our Latvian team actively participated in charity and relief events for Ukrainian refugees. Nine Ukrainian women who escaped war found employment at our Latvia Prodem facility. The local organisations in different countries have also taken part in charity drives or organised such themselves, to support the refugees seeking safety across Europe on an individual level.

Ramifications of the war

The Russian invasion caused overall logistics challenges and we had to find alternative solutions to transfer goods in order to cater to the needs of our customers. Luckily, our team of experts were able to find solutions, to help serve our customers without a hitch.

Quite shortly after the war began, energy became a topic on a general scale. In many European locations, energy distribution was a national issue, and we needed to take measures to save energy on a local and global

scale. To this end, we encouraged our employees to take part and come up with new ways of saving energy.

Theo Slegt, the SVP of Operations and Supply Chain explains: "Small, everyday actions can have an effect on optimising energy use. Sharing best practices and tips on how to save energy – within a unit or a service center, or even on a personal level – can help us ensure that our operations do not waste energy, and even help to save the environment."





Care for the planet

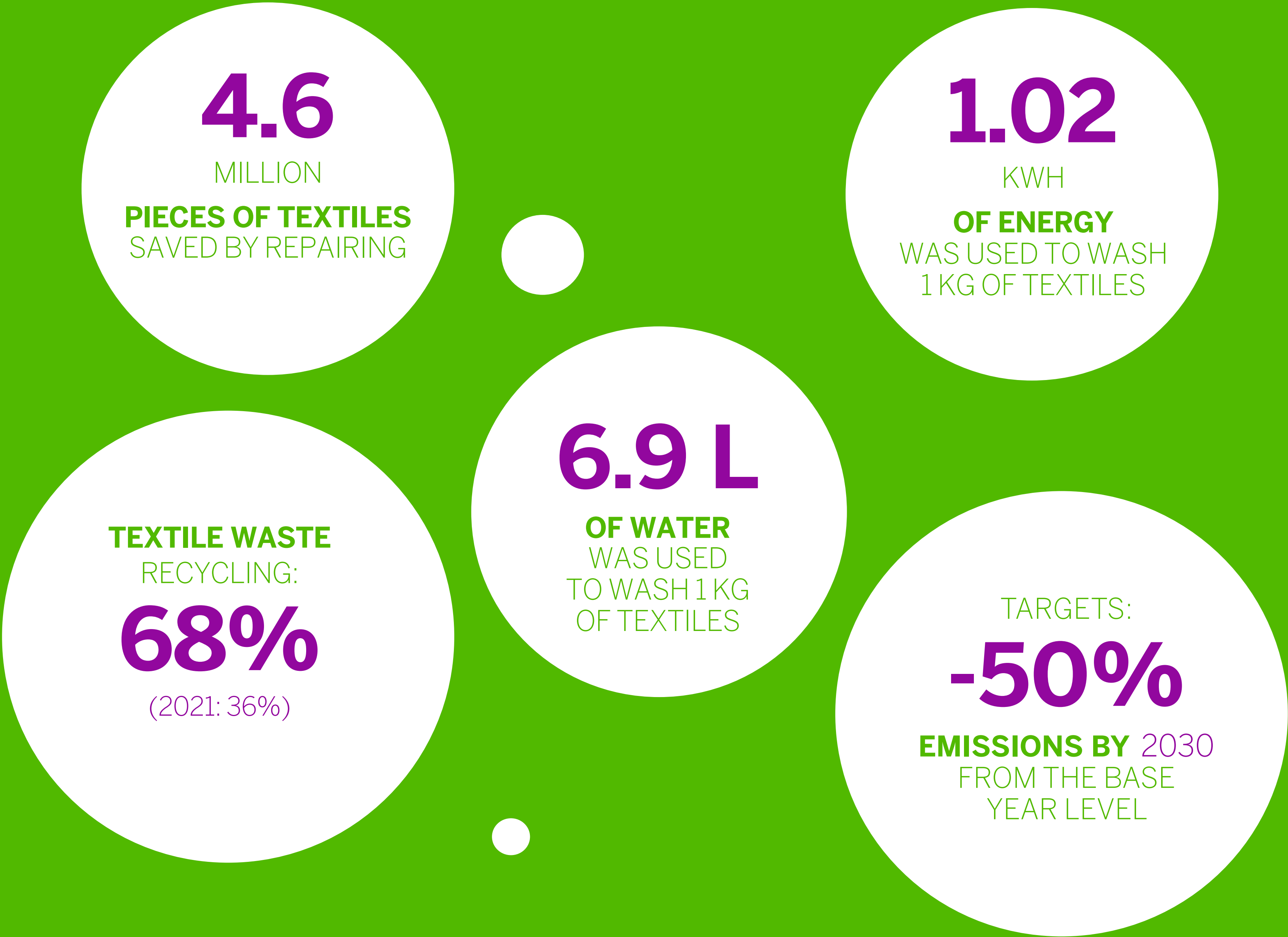
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| Textile waste recycling is taking the fast track | 35 |
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Care for the Planet

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 overproduction 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.



Textile waste recycling is taking the fast track

Two years ago, we set an ambitious goal: by 2025, we aim to recycle 100% of our textile waste. We have long been reducing the amount of textile waste through our circular approaches, but still textiles are one of our biggest waste streams. 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.

The long lifespan of textiles is the key to preventing textile waste

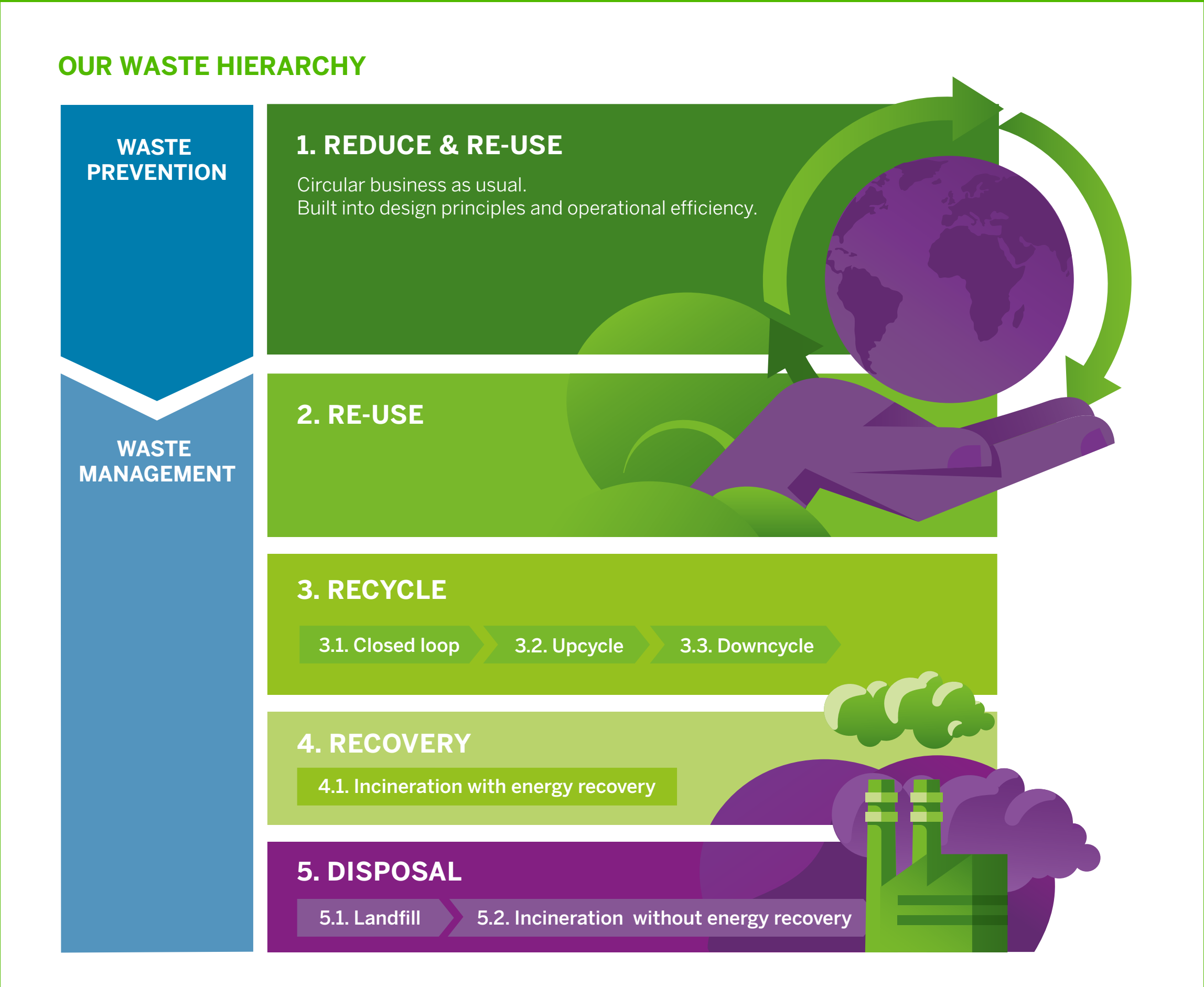
Our waste hierarchy guides us on how to handle the eliminated textiles in order of priority. Waste prevention is on the highest level of the hierarchy. When materials and products are used efficiently and for a long time, fewer resources are needed. It takes resources to manufacture, transport, and dispose of products, so reduction of waste minimises the use of new resources.

Our circular business model promotes this in various ways – for example, by using durable materials, circular designs, and by reusing and repairing. We ensure the durability of our materials via test washes and user trials. The reusability and repairability are considered as early as the design phase, for example, with adjustable features, modular designs and reinforcement patches. We collaborate with our recycling partners and suppliers to develop the recyclability of our products. In 2022, we repaired more than 4.6 million pieces of textiles.

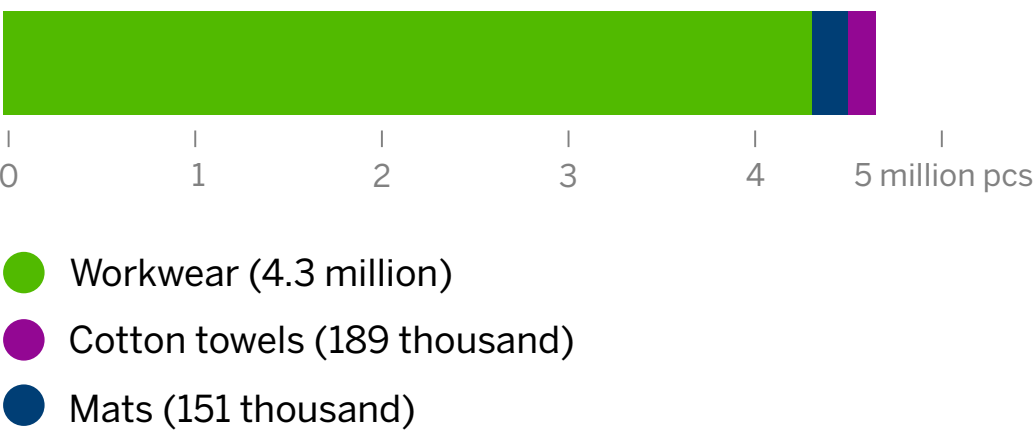
Through product life cycle management and by producing additional orders on demand in our own production facilities, Prodems, we can control our stock levels and reduce the risk of textile obsolescence. We also cross-use textiles between service centers to avoid producing new textiles.

Collaboration with partners is crucial in reaching the goal

When our textiles reach the end of their lives, we strive to recycle the waste close to where it is generated. That is why our national organisations play such a crucial role in reaching our goal of recycling 100% of our textile waste. If no suitable recycling option is found in nearby regions, the end-of-life textiles are mainly utilised for energy incineration. In 2022, the number of discarded workwear was 2.1%, which is calculated from our end-of-life workwear figure divided by the total number pieces we have in circulation.



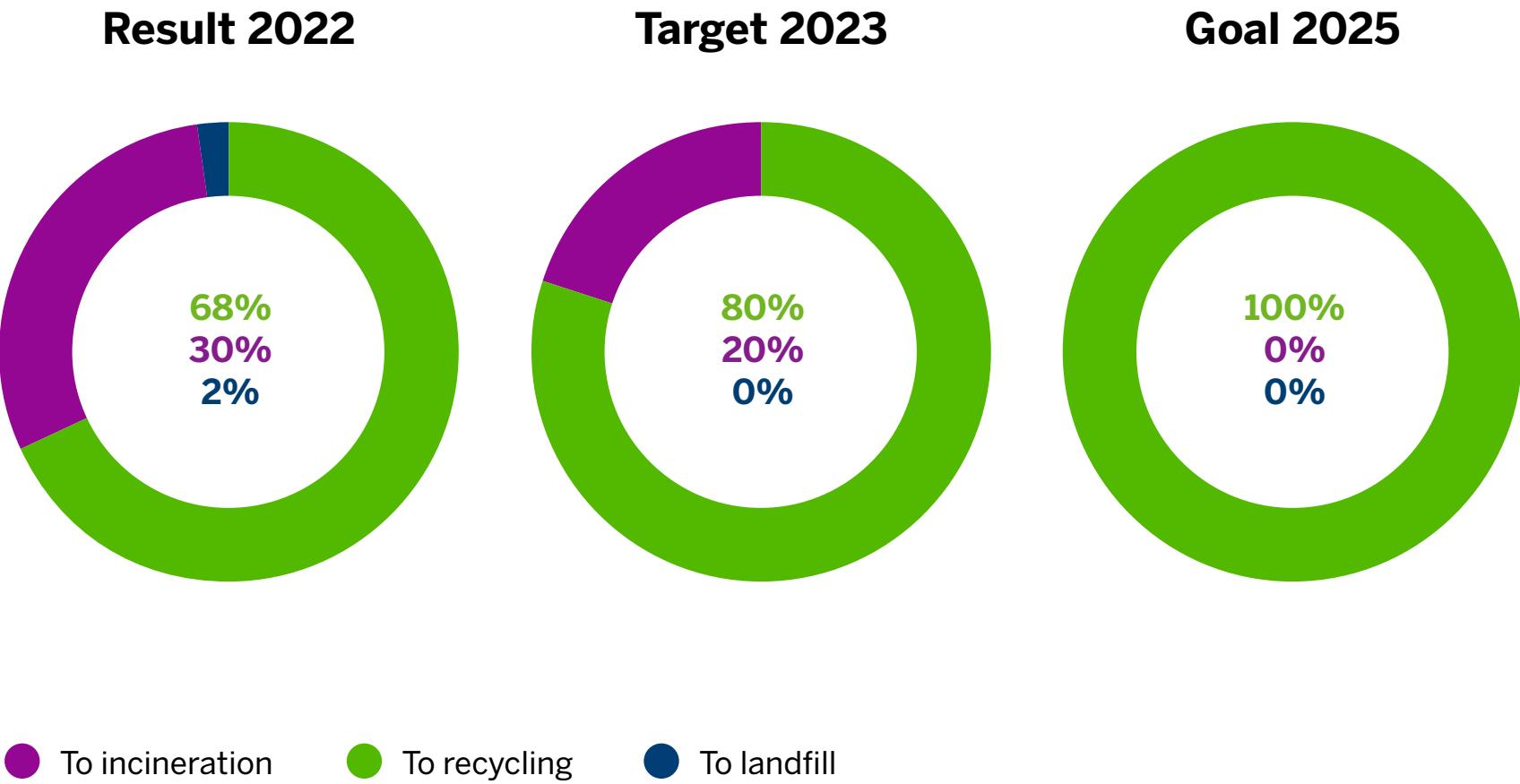
REPAIRED TEXTILES IN OUR SERVICE CENTERS 2022 (4.6 MILLION)



In 2022, we managed to find several new recycling partners and deepen the collaboration with existing partners that helped us to exceed our target for the year. We recycled 68.3% of our textile waste, exceeding both the 50% target for the year and the 35.5% recycling rate in 2021.

It is also worth mentioning that only 2.1% (6.5% in 2021) of all our textile waste ended up in a landfill, meaning that we are close to being in line with the set target of 2% for 2022. Most of that waste comes from our production on demand facilities, Prodems, as the cutting waste is more difficult to recycle, because of the pattern papers and plastics. However, in our Indian Prodem, we already recycle all our cutting waste through a local recycling partner. Without Prodems’

TEXTILE WASTE SHARES



cutting waste, the corresponding figure decreases to only 0.16%.

To reach the target of 80% textile waste recycling for 2023, we will focus on finding solutions for mat recycling. Mats are our second biggest product area, and their recycling rate is still relatively low due to the challenges of detaching the rubber from the fabric.

We accelerated the development of circular textile industry by becoming a minority shareholder in Rester, one of the pioneering companies in circular economy. Rester currently recycles our end-of-life textiles in Finland and the Baltics.

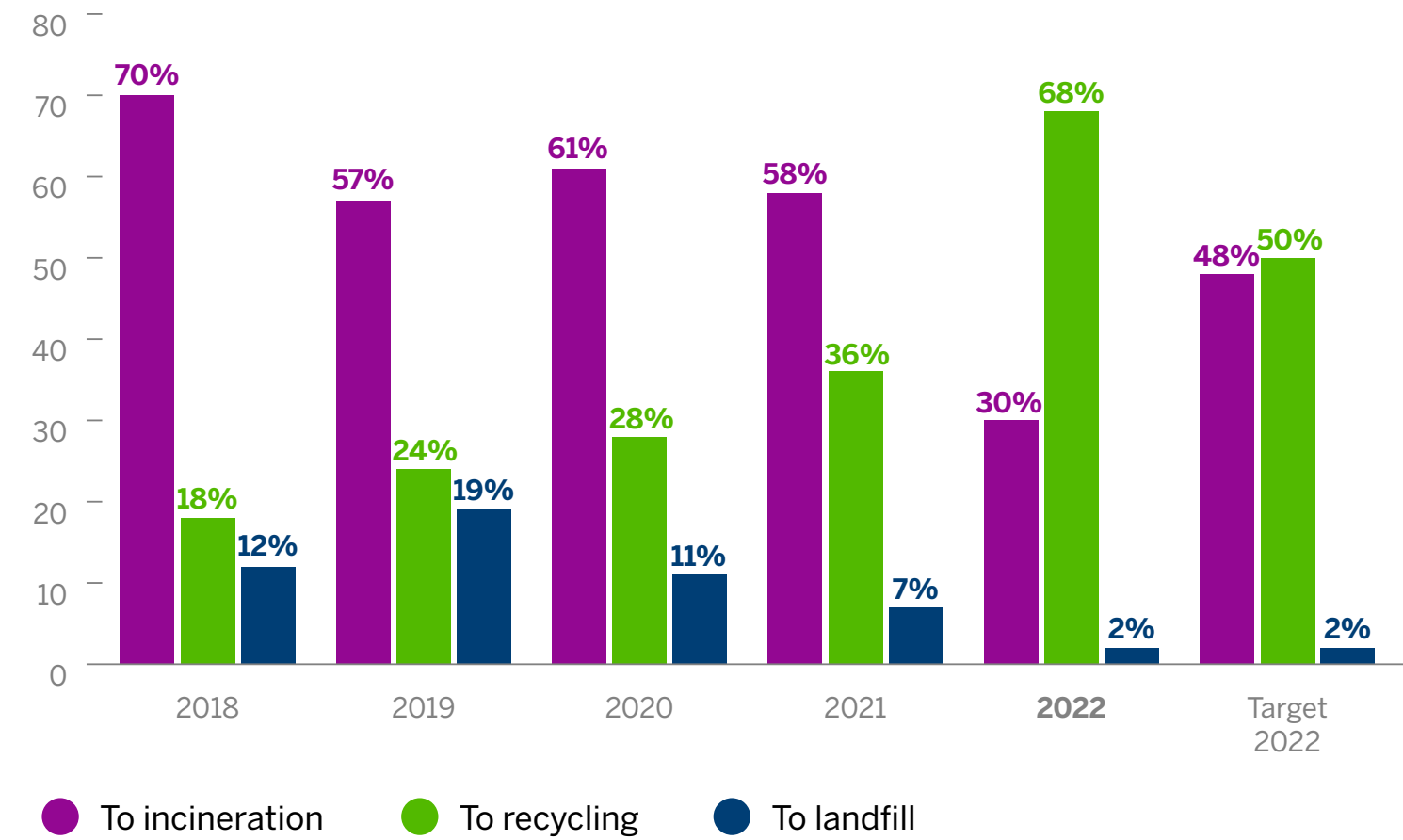
We also set a new target that 30% of purchased textiles will include recycled and bio-based fibers by 2025. During 2022, we started different collaborations with

our fabric suppliers and other partners to reach this goal. Our ultimate goal is to close the loop to the point where recycled materials produced from our textile waste are used as raw material for new textiles. As textile durability and long-life span are our key demands, it is carefully evaluated when testing new fabrics from recycled material.

The lack of recycling solutions is still a major challenge

The lack of available technology and solutions is still a major challenge, especially for those products that are more difficult to recycle. However, in some markets, we have already found recycling solutions for more challenging products. For example, in our biggest industrial

TEXTILE WASTE SHARES 2018–2022



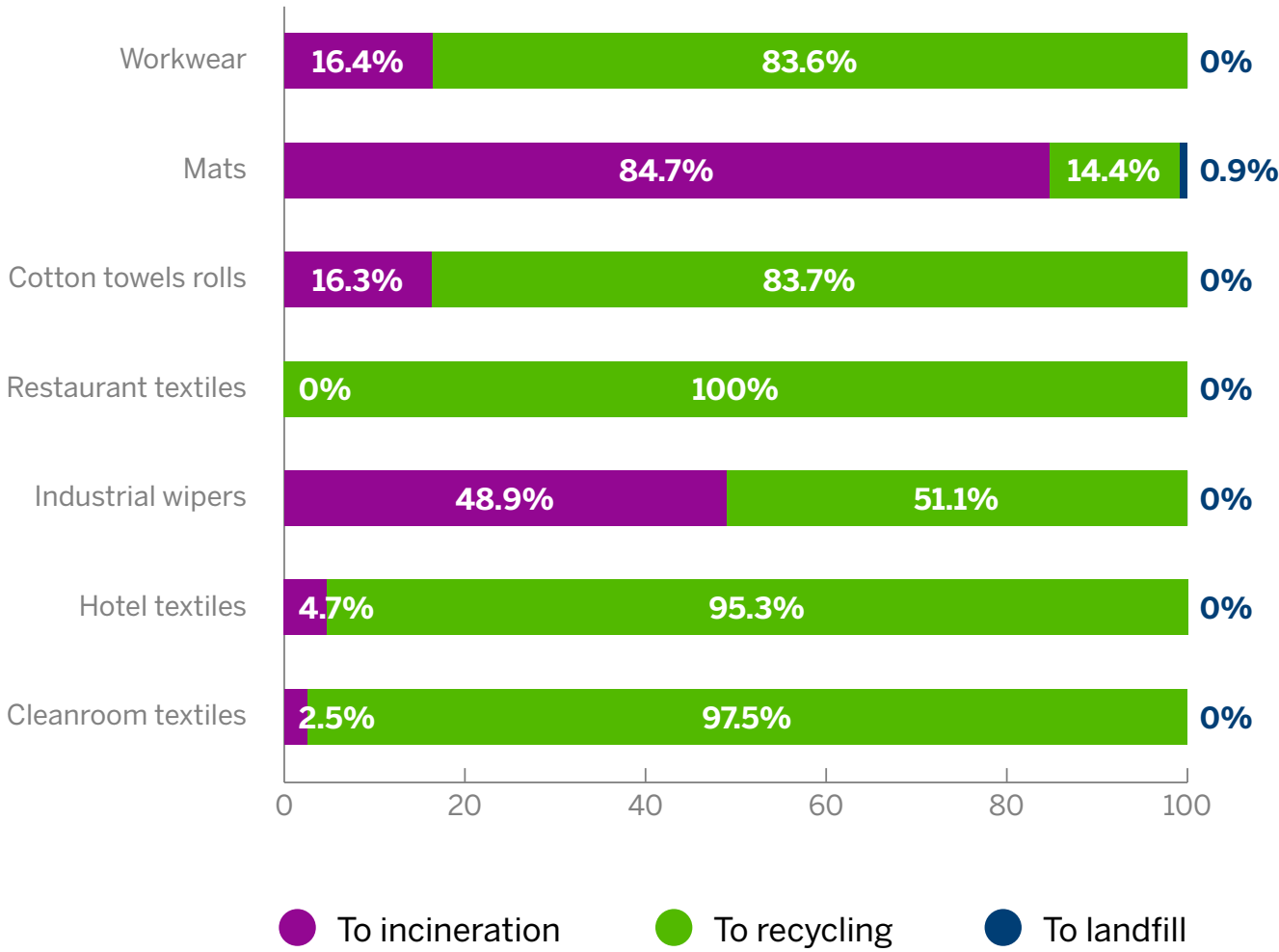
wiper market, the United Kingdom, the recycling rate of industrial wipers leapt to 100% due to the new collaboration. It raised the entire recycling rate of industrial wipers from 2.5% to 51%.

