

# INDISKA

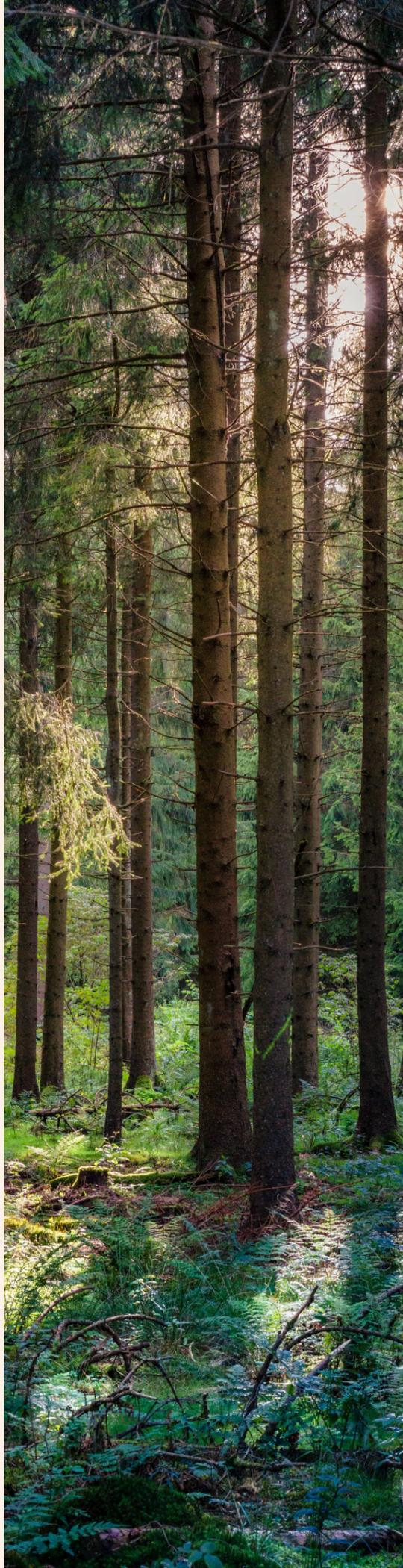
## Sustainability Report 2019



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## 2019 in short

Indiska's ambition is to do what we can in short and long term to create a long-term sustainable development of the fashion industry. We are humbled by this challenge. Last year, we took a big step towards our goals which aim to act responsible to the planet and the people on it. In 2019 we focused on these 12 things.

### Material strategy

We have listened to our customers and we will mainly use materials derived from natural sources and increase the share of sustainable materials in new collections. It will show already in April spring collection 2020.

### Modern IT solutions

To be able to offer better flexibility and expansion Indiska has invested in a new cashier system and E-commerce platform. This will enable sustainable transport options, digital receipts and better guidance in our sustainable assortment.

### Sustainable production

93% of our supplier's factories are social audited meeting our minimum requirements or higher. We have seen improvements in documentation like legal and wages and our employee interviews have shown that a high share of the employees are aware of their basic benefits like what a union is, provident fund, insurance and maternity benefits.

### Stakeholder analysis

was carried out where all employees and Indiska's owner had the chance to express which sustainability they want Indiska to focus on going forward.

### Going global

Indiska fashion was launched at Zalando E-commerce platform in 10 European countries. Important step to secure Indiska profitability and long-term business.

### Sustainability integrated in the business

To ensure we work to for a more sustainable business in all functions, a decentralisation of the sustainability work has been done by settling strategies and activates per function.

### Equality and female leadership

In connection with International Women's Day we lifted our female leaders in a campaign I AM INDISKA, to draw attention to the importance of female leadership.

### Customer awareness

We launched a sustainability blog to guide in accessible format in our sustainable offer and how to care for products for long-life.

### Sustainable design

Launched a Sustainability Roadshow with the aim to create timeless Indiska design inspired by our customers old favourites. Which have inspired us in future collections. These products will be launched in 2020 under the label "Indiska Archive" as a signature for timeless favourite.

### Circularity

We launched rental-service of our porcelain. During spring we promoted second hand by a collaboration with Sellpy, offering secondhand denim trousers in one of our stores and at our web site.

### Re-launch of Yoga collection

In an exclusive collaboration with Röhnisch, their great quality and female fit in our colourful pattern in recycled polyester.

### Re-launch of vintage furniture

A collection of beautiful old re-stored and hand-painted cabinets offered in our large city stores.

### More sustainable carrier bags

Fall 2019 we launched new carrier bags, locally produced in Sweden from FSC certified wood using 100% renewable energy from windmills. The medium size bag is designed like a gift bags with the aim to be used several times and reduce the environmental footprint even further.

# CEO Comment

2019 has been a challenging and extremely educational year. Although the turnaround of Indiska has taken longer and been more difficult than imagined, I still see great potential in the company, and I am determined to work with our fantastic team to make Indiska a profitable, sustainable and successful company.

Sustainability has always been a key part of Indiska's DNA. Our picture is that the sustainability debate was intensified in 2019 especially within the textile industry. We also see a change in the behaviour of our customers, increasingly asking questions about materials, origin and production methods. We welcome this focus on the environment and like many of our colleagues in the industry, we must take on even greater responsibility.

The advantage of being a smaller chain like Indiska is the closeness to our suppliers. Through our talented team at the production office in Delhi, we continue to constantly develop and refine our supplier base and production methods. Despite regular and professional audits, it is always difficult to 100% control the supplier base. I have spent a lot of time personally meeting the majority of our suppliers, especially in India, but also China and Turkey. In addition to the social audits we do, I want to create my own view of the suppliers' ethics and working methods.

In every customer survey we do, the demand for natural materials is always number 1. It is our conscious customers who are constantly driving us to further improvements. We have worked extensively with the materials strategy, focusing on an even higher share of natural materials and more sustainable materials, which will be visible in stores during 2020.

One of the biggest obstacles in sustainability is overproduction. The best way to not produce too much is to become extremely proficient at what customers want. A garment that is used extensively and for a long time saves on earth's resources. During fall of 2019, we launched a Sustainability Roadshow with the aim for us to create timeless Indiska design inspired by our customers old favourites. We asked the customers to bring their old favourites that they still love! We have so many dedicated customers! We have borrowed lots of nice unique Indiska clothing from our customers that we have inspired us in future collections. These products will be launched in 2020 under the label "Indiska Archive" as a signature for timeless favourite.

