



INDISKA

Sustainability Report

2021

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About our report

We are happy that you want to know more about our sustainability work! In this report, we have gathered information and insights about what we did during 2021. New for this year is that you will get to know each of our departments a bit better through personal interviews and get a foretaste of each department's new goals which will be launched in our new sustainability strategy during 2022.

Our reporting practices

Our sustainability report should be a means for everyone interested (customers, industry peers, NGOs etc.) to better understand what we do and how we perform.

Therefore, we strive for the report to be:

Transparent - In a correct and honest way demonstrate both positive and negative impacts and where we are in delivering on our goals.

Accurate - The information and data that we provide should be correct and adequately detailed, and where we lack data we explain why and what measures we plan to introduce to fill the gap.

Comparable - To enable tracking of our progress from year to year, and also benchmarking against industry peers.

Comprehensible - Clear and understandable to a variety of stakeholders and industries.

When compiling our sustainability report we follow the framework of requirements and reporting principles of the Global Reporting Initiative (GRI). According to their method, we have identified our areas of impact, and in a materiality matrix placed them in relation to significance to environment, economy, people and human rights, as well as to the degree of importance to our key stakeholders. The aim is to determine and prioritize factors which are relevant for us to report on.

Our sustainability report covers the financial year from the 1st of January to the 31st of December and is released at the latest during the second quarter of the following year or together with the annual financial report. The sustainability report is made public at Bolagsverket together with our annual financial report and can be downloaded at our website Indiska.com under the "Sustainability" page. Please do not hesitate to contact us at customer@indiska.com for questions regarding the report.

The sustainability information and data in our sustainability report have been prepared internally at Indiska and have not been reviewed by an external consultant or reviewed by a third-party verification body. For an auditor's statement

according to the Swedish Annual Accounts Act, please see Appendices.

Reporting scope

The report is valid for Indiska Holding Sweden AB (referred to as "Indiska"). See holding structure in appendices for a list of entities that are included in our sustainability reporting.

We strive to include all positive and negative impacts, directly and indirectly caused by our business activities, and to continuously improve and refine our data. Impacts that we include in our scope are:

- Our own business operations, offices (Stockholm and New Delhi) and physical stores in Sweden and Finland.
- Our value chain business partners upstream who produce our products (from raw material, manufacturing, processing and assembling). We do not possess our own production facilities.
- Third party transportation and warehousing.
- Packaging material.

Tracing, measuring and improving data

Measuring is crucial in order to understand our impact and be capable of improvement. Thus, as a part of our new sustainability strategy, which will be launched during 2022, we will significantly increase the number of indicators, and data show that we should track and measure in order to get the full picture of our impact.

For our own operations, we use actual data to the largest extent possible. Our long-term goal is to collect and use actual impact data upstream from our business partners as well. However, initially until we have traceability and the possibility to measure, we will base parts of our calculations on estimates and indicate when we do so.

This report was published the 30th of June 2022.

About Indiska

Indiska was founded in 1901 by the female explorer and entrepreneur Matilda Hamilton, who was inspired by the expressive cultures and captivating environments of India. We have since grown into a Swedish lifestyle brand that offers modern fashion, interior decoration and accessories combining traditional Nordic design with influences from across the globe. Today Indiska is owned and operated by our CEO Karin Lindahl. We strive for sustainability on all levels to be able to offer our customers long-lasting goods at affordable prices.

Offices

Headquarters in Stockholm, Sweden. Production Office in New Delhi, India.

Stores

44 stores (40 in Sweden and 4 in Finland)

Turnover

401 MSEK for the financial year 2021

E-commerce

Available on 28 markets in Europe

External platforms

Zalando, About You

Members

Total number of members 1,289 million 2021 (+8% in 2021).

Sourcing countries

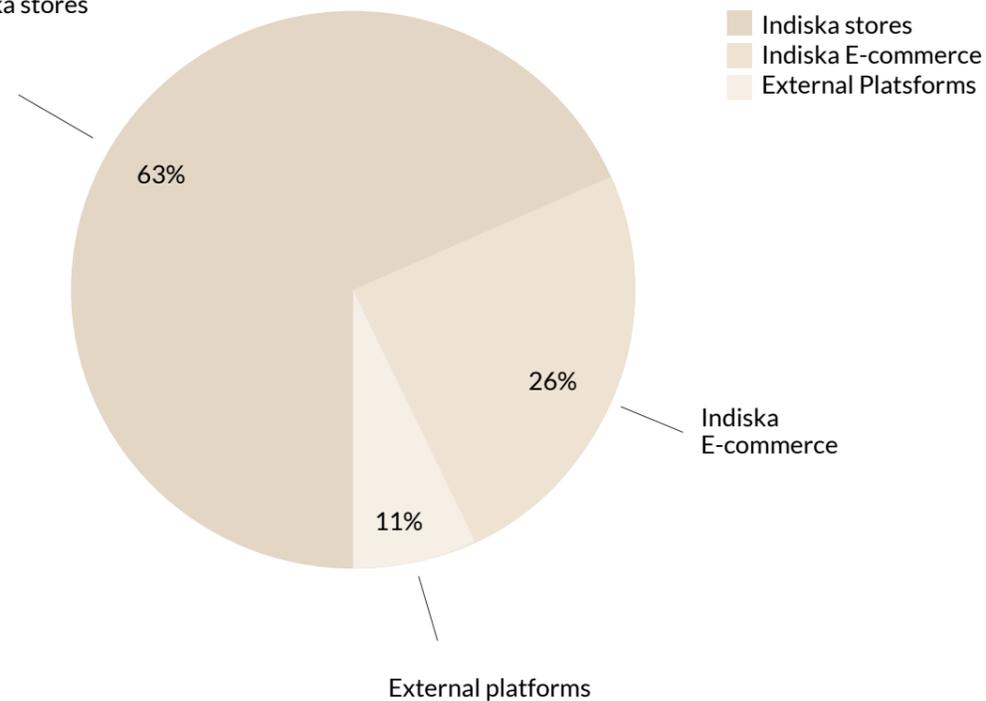
We source from 16 countries: India, China, Turkey, Latvia, Sweden, Bangladesh, Greece, Slovakia, Vietnam, Denmark, Germany, Italy, Portugal, Hong Kong, Czech Republic and Indonesia.

Ownership

Indiska Holding Sweden AB is a joint-stock company that has been entirely owned by Karin Lindahl since October 2017. Previously, the Thambert family had owned Indiska since the 1950s. See the group structure illustrated in Appendices.