As local markets are in a very different development phase regarding recycling solutions, in some cases, we still transport the textile waste abroad. However, we always must weight the benefits of recycling against the burden of transportation.

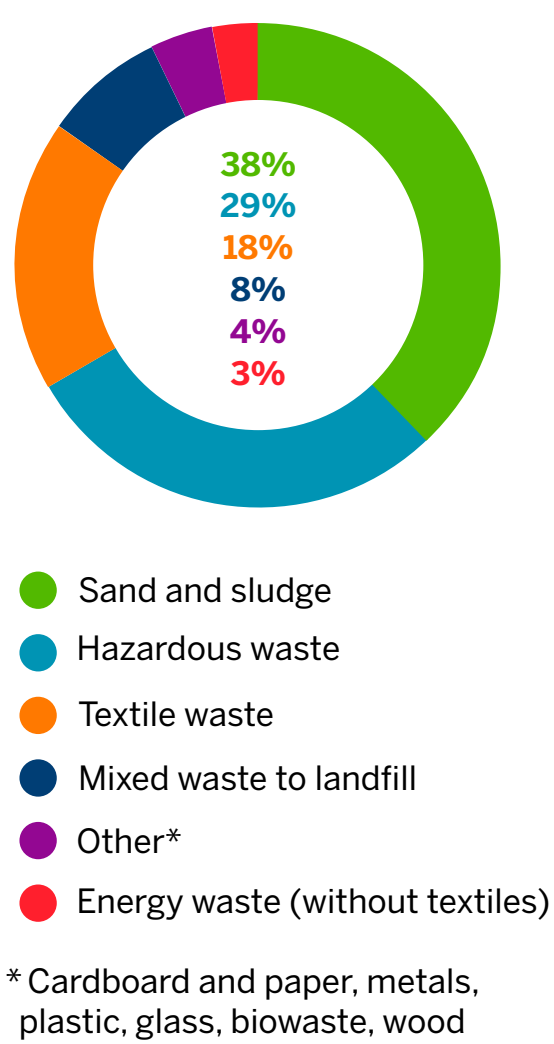
Total waste volume and other waste streams

Our total waste volume grew by 34% in 2022 compared to 2021. Washing volumes in general increased in 2022, which affected the wastewater and volume of waste. In addition, overall reporting has improved and as a result,

RECYCLING BY PRODUCT



WASTE BY TYPE



we have better availability of data for the calculations. Relative to the total number, sludge and sand (38%) and hazardous waste (29%) are our biggest waste categories in terms of weight. Our hazardous waste amount increased by 56% from last year, which is explained by improved reporting from the UK industrial wipers service. Industrial wipers are a major contributor to hazardous waste in general, as they are used for wiping chemicals, oils, and greases in different industries. All our waste is handled in accordance with local rules and regulations using licensed contractors.

The amount of sludge and sand has also grown from 2021 by 32% due to the better reporting. As mats are our second largest service line, and their main purpose is to keep the dirt off from the premises of our customers, tons of sand is collected from them before washing while sludge is formed when the mats are washed throughout the year.

The other major waste streams are generated through our continuous service process. All the waste streams are handled according to our operating instruction for waste sorting. The waste is sorted into the appropriate waste containers and is recorded monthly onto the reporting table.



The instruction is revised following the local requirements. We aim to reuse and recycle the waste when possible. For example, used cardboard packages are reused for deliveries and empty plastic barrels, canisters and containers are returned to detergent suppliers for reuse when possible.

Looking forward: The development of new solutions accelerated by regulators

In many countries, regulators and authorities are already setting requirements and supporting textile waste recycling. The European Union strategy for sustainable textiles requires textiles to be designed for circularity, promoting reusability and recyclability. Its Waste Framework Directive imposes separate textile waste collection by 2025.

In China, the 5-year plan for the textile industry includes promotion of circular economy and support for textile waste recycling. These several initiatives in our key markets support the development and adaption of textile waste recycling solutions and technology.

In 2023, we are planning to start new collaborations with mat recycling partners as well as with mat suppliers to test the closed-loop recycling solutions in mats. We will also develop the reporting of other waste streams.



Ensuring sustainable water management

Water is a necessary resource for our operations. To ensure a hygienic and safe textile rental service, we need water, one of the scarcest natural resources, in our operations. For decades, we have optimised our water usage in our process in several ways and ensured that the wastewater is taken care of in a responsible way. Water usage is also considered in our Environmental, Social and Governance risk assessment and mitigation activities as many of our laundries are in areas of high water stress.

Optimising water usage in our washing process

Most of the water used in our washing processes comes from third-party suppliers that use municipal water. Some of our sites also use groundwater like well water, or surface water such as filtered river water as a water source. Well water is in use, for example, in Hungary, and in India tanker trucks deliver ground water to several of our sites. Each laundry makes a yearly environmental programme to set targets for water usage, to follow up on the usage results, as well as to find and plan actions for reductions of water usage. In addition, we have set a group-level benchmark value for the water and shared best practices between the laundries. To further advance finding solutions for optimising the water usage, we collaborate with our partners such as detergent suppliers and work in the industry-level work groups in the European Textile Service Association.

In 2022, we had a water recycling practice in place in 80% of our laundries. In most of the laundries, water

is recycled by recovering it from rinsing phases and using it again in the washing phase. In a few larger plants where we have more than one service line, washing and rinsing water of cleaner products is used to wash dirtier textiles. In addition, we actively maintain our machines and equipment since well-maintained washing machines which work correctly consume less water and energy. By carrying out process control procedures, we can make sure our machines work properly. Furthermore, we optimise washing processes together with our chemical suppliers to achieve the lowest possible water usage per washed kilogram.

Managing wastewater in a responsible way

When the textiles are washed, the used washing water becomes wastewater at the end of the process. In all of our laundries, we have filters in place for removing suspended solids like dirt, lint, and some amounts of microplastics from wastewater before it is led to our own

or municipal treatment plant. We monitor the quality of the wastewater and have our own wastewater treatment plants installed in laundries when it is necessary. Wastewater treatment plants are needed when the limit-values set by local authorities for specific indicators cannot be met and as a result, the laundries are not allowed to lead the water forward for further treatment.

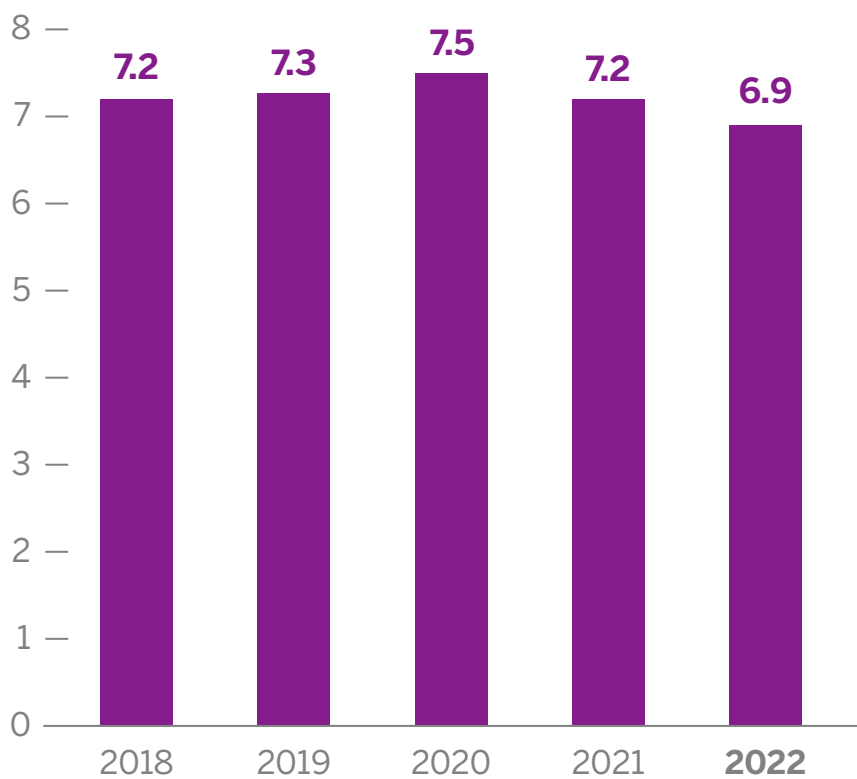
The wastewater quality is monitored by taking collection samples frequently, at least once a year, and more often if needed or required by local authorities. In laundries with a wastewater treatment plant, wastewater samples are taken from the wastewater before and after the treatment. By doing this, we get information about the reduction capacity of the plant, which allows us to develop the cleaning process further. Wastewater measurement results are used to control whether parameters are within set local limits.

The newest measurement results are always compared to limit values. If the results exceed set limit values, the analysis is repeated. If the values exceed normal values or limits repeatedly, the reason for it is clarified. For example, the information recorded by the laundries during the day of the test may help to analyse the results later and figure out how they came to be. Local authorities are consulted when necessary, and if the need arises, better wastewater treatment solutions are established to take care of any issue.

All laundries must measure indicators required by local authorities and comply with limit values set for these indicators. We also require that all of our laundries measure the following indicators even though that may not

be required locally: pH, conductivity, CODCr, BOD7 (or BOD5), total phosphorus (P), total nitrogen (N), chlorides, sulphate, suspended solids, mineral oil, greases, mercury (Hg), silver (Ag), cadmium (Cd), chrome (Cr), copper (Cu), lead (Pb), nickel (Ni), zinc (Zn), arsenic (As), cobalt (Co) and VOC compounds (C4–C10). This list includes indicators that we have recognised as often required to be measured, which is why we have decided to use these indicators as a common guideline for all of our laundries, regardless of local requirements.

WATER USAGE PER WASHED TEXTILE KILO 2018–2022, L/KG



Water withdrawal, water usage, and water stress areas

Our group-wide water usage has further continued to decrease from 7.2 l/kg in 2021 to 6.9 l/kg in 2022. Water usage has decreased in almost all of our service lines, but the biggest reduction has occurred in the industrial wipers (-44%) and restaurant textiles (-9%) services. The washing volumes of both of these service lines have increased in 2022 compared to 2021, 67% in the restaurant and 56% in the industrial wipers service being the biggest increases out of all service lines. When the volumes are bigger, the washing machines can be optimally filled, resulting in better washing efficiency, which can be observed as decreased usage of water per washed kilogram.

Water stress means the (in)ability to meet the human and ecological demand for water. The level of stress is measured as the ratio of total annual water withdrawal to total available renewable water supply. An area is under high water stress if this ratio is 40–80% or extremely high if it exceeds 80%.

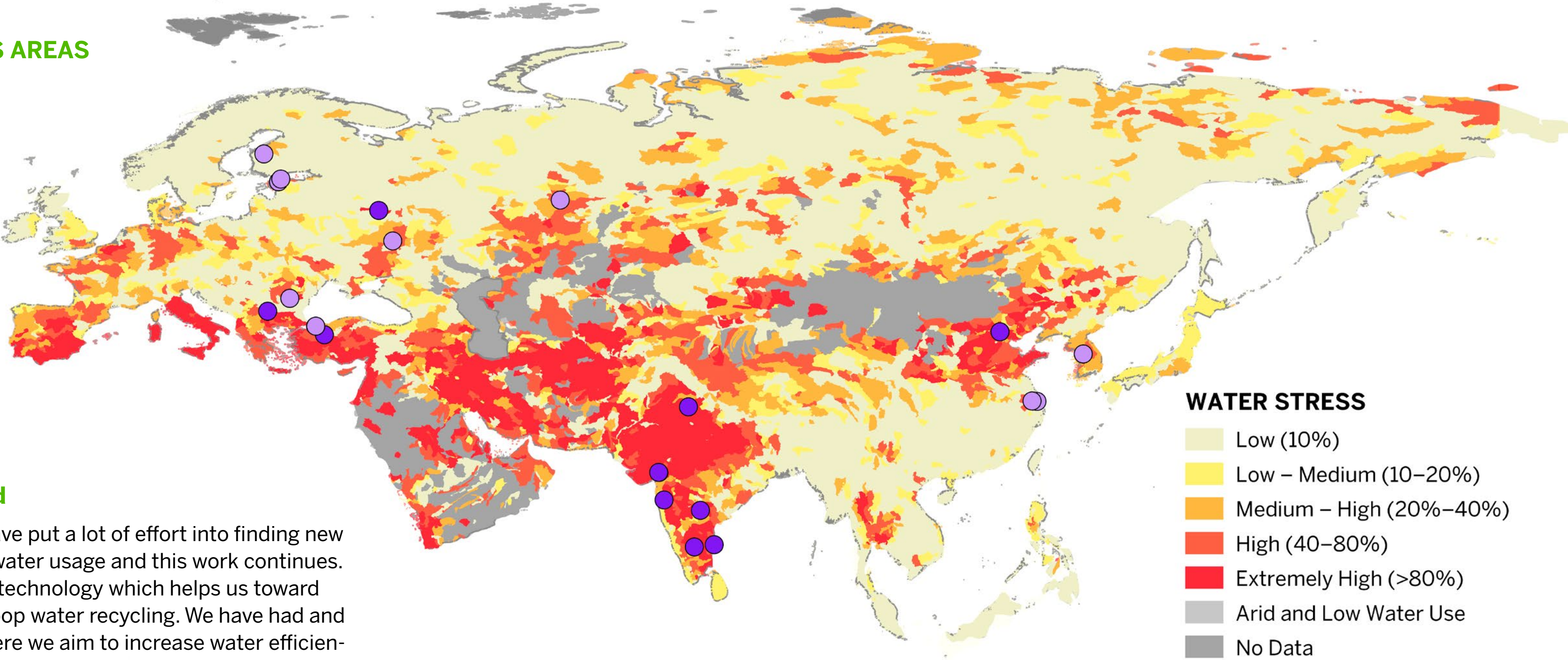
Out of our 83 service centres in various locations, 10 are located in high and 11 in extremely high water stress areas. Together this makes 21 service centres (25%) in areas with limited availability, quality, or accessibility of water. The total water withdrawal in these water stress areas was 410 ML, which means 27% of the total amount of water withdrawn (1,546 ML) in all Lindström laundries in 2022. Overall, 12% (186 ML) of water was withdrawn in areas of extremely high water stress and 14% (224 ML) of water was withdrawn in areas of high water stress. Most of the service centres located in areas with high levels of water stress are in Asia and Southeast Europe, but also in Finland, Russia, and Estonia.

WATER STRESS AREAS

Looking forward

For decades, we have put a lot of effort into finding new ways to decrease water usage and this work continues. We have deployed technology which helps us toward achieving closed loop water recycling. We have had and will have pilots where we aim to increase water efficiency and increase water recycling in our laundries.

One of those pilots will be done in India, where we will pilot water reuse in collaboration with Nalco Water, a global leader in water and process management solutions. The pilot aims to reach a rate of around 65–70% reuse of water in the washing process. The initial trials in Chennai already show a 50% reduction in freshwater usage. The implications of the project are obvious when scaling it up in the country where most of the cities are suffering from water scarcity. Besides having substantial environmental impact by decreasing the diversion of freshwater from ecosystems and reducing the impacts of wastewater treatment, it lowers the costs at both ends.



We will also keep improving wastewater management in some of our markets. For example, in Latvia, we will continue to improve the wastewater treatment of our industrial wipers' laundry. We will invest in a new wastewater treatment system to better comply with the municipality's wastewater regulations.

As stated at the UN Biodiversity Conference (COP 15), every company has to participate in fighting against biodiversity loss. We want to do our best as well. Therefore, as part of our strategy work, we will investigate what the best approach is to understanding our dependence on nature and set our strategic goals and actions accordingly.

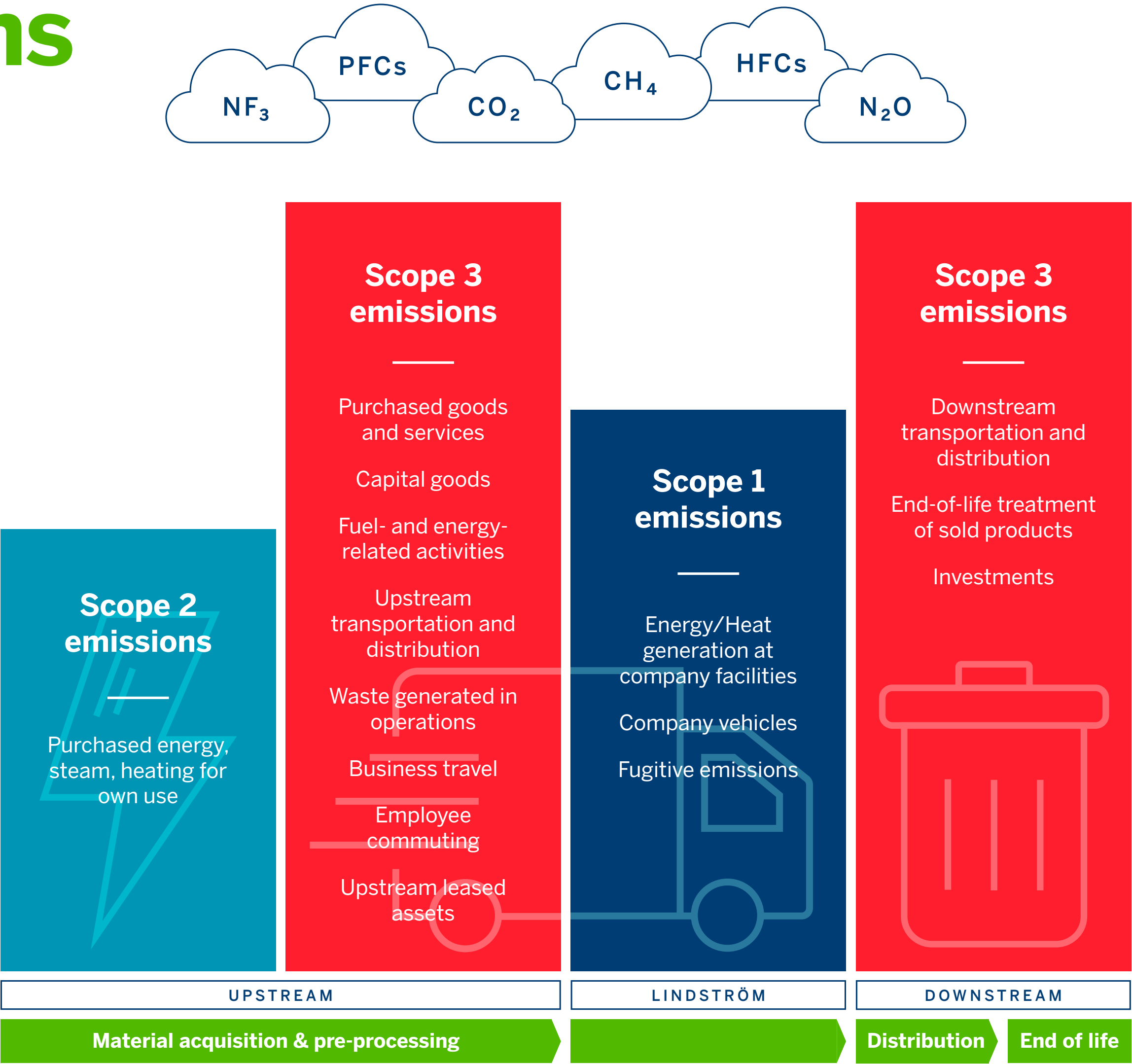
Towards net-zero emissions

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 services that support the common target to preserve a livable planet for future generations. As several of our customers share this target and invest in improving their sustainability, we believe it is also crucial to our business continuity to be able to provide them with services that help them reduce their environmental burden.

Setting up the baseline

During 2022, we have widened our approach to carbon footprint and calculated the greenhouse gas (GHG) emissions of our whole value chain including scope 1, scope 2 and scope 3 in a very comprehensive way. Calculations are done according to the Greenhouse Gas Protocol standards. Scope 1, the direct emissions of our operations, consists mostly of the energy and heat generated which keep our laundry machinery up and running. Scope 2 includes the electricity, heating, and steam that we buy. Scope 3 forms everything else in the value chain: the materials and products bought, textiles delivered to and from customers, waste generated, and money invested, to name a few. All relevant scope 3 categories are included in the carbon inventory and described in the picture.

We have chosen the average of 2019 and 2021 as our starting point – as the base year, which our future GHG emissions will reflect. The year 2020 was excluded purposely as an unusual business year due to COVID-19. The year 2019 presents pre-pandemic times while 2021 also includes a major acquisition, Cintas’ operations in China. The average of these business years gives a rather realistic reference year to which emissions can be compared.



Streamlining targets with the latest climate science

Our target is to offer carbon-neutral textile services by 2035. This means that we will cut off our own and our value chain’s carbon emissions as much as possible in the coming years. The remaining part of emissions can be compensated with carbon offsets to reach carbon neutrality. We want to ensure that our business is really streamlined with climate change mitigation, and we are working towards a common target to keep our planet in healthy, livable condition for the future generations as well. That’s why we have joined a global initiative which boosts our targets and follows up on the change needed.

The Science Based Targets initiative (SBTi) is a global body enabling businesses to set ambitious emissions reductions targets in line with the latest climate science. It is focused on accelerating companies across the world to halve emissions before 2030 and achieve net-zero emissions before 2050. The initiative is a collaboration between Carbon Disclosure Project (CDP), the United Nations Global Compact (UNGC), the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF) and one of the We Mean Business Coalition commitments. The SBTi defines and promotes best practices in a science-based target setting, offers resources and guidance to reduce barriers to adoption, and independently assesses and approves companies’ targets.

Lindström Group has responded to the SBTi’s urgent call for corporate climate action by committing to align with 1.5°C and net-zero through the Business Ambition for the 1.5°C campaign. Already in 2021, we have committed to set near- and long-term company-wide emission reduction targets in line with science-based net-zero with the SBTi. After our base-year calculations were

done, our target submission was sent to SBTi in August 2022. SBTi’s validation process began in February 2023. Our ambitious targets will be communicated in more detail once they are approved.