During the year, we also pushed issues of gender equality and female leadership. During International Women's Day, we chose to lift our female leaders and how they inspire their world. This is an issue that I am passionate about personally and which we as a company believe complements our social engagement in a good way.

Karin Lindahl, CEO



# A look in the rearview mirror

## 1994

Indiska began making demands on chemical content and testing.

## 1998

The first code of conduct for suppliers is adopted.

## 1998

Support for the Indian children's rights organization Peace Trust begins.

## 1999-2001

The pioneer project DressCode, to find systems for social audits at our suppliers, is done in collaboration with three other Swedish textile companies and Clean Clothes Campaign.

## 2000

A vocational school for former textile worker children, fully funded by Indiska, is built by the Peace Trust in southern India.

## 2002

The work begins on implementing the code of conduct for our suppliers.

## 2004

The founder of Peace Trust, Paul Baskar, receives the World Children's Prize for his work against child labor.

## 2006

Work on water issues and chemicals begins at Indiska's subcontractors.

## 2010

Indiska arrange a meeting with the Swedish textile industry on joint responsibility for water and chemical issues, Sweden Textile Water Initiative, STWI, is formed.

## 2010-2012

Sweden Textile Water Initiative, STWI, develops common guidelines in water and chemical issues, for textiles and leather.

## 2012

Indiska's sustainability manager is appointed Honorary Doctor of Technology at Lund University for his work in combining ethics, environment and economics in the water project in India.

## 2013-2014

With some financial support from Sida, STWI guidelines are being tested in three states in India in the project Sustainable Water Resources, SWAR. Indiska, KappAhl, Lindex and Stockholm International Water Institute as well as Indian consultants.

## 2016

The SWAR project is scaled up, in partially Side-financed project in five production countries, China, India, Bangladesh, Turkey and Ethiopia.

## 2016

Indiska launches YOGA BY INDISKA. In 2017, the collection consisted of 100% sustainable materials.

## 2018

Started a new 3-year contract to support Peace Trust's vocational school.

# Indiska Archive

During fall of 2019, we launched a Sustainability Roadshow with the aim to create timeless Indiska designs inspired by our customers old favourites.

These products will be launched in 2020 under the label "Indiska Archive" as a signature for timeless favourite.



# About Indiska

Indiska is a Swedish lifestyle brand, offering fashion and interior design in a unique mix of colourful India heritage and Scandinavian simplicity. It is a family company, which has been operated for more than 110 years. Today, Indiska is owned and operated by the company's CEO Karin Lindahl.

## Figures and locations

- 74 stores; 61 in Sweden, 7 in Finland, 6 in Norway.
- E-commerce in Sweden, Finland and Norway  
Beginning of 2020 Indiska will offer E-commerce in the most European countries.
- Indiska apparel available at the E-commerce platform Zalando since October 2020 in Austria, Denmark, Belgium, Finland, France, Germany, Italy, Netherlands, Poland and Sweden.
- Production offices in New Delhi and Tirupur, India.
- Head office located in Stockholm, Sweden.
- 265 full-year employees; 144 in Sweden, 18 in Norway, 26 in Finland, 25 in India.
- Net sales for the financial year 2019: 587,9 million SEK.
- Our customer club consists of more than 1.1 million members in Sweden, Norway and Finland.
- Production countries: India, China, Turkey, Bulgaria, Bangladesh, Italy, Latvia, Sweden, Slovakia, Vietnam and UK.

Indiska Holding Sweden AB is a joint-stock company wholly owned by Karin Lindahl since October 2017. Prior to that, the Thambert family owned Indiska since the 1950s. The Group structure are found in the picture below. The Board consists of Karin Lindahl (CEO). The management team consists of 10 members in senior management, 7 women and 3 men.

## Membership in organizations

- Swedish Trade organisation (Svensk Handel)
- SDSL – Swedish Development for Sustainable Leadership
- BEWG - Brand Ethical Working Group in India
- 17 Network (17 nätverket)

# 74

STORES

61 in Sweden, 7 in Finland and 6 in Norway.



HEADQUARTERS  
IN STOCKHOLM

# 587,9

MILLION SEK NET SALES FOR  
THE FINANCIAL YEAR 2019



BEGINNING OF 2020 INDISKA WILL  
OFFER E-COMMERCE IN THE  
MOST EUROPEAN COUNTRIES.

