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SUSTAINABILITY REPORT



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CEO'S year in review

At Lindström, responsibility begins in small, everyday tasks. It is included in our values and is an integral part of all our operations. For us, responsibility means taking care of the environment, purchasing, customers, personnel and all our other stakeholders.

I am proud to say that year 2015 was also marked by continued steps towards growth and internationalisation. We established a subsidiary in South Korea and opened new service centres in Kazakhstan, India and China. It has also been a great honour to serve an increasing number of customers.

As a responsible company, we want to ensure a sustainable foundation for the growth of our operations also in the future. It is important to look ahead and ensure that we can produce responsible services designed to customer needs even for years to come.

One of the greatest efforts of the last year was our joint strategy work. All of

the personnel were involved in the work. During the process, we looked together to year 2020. The goal was to paint a picture of how our operating environment will change, which opportunities it will offer us, and what we could do to further improve our service for our customers. We were able to gather perspectives and ideas for our new strategy from hundreds of employees across the organization in 23 countries.

During the strategy work, we updated our targets for corporate responsibility. We strive to be a great workplace and the best service company: we want to be a partner with whom customers enjoy working and developing new ideas. We aim to lead the way by boldly experimenting with new technologies and digital solutions together with customers, bringing added value to their operations.

As a responsible service provider, we also make every effort to ensure that our customers receive textiles punctually and the service is produced even closer to the customer. In 2015, we already took major steps in developing our purchasing, and efforts will continue also during the current year.

However, in order to reach the growth targets defined in our vision we need above all engaged employees. Therefore we will continue to invest in the wellbeing and competence development of our personnel. We believe that only satisfied and engaged employees can achieve excellent customer experiences.

A warm thank you for 2015!

Juha Laurio
President & CEO
Lindström Group



Creating value for customer in everything we do

Vision 2020

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

Mission

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

Values

Profitable growth

Lindström's operations are cost-conscious and cost efficient – this guarantees profitable growth. Different projects are prioritized by management according to the overall benefit to the company. Every project must support Lindström's vision. Decisions are made on a long-term basis, and resources are allocated for supporting growth.

Responsibility

Lindström takes into account the financial, social and environmental influences of its operations. Lindström operates fairly, observes laws and regulations and respects local cultures. As an employer, Lindström is fair and responsible. We require that our suppliers and partners adhere to the same principles.

Long term customer relationships

Genuine partnership requires mutual trust, continuous development of operations and mutual benefit in business. Lindström listens to its customers, anticipates the customer's needs and offers competitive services. We react immediately, with thought, to customer demands.

Enthusiasm and the joy of learning

Good leadership and management, encouraging feedback and training ensure continuous development of Lindström and its personnel. Open, interactive communication generates a good atmosphere for innovations and promotes successful implementation.



Lindström 2015

Together towards the new vision period

In 2015, Lindström fixed its gaze on the future, envisioning the company's operating environment and conditions for 2020. We invited our personnel to take part in strategy work in order to create a broader view of the company's operations and opportunities.

A total of 300 people at Lindström took part in online and face-to-face working groups, which involved outlining changes in the operating environment and ensuing challenges and potential. Also Lindström's current strengths and factors that allow us to meet customer needs in the future were specified.

Over a thousands perspectives and comments were used as a basis for charting a vision for the future. We unlocked hundreds of existing strengths and future development targets. Key future trends for the company include:

- Digitalisation
- Transforming nature of competition
- Asia and the developing world
- Competition for experts
- Changing customer needs

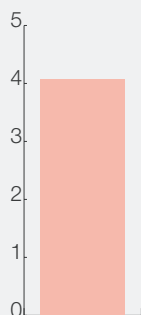
300

people from Lindström took part in creating the strategy. Thousands of ideas arose during the strategy work.

To fulfil the strategy, working groups were in place to create a set of development programmes, which will support addressing challenges during the next five-year period.

Striving to be the best service company

Our main target is to create value for customer in everything we do. As we believe only satisfied and motivated personnel are able to produce an excellent customer experience, our strategy will focus on the quality of management and supervision as well as on identifying and developing competence. We want to ensure that everyone at Lindström enjoys their work and finds inspiration in daily challenges. ●



Customer satisfaction

4.07
scale of 1-5

24

operating countries

100,000

corporate clients

Personnel



3,200

people at Lindström



53%

EA subsidiaries

Key events of the year

- Vision and strategy work
- South Korea as a new country of operation
- New service centres in India, China, Kazakhstan and Finland
- Launching Mat Services in Turkey and Croatia
- Launching Shop Towel Services in Lithuania
- Acquisitions in Finland, Croatia, Serbia and the Czech Republic

| | Workwear Services | Mat Services | Hotel Textile Services | Restaurant Textile Services | Personal Protective Equipment Services | Shop Towel Services | Hygiene Services |
|----------------|-------------------|--------------|------------------------|-----------------------------|--|---------------------|------------------|
| Belarus | | | | | | | |
| Bulgaria | | | | | | | |
| China | | | | | | | |
| Croatia | | | | | | | |
| Czech Republic | | | | | | | |
| Estonia | | | | | | | |
| Finland | | | | | | | |
| Germany | | | | | | | |
| Great Britain | | | | | | | |
| Hungary | | | | | | | |
| India | | | | | | | |
| Kazakhstan | | | | | | | |
| Latvia | | | | | | | |
| Lithuania | | | | | | | |
| Poland | | | | | | | |
| Romania | | | | | | | |
| Russia | | | | | | | |
| Serbia | | | | | | | |
| Slovakia | | | | | | | |
| Slovenia | | | | | | | |
| South Korea | | | | | | | |
| Sweden | | | | | | | |
| Turkey | | | | | | | |
| Ukraine | | | | | | | |

Turnover
302
EUR million

Equity Ratio
80%

38% EA subsidiaries
62% Finland



Lindström's impact

1 Customer – We create value for customers in all that we do

The core task of a service company is to produce outstanding customer experience: to meet and even exceed customer needs. We strive to support our customers' operations and develop suitable service solutions.



We provide our customers with the latest expertise in workwear and interior textiles. We also oversee the quality of the services and products we produce.

Our responsible working methods mean that customers are able to leave ethical textile purchasing, efficient use of materials, extending product life and responsible disposal to us. Textile rental is a waste-free solution.

2 Industry and development – We develop operations together with customers



We develop operations by testing new ideas and service models together with our customers. We are open to experimenting with latest technology and digital solutions. We stay in tune with latest developments, and engage in creating regulations and legislation in the industry.

Our product development takes new materials and their suitability for textile services into consideration. Our longstanding history, large customer volume and broad experience provide us with vision and expertise for the needs of diverse sectors.

Expertise
Functional service models and
High-quality products
Positive customer attitude
Smooth collaboration
Good management

**= EXCELLENT
CUSTOMER
EXPERIENCE**



*The average mileage of transporting Lindström's textiles amounted to **200** metres per kilo of textiles washed.*



3

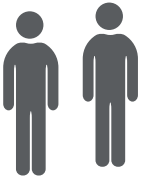
People – We employ thousands of people both directly and indirectly

We employ 3,200 people in our own operations and hundreds indirectly through our partners and subcontractors.

We operate in small units close to our customers. We employ local workforce and recruit management locally, which provides us with a thorough knowledge of our market, customers and their operating conditions.

We ensure good working conditions for our personnel and comply with local legislation in all of our countries of operation. We provide our employees with opportunities to develop their competence and influence their own work.

We instruct our personnel to operate in accordance with legislation and ethical practices. We require our partners to operate as responsibly as we do ourselves.



4

Supply chain and product liability – Instructed and monitored operations

Our textiles are manufactured by long-term partners in Europe, Africa and Asia. Selecting our partners complies with criteria that minimize risk in corporate responsibility and ethical operations.

Our supply chain is constructed in a way that ensures that customers receive textiles according to the agreed time and quality. Responsibility is governed by our Code of Conduct, the fulfilment of which is monitored on a regular basis. Our products are manufactured according to our own product and material specifications, which fulfil the preconditions and safety requirements of different sectors. Product quality and compliance undergo regular testing.



5

Environment – We produce services by minimizing environmental impacts

Rental textiles are a responsible service compared to other solutions. Large customer volumes ensure optimized raw material acquisition, material and product choices suitable for each sector and recycle of existing textile products. Our service centres are located in industrial hubs close to customers, keeping delivery distances to a minimum. Also textile maintenance is optimised. We make use of latest technology that optimises the consumption of water, detergents and energy considerably more efficiently than household machines. The cleanliness of textiles and wastewater quality are monitored, while hazardous waste is disposed of responsibly.



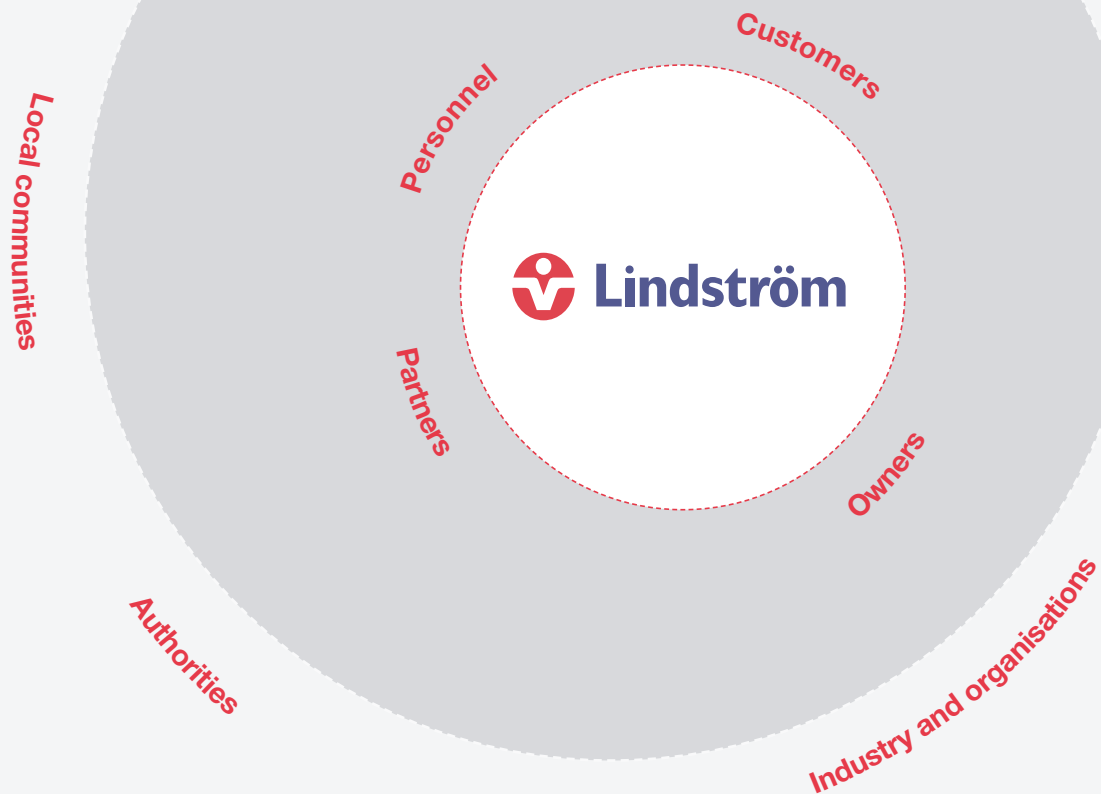
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Society – We are a responsible operator and societal influencer

We operate in 24 countries with local employees. We understand our market and develop our services accordingly. We take care of taxes and other obligations to public authorities. We collaborate with local authorities in matters applicable to our operations.

Stakeholders

Lindström's stakeholders include those involved in daily operations and instances that Lindström impacts or that impact Lindström.



Owners

The company is in the ownership of the Roiha family in the third, fourth and fifth generation. Lindström's owners have a crucial role in developing the company and creating the value basis. Owners expect the company to operate profitably, responsibly and in accordance with its values. The owners are represented on the company's Board of Directors.

Personnel

An excellent customer experience is produced by satisfied personnel. The company focuses on creating a good working atmosphere, developing management, professional development, and job circulation and offering interesting career development opportunities. Job and employer satisfaction among personnel is monitored through development discussions and annual surveys.

Customers

Lindström strives to be the best service company. Customer satisfaction with the company's services is monitored through a customer experience survey and an annual service culture survey, which compares the level of customer satisfaction with personnel satisfaction.

Lindström's new strategy has a focus on developing services. Development work is carried out together with customers, and new operating models are tested in genuine customer use before deciding on their adoption.

Partners

Lindström employs hundreds of partner companies through its operations. The company favours long-term partnerships with operational quality and reliability as priorities. The company requires responsible operations from its partners and monitors their fulfilment.

Industry and organisations

Lindström is a member of the Finnish Family Firms Association, the Confederation of Finnish General Industry and the Confederation of Finnish Industries. Experts at Lindström participate in numerous working groups that promote the industry, regulations and legislation, both nationally and internationally.

The company is a member of the European Textile Service Association (ETSA), the Group's President & CEO Juha Laurio serving as the chairman of ETSA during the 2014-2017 period.

Local communities and authorities

Lindström is a significant employer in a number of locations, collaborating locally with different authorities. In each country of operation, Lindström takes care of its obligations to public authorities in accordance with applicable legislation. ●

CASE

Lindström clothes Atria

A joint pilot project in smart textile management was launched in June by Lindström and food company Atria. The project makes use of radio-frequency identification, tracking tags attached to workwear. The technology allows to monitor the circulation and volume of workwear delivered by Lindström also in Atria's own premises. A total of 30,000 workwear garments are in circulation. The jointly developed garment range caters for the clothing needs of 2,000–2,700 Atria employees.

Employees having clothing that allows them to work well and safely served as a starting point for the pilot project. The lifecycle of workwear can be monitored in a completely new way with the availability of accurate information on how often an item of clothing has been used, washed and maintained.

“Knowing the whereabouts of items of workwear and thus also their need means that no one has to worry whether clean workwear is available at the start of a shift,” explains **Ralf Tupeli**, Procurement Director at Atria.



Picture: Atria Oyj

*According to Atria's Quality Manager **Anne Hirvelä**, in addition to ensuring food safety, workwear needs to be functional and comfortable in challenging working conditions.*



Picture: Atria Oyj

Partnership and responsibility make a difference

In the food industry, the main function of workwear is to protect food products. Workwear needs to correlate with the industry's high hygiene standards.

Also responsibility counts. “It is important for Atria that all suppliers operate responsibly, taking care of their financial, social and environmental obligations. Also public reporting increases reliability,” says **Anne Hirvelä**, Quality Manager at Atria. In addition, long-term partnership plays a role. “It makes a difference for Atria that new solutions are developed for key workwear needs in longstanding partnership,” Hirvelä adds.