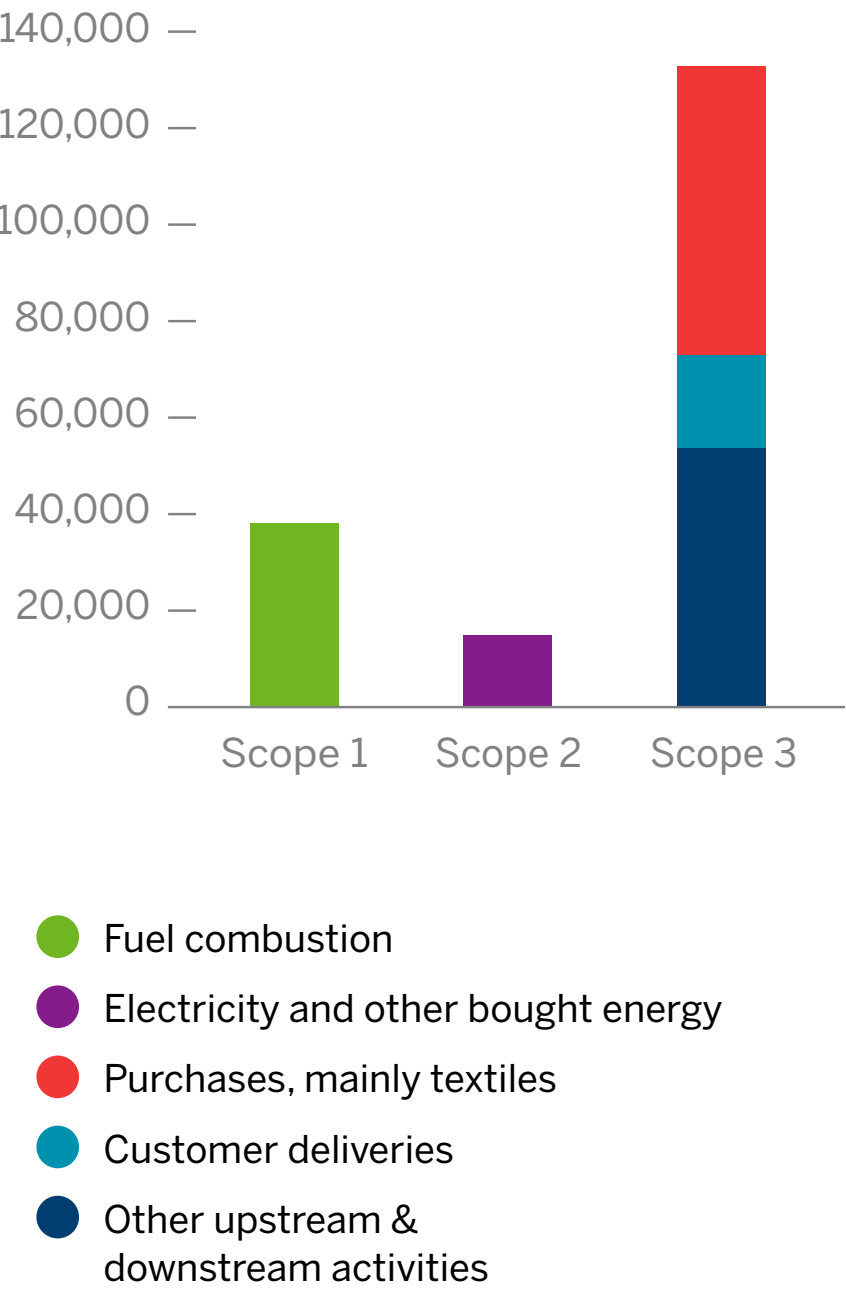
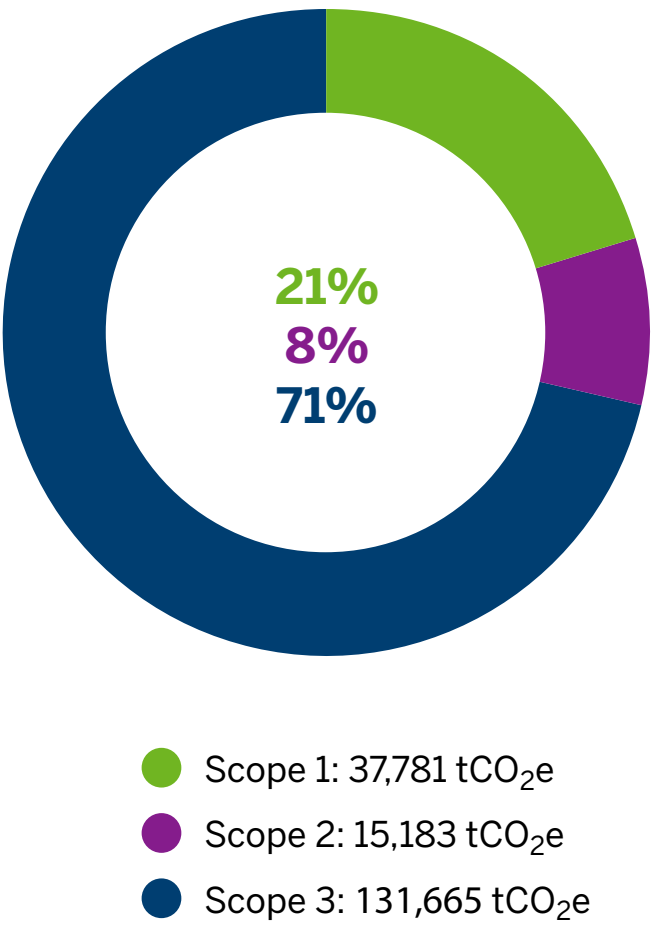
Year 2022 in terms of emissions

Lindström Group's total GHG emissions were 184,628* tCO₂e in 2022. Our carbon footprint is 22.8% bigger compared to our base year. This change can be partly explained by business growth, especially in Asia region. Also our hotel textile services have nicely recovered from pandemic times as increased travelling has kept hotels busy in Finland and Sweden. Rest of the increase can be explained by enhanced reporting capabilities as laundries were able to give more exact data for example on their waste management. In general, biggest GHG emissions growth comes from waste and other Scope 3 activities.

If looking at intensity of scopes 1 & 2 (tCO₂e/MEUR) instead, we have been able to reduce emissions of our own operations. This year’s intensity, 106,7 tCO₂e/MEUR, is -10,2% to the base year. The reduction on these scopes can be explained by renewable energy taking a larger share of overall electricity consumption. Furthermore, enhanced reporting on the refrigerants yields a positive effect.

*Alsco operations bought in August 2022 are excluded, as exact data not available. Carbon footprint of Alsco operations is 1,124.5 tCO₂e, based on intensity figure (tCO₂e/MEUR) from China operations and the respective turnover.

LINDSTRÖM GROUP'S GREENHOUSE GAS EMISSIONS IN 2022 (t CO₂e)

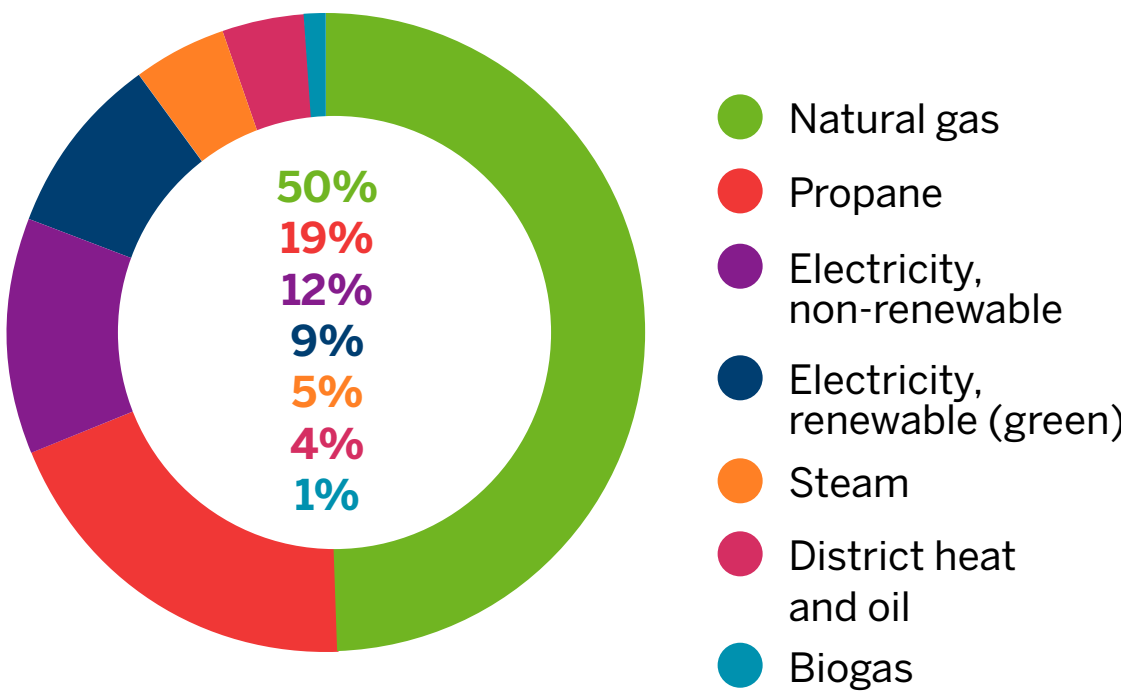


Energy & Electricity (Scope 1 & 2)

Most of our laundries are fueled by natural gas and propane, which are effective primary energy sources for producing heat and steam for laundry operations. Biogas (1% of total energy usage) is currently used in Oulu, Finland, but we are looking for renewable energy options for our other laundries as well. In addition to sustainability benefits, multiple energy sources also ensure business continuity in the times of the volatile energy market.

Our laundry service has recovered well from the difficult corona pandemic years. The washing volume has increased by 15% from 2021, also surpassing the previous

ENERGY CONSUMPTION BY SOURCE 2022



record, the pre-pandemic washing volumes of 2019, by 9%. This also explains the moderate growth in Scope 1.

Energy intensity, energy used per washed kilo of textiles, 1.02 kWh/kg has stayed at the same level as 2021.

Renewable energy, which includes green electricity and biogas, covered 10% of our total energy consumption in 2022. The share of renewable electricity has increased, and already covers 43% of all electricity used (36% in 2021). Latvia and most of the laundries in Finland used green electricity throughout 2022 and Lithuania switched to using green electricity in the autumn. In addition to purchased renewable electricity, we have prepared ourselves for the production as well. The first solar panels were installed into our Prodem garment manufacturing unit's roof in Hungary in autumn 2022. Another Hungarian site, Székesfehérvár laundry and Pinki laundry in Latvia, will be the next ones to introduce solar energy in 2023.

Scope 3: Downstream transportation

Downstream transportation, meaning customer deliveries, caused 18 866 tCO₂e, covering 10.2% of the Lindström Group's GHG emissions in 2022. The Group's driven kilometres (53.3 million km) have increased by 5.5% compared to 2021, but at the same time, the average distance travelled per washed kilo of textiles, 239 metres, has decreased by 8.4%. This trend can be explained by getting back on track after the pandemic and being able to drive a fully loaded fleet. Especially the revived hotel textile service affects positively on this figure. In Finland, the distances are shorter, thanks to a variety of service centres close to the customers, and a kilogramme of washed textile travels only around 104 metres.

Biobased and recycled materials in our textiles

As one way to reduce emissions, we are committed to increasing the number of new purchased materials using recycled and biobased fibres to 30% by 2025. In 2022, we explored our workwear fabrics and knitwear purchases from the previous year and found out that the percentage of fabrics including recycled and biobased materials in workwear services was approximately 1.6%. Our estimate is that the number is smaller when all the product groups are considered. We don't count cotton as a biobased material, because of its heavy water and energy usage during its production. We will continue this approach during 2023.

In the present day, recycled raw materials in fabrics are primarily made out of plastic bottles. According to some estimates*, the production of recycled polyester materials could yield 30% lower CO₂ emissions compared to virgin polyester materials, as it uses 45% less energy and 20% less water. Besides emissions, recycling also keeps plastic bottles out of oceans and landfills.

In 2022, we released aprons and utility belts whose material include our own end-of-life textiles. The Arden fabric includes 65% recycled polyester and 10% recycled cotton and is developed by

our fabric supplier, Carrington Textiles. [Read more](#) about how the products are used in the S Group workwear collection.

We value fabrics which can be recycled and ideally be created via a closed-loop process, so that new materials would be produced from our end-of-life textiles. The development in this area has been rather complicated and is progressing quite slowly. However, there are many new initiatives and start-up companies established in recent years which aim to utilise recycled textile waste for fibre and fabric production.

We have also begun collaborations with our partners to accelerate development and to utilise our own textile waste in new fabrics. The project will continue in 2023 and the first products are expected to be released in early 2024. Textile waste recycling reduces emissions 2.9 kg CO₂/kg compared to energy incineration.**

* REPREEVE® Unifi, Inc. manufacturing process, <https://www.klopman.com/greenwear/fabrics-made-with-recycled-polyester>

** Calculations based on the report by Rester



Scope 3: Purchased goods and services

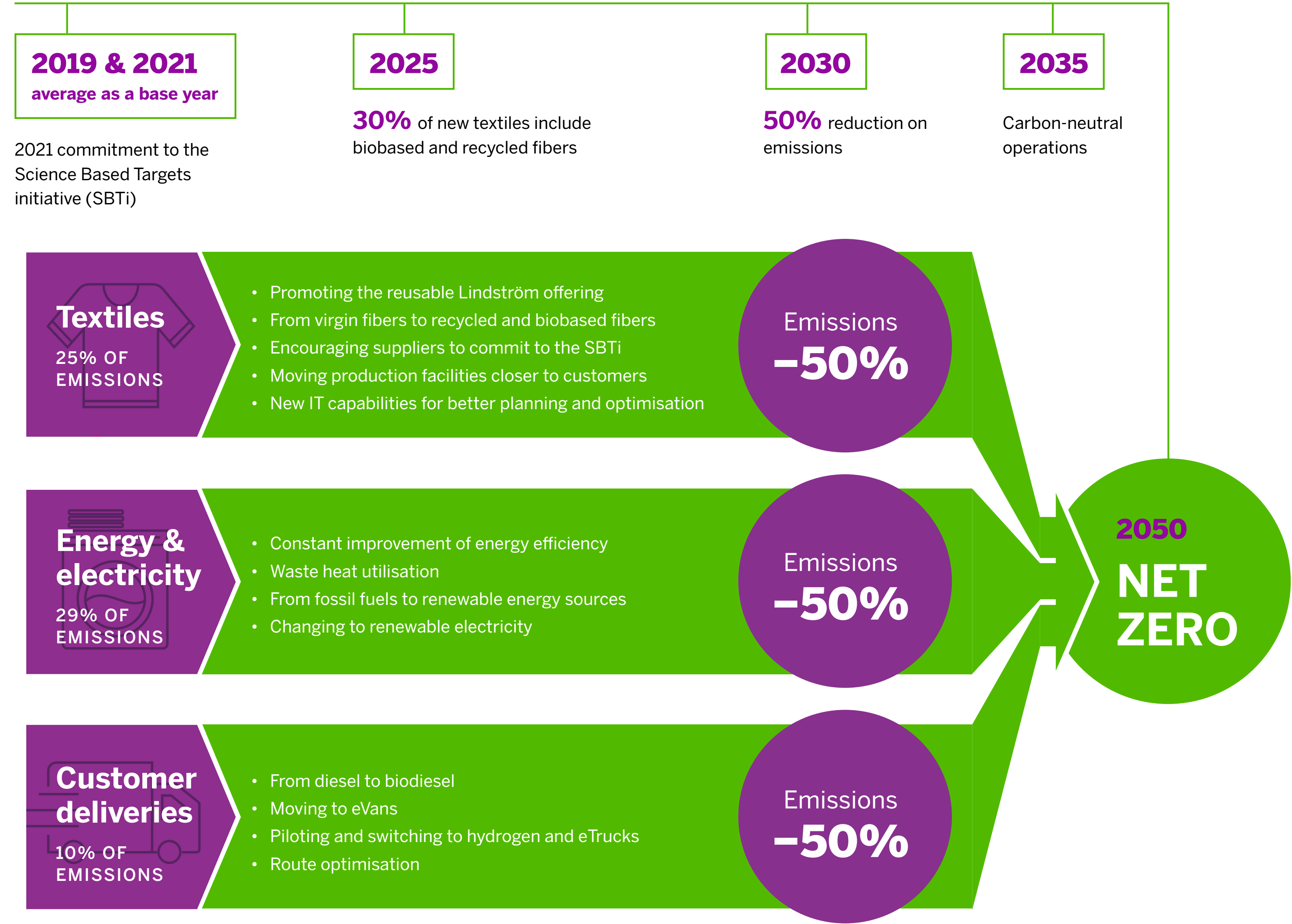
The majority of our purchases consist of textiles needed to provide service for our customers. All in all, this category, Purchased goods and services, covers 32% of our carbon footprint. Our new textile purchases increased by 41% from the year 2021, which is due to larger volumes in almost all our service lines but mostly in hotel, workwear, and mat textiles.

Looking forward

Now that we know the status quo of all 3 scopes, it's our time to start acting towards the reduction targets. With our carbon-neutrality by 2035 target and more ambitious net-zero targets to come, we have created a group-wide roadmap. Actions to lead our way to -50% GHG emissions by 2030 are described in the picture. In 2023, we will begin executing the reduction measures in all our regions and countries. The focus will be on the highest sources of emissions: our laundry operations, customer deliveries and purchased textiles.

Textiles form the largest part of our Purchased goods and services category. To reduce textile-related emissions, we will optimise the production with even better planning and utilising our own Prodem manufacturing facilities with short lead times and small minimum order quantities. As country of origin and transport affects the emissions as well, we will prefer suppliers located closer to our customers. Given that material forms the majority of the product's carbon footprint, we will encourage our fabric suppliers and other primary suppliers to set their own climate targets and join the Science Based Targets initiative. We also prefer recycled and biobased fibres in our new textile purchases. Read more about our textile material strategy on page 43.

Energy efficiency is crucial to reduce the GHG emis-



sions in our own operations. We will review our facilities and find ways to take the most out of the energy we use, for example, by utilising waste heat. Renewable energy sources will play the main role in our energy- and electricity-related emission reductions to come.

There are multiple ways to cut down the emissions of customer deliveries, which we will be implementing simultaneously. Driving less with precise route optimisation will have a positive effect on emissions right away. Substituting diesel vans with electric vehicles will be planned for suitable routes and locations. Switching to biodiesel, wherever that is available on the market, is also an option to cut delivery emissions. For heavier fleet, hydrogen and eTrucks are the solution on the horizon.

In our GHG emissions reduction strategy, we will first focus on the reductions of our own operations as well as engaging our suppliers to have more effect on the value chain. To keep up with the green transition needed, we have introduced a new KPI for 2023 and onwards: 7% greenhouse gas emissions reduction annually.

Reducing our customers' carbon footprint is important for us. Once our base year and total emissions are calculated, we can monitor and develop our actions towards that aim. Our target is to be able to offer customer-specific GHG data and carbon handprint in the coming years. As a first step, we have started a lifecycle analysis of cotton roll towel in Washroom services.

To support our journey towards net-zero, we are also taking part in the SDG Ambition Accelerator programme, which is arranged by the United Nations Global Compact initiative in the Nordics. In the programme, we are focusing especially on Sustainable development goal 13, Climate Action and how to ensure business transition towards a 1.5°C pathway. This six-month learning

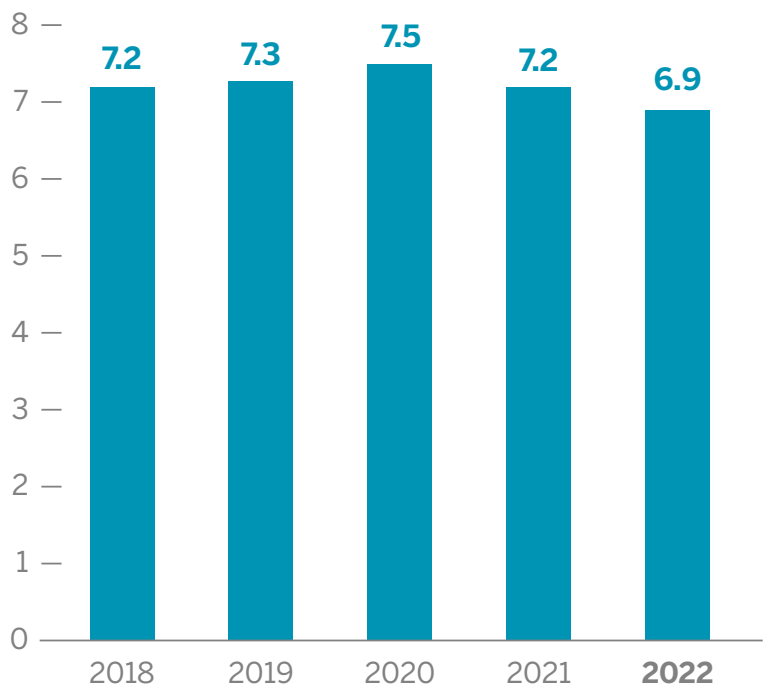
journey with peer companies began in 2022 and will be finalised in April 2023.

Enhancing reporting

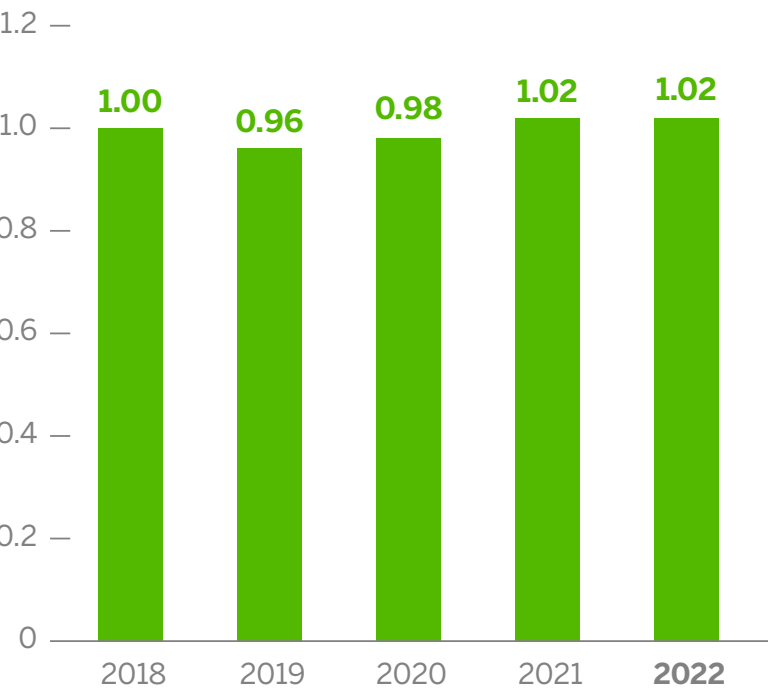
In 2023, one of our targets is to develop our reporting capabilities. In addition to sustainability reporting, we will answer the CDP Climate Change questionnaire (full version) for the first time. As a signatory member of the United Nations Global Compact initiative, the new reporting platform, Communication on Progress, is on our agenda. We also continue our journey towards a Platinum medal by utilising the Ecovadis business sustainability rating to measure and communicate our sustainability level. Reporting on these initiatives gives us a good understanding of the reporting requirements and needed tools, and prepares us for future disclosures such as the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS).