# 265

FULL-YEAR  
EMPLOYEES

# 10

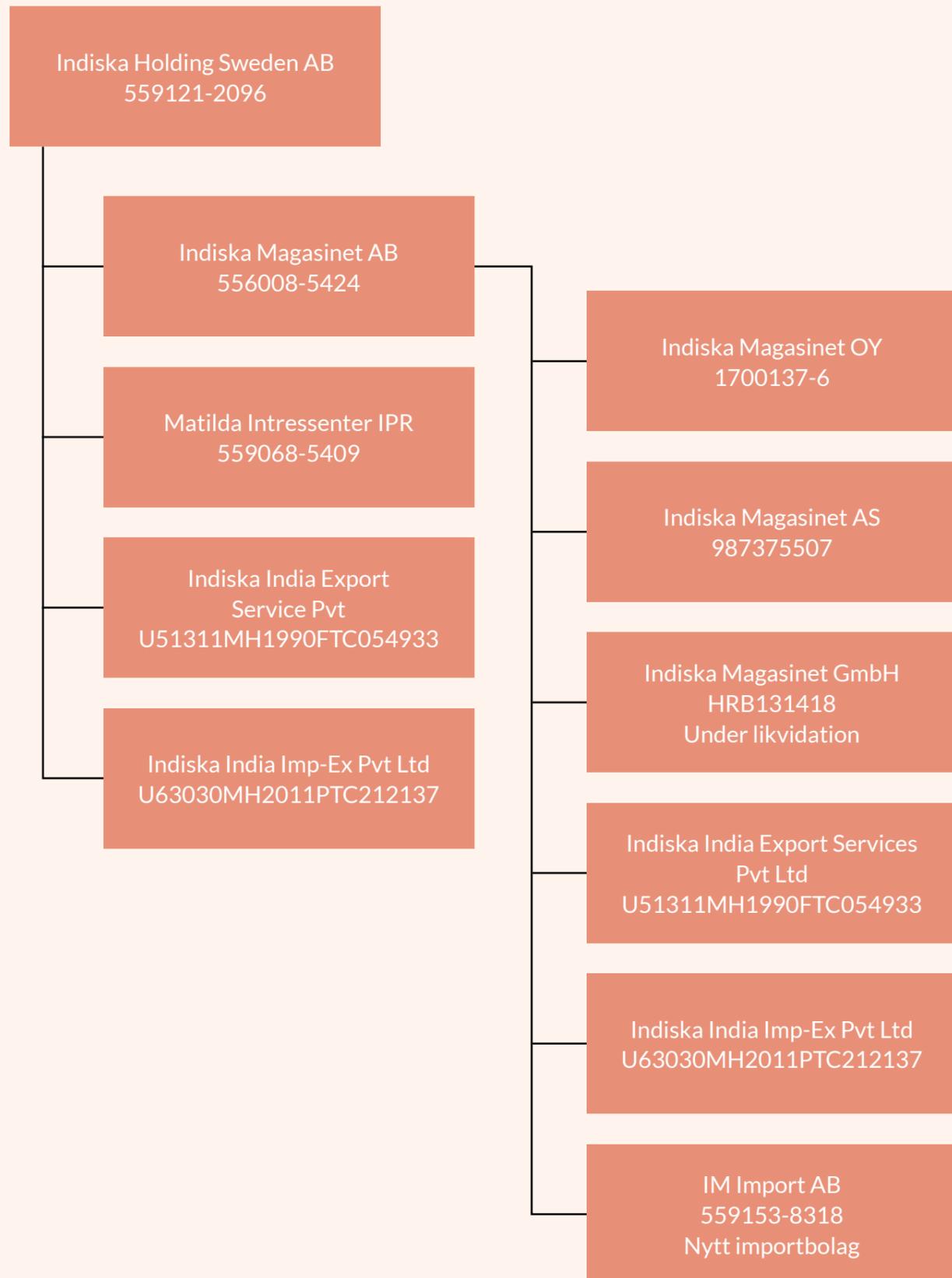
MEMBERS IN SENIOR  
MANAGEMENT

# 1,1

MILLION CUSTOMER  
CLUB MEMBERS

Production countries: India, China, Turkey, Bulgaria, Bangladesh, Italy, Latvia, Sweden, Slovakia, Vietnam and UK.

# Indiska Holding Group Structure



# Driving sustainability

Indiska's employees are conscious, to succeed in our sustainability transformation Indiska believes it is important to involve all employees and have clear focus and activities in each function. By involving our employees in stakeholder analysis and settle strategies focusing on activities a foundation has been built to continue developing long-term goals.

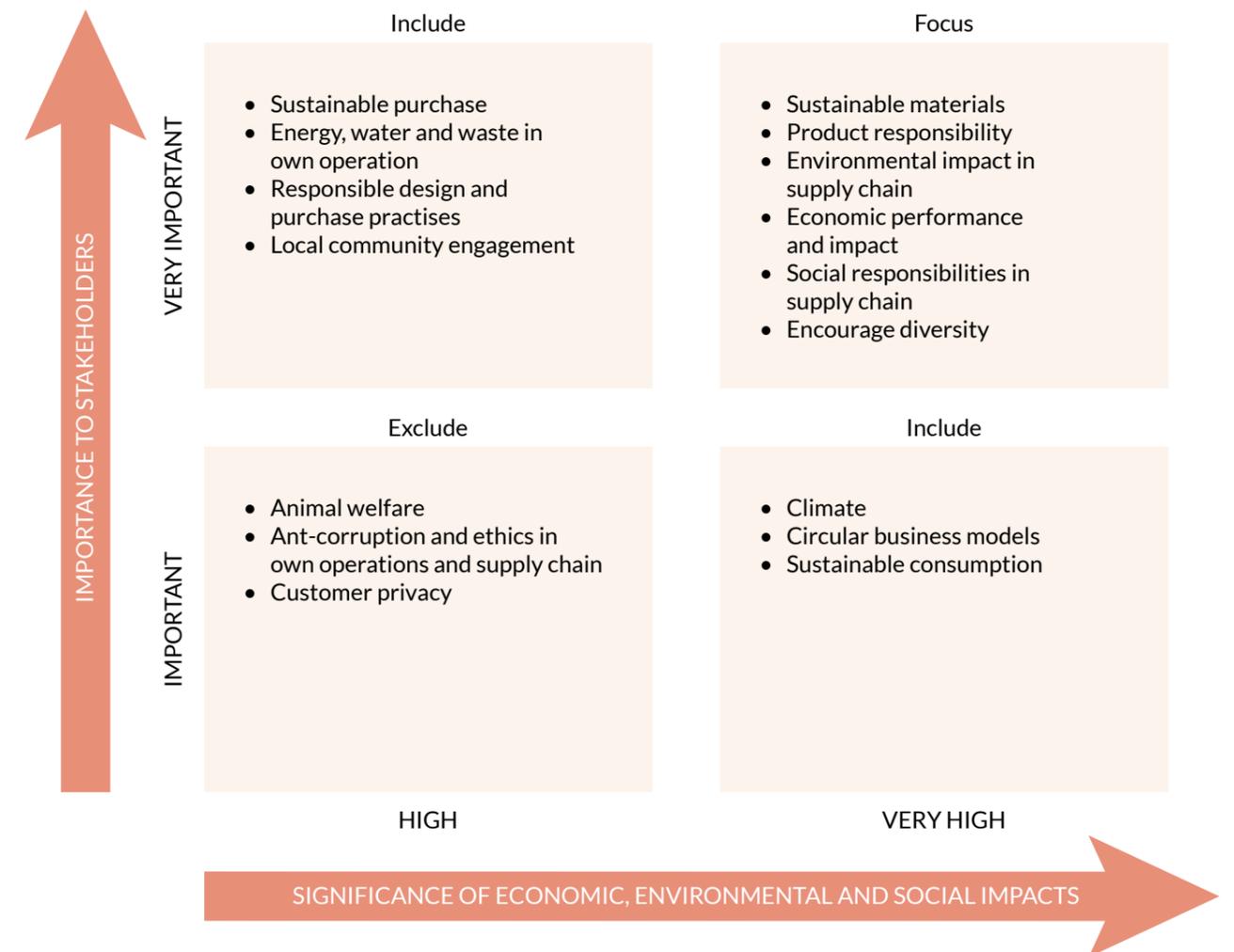
## Stakeholder analysis

An internal stakeholder analysis was carried out where all employees and Indiska's owner had the chance to express which sustainability they want Indiska to focus on going forward.

## Sustainability integrated in the business

To ensure we work to for a more sustainable business in all functions, a decentralisation of the sustainability work has been done by settling strategies and activates per function. Those are based on the stakeholder analysis and a sustainable impact analysis of our business.