According to Hirvelä, in addition to ensuring food safety, workwear needs to be functional and comfortable in challenging working conditions. Clothing needs to protect employees from moisture and the cold, while being breathable and pleasant to wear. High-quality, suitable workwear improves wellbeing and work itself. ●

UNICEF

Health and safety for children in India – Lindström’s longstanding **UNICEF** partnership bearing fruit.



Lindström wants to take responsibility in the communities in which it operates. Lindström has operated in India since 2007, which also marks the start of its partnership with UNICEF Finland. Lindström is one of the main sponsors of the WASH programme (Water, Sanitation and Hygiene), which aims to promote health, safety and education among children in India through clean water, proper sanitary facilities and improved hygiene. Long-term efforts have born fruit and made a difference in the lives of as many as 10 million schoolchildren.

Clean water, good hygiene and sanitary facilities have significant health impacts. Child mortality continues to be high in India, with every one in ten deaths resulting from illnesses caused by poor hygiene. Clean water and good hygiene improve children’s health and reduce child mortality.

Appropriate sanitary facilities also promote equality, as girls no longer need to drop out from school as teenagers because they are able to tend to their hygiene during the school day. They do not need to worry about harassment, as using the sanitary facilities is safe.

Children of Rajasthan making a difference

The third phase of the WASH programme began in Rajasthan in 2015. The programme covers 750 schools and 93,000 schoolchildren, who in turn reach the lives of 30,000 families. ●

Anita, Naina, Sonal, Neha, Shivadeeya and Aasha from Bhuwali Upper Primary School in Dungarpur. The sanitary facilities constructed for the school have had a major significance in the lives of the girls. Without decent facilities, teenage girls often drop out of school.

Shared goal

The UN General Assembly has recognised clean water and sanitation as human rights. Also the Indian government shares the objectives of the WASH programme, and UNICEF’s efforts are greatly appreciated. The ambitious aim of the government is to secure a WC for each home and school by 2019, which means building a total of 60 million toilets during the next five years. Collaboration makes the change possible.

Morning gathering at Bhuwali school in Dungarpur. Five-year-old boy Vishal sitting at the front. Vishal’s school is one of the WASH programme pilot schools, offering a functional hand washing area and separate toilets for girls and boys. A main element of the programme is to boost the opportunities of teachers, school administration and children to maintain the WASH facilities and good hygiene practices. Children have an important role as change agents in their own communities, spreading the message of good hygiene and shaping practices and attitudes. In the past year, half of the homes in Vishal’s village have been equipped with a proper toilet, the rest of the residents receiving theirs in the next few months.



Renuka helps little Angel wash her hands at Kalasuwa Fala primary school in Udaipur. The school has a special children's council made up of children in the 3rd, 4th and 5th grades, with Renuka as the current water minister.



11-year-old Hetal having a glass of water at Goth Mahud Upper Primary School in Dungarpur. 5th grader Hetal is the minister of culture on the children's council and dreams of one day becoming a teacher. Ensuring clean drinking water is one of the aims of the WASH programme.



*Long-term efforts have born fruit
and made a difference in the lives of
as many as*

10

million schoolchildren.

FINANCE

2

Financial responsibility

At Lindström, financial responsibility refers to producing added value for owners, personnel, customers, partners and society. The company aims for strong, profitable growth. In accordance with the vision drawn up in 2015, the Group's turnover will amount to EUR 500 million in 2020.

During the last two decades, Lindström has significantly expanded operations geographically. The company is established and often the market leader in its older countries of operation, while in its new operating countries, the company operates on a market where the textile service is unknown. Hence, the company's challenge is twofold: to succeed on a market with a great deal of competition, and introduce the textile service to new markets.

According to the strategy defined in 2015, growth will be sought through a focus on acquisitions and investing in the operating conditions of sales. As a strategic initiative, especially strengthening the supply chain has a direct impact on the company's economy, as textile purchases comprise one of the largest purchasing items in relation to both currency and turnover. ●



Growth

In 2015, Group turnover increased by 0.2 per cent on the previous year at EUR 302 million (EUR 301 million in 2014). The parent company's turnover amounted to EUR 165 million (EUR 164 million in 2014). The share of European and Asian subsidiaries of Group turnover in 2015 totalled EUR 113.7 million, or 37.7 per cent (EUR 112 million, or 37.1% in 2014).

In 2015, the Group's operations were mainly slowed down by the significantly weakened exchange rate on the Russian and Ukrainian market. Nevertheless, Lindström was able to increase its operations in all other markets when measured in euro. During the financial year, growth was supported by business and corporate acquisitions in Serbia, Croatia, the Czech Republic and Finland. Subsidiaries were established in 2015 in South Korea and Latvia.

Profitability

The Group's profit before taxes amounted to EUR 27.2 million (EUR 31.5 million in 2014). The parent company's profit before extraordinary items, appropriations and taxes totalled EUR 30.3 million (EUR 39.1 million in 2014).

The Group's profitability weakened during the financial period mainly as a result of a rise in material and personnel expenditure. The rise in personnel expenditure is in line with the growth in personnel numbers. The Group made significant textile purchases at the end of the year, which contributes to the decrease in profitability in 2015.

Investments and acquisitions

The Group's net investments during the financial period totalled EUR 22.1 million (EUR 16.2 million in 2014).

The Group's investments grew as planned on the previous year. The company's investments mainly comprise expanding services in new areas or expanding and modernising existing service centres.

Major investments of the parent company included the expansion and modernisation of laundries in Vantaa and Nurmo.

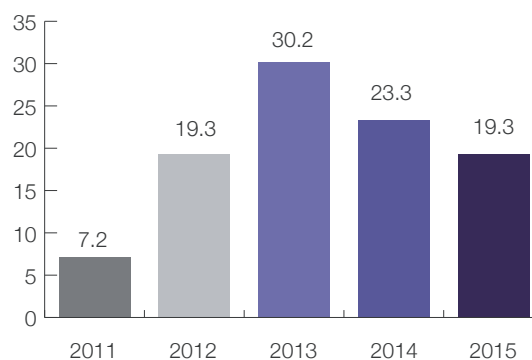
New service centres were established in China, Kazakhstan, India and Finland. The Group carried out purchases at a total value of EUR 169 million, i.e. 56 per cent of turnover.

The main purchase items comprised product and material purchases and subcontractor services.

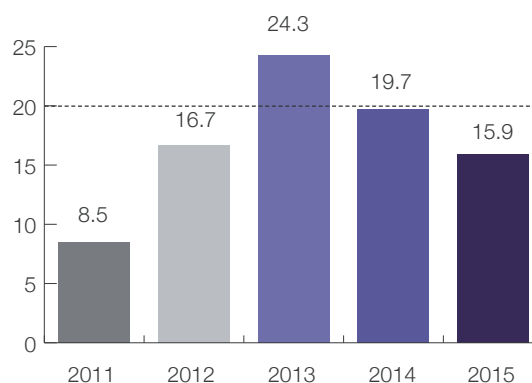
Turnover, MEUR/annual growth rate



Net profit, MEUR



Return on investment-%



Change in turnover % =

$$\frac{\text{turnover of the current year} - \text{turnover of the previous year}}{\text{turnover of the previous year}} \times 100$$

Net profit =

$$\frac{\text{profit of the fiscal year} \pm \text{taxes of the previous year} \pm \text{extraordinary items}}{\text{sum total of balance sheet}}$$

Quick ratio =

$$\frac{\text{financial assets}}{\text{short-term liabilities} - \text{prepayments}}$$

Return on investment % =

$$\frac{\text{net profit} + \text{taxes} + \text{financial expenses} \pm \text{exchange rate difference}}{\text{equity} + \text{liabilities at interest (average of last two fiscal years)}} \%$$

Equity ratio =

$$\frac{\text{equity}}{\text{sum total of balance sheet}} \%$$

Funding and liquidity

Lindström aims to finance growth primarily through income financing. The aim is to maintain equity ratio at a level of over 60 per cent. The 2015 equity ratio was 80 per cent.

The Group's liquidity remained at a good level throughout the financial year. The Group's bank loans in the consolidated financial statements are debts that have been negotiated for subsidiaries through the parent company.

Good liquidity ensures uninterrupted management of payment obligations and brings flexibility for acquisitions. The Group's liquidity is measured through quick ratio, which measures the company's ability to meet its short-term obligations with its most liquid assets.

In 2015, the company's quick ratio was 3.1, clearly exceeding the company's long-term goal of 1.2.

Obligations and developing operations

The company's development efforts are mainly targeted at modelling and developing service concepts and processes. Development work is also carried out in product design and purchasing.

Investments related to development are booked as operating expenses.

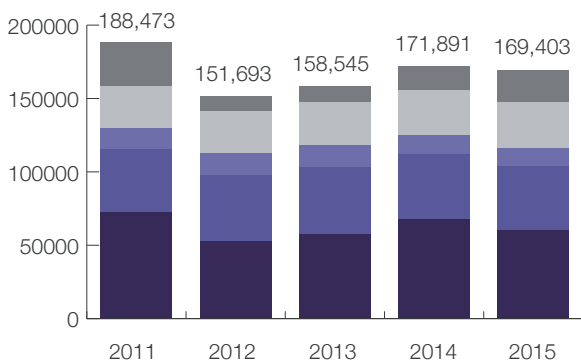
Launching an electronic invoice handling system in the countries of operation is underway, and will be continuing during 2016. Also reporting models were harmonised on Group level.

In 2015, Lindström Group paid a total of EUR 54.2 million in taxes and other obligations to public authorities (EUR 53.7 million in 2014). Of these, the parent company paid a total of EUR 32.0 million (EUR 30.8 million in 2014), comprising value added tax, income tax, operating taxes and withholding tax on wages and salaries.

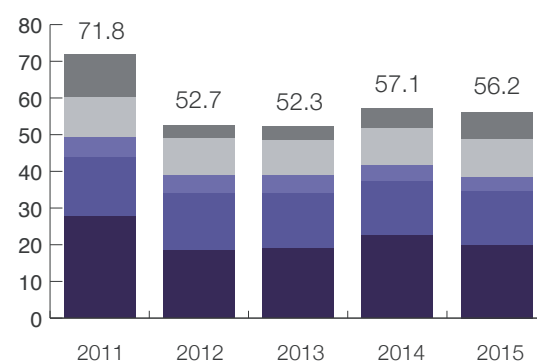
The Group's pension and social security payments amounted to EUR 19.3 million (EUR 18.8 million in 2014), of which the share of the parent company totalled EUR 10.9 million (EUR 10.3 million in 2014). ●



Purchased goods and services



Relative share of purchases of turnover %



Outlook for 2016

The Group has operations in countries with a heightened risk of exchange rate fluctuations. Also the unstable situation in Eastern Ukraine may cause regional risk for the organization of operations. However, on Group level the preconditions for operations have remained unchanged, and the turnover of the parent company and the Group on the whole is expected to grow. The company increasingly aims for growth through corporate acquisitions.

The Group's profitability can be ensured through active customer partnership and continuous enhancement of processes. Hence, profitability is anticipated to remain at the current level.

Investments in 2016 are expected to exceed those of 2015. In Finland, laundry machinery and service centres will be overhauled in Pieksämäki, Hämeenlinna, Luumäki and Koskelo. Main investments in subsidiaries focus on Latvia, Lithuania, UK, Hungary, Russia, China and India. ●



CASE Electrotek

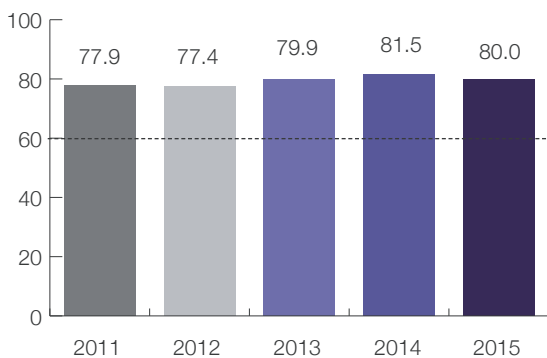
Electrotek is a leading manufacturer of antistatic clothing in India. The company's unit in Bengaluru manufactures garments solely for the needs of Lindström's customers. As a result of the partnership with Lindström, the Bengaluru unit has grown from a unit of 22 to a production plant employing 140 people.

"We mainly employ women, and for us it is a matter of honour to be able to offer enough work to secure their workplaces and livelihoods. We want our employees to produce high-quality products, which I believe will only happen through their wellbeing at work. We are currently in the process of expanding our production facilities, paying attention to the wellbeing of staff in the design", explains **T.K. Shankar**, Director of Electrotek.

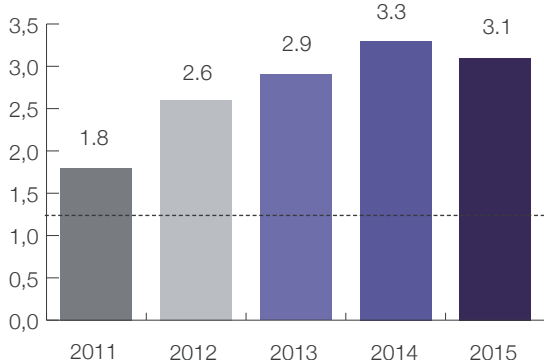
"We meet our contact persons at Lindström a few times a month for one or two days at a time to go through products, work methods and premises", says Shankar. "Together we develop our operations to correspond to Lindström's requirements as far as both corporate responsibility and product quality is concerned. Sometimes the targets are challenging, but our abilities and desire to develop are trusted."

"Electrotek is a typical Indian clothing manufacturer for Lindström. The supplier was selected according to strict criteria, and operations are monitored through close collaboration and regular audits", says Sourcing Director **Kristiina Tiilikainen**. "We are also glad to be involved in the development projects of our suppliers, such as the expansion of Electrotek's production facilities. We examined the plans together a year ago, and I just visited the plant to ensure the plans are being carried through as agreed", states Kristiina. ●

Equity ratio %



Quick ratio



T.K. Shankar believes that employee wellbeing ensures high quality.

ENVIRONMENT

3

Environment

Lindström takes care of its customers' textile acquisitions, lifecycle management and maintenance. By optimizing the acquisition of raw materials and the manufacture, transportation and maintenance of textiles according to the customer needs and the purpose of use, Lindström reduces the environmental impacts of customer textiles.

Lindström's service involves selecting the right textiles according to their purpose of use, which extends their lifecycle. Lindström also offers the possibility to recycle textiles among its corporate customers until the garment or mat reaches the end of its service life, and takes care

of their sustainable disposal either as an energy source or new product.

Lindström aims to reduce the environmental impacts of its textile service. The environmental impacts of corporate textiles are the result of washing and transportation during the lifecycle and servicing of textiles. Water consumption has been reduced significantly in the last five years as a result of developing washing methods, and the aim is to maintain water consumption at least at the current level. During the next five-year period, particular attention will be paid to energy consumption and reusing textile waste as new products or energy source. ●

Design and product development

Material efficiency, choice of material. Responsible use of natural resources in raw materials.