Sales channels

Indiska stores



Indiska in a larger context

Stakeholders

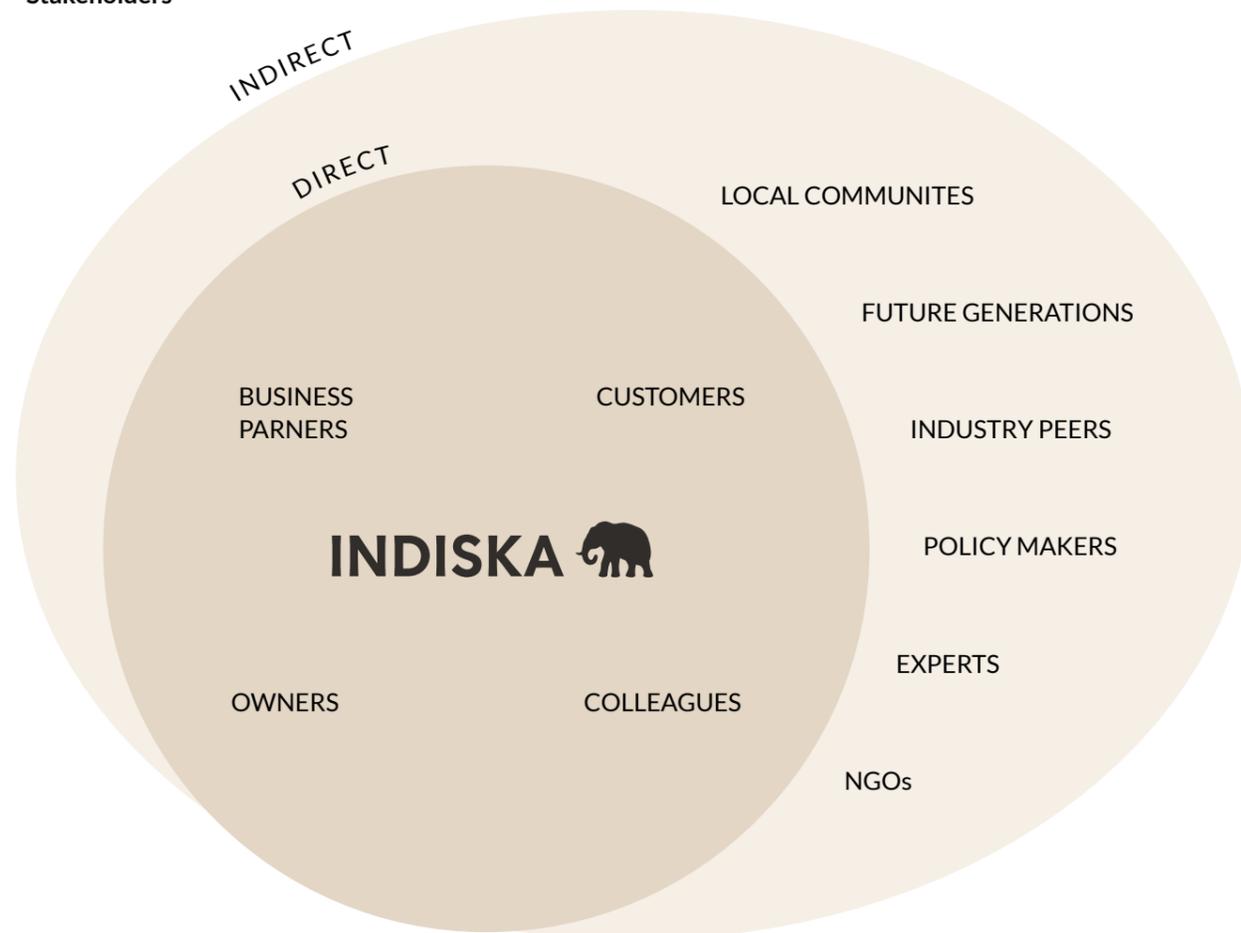
Indiska operates in a global environment both upstream and downstream. To understand to whom we are accountable and determine which factors to analyse and report on, we have to look at our business activities in a larger context. Mapped below are our stakeholders, identified parties who are directly and indirectly affected by, and affect, our business activities. The list of stakeholders is reviewed annually, to cover potential changes in our business and in society. An internal stakeholder survey was last made in 2019, and questions regarding our customers' sustainability priorities were included in our customer survey conducted in 2021.

Understanding our positive and negative impact

All identified stakeholders affect and are affected by our business activities in a positive or negative way. Our activities can either be causing, contributing to, or be directly linked to these impacts, and this is important to understand in order to be able to plan and prioritise our efforts.

Our impact mapping is currently to the largest extent based on the sector risks identified by the OECD in their report "OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector". During 2022 we plan to conduct our own risk mapping and will continuously update it as we learn more about our own supply chain.

Stakeholders



Identified salient risks

	Human rights & labour risks	Environmental risks	Integrity risks
Sector risks identified by the OECD ¹	Child labour Discrimination Decent work - Forced labour - Occupational health and safety - Lack of trade unions and collective bargaining - Minimum and living wage	Hazardous chemicals Water consumption Water pollution Greenhouse Gas (GHG) - emissions	Bribery and corruption
Additional risks identified by Indiska		Biodiversity loss/land use Water scarcity and access to clean water Energy consumption Fossil fuel depletion Microplastics Animal welfare	

¹ OECD (2018), OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264290587-en>