RESOURCE INTENSITY / WASHED TEXTILE KILOGRAMME

Water (l/kg)

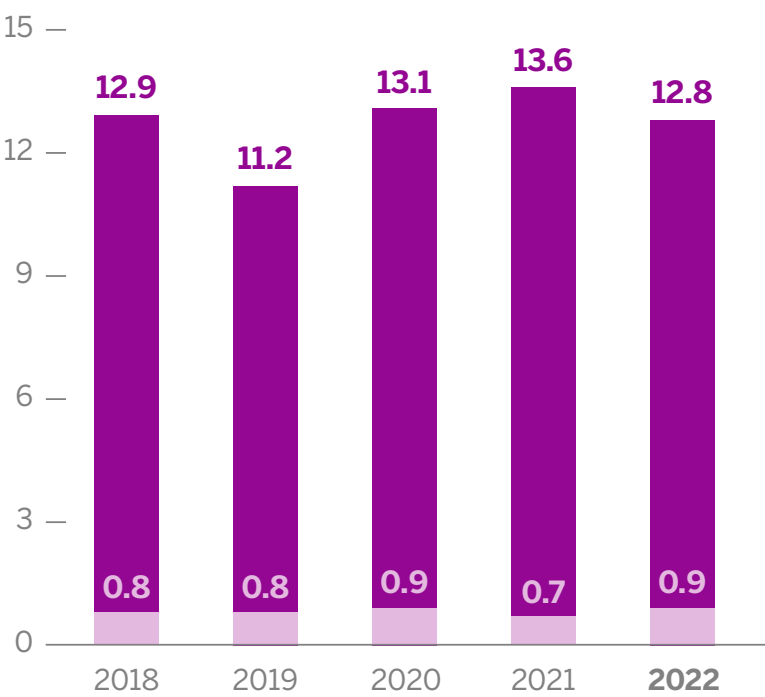


Energy (kWh/kg)



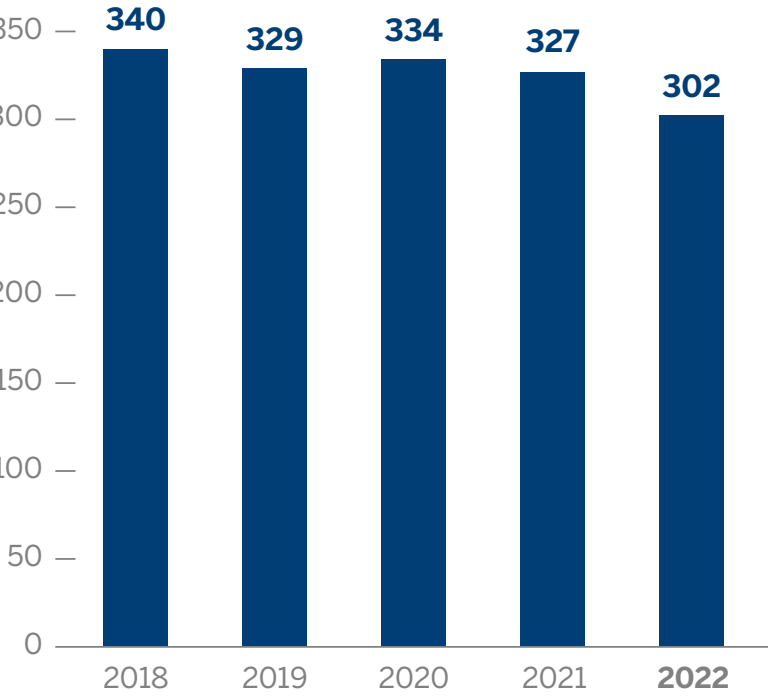
History data (2018–2021) reported as in previous Sustainability report, year 2022 according to GRI 302-3 data.

Washing detergents (g/kg)



Chlorine consumption, g/kg
Chlorine means bleaching detergents which contain a varying portion (usually 5–30%) of chlorine

Greenhouse gas emissions (g CO₂e/kg)



Includes Scope 1 and 2 emissions from laundry operations & Downstream transportation and distribution.

History data (2018–2021) reported as in previous Sustainability report, year 2022 according to GRI 305-4 data.

DISCLOSURE 302-1: ENERGY CONSUMPTION WITHIN THE ORGANIZATION

Lindström Group

| GRI 302-1 (MWh) | Base year, average of 2019 & 2021 | 2021 | 2022 |
|---|--------------------------------------|---------|---------|
| Total Fuel Consumption from non-renewable sources | 166,112 | 171,277 | 192,035 |
| Petrol & Diesel | 13,927 | 13,789 | 14,923 |
| Natural Gas | 96,566 | 102,220 | 113,011 |
| Oil | 761 | 906 | 549 |
| Propane | 41,601 | 40,743 | 44,058 |
| District Heating | 7,259 | 6,239 | 8,633 |
| Steam | 5,997 | 7,381 | 10,861 |
| Total Fuel Consumption from renewable sources | 1,498 | 1,433 | 2,489 |
| Biogas | 1,498 | 1,433 | 2,489 |
| Electricity Consumption | 45,394 | 47,563 | 48,996 |
| Renewable | 8,374 | 16,749 | 21,022 |
| Non-renewable | 37,019 | 30,814 | 27,974 |
| Total (MWh) | 213,004 | 220,273 | 243,520 |
| Total (TJ) | 767 | 793 | 877 |

Only laundry operations

| GRI 302-1 (MWh) | Base year, average of 2019 & 2021 | 2021 | 2022 |
|---|--------------------------------------|----------|---------|
| Total Fuel Consumption from non-renewable sources | 151,659 | 156,769* | 176,436 |
| Natural Gas | 96,040 | 101,501* | 112,490 |
| Oil | 761 | 906 | 549 |
| Propane | 41,601 | 40,743 | 44,058 |
| District Heating | 7,259 | 6,239 | 8,478 |
| Steam | 5,997 | 7,381* | 10,861 |
| Total Fuel Consumption from renewable sources | 1,498 | 1,433 | 2,489 |
| Biogas | 1,498 | 1,433 | 2,489 |
| Electricity Consumption | 44,753 | 46,902* | 48,267 |
| Renewable | 15,219 | 16,465 | 20,700 |
| Non-renewable | 29,534 | 30,437 | 27,567 |
| Total (MWh) | 197,910 | 205,104* | 227,192 |
| Total (TJ) | 712 | 738 | 818 |

*The figures don't match with the Environmental data table, because the data and the related GHG emissions calculations include more extensive data of Cintas operations bought in China in 2020.

DISCLOSURE 302-3: ENERGY INTENSITY

Lindström Group

| GRI 302-3 (kWh / washed textile kg) | Base year, average of 2019 & 2021 | 2021 | 2022 |
|-------------------------------------|-----------------------------------|------|------|
| Direct energy intensity (Scope 1) | 0.76 | 0.82 | 0.79 |
| Indirect energy intensity (Scope 2) | 0.29 | 0.32 | 0.31 |
| Total (direct & indirect) | 1.06 | 1.11 | 1.09 |

Only laundry operations

| GRI 302-3 (kWh / washed textile kg) | Base year, average of 2019 & 2021 | 2021 | 2022 |
|-------------------------------------|-----------------------------------|------|------|
| Direct energy intensity (Scope 1) | 0.69 | 0.73 | 0.72 |
| Indirect energy intensity (Scope 2) | 0.29 | 0.30 | 0.30 |
| Combined (direct + indirect) | 0.98 | 1.03 | 1.02 |

DISCLOSURE 305-1: DIRECT (SCOPE 1) GHG EMISSIONS

DISCLOSURE 305-2: ENERGY INDIRECT (SCOPE 2) GHG EMISSIONS

DISCLOSURE 305-3: OTHER INDIRECT (SCOPE 3) GHG EMISSIONS

Lindström Group

| GRI 305-1 ; 305-2 (t CO ₂ e) | Base year, average of 2019 & 2021 | 2021 | 2022 |
|---|--------------------------------------|--------|---------|
| Scope 1 | 34,654 | 35,692 | 37,781 |
| Refrigerants | 1,216 | 1,299 | 254 |
| Non-renewable | 33,442 | 34,392 | 37,526 |
| Petrol & Diesel | 3,887 | 3,865 | 4,180 |
| Natural Gas | 19,758 | 20,886 | 23,043 |
| Oil | 217 | 258 | 157 |
| Propane | 9,581 | 9,383 | 10,147 |
| Renewable | 0 | 0 | 1 |
| Biogas | 0 | 0 | 1 |
| Scope 2 | 15,305 | 16,383 | 15,183 |
| Non-renewable | 15,305 | 16,383 | 15,183 |
| District Heating | 941 | 814 | 1,004 |
| Steam | 1,885 | 2,681 | 3,110 |
| Electricity (location-based) | 12,478 | 12,888 | 11,068 |
| Electricity (market-based) | 17,533 | 15,979 | 14,361 |
| Renewable | 0 | 0 | 0 |
| Electricity (location-based) | 0 | 0 | 0 |
| Electricity (market-based) | 0 | 0 | 0 |
| Total (Scope 1 & 2) | 49,959 | 52,075 | 52,963* |

| GRI 305-3 (t CO ₂ e) | Base year, average of 2019 & 2021 | 2021 | 2022 |
|--|--------------------------------------|---------|----------|
| Scope 3 | 100,355 | 99,280 | 131,665* |
| Purchased goods and services | 46,216 | 45,149 | 59,217 |
| Capital goods | 10,078 | 7,340 | 13,002 |
| Fuel- and energy-related activities | 9,361 | 10,141 | 10,762 |
| Upstream transportation and distribution | 1,215 | 580 | 2,801 |
| Waste generated in operations | 2,100 | 2,705 | 11,454 |
| Business travel | 2,316 | 1,333 | 3,596 |
| Employee commuting | 6,823 | 7,171 | 7,611 |
| Upstream leased assets | 2,600 | 2,462 | 1,278 |
| Downstream transportation and distribution | 15,164 | 18,222 | 18,866 |
| End-of-life treatment of sold products | 921 | 973 | 471 |
| Investments | 3,561 | 3,206 | 2,608 |
| Total (Scope 1, 2 & 3) | 150,314 | 151,355 | 184,628 |

*The small difference in the total figure is due to the rounding of decimals.

Only laundry operations

| GRI 305-1 ; 305-2 (t CO ₂ e) | Base year, average of 2019 & 2021 | 2021 | 2022 |
|---|-----------------------------------|--------|--------|
| Scope 1 | 30,663 | 31,678 | 33,493 |
| Refrigerants | 1,214 | 1,298 | 253 |
| Stationary Combustion | 29,449 | 30,381 | 33,240 |
| Scope 2 | 15,125 | 16,216 | 14,992 |
| Electricity (location-based) | 12,299 | 12,722 | 10,897 |
| Electricity (market-based) | 17,268 | 15,773 | 14,135 |
| Heating & Steam | 2,826 | 3,495 | 4,095 |
| Total (Scope 1 + 2) | 45,788 | 47,895 | 48,485 |
| Total (Scope 1, 2 & downstream transportation and distribution) | 60,952 | 66,117 | 67,351 |

Only PRODEMS

| GRI 305-1 ; 305-2 (t CO ₂ e) | Base year, average of 2019 & 2021 | 2021 | 2022 |
|---|-----------------------------------|------|------|
| Scope 1 | 109 | 149 | 108 |
| Refrigerants | 2 | 2 | 2 |
| Stationary Combustion | 108 | 147 | 106 |
| Scope 2 | 175 | 159 | 190 |
| Electricity (location-based) | 175 | 159 | 171 |
| Electricity (market-based) | 260 | 196 | 226 |
| Heating & Steam | 0 | 0 | 19 |
| Total (Scope 1 + 2) | 285 | 307 | 298 |

DISCLOSURE 305-4: GHG EMISSIONS INTENSITY

Lindström Group

| GRI 305-4 (kg CO ₂ e/washed textile kg) | Base year, average of 2019 & 2021 | 2021 | 2022 |
|--|-----------------------------------|-------|--------|
| Scope 1 | 0.172 | 0.180 | 0.170 |
| Scope 2 | 0.076 | 0.083 | 0.068 |
| Scope 1 + 2 | 0.248 | 0.262 | 0.238 |
| Scope 3 | 0.497 | 0.500 | 0.5910 |
| Scope 1 + 2 + 3 | 0.745 | 0.762 | 0.829 |

Only laundry operations

| GRI 305-4 (kg CO ₂ e/washed textile kg) | Base year, average of 2019 & 2021 | 2021 | 2022 |
|--|-----------------------------------|--------|-------|
| Scope 1 | 0.152 | 0.160 | 0.150 |
| Scope 2 | 0.075 | 0.082 | 0.067 |
| Scope 1 + 2 | 0.227 | 0.241 | 0.218 |
| Scope 3* | 0.075 | 0.0917 | 0.085 |
| Scope 1 + 2 + 3* | 0.302 | 0.333 | 0.302 |

*Only including downstream transportation and distribution

LAUNDRY SERVICES ENVIRONMENTAL DATA

| Supply and purchases | 2018 | 2019 | 2020 | 2021 | 2022 | |
|------------------------|---------|---------|---------|---------|---------|-----|
| New textiles* | 3,765 | 4,902 | 3,227 | 4,091 | 5,773 | ton |
| Washed textiles | 195,168 | 205,042 | 172,450 | 193,341 | 222,773 | ton |
| Total energy | 194,775 | 196,538 | 168,860 | 197,761 | 227,192 | MWh |
| Oil | 1,054 | 617 | 1,248 | 906 | 549 | MWh |
| Natural gas | 94,775 | 95,839 | 84,508 | 98,463 | 112,490 | MWh |
| Propane | 42,515 | 42,472 | 33,207 | 40,743 | 44,058 | MWh |
| Steam | 5,531 | 4,615 | 4,342 | 4,673 | 10,861 | MWh |
| Electricity | 40,836 | 43,140 | 38,456 | 45,304 | 48,267 | MWh |
| Bio gas | 1,830 | 1,564 | 1,149 | 1,433 | 2,489 | MWh |
| District heating | 8,233 | 8,291 | 5,950 | 6,239 | 8,478 | MWh |
| Total water | 1,418 | 1,490 | 1,290 | 1,393 | 1,546 | ML |
| Total detergents | 2,520 | 2,304 | 2,264 | 2,626 | 2,855 | ton |
| Chlorine consumption** | 156 | 165 | 156 | 128 | 198 | ton |

* includes all textile categories, the workwear figures are partly estimated

** Chlorine means bleaching detergents which contain a varying portion (usually 5–30%) of chlorine

| Wastes and effluents | 2018 | 2019 | 2020 | 2021 | 2022 | |
|----------------------------------|-------|-------|--------|--------|---------|-----|
| Total waste | 7,739 | 7,538 | 6,649* | 8,296* | 11,097* | ton |
| Textile waste | 1,457 | 1,654 | 1,761 | 1,887 | 1,967 | ton |
| Sand and sludge | 2,759 | 3,172 | 2,024 | 3,219 | 4,257 | ton |
| Hazardous waste | 1,699 | 983 | 1,738 | 2,045 | 3,182 | ton |
| Mixed waste to landfill | 645 | 999 | 484 | 574 | 888 | ton |
| Energy recovery without textiles | 499 | 275 | 279 | 219 | 348 | ton |
| Cardboard and paper to recycling | 344 | 194 | 169 | 163 | 222 | ton |
| Metals to recycling | 289 | 125 | 86 | 104 | 130 | ton |
| Plastic to recycling | 27 | 104 | 79 | 60 | 66 | ton |
| Biowaste | 19 | 32 | 28 | 24 | 29 | ton |
| Effluent | | | | | | |
| BOD7 | 570 | 347 | 573 | 511 | 598 | ton |
| COD | 1,805 | 946 | 1,330 | 1,387 | 1,395 | ton |
| Phosphorus | 7 | 5 | 6 | 7 | 5 | ton |
| Suspended solids | 412 | 347 | 359 | 426 | 311 | ton |
| Heavy metals | 3.4 | 4.1 | 1.2 | 4.6 | 6.2 | ton |
| Grease and oil | 87 | 79 | 81 | 78 | 61 | ton |

* The difference in the total figure is due to two very small waste categories (under 1%) that are not reported in this table.

| Textile transport and emissions | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|--------|--------|--------|--------|--------|
| Kilometres driven (1,000 km) | 38,514 | 44,516 | 43,720 | 50,548 | 53,335 |
| Driven kilometres per washed textile kg (km/kg) | 0.20 | 0.22 | 0.25 | 0.26 | 0.24 |
| Transport emissions per washed textile kg | | | | | |
| g CO ₂ e /washed kg | 64.8 | 75.6 | 88.8 | 79.7 | 84.7 |

PRODEM ENVIRONMENTAL DATA

| | 2021 | 2022 |
|--|---------|---------|
| Produced pieces (pcs) | 623,116 | 629,165 |
| Total Energy consumption (MWh) | 1,380 | 1,404* |
| Electricity (MWh) | 661 | 729 |
| Natural gas (MWh) | 719 | 521 |
| District heating (MWh) | 0.15** | 155 |
| Total Energy consumption/ pcs (kWh/pcs) | 2.22 | 2.23 |
| Total waste (t) | 80.7 | 93.8 |
| Textile waste (t) | 53.4 | 52.8 |
| To recycling (t) | 15.0 | 13.8 |
| To landfill (t) | 38.4 | 39.1 |
| Hazardous waste (t) | 0.08 | 0 |
| Mixed waste to landfill (t) | 5.8 | 18.7 |
| Cardboard and paper to recycling (t) | 14.6 | 15.9 |
| Plastics to recycling (t) | 6.7 | 6.3 |
| Total emissions (g CO ₂ e) / produced piece | 493 | 473 |

* The small differences in total energy result figures are due to the rounding of decimals

** An error in the reporting of district heating was noticed and fixed for 2022 resulting in higher consumption figure

CASE STORIES



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."



Read the full story on our website

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. **Outi 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.

Read the full story on our website



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.

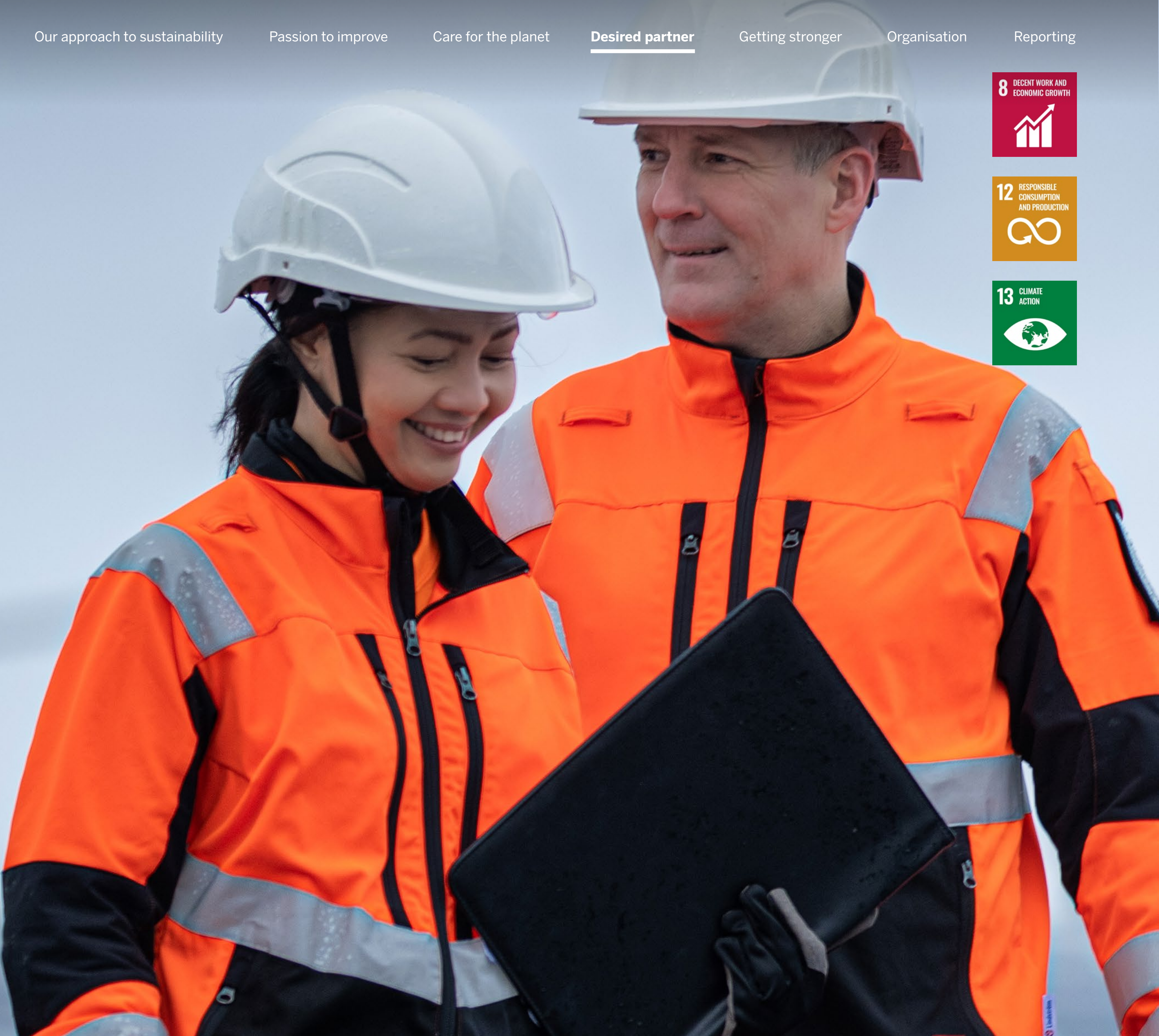
Read the full story on our website



Desired Partner

Striving for superior customer experience
Sustainable supply chain and partnerships
Case stories

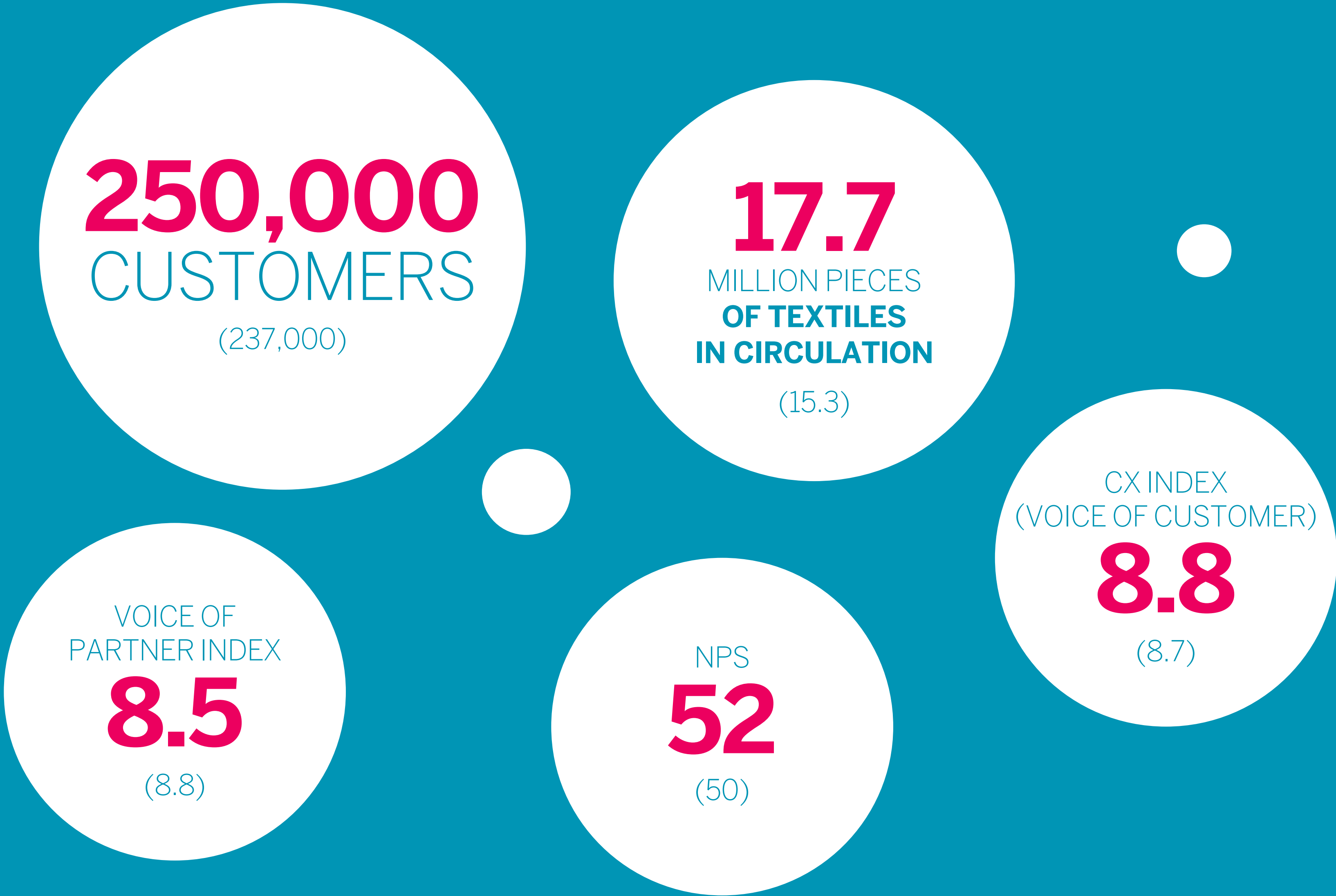
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Desired partner

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.