Manufacture

Only as necessary, ethical principles



In 2015
2.6
million kilos
of new textiles
were manufactured

Maintenance

Acknowledging product safety and quality, minimizing environmental impact

6.7
l/kg water

+

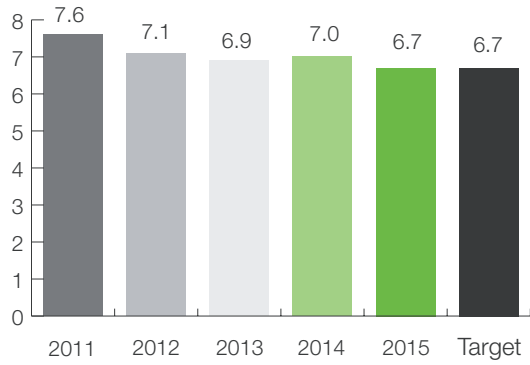
10.61
g/kg detergent

+

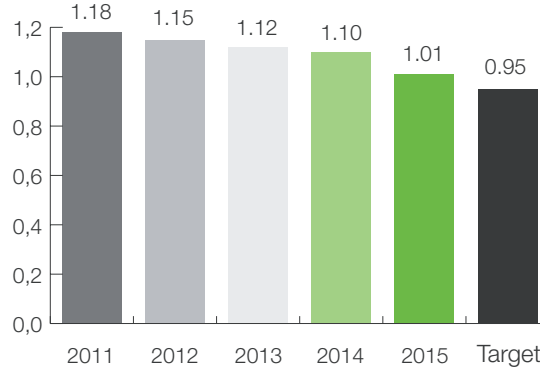
1.01
kWh/kg energy

Vision targets 2020

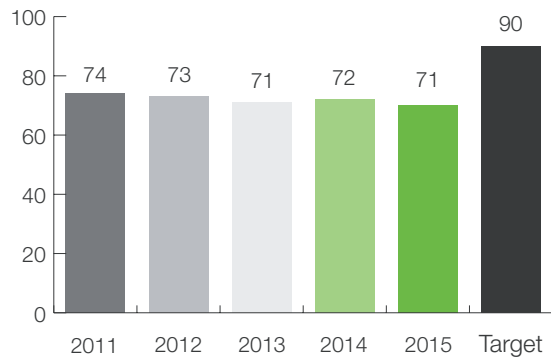
Water consumption (l/kg)



Energy consumption (kWh/kg)



Recovery rate of textile waste %



In 2015 we serviced

163

million kilos of textiles

60.5 million kilos of CO₂ emissions

+ 6.1 million kilos of waste

of which 1.2 million kilos of textiles

Disposal

Aiming for reuse and energy source

In 2015

71%

of disposed textiles recycled as new products or energy source

A focus on energy

Lindström had a particular focus on energy efficiency in 2015. As energy acquisitions form one of the Group's main purchasing items, energy efficiency has a direct impact on the profitability and pricing of the service. Energy efficiency allows to curb upward pressure on prices resulting from rising energy costs.

Lindström's total production has grown steadily, while energy consumption per maintained kilo of waste was reduced. By 2020, the company aims to cut down its energy consumption by 6 per cent.

Systematic development creates energy efficiency

The energy efficiency goal can be achieved through planned measures, in the next few years concentrating on the energy efficiency of real estate and heat recovery in the wash process.

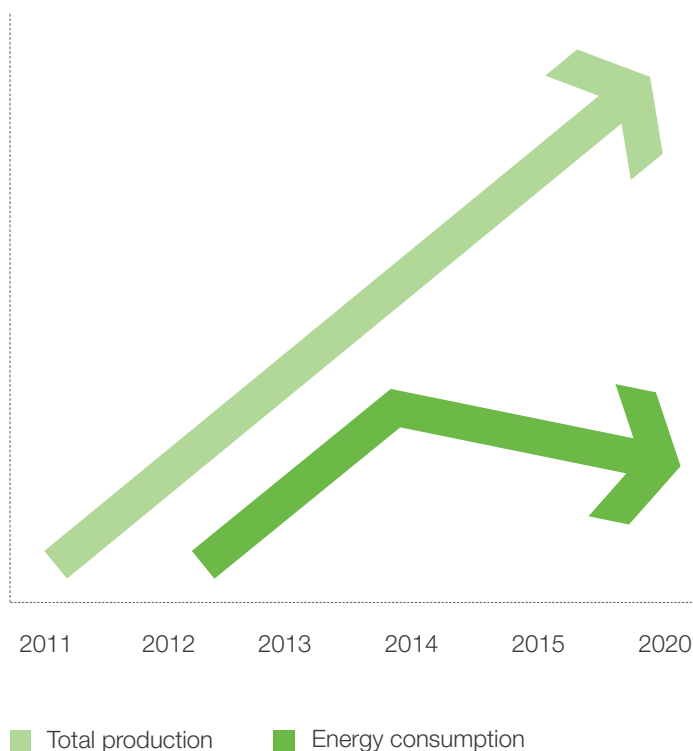
Advancements in heat recovery both from wash water and exhaust air of dryers have had a significant impact on the company's energy efficiency. In 2015, new heat recovery systems were installed in Estonia, Finland and Slovenia, and existing equipment was updated in Finland.

As the instalments and updates were carried out in the latter half of 2015, the annual energy saving rate has not been measured yet. However, the efficiency coefficient of heat recovery systems is 15-25 per cent, and repairs to existing systems are expected to achieve savings of approximately 10 per cent.

The energy efficiency of real estate has been examined through energy analyses. Fine-tuning the ventilation, heating and air conditioning of properties as well as adopting best practices have resulted in as much as 12 per cent in savings without extra investments. The energy analysis also pays attention to the energy efficiency of each facility.

Energy reviews are conducted in accordance with EU legislation. Lindström applies the Finnish Energy Efficiency Act in all of its operations, and in 2015, the Group's parent company in Finland satisfied the legal requirements. In 2015, the energy review was carried out in the entire parent company, while unit-specific reviews that cover 10 per cent of energy consumption were carried out in Lindström's Oulu unit and Comforta units in Tampere. Practices proven to be efficient according to the reviews will be applied in all of Lindström's units. ●

Development of energy consumption



CASE

Co-operation in textile sustainability with Nordic Choice Hotels

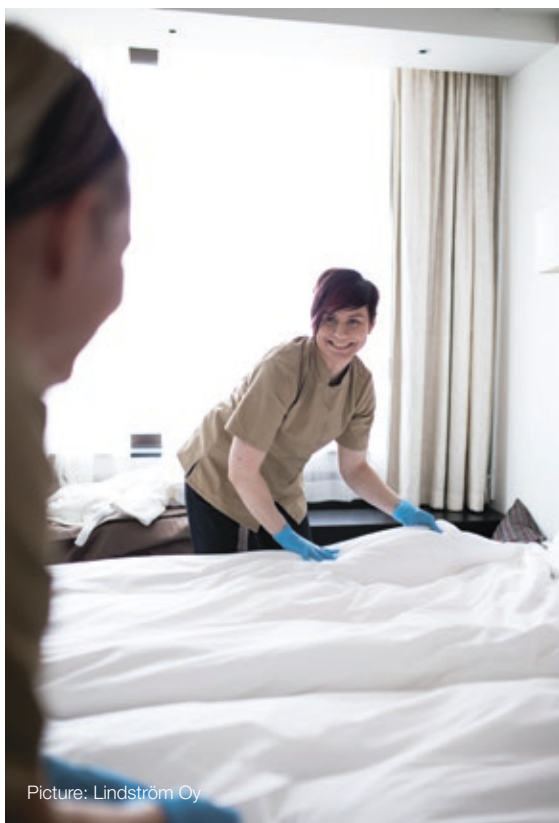
Sustainability has become an important issue and matter of reputation for hotels. Customers world-wide expect sustainable use of energy, water and textiles, as well as responsibility in supplier chain. "From all of our suppliers we require a written code of conduct, system of monitoring their supply chains and environmental programme to make sure of sustainable use of natural resources", says **Cathrine Dehli**, the Head of Sustainability of Nordic Choice Hotels. The hotel chain has three textile suppliers, two in Sweden and one in Norway.

"We are aware of the challenges in the field and have, with our suppliers, been analysing the sustainability chain of our textiles covering cotton growing, manufacturing, sewing, dyeing, transportation, use in the hotels as well as maintenance in the laundries and disposal of textiles out of use", explains Cathrine of the work done lately. Also the mixture of bed linen



"From all of our suppliers we require a written code of conduct, system of monitoring their supply chains and environmental programme to make sure of sustainable use of natural resources."

Picture: Nordic Choice Hotels



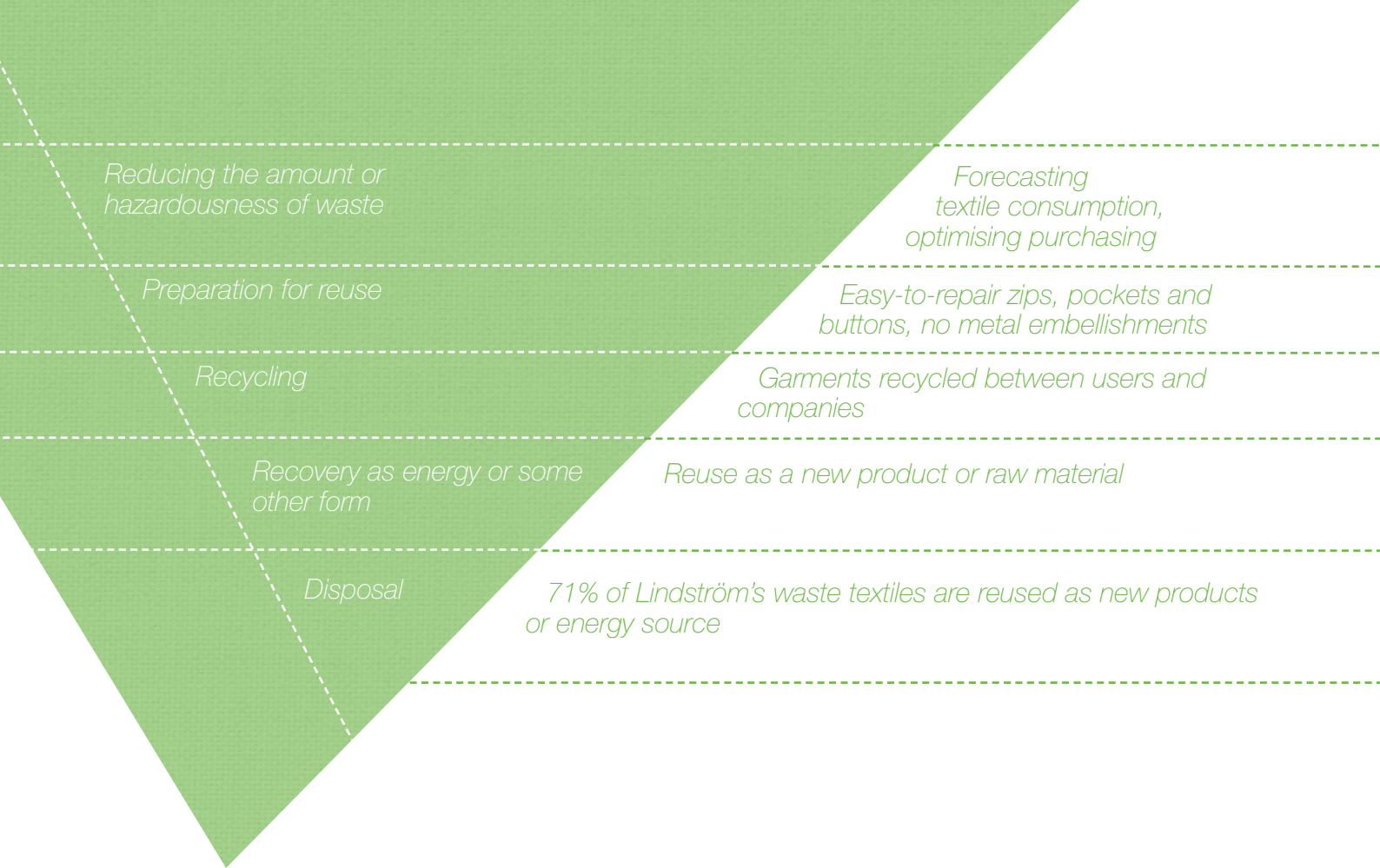
Picture: Lindström Oy

by adding polyester and reducing cotton has been under consideration. It would make the linen more sustainable, but also affects the look and feel of them.

Cathrine wants to emphasize that sustainability is a chain of considered actions. "Our customers need to leave textiles they don't want to be washed to racks, we have to leave textiles in racks to rooms and consider our own use of textiles. Our suppliers have to use the nature resources sustainably, wash and dry with as less energy and water as possible, and minimize the transportations. We don't require that everything is perfect but the attitude has to be open, and going forward", Cathrine sums up. ●

Nordic Choice Hotels is one of Lindström Groups customers in Sweden and among the largest hotel chains in Scandinavia. They have approximately 170 hotels in Scandinavia and in the Baltic and they employ over 12 000 people.

In Lindström bedsheets 20 000 000 nights are spent every year in Finland, Sweden, Estonia and Russia.



Reuse of textile waste poses a challenge

Lindström generated 1.2 million kilos in textile waste in 2015. The recovery rate of textile waste totalled 71 per cent; 100 per cent in Finland, and approximately 34 per cent in European and Asian subsidiaries. The company aims to increase the reuse rate to 90 per cent by 2020.

The vision target set five years ago for 2016 still remains valid. Finding ways to reuse textile waste especially in the European and Asian subsidiaries has proved challenging. As these regions' share of turnover increases, the textile waste recovery rate will decrease, unless the company manages to find an adequate amount of partners that treat textile waste.

The majority of Lindström's disposed textiles are made from a cotton/polyester blend, and include many manually removable parts, such as zips and snap fasteners. The current textile recovery solutions favour cotton and at least materials without metal elements.

Actively seeking solutions

Lindström has managed to find its own solutions and partners for the reuse of textiles, and negotiations on

new initiatives are constantly underway. However, the amount of textiles recycled through existing solutions is so insignificant that they have no clear impact on the company's recovery rate of textile waste.

The company considers chemical dissolving to be the most significant future method, whereby cotton and polyester could be recovered separately through a chemical process and turned into new raw material. Lindström closely monitors the Design World of Cellulose project of VTT Technical Research Centre of Finland, Aalto University and Tampere University of Technology, which involves developing new recycled textile fibre by means of dissolving. The methods are developed for the treatment of large volumes of waste.