Materiality analysis

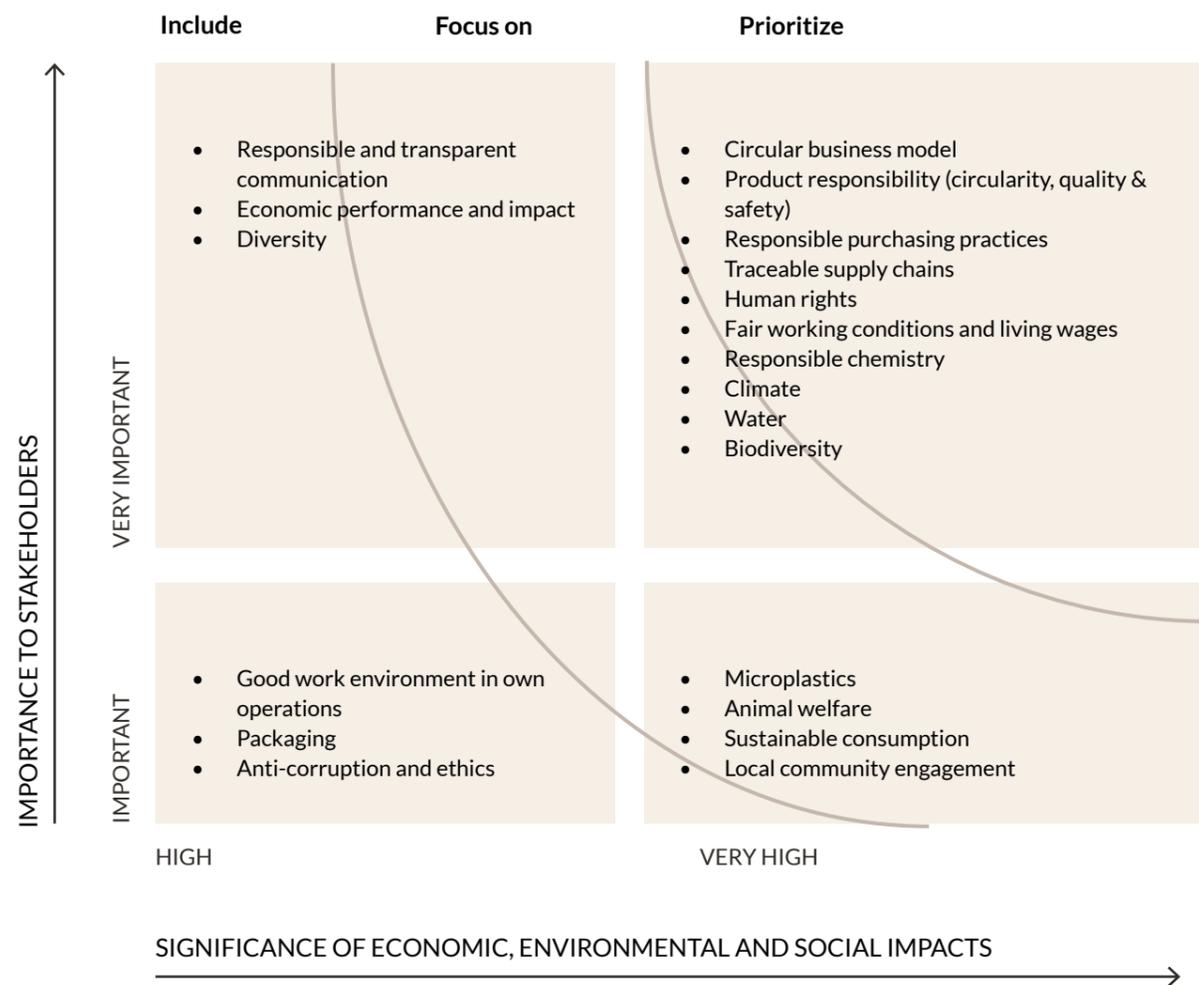
Contributing to a positive impact is important for us at Indiska, and so is doing our utmost to minimize our negative impact. A materiality analysis facilitates understanding and prioritizing our impacts based on their severity and likelihood to happen. The analysis also determines which topic standards are material to our organization and which are included in our reporting.

Materiality matrix 2021

At the moment it looks like below, but it is reviewed continuously in order to remain relevant to the business and our surrounding environment.

List of topic standards 2021

- GRI 401: Employment
- GRI 405: Diversity and equal opportunity
- GRI 407: Freedom of association and collective bargaining
- GRI 408: Child labour
- GRI 409: Forced or compulsory labour
- GRI 414: Supplier social assessment
- GRI 416: Customer health and safety



Significance is determined by the severity of the impact (scale, scope and its irremediable character). For potential negative impact, the likelihood is included.

2021 at a glance



A year of celebrations

2021 marked the year of Indiska's 120-year anniversary. To celebrate, we did a few special projects during the year:

Jewels by Indiska - We launched a small collection of timeless pieces with our appreciated iconic paisley pattern.

Elephant posters - In collaboration with photographer Linnéa Gunnarsson.

Save the Elephant - The for us so iconic elephant, symbolising strength and peace, has been a recurring element in our design. For our anniversary we wanted to honour it, since unfortunately, it is one of the world's many endangered species. A special collection supported Save the Elephants - a British-registered charity based in Kenya, East Africa - and raised a total of 10 000 US dollars.

A signature scent - We launched our special scent as a room spray. A warm, soft and energetic fragrance of sandalwood and ginger.

Kilim rugs - A collection of traditionally handcrafted kilim rugs and block printed textiles.

Jubilee week - Celebrations in stores for our customers and members.

Sustainable Brand Index 2021

171th

▲+16
(2020: 187th)

OVERALL RANKING

9th

WHAT WE RANK IN THE
CATEGORY "CLOTHES &
FASHION - STORES"

36%

of products this year were more sustainable according to our definition. This is an increase from last year's 24%.

New logo

We developed a new logotype that will be rolled out in stores the coming years.



INDISKA

Sustainability function in the executive management team

Transforming our business to be fit for the future will require a number of changes. One is to incorporate sustainability at the core of everything we do, and from the beginning of the decision-making process. From this year (2021), the sustainability function will be represented at the executive management level by Bodil Jönsson Lindgren who was appointed in April.

14 out of 44 stores

went through small-scale renovations.

Initiated partnership with Myrorna

In our latest customer survey, we noticed a wish to be able to recycle used clothing more easily. To facilitate for our customers to extend the life of their used garments, we initiated a partnership with Myrorna in all our stores in Sweden. In our first 4 months we collected over 500 kg, of which 52% was of very high quality and can be sold in Myrorna's stores in Sweden.



Karin & the sustainability team

Despite turbulent times due to the covid-19 pandemic, a lot has happened during 2021 at the Sustainability department. New strategic decisions were taken, the team grew, and the sustainability function joined the executive management team. Join our CEO Karin and our sustainability team for a conversation and get to know them better!

Tell us about 2021!

Karin: I was hoping to be able to say that the corona pandemic was over, but as we all know it was very much present in all our lives during this year as well. We were more prepared, but nevertheless it once again affected our business to a large extent. We love welcoming our customers in our stores, but due to obvious reasons, that was not possible in the way we are used to, which resulted in a drop in the number of visitors and sales. When restrictions were removed during autumn, we could see that the situation was somewhat stabilized again, also thanks to our strong assortment at the end of the year.



Karin Lindah, VD

As you will hear more about from our staff at the production office in India, Asia was hit quite hard by the corona pandemic this year too. Our largest production countries India, China and Bangladesh were no exception. The health and safety of the people in our value chain is our number one priority, and

we are impressed with how our suppliers handled the situation in such a professional way to secure this and at the same time try to keep disruptions to a minimum.

Close collaboration and flexibility were key. In some cases we were forced to adapt and for example choose faster transportation options to secure product supply and sales this autumn.

Freight prices increased drastically during the year, due to a container shortage globally. We also saw an increase in production costs, such as higher raw material and energy prices. Though this affected margins, we still managed to improve the overall margin through a general decrease in markdowns.

Our total revenue increased by 6%, despite the fact that we had 18 fewer stores than in 2020. We continued to invest in our website and e-commerce and grew by 34% compared to 2020. Outside our own channels, we see that Zalando is an important channel for us, as well as AboutYou which we started collaborating with during this year.

We are happy that so many new customers have found their way to us, and really seem to appreciate our assortment. Everyone at Indiska, both in Sweden and India, has worked so hard with our assortment over the last few years and we see the results now.

Sustainability and doing what we can to contribute to a thriving society and to minimize our negative impact is of the utmost importance to us. We are constantly learning, taking steps and acting to improve our assortment and working methods. Our sustainability department went through some big changes this year, and we decided to increase the team. Before going deeper into that, I want to say a big thank you to Mona Lindskog who has been part of the Indiska family working with sustainability for many years. Her hard work has really made an impact. We all wish her well and good luck in her future endeavours!