Striving for superior customer experience

In 2022, we continued to develop the sustainability of our workwear and smoother service for our customers. Our customer satisfaction increased both in terms of Customer Experience (CX) Index and Net Promoter Score (NPS). Our continuous efforts to provide the most sustainable services for our customers were rewarded with the gold certificate in the EcoVadis sustainability rating, placing us in the top 2% in our industry.

Lindström operates in 23 countries, providing services to about 250,000 customers in several industries, including pharma, healthcare, retail, food, HoReCa, facility management, engineering and assembly and automotive industry as the main segments. We are proud of our long-standing customer relationships. With some of our customers, our collaboration goes back several decades.

High customer satisfaction

We want to foster open communication and listen closely to our customers. We systematically follow customer satisfaction through the Customer Experience (CX) Index and Net Promoter Score (NPS), both collected from our Voice of Customers survey. In 2022, the overall CX Index score rose to 8.8 (2021: 8.7), which surpassed our long-term target set at 8.5 – also the target for 2022 (8.3).

Our Net Promoter Score (NPS), which describes customers' willingness to recommend our services, improved to +52 (2021: +50), exceeding our long-term

target of +50. Our customers were especially satisfied with our employees' performance, including customer service, delivery services and key account managers. They felt that Lindströmers genuinely do their very best to serve their customers.

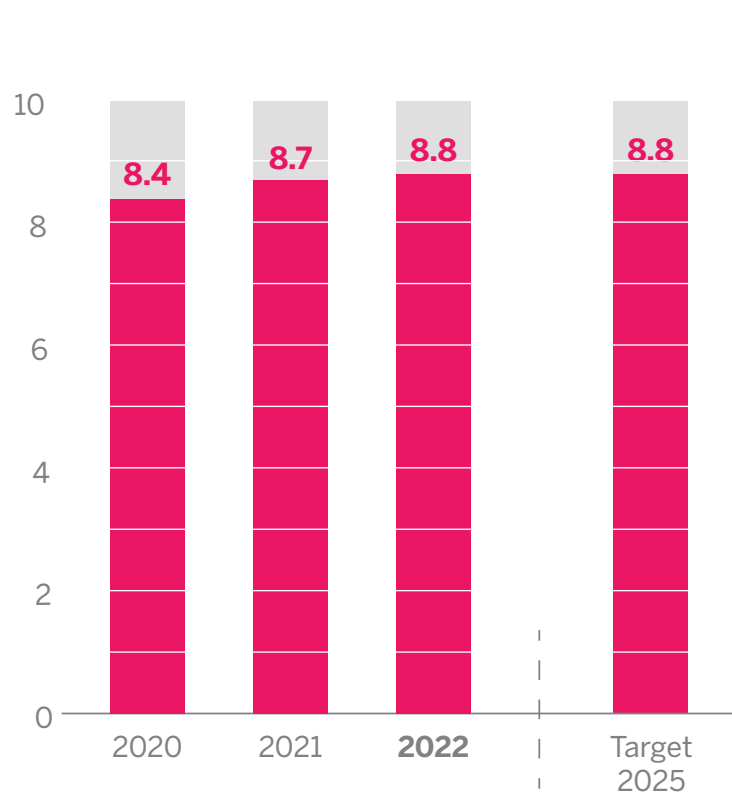
Despite positive feedback, we are not resting on our laurels, but are instead aiming to further develop our service models and communications to be more customer-centric. In 2023, our goal is to renew the Voice of Customer concept and shift focus from numbers to truly understanding the real needs of our customers.

Award-winning digitalisation brings flexibility to customers

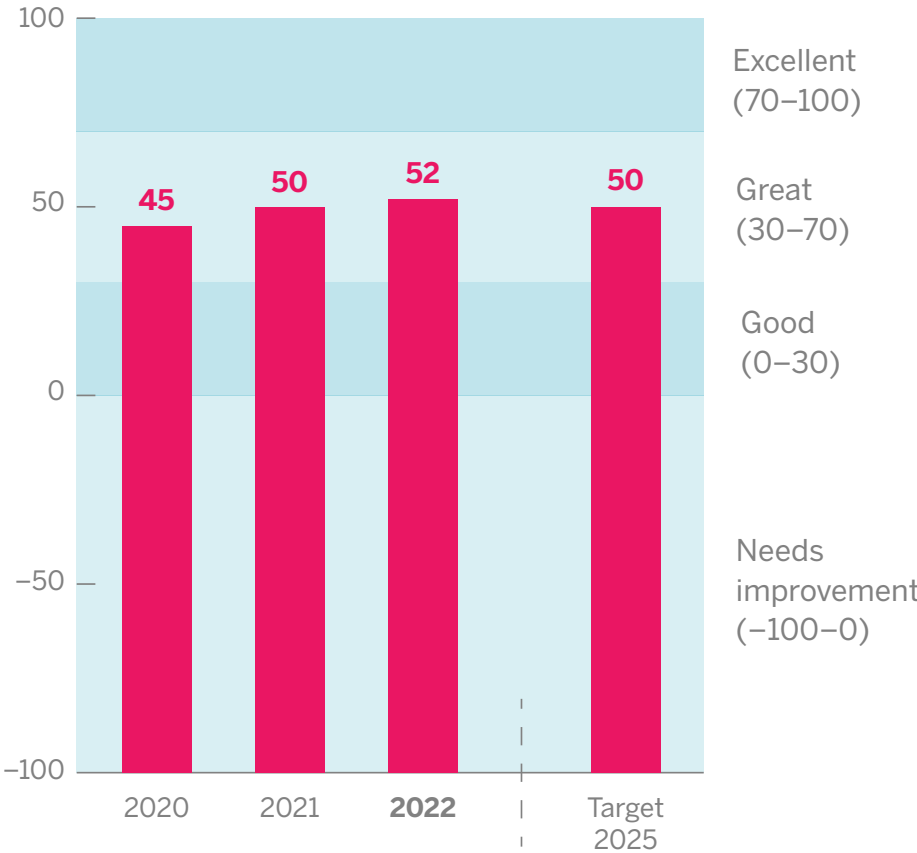
To keep our customers and the planet happy, it is crucial that we provide our customers with the right amounts of garments, every day. The digitalisation of our workwear service is a great aid in avoiding textile overproduction and generating less textile waste. In 2022, we launched



CX INDEX (VOICE OF CUSTOMER)



NPS



new functionalities in our global online service, eLindström, where customers can effortlessly make orders, maintenance and service requests and follow their service process. Using intelligent technology to track garments, our Workwear Flex service won The European Textile Service Association's (ETSA) award for the best innovative project. With the Workwear Flex service, our customers always have enough clean workwear available, and the service helps them to reduce inventory levels.

Ecological aspects and attractiveness both important

Our customers value the fact that we take care of the life cycle of the product for them and recycle textile waste responsibly. As a principle, we develop all our new products to be multi-purpose, long-lasting, durable and repairable to maximise their life cycle. Both attractiveness and ecological aspects are important to our customers. The workwear must look modern but timeless, because unlike high street fashion, the collections are not renewed every year.

Our goal is to manufacture products from recyclable materials made as much as possible of recycled and bio-based fibres, which is also an increasingly important criterion for our customers. However, recyclable materials alone do not guarantee sustainability, if they're used by only one customer. Sustainability arises from the fact that products are used for as long as possible and by as many users as possible.

Innovating with customers

Our customers' needs and requirements change frequently, and it is essential that we keep up with the trends of the future. We 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.

In the Lindström lounge concept, we identify future needs together with our customers and look for new ways to grow their business. Our in-house industry tribes gather industry insight and industry-specific needs, prioritise the needs and share them with our service and product development teams. The insight is then used as a basis for creating globally scalable solutions. 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.

Active year in product development

The year 2022 was a busy one in product development. We launched several new products, such as the new sustainable winter wear collection with wadding made of recycled fibres and together with our client, developed reusable oversleeves for the food industry to reduce plastic waste. The product will be piloted in real use in 2023.

We are currently developing our HoReCa and automotive & assembly workwear collections with materials made of recycled fibres, and expect to launch them in 2023 and 2024, respectively. Outside of workwear, we made significant progress in developing mats from recycled materials. Pilots will begin in early 2023 and the goal is to have the product on the market by the end of the year.



Sustainable supply chain and partnerships

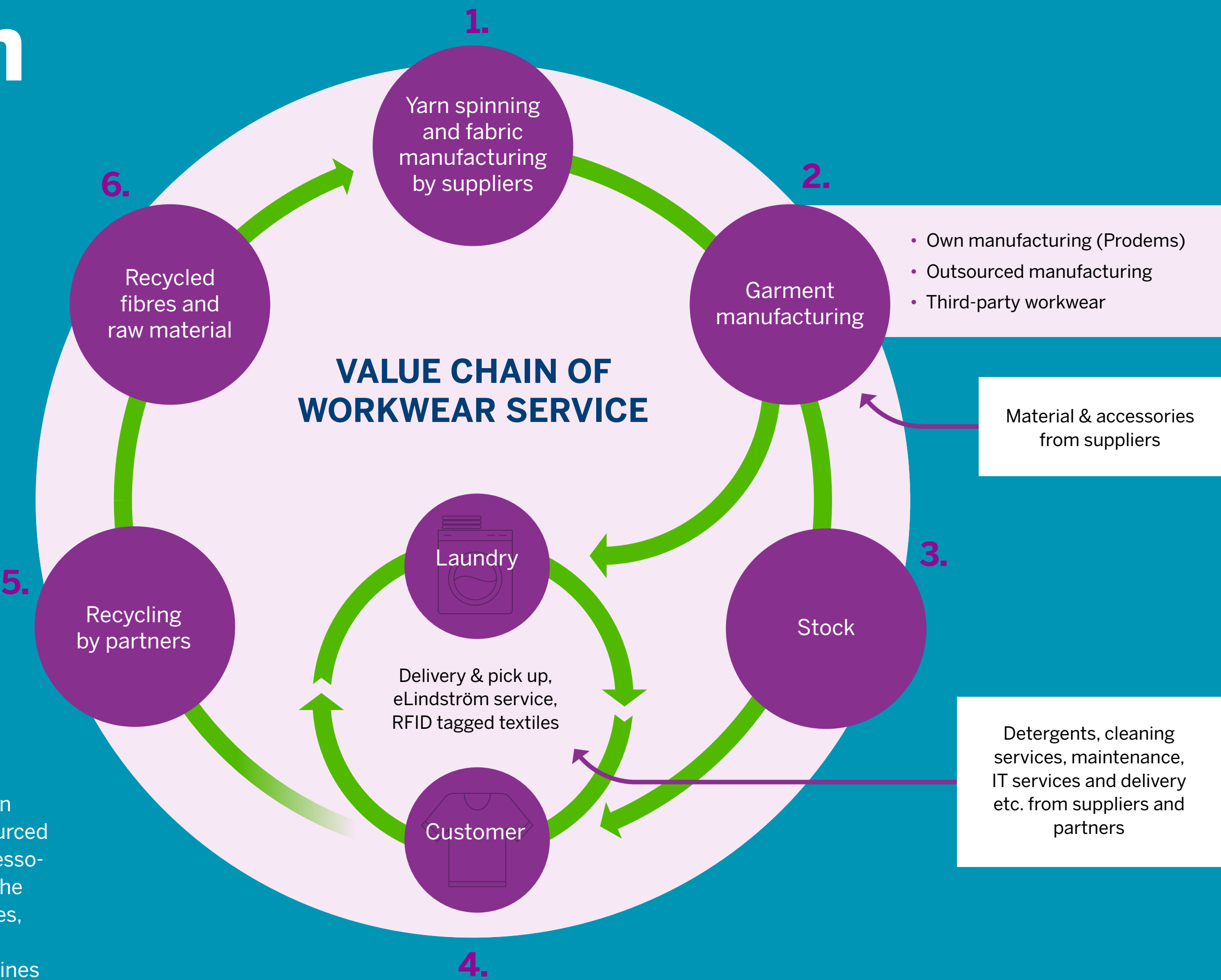
We aim for long-term partnerships with our suppliers that bring value and growth to both parties. We believe that building mutual trust has a positive impact on the quality and that long-standing relationships encourage suppliers to invest in innovations. The sustainability of our supply chain is extremely 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, prohibition of corruption and bribery, respect for the basic human rights and prohibition of the use of child labour, health and safety, and commitment to protection of the environment, among other things. All our suppliers and their sub-contractors are obligated to sign the Code of Conduct as a part of their agreement with Lindström. With regular audits, we help our suppliers develop social responsibility in their operations.

Lindström has an extensive global supplier network with approximately 900 direct suppliers. On top of that, there are thousands of other suppliers that provide materials and services – ranging from detergents to cleaning, maintenance and IT services. Our largest textile suppliers operate globally, but we also have lot of local suppliers, mainly in Europe and Asia. We are in the process on introducing a new ERP system in 2025, which will provide us with more detailed data on our suppliers in the future.

We have our own manufacturing units, Prodems, in Latvia, Hungary, and India. In addition, we use outsourced manufacturing, where we define the fabrics and accessories used, and the garment manufacturer produces the product according to our requirements. In some cases, we also use third-party workwear in our services.

Our Quality Assurance Handbook sets the guidelines for the quality of materials and goods we purchase and ensures that they are manufactured in accordance with our instructions and standards.

VALUE CHAIN OF WORKWEAR SERVICE





When selecting a supplier, we look at several criteria including the size, location, technology and quality of the supplier, among others. We expect our suppliers to be reliable, financially sound companies who act in accordance with national and international legislation and agreements, respect human rights and pay attention to the protection of the environment in their operations. Suppliers who have a documented and certified management system are prioritised.

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 are constantly developing these audits, and in the future, also have plans to evaluate potential suppliers based on emissions, among other things. In 2022, some of our new suppliers were evaluated based on social and environmental criteria.

Regular audits promote health and safety

We perform annual supplier evaluations and audit all our strategic suppliers every three years.

These audits, along with discussions with our suppliers, help us to further develop our sustainability and social responsibility in our supply chain.

In audits, we pay attention to numerous things, most importantly related to occupational health and safety, which is identified as one of the key risks in our supply chain. Unfortunately, work safety culture is not equally developed in all of our operating countries, but we continuously work on promoting health and safety matters in our supply chain. Our follow-up system is designed to ensure that all the noted discrepancies will be corrected. We are usually able to find a solution in discussions with our suppliers. However, if serious deficiencies are not fixed, it is our policy to terminate the supplier relationship as a last resort. While many of our strategic suppliers are European companies, we also have suppliers from so-called risk countries based on the amfori Country Risk Classification. We regularly make risk evaluations of both the supply countries and the suppliers themselves.

In 2022, there were two nonconformities identified in our AMT report for suppliers related to our environmen-

tal requirements and six related to our social requirements. We were able to agree on improvements, and no relationships were terminated due to these nonconformities.

A valued and trusted partner

Our Voice of Partner survey gives us valuable insight on how we can improve our cooperation with our suppliers. The survey was first launched in 2021 and included only suppliers and partners. In 2022, the survey was extended to also cover subcontractor laundries, IT vendors and delivery service providers. On a scale of 4–10, the overall score for 2022 was 8.5 (2021: 8.8). The results tell us that our suppliers are satisfied working with us. They feel that Lindström keeps its promises (score 9.0) and that the partnership is valuable to their business (9.3). Based on the feedback from the survey, we have launched several development initiatives in our supply chain, including the one promoting the wellbeing of drivers in our delivery services through routing changes, among other things.

Our suppliers and partners feel that Lindström keeps its promises and that the partnership is valuable to their business.

CASE STORIES



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.

[Read the full story on our website](#)

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.

[Read the full story on our website](#)



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 wellbeing. 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.

[Read the full story on our website](#)

CASE STORIES



Cleanroom service ensures product safety and employee wellbeing

Lindström has been providing Dr. Reddy's Laboratories in India with cleanroom service since 2020. By delivering clean and hygienic garments for more than 600 employees working in cleanrooms in the sterile manufacturing of injectables, we help the pharma company ensure patient safety and become more sustainable in terms of both the environment and employee wellbeing. "It is our goal that by 2030 all our strategic suppliers will be com-

pliant with our broad ESG framework. We are looking into partnering with companies whose sustainability efforts are in line with our ambitions and consider Lindström to be a very responsible partner," tells **Krishna Venkatesh**, Global Head & Senior Vice President, injectables Operations at Dr. Reddy's Laboratories.

[Read the full story on our website](#)

Achieving EcoVadis Gold Certificate

It's easy to claim that a company is sustainable but much harder to prove, especially when the operations are spread across geography and various levels of industry standards are involved. Third-party evaluations are an excellent way to get an outside perspective. EcoVadis – the world's largest and most trusted provider of business sustainability ratings, has been helping companies benchmark their sustainability performance and drive improvements since 2007.

We are thrilled to be awarded the gold rating for our continued sustainability efforts, which puts us among the top 5% of the more than 100,000 evaluated companies and the top 2% in our industry. A very prominent score for the environment theme – 90/100 is especially inspiring for future development.

Orion Corporation has been our valued customer for the past twenty-two years. **Jussi Lindholm**, Sourcing Manager at Orion shares, "It is also important to us that our suppliers show continued effort to improve their performance in the generally recognised areas of corporate responsibility. We are impressed by Lindström's engagement and continuous improvement activities towards sustainable operations."

[Read the full story on our website](#)



New workwear for supermarket staff celebrates individuality and circular economy at the S Group

The S Group has invested in the wellbeing of its supermarket staff by renewing workwear in its Prisma, S-market and Sale chains across Finland. The work clothes designed, delivered and maintained by Lindström are functional, stylish and take individual needs into account. They are an important part of work ability, professional pride and a sense of belonging for about 30,000 S Group employees working in supermarket trade chains. The staff was actively involved in the design process of the workwear.

Recyclable materials and the long life cycle of clothes support the S Group's climate goals. The Group has set clear requirements for its partners in terms of social and environmental responsibility.

"Lindström's strength is the comprehensive service it offers and the circular economy aspect of clothing. The products we sell to our customers are not disposable fast fashion, and we want to follow this same idea in our workwear as well. Through work clothes, our employees represent the same values that our own products represent," explains **Nina Elomaa**, Senior Vice President of Sustainability at the S Group.

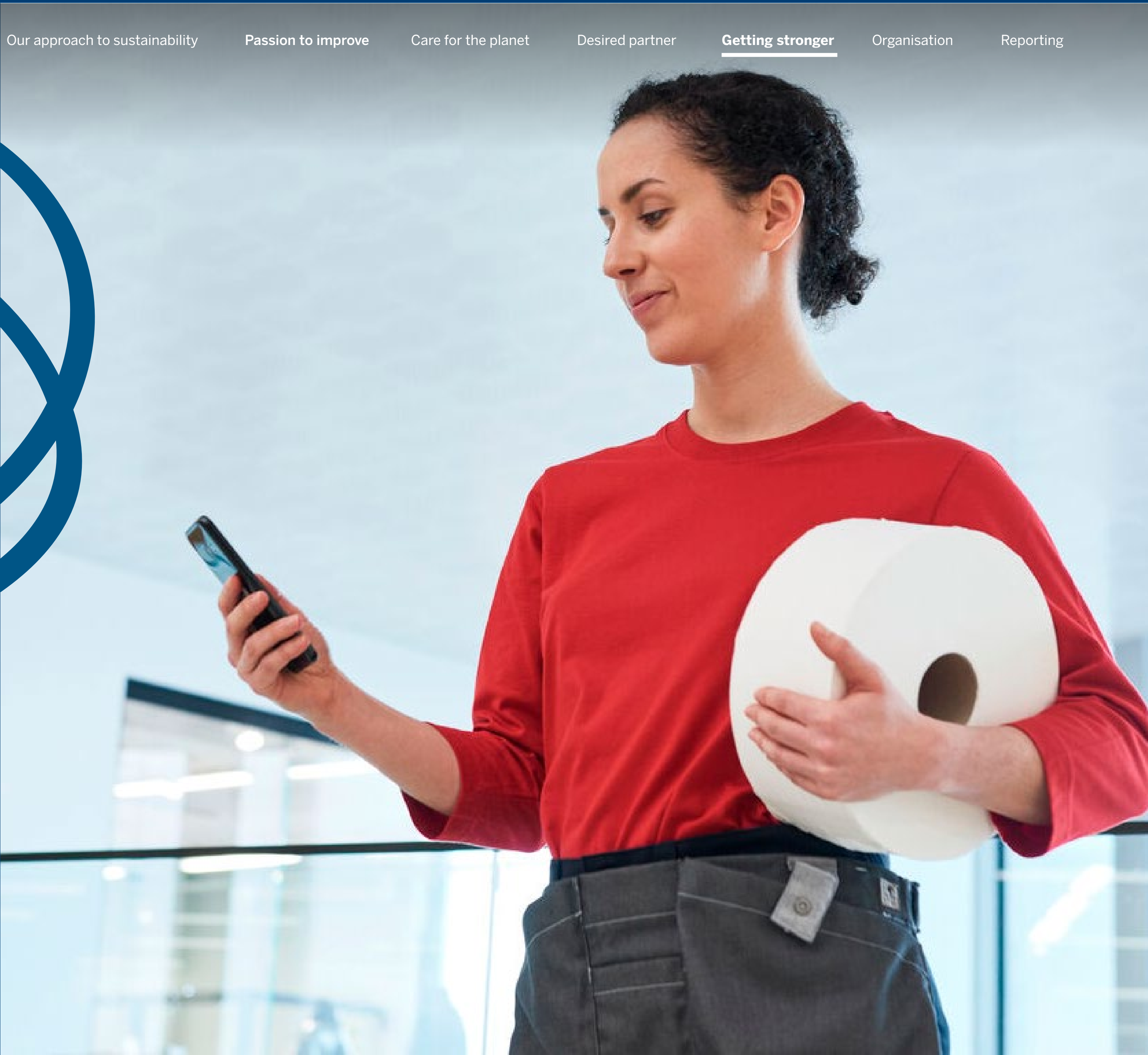
[Read the full story on our website](#)



Getting stronger

Achieving profitable growth
Financial reporting
Case stories

62
64
67





Getting Stronger

A healthy foundation for the future

The sustainable and profitable growth enables us to build a robust foundation. Our investments in IT and service digitalisation enable us to improve our customer experience as well as develop value-added services. The efficient use of resources guarantees the sustainability and cost-efficiency of our service. Through acquisitions and investments in our capacity we ensure high-quality service for our customers now and in the future.