The impact analysis is based on long-term experience, latest research reports<sup>1</sup> and UN's sustainability development goals.



The table shows the result of Indiska internal stakeholder analysis, the importance of different sustainability areas.

<sup>1</sup> Research by RISE Mistra Future Fashion <http://www.fria.nu/artikel/128551>



## Financial and investments

To run a profitable business is of the utmost importance for Indiska to create secure employment and relationships for both employees and business partners. Therefore, Indiska's focus has been to continue to review roles and duties for a more efficient organisation and to close unprofitable stores when necessary. Indiska's cost control remains strong which gives us the effort to increase our operational efficiency.

During 2019 several important strategic investments have been done and launched such as multichannel, digitalisation and expansion in Europe. In October 2019 Indiska apparel were successfully launched at Zalando E-commerce platform in 10 European countries.

Parallel Indiska invested in a new cashier system and E-commerce platform to offer better flexibility and be able to expand to more sales markets. The cashier system was launched in 2019 and the platform will be launched early 2020 and at the same time Indiska will enter most European countries. This will enable sustainable transport options, digital receipts and better guidance in our sustainable assortment and support traceability and transparency.

"We try not only to think of the web as a shopping place, but also as a shop window for the stores, though on the web. There must be a lot of inspirational pictures there" says Indiska CEO Karin Lindahl in an interview to the Swedish newspaper Daily Industries.

Despite the investment in E-commerce Indiska continuously believes in physical stores and to invest in new stores when we find new attractive locations. We have invested in renovation of important stores in Stockholm, which has led to a better customer experience and a better outcome of revenue for those stores. During the fiscal year, we have opened three new stores (two in Finland and one in Sweden) and closed five unprofitable stores (three in Sweden, one in Norway and one in Finland).

## Diversity

Indiska works actively with diversity, focusing on everyone's equal value and female leadership, in recruitment, business partners in the supply chain, in social engagement and in communication.

In connection with International Women's Day, Indiska fronted seven of our female leaders in a campaign called I AM INDISKA.

This purpose was to inspire to female leadership, to promote diversity by using our own employees as models. The campaign was well received by customers and an important internal branding for our employees and new recruitment.

Read more about diversity under Sustainable production and Social engagement.





# Our Employees

Indiska has 265 full-year employees, including:

- 196 in Sweden, 87 women and 9 men (including head office with 44 women and 8 men)
- 18 in Norway, all women
- 26 in Finland, all women
- 25 in India, 16 men and 9 women.

In 2019, Indiska reviewed the roles and reorganized the head office and the production office to streamline operations. This led to a reduction of 10 employees at the head office and 9 at the production office in India.

Indiska opened three stores, two in Finland and one in Sweden. Five unprofitable stores were closed, three in Sweden, one in Norway and one in Finland.

When Indiska decide to close stores, we try to relocate employees to other stores. In some cases, there were no repositioning opportunities. In Sweden, Finland and Norway all employees are covered by Collective Agreements, this represents 90% of Indiskas employees. In other countries local law is applied.

### Employee interviews and surveys

Each year, employee interviews are conducted according to a clear format where each employee, in consultation with their manager, evaluates and monitors performance, development and results and is given the opportunity to provide feedback to their manager and the organisation.

Indiska regularly conducts employee surveys to capture which parts we need to work more with. The employee survey for our sales organisation staff is conducted several times a year.

We are proud that we increased our already high result of committed and motivated employees during 2019. 80% of our employees responded that they experience high motivation in work. The survey showed overall positive responses - with strengths such as sense of responsibility, high commitment, high confidence in our CEO, skills and leadership. Areas that we have actively worked on have improved significantly which are, physical working environment and leadership.

We work continuously with our teams to listen, act and create a good working environment and keep a positive energy. We are aware of the challenge we face with a changing industry and organisation.

### Privacy policy

Indiska is determined to protect the privacy and security of employees' personal data. This also applies to consultants. How we collect and use personal data during employment and when the employment is ended is described in Indiska's privacy policy, which all employees are given access to in accordance with the General Data Protection Regulation (EU) 2016/679 (GDPR).

### Anti-corruption and bribery

Indiska has a zero tolerance against bribery and corruption of all its forms. Our policy on anti-corruption applies to all employees, consultants, partners, subcontractors or others who represent Indiska.

All new employees and consultants at our Head office and Production offices sign the policy at start of employment. For our business partners, the policy is included in our Code of Conduct which they need to sign in order to deliver to us. This is described in chapter Sustainable production.

	Total	Sweden	Norway	Finland	India
Employees	265	196	18	26	25
Women	140	87	18	26	9
Men	25	9	0	0	16

# Quality and product responsibility

At Indiska, we develop products and select materials for a long term and safe use. To ensure the quality of our products and that they comply with applicable laws, several quality tests are conducted at both internal and external independent laboratories.

During the year we have updated our Quality standards and requirements for all product groups. 2018 we strengthen our risk assessment process, testing and inspection of candlesticks and lanterns. Which has led to higher quality and we did not face any quality issues during the year which lead to recall from customers nor sales stops.

Our suppliers are committed to follow Indiska's Quality standards and requirements and Swerea RISE Chemicals Guide. The guide gives information of where the hazardous chemicals could be found, and substitution i.e. which chemicals could be used instead. Indiska performs sample analyses to follow up on compliance. The selection is based on risk analysis considering material, treatment, production market, present Eco labelling and supplier's past performance.

Candles are tested to ensure they burn with an even flame. Our electrical lamps are produced and tested in accordance with EU regulation to ensure safety compliance with the mandatory CE mark and RoHS directive for chemical content. Dinnerware and other products that are expected to come in contact with food are controlled in accordance with European regulations.

Our textile products undergo several washes where shrinkage, twist, colour fastness, shape and stability are checked. Abrasion test to check tendency of forming pills are also performed. Our curtains are subjected to light fastness tests to check resistance to sun-fading. Our jewellery and metal details on garments are tested for nickel release to avoid exposure to nickel which may cause allergy.



# Sustainable production

Indiska strives to minimize the negative impact on humans, the environment and the local community due to manufacturing. In 1998 Indiska was one of the first few companies in the world to introduce a Code of Conduct. Although we have worked on this for many years and have come a long way, we will never rest on these issues.

Some of our most important suppliers have taken important steps and moved in the direction of sustainable retail manufacturing practices i.e. by investing in renewable energy like solar and wind power, optimizing use of water and chemicals and health programs for employees and social engagement.