In April, we had the pleasure of welcoming Bodil Jönsson Lindgren to the organization as our new Sustainability manager. She is joining us from Coop, where she had the role of Communications Manager.



Bodil Jönsson Lindgren, Sustainability manager

Karin: It is very exciting and I'm proud and happy that Bodil has chosen to join us at Indiska. Her extensive experience within retail, communication and sustainability will be a huge asset in the developing phase we are currently in.

Bodil: Sustainability has been a central part in my previous roles, and I am very excited and motivated to join an organization with such a dedicated team. I sense there is a strong commitment and drive amongst everyone to make a difference. I have worked within the food industry for my whole career, and it feels exciting to take the step into a whole new industry, especially to an organization with a long history of and strong values in sustainability. It is very inspiring and fantastic to be part of and to be contributing to.

This year, a decision was taken to incorporate the sustainability function in the executive management team. What led you to that decision?

Karin: Like many other organizations, we have learnt that it is essential to incorporate sustainability at the core. As an industry, we are at a point where we must increase the speed of action. This will be an integral part of our decision-making and guide us to make the right decision already from the start.

Bodil: Taking a holistic approach to sustainable development in the organization is key to achieve our goals. Our discussions and decisions in the management team will trickle down

in the organization and have a positive effect on engaging everyone and making it a natural part of our daily operations.

In the fall, Andrea Djurle joined the sustainability team, coming from Stockholm International Water Institute where she worked with sustainable textile supply chains.

Bodil: For us it's a perfect match and exactly the profile we need to take the next steps on our sustainability journey. First of all, it is very valuable to have someone who has spent a lot of time in India working with the textile industry and with hands-on sustainable development and supply-chain due diligence. Moreover, she has experience in product development and buying, and technical expertise in production, quality, and compliance. We are a small team who deal with a wide variety of questions, so we need a combination of overall sustainability knowledge and more specialized expertise. It feels like we nailed that!



Andrea Djurle, Sustainability Coordinator

Andrea: It feels great to join such an entrepreneurial organization, and that at a stage where I feel I have a lot to contribute. I have experience from sustainable transformation, both on a strategic and a policy level, and from production processes upstream when it comes to reducing our climate, energy, water and chemical footprints.

What is the role of our sustainability team?

Bodil: Overall, we set the strategic direction and make sure sustainability is an integral part of all Indiska's business activities. It is a cross-functional work that includes every department in the organization. Our responsibility is to drive, enable, support and guide the other departments in their operational work, to avoid working with these questions in silos. Our team also manages a lot of operational projects, for example such aimed at creating clear and easy-to-follow processes. A lot is happening within the industry, at EU level as well as in regard to new innovations, so it is about capturing the developments and making sure we are aligned. In addition, we have very well-informed and knowledgeable customers, so it is important for us to keep a tight dialogue with them to hear what they think is important.

Andrea: Yes, there are a lot of exciting opportunities that will drive change! For us internally, it is ultimately about making sure everyone has the right tools to make informed decisions in the day-to-day operations and push us, as an organization, in the right direction.

Together you work closely with our office in New Delhi, in particular with Rajiv Choudhary, CSR manager. What does your teamwork look like?

Bodil: Rajiv is the sustainability star at our India office, and we are very lucky to have him. He has been part of Indiska working with sustainability for more than seven years and has invaluable knowledge and understanding of our supply chain. Thanks to his expertise and his nothing-is-impossible attitude we are able to advance our sustainability work. We also have lots of fun as a team, and even though some issues are heavy due to their serious nature, we never have a dull moment.

Rajiv: I work closely with our supply-chain partners in Asia, and it is an advantage for the whole organization to have someone close to the suppliers. For transparency and sustainability, I would say it is a necessity in order to be able to control what happens in the supply chain. Working with Bodil and Andrea is great, and I am excited about everything we will achieve in the future on this topic.

Andrea: It is fantastic to have someone so knowledgeable about the organization, who is also close to our supply-chain partners. It is great to be part of such an excellent team. We have a very close collaboration and talk daily, but due to the pandemic we haven't been able to meet in person yet. We look forward to welcoming Rajiv to our office in Sweden, or otherwise meeting over a cup of chai in Delhi.

How has the last year been for you, given the pandemic?

Rajiv: The main challenge for us at the production office in 2021 was the second wave of covid-19 that hit most production countries. However, what we saw this time was that the factories were more prepared compared to 2020. For example, they had safety precaution protocols in place, and routines for dealing with eventual positive covid cases. Also, we saw some factories organizing vaccination for all their work force or helping to book appointments for their staff at the government vaccination platform. Even though we did see that some production was affected, it was manageable.

Bodil: It has been tricky for sure, and we have had to adapt to the situation, but the most important thing is always the health and safety of everyone involved.



Rajiv Choudhary, CSR manager in India.

What is in the pipeline for Indiska now?

Karin: We made the decision that we need a new updated sustainability strategy, to guide us from now until 2030. It takes a holistic approach to our business, and it has been important that all departments have been involved in developing it. Listening to our customers, they are very positive and engaging in these questions, so it feels great to have their support as well.

Bodil: The work with the new strategy started at the end of 2021, and we are very much looking forward to launching it during 2022. Other upcoming exciting things are our new label for more sustainable materials, new certifications, measuring our climate footprint and our latest Hackathon project for circularity.

Andrea: I agree, great things ahead! To start measuring in order to set our baseline is important, so that from there we can set targets and work in a proactive way. As for many in the industry, supply-chain transparency is a challenge, and that is something we will work a lot with to improve in the future. It is very important for our customers as well, to understand what they buy, where and how the products are made.

What will be crucial for the implementation?

Bodil: Sustainability should be present in everything we do. To successfully develop and implement a new sustainability strategy, it is very important that the whole organization is involved and understand that they are important in order to create change.

Andrea: Yes, sustainable transition is a true team effort, not a one-man show. Our challenge is to engage all the various departments, and make sure they are involved in setting goals, creating activities and taking ownership of those.

What motivates you to work towards a better industry?

Karin: Indiska has a 120-year old history, and I am convinced that we have the potential to exist for yet another 120 years! A lot has happened in the world since 1901 that has led us up to the serious situation that we are facing today, when business as usual is no longer an option. A prerequisite for us to stay in business for the next decade is to adapt our ways of working and do our utmost to secure a safe future for everyone.

Bodil: As an industry, we all have substantial challenges. On a positive note, we are many who collaborate around these issues and who have created a quite unique environment for industry partnerships and teamwork amongst peers. At the end of the day, we want our customers and employees to be proud of what we do and what Indiska stands for.

Checking in with Mridula Lall – Global Production Director

Our Production Office is located in New Delhi, India, and has a workforce of 25 people who handle sourcing, production and supply chain logistics from Asia. The staff has a high level of competence in their area of expertise, from textiles and homeware to electronics and furniture. The overall procurement strategy of the Production Office is aligned with the company goals and vision wherein the team is continuously upgrading and training suppliers to take steps towards improving together and in the same direction. Meet Mridula Lall, our Global Production Director at our Production Office in New Delhi, India.