TURNOVER:

EUR
496.4
million

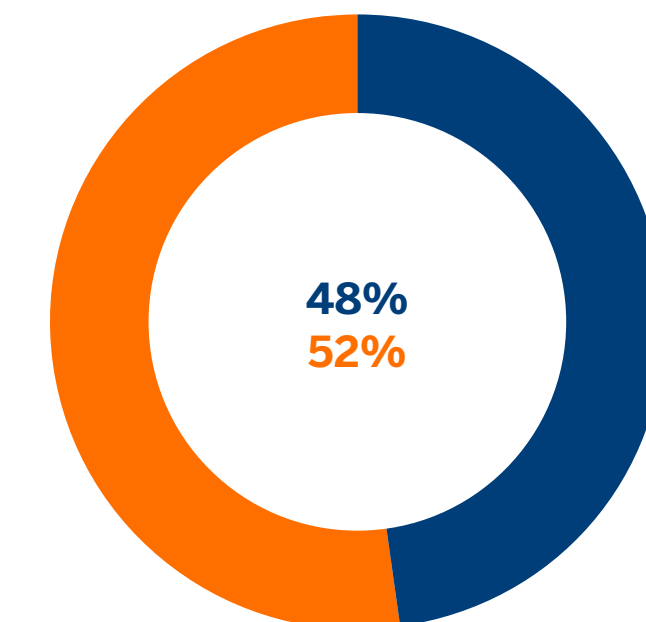
NET PROFIT

EUR **22.9**
million

EBITA

EUR **41.4**
million

SHARE OF
TURNOVER:



● Finland
● Subsidiaries
outside Finland

Achieving profitable growth

Sustainable and profitable growth ensures that our business remains healthy, and we can contribute to society as a good corporate citizen. Our aim is to demonstrate strong organic growth, which we ensure by improving our customer understanding and providing our customers with value-added services. Our investments in energy back-up systems, laundry capacity, IT and digitalisation guarantee our continuous service, as well as create a foundation for future service development. Through acquisitions, we expand our capabilities to serve our customers better and cover a wider geographical area.

Development and performance of operations and financial situation

Group's turnover increased to EUR 496.4 million over the previous year by EUR 63.9 million (previous year EUR 432.5 million). Turnover of the parent company was EUR 201.4 million (previous year EUR 183.4 million). The share of subsidiaries outside Finland of the Group's turnover was EUR 258.0 million or 52.0% (previous year EUR 221.1 million or 51.1%).

In 2023, the Group's business increased in all regions. The parent company has acquired AlSCO operation in China. Comforta Oy has acquired Pohjolan Tekstiilipalvelu Oy in Finland, which was merged into Comforta Oy. The parent company divested its business operations in Belarus and the divestment of business operations in Russia is ongoing. In addition, Nykypesu Oy, a Finnish subsidiary acquired in 2021, was merged into the parent company. One new entity was established in Wuhan, China. At the end of 2022, a new branch was opened in Austria.

Lindström Group's business has bounced back and recovered from the COVID-19 pandemic.

Profitability

Group's pre-tax profit was EUR 29.2 million (previous year EUR 49.4 million). The parent company's earnings before appropriations and taxes were EUR 18.8 million (previous year EUR 35.0 million).

Investments

Group's net investments in the financial year amounted to EUR 26.7 million, whereas in the previous year they were EUR 11.5 million. The parent company's total investments amounted to EUR 12.7 million, whereas the year before they were EUR 3.4 million.

The most notable investments made by the parent company during the financial year were IT systems and investments into laundry machinery and premises in Koivuhaka (Vantaa), Lappeenranta and Turku. Expansion work was carried out in India, China, and

Lithuania. To mitigate the possible risk of disruptions in the energy supply, considerable investments have been made in back-up systems in several laundries, both in Finland as well as in the subsidiaries.

Funding and liquidity

During the current financial year, the parent company has invested an additional EUR 0.5 million into the Turkey subsidiary and EUR 1.0 million into the newly established subsidiary in Wuhan, China. In addition, a minority investment has been made into Rester Oy by the parent company. During the previous financial years, the parent company did not invest any new share capital into its subsidiaries.

The Group's liquidity remained good for the financial year.

Development operations

The company's development operations were primarily focused on the modelling and digitalisation of the ser-





vice concept and processes. Development work has also taken place in the fields of product design and sourcing. Investments related to development activities are recognised as operating expenses.

Estimate of future development

It is estimated that in 2023, the turnover of the parent company and subsidiaries will rise, but the turnover of the whole Lindström Group is estimated to decrease due to the exit from Russia and Belarus. The profitability of the company can be assured through active customer cooperation and by continuously making processes more efficient. Price increase activities will continue to mitigate inflation. Thus, it is estimated that profitability will remain at a similar level to that of 2022.

In 2023, the level of investments is estimated to increase compared to 2022. The parent company is making significant investments in IT system renewal. In addition, the parent company will invest in expanding laundry premises in Koivuhaka and Koskelo and into expanding cleanroom capacity in Turku. In the subsidiaries, the most notable investments will be made into expanding cleanroom capacity and relocating workwear capacity in India and China, expanding facilities in Lithuania and in the Prodem factory in Latvia, as well as the further investment into the IWS laundry facility in UK.

We meet our obligations as a taxpayer

We do not practice aggressive tax planning. Each of our companies is registered in a local business register and

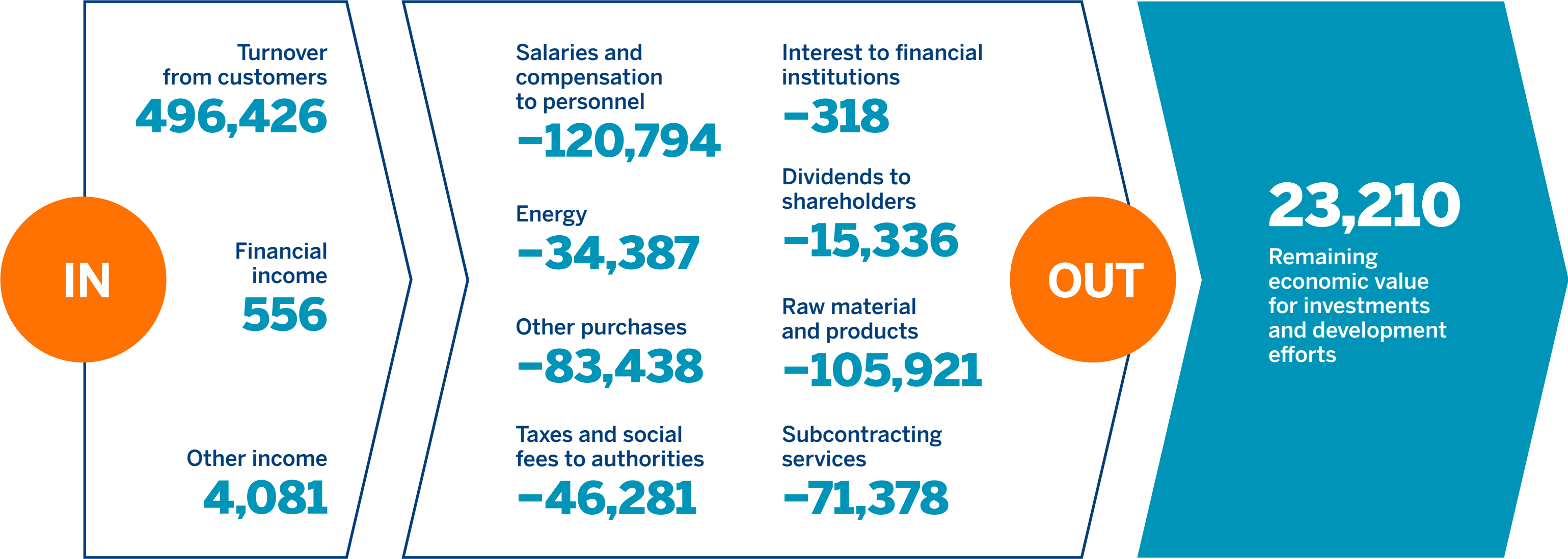
pay their taxes in their respective country. We comply with international transfer pricing regulations and local tax laws and regulations.

We paid a total of EUR 12.1 million in income tax in the 2022 fiscal year. Besides income tax, we paid for production, services, personnel, and real estate-related taxes, a total of EUR 108.7 million in 2022.



Financial reporting

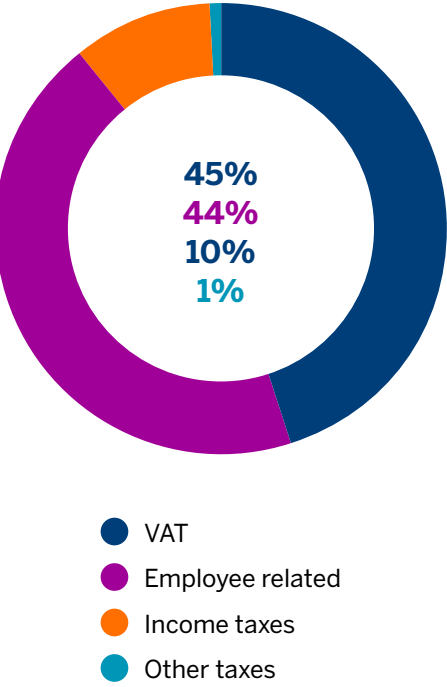
DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED, T€



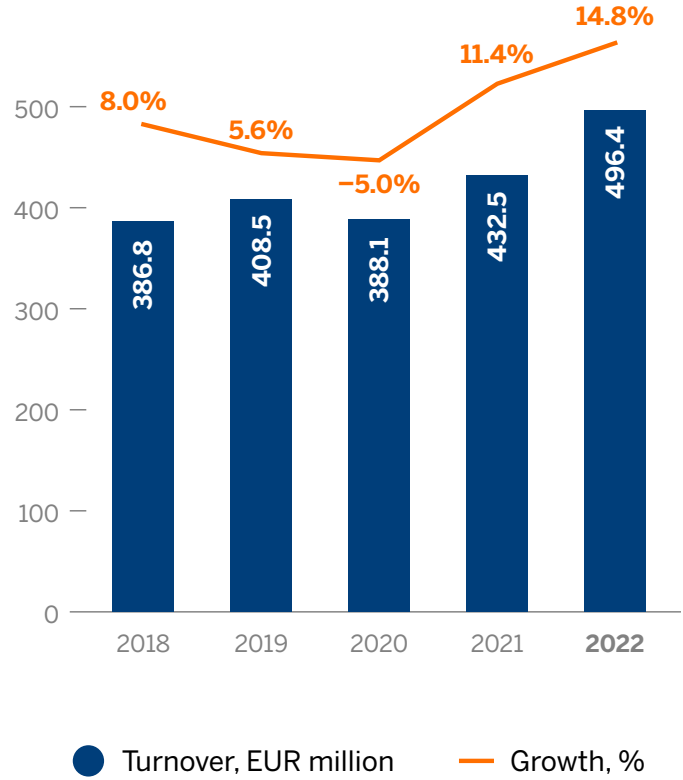
Direct economic value generated and distributed, T€

| Direct economic value generated and distributed, t€ | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---------|----------|---------|----------|----------|
| Turnover from customers | 386,774 | 408,457 | 388,077 | 432,481 | 496,426 |
| Financial income | 833 | 400 | 71 | 789 | 556 |
| Other income | 588 | 4,499 | 1,984 | 2,722 | 4,081 |
| Income received | 388,195 | 413,356 | 390,132 | 435,992 | 501,063 |
| Raw material and product purchases | -85,515 | -88,551 | -70,439 | -81,968 | -105,921 |
| Energy | -16,307 | -17,139 | -14,596 | -20,872 | -34,387 |
| Subcontracting services | -55,217 | -58,800 | -55,322 | -59,926 | -71,378 |
| Other purchases | -58,703 | -64,000 | -58,695 | -66,517 | -83,438 |
| Direct economical value after supplier compensation | 172,452 | 184,866 | 191,080 | 206,709 | 205,939 |
| Salaries and compensation to personnel | -93,089 | -102,545 | -94,225 | -105,570 | -120,794 |
| Taxes and social fees to authorities | -35,038 | -36,697 | -34,885 | -38,984 | -46,281 |
| Direct economical value for financiers | 44,325 | 45,624 | 61,970 | 62,155 | 38,864 |
| Interest to financial institutions | -729 | -683 | -432 | -269 | -318 |
| Dividends to shareholders | -10,234 | -9,090 | -14,114 | -8,575 | -15,336 |
| Direct economical value for investments and development efforts | 33,362 | 35,851 | 47,424 | 53,311 | 23,210 |

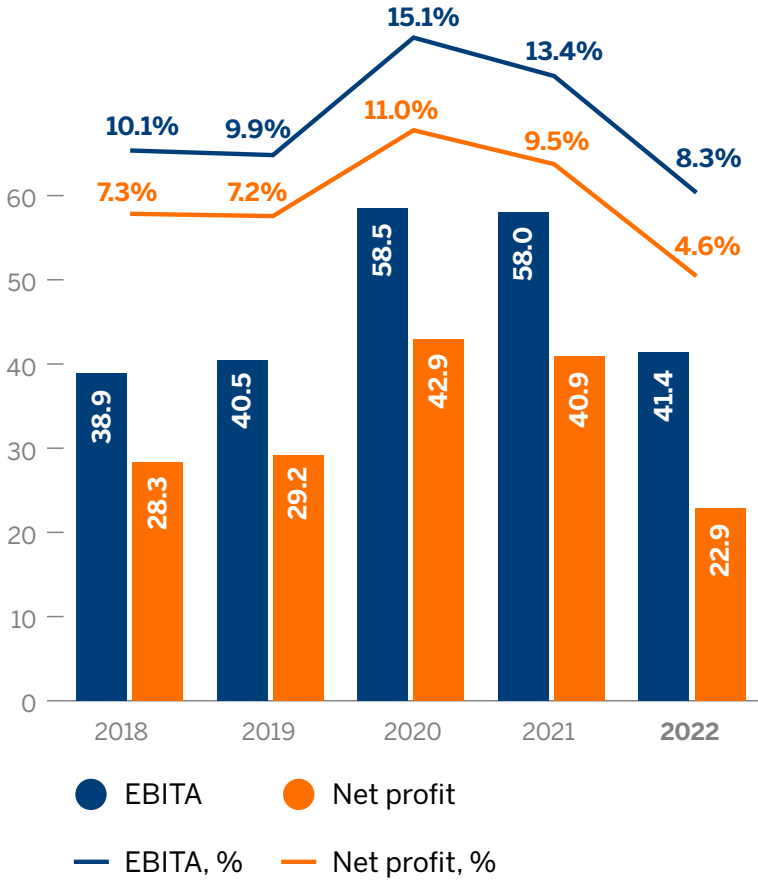
TAXES BY TYPE



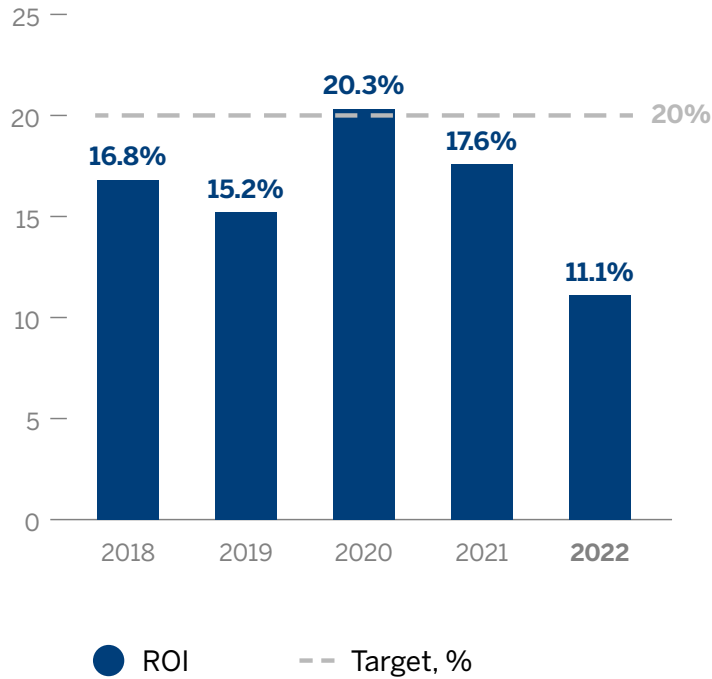
TURNOVER AND ANNUAL GROWTH



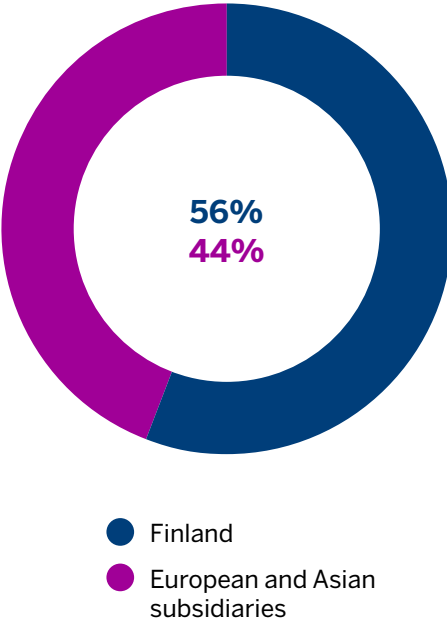
NET PROFIT AND EBITA, EUR MILLION



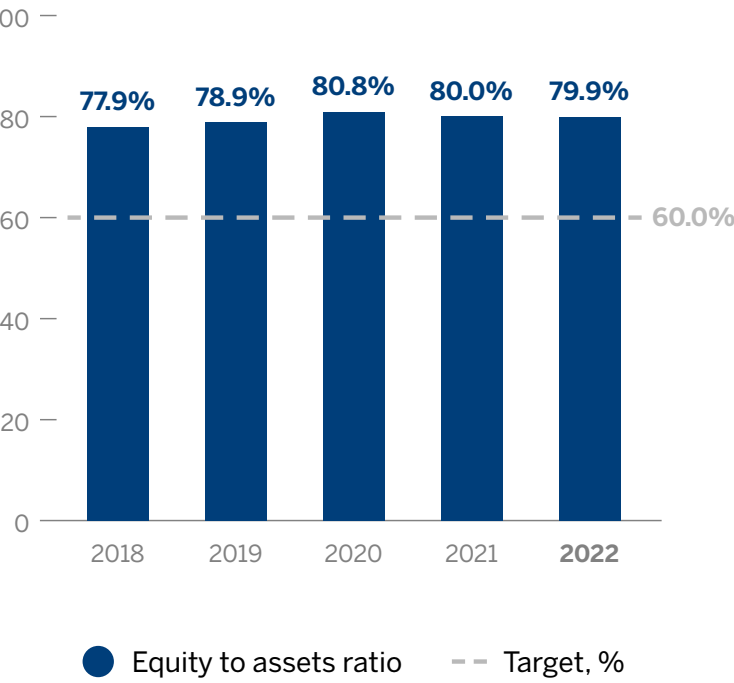
RETURN ON INVESTMENT, %



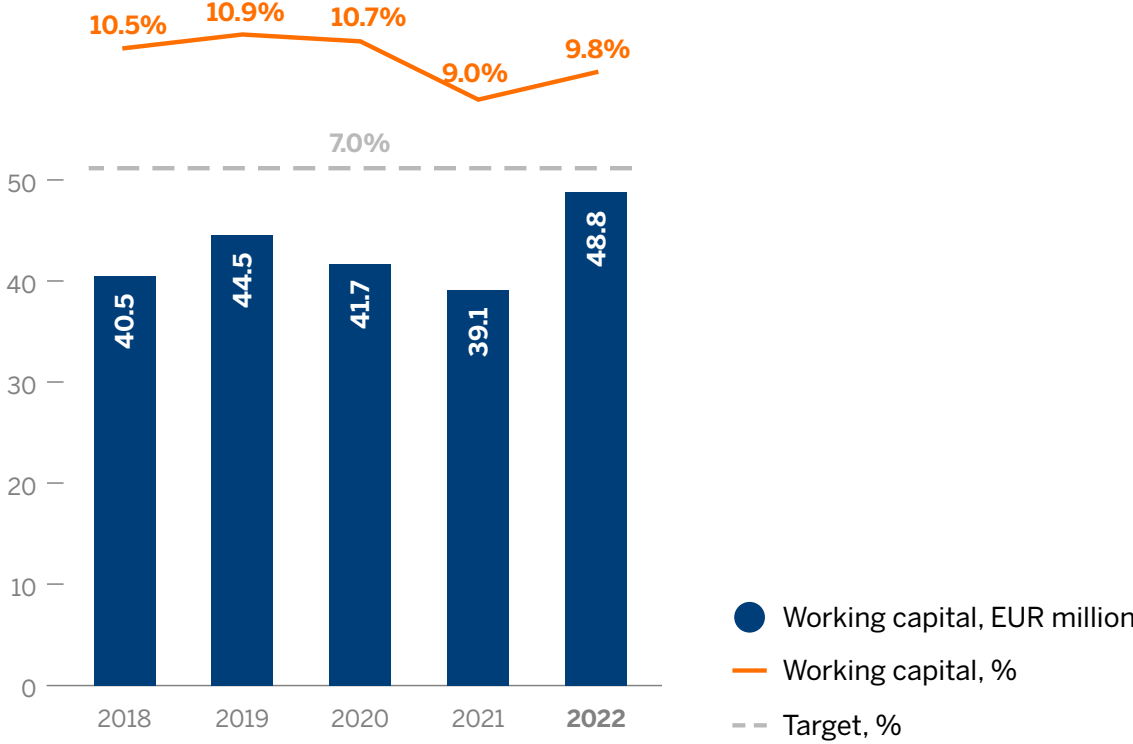
TAXES BY REGION



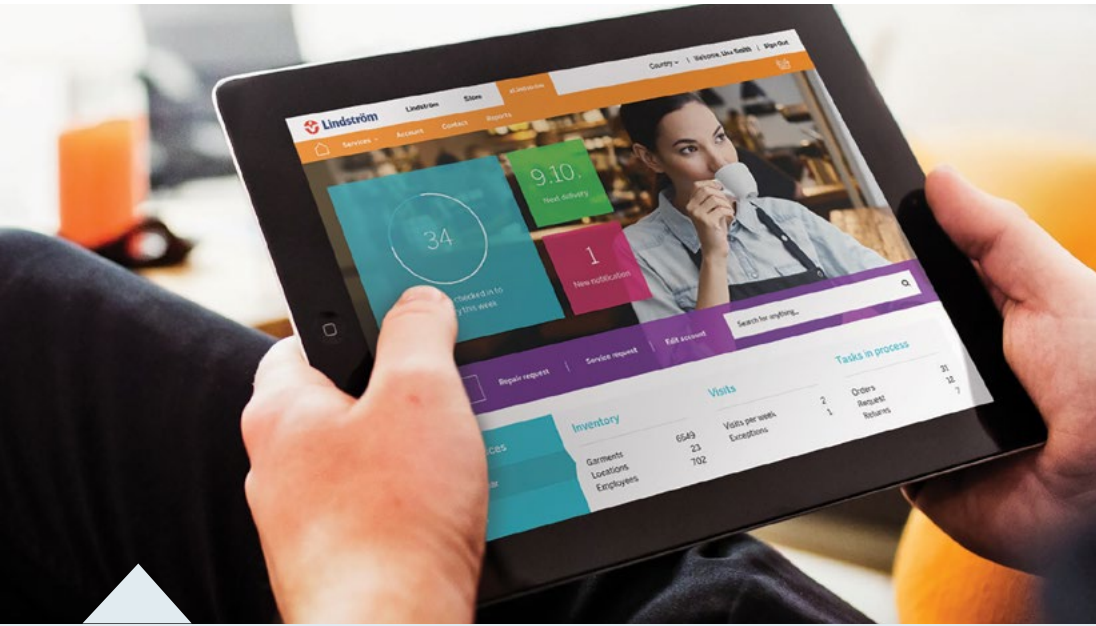
EQUITY TO ASSETS RATIO, %



WORKING CAPITAL AND % OF TURNOVER



CASE STORIES



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](#)

Making managing workwear easier

The Katriina hospital in Vantaa, Finland has been utilising the Workwear Flex Solution since November 2021 with promising results. The Workwear Flex service uses intelligent technology to make sure there is always enough clean workwear available in a customer’s onsite workwear storage. Our customers can easily monitor the amount of workwear in stock, in use, and in the laundry, and adjust it as needed.