In a step to be more transparent Indiska has published information about our most important suppliers on our new web site.

## Our approach

We have long-term partnership with many of our suppliers, through which we have built good relationships and our long-term sustainability work. With knowledge about the country of production and the approach to work out solutions together with our business partners we have seen improvements. We value and encourage our suppliers to take up their own initiatives to improve the working conditions and reduce environmental impact. Which in long term is a more sustainable way to approach our supply chain.

We carefully select our business partners. We want to work with producers who have the same values as Indiska when it comes to ethics and environment. Before we start a collaboration, the business partner must agree to comply with the minimum level of our Code of Conduct and ensure that their supply chain meet our sub-contracting requirements and that commitment is given by the supplier by signing an agreement. We also check their legal documentation to ensure the requirements are fulfilled. In risk countries we follow up

with visits and audits. The challenge is mainly non transparency practices in manufacturing industry e.g. double bookkeeping and complex supply chain.

## Code of Conduct

Our ambition is for everyone in Indiska's supply chain to work under fair conditions. Our Code of Conduct is based on the International Labour Organization (ILO) and the UN Declaration on Human Rights. It includes prohibitions on forced labour, child labour and discrimination. We demand freedom of association, a good working environment, legal wages and benefits, legal working hours, real employment, human treatment and compliance with the good national laws that exist in our production countries.

## Audits

By experience and industry collaboration we have identified countries where manufacturing practices could be risky, therefore we have categorised them as "Risk Countries". In other words, we are making an extra effort to monitor these regions using different social & environment tools available to us. e.g. audits, personal visit etc. We have categorised India, China, Bangladesh, Vietnam, Turkey and Bulgaria countries as risk countries.

To reduce audit fatigue in our factories, Indiska has decided not to limit our social & environment monitoring to our standard only. By accepting other international standard reports we enlarge our view on our factories from different standards. Most of our supplier's factories are audited by third party auditing firms that are internationally recognized and authorised by the International standards e.g. BSCI, SMETA/ SEDEX, WRAP and SA8000. We carefully review these reports and request supplementary information if needed, as different codes have different assessment systems and scope. This gives us a good view of how to prioritise our own audits and follow up.

Indiska's has its own employed CSR Auditor. The audit includes physical inspection of the workplace as well as checking documents of salaries, insurance, holidays, employment certificates and working hours, as well as interviews with factory employees without the presence of the factory management.

Our quality inspectors, based in our India office, visit factories regularly to perform quality inspection of our goods. They also have the task of paying attention to the working environment. If the deviation is detected, a dialogue is held with the supplier and our CSR Auditor.

## Reporting and nonconformities

A factory can get the rating "Meet the requirements" or "Improvements are required". If gaps and deviations are noted during the audit the auditor will discuss solutions with the responsible person in place and schedule a follow up visit or call. Time limit is set depending on the nature of the deviation, some changes need to be addressed immediately; others may be given longer time. The auditor shares a detailed report with instructions for action.

## Status 2019

	Factories	Meet the Requirements	Not Audited	Improvement Needed
Bangladesh	3	3	0	0
Bulgaria	3	3	0	0
China	32	30	2	0
India	41	39	0	2
Turkey	6	4	2	0
Vietnam	1	1	0	0
<b>Total</b>	<b>86</b>	<b>80</b>	<b>4</b>	<b>2</b>

*Our business partners with production in Sweden, Italy, UK, Latvia, Germany and Slovakia are not included since those countries are not defined as risk countries and thereby not audited.*

By limiting our supplier base, we can maintain a closer dialogue with our suppliers, get a more efficient purchasing process and more often be able to follow up on our requirements. We have increased our share of factories meeting our requirements mainly due to active choices in consolidation where we have chosen the business partner who show interest and action in social and environmental compliance. We are in dialogue with the two suppliers with the grade "Improvements needed", whereof one has shown us a clear plan of improvement.

In Turkey, all our three suppliers have gone through 3rd party audits according to SEDEX and BSCI standards and meeting the acceptable rating. One of the suppliers with three factories has shown progressive approach and understood the importance of compliance in the factory. His compliance team has been working throughout last year in all three factories to lift the standards of compliance and their hard work was put to test when one of the factories was audited by a 3rd party auditing firm per Sedex standard meeting our requirements. This has boosted the confidence of the internal compliance team of the factory and they are ready to audit the two other units soon.

During the years we have seen improvements in documentation in all areas like legal and wages, less gaps were observed when it comes to making employees aware of their benefits. The factories are giving awareness sessions from time to time. Our employee interviews have shown that a high share of the employees

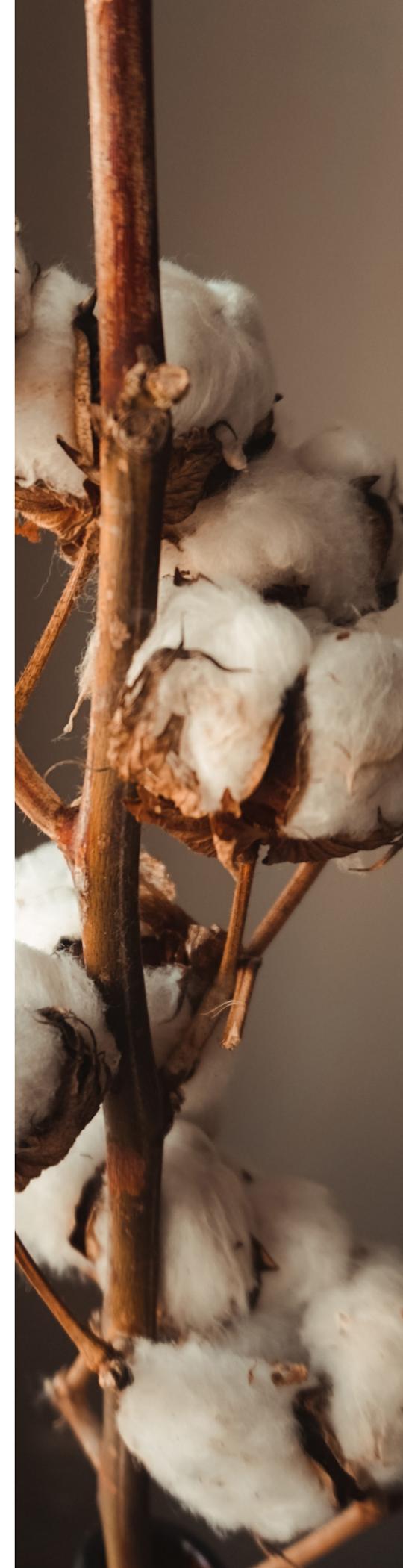
is aware of their basic benefits like what a union is, provident fund, insurance, maternity benefits, creche facility and gratuity.