Meet Mridula Lall, our Global Production Director at our Production Office in New Delhi, India.

How do you and the rest of the team feel about being part of a Swedish company?

Mridula: The wellbeing of the employees is of paramount importance to the organisation, and it reflects in the fact that 56% of employees have been working here for more than five years. The Swedish work culture is highly appreciated by us as it entails independence and trust and gives us confidence as individuals.

How challenging have the last years been for you and the rest of the team in India?

Mridula: The pandemic brought with it many new and unexpected challenges. For all of us, the biggest challenge was not only to address the personal issues it brought upon us, with family members falling ill and perhaps even losing near and dear to covid-19, but also to handle the supply chain challenges by minimising the impact on the company.

I feel proud to say that together as a team we managed both challenges successfully. 30% of the year saw us working with a hybrid model which we slowly stabilised into full time physical work at the office. We ensured that the transition from hybrid model to full time work was done in close dialogue with the employees to keep them motivated and feeling safe.

Similarly with the suppliers, we managed to get the supply chain moving forward successfully by having a close dialogue and ensuring that the burden of the pandemic was shared equally. We also encouraged our suppliers to follow the health and safety guidelines and the covid-19 protocols in all their production units.



Mridula Lall, Global Production Director

How is sustainability incorporated in your purchasing practices?

Mridula: With the support of the Sustainability team from Stockholm and here in Delhi, we have educated and trained the staff and our suppliers on Indiska's vision to have more

sustainable products and purchasing practices.

Our main focus is to ensure that every placed order is a bit better than the last one – with the least possible impact on people and planet. In fact, for the team here at the Production Office, it is a constantly evolving topic on which we keep educating ourselves.

What motivates the team to have sustainable purchasing practices?

Mridula: Firstly, it always trickles from the top. We have a dedicated team of persons in our Sustainability department who are always supporting us in the right way. Secondly, being located in Delhi, which is one of the most polluted cities in the world, the staff has a personal motivation to make a difference in their lives and for future generations. Finally, with the exposure to social media and other easily accessible information, there is a high awareness of the adversely changing global environment and the need for us as an organisation to address it now before it is too late.

So, looking ahead what is next?

Mridula: We are currently working on Indiska's new sustainability strategy and we are very excited about the direction which it will take. We will continue to support innovative ideas and practices in order to improve the company's sustainability vision and goals.

What we learnt from asking you

This year we conducted a customer survey with the aim to get a better understanding of how you perceive our sustainability work and what we can do better.

"You have increased the quality of your clothes and have a much better assortment now."

You want us to:

Focus even more on natural materials and more sustainable materials.

Improve quality so the products last longer.

Be more transparent and communicate clearer what we do.

Offer collection and recycling of old clothes in stores.

Use certifications to make it easier to choose more sustainable materials.

"Do you have a second hand department in your stores?"

"More information about each product."

You think we are:

Genuine

Inclusive

Trustworthy

The basics

Participating: 989 respondents

Survey period: Jul - Aug 2021

Extent: 14 questions

Average age of respondents: 51 years



Towards a more sustainable assortment

Production and usage of new products require natural resources and have an impact on all living beings and ecosystems. Sustainability for us means doing what we can to minimize the negative impact along the supply chain – from raw material to finished product. We strive to make products of good quality, that last and can be loved over a long period of time.

News during 2021

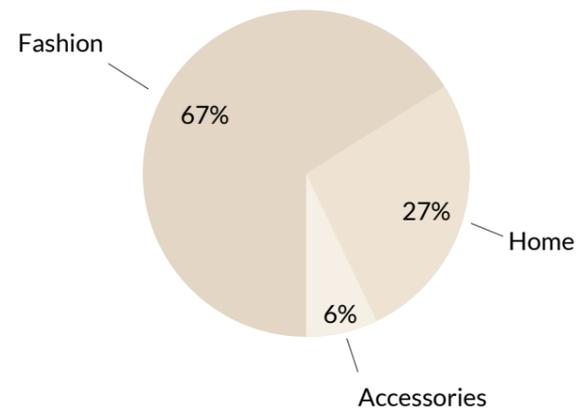
Our assortment consists of three segments; Fashion, Home and Accessories. Fashion is, and always has been, our largest segment followed by Home and Accessories.

Our Indian-inspired design identity is important to us and is widely recognised and appreciated by our customers. During the last few years we have been on a journey to explore how to balance the Indian colourful expression with the more minimalistic Scandinavian coolness. Our customers value our unique prints and patterns but are also requesting more calm and earthy tones in materials with different textures.

During 2021 we did a few trials with for us new products. We launched our "Essentials" product line for both Fashion and Home, with basic items in plain colours and timeless design. It is a group of products that we believe will grow in the future. We also for the first time developed outerwear, where we had a large focus on fit, silhouettes and responsibly sourced down. Due to the pandemic, we experienced an unprecedented demand for loungewear, which we met by launching a collection of lounge and pyjamas wear at the end of the year.

For our 120-year anniversary, we created a premium capsule collection named Jewels, with strong connection to our heritage using quality materials, accentuated prints and intricate embroidery. We also decided that kimonos will be a permanent part of our assortment since they have historically been part of the assortment and loved by our customers. For Home, the latest addition to the assortment is our beautiful furniture made of rattan which enhances the feeling of Indiska as a lifestyle brand. It has been well received and we look forward to expanding this product group as well. Otherwise, focus has been on strengthening our stoneware collection and increasing the share of organic cotton in the home textiles.

Our assortment on % (by sales value)



"Being creative myself, I feel it is of the most urgent importance, that we work with conscious design through the entire design process. From factory, material and silhouette to print and colour. We are all accountable for what the future will hold."



Helena Ekberg, Senior Designer

Designing consciously

A large part of the impact of a product is decided already in the design phase, where the selection of material affects what kind of production methods, treatments and finishing are needed.

Looking ahead, we will work to incorporate a circular thinking earlier in the process and have each product assessed according to a number of criteria before pushing the production starter button. We are also on our way to increase the use of material certifications and set goals for our respective product groups. Conscious design is not only about materials or timeless silhouettes, but also about contributing to preserving the unique legacy of traditional production techniques that has contributed to building Indiska's reputation.

Preserving traditional Indian design techniques
Given our 120-year old history of offering Indian-inspired design to Scandinavian customers it is important for us to do our part to preserve and honour traditional Indian handicraft techniques. The unique skills and craftsmanship required are passed down through the generations and are the opposite to fast mass production – it requires time and dedication – and generates beautiful products that last over time. Examples of this is the easily recognised block printing technique, originating from Jaipur, which is widely used for our home textiles. Another one is the weaving of kilim rugs.