The service was a solution to the challenges the hospital was facing. Due to an increased number of temporary workers and employee turnover, ensuring the right amount of clothing from one day to another was challenging. Incorrect quantities of garments led to certain sizes running out quickly, or even missing entirely after the weekend shifts. This, in turn, led to employees storing extra work clothing in their closets to ensure that a change of clothes in the right size or colour was at hand when needed. All this made managing workwear a tricky matter. The Flex system offered the hospital the solution to keep track of garments more easily, and to manage as well as monitor their usage and hygiene level in a simple manner, ensuring that all employees had access to clean garments of the right size, at the right time.

[Read the full story on our website](#)



Strengthening our ability to serve customers in China

There is a growing demand in China for a sustainable workwear solution which also meets international hygiene and safety standards. To serve our current and future customers better, we have strengthened our position in China via acquisition and investments.

We acquired the Chinese operations and personnel of the textile rental company AlSCO to serve our customers in a wider geographical area. “One of the key benefits is the know-how and experience of 110 new employees joining our organisation,” says **Dennis Chan**, the Managing Director of Lindström China.

We also opened a new service centre in Wuhan that continues the consistent development of more sustainable service. It has solar panels and steam generators that reduce the emissions from energy consumption. It has a series of water treatment systems, and an electric van that delivers garments to customers.

[Read the full story on our website](#)



Organisation

Board of Directors
Management Team

70
71



Organisation

Lindström is a family-owned company with its head office located in Helsinki, Finland. Our operations are led through global and regional functions. The role of local units and regions is strong in decision-making, which is to make decisions close to the customers. The global functions support regions as well as provide guidelines and global goals that set the direction for the entire Group. Our biggest service line is workwear, which is available in all of our countries of operation. We have Mat services in most European countries. All decisions on a national-level service offering are made locally.

Description of corporate governance structure

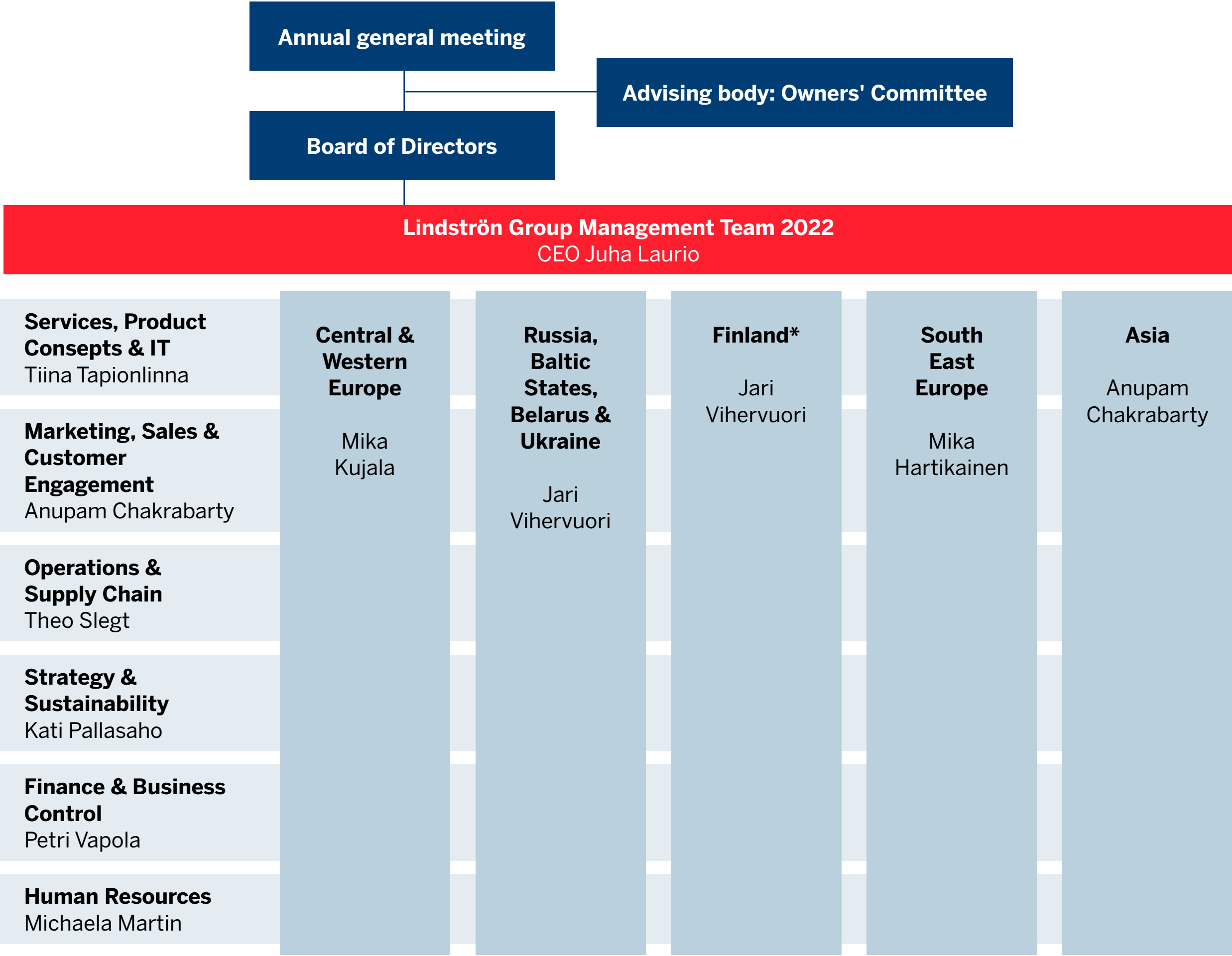
The Annual General Meeting is the highest decision-making body. The Owners' Committee has four members and it is an advisory body for the Board of Directors.

The Board of Directors has the ultimate responsibility to oversee the organisation's operations and its management. The Group Management Team is responsible for management and practical implementation of the organisation's operations.

Nomination and selection of highest governance body

The Owners' Committee is responsible for searching for Lindström's Board members and proposing them to the Annual General Meeting. In addition to the stakeholders mentioned above, the

chairman of the board and the CEO are involved in the selection process. Members are elected to the board based on their expertise and competencies relevant to the current business strategy and impacts of Lindström Group. In the selections, geography is also considered, i.e., the members of the board represent the geographical areas where we do business.



*As of 1 January 2023, Finland, the Baltics and Ukraine were united into one region led by Jari Vihervuori due to the withdrawal from Russia and Belarus.

Board of Directors on 31 December 2022



Standing from the left:

EDDY CHAN, Member of the Board
Starting year at the Board: 2020

PETTERI KOUSA, Member of the Board
Starting year at the Board: 2017

EVA NEDELKOVA, Member of the Board
Starting year at the Board: 2022

HARRI-PEKKA KAUKONEN, Chairman of the Board
Starting year at the Board: 2015

HANNA KIVELÄ, Member of the Board
Starting year at the Board: 2022

Sitting from the left:

MAX RAUTIAINEN, Member of the Board
Starting year at the Board: 2014

ANNE KORKIAKOSKI, Vice Chairman of the Board
Starting year at the Board: 2014

Stakeholder representation: owner family members
Petteri Kousa and **Max Rautiainen**

Independent members (who are neither Lindström employees nor shareholders): **Harri-Pekka Kaukonen**, **Eddy Chan**, **Anne Korkiakoski**, **Hanna Kivelä**, and **Eva Nedelkova**.

The chair of the highest governing body is not a senior executive of Lindström. The significant positions and commitments as well as the competencies of the Board of Directors can be found on our [Group website](#).

Group Management Team on 31 December 2022



Standing from the left:

TIINA TAPIONLINNA

Senior Vice President, Services, Product Concepts & IT

JUHA LAURIO

President & CEO

ANUPAM CHAKRABARTY

Senior Vice President, Asia and Marketing,
Sales & Customer Engagement

MIKA KUJALA

Senior Vice President, Central & Western Europe

MICHAELA MARTIN

Senior Vice President, Human Resources

MIKA HARTIKAINEN

Senior Vice President, South East Europe

Sitting from the left:

THEO SLEGT

Senior Vice President, Operations & Supply Chain

PETRI VAPOLA

Chief Financial Officer

KATI PALLASAHO

Senior Vice President, Strategy & Sustainability

JARI VIHERVUORI

Senior Vice President, Finland, Russia, Baltic States,
Belarus & Ukraine, Managing Director of Comforta



Reporting

| | |
|---|----|
| GRI content index | 73 |
| Reporting principles and data collection | 85 |
| Independent accountant's assurance report | 88 |
| Services | 90 |
| Contacts | 91 |



GRI content index

Statement of use: Lindström Group has reported in accordance with the GRI Standards for the period 1 January 2022 – 31 December 2022. GRI 1 used: GRI 1: Foundation 2021
Sector standard for Textiles and Apparel was not available at the time of preparation of report and therefore not applicable for Lindström.

| GRI STANDARD | DISCLOSURE | LOCATION | ADDITIONAL INFORMATION | OMISSION |
|---------------------------------------|--|--|---|--|
| General disclosures | | | | |
| GRI 2: General Disclosures 2021 | 2-1 Organizational details | p. 2 / About this report p. 90 / Services | Lindström Group, i.e. Lindström Oy is a privately owned company. The location of the headquarters is Helsinki, Finland. | |
| | 2-2 Entities included in the organization's sustainability reporting | p. 2 / About this report | | |
| | 2-3 Reporting period, frequency and contact point | p. 90 / Services p. 91 / Contacts | The reporting period for both sustainability and financial reporting is 1st January 2022 to 31st December 2022. | |
| | 2-4 Restatements of information | GRI content index | The 2021 figures presented under GRI 302: Energy 2016 are more extensive compared to the laundry history data reported in the environmental data table. The reporting capabilities have improved since Sustainability Report 2021 was published and the full data of the Cintas operations (acquired in 2020) are included in these GHG & GRI calculations. | |
| | 2-5 External assurance | p. 2 / About this report p. 14 / Management of sustainability p. 88 / Independent accountant's assurance report | The shareholders of the parent company nominate the auditors. EY organisation has been appointed as the group auditor of the Lindström Group. | |
| | 2-6 Activities, value chain and other business relationships | p. 4 / Lindström in brief p. 13 / Value creation p. 16 / Engaging with shareholders p. 56–57 / Desired partner: sustainable supply chain and partnerships p. 90 / Services | | |
| | 2-7 Employees | p. 26–29 / Lindströmers in figures 2022 p. 82 / Reporting principles | Numbers are reported in head count. | Information incomplete. Group level information concerning non-guaranteed hours employees unavailable but we are committed to developing the reporting for the coming years. |
| | 2-8 Workers who are not employees | GRI content index table | Workers who are not employees are most commonly working with delivery services (subcontracting) or in production (agency worker). | Information unavailable. Information about workers who are not employees has not been systematically collected. Reporting will be improved for 2023. |
| | 2-9 Governance structure and composition | p. 69–71 / Organisation p. 14–15 / Management of sustainability p. 29 / Lindströmers in figures 2022 Group website: https://lindstromgroup.com/management/#board | | |
| | 2-10 Nomination and selection of the highest governance body | p. 69–70 / Organisation | | |

| GRI STANDARD | DISCLOSURE | LOCATION | ADDITIONAL INFORMATION | OMISSION |
|--|--|--|---|--|
| GRI 2: General Disclosures 2021 | 2-11 Chair of the highest governance body | p. 69–70 / Organisation | | |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | p. 14 / Management of sustainability | | |
| | 2-13 Delegation of responsibility for managing impacts | p. 14 / Management of sustainability | | |
| | 2-14 Role of the highest governance body in sustainability reporting | p. 14 / Management of sustainability | | |
| | 2-15 Conflicts of interest | p. 14 / Management of sustainability. Website: https://lindstromgroup.com/management/#board | The Board of Director members are presented and accepted in annual general meeting and no conflicts of interests were occurred. There are no controlling shareholders as Board members. Board of Director members are not included into the related party transaction -analysis. See also the introductions of Board of Directors in our website, including memberships in other companies and previous positions & competencies. | |
| | 2-16 Communication of critical concerns | GRI content index | Critical concerns are reported for Group Management Team. Lindström Group did not have critical concerns raised the during reporting period. | |
| | 2-17 Collective knowledge of the highest governance body | p. 14 / Management of sustainability | | |
| | 2-18 Evaluation of the performance of the highest governance body | p. 14 / Management of sustainability | | |
| | 2-19 Remuneration policies | | | All requirements omitted due to confidentiality constraints. Lindström considers the information confidential. |
| | 2-20 Process to determine remuneration | | | All requirements omitted due to confidentiality constraints. Lindström considers the information confidential. |
| | 2-21 Annual total compensation ratio | | | All requirements omitted due to confidentiality constraints. Lindström considers the information confidential. |
| | 2-22 Statement on sustainable development strategy | p. 5–6 / Interview with CEO and SVP Strategy and Sustainability p. 14–17 / Management of sustainability p. 10–11 / Sustainability at the core of the strategy | | |
| | 2-23 Policy commitments | p. 15 / Management of sustainability | | |

| GRI STANDARD | DISCLOSURE | LOCATION | ADDITIONAL INFORMATION | OMISSION |
|---------------------------------------|---|---|--|---|
| GRI 2: General Disclosures 2021 | 2-24 Embedding policy commitments | p. 14–17 / Management of sustainability | | |
| | 2-25 Processes to remediate negative impacts | | | Information unavailable. Description of processes to remediate negative impacts incomplete. We are looking to improve reporting for 2023. |
| | 2-26 Mechanisms for seeking advice and raising concerns | p. 15 / Management of sustainability p. 25 / Fair employment builds long-term value Whistleblowing channel: https://lindstromgroup.com/whistleblowing/ | For raising concerns and seeking advice employees can also contact their own line manager or his/her line manager, local HR Manager or HR Partner. | |
| | 2-27 Compliance with laws and regulations | GRI content index table | There were no significant instances of non-compliance with laws and regulations during the reporting period. | |
| | 2-28 Membership associations | p. 17 / Management of sustainability | | |
| | 2-29 Approach to stakeholder engagement | p. 16 / Management of sustainability: Engaging with stakeholders | | |
| | 2-30 Collective bargaining agreements | GRI content index table | 30% of employees are covered in collective bargaining agreements at the end of December 2022. The working conditions and terms of employees who are not under any bargaining agreement are determined by local legislation and group policies. | |
| Material topics | | | | |
| GRI 3: Material Topics 2021 | 3-1 Process to determine material topics | p. 18 / Key themes of sustainability | | |
| | 3-2 List of material topics | p. 19 / Key themes of sustainability | There has not been changes in the list of material topics compared to the previous reporting period. | |
| Economic performance | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | p. 19 / Key themes of sustainability p. 18 / Management of sustainability p. 11 / Strategy progress p. 62–63 / Getting stronger: Achieving profitable growth | | Management of material topics not fully responding to all criteria in the GRI 2021 for 3-3. |

| GRI STANDARD | DISCLOSURE | LOCATION | ADDITIONAL INFORMATION | OMISSION |
|---|--|--|------------------------|---|
| GRI 201: Economic Performance 2016 | 201-1 Direct economic value generated and distributed | p. 13 / Value creation p. 61–65 / Getting stronger | | |
| | 201-2 Financial implications and other risks and opportunities due to climate change | | | Information unavailable. In 2022 we identified the most relevant ESG risks. We will work with the identified risks and continue to further develop the ESG risk management process and reporting in 2023. |
| | 201-3 Defined benefit plan obligations and other retirement plans | | | Not applicable. Percentages of salary contributed by employee and employers follow local legislation and varies country by country. |
| | 201-4 Financial assistance received from government | | | Information unavailable. Lindström Group does not collect this information systematically. |
| Anti-corruption | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | p. 18–19 / Key themes of sustainability p. 15 / Management of sustainability: Anti-corruption policies p. 56–57 / Sustainable supply chain and partnerships | | |
| | 205-1 Operations assessed for risks related to corruption | p. 15 / Management of sustainability: Anti-corruption policies | | |
| | 205-2 Communication and training about anti-corruption policies and procedures | p. 15 / Management of sustainability: Anti-corruption policies | | Information incomplete. Total numbers and percentages not available as our current system does not support the reliable reporting of the trainings. In the future, the renewed HR system will allow more systematic reporting and follow-up of the refresher trainings. We will also improve our documentation on risks of corruption in the coming year. |
| | 205-3 Confirmed incidents of corruption and actions taken | p. 15 / Management of sustainability: Anti-corruption policies | | |
| Materials | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | p. 35–38 / Textile waste recycling is taking fast track p. 18–19 / Key themes of sustainability p. 14–17 / Management of sustainability p. 11 / Strategy progress | | |

| GRI STANDARD | DISCLOSURE | LOCATION | ADDITIONAL INFORMATION | OMISSION |
|--------------------------------|--|--|--|---|
| GRI 301: Materials 2016 | 301-1 Materials used by weight or volume | | | Information unavailable. As a provider of textile services, we interpret that this standard's requirements refer to all textiles used in providing the service on reporting year. We have the data of purchased textiles in 2022, but do not have exact data of all the products in circulation and their material content. |
| | 301-2 Recycled input materials used | | | Information unavailable. The amount of purchased workwear fabrics in which recycled fibres are used (based on 2021 data) reported. Reporting will be improved during 2023 for all product groups. |
| | 301-3 Reclaimed products and their packaging materials | | | Not applicable. Our business is based on circular economy and textile rental. We do not sell products and have reclaimed products as such. |
| Energy | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | p. 41–50 / Towards net–zero emissions: Energy p. 18–19 / Key themes of sustainability p. 14–17 / Management of sustainability p. 11 / Strategy progress | | |
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organization | p. 46 / Towards net–zero emissions: Energy consumption within the organization table | | |
| | 302-2 Energy consumption outside of the organization | | | Information unavailable. Downstream transportation is an outsourced service, which is tightly in connection with the service provided to our customers. Downstream transportation has been calculated based on kilometres driven, so we do not have exact energy consumption data in kWhs. Decreasing energy consumption in other phases of value chain is also important on our journey towards net zero emissions, but data availability is currently poor. |
| | 302-3 Energy intensity | p. 47 / Towards net–zero emissions: Energy intensity table | Intensity reported in two ways: 1) all energy used in Lindström Group 2) only laundry operations | |

| GRI STANDARD | DISCLOSURE | LOCATION | ADDITIONAL INFORMATION | OMISSION |
|-----------------------------------|--|---|------------------------|---|
| | 302-4 Reduction of energy consumption | | | Information unavailable. In 2022, there were no major energy reduction actions. Consumption of oil decreased by 357 MWh. In 2023 we will put more focus on energy reductions & renewable energy sources to reach annual -7% GHG emissions reduction target. |
| | 302-5 Reductions in energy requirements of products and services | | | Not applicable. We do not produce products which use-phase energy usage would differ from similar textile products as such. |
| Water and effluents | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | p. 39–40 / Ensuring sustainable water management p. 18–19 / Key themes of sustainability p. 14–17 / Management of sustainability p. 11 / Strategy progress | | |
| GRI 303: Water and Effluents 2018 | 303-1 Interactions with water as a shared resource | p. 39–40 / Ensuring sustainable water management | | |
| | 303-2 Management of water discharge-related impacts | p. 39 / Ensuring sustainable water management: Managing wastewater in a responsible way | | |
| | 303-3 Water withdrawal | | | Information incomplete. Lindström Group does not collect information about breakdown of water sources systematically but is looking to improve reporting for 2023. |
| | 303-4 Water discharge | | | Information unavailable. Currently only withdrawn water is measured. Approximately 10% of withdrawn water evaporates in the laundry process. |
| | 303-5 Water consumption | | | Information unavailable. Currently only withdrawn water is measured. Approximately 10% of withdrawn water evaporates in the laundry process. |
| Emissions | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | p. 41–50 / Towards net zero emissions p. 18–19 / Key themes of sustainability p. 14–17 / Management of sustainability p. 11 / Strategy progress | | |

| GRI STANDARD | DISCLOSURE | LOCATION | ADDITIONAL INFORMATION | OMISSION |
|--------------------------------|---|--|--|---|
| GRI 305: Emissions 2016 | 305-1 Direct (Scope 1) GHG emissions | p. 41–45 / Towards net zero emissions p. 48 / Direct (Scope 1) GHG emissions table p. 86 / Reporting principles | Emissions reported in three ways: 1) Lindström Group 2) only laundry operations 3) only PRODEM garment manufacturing | |
| | 305-2 Energy indirect (Scope 2) GHG emissions | p. 41–42 / Towards net zero emissions p. 48 / Energy indirect (Scope 2) GHG emissions table p. 86 / Reporting principles | Emissions reported in three ways: 1) Lindström Group 2) only laundry operations 3) only PRODEM garment manufacturing | |
| | 305-3 Other indirect (Scope 3) GHG emissions | p. 41–44 / Towards net zero emissions p. 48 / Other indirect (Scope 3) GHG emissions table p. 86 / Reporting principles | | |
| | 305-4 GHG emissions intensity | p. 49 / GHG emissions intensity table p. 86 / Reporting principles | Intensity reported in two ways: 1) all Lindström Group operations & value chain included 2) only laundry operations & customer deliveries included | |
| | 305-5 Reduction of GHG emissions | p. 41–49 / Towards net zero emissions GRI content index | Energy indirect (Scope 2) GHG emissions reductions (-1,200 t CO ₂ e = - 7.3%), achieved by switching to renewable sources. | |
| | 305-6 Emissions of ozone-depleting substances (ODS) | | | Not applicable. Emissions of ozone-depleting substances (ODS) are connected to cooling only and amounts are extremely low. Emissions are noticed under "Refrigerants" in Scope 1 emissions already. |
| | 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | | | Information unavailable. No reliable emission factors available. Reporting capabilities should be improved in the coming years. |
| Waste | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | p. 18–19 / Key themes of sustainability p. 14–17 / Management of sustainability p. 11 / Strategy progress p. 35–38 / Textile waste recycling is taking the fast track | | |
| GRI 306: Waste 2020 | 306-1 Waste generation and significant waste-related impacts | p. 35–38 / Textile waste recycling is taking the fast track | | Information incomplete. Lindström Group does not collect information about waste related impacts systematically but is looking to improve reporting for 2023. |