Also the Finnish Environment Institution (SYKE) has raised chemical recycling as one solution for reusing textiles. According to the Institution, both reuse and recycle are better option for the environment than making use of textiles as energy, if they are able to reduce textile production from virgin materials. www.syke.fi ●



Picture: Stormie Poodle

CASE

Stormie Poodle

Swedish company Stormie Poodle manufactures children's clothing from recycled textiles. Lindström Group's subsidiary Comforta supplies Stormie Poodle with disposed terry cloth and bedding, which Stormie Poodle then uses to make children's clothes, terry cloth products and linen.

Bedding and terry cloth products used in hotels at the beginning of their lifecycle have been washed countless times, making them soft against a child's skin. The suitable pattern cutting method means that high-quality children's clothing can be manufactured even from disposed textiles.

Stormie Poodle manufactures its products in Latvia, where a share of the textiles is donated to the children at a local orphanage. ●

www.stormiepoodle.se



Picture: Stormie Poodle

CASE

Dafecor

Dafecor is a Finnish company that manufactures new products from waste generated from industry. Dafecor receives Lindström's disposed hotel bedding and terry cloth products as well as roll towels, and grinds them into textile pulp.

Dafecor manufactures new textiles from ground textile pulp for instance for insulation, upholstery and absorption. Textile blends are made from different grind qualities according to the purpose of use; for instance, fibres that absorb more liquid are used for absorption products, while upholstery fabric requires non-absorbent qualities.

Dafecor manufactures roll towels, absorption mats and oil absorbent booms as products for Lindström. In other words, Dafecor gives a new lease of life to Lindström's waste textiles as

new products for customers. This way, the originally acquired raw material is reused even after the original product has reached the end of its lifecycle. ●

www.dafecor.fi



Lindström's absorbent booms are manufactured from recycled textiles.

PERSONNEL

4

Personnel and working conditions

In 2015, we drew up a new vision and strategy for our company as well as took the first major steps towards our vision 2020. The growth target in line with Lindström's vision requires all of Lindström's personnel to be strongly committed to achieving our joint goals. Competent, committed and enthusiastic personnel bring profitable growth. We believe that Lindström will grow and develop as the competence of our personnel develops, and we find new ways to operate and serve our customers.

We strive to be the best service company. We have begun to develop our service culture extensively – understanding that management and Lindström's internal service culture has an impact also on customers. Conducted for the first time this year, the service culture survey demonstrates that employee satisfaction and customer satisfaction

are interrelated. That is why we will be investing in developing management and supervision, which will contribute to the wellbeing and competence of our employees – and ultimately to customer experience.

We employ more than 3,000 people internationally, as well hundreds of partners indirectly all over Europe and Asia, and are responsible for the safety and health of all of these people. We monitor the welfare of personnel through management work, audits, surveys and occupational welfare, and require our partners to do the same.

Workplaces are secured by ensuring the financial growth and operating conditions of our company – in 2015, we set our eyes on 2020, and already took major steps towards fulfilling our vision. These efforts will continue in 2016.

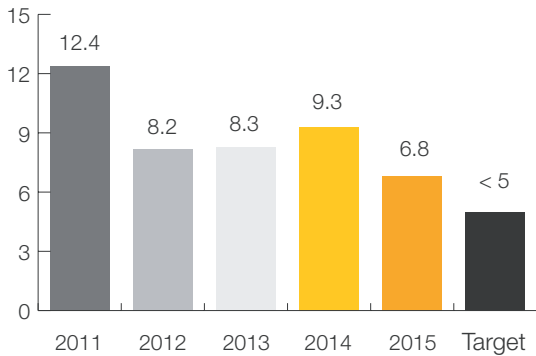
All the best for 2016!

Minna Gentz,
Senior Vice President,
Corporate Human Resources

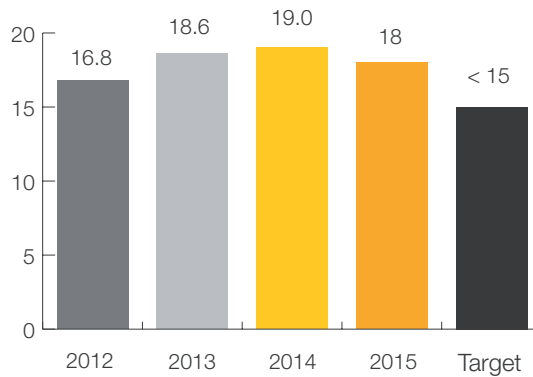


Vision targets 2020

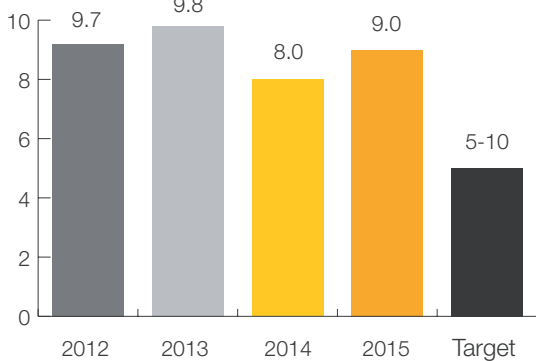
**Injuries and rate of injury
(absences of more than 1 day)**



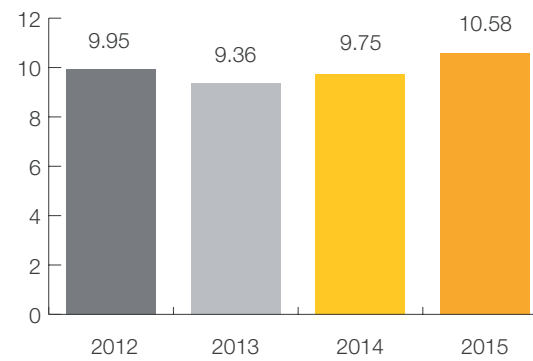
Turnover of full-time personnel



Turnover of personnel, voluntary



Sick days



3,200
total number
of personnel

1,070
new employment
contracts, of which

56%
EA subsidiaries

44%
Finland

85%
full-time

53%
EA subsidiaries

47%
Finland

87%
permanent employment
contracts

Male / Female



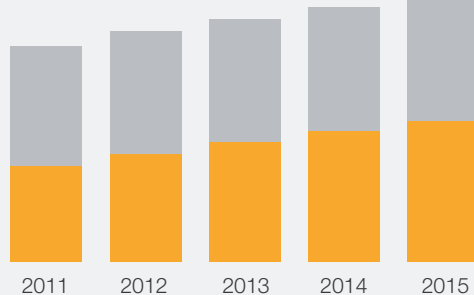
37% **63%**

16%
over 50 y/o.

58%
30-50 y/o.

26%
under 30 y/o.

Development of personnel figures



10%
experts and management

33%
sales and
customer service

57%
production

Personnel development

Growth targets and personnel development

Efforts continued in 2015 to ensure Lindström's competence. It is important not only to find and retain competent personnel, but also to place them in positions where their skills benefit the company and create personal motivation and development. This guarantees both growth in competence capital as well as job satisfaction and commitment to the company's targets.

Work began by identifying functions with competence capital that is critical for the operations and targets of the company. The type of competence required for these functions and tasks is described, ensuring that the relevant personnel have the adequate skills. Further competence is provided through training or recruitment, as needed. Also Lindström's internal development paths are defined in this context, which provide opportunities to advance inside the company for personnel with potential and a desire to grow. The aim is to fill open positions internally, and allow skilled and motivated employees to develop their competence within the company.

A third of Lindström's personnel work in the customer

interface, where sales are expected to grow in line with the vision target. Lindström needs to increase its turnover by 40 per cent in the next five years, mainly through organic growth. As a result, the company began the planning of competence charting and development paths in sales tasks already in 2014. In 2015, new role and competence descriptions were discussed with personnel in charge of sales recruitment and management work, and work began in charting the competence level and development desires of members of personnel.

On a practical level, the efforts will take place in conjunction with development discussions with managers, discussing competence requirements of the position and charting development needs. Also opportunities for career advancement or new career paths will be examined in the development discussions.

The efforts will be monitored through sales results and indicators measuring the success rate of recruitments and sales personnel turnover. ●

Planning of competence charting and development paths was started in sales tasks.



CASE

Becoming a sales professional through the Sales School

Lindström's Sales School is a programme that lasts for the duration of several months, training B2B sales experts. The programme involves training and on-the-job learning, with the solid support of the organization. The Sales School has been organized in Finland since 2014, and equivalent programmes will be launched in the company's growth countries in the coming years. **Simon Al-Bazoon** participated in the programme in 2014. Since then, he has been working in sales in Hygiene Services.

” *I'm really glad they saw potential in me and I was given this chance.* ”

How did you get interested in Lindström's Sales School?

I've always wanted to work in sales. I've been involved in raising sponsors before, and knew how to find the right angle that brings mutual benefit already back then. I considered getting into the commercial sector already before I found out about the Sales School.

The opportunity came as such a surprise that it still makes me wonder! I worked as a cashier at the restaurant at Lindström's headquarters, when someone on their way to an interview for the Sales School asked me for directions. It was the last application day. I quickly found out how to join, and found myself in the Sales School already a month later.

What was the programme like and what did you learn?

The Sales School provided plenty of time to learn and discover, ask questions and listen. I had certain sales targets, but was also allowed to make mistakes. After making a mistake, I didn't get blamed, but was supported in finding the cause for the problem and fixing it. The programme examined the special features of B2B sales and the company, and it was arranged alongside sales work.

I had no previous experience in sales and sales training. The Sales School taught a great deal in a short space of time. I learned about planning sales, different systems and business principles. My practical sales skills, such as booking customer visits, grew incredibly.

How have you put the lessons into practice?

I gained confidence to take hold of opportunities and make use of my skills in sales situations. I now know how to steer a situation, channel my energy and do the background work thoroughly before meeting a customer. I also know how to apply different approaches according to the type of personality without hiding my own character.

Would you recommend the Sales School to others?

Absolutely. I believe that a good sales person is a certain type, but momentary enthusiasm isn't enough to gain results. You need strong support, which Lindström's Sales School offers even for beginners. I'm really glad they saw potential in me and I was given this chance. ●

GRI 5

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GRI: Basic Information

Sustainability is one of Lindström's values. Carrying responsibility for finances, the environment, personnel and purchasing makes Lindström a reliable, stable partner for customers. Dialogue with customers and continuous development of operations ensure that services meet customer needs and are produced responsibly.

The Group's quality, environmental, health and safety policy outlines the principles that are applied to all management and Lindström's operations.

Lindström's quality, environmental, health and safety policy

Textile service company Lindström strengthens the corporate image of its customers. It improves the everyday operations of customers through its services, which are the most cost-efficient on the market measured by total costs. Lindström operates sustainably and is a valued employer.

Lindström's committed personnel produce an excellent customer experience, and the company is able to build genuine partnerships with customers.

Lindström's values steer decision-making in daily operations:

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

Our commitments

- In all our operations we promote economical, ecological and social development and respect the human rights of people who are affected by our activities.
- We comply with relevant laws and regulations in all areas of our operations.
- Our preventive risk management ensures continuity of service, improvement of environmental protection and working conditions that promote health and safety.
- We continuously improve our operations and empower all our employees to suggest and implement improvements. Process of continuous improvement is documented and available to all employees.
- We ensure induction and continuous competence development of our employees
- We train our personnel to understand quality, environmental, health and safety impacts of their tasks and act in responsible way.
- We have open interaction with our business partners in quality, environmental, health and safety issues. We require our suppliers to act according to Lindström Code of Conduct.
- We create and sustain occupational safety culture for our personnel to work safe and stay healthy, also on leisure time. Our goal is zero accidents and occupational diseases.
- Our facilities serve as an example of our services, safe and efficient work environment and facility management.

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

Strategy and analysis

G4-1 CEO's review

P. 4

G4-2 Key impacts, risks and opportunities

The key impacts of the company are described on pages 8-9.

As an international company, Lindström is affected by changes occurring on different levels of its operating environment. Some of these changes are industry-specific, such as changes affecting competition, while others are on the macro level, such as legislation reforms and the economy. Opportunities and risks are influenced both by the preconditions of Lindström's own operations and the development of customer operations and needs.

In connection to the operating environment analysis that was part of Lindström's strategy work in 2015, the company selected five driving forces and three uncertainty factors seen to have the most impact on Lindström in 2020. The driving forces are characterized by continuity and certainty, while uncertainties are marked by interruptions, which are more difficult to anticipate in the future.

Driving forces:

Role of digitalization is increasing

Nature of competition is changing

Role of Asia and developing world is getting stronger

Competition for professionals is increasing

Customers' demand for customized products and customized, flexible, fast and cost-efficient services is growing

Uncertainties:

How will national and geographic protectionism develop?

How will the global economy develop?

Will health and safety regulations tighten, and in what way?

Lindström's strategy was compiled taking into account these identified risks and opportunities.

Background description of the organization

G4-3,5,7 Name of the organization, Ownership form, Company structure, Location of the headquarters and Description of the organization

The Group's parent company Lindström Oy is a Finnish, family-owned company established in 1848. All of the shares of the parent company are owned by the Roiha family, either directly or indirectly through holdings in other companies. The parent company owns all the shares of the Group's subsidiaries either directly or indirectly.

The company's headquarters are located in Helsinki. In addition to the parent company Lindström Oy, the Group has 24 subsidiaries operating under the Lindström name in Europe and Asia as well as subsidiary Comforta Oy, which specialises in hotel and healthcare textile services. Comforta forms a sub-group, which includes subsidiaries in Sweden, Estonia and the Åland Islands as well as operations in Russia.

Corporate management includes seven administrative

competence centres as well as Lindström's service competence centres. The administrative and service competence centres support the operational activities of all of the countries of operation. The administrative competence centres include: Finance and Reporting; Human Resources; Technology and Capacity; IT; Purchasing and Logistics; Quality; and Customer Relationship Management and Communications.

Lindström's operations have been divided globally into four regions, which cover country-specific subsidiaries. The parent company and some of the subsidiaries are divided into regional business units. Lindström's operations are carried out in line with a business concept based on harmonized processes. The business concept ensures even quality of services regardless of the location or operating environment.

G4-4,8 Primary brands, products, services and market areas

Lindström provides workwear services in all of its countries of operation. Mat services are available in 16 European countries, shop towel services in Finland, Estonia, Latvia and Lithuania, and personal protective equipment services in Hungary and Finland. In addition, Lindström provides hygiene and restaurant textile services in Finland. Lindström's subsidiary Comforta offers textile services for the hotel, restaurant and health care sectors in Finland. Hotel and restaurant textile services are offered in Sweden, while hotel textile services are available in Russia and Estonia. Cf. p. 7.

G4-6 Operating countries and units

Lindström operates in 24 European and Asian countries. The company's operating countries include: Bulgaria, South Korea, India, UK, Kazakhstan, China, Croatia, Latvia, Lithuania, Poland, Romania, Sweden, Germany, Serbia, Slovakia, Slovenia, Finland, Czech Republic, Turkey, Ukraine, Hungary, Belarus, Russia and Estonia.