Important materials

When choosing materials we prioritise cotton, linen or viscose for garments close to the body such as tops, blouses, dresses, and skirts, as well as for the majority of our home textiles, since that is our customers' preference. Synthetic materials are still important for some products since they offer certain benefits like easy care, quick dry and lightweight properties, which are desirable in e.g. jackets, nylon tights, heavy knits and filling.

Manmade fibres from cellulose like viscose, lyocell and modal are more sustainable alternatives to conventional cotton provided they are made from wood sourced from sustainably managed forests and are produced with a low environmental impact. The benefits of cellulose-derived materials include less usage of water, pesticides and land.

In the typical viscose production process, cellulose pulp is dissolved with chemicals and the solution is spun into fibre. This process has a negative impact on the environment due to the emission of sulphur, nitrogen and other pollutants. However, there are more sustainable processes for producing viscose, which we aim to use to the largest extent.

A large part of our viscose is being produced by the two large fibre producers, Lenzing AG and Birla Cellulose, who work with certified wood from sustainable forestry and employ controlled production processes. We offer their branded viscose, LENZING™ ECOVERO™ and Livaeco™ by Birla Cellulose in part of our assortment, which is a better option both in terms of traceability and its lower environmental impact.

The production of LENZING™ ECOVERO™ viscose fibres generates up to 50% fewer carbon dioxide emissions and the production process uses 50% less water. The fibre is certified by the EU flower, the EU's official eco-label which verifies that it is produced in a way that is as environmentally friendly as possible when it comes to 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. For lyocell and modal, we have worked with Lenzing Lyocell TENCEL™ and Modal TENCEL™ for several years. The fibre is produced using an environmentally responsible production process through a high recycling rate of processed chemicals and the use of renewable energy. All four are branded fibres from sourced wood from FSC® or PEFC certified forests to ensure traceability and eliminate the risk of sourcing wood from ancient and endangered forests.

Another important product group for us at Indiska is candles and room fragrances, including scented candles, reed diffusers and incenses. In 2020, we launched a new collection with scented candles and reed diffusers that are produced in markets close to us like Great Britain, Sweden and Lithuania.

This was an important step towards achieving more sustainable products. Not only in terms of the shorter transportation distances, but also in the fact that these new suppliers enable us to limit our use of paraffin since they also offer products made of eco soy and rapeseed oil.

During 2021 we started to work with a few material certifications, for example Responsible Down Standard (RDS) for our outerwear styles and Organic Content Standard (OCS) for part of our cotton.

How we currently define a more sustainable product

We define a product as 'more sustainable' when 50% or more of the product consists of more sustainable material. By 'more sustainable material', we mean materials that are produced or cultivated in a way that is better for the environment compared to conventional methods. Or, in the case of animal-sourced material, more sustainable material is material that is produced with documented care for the animals.



What's next?

A lot is happening in the industry regarding the topic of how to define and distinguish products with a better environmental performance, and we follow the developments closely. During 2022 we plan to launch an updated definition, as well as a symbol for our more sustainable products.



36% of products this year were more sustainable according to our definition. This is an increase from last year's 24%. We performed slightly better than our set target of 32% and are expected to continue the increase towards 50% by the year 2022. The tables show the percentage broken down by segment.

2021 assortment in figures

	2021	Comment	Goal 2022
Fashion			
Woven	44%	Reached our target of 30%	50%
Jersey	38%	Reached our target of 30%	50%
Knitwear	46%	Reached our target of 30%	50%
Accessories			
Accessories	15%	Reached our target of 15%	30%
Home			
Home textiles	48%	Reached our target of 40%	50%
Handicraft	3%	Did not reach our target of 10%. Difficult since there are less certifications for these products. Source-recycled material.	20%
Zence (candles and scents)	88%	Reached our target of 80%	90%
Taste (coffee and tea)	24%	Did not reach our target of 80%. Organic options are much more expensive and attempts to sell these have not been well received.	90%

Product packaging, labels and hang tags

In 2020, we launched a new modern graphic design for Indiska's brand labels and hang tags.

All tags are now made of recycled materials. Textile brand labels are made of recycled polyester, and paper hang tags and packaging are made of recycled paper. The labels are made in a smaller size to reduce consumption of materials.



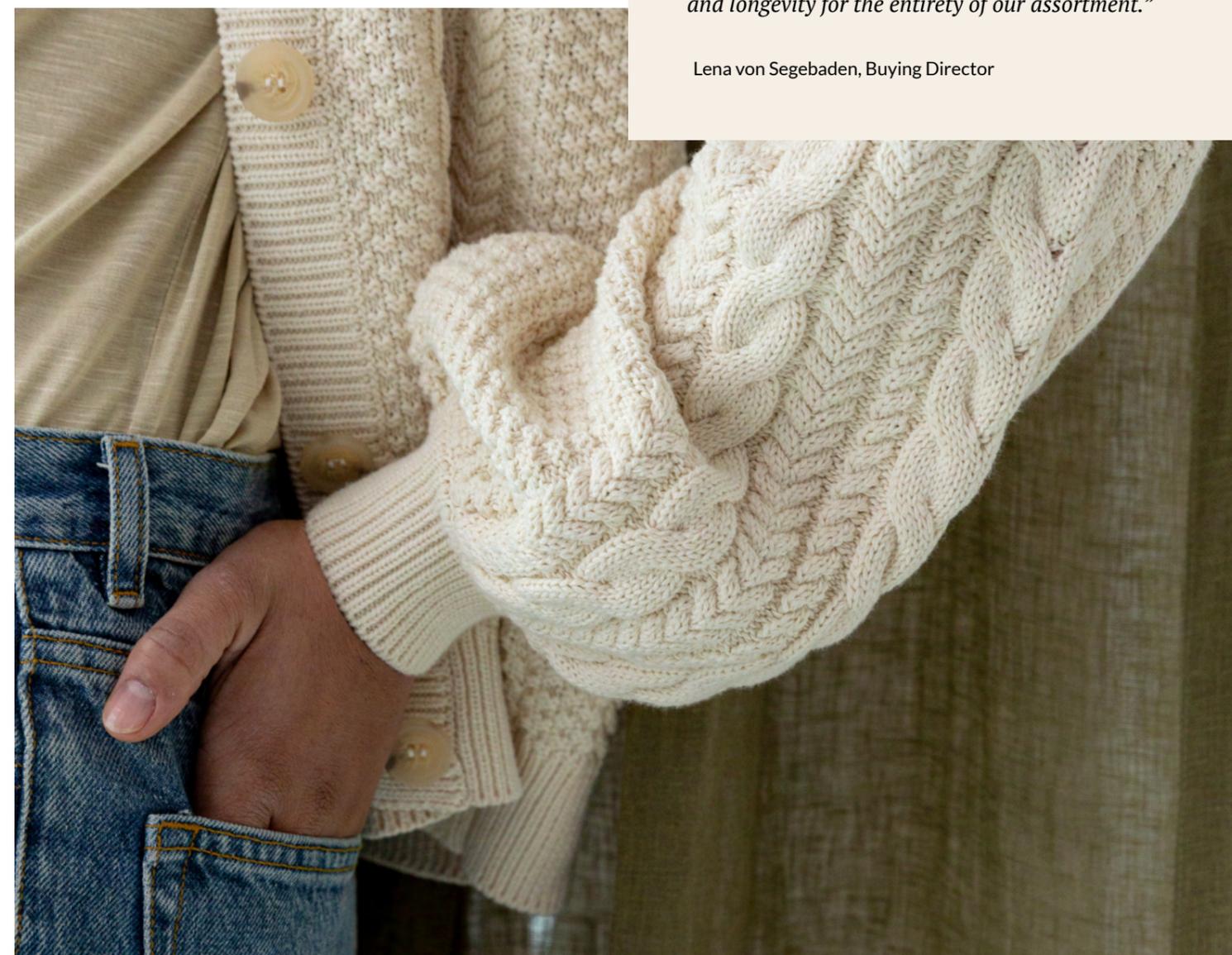
What's next?