#### **Water, chemicals and energy**

Our suppliers are taking different initiative on water trying to minimise water wastage at different level within the factories. Our factories with washing process have installed ETP and wastewater coming out of ETP is further proceed and reused in different areas. It also makes them less dependent of water from Governmental sources.

Some of our suppliers have taken initiative in electricity. Switching to new technology that uses less power to light up the factory area, using machines that are power efficient and some of our suppliers have even taken step forward of installing solar panels on factory roof and invested in solar and wind farms.

Our suppliers with dyeing or painting facilities have agreed to reduce the use of chemicals, by joining different projects i.e. STWI and self-monitored. It has helped them to learn how to use chemicals efficiently in the production process. It has resulted in reduction of use of chemical in the production process. New chemical routines are introduced at our suppliers per the chemical section of our code called Health and Standard. The chemicals stored on the production floor is strictly regulated to the quantity which are planned for production. Before it was common to keep stock of large amount of chemical in the factory.



## Sustainable products and materials

Indiska's ambition is to increase the proportion of sustainable products with the focus where it has the most impact. During 2019 we have worked on mapping the source of our materials and settled material strategies to clarify our journey to a more sustainable offer.

In addition to producing products in sustainable materials, we are constantly working to develop products with sustainable design in good quality. By sustainable design we mean a design which last over time. We also want to safeguard and increase the knowledge of the traditional craft methods that are often behind our products. We believe, which is also proven<sup>2</sup>, that if you use your garment or your product for a long time it is the long-term best option for the environment. At the same time, our ambition is to minimize environmental impacts in cultivation and manufacturing.

#### **Definition - a more sustainable product**

Indiska defines a product as more sustainable when 50% or more of the product consists of more sustainable material which means environmentally better produced or cultivated or with documented care for animals for animal materials compared to conventional material.

For sustainable materials we include organic cultivated raw materials like cotton, coffee, tea and chocolate, recycled materials, regenerated cellulose with low environmental impact like lyocell, Modal and EcoVero, wood and paper from sustainable forestry. Our classic candles are produced in an environmentally better way per Nordic Ecolabelled criteria and labelled with the same.

To ensure that the criteria are met, we require certification or eco-labelling for our sustainable products. Certifications that we approve include

The Nordic Ecolabel, GOTS, EU Ecological Labelling and KRAV, FSC Forest Stewardship Council, GRS Global Recycling Standard, RDS Responsible Down Standard. In exceptional cases when certificate is not possible to get i.e. recycled paper from textiles, we request documentation from the supplier for traceability.

### Important materials

Indiska has a wide range of products and materials. Textiles stand for the largest share with over 60% calculated in volume (pcs). Second largest is Stoneware with 13%. For the biggest impact, also considering the environmental challenges in the textile industry, our focus is to continue to reduce our environmental impact in our textile supply chain.

Indiska's customers inquire for natural materials, which is an important part of Indiska's profile and inheritance. In 2019 75% of our fashion and home textiles collections were made of natural materials. From these were more than 70% made of viscose, a man-made fibre derived from wood. 15% was made of cotton whereof almost 40% of the cotton was GOTS certified organic cotton.

Indiska's material strategy is to increase the share of natural materials i.e. materials from renewable sources further. Synthetic materials are still important for parts of our assortment since it holds certain properties like easy care, quick dry and lightweight which are desirable for e.g. jackets, nylon tights, heavy knits and filling. For synthetic products we aim to increase the share of recycled materials.

Man-made fibres from cellulose like viscose, lyocell and Modal, are a more sustainable alternative to conventional cotton provided it is made from wood from sustainable forestry and are produced with low environmental impact. Benefits are lower use of water, pesticides and land<sup>3</sup>.

In the viscose process cellulose pulp is dissolved with chemicals and the solution is spun into fibre. The process has a negative impact on the environment through emissions of sulphur, nitrogen and other pollutants, but there are better processes.

A mapping of our viscose supply chain showed that a large part of our viscose was produced by two large fibre producers Lenzing AG and Birla Cellulose who work with certified wood from sustainable forestry and controlled production processes. We nominated four viscose fibre suppliers which have committed to source wood from sustainable managed forests.

To get traceability and the best environmental option from the mentioned fibre producers we offer their branded viscose LENZING™ ECOVERO™ and Livaeco™ by Birla Cellulose in part of our assortment from spring 2020. They are a part of our more sustainable choices.

The production of LENZING™ ECOVERO™ viscose fibres generates up to 50% lower carbon dioxide emissions and 50% lower water impact. The fibre is certified with the EU flower, the EU's official eco-label which ensures as environmentally friendly production as possible regarding climate, water and chemical management.

The production of Livaeco™ viscose fibre generates 40% lower carbon dioxide emissions and has nearly 50% lower water impact. The fibre meets STANDARD 100 by OEKO-TEX® criteria, which means it does not contain any harmful chemicals.

Both branded fibres source wood from FSC® or PEFC certified forests to ensure traceability and eliminates risk of sourcing wood from ancient & endangered forests.

## Packaging material

We are looking into different ways to reduce packaging material and plastic materials. Below table show Indiska consumption of packaging material including carrier bags. Today many products are piece packed to facilitate handling at E-commerce and replenishment to stores as the main purpose of packaging material is to protect the product.

Fall 2019 we introduced new paper carrier bags, locally produced in Sweden from FSC certified wood. The supplier is using 100% renewable energy from windmills, water-based colours where 90% of the chemicals are reused. The medium size bag is designed like a gift bags in nice prints. The aim is that the customers want to use it several times and thereby reduce the environmental footprint of the bag further.

The decision to start using paper carrier bags in FSC certified paper instead of plastic is based on our strategy to reduce plastic and

on LCA analysis by IVL Swedish Environmental institute (Report U5732). The LCA analysis showed that 80% of the energy consumption comes from the production which is very low for our bag compared to the plastic bags in renewable and recycled plastic.

Our plastic carrier bags which will be phased out consist of renewable lime from residual production in the cultivation of oysters, residual products from other plastic production and recycled plastic from the consumer stage.

Our E-commerce plastic bag contain about 80% recycled raw material from supplier's own production waste and from a large food producer and the other 20% is LLD and pigment as

100% recycled material is not technically possible to achieve good strength.