Lindström had more than 90 units at the end of 2015, including Lindström's service centres and sales offices. The company has 12 units in Russia, ten in India and five in China. The parent company had over 20 units in Finland. The company had 1-4 units each in other countries. Lindström's subsidiary Comforta has a total of 14 units; nine in Finland, two in Sweden and one each in Estonia, Russia and the Åland Islands.

G4-10 Number of personnel according to employment relationship and contract, divided by region and gender

The Group had 3,191 employees at the end of 2015, 53 per cent in its European and Asian subsidiaries, and 47 per cent in Finland. In other words, the growth of European and Asian operations continues also when measured in employee numbers. The average number of employees in 2015 totalled 2,840, which is calculated by dividing the number of part-time employees by two.

87 per cent of the Group's employees are in permanent employment relationships and 85 per cent in full-time employment relationships. Fixed-term and part-time employment relationships

Employee distribution: fixed-term/permanent, full-time/part-time, according to gender and region

| Group | Permanent, full-time | | Permanent, part-time | | Fixed-term, full-time | | Fixed-term, part-time | | Total |
|--------------|----------------------|------|----------------------|------|-----------------------|------|-----------------------|------|--------------|
| | Female | Male | Female | Male | Female | Male | Female | Male | |
| | 1,489 | 917 | 243 | 116 | 183 | 117 | 83 | 43 | 3,191 |
| Total | 2,406 | | 359 | | 300 | | 126 | | 3,191 |

| Finland | Permanent, full-time | | Permanent, part-time | | Fixed-term, full-time | | Fixed-term, part-time | | Total |
|--------------|----------------------|------|----------------------|------|-----------------------|------|-----------------------|------|--------------|
| | Female | Male | Female | Male | Female | Male | Female | Male | |
| | 740 | 358 | 212 | 107 | 25 | 8 | 28 | 32 | 1,510 |
| Total | 1,098 | | 319 | | 33 | | 60 | | 1,510 |

| EA subsidiaries | Permanent, full-time | | Permanent, part-time | | Fixed-term, full-time | | Fixed-term, part-time | | Total |
|-----------------|----------------------|------|----------------------|------|-----------------------|------|-----------------------|------|--------------|
| | Female | Male | Female | Male | Female | Male | Female | Male | |
| | 749 | 559 | 31 | 9 | 158 | 109 | 55 | 11 | 1,681 |
| Total | 1,308 | | 40 | | 267 | | 66 | | 1,681 |

level out seasonal peaks in textile rentals and, for instance, allow employing students.

G4-11 Share of labour force covered by a collective agreement

Lindström complies with local employment legislation in all of its countries of operation. 78 per cent of employees in Finland are covered by collective agreements.

G4-12 Supply chain of the organization

Lindström favours long-term partnerships also in supplier relationships. The majority of products are purchased from long-time partners that Lindström knows well.

Products and services are purchased both globally and locally. Lindström's global growth and impact of transportation routes of purchases to the environment are paid attention to in the development of logistics. Products with large production volumes are manufactured in Asia and Africa. In addition to these, Lindström has local suppliers in Europe and Asia.

G4-13 Significant changes in the organization's size, structure, ownership structure and supply chain during the reporting period

No significant changes during the reporting period. Business operations were strengthened through acquisitions that support the company's position in existing markets.

G4-14 Applying the precautionary principle

Directing and monitoring own operations

Management quality is developed systematically at Lindström. The aim is to improve the company's service culture, thereby increasing job satisfaction of the entire personnel and ultimately the service experience of customers. In 2015, the first service culture survey was conducted, measuring management quality and personnel and customer experience. Previously, these elements have been monitored through separate studies.

Lindström's management system comprises group-, business-, subsidiary- and regional level management models. Lindström monitors the functionality of its management system through regular audits. Internal audits monitor compliance with guidelines and identify deficiencies and development targets as well as plan corrective actions and monitor their impact. Local pilot projects are launched for identified development targets, and their results are assessed. New operating models found to be functional are subsequently implemented in all units.

Det Norske Veritas (DNV) has awarded Lindström's operating system with the ISO 9001 and ISO 14001 certificates, which it monitors through regular audits. In addition to internal audits, Lindström conducts regular, customer-specific quality assessments to review activities in the context of the corporate customer's processes.

Managing and monitoring the supplier chain

The Code of Conduct based on the SA8000 standard defines the responsibilities for Lindström and its suppliers in relation to all stakeholders and to the environment. It contains: requirements of compliance with legislation; prohibition of corruption; requirements

relating to the human rights of employees; prohibition of child labour; requirements relating to the responsibility for health and safety of employees; and conditions for environmental protection. Lindström requires that all suppliers, including their subcontractors, act in accordance with the Code of Conduct, and that the Code of Conduct is signed as part of the delivery contract between the companies.

Lindström monitors its supplier chain through contract management and supplier audits. Suppliers defined as strategic are audited prior to drawing up the supplier agreement and subsequently at least once every three years. The purchasing volume, economic significance of the acquired product for the service, and country- and supplier-specific risk assessments determine categorisation as strategic. Country-specific risk assessments pay attention to the level of supervision by authorities, human rights issues and corruption index. 15 per cent of suppliers have been defined as strategic. Monitoring of other suppliers focuses on compliance with agreements, financial status and risk classification.

The audits are mainly carried out by Lindström's own personnel, which strengthens collaboration with suppliers and enhances understanding and insight for developing subcontractor selection and cooperation in the future.

Audits are carried out at the supplier's facilities. Through cooperation, auditors also examine the company's financial stability and development as well as the maintenance of machinery and equipment. Compliance with the Code of Conduct is monitored through documentation and observations during production visits. Any activities that do not comply with the Code of Conduct or Lindström's product guidelines are notified, demanding correction of the default. Depending on the severity, rectification is monitored either by means of documentation or a subsequent visit. In addition to audit visits, Lindström carries out regular supplier visits. Active, regular contacts ensure that any problem situations are addressed and risk classifications are up-to-date.

G4-15 Principles or initiatives of external operators approved or promoted by the organization

Lindström has signed the ICC Business Charter for Sustainable Development, implementing its principles in all operations. Lindström also adheres to the principles of the Universal Declaration of Human Rights of the United Nations, and the ILO Declaration on Fundamental Rights and Principles at Work, and is a member of the Supplier Ethical Data Exchange (Sedex) network that promotes ethical responsibility. As a member of the European Textile Service Association, Lindström also complies with the requirements of the Global Compact, and reports on its progress via ETSA.

All of the Group's operations are certified in accordance with the following management system standards:

- **SFS-EN ISO 9001 Quality Management Systems. Requirements. (2008)**
- **SFS-EN ISO 14001 Environmental Management Systems. Requirements with Guidance for Use (2004).**
- **SFS EN 14065 Textiles. Laundry Processed Textiles. Bio-Contamination Control System (2003).**

The Group also adheres to standard OHSAS 18001 Occupational Health and Safety Management, Requirements (2008).

All of the Group's roll towels and 90 per cent of workwear and hotel textiles have been awarded the Öko-tex 100 label, and approximately 20 per cent of hotel textiles have an EU eco-label. The Group's roll towel services in Finland and hotel textile service centres in Sweden have been awarded a Nordic Swan eco-label.

G4-16 Membership in associations

Lindström is a member of the Finnish Family Firms Association, the Confederation of Finnish General Industry, and the Confederation of Finnish Industries. Experts at Lindström operate in a number of working groups that promote the industry, standards and legislation on a national and international level.

Lindström is a member of the European Textile Service Association (ETSA), and Lindström's President & CEO Juha Laurio serves as the chairman for ETSA during the 2014-2017 period.

Lindström supports the operations of UNICEF annually in promoting the interests of children.

Identified significant views and boundary

G4-17 Group's boundary

The key figures published in the report cover all of the companies in the Group with the exception of subcontractors. Lindström publishes the financial key figures by segment: Group, Finland, other countries. Reporting limitations have been documented in the GRI content assessment (p. 28-31).

G4-18 Content definition of the report

Lindström's Sustainability Report describes the company's operations as well as its responsibility as a service provider; successful, profit-making company; employer; product and service buyer; and operator with an environmental impact.

G4-19 Materiality

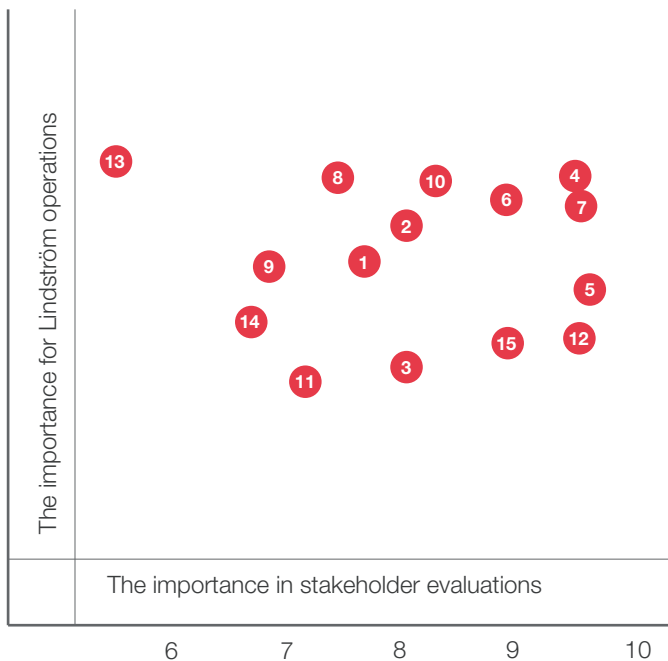
The Group's vision programme for corporate responsibility defines the key focus areas and themes for operations that will be the focus during the current vision period. A materiality and stakeholder definition was carried out in 2015 by a steering committee, and will be assessed annually by the corporate responsibility working group, which is overseen by the Group's Senior Vice President, Quality. The materiality definition considers the expectations of stakeholders as well as the preconditions for developing operations.

G4-20-21 Boundaries for key issues

Customer experience quality is measured through the annual service culture survey. Respondents include a sample of the Group's customers in different countries of operation. Customer retention is measured in all of the Group's companies.

The environmental figures cover all of the Group's service centres.

Materiality matrix for corporate responsibility



Monitoring the supplier chain covers all of the Group's suppliers of goods and services.

The financial figures cover all of the Group's companies.

The HR figures cover all of the Group's personnel, including fixed-term and part-time employees. Outsourced delivery services are not included in the HR figures.

G4-22-23 Changes from previously reported data

No significant changes compared to previously reported data.

- | | |
|--|---|
| 1. Profitable growth | 8. Optimising textile acquisition |
| 2. Solvency | 9. Customer experience |
| 3. Tax payment and fulfilment of obligations | 10. Competent and committed personnel |
| 4. Anticipating changes in the operating environment | 11. Diversity and equality |
| 5. Ethical operations | 12. Occupational health care and safety |
| 6. Service development and innovation | 13. Environmental impacts of operations |
| 7. Product safety | 14. Lifecycle of textiles |
| | 15. Responsibility of supply chain |

Corporate responsibility vision

| | Vision 2020 | Outcome 2015 |
|---|--|---|
| Customer | | |
| | Long-term customer relationship | Good customer retention |
| | Excellent customer experience | Excellent customer experience, implementing development projects with customer |
| Environment | | |
| Energy consumption kWh/ kg washed | 0.95 | 1.01 |
| Water consumption litres/kg washed | 6.7 | 6.7 |
| Textile waste recycle rate | 90 % | 71 % |
| Purchasing | | |
| | Monitoring and reporting system of supplier chain responsibility | Applying the Quality Assurance Manual, internal purchasing manual, and Product Lifecycle Management system in managing product, supplier and availability information |
| Economy | | |
| Turnover | 500 M€ | 302 M€ |
| Return on investment % | > 20 % | 16.1 % |
| Equity ratio % | > 60 % | 80 % |
| Quick Ratio | > 1.2 | 3.1 |
| Personnel | | |
| Injury rate (injuries/ 1 million working hours) | < 5 | 6.8 |
| Sick days/person/year | < 7 | 10.58 |
| Turnover of personnel, voluntary | 5-10 % | 9 % |
| Turnover of personnel, general | < 15 % | 26 % |

Stakeholder communications

G4-24-25 Organization's stakeholders

p. 10

Description of the report

G4-28-33 Description of the report

Lindström complies with the reporting guidelines of the Global

Reporting Initiative (GRI). According to Lindström's self-assessment, reporting corresponds with application level Core of the GRI G4 guidelines. The Sustainability Report 2015 covers operations from 1 January to 31 December 2015.

Lindström's Sustainability Report is published annually in Finnish and English. The previous, 2014 report was released in March 2015.

The report can be downloaded at www.lindstromgroup.com. For further information on the report, please contact **Tarja Hämäläinen**, tarja.hamalainen@lindstromgroup.com.

The GRI content assessment is available on pages 28-31.



Board of Directors



Jukka Roiha,
Chairman of the
Board



Ahmet Esen



**Harri-Pekka
Kaukonen**



Max Rautiainen



Sari Kousa



Anne Korkiakoski



Naresh Gupta

The Board's independent members, i.e. members who do not have an employment relationship with or own shares in Lindström, include: Anne Korkiakoski, Harri-Pekka Kaukonen, Naresh Gupta and Ahmet Esen.

Governance

G4-34-42,44 Governance structure and distribution of responsibility

Annual General Meeting

The Annual General Meeting is the Group's highest decision-making body, which convenes at least once annually. The Annual General Meeting has the responsibilities and obligations prescribed in the Finnish Companies Act and the company's Articles of Association.

Board of Directors

The parent company's Board of Directors is chosen by the Annual General Meeting. The Board comprises professional board members and representatives of shareholders. The Board of Directors: approves the Group's profit, financing and investment budget; decides on significant purchases and expansion of the company; makes decisions related to the Group's finances and assets; and adopts guidelines for the Group's mission, vision, strategy and risk management. The boards of the Group's subsidiaries consist mainly of members of the Group's Management Team.

The Board discusses issues relating to risk management and social responsibility, submitted either by a member of the Board or the CEO. The Board comprises seven members, four of whom are independent members, i.e. members who are not employed by or own shares in Lindström.

Personnel influence the activities of the Board through strategy work. The Board of Directors conducts a regular self-assessment on its activities.

President & CEO

The President & CEO is appointed by the Board of Directors. The duties of the President & CEO include the development of internationalisation, leading the Management Team, contacts with the Board and owners, external communications and allocation of resources.

The Group's Management Team

The President & CEO appoints the members of the Management Team as well as decides on the division of roles and operating model. The Management Team is responsible for the monitoring and interpretation of the corporate environment; implementation and monitoring of the Group-level mission, vision, strategy and business processes; annual planning and measurement of operations; management of operations and internationalisation; development of the company's service selection; monitoring the fulfilment of the company's values; acting as an example; and communication targeted at the organisation.