We will launch updated goals together with our new sustainability strategy during 2022. This will include an updated definition on how we define a more sustainable product and how we will count. Our goal is to start collecting data of used material in weight or volume, to be able to show our total use of material and our share of better choices compared to conventional ones. Then we will also be able to report according to the GRI material topic 301: Materials 2016.



“The new sustainability strategy that we are working on will lead us on the challenging but exciting journey to incorporate design for circularity and longevity for the entirety of our assortment.”

Lena von Segebaden, Buying Director



Product responsibility: quality and safety

At Indiska we develop products and select materials for long-term and safe usage. We have high requirements on our products and make sure that all our business partners share our vision. We work continuously to improve and develop our requirements, routines and practices to be able to meet our, and most importantly, our customers' expectations.

example, textiles are dyed, printed and processed. Our goal is to phase out the use of all hazardous substances in the manufacturing, and that all products are safe and free from any harmful chemicals. Our suppliers are committed to following the EU regulation REACH as well as the Swerea RISE Chemicals Guide.

Quality requirements

In our document Quality Standards and Requirements which all suppliers are committed to following, we have stated our minimum requirements on quality, durability, safety and chemical use. These are adapted with special requirements for each type of product. Manufacturing of all new products involve the use of raw material, water and chemicals. For

Textiles	Our textile products undergo several washes and are checked afterwards for shrinkage, twisting, colour fastness, shape and appearance after washing. Abrasion tests are also performed to check for a tendency to form pills. Our curtains are subjected to light fastness tests to check resistance to sun-fading.
Accessories	Our jewellery and the metal details on our garments are tested for heavy metal content as well as nickel release to prevent exposure which may cause an allergic response. We use a third-party accredited laboratory to test for cadmium, lead, and nickel before each goods delivery.
Electrical	Our electrical lamps are produced and tested in accordance with EU regulations to ensure safety compliance with the mandatory CE mark and RoHS directive for chemical content.
Products in contact with food and drink	Dinnerware and other products with food contact are controlled in accordance with European regulations to ensure that hazardous substances are not released.
Other	Candles are tested to ensure they burn with an even flame.



What's next?

Working even more proactively and developing easy-to-use manuals for each product category for buyers and manufacturers. We aim to develop our own MRSL (Manufacturing Restricted Substance List) and RSL (Restricted Substance List).

Test routines

To ensure that the quality of our products meet our expectations, and that products comply with applicable laws, several quality tests are conducted at both internal and external accredited laboratories.

- For each new product, tests are conducted at internal and at third-party accredited laboratories according to our quality requirement standards. Type of tests vary depending on the product, see examples above. We make sure each product passes the tests before bulk production starts.
- Random spot checks are done for approximately 10% of our products, with an average pass rate of 98%. The selection is based on risk analysis that takes product category, material, treatment, production market and the supplier's past performance into consideration. Tests are carried out at third-party accredited laboratories.

Incidents of non-compliance

Despite quality standards and rigorous testing routines it sometimes happens that products do not comply with our requirements but are sold nevertheless. The health and safety of our customers are of the highest priority. Therefore, we make our decisions based on the severeness of each case and take appropriate action.

Does Indiska incinerate unsold items?

No, we are strictly against incinerating or destroying fully functional items just because they did not sell as expected. The only exception is if a product potentially causes serious health or safety risk and must be withdrawn. Those products are incinerated with energy recovery or when possible recycled.



During 2021 we had nine cases of products that did not comply with our internal requirements:

Product	Issue of non-compliance	Immediate action taken	Prevention
Chennai bowl sand (EAN 100010246039)	Chips of glazing detach. Cracks in stoneware. Uneven colour.	Batch withdrawn and recycled. Reclaimed to supplier.	Third-party quality control of all future batches.
Chennai mug grey (EAN 1000004736546)	Risk of leakage.	Batch withdrawn and recycled. Reclaimed to supplier.	Third-party quality control of all future batches.
Chennai mug yellow (EAN 1000009610087)	Risk of leakage.	Batch withdrawn and recycled. Reclaimed to supplier.	Third-party quality control of all future batches.
Chennai mug blue (104118791)	Risk of leakage.	Batch withdrawn and recycled. Reclaimed to supplier.	Third-party quality control of all future batches.
XL mug green (EAN 110434811 and blue (EAN 1000011181117)	Risk of leakage Risk of cracking when filled with hot water.	Batch withdrawn and recycled. Reclaimed to supplier.	Third-party quality control of all future batches.
Rhea pillowcase (EAN 1000011118069)	Stains and uneven printing on some pieces. No safety risk.	Defect pieces withdrawn and recycled. Reclaimed to supplier	Dialogue with supplier to improve quality.
Gol cushion blue (EAN 1000011234073) and brown (EAN 1000011234080)	Uneven stitching on some pieces. No safety risk.	Defect pieces withdrawn and recycled. Reclaimed to supplier.	No planned intake of style again.
Lotica chandelier S (EAN 110608826) and Lotica chandelier (EAN 109985819)	Chips of black paint falls off. No safety risk.	Defect pieces withdrawn and recycled. Reclaimed to supplier.	Tests with other production method.
Rinu Lampshade (EAN 110166845) and Rinu Table lamp S (EAN 109690818)	Poor fastening of fabric on lampshade. No safety risk.	Defect pieces withdrawn and recycled. Reclaimed to supplier.	No planned intake of style again.

Responsible sourcing and production

At Indiska, we strive to minimize the negative impact in the manufacturing of our products and the impact it has on humans, environment, and local communities. In 1998, Indiska was one of the early starters in the industry 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.

In 2021 we sourced from 16 countries, where India represented 42% of the total retail order value (including VAT). Indiska has centralised the global sourcing and procurement to our production office in New Delhi, India. The team is a solid link between the head office in Sweden and our suppliers in Asia, with whom they work closely to secure Indiska's sourcing, order placement and production strategy. We select our business partners carefully. We want to work with producers who have the same values as Indiska when it comes to ethics and the environment, and who constantly strive to develop and reach for higher goals.