| GRI STANDARD | DISCLOSURE | LOCATION | ADDITIONAL INFORMATION | OMISSION |
|---|--|---|---|--|
| | 306-2 Management of significant waste-related impacts | p. 35–38 / Textile waste recycling is taking the fast track | | Information unavailable. Lindström Group does not collect this information systematically, but is looking to improve reporting for 2023. |
| | 306-3 Waste generated | p. 50 / Environmental data table | | |
| | 306-4 Waste diverted from disposal | p. 50 / Environmental data table | | |
| | 306-5 Waste directed to disposal | p. 50 / Environmental data table | | Information incomplete. Lindström Group does not collect information about disposal methods of hazardous waste systematically but is looking to improve reporting for 2023. Hazardous waste is collected by authorized waste management companies and disposed according to local legislation. |
| Supplier environmental assessment | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | p. 56–57 / Sustainable supply chain and partnerships p. 18–19 / Key themes of sustainability p. 14–17 / Management of sustainability p. 11 / Strategy progress | | |
| GRI 308: Supplier Environmental Assessment 2016 | 308-1 New suppliers that were screened using environmental criteria | p. 56–57 / Sustainable supply chain and partnerships | In 2022, some of our new suppliers were evaluated based on social and environmental criteria. | Information unavailable. Lindström Group does not collect this information systematically, but is looking to improve reporting for 2023. |
| | 308-2 Negative environmental impacts in the supply chain and actions taken | | | Information unavailable. Lindström Group does not collect this information systematically but is looking to improve reporting for 2023. |
| Employment | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | p. 25 / Fair employment builds long-term value p. 18–19 / Key themes of sustainability p. 14–17 / Management of sustainability p. 11 / Strategy progress | | |
| GRI 401: Employment 2016 | 401-1 New employee hires and employee turnover | p. 27 / Lindströmers in figures 2022 p. 82 / Reporting Principles | Numbers are reported in head count. | |
| | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | | | Information unavailable. Lindström Group does not collect this information systematically, but is looking to improve reporting for 2023. |

| GRI STANDARD | DISCLOSURE | LOCATION | ADDITIONAL INFORMATION | OMISSION |
|--|---|--|---|--|
| | 401-3 Parental leave | | | Information unavailable. Our current system does not support reliable reporting. New integrated HR and learning management system will be launched in 2023, and it will allow more systematic reporting. |
| Labor/management relations | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | p. 25 / Fair employment builds long-term value | | |
| GRI 402: Labor/Management Relations 2016 | 402-1 Minimum notice periods regarding operational changes | GRI content index | In significant operational changes we are following notice periods defined in local legislation or in collective bargaining agreements. | |
| Occupational health and safety | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | p. 21 / Passion to improve p. 23–24 / Holistic approach to health & safety p. 18–19 / Key themes of sustainability p. 14–17 / Management of sustainability p. 11 / Strategy progress | | |
| GRI 403: Occupational Health and Safety 2018 | 403-1 Occupational health and safety management system | p. 21 / Passion to improve p. 22–23 / Holistic approach to health & safety | | |
| | 403-2 Hazard identification, risk assessment, and incident investigation | p. 21 / Passion to improve p. 23–24 / Holistic approach to health & safety | | |
| | 403-3 Occupational health services | p. 21 / Passion to improve p. 23–24 / Holistic approach to health & safety | | |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | p. 21 / Passion to improve p. 23–24 / Holistic approach to health & safety | | |
| | 403-5 Worker training on occupational health and safety | p. 21 / Passion to improve p. 23–24 / Fostering a strong safety culture p. 24 / Learning & development facilitates innovation | | |

| GRI STANDARD | DISCLOSURE | LOCATION | ADDITIONAL INFORMATION | OMISSION |
|--------------------------------------|---|--|--|--|
| | 403-6 Promotion of worker health | p. 23–24 / Holistic approach to health & safety | | Information unavailable. There are local sports and wellbeing activities and other ways to promote worker health, but currently there is no group-wide policy on this topic. |
| | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | p. 23–24 / Holistic approach to health & safety | | |
| | 403-8 Workers covered by an occupational health and safety management system | | | Information unavailable. All own employees are covered by occupational health and safety management system. Currently no reliable Group-level data available on workers who are not employees. |
| | 403-9 Work-related injuries | p. 23–24 / Holistic approach to health & safety | | Information incomplete. Information is not available for workers who are not employees. |
| | 403-10 Work-related ill health | | | Information unavailable. Currently no reliable group-level data available. |
| Training and education | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | p. 18–19 / Key themes of sustainability p. 14–17 / Management of sustainability p. 11 / Strategy progress p. 24 / Learning & Development facilitates innovation | | |
| GRI 404: Training and Education 2016 | 404-1 Average hours of training per year per employee | | | Information unavailable. Our current system does not support reliable reporting. Our new integrated HR and learning management system will be launched in 2023, and it will allow more systematic reporting. |
| | 404-2 Programs for upgrading employee skills and transition assistance programs | p. 24 / Learning & Development facilitates innovation. GRI content index | Lindström Group does not have specific transition assistance programs. | |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | | | Information unavailable. Our current system does not support reliable reporting. Our new integrated HR and learning management system will be launched in 2023, and it will allow more systematic reporting. |

| GRI STANDARD | DISCLOSURE | LOCATION | ADDITIONAL INFORMATION | OMISSION |
|--|--|---|-------------------------------------|--|
| Diversity and equal opportunity | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | p. 25 / Fair employment builds long-term value p. 18–19 / Key themes of sustainability p. 14–17 / Management of sustainability p. 11 / Strategy progress | | |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees | p. 29 / Lindströmers in figures 2022 | Numbers are reported in head count. | |
| | 405-2 Ratio of basic salary and remuneration of women to men | | | Information unavailable. Lindström Group does not collect this information systematically. The company will start data collection and reporting in 2023. |
| Non-discrimination | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | p. 25 / Fair employment builds long-term value See also Lindström Code of Conduct: https://lindstromgroup.com/code-of-conduct/ | | |
| GRI 406: Non-discrimination 2016 | 406-1 Incidents of discrimination and corrective actions taken | p. 25 / Fair employment builds long-term value | | |
| Freedom of association and collective bargaining | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | p. 25 / Fair employment builds long-term value See also Lindström Code of Conduct: https://lindstromgroup.com/code-of-conduct/ | | |
| GRI 407: Freedom of Association and Collective Bargaining 2016 | 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | | | Information unavailable. We have stated about freedom of association and collective bargaining in Lindström Code of Conduct, which applies to all Lindström employees and suppliers. Further information on Group and supplier level is unavailable. |

| GRI STANDARD | DISCLOSURE | LOCATION | ADDITIONAL INFORMATION | OMISSION |
|--|--|--|--|--|
| Child labor | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | p. 25 / Fair employment builds long-term value See also Lindström Code of Conduct: https://lindstromgroup.com/code-of-conduct/ | | |
| GRI 408: Child Labor 2016 | 408-1 Operations and suppliers at significant risk for incidents of child labor | GRI content index | We have not recognized our operations and suppliers to have significant risk for incidents of child labor. | |
| Forced or compulsory labor | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | p. 25 / Fair employment builds long-term value | See also Lindström Code of Conduct: https://lindstromgroup.com/code-of-conduct/ | |
| GRI 409: Forced or Compulsory Labor 2016 | 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor | GRI content index | We have not recognized our operations and suppliers to have significant risk for incidents of forced or compulsory labor. | |
| Supplier social assessment | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | p. 56–57 / Sustainable supply chain and partnerships | | |
| GRI 414: Supplier Social Assessment 2016 | 414-1 New suppliers that were screened using social criteria | p. 56–57 / Sustainable supply chain and partnerships | In 2022, some of our new suppliers were evaluated based on social and environmental criteria. | Lindström Group does not collect this information systematically, but is looking to improve reporting for 2023. |
| | 414-2 Negative social impacts in the supply chain and actions taken | p. 56–57 / Sustainable supply chain and partnerships | | Information unavailable. Lindström Group does not collect this information systematically, but is looking to improve reporting for 2023. |

Reporting principles and data collection

Passion to Improve

The figures only pertain to Lindström’s internal work-force and does not include any external workforce or contractors. When calculating the number of employees in total, by gender, by employment type, by employee role and by age distribution, the Lindström HR system (PersonecHR) has been used as the source of data. Figures include all active employments at the end of year.

The total number of sick leave hours, theoretical and actual working hours and overtime hours have been collected by the local HR department. The source of data is primarily the local payroll system. The number of safety observations and accidents have been collected from the Lindstrom AMT tool, except in Finland, where the number of accidents has been collected from the local insurance company. The injury rate includes all accidents causing one or more days absence due to accident divided by 1,000,000 working hours (LTI1).

The Voice of Employee results, including Voice of Employee indexes and eNPS, have been calculated and reported using the 2022 Lindström Voice of Employee (VoE) survey.

Desired Partner

Voice of Customer and Voice of Partner data comes from a survey made by WheelQ. Customer data and product data comes from CRM and ERP systems.

Getting Stronger

Financial indicators covered by this report are as in Lindström Group’s audited financial statements 2022. The financial data has been collected via Lindström’s internal reporting systems.

Care for the Planet

Due to the lack of reliable data, environmental data and greenhouse gas emissions do not include AlSCO operations, which were acquired in China in August 2022. Environmental data like washed kilograms, amounts of waste and usage of water, energy, detergents, and chlorine are collected from the monthly environmental reports of the laundries and garment factories (Prodems). The Tableau Software reporting system is used to combine this data. Delivery kilometres by vehicle type are collected from regions with a collecting table.

Amounts of purchased textiles are collected from the purchasing reporting tool Powered and completed with manual data received from some areas ordering the textiles outside of Powered. Product weight data is taken from the Data Warehouse and DW source in turn is the Product Lifecycle Management, PLM Software. Repaired amounts of textiles are collected and calculated from productivity reports of the laundries.

Effluent is calculated based on wastewater measurement analyses results and yearly laundry specific water consumption. Wastewater results from different sites are combined to get complete data from the whole group. Laundries located in areas of high and extremely

high water stress is defined by entering the site coordinates based on addresses into WRI’s (World Resources Institute) Aqueduct tool (available at <https://www.wri.org/aqueduct>). Information on water recycling practices in the laundries were collected using an Excel questionnaire.

There is uncertainty in the reported amount of sludge and sand as the yearly variation seems uncharacteristically big in some laundries. However, the reporting practices concerning waste data (hazardous waste, sludge and sand, wood) and overall reporting in Bradford UK IWS have improved during 2022. As a result of technical issues, the reporting in Bradford is more manual compared to other locations, but this issue should be solved during 2023. Reporting practices concerning chlorine consumption have also improved in all our laundries.

All GHG emissions calculations have been done following the GHG Protocol Guidelines for Scope 1, 2 and 3 accounting. Particularly for emissions associated with the category Upstream Transportation and Distribution, the GLEC Framework has run the approach to calculations methodology. Whereas the category Investments and the corresponding emissions have been calculated following the methodology developed by the Partnership for Carbon Accounting Financials (PCAF). The covered greenhouse gasses of the Kyoto Protocol are extensive, and include carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PCFs), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃). The carbon foot-

print includes 11 out of 15 Scope 3 categories. Our consolidation approach for emissions is operational control.

The data used for calculating the GHG emissions and the GRI standards “GRI 302: Energy 2016” and “GRI 305: Emissions 2016” is more extensive for the year 2021 compared to the laundry history data reported in the environmental data table and Sustainability Report 2021. The reporting capabilities have improved since Sustainability Report 2021 was published and the full data of the Cintas operations (acquired in 2020) are included in these GHG & GRI calculations.

The emission factors for “GRI 305: Emissions 2016” been recovered from various sources and are described in detail in the following table:

Reporting principles

| Scope | Category | Emission factor sources |
|-------|---|--|
| 1 | Mobile Combustion | Activity data was recovered for each service unit. Included GHG: CO ₂ , CH ₄ , N ₂ O. The emission factor is an average of gasoline/petrol and diesel, choosing an unknown car from UK BEIS (2022a). Other significant air emission factors have been recovered from SSB (2022), calculating an average of gasoline/petrol and diesel. |
| 1 | Refrigerants | Activity data was recovered for each service unit. Included GHG: HFC, PFC. Ozone depleting potentials (ODP) equivalents have been recovered from HRAI (2019). |
| 1 | Stationary Combustion | Activity data was recovered for each service unit. Included GHG: CO ₂ , CH ₄ , N ₂ O. Other significant air emission factors have been recovered from SSB (2022), the EEA (2019) and UK BEIS (2022b). |
| 2 | Electricity (location-based) | Activity data was recovered for each service unit. Emission factors were recovered at the country level from Ember (2022), CT (2022), and UK BEIS (2022). Included GHG: CO ₂ , CH ₄ , N ₂ O. |
| 2 | Electricity (market-based) | Activity data was recovered for each service unit. Emission factors were recovered at the country level from AIB (2022) and IEA (2022 b). Included GHG: CO ₂ , CH ₄ , N ₂ O. |
| 2 | Heating & Steam | Activity data was recovered for each service unit. Included GHG: CO ₂ , CH ₄ , N ₂ O. Emission factors have been recovered from UK BEIS (2022a). |
| 3 | Purchased goods and services Capital goods | <p>Purchased goods and services” and “Capital goods categories” have been calculated using expenditure data reported in EUR. A full - worldwide coverage - life cycle approach was considered using an environmentally extended multi-regional input-output model (EE-MRIO) (EXIOBASE v3.8.2, 2021). Calculations have been done following the traditional Leontief model applicable to EE-MRIO, where the total final demand vector (Y) has been replaced by the expenditure data reported by Lindström Group, the Leontief (L) matrix is calculated using data from EXIOBASE v3.8.2, where the emissions vector (b) reflects the industry/product global recipe (snapshot) for a given year.</p> <p>EQ 1: $E = b' * L * Y$</p> <p>Prior to applying this method, a bridging between the data reported by Lindström Group and the different categories was applied. This bridging consisted of a full reclassification based on the International Standard Industrial Classification of All Economic Activities (ISIC), rev 4. UN (2008).</p> <p>Given that EXIOBASE is limited to 44 countries and 5 worldwide regions, for the missing reporting countries a regional intensity factor was considered, taking into account the United Nations and EXIOBASE native country classification.</p> <p>Included GHG: CO₂, CH₄, N₂O, HFC/PFC, SF₆.</p> |
| 3 | Fuel- and energy-related activities | Scope 1 and 2 energy consumption data was considered. For each energy source category, a specific emission factor was used (UK BEIS, 2022a). For electricity both well-to-tank (WTT) and transmission and distribution (T&D) emissions were calculated, whereas for the rest only well-to-tank emissions. Included GHG: CO ₂ , CH ₄ , N ₂ O. |
| 3 | Upstream transportation and distribution | Activity data was recovered for each service unit. Three calculation approaches were followed in line with the GLEC Framework (Smart Freight Centre, GHG Protocol, Global Logistics Emissions Council, 2022) to calculate the GHG emissions. First, cases in which suppliers provided activity data (logistics) and associated GHG emissions. Second, cases in which suppliers provided activity data and distances or distance estimations, the corresponding emission factor for the specific mode of transport was used. Third, whenever supplier logistics data was not provided, GHG emissions have been calculated following the haversine distance method (I.Y. Davydenko et al., 2021; European Standard, 2012) utilizing a compound emission factor that accounts for the proximity of suppliers to buyers. The compound emission factor hence reflects differences in logistics choices. Included GHG: CO ₂ , CH ₄ , N ₂ O. |

| Scope | Category | Emission factor sources |
|-------|--|--|
| 3 | Waste generated in operations | Waste data was reported at the facility and country level, with a common classification across countries. For the known waste management practices for the different wastes, a specific emission factor was used. For the unknown management practices for specific wastes, based on governmental statistics an equal based approach was used to allocate waste to different compartments (e.g., incineration, landfill, recycling) for which a specific emission factor was applied. Included GHG: CO ₂ , CH ₄ , N ₂ O. |
| 3 | Business travel | Business travel followed the approach used for the categories Purchased goods and services and Capital goods. Included GHG: CO ₂ , CH ₄ , N ₂ O, HFC/PFC, SF ₆ . |
| 3 | Employee commuting | Employee commuting has been calculated using the on-line tool available from the GHG Protocol and developed by Quantis (2021), based on the total headcount. Included GHG: CO ₂ , CH ₄ , N ₂ O. |
| 3 | Upstream leased assets | Two approaches have been followed. The first one consisted of recovering actual electricity and heating expenditure data from Lindström Group operations at the country level, which was later used to calculate energy consumption based on country-specific energy prices. The second consisted of recovering the total square meters of leased facilities, to which an energy intensity (IEA 2022a) value was applied. For both approaches, GHG emissions have been calculated based on the recovered energy values utilizing the same emission factors used for Scope 1 and Scope 2. Included GHG: CO ₂ , CH ₄ , N ₂ O. |
| 3 | Downstream transportation and distribution | Specific distances and mode of transportation were recovered on a year-round basis. Hence, the total travelled distance was used with emission factors from various sources (UK BEIS 2022a; JRC, 2014: Smart Freight Centre, GHG Protocol, Global Logistics Emissions Council, 2022). Whenever information on the actual load and the fuel type were available, these criteria were used, else an average load and unknown fuel emission factors were applied. Included GHG: CO ₂ , CH ₄ , N ₂ O. |
| 3 | End-of-life treatment of sold products | This category concerns with all those textiles that are not sold but leased and managed by Lindström Group, as well for all textiles residues from PRODEM facilities. As of now, textile waste follows two pathways: recycling and incineration, for which specific emission factors have been used. |
| 3 | Investments | Associated emissions follow the methodology for carbon accounting in the finance sector (PCAF, 2022) and include the Scope 1, 2 and 3 GHG emissions of companies of which Lindstrom Group has corporate bonds. For other investments assets, intensity emission factors have been recovered directly from asset managers. |

Independent accountant’s assurance report

(Translated from the original report in Finnish language)

To the Management of Lindström Oy

Scope

We have been engaged by Lindström Oy (hereafter Lindström) to perform a ‘limited assurance engagement,’ as defined by International Standards on Assurance Engagements, hereafter referred to as the engagement, to report on Lindström’s Sustainability Report 2022 (the “Subject Matter”) for the period 1.1–31.12.2022.

Criteria applied by Lindström

In preparing the Subject Matter, Lindström applied the Global Reporting Initiative Sustainability Reporting Standards and Lindström’s own internal reporting principles (Criteria). As a result, the subject matter information may not be suitable for another purpose.

Lindström’s responsibilities

Lindström’s management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY’s responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* (‘ISAE 3000’), and the terms of reference for this engagement as agreed with Lindström on 3.12.2021. ISAE 3000 standard require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and

procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management’s internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Sustainability Report 2022 and related information, and applying analytical and other appropriate procedures.

Our procedures included:

- a) Updating our understanding of Lindström’s material sustainability reporting topics, organization and activities,
- b) An assessment of the suitability and application of the reporting principles regarding the stakeholders’ needs for information,
- c) Interviews with senior management to understand Lindström’s corporate responsibility leadership,
- d) Interviews with personnel responsible for gathering and consolidation of the corporate responsibility information to update understanding of the systems, processes and controls related to gathering and consolidating the information,
- e) Assessing corporate responsibility data from internal and external sources and checking the data to reporting information on a sample basis to check the accuracy of the data,
- f) Performing recalculation of reported information and evaluating the correctness of underlying data and narrative disclosures.

We also performed such other procedures as we considered necessary in the circumstances.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Sustainability Report 2022 for the period 1.1–31.12.2022, in order for it to be in accordance with the Criteria.

Restricted use

This report is intended solely for the information and use of Lindström and is not intended to be and should not be used by anyone other than Lindström.

Ernst & Young Oy

29.3.2023
Helsinki

Juha Hilmola
Partner, Authorized Public Accountant

Nathalie Clément
Leader of Climate Change and Sustainability Services

Services

| | Workwear | Cleanroom | Mats | Hotel Textiles | Restaurant Textiles | Industrial Wipers | Washroom | Healthcare textiles |
|-----------------|----------|-----------|------|----------------|---------------------|-------------------|----------|---------------------|
| Bulgaria | ● | | ● | | | | | |
| China | ● | ● | ● | | | | | |
| Croatia | ● | | ● | | | | | |
| Czech Republic | ● | | ● | | | ● | | |
| Estonia | ● | | ● | ● | ● | ● | ● | ● |
| Finland | ● | ● | ● | ● | ● | ● | ● | ● |
| Germany | ● | | | | | | | |
| Hungary | ● | | ● | | | | | |
| India | ● | ● | | | | | | ● |
| Kazakhstan | ● | | | | | | | |
| Latvia | ● | | ● | | | ● | | |
| Lithuania | ● | | ● | | | ● | ● | |
| Poland | ● | | ● | | | | | |
| Romania | ● | | ● | | | | | |
| Russia (*) | ● | ● | ● | ● | ● | | | |
| Serbia | ● | | ● | | | | | |
| Slovak Republic | ● | | ● | | | ● | | |
| Slovenia | ● | | ● | | | | | |
| South Korea | ● | | | | | | | |
| Sweden | ● | | | ● | ● | | | ● |
| Türkiye | ● | | ● | | | | | |
| Ukraine | ● | | ● | | | | | |
| United Kingdom | ● | | | | | ● | | |

* The withdrawal from Russia is expected to be completed in 2023. Belarus is not included in the table anymore because the withdrawal was completed in December 2022.

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Lindström Group Companies 2022
OOO Lindström, Russia
Lindström Oü, Estonia
Lindström SIA, Latvia
Lindström Kft, Hungary
Lindström Prodem Hungary Kft, Hungary
Lindström s.r.o, Czech Republic
Lindströn s.r.o., Slovakia
Lindström UAB, Lithuania
Lindström d.o.o., Slovenia
Lindström Ltd, United Kingdom
Enviro Wipes UK Ltd, United Kingdom
United Eco Services 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, Türkiye
FLLC Lindström, Belarus*

Lindström d.o.o., Croatia
Lindström LLP, Kazakhstan
Lindström doo, Serbia
Lindstrom Korea COL LTD , South Korea
Lindstrom Prodem SIA, Latvia
Comforta Oy, Finland
Comforta AB, Sweden
Lindström Åland Ab, Finland, Åland
Lindstrom (Shanghai) Co., Ltd, China
Lindstrom (Beijing) Co., Ltd., China
Lindstrom Textile Leasing Service (Chengdu) Co., Ltd, China
Lindström (Suzhou) Enterprise Service Co., Ltd, China
Lindstrom (Tianjin) Enterprise Service Co., Ltd, China
Lindstrom (Guangzhou) Enterprise Service Co., Ltd, China
Lindström China Holding Limited , China**
Alsco HK Limited, China
Lindström (Suzhou) Co., Ltd, China
Lindström (Guanzhou) textile Leasing Service Co., Ltd, China
Lindstrom (Wuhan) Enterprise Service Co., Ltd.
Lännen Tekstiilihuolto Oy, Finland
Nykypesu Oy, Finland***
Pohjolan Tekstiilipalvelu, Finland ****

* Divestment of FLCC Lindström has been finalized in December 2022
** Cintas China Holding Limited name has been changed to Lindström China Holding Limited
*** Nykypesu Oy, Finland has been merged with Lindström Oy, Finland during financial year 2022.
**** Pohjolan Tekstiilipalvelu, Finland was acquired and merged with Comforta Oy, Finland during financial year 2022.

Project team

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Tekir Oy

Assurance:

Ernst & Young