Forming strategic intent and defining the strategy

Lindström's strategic intent, i.e. the vision, and related measures, i.e. the strategy, are defined every five years. In 2015, Lindström

The Group's Management Team



Juha Laurio, 43
President & CEO



Mika Hartikainen, 49
Senior Vice President,
Asia and Eastern Europe



Jari Vihervuori, 45
Senior Vice President, Fin-
land, Baltic States, Poland
and Belarus & Managing
Director, Comforta Oy



Santtu Jokinen, 42
Senior Vice President,
Western and Central
Europe



Mika Kujala, 38
Senior Vice President,
Russia and Group
Business Development



Theo Slegt, 55
Senior Vice President,
Operations



Harri Puputti, 49
Senior Vice President,
Quality



Minna Gentz, 45
Senior Vice President,
Human Resources



Petri Vapola, 44
CFO

prepared and released its new vision and strategy aimed at 2020. The vision and strategy are determined in accordance with Lindström's values. The fulfilment of the strategy is monitored by the Board of Directors. The company's strategic decisions and development areas are assessed annually by the Group's Management Team. As the mission, vision and strategy undergo modification, related changes and impacts on everyday operations are discussed in working groups among personnel. Strategy work groups involve personnel evaluating, in teams and individually, the role and impacts of their work in the context of implementing the strategy and vision. The units prepare annual operating plans aimed at implementing the strategy. On an individual level, implementation of the strategy and operating plans continues through regularly held development, performance and target discussions between the supervisor and personnel.

G4-46 Risk Management

Lindström engages in systematic risk assessment and management. Risk management is steered by the Board of Directors. Risk management is proactive, taking into account all areas of operation with an aim to secure the continuity of the Group's operations. Operational risks as well as changes in the operating environment and operating preconditions are identified as part of management system forecasts and the operating model. Assessments and measures relating to asset and liability risks are planned together with insurance companies. Also contractual risks have been identified, and signature practices are defined in the Operations Manual. Credit risk management has been

enhanced by an updated policy. Risk assessment of occupational and chemical safety was implemented in all of the operating countries, and related monitoring of practices is covered by regular audits. The company's information security policy and related guidelines define the safe use of the data network, laptop computers, peripherals and software. Privacy protection and confidentiality guidelines are included in the ethical instructions for personnel.

The company has appointed members of personnel responsible for occupational safety, information security, access rights and environmental safety. Possible negligence of safety instructions leads to immediate action, and guidelines are updated as necessary.

G4-51 Compensation of the Board of Directors and top management

Remuneration paid to the company's Board of Directors and auditors is determined by the Annual General Meeting. Remuneration to the members of the Board of Directors is paid solely as monetary compensation. Members of the Board of Directors are not included in the performance-based reward system. Remuneration of the Board is not tied to the results of sustainability efforts. The salary of the President & CEO and the grounds for any bonuses are determined by the company's Board of Directors.

The Group's entire personnel, including top management, belongs to the same performance-based reward system. The grounds for remuneration of the Group's Management Team are determined by the President & CEO.

G4-52-53 Remuneration systems

A set of Group-, subsidiary-, unit- and individual-level indicators has been prepared, which adheres to the strategic targets. The structure of the indicators ensures that partial optimisation is prevented. Also the bonus system is established on the indicators. Bonus indicators have been set from the perspectives of financial performance, improved customer service, operational development and personnel welfare. All employees of the Group are included in the bonus system.

G4-56 Values and principles

The Group's values and principles of ethical and sustainable development steer its responsibility efforts. Lindström selects suppliers that operate sustainably and pay attention to the environmental impacts of their operations. The Code of Conduct based on the SA8000 standard defines the corporate responsibility of Lindström's suppliers. The Code of Conduct defines the basic obligations of Lindström and

its suppliers in relation to stakeholders and the environment. The activities of personnel are guided by separate ethical guidelines that prohibit corruption and require compliance with relevant legislation and regulations.

Lindström has a corporate responsibility programme that covers the entire Group, with focus areas and indicators integrated into the company's strategic business focus areas and indicators. Lindström fulfils the requirements of legislation and regulations in all of its countries of operation.

G4-57-58 Guidance for ethical and legislative compliance

Ethical guidelines for personnel are available for all employees. The guidelines mention that speaking up on defects does not result in consequences for the person/member of personnel. The Group's Management Team is responsible for updating the guidelines.

GRI: Financial Responsibility

At Lindström, financial responsibility means creating profitable growth, so that the company is reliable and produces added value for stakeholders. The company's vision target is to attain a turnover of EUR 500 million in 2020.

Lindström aims to systematically boost its processes and supplier chain, resulting in profitable growth. The long-term goal is for the return on investment to exceed 20 per cent. Lindström aims to finance growth primarily through income financing, maintaining liquidity at a good level. The aim is to maintain equity ratio above 60 per cent and quick ratio at a minimum of 1.2.

The company achieved its targets in 2015 as follows:

| | Target 2020 | | Outcome |
|------------------------|-------------|--|---------|
| Turnover | 500 M€ | | 302 M€ |
| Net profit | - | | 19.1 M€ |
| Return on investment % | > 20% | | 16.1% |
| Equity Ratio% | > 60% | | 80% |
| Quick Ratio | > 1.2 | | 3.1 |

| Distribution of Group turnover T€ | 2011 | 2012 | 2013 | 2014 | 2015 |
|-----------------------------------|---------|---------|---------|---------|---------|
| Finland | 168,624 | 180,359 | 185,267 | 189,401 | 188,237 |
| EA subsidiaries | 93,761 | 107,611 | 117,930 | 111,889 | 113,722 |

| Personnel | 2011 | 2012 | 2013 | 2014 | 2015 |
|-------------------------------------|--------|--------|--------|--------|--------|
| Number of personnel (Avg.) | 2,326 | 2,463 | 2,542 | 2,644 | 2,840 |
| Personnel expenditure (TEUR) | 74,789 | 82,241 | 83,778 | 83,272 | 86,647 |
| Personnel expenditure % of turnover | 28.5 % | 28.6 % | 27.6 % | 27.6 % | 28.7 % |

G4-EC1 Direct economic value generated and distributed

| Generated financial added value in Lindström group (teur) | 2015 | % of turnover | 2014 | % of turnover | 2013 | % of turnover | 2012 | % of turnover |
|--|----------------|---------------|----------------|---------------|----------------|---------------|----------------|---------------|
| Turnover from customers | 301,959 | | 301,290 | | 303,197 | | 287,970 | |
| Financial income | 867 | | 750 | | 695 | | 459 | |
| Other income | 1,862 | | 308 | | 696 | | 225 | |
| Income received | 304,688 | | 302,348 | | 304,588 | | 288,654 | |
| Raw material and product purchases | -65,333 | -21.6 | -61,538 | -20.4 | -56,398 | -18.6 | -58,703 | -20.4 |
| Energy | -12,070 | -4.0 | -13,484 | -4.5 | -14,560 | -4.8 | -14,747 | -5.1 |
| Subcontracting services | -44,086 | -14.6 | -43,979 | -14.6 | -45,756 | -15.1 | -44,953 | -15.6 |
| Other purchases from suppliers | -46,441 | -15.4 | -45,419 | -15.1 | -43,183 | -14.2 | -42,214 | -14.7 |
| Direct economical value after supplier compensation | 136,758 | 45.3 | 137,928 | 45.8 | 144,691 | 47.7 | 128,037 | 44.5 |
| Salaries and compensation to personnel | -71,584 | -23.7 | -68,779 | -22.8 | -65,242 | -21.5 | -67,753 | -23.5 |
| Taxes and social fees to authorities | -25,647 | -8.5 | -24,994 | -8.3 | -26,716 | -8.8 | -23,728 | -8.2 |
| Direct economical value for financiers | 39,527 | 13.1 | 44,155 | 14.7 | 52,733 | 17.4 | 36,556 | 12.7 |
| Interest to financial institutions | -639 | -0.2 | -829 | -0.3 | -593 | -0.2 | -1,036 | -0.4 |
| Dividends to shareholders | -13,201 | -4.4 | -9 890 | -3.3 | -7 181 | -2.4 | -6,751 | -2.3 |
| Direct economical value for investments and development efforts | 25,687 | 8.5 | 33,436 | 11.1 | 44,959 | 14.8 | 28,769 | 10.0 |

G4-EC2 Financial implications and other risks and opportunities for the organization's activities due to climate change

General discussion on the need for companies to make sustainable choices due to climate change promotes the acquisition of sustainable services, such as textile services.

G4-EC4 Financial assistance received from government

No subsidies during the reporting period.

G4-EC8 Significant indirect economic impacts, including the extent of impacts

Lindström provides employment in its operating areas via subcontractors, such as transport companies. Through its operations, Lindström develops sustainable treatment of textile waste in its operating countries.

GRI: Environmental responsibility

Lindström's main impacts on nature and the environment are a result of the lifecycle management of textiles, environmental impacts during their servicing and location. The Group's main purchasing items – energy, textiles and transport – have a direct impact on the cost structure of the service and the company's profitability.

The lifecycle of textiles is managed by: optimizing material use in the design of textiles; anticipating purchasing needs; and ensuring the longest possible service life for textiles. Service life is extended by manufacturing textiles from durable materials, repairs as needed and reuse.

The environmental burden during textile care is minimized by optimizing the transport of textiles and consumption of water and detergents as well as by controlling emissions resulting from the service and improving the recycling rate of generated waste.

Lindström produces services in small units close to the customer, which means that service production is smooth and transport emissions are minimized. The company locations are mainly rental facilities in industrial hubs. As production is located in existing premises in areas with a functional water and energy supply, the company is tied to the energy form available in each area. Locations

are also determined by the availability of workforce and public transportation for commuting. If the premises are not covered by municipal wastewater treatment or it does not meet targets, the company invests in its own water treatment plant.

Environmental targets

Lindström attained and even fell short of its goals for vision period 2011-2016 as far as energy and water consumption is concerned. The target recycle rate for textile waste was not achieved, as the company's main textile waste categories cannot be recovered adequately.

The company's new strategy that aims for the 2020 vision includes the same key environmental aims as the preceding vision period: reducing energy, maintaining water consumption at the same level and continuously searching for new ways to recover textile waste.

Targets and outcome:

| | Outcome 2015 | Target 2016 | Vision 2020 |
|---|--------------|-------------|-------------|
| Water consumption l/kg washed | 6.7 | 6.7 | 6.7 |
| Energy consumption kWh/kg washed | 1.01 | 0.98 | 0.95 |
| Textile waste recycling rate | 71 % | | 90 % |

The Group's ecological balance sheet 2015

| In | 2015 | 2014 |
|---------------------------------|--------------|--------------|
| New textiles | 2,634 ton | 2,446 ton |
| Kilos of textiles washed | 163,679 ton | 159,334 ton |
| Total energy | 165,985 MWh | 175,113 MWh |
| Oil | 5,202 MWh | 13,213 MWh |
| Natural gas | 72,317 MWh | 75,468 MWh |
| Propane | 33,498 MWh | 32,264 MWh |
| Purchased steam | 10,811 MWh | 9,462 MWh |
| Electricity | 36,275 MWh | 35,098 MWh |
| Bio gas | 1,230 MWh | 1,189 MWh |
| District heating | 6,652 MWh | 8,418 MWh |
| Water | 1,088,862 m3 | 1,119,780 m3 |
| Detergents | 1,737 ton | 1,759 ton |

| Out | 2015 | 2014 |
|---------------------------------|------------|------------|
| Disposed textiles | 1,204 ton | 1,142 ton |
| CO₂ emissions | 60,461 ton | 58,726 ton |
| BOD6 | 427 ton | 579 ton |
| COD | 1,162 ton | 1,567 ton |
| Phosphorus | 17 ton | 13 ton |
| Suspended solids | 442 ton | 486 ton |
| Heavy metals | 2,7 ton | 4.04 ton |
| Grease and oil | 122 ton | 107 ton |
| Total waste | 6,143 ton | 6,021 ton |

Used resources

EN1 Materials used by weight or volume

In 2015, Lindström purchased 2.6 million kilos and disposed of 1.2 million kilos of textiles. The majority of textile products are made from cotton/polyester blend. Hand towel rolls, half of hotel textiles and a small share of workwear are manufactured from pure cotton.

Large volume textiles are manufactured and stored anticipating their future use, whereby a share of the acquired textiles do not end up in immediate use. In textile services, the average textile service life is three years, and textile acquisitions vary annually according to expected growth, customer needs and the service life of large acquisition volumes.

EN2 Share of recycled materials

Textile services use high-quality, durable materials, which are recycled as products from one location to another until the end of their service life. Textile services produces recycle material, which can be used as recycled products or energy source.

EN3, 5 Own energy consumption and energy intensity

In 2015, Lindström's service production required 165,985 MWh in energy, i.e. 1.01 kWh per kilo of textiles washed. Heating wash water and facilities as well as drying and finishing textiles accounted for most of the consumed energy.

Although Lindström's total production rose, energy was consumed at a reduced level than in the previous year: energy consumption per kilo washed fell by 8 per cent. Decreased energy consumption was particularly the result of developments in and continued adoption of heat recovery technology and a warmer than average year. Heat was recovered also from the wash water cycle during the wash process.

Traditionally, wash water has been heated with steam, but new

technology means a shift to machinery and equipment directly heated by gas to avoid heat loss. In 2015, the share of electricity of total energy rose, as small wash units in new locations operate using electricity. The aim is to adopt other forms of energy once customer volumes rise in the regions.

EN4 External energy consumption

Lindström reports its outsourced delivery service mileage annually in section EN30.

EN6-7 Measures to reduce energy consumption

The most significant measures to reduce energy consumption have included the renewal of heat recovery systems and their instalment in new locations as well as the conducted energy analyses and reviews, which especially allow to affect the heat consumption of properties. Further information on page 20.

The company adheres to EU legislation and the Finnish Energy Efficiency Act in all of its operations. The Energy Efficiency Act obligates large companies to conduct an energy review every four years, and the Group's Finnish parent company came under the requirement in 2015.

Savings targets identified in the energy reviews and implemented measures for their achievement are applied where applicable as part of the Group's practices, whereby the entire Group's energy efficiency improves.

EN8-10 Water

Lindström consumed a total of 1.09 million m³ of water in 2015, i.e. 6.7 litres per kilo of textiles washed. Water consumption continues to decrease, falling by 4 per cent compared to the previous year. The vision target for 2016 of 7.1 litres per kilo of textiles washed was already attained in 2012.

A key contributing factor to the decrease in water consumption is recycling water between wash processes, i.e. using rinse water as the wash water of the subsequent batch. The share of recycled water of total water consumption amounts to 30-50 per cent. This, however, requires strict control of the wash results and microbiological cleanliness of washed products.