2019	Paper (tons)	Plastic (tons)	Carton (tons)
Packaging material from supplier	1,8	11,1	69,6
Packaging material used at the warehouse for E-commerce and allocation to stores	0,1	1,8	22,2
Carrier bags	2,91	20,62	-
<b>Totally</b>	<b>4,81</b>	<b>33,52</b>	<b>91,8</b>

# Energy consumption in our own operation

Most of Indiska's stores have lower energy consumption than the average Swedish commercial premises energy use. The energy consumed by Indiska's Swedish stores, where we have the agreement with the energy company, comes from hydropower.

Indiska is covered by the EKL which stands for Energy mapping regulation (Lagen om Energikartläggning) and reports energy consumption accordingly. The purpose of the regulation is to promote improved energy efficiency in Europe and to meet EU requirements for Member States in the so-called Energy Efficiency Directive for 2030.

In 2016, the first four-year EKL period Enopti, a certified energy consultant, mapped Indiska's energy consumption in our largest market Sweden. Business areas with high energy use or large savings potential have been the subject of a detailed survey, which means our stores. The head office is thus not included in the survey. The focus has been on identifying primarily energy efficiency measures with a short payback period.

## Conclusion from the report 2016

- Only 4 stores out of 42 stores have high or medium energy use of energy. (Reflecting the stores included in the mapping)
- Total energy use (purchased electricity and fuel) was 2813 MWh of which 6 MWh was fuel for the company car. 2807 MWh are based on 42 stores of which Indiska is the purchaser of energy. It gives an average use of energy of 67 MWh/store and year.
- Indiska can influence the source of energy in half of their stores, i.e. where Indiska holds the agreement with the energy company.

The most prioritized savings measures as well as cost-efficiency constitute continued investment in modern energy-efficient lighting, control and adjustment of curtain heaters in the mall, review operating times and control section lighting, and new contract structure for installations with hot rent.

## Measurements taken

Indiska reuses interior when we close and open stores. Halogen lightning is moved and reused in several stores. We have invested in LED lightning in 4 stores, Drottninggatan and Fältöversten in Stockholm, Kungsgatan in Gothenburg and Tammerfors in Finland. The store with the highest energy use, Hötorget in Stockholm, is one of the stores which has been closed.

Unfortunately, we have not been able to see energy savings from the investment. During 2020 we will perform a new mapping.

# Logistics

Indiska's policy is to use as efficient transports as possible with low environmental impact. Air transport is only used in exceptional cases.

For goods transports from factory to the warehouse in Sweden our total volume in weight decreased by 27% and the carbon dioxide emissions decreased by 40% compared to the previous year due to reduction of volume and air transports.

Goods transports from warehouse to stores have reduced by approximately 12% measured in weight and volume (qty) due to reduction in volume and number of stores. The carbon dioxide emissions have decreased even more, by 17% due to more efficient fuel.





## Social engagement

Since 1998, Indiska is involved in social projects with Peace Trust, a political unbound charity in Dindigul, in the state of Tamil Nadu in southern India. Peace Trust was founded in 1984 by the human rights activist Dr Paul Basker and works against child labour, for labour rights of migrants, for environmental protection, and awareness of hygiene and health.

The cooperation with Peace Trust started by Indiska sponsoring a school project in 1998 with the purpose that children who had been exploited in the heavy spinning industry could attend school. Two years later Indiska built a vocational school. In addition to the school, we also support the Women's Group's activities.

### **Peace Trust - Vocational school**

In 2000, a vocational school was built, the building and the operation is entirely funded by Indiska. Today, the school offers vocational educations of 1-2 years within data, mechanics, electronics and sewing, funded by Indiska. The school is run by the Peace Trust with the aim of providing vulnerable young people between the ages of 14 and 18, who have been exploited in industry, education and thus the possibility of livelihood by becoming free workers.

The technical educations are supplemented with exercises in building self-confidence, understanding of one's own strengths and weaknesses and skills in seeking employment and communicating in the working life. The school is of a high standard and most of the students get work right after completing their education.

Several of Indiska's suppliers are also involved in the business school's activities by providing computers, sewing machines and other equipment. About 2000 students have graduated since the start of the vocational school.

### **Peace Trust - The women's group**

The Women's Group is a collective in southern India that started as a Peace Trust program in 1998. The purpose is to create jobs and thus provide an opportunity for an extra income for poor and socially oppressed women. Since 2010, the business has been run as an independent foundation registered with the name Peace Garment and Handicraft Center.

Today, the collective consists of more than 30 women from three villages in Dindigul. They receive skills training in various crafts and produce cards and decorations based on both their own designs and designs from Indiska's designers at the head office in Stockholm. The cards and associated envelopes are made of handmade paper from recycled textiles and screen printed by hand.

The work gives the women hope, pride and a chance to support themselves and their families. The idea is also that the women should gain experience to develop their own products to sell over time, both to the local market and to exports. Indiska continually buys these products in its range.

For every card and decoration that Indiska sells, SEK 10 go back to Peace Trust to finance the vocational school.

# Sustainable Development Goals

Indiska wants to contribute to global sustainable development. We link our sustainability strategy to the UN's 17 goals for global development (Sustainable Development Goals, SDG). By starting from these goals, we get a transparent picture of where we are contributing and where we have opportunities for improvement. Below we have listed what we do regarding each goal.

- GOAL 1**  
**No poverty**  
Peace Trust – Vocational school and women´s group.
- GOAL 2**  
**Zero hunger**
- GOAL 3**  
**Good health and well-being**  
Through our Code of Conduct, dialog and follow up.
- GOAL 4**  
**Quality education**  
Peace Trust – Vocational school.
- GOAL 5**  
**Gender equality**  
Indiska´s internal non-discrimination policy and our Code of Conduct
- GOAL 6**  
**Clean water and sanitation**  
Through our Code of Conduct, dialog and follow up.
- GOAL 7**  
**Affordable and clean energy**  
The energy consumed by Indiska´s Swedish stores comes from hydropower.
- GOAL 8**  
**Decent work and economic growth**  
Regular employee interviews and surveys, Code of Conduct
- GOAL 9**  
**Industry, innovation and infrastructure**  
More efficient fuel and transports of goods.
- GOAL 10**  
**Reduced inequalities**  
Promotion of female leadership, Peace Trust – women´s group,
- GOAL 11**  
**Sustainable cities and communities**  
Donation of samples to local charity organisations.  
Peace Trust – Vocational school and women´s group.
- GOAL 12**  
**Responsible consumption and production**  
Sustainable products, sustainable design.