Lindström's units are located in planned areas covered by a municipal water supply. Some laundries are equipped with their own well.

Distribution of total energy %

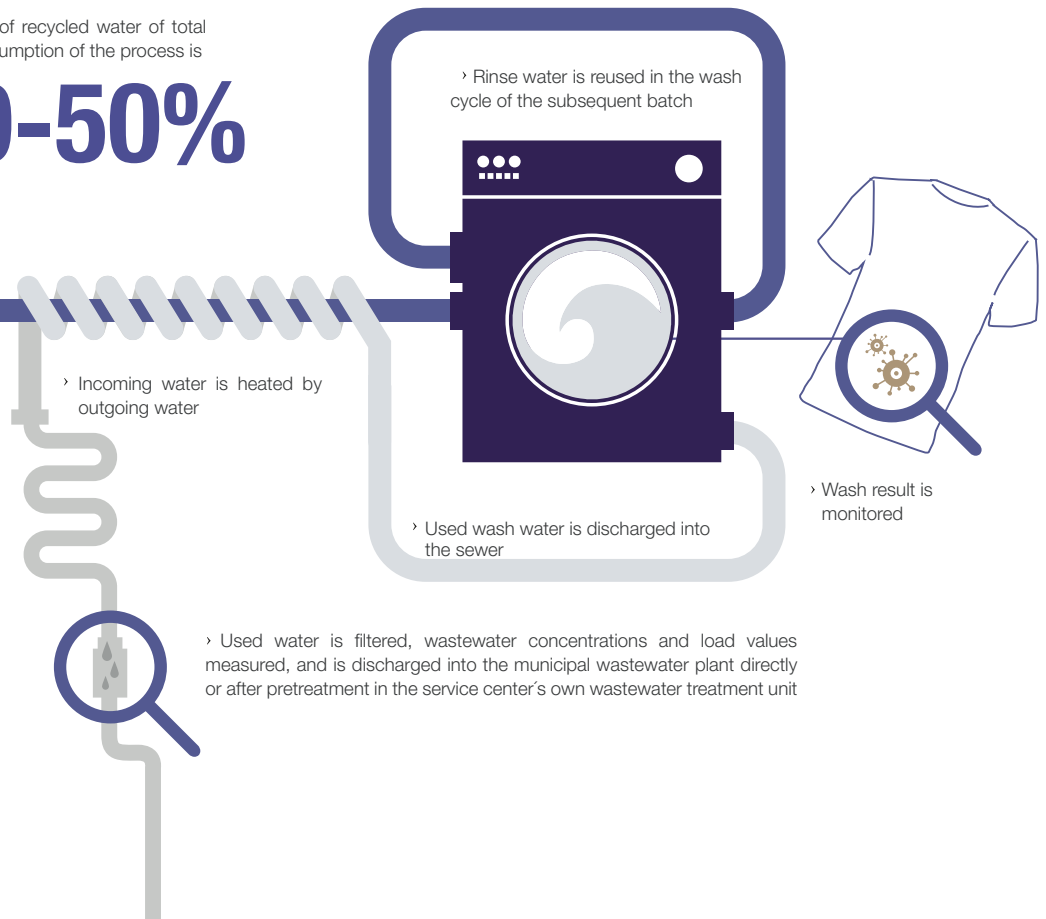
| | 2015 | MWh | % |
|-----------------|------|---------|-------|
| Electricity | | 36,275 | 22 % |
| Propane | | 33,498 | 20 % |
| Natural gas | | 72,317 | 44 % |
| Bio gas | | 1,230 | 1 % |
| Purchased steam | | 10,811 | 6 % |
| Oil | | 5,202 | 3 % |
| District heat | | 6,652 | 4 % |
| Total | | 165,985 | 100 % |

Energy consumption

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|--------|---------|---------|---------|---------|---------|
| MWh | 166,652 | 175,417 | 178,633 | 175,133 | 165,985 |
| kWh/kg | 1.18 | 1.15 | 1.12 | 1.10 | 1.01 |

› The share of recycled water of total water consumption of the process is

30-50%



Water consumption

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---------------------|-------|-------|-------|-------|-------|
| 1000 m ³ | 1,068 | 1,079 | 1,107 | 1,120 | 1,089 |
| l/kg | 7.6 | 7.1 | 6.9 | 7.0 | 6.7 |

The 2016 water consumption target is 6.7. The target for the next few years is to maintain the current levels, as the increase in customer volumes in line with the strategy, especially in heavy industry, will increase water consumption. Also newly acquired units will initially increase consumption until the units' energy and water consumption has been brought to Group level.

Detergents

Total consumption in 2015 amounted to 1.74 million kilos, i.e. 10.6 grams per kilo of textiles washed. Detergent consumption decreased

despite a rise in the amount of serviced textiles. The consumption of chlorine-based bleach, i.e. sodium hypochlorite, totalled 0.7 grams per kilo of textiles.

Lindström sets annual laundry-specific targets for the consumption of detergents, considering the requirements of wash quality and overall efficiency of the wash process. Detergent consumption is also affected by changes in the wash volumes of different product categories, as specific consumption varies between the categories.

In addition to optimizing wash quality, detergents are selected according to their environmental impact, adhering to the requirements of environmental labels.

Consumption of detergents

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|-------------|-------|-------|-------|-------|-------|
| t | 1,749 | 1,778 | 1,776 | 1,759 | 1,737 |
| g/kg | 12.43 | 11.69 | 11.12 | 11.04 | 10.61 |

Emissions and waste

EN15-19 Greenhouse gas emissions

In 2015, total carbon dioxide emissions amounted to 60.5 million kilos, while CO₂ emissions in relation to kilos washed, i.e. the average carbon footprint of textile services, totalled 370 gCO₂ eq/kg. Total carbon dioxide emissions rose as product volumes rose, while specific consumption remained unchanged.

The carbon footprint develops in line with energy consumption, as over 70 per cent of emissions generated from Lindström's own operations result from energy consumption. In recent years, Lindström has opted for forms of energy that reduce CO₂ emissions,

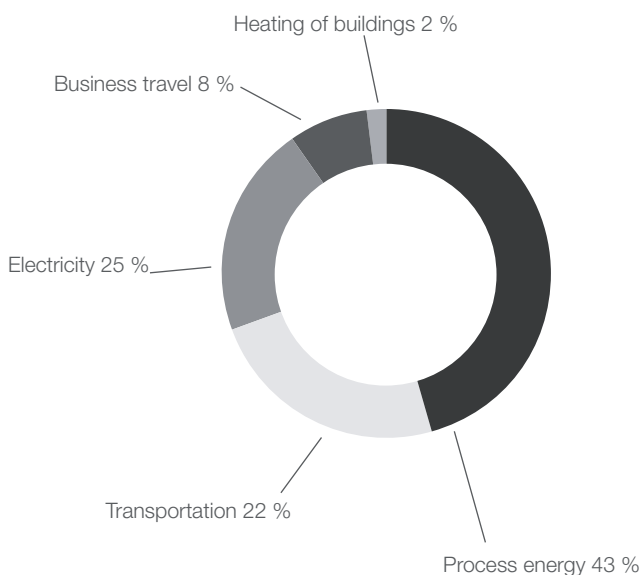
such as bio gas adopted in Oulu in 2011 and hotel textile laundries replacing oil with propane during 2011-2015.

The calculation of Lindström's carbon footprint takes into account the use of electricity and process energy in the service centres, heating real estate, delivery and trunk transport, and commuting by personnel. Natural gas, propane and oil are classified as direct greenhouse gas emissions (scope 1); electricity, purchased steam and district heat as indirect emissions (scope 2); and commuting and textile transportation as other indirect emissions (scope 3).

Carbon dioxide emissions per kilo of textiles washed (gCO₂ eq/kg)

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|------------------------------|------|------|------|------|------|
| gCO₂ eq/kg | 419 | 388 | 380 | 370 | 370 |

Distribution of carbon dioxide emissions (%)



| Direct greenhouse gas emissions CO ₂ kg eq (scope 1) | |
|---|------------|
| Natural gas | 14,607,963 |
| Propane | 7,604,069 |
| Oil | 1,389,029 |
| Indirect greenhouse gas emissions CO ₂ kg eq (scope 2) | |
| Electricity | 15,176,607 |
| Steam | 2,183,843 |
| District heating | 1,350,335 |
| Other indirect greenhouse gas emissions CO ₂ kg eq (scope 3) | |
| Business travel | 1,002,822 |
| Transportation of textiles | 13,368,103 |
| Petrol consumption | 3,777,784 |

EN21, EN30 Textile transportation and emissions

The total mileage of transporting Lindström's textiles amounted to 32.7 million kilometres, or 200 metres per kilo of textiles washed. The mileage rose on the previous year by 6.2 per cent, while the mileage per kilo of textiles rose by 3.6 per cent.

Textile transportation mileage and transportation emissions are reduced by continuously optimizing delivery routes and aiming for full loads, applying the so-called single vehicle principle: the same

vehicle picking up dirty textiles and delivering clean ones. The same vehicle transports textiles from all product categories, so all of the textiles are replaced on the same visit. Large cities are an exception to combined deliveries, as vehicles are filled up with the products of just one or two product categories. Service centres outside Finland cover larger geographical areas, which is reflected in a higher share of mileage.

Transport kilometres per kilo of textiles washed (km/kg)

| Year | 1,000 km | Delivery | Trunk transportation | Total km/kg |
|------|----------|----------|----------------------|-------------|
| 2011 | 25,517 | 0.1705 | 0.0109 | 0.1814 |
| 2012 | 27,611 | 0.1700 | 0.0114 | 0.1815 |
| 2013 | 28,667 | 0.1686 | 0.0109 | 0.1795 |
| 2014 | 30,691 | 0.1813 | 0.0113 | 0.1926 |
| 2015 | 32,698 | 0.1885 | 0.0113 | 0.1998 |

Delivery and trunk transportation emissions per kilo of textiles*

| Year | CO ₂ g/kg | CO g/kg | HC g/kg | NOX g/kg | Particles g/kg |
|------|----------------------|---------|---------|----------|----------------|
| 2011 | 79.7 | 0.16 | 0.13 | 0.46 | 0.01 |
| 2012 | 79.5 | 0.16 | 0.13 | 0.46 | 0.01 |
| 2013 | 78.4 | 0.15 | 0.13 | 0.45 | 0.01 |
| 2014 | 78.2 | 0.20 | 0.18 | 0.41 | 0.01 |
| 2015 | 80.9 | 0.21 | 0.19 | 0.42 | 0.01 |

*Using emission coefficients of three-year-old vehicles. The coefficients take into account that only half of the maximum capacity is used because of the empty space above the roll container. Transport emissions have been calculated according to the unit emissions of VTT's system for traffic emissions.

EN22, EN29 Wastewater

Lindström measures wastewater quality on a regular basis. The results steer the choice of detergents and water recycling. Wastewater quality depends on the product category and degree of dirtiness. Hotel textiles produce the cleanest wastewater, while mats and shop towels are the dirtiest categories.

Although water recycling is an efficient way to save water and energy, it increases the concentration of residue in wastewater. Wastewater is regularly measured for pH, BOD and COD values as well as for levels of phosphorus, nitrogen, chloride, grease and suspended solids. Laundries handling workwear and mats also measure heavy metal and oil concentrations.

Before wastewater is discharged into the municipal sewer, it is treated in the manner required by local wastewater regulations and legislation that applies in the operating country. Separate wastewater treatment is an absolute requirement for shop towel laundries and increasingly also for workwear and mat laundries, as requirements

are tightened. Currently, almost a third of Lindström's service centres treat wastewater at their own wastewater treatment plants before being discharged into the sewer. Most of these units operate in other parts of Europe and in Asia.

Internal wastewater monitoring ensures that laundry wastewater adheres to wastewater agreements and environmental permits. Minor deviations are usually rectified by maintenance measures and adjusting the wash and wastewater treatment process. Corrective measures are agreed with authorities.

In 2015, wastewater concentrations exceeded significantly in Slovakia and St. Petersburg. Wastewater sanctions were paid to authorities in both cases. In St. Petersburg, deviations took place already in 2014, when a decision was made to replace the old wastewater treatment plant with a new one. New machinery will be installed during 2016.

EN23, EN25 Waste

In 2015, the total amount of waste generated by Lindström's operations was 6.1 million kilos. The figure rose by 3 per cent on the previous year. The recovery rate of total waste is 32.

Sand sludge at mat laundries and hazardous waste separated from the wastewater of shop towel and workwear laundries form Lindström's main waste categories. Sand sludge ends up as filling material at landfill sites. Hazardous waste mainly results from shop towels washed at the service centre in Hämeenlinna, Finland, and the wastewater treatment equipment of all laundries. The amount of hazardous waste increases along with a rise and improvements in wastewater treatment. Hazardous waste generated at Lindström is transported for appropriate treatment.

During the year under review, textile waste totalled 1.20 million kilos, i.e. 20 per cent of total waste. The recovery rate of textile waste was 71 per cent. In Finland, all textile waste is incinerated as energy, although the recovery rate decreased as a result of the increase in textile waste in European and Asian subsidiaries and lack of instances that treat textile waste. Finland's share of the textile waste volume reduces each year along with the growing share of subsidiaries of operations and textiles becoming older. Thus, the recovery rate of textile waste will decrease, unless the company manages to find a sufficient number of partners that treat textile waste in the regions of its European and Asian subsidiaries.

Distribution of total waste

| | | |
|--------------------------------|------------------|--------------|
| Mixed waste to landfill | 558,069 | 9 % |
| Sand & sludge | 2,650,745 | 43 % |
| Metal | 102,521 | 2 % |
| Cardboard & paper | 143,006 | 2 % |
| Energy waste | 269,487 | 5 % |
| Plastic for recycling | 14,697 | 0,2 % |
| Biowaste | 17,339 | 0,3 % |
| Hazardous waste | 1,191,431 | 19 % |
| Discarded products to energy | 630,090 | 10 % |
| Discarded products to reuse | 211,558 | 3 % |
| Discarded products to landfill | 353,665 | 6 % |
| | 6,143,011 | 100 % |

Textile waste

| Textile waste recovery rate % | 2012 | 2013 | 2014 | 2015 |
|-------------------------------|-------|-------|-------|-------|
| Finland | 100 % | 100 % | 100 % | 100 % |
| Europe (excl. Finland) & Asia | 29 % | 33 % | 38 % | 34 % |
| Group | 73 % | 71 % | 72 % | 71 % |

| Textile waste kg | 2012 | 2013 | 2014 | 2015 |
|-------------------------------|---------|---------|-----------|-----------|
| Finland | 626,397 | 556,305 | 660,881 | 673,654 |
| Europe (excl. Finland) & Asia | 372,274 | 424,111 | 481,021 | 530,145 |
| Group | 998,671 | 980,415 | 1,141,902 | 1,203,799 |

EN32-34 Environmental impacts of the delivery chain

The Group's Code of Conduct requires suppliers to: operate in accordance with applicable legislation and international regulations applying to environmental protection; continuously improve environmental protection and minimize environmental pollution; and

adopt an environmental system, such as ISO 14001 or equivalent.

In 2015, all new suppliers were audited in accordance with the company's auditing practices. No deviances in environmental issues were registered.

GRI: Personnel and working conditions

Lindström employs approximately 3,000 people directly and hundreds indirectly through its subcontractors. In human resources, corporate responsibility indicators include the rate of work-related injuries, amount of sick leave and employee turnover. The indicators describe Lindström's success in maintaining both physical and mental work capacity.

Lindström obligates also its subcontractors to take care of the welfare of personnel and provide safe working conditions that promote wellbeing.

| | Vision 2020 | Outcome 2015 |
|--|-------------|--------------|
| Rate of injury (incident/ 1 million working hours) | < 5 | 6,8 |
| Sick days/person/year | < 7 | 10.58 |
| Turnover of personnel, voluntary | 5-10 % | 9 % |
| Turnover of personnel, general | < 15 % | 26 % |

G4-LA1

Total number and share of newly employed personnel, and turnover of personnel by age group, gender and region

In 2015, the Group entered into 1,070 new employment contracts, 439 of which were permanent, full-time employment relationship. The remaining 631 were mainly workforce hired for production to address seasonal change and substitute the absences of permanent

employees. 56 per cent of the recruits were located in European and Asian subsidiaries, and the remaining share in Finland.

New employment contracts

| | Female | Male | Total |
|-----------------|--------|------|-------|
| Finland | 267 | 202 | 469 |
| EA subsidiaries | 345 | 256 | 601 |
| Group | 612 | 458 | 1,070 |

Total turnover of personnel in 2015 amounted to 26 per cent, including all employment contract types. Of the 831 terminated employment relationships, 345 were fixed-term. The Group's voluntary turnover of personnel was 9 per cent.

The turnover of full-time personnel was 18 per cent, i.e. total turnover increased as a result of part-time, e.g. seasonal employees. Especially the Group's hotel textile service company Comforta makes use of seasonal employees, as its seasonal peaks overlap with the season of annual leave among permanent personnel. A large number of students and other summer workers are recruited annually

to stand in during summer vacations and to serve the needs of the travel industry.

G4-LA2 Employee benefits

The employee benefits at Lindström's Finnish companies include occupational health care, accident insurance, and maternity, paternity and parental leave provided under Finnish law. All of the aforementioned benefits are also available for fixed-term and part-time

employees. Additional benefits that do not apply to fixed-term and part-time employees are available for full-time personnel, including extended occupational welfare services and recreational benefits.

Employee benefits available in all the companies will be reviewed by the Group during 2016.

G4-LA4 Minimum period of notice in the event of reorganisation

Lindström complies with local legislation in all of its countries of operation.

G4-LA5-7 Rates of injury, occupational diseases, lost days, absences, work-related fatalities

Company- and unit-specific occupational safety measures have been arranged in accordance with local legislation. The aim of Lindström's occupational safety measures is to improve the working environment and conditions in order to secure and maintain working capacity as well as to prevent work-related injuries, occupational diseases and other work- or working environment -related physical and mental health problems.

The Group's occupational safety focuses on preventing accidents and diseases. One of the methods for engaging managers in occupational safety work is to make the expenditure relating to accidents and diseases transparent.

Healthy and safe working conditions are ensured through preventive collaboration among personnel, external experts and partners. The health and safety risks identified at a workplace are entered in locally compiled risk assessments. Risks are eliminated or their impacts minimized. The induction programme involves discussing the risk assessment.

The monthly safety circulations by personnel are designed to monitor and ensure compliance with safety measures and implement procedures identified in the risk assessment. In addition, the company has unit-specific coordinators in charge of ergonomics with the task of instructing and guiding personnel to work in an ergonomically correct manner. Outsourced delivery personnel are offered training and information on traffic safety, work methods and ergonomics.

This year, a total of 745 safety observations were noted. Observations serve as preventive safety measures, helping to identify hidden risks and prevent accidents.

The Group has an Audit Management Tool system for entering all safety observations and accidents as well as observations of occupational health care and safety audits. The system allows to assess the impact of measures, share observations within the company and monitor development.

The Group's rate of injury totalled 6.8 per 1 million working hours (9.3 in 2014). Most commonly, injuries take place in production facilities, when a member of personnel is handling a trolley or mat container. Bruising and sprains were the most common types of injuries. 52 per cent of injuries did not lead to sick leave, while 27 per cent resulted in an absence of less than ten days.

In addition to ergonomic issues, laundry production displays a risk for injuries and sickness relating to noise, tremor and chemicals.

There were no injuries leading to fatality or diagnosed occupational diseases during the reporting period.

G4-LA9-10 Personnel development

Lindström offers diverse opportunities for competence development and on-the-job learning. Supporting the achievement of the company's targets serves as a starting point for personnel development. Read more on page 26.

Injury types, Rates of injury, Occupational disease frequency, Lost days, Absences and Work-related fatalities

| | Finland | EA subsidiaries | Total | | |
|--|---------|-----------------|--------|------------------------------|------|
| Sick days per person | 11.72 | 9.68 | 10.58 | | |
| Number of sick days | 14,551 | 15,141 | 29,692 | | |
| Injuries, no. | 31 | 6 | 37 | (Absence of more than 1 day) | |
| Rate of injury | 13,2 | 2 | 6,8 | (Absence of more than 1 day) | |
| Lost working days | 615 | 96 | 711 | (Of injuries) | |
| Occupational diseases | 0 | 0 | 0 | | |
| Work-related fatalities | 0 | 0 | 0 | | |
| Injuries and rate of injury (Absence of more than 1 day) | 2011 | 2012 | 2013 | 2014 | 2015 |
| Number | 47 | 34 | 36 | 40 | 37 |
| Rate | 12.4 | 8.2 | 8.3 | 9.3 | 6.8 |

Injury statistics include injuries resulting in an absence of more than one day. Reporting includes injuries during commutes.

Development discussions between supervisor and employee examine the person's capability and interest in taking part in training, projects, work circulation and other programmes. For office workers, this takes place in connection to annual development discussions, which also involve drawing up a personal development plan.

Lindström particularly invests in developing competence in the customer interface. Training provision includes an extensive range of courses, their principles outlined in the annual training plan. On an individual level, training is planned in line with the personal development plan. In Finland, the company offers programmes that culminate in a professional qualification for those working in textile care and maintenance.

At the end of an employment contract, opportunities for the

person's re-employment are assessed, and training to support recruitment is offered if deemed appropriate.

G4-LA12 Composition of the organisation's administrative bodies and distribution of personnel by group

57 per cent of Lindström's personnel are employed in production and 33 per cent in the customer interface. The remaining 10 per cent are employed in expert and management positions.

63 per cent of Lindström's personnel are female. At the end of the year, the share of women was 11 per cent in the Group's Management Team and 28 per cent in the Board of Directors.

The average age of personnel is 38 years.

| | Female | Male | Under 30 | 30-50 | Over 50 |
|---------------------------|--------|-------|----------|-------|---------|
| Total personnel | 1,998 | 1,193 | 819 | 1,850 | 522 |
| Top management | 1 | 8 | 0 | 8 | 1 |
| Expert | 235 | 80 | 46 | 207 | 62 |
| Customer interface | 561 | 490 | 256 | 670 | 125 |
| Production | 1,201 | 615 | 517 | 973 | 335 |

G4-LA 14-16 Working conditions of the supply chain

The Code of Conduct that defines the responsibility of Lindström's supplier chain defines the basic obligations of the suppliers of goods and services in relation to stakeholders and the environment.

Risk relating to working conditions has been identified in some of the Group's purchasing countries, which is monitored by auditing all suppliers deemed as significant and in the scope of the risk, in accordance with the Group's auditing practice. The Group's Code of Conduct requires suppliers to comply with the legislation in force in

the respective country, take responsibility for the health and safety of employees (applying e.g. the OHSAS 18001 or equivalent system), control risks, and implement reasonable preventive measures to prevent accidents and work-related diseases, as well as either provide or ensure adequate training in health and safety issues.

All new suppliers were audited in 2015 according to the Group's auditing practice. Defects relating to working conditions were not documented during the reporting period.

GRI: Human rights and society

Lindström has operations in 24 countries, its supplier chain extending to Europe, Asia and Africa.

The Group has a highly culturally diverse operating environment, which also displays varying understandings of human rights and obligations of companies towards society. Operating in different countries involves encountering different cultures.

In all of its operations, Lindström complies with: local legislation; its operating policy; ethical guidelines for personnel; and the Code of Conduct, which requires both Lindström and its partners to operate responsibly in society and respect human rights.

G4-HR1 Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening

Human rights are assessed in all of Lindström's operations in connection to risk assessments, including investment agreements. Lindström's Code of Conduct, which obliges partners to respect human rights and promote equality, is a significant element in investment agreements.

G4-HR2 Personnel training on human rights policies and procedures

Ethical guidelines for steering the activities of personnel are included in orientation material and available on the Group's internal online service. The purchasing strategy and the related Code of Conduct that binds personnel, subcontractors and partners, has been discussed with personnel responsible for purchasing and supplier decisions, and made available on the Group's joint online service.

G4-HR3 Incidents of discrimination and corrective actions taken

No incidents in the reporting period.

G4-HR5-6 Significant risks of child labour and implemented preventive measures

Risk of child labour has been recognised in some of the Group's purchasing countries. The Code of Conduct prohibits the use of child labour, the fulfilment of which is monitored through supplier audits.

G4-HR7 Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations

Personnel performing supplier decisions and audits are trained to monitor that operations comply with the purchasing strategy and to identify and report factors relating to human rights risks.

G4-HR10 Percentage of new suppliers that were screened using human rights criteria

Human rights are assessed in all of Lindström's operations in connection to risk assessments, including supplier agreements. Lindström's Code of Conduct, which obliges partners to respect human rights and promote equality, is signed in connection to supplier agreements.

G4-HR11 Significant actual and potential negative human rights impacts in the supply chain and actions taken

Risk of negative human rights impacts has been identified in Lindström's supplier chain. Suppliers categorised as strategic are covered by the Group's audit system, which also assesses human rights issues.

G4-HR12 Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms

No incidents in the reporting period.

G4-SO1 Percentage of operations with implemented local community engagement, impact assessments, and development programs

When a service centre is established, local environmental impacts, a strategic location close to customers, and availability of personnel, distribution and convenient transport connections are assessed.

G4-SO2 Operations with significant actual or potential negative impacts on local communities

Service centres are located in industrial areas instead of residential hubs, and often in existing rental facilities, whereby operations do not usually have a negative impact on local communities.

G4-SO3 Total number and percentage of operations assessed for risks related to corruption and the significant risks identified

Corruption analyses are an element of risk management, which is part of the Group's management system and implemented in each country of operation.

G4-SO4 Communication and training on anti-corruption policies and procedures

The operations of personnel are steered by quality, environmental, occupational health care and safety policies and ethical guidelines, which have been supplied to each member of personnel in the operating countries and included in orientation material. Management- and expert-level recruitment and induction processes pay particular attention to the issue.

G4-SO5 Confirmed incidents of corruption and actions taken

No corruption incidents in the reporting period.

G4-SO6 Total value of political contributions by country and recipient/beneficiary

Lindström does not take an active role in political decision-making, donate to political operators or receive political support.

G4-SO7 Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes

No reported incidents in the reporting period.

G4-SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations

No reported incidents in the reporting period.

G4-SO9 Percentage of new suppliers that were screened using criteria for impacts on society

The societal impact all of Lindström's operations, including supplier agreements, is assessed in connection to the risk assessment process. Lindström's Code of Conduct, which obligates all partners to operate responsibly, is part of supplier agreements.

G4-SO10 Significant actual and potential negative impacts on society in the supply chain and actions taken

A risk of negative societal impact has been identified in Lindström's supplier chain. Suppliers categorised as strategic are included in the Group's audit system, which also assess societal issues.

G4-SO11 Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms

No incidents in the reporting period.

GRI: Product liability

Products included in Lindström's services, such as workwear and personal protective equipment, are manufactured by long-term partners according to Lindström's product specifications. A share of the products comprise certified personal protective equipment, with protective features defined in the applicable certifications.

Lindström's product liability applies to including features that meet the products' purpose of use as well as to their durability during use and during the maintenance process.

In 2015, Lindström published its Quality Assurance Manual to ensure that the company's services and products are manufactured in accordance with instructions and standards, and that inspections and documentation are coherent and comprehensive.

Audits in line with the Quality Assurance Manual are carried out by personnel in Lindström's countries of operation and by an external quality coordinator in countries where Lindström does not have its own operations. The Quality Assurance Manual is available to download on the company's website, and since 2015 has been included in new supplier agreements already at the tendering stage. Also existing suppliers have been informed on the binding nature of the Quality Assurance Manual, and all of the company's quality assurance audits will be carried out in accordance with the new requirements.

G4-PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes

No incidents during the reporting period.

G4-PR3 Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant products and service categories subject to such information requirements

Lindström offers personal protective products with CE-marking in the EU and EAC-certified personal protective products in e.g. Russia. The company is responsible for fulfilling the protection requirements both in regards to purchased and owned textiles also during the maintenance process. Fulfilment of the requirements of CE- and EAC-certified protective equipment is tested on random product batches. Lindström complies with the REACH chemicals regulation of the EU.

G4-PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes

No incidents during the reporting period.

G4-PR5 Results of surveys measuring customer satisfaction

The Group's service culture survey measures the quality of management, personnel experience and customer experience. The survey is conducted among the entire personnel, and a sample of customers in the Group's countries of operation respond to the customer survey. The 2015 customer experience rating was 4.07 (on a scale of 1-5).

Customer retention is another indicator of customer satisfaction and quality of operations. It is measured in all of Lindström's countries of operation, and is at a very high level.

G4-PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes

No incidents during the reporting period.

G4-PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data

No incidents during the reporting period.

G4-PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services

No incidents during the reporting period.

Code of Conduct

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

The supplier agrees herewith:

Legal compliance

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

Prohibition of corruption and bribery

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

Respect for the basic human rights of employees

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

Prohibition of child labour

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

Health and safety of employees

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

Environmental protection

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

Supply chain

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

Contact

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Czech Republic
Lindström s.r.o.

Estonia
Lindström OÜ

Germany
Lindström GmbH

Great Britain
Lindström Ltd

Hungary
Lindström Kft.

India
Lindstrom Services India Private Limited

Kazakstan
TOO Lindström

Latvia
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Slovenia
Lindstrom d.o.o.

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