- GOAL 13**  
**Climate action**  
More efficient fuel and transports of goods.
- GOAL 14**  
**Life below water**  
Chemical management and requirements, implementation and follow up.
- GOAL 15**  
**Life on land**  
Chemical management and requirements, implementation and follow up.
- GOAL 16**  
**Peace, justice and strong institutions**  
Anti-corruption and bribery policy.
- GOAL 17**  
**Partnerships for the goals**  
Collaboration in the industry both social and environmental issues.



# About the report

Indiska strives to have credible and relevant reporting. Indiska is covered by the requirement for sustainability reporting in accordance with the Annual Accounts Act.

This report contains requested information as per below for Indiska Holding AB.

- Description of business model
- Policy, governance, results, risks and risk management for important issues such as:
  - Economy
  - Environmental
  - Staff
  - Social issues and human rights
  - Anti-corruption

This is Indiska´s second official sustainability report. In 2020 we have chosen to write the report in English to enable our employees, customers and business partners all over the globe to take part of the report. This is driven by Indiska strategic decision to offer our assortment to most of European countries in 2020.

Indiska has applied GRI Standards (Global Reporting Initiative) at core level. In some areas, complementing data collection is needed in order to completely comply with the criteria. The GRI index contains information about which aspects we have chosen to report on, and page references to where the information is contained in the report.

The GRI standard state that a sustainability report shall cover important sustainability impact of the company´s business. Indiska has identified those by our experience from production, collaboration in the industry, research and dialogue with employees and customers.

Reported data refers to fiscal year 2019 compared to last year 2018. In last sustainability report Indiska reported on broken fiscal year 2017/2018, which means there may be slight differences in data compared to the previous report.

Indiska is pleased to receive questions and views on our sustainability work. Do not hesitate to contact us at [customer@Indiska.com](mailto:customer@Indiska.com)

# GRI-Index

Indiska's ambition to continuously develop and improve the sustainability work and reporting. Indiska has chosen to apply the latest version of GRI's framework, GRI Standards to clarify and simplify reporting for both us and the reader. This index contains a list of the GRI information that we have chosen to report on, based on our stakeholder and sustainable impact analysis, with comments and page references to the sustainability report.

Information	Description	Comment	Page reference
<b>ORGANIZATION PROFILE</b>			
102-1	Organization's name	Indiska Magasinet AB	8
102-2	Business, brands, products and services	Retail and E-commerce with clothing, interior products.	8
102-3	Headquarters location	Indiska Magasinet AB Hamburgsvägen 14 SE - 102 54 Stockholm	8
102-4	Location of operations		8
102-5	Ownership structure and legal company form		8
102-6	Markets where the organization is active		8
102-7	Size of the organization		8
102-8	Information about employees and other workers		8, 14
102-9	Supply chain		12, 24
102-10	Material changes in the organization and supply chain		12
102-11	The precautionary principle or other approach	Indiska work based on the precautionary principle in purchasing, through purchasing terms and in design and product development.	16, 18
102-12	External initiatives	Not covered	
102-13	Membership in organizations		
<b>STRATEGY</b>			
102-14	Statement from the CEO		6
<b>ETHICS AND INTEGRITY</b>			
102-16	Values, principles, standards and norms for behaviour		14, 18

<b>GOVERNANCE</b>			
102-18	Corporate governance structure		10
<b>STAKEHOLDERS RELATIONS</b>			
102-40	Stakeholder groups	Customers, owner, employees, suppliers and partners, industry organizations, interest organizations, authorities and others.	
102-41	Collective bargaining agreements	All employees at Indiska Sweden, Norway and Finland are covered by different trade agreements.	12
102-42	Identification and selection of stakeholders	Indiska's most important stakeholders are those who are most affected by or have an impact on our business. These include employees, customers, owners and suppliers.	
102-43	Strategy for communication with stakeholders	Partly covered in the report.	11, 12
102-44	Key topics and concerns raised		11, 29
<b>REPORT PROFILE</b>			
102-45	Entities included in the consolidated financial statements	Indiska Magasinet AB	11, 29
102-46	Process of defining the content of the report and topic boundaries		11, 29
102-47	Identified material topics		11, 29
102-48	Changes in information, effect and cause	We have transitioned to calendar year. We report on data for 2019 compare to 2018. This is not directly comparable with previous reporting broken fiscal year 2017/2018.	29
102-49	Changes in reporting regarding scope and topic boundaries	No major change, focus clarified	11, 29
102-50	Reporting period	Calendar year 2019	11, 29
102-51	Date latest report was published	January 2019	

102-52	Report cycle	Yearly	29
102-53	Contact information for questions about the report	customer@Indiska.com	29
102-54	Reporting according to GRI Standards	Inspirerad av GRI Standards core	29
102-55	GRI content index	This table	
102-56	External assurance	No external revision is carried out	
<b>ECONOMY</b>			
102-2	Communication and education concerning anti-corruption policies and procedures		14, 18
102-3	Confirmed cases of corruption and measures taken	No known case	
<b>ENVIRONMENT</b>			
302-1	Energy consumption in the organization	Limitation: Electricity consumption in stores in Sweden.	24
302-4	Reduced energy consumption	Limitation: Electricity consumption in stores in Sweden.	24
305-1	Direct emissions of greenhouse gases (Scope 1)	Limitation: Goods transports.	25
305-2	Indirect emissions of greenhouse gases (Scope 2)	Not covered	
305-3	Indirect emissions of greenhouse gases (Scope 3)	Not covered	
306-2	Waste per type and management method	Limitation: Packaging material from stores, warehouse and carrier bags	23
308-1	Part of Indiska Code of Conduct and criteria to select new suppliers.	Part of Indiska Code of Conduct and criteria to select new suppliers.	18
<b>SOCIAL</b>			
403-8	Workers included in an occupational health and safety management system	Limitation: Electricity consumption in stores in Sweden.	14, 18
404-1	Average number of training hours per year and employee	No included in the report	
404-3	Share of employees who receive regular evaluation of their development and their results		14

405-1	Diversity in the Board of Directors and executive management and among employees		8
408-1	Operations and suppliers at significant risk for incidents of child labour		18
414-1	New suppliers that were screened through social criteria		18
416-1	Assessment of the health and safety impacts of product and service categories	Indiska reports on governance and systematic working methods to identify and manage supplier and product-related risks and shortcomings.	16, 18
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		16
417-2	Incidents of non-compliance concerning product and service information and labelling	No reported cases	16