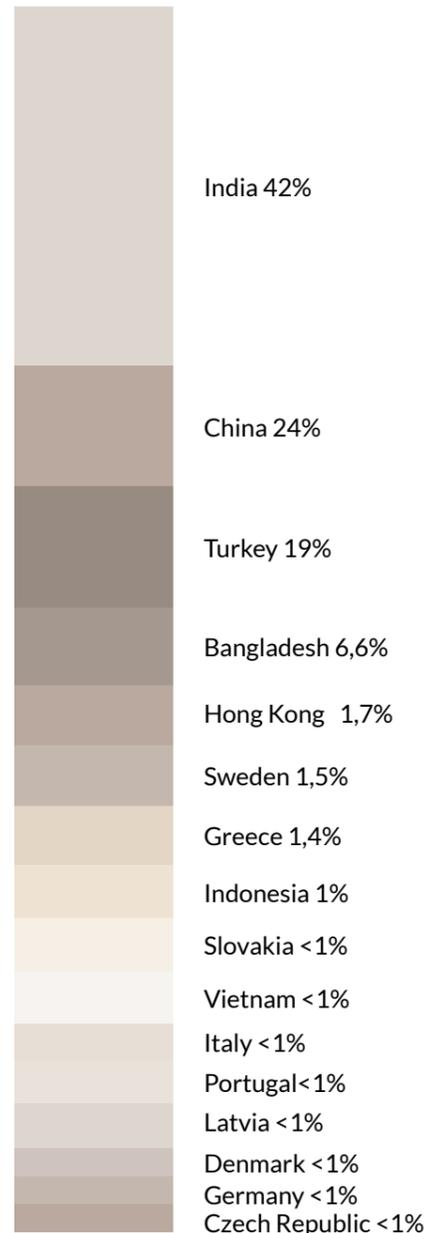
Collaborative ways for good relationships

Good supplier relationships are key to maintaining successful purchasing practices, but they are not created overnight. Luckily, we have been around for a while! Our team continuously develop and improve our processes together with our partner suppliers, who share our long-term vision and values.

From our experience, responsible and mature suppliers have a collaborative approach when it comes to continuously evolving and improving in taking a sustainable, responsible and efficient approach. This is mutually beneficial, and has a positive impact on people, planet and environment, all of which we have direct and indirect influence on.

A prerequisite for us to keep good relationships, increase transparency in the supply chain and to work towards common goals is to have a consolidated supplier base. We work with different tools to assess our suppliers on various parameters to give them constant feedback to help develop them in all areas of the work process. We have a regular open dialogue with our suppliers to get their feedback as well. 50% of our total purchasing volume comes from our five key suppliers. In total we worked with 69 suppliers.

Number of suppliers	% of total supplier base	% of our purchasing volume
Our key 5	7%	50%
Top 10	14.5%	66%
Top 20	29%	85%
Top 25	36%	90%



Check in with Aashima Jain –Sourcing and Merchandising Manager for Fashion

Hello Aashima! You are responsible for sourcing a great deal of Indiska's products, our apparel segment. Can you tell us more about what the sourcing process looks like?

When it comes to sourcing a new supplier, we are very selective in our approach. We prefer to collaborate with suppliers who are responsible and align with Indiska's long-term vision, so we develop a path together for a more sustainable partnership. Before our handshake, a supplier has to fulfil certain set criteria, such as social compliance, product quality, chemical compliance, and if any, also sustainable certifications. Once they pass the audits as conducted by respective department managers, only then can we start working together.

And the process of sourcing materials?

We explore the best production market globally, suited for our product, keeping in mind the right supplier, the right price with the right quality before we decide to put the products in the stores. We continuously strive to explore new responsibly sourced alternatives to existing materials, accompanied by a thorough R&D to secure and provide a long-lasting experience for our esteemed customers.

As a Swedish company with Indian roots, how does the history of the company play a role in sourcing?

I feel Indiska has a niche of its own where we experience an amalgamation of Indian heritage with Swedish modern influences. A brand with such a unique identity always excites the suppliers as it helps them boost their collection and strengthens their business value.

Indiska is a very old company, which is active in business since 1901. It is well established in business and has a brand identity of its own, which suppliers find quite lucrative especially in today's uncertain times.

When we say that we have long-term relationships with our suppliers, what do we mean by that?

When we partner with an entity, we believe in building a long-term sort of "marriage", which we develop through establishing a connection and commitment with our partners. Our approach is to consolidate business with our key suppliers, creating a feedback culture where both sides can grow together, mutually benefitting from each other's experiences.



Aashima Jain, Sourcing and Merchandising Manager Fashion

“At Indiska, every style sold to the customer is thoughtfully sourced with a mindset. Is there a better option to make it more sustainable than its present version?”

Supply chain due diligence

Before we start a collaboration, business partners must agree to comply with our Code of Conduct and ensure that their supply chain meets our sub-contracting requirements. This commitment is made when the supplier signs an agreement. We also check their legal documentation to ensure that requirements are fulfilled. In risk countries, we follow up with visits and audits. In the manufacturing industry the challenge is mainly non-transparency practices, e.g. double bookkeeping and complex supply chains. An important role for us as a brand is to act as a guiding and supportive force regarding implementing sustainability projects at the supplier level.

Overview of audited factories during 2021:

Country	Number of factories	Meet the requirement	Not audited	Improvement needed
Bangladesh	3	3	0	0
China	9	8	1	0
Greece + Bulgaria	1	1	0	0
India	30	29	0	1
Indonesia	2	2	0	0
Turkey	4	4	0	0
Vietnam	1	1	0	0

Code of Conduct

Our ambition is that everyone in the Indiska supply chain should 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 national laws in our production countries.

Audits

Through experience and industry collaboration, we have identified countries where manufacturing practices could be a risk from a social, security and environmental standpoint and we have, therefore, categorized them as Risk Countries. In other words, we are making an extra effort to monitor these regions using different social and environmental protocols through third-party audits and personal visits. To reduce audit fatigue in Indiska factories, we have decided not to limit our social and environmental monitoring to our standard only. By accepting other international standard reports, we broaden our view of our factories through the lens of different standards. Most of our suppliers' factories are audited by third-party auditing firms that are internationally recognized and authorized by 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 scopes. This gives us a good view of how to prioritise our own audits and follow-ups. We have employed our own CSR auditor at Indiska. The audit includes a physical inspection of the workplace, the examination of documents containing information on salaries, insurance, holidays, employment certificates and working hours; as well as interviews with factory employees without the presence of factory management. Our quality inspectors, based in our India office, visit factories regularly to perform quality inspections of our goods. They also have the task of paying attention to the working environment. If a deviation is detected, a dialogue is held together with the supplier and our CSR auditor.

Reporting and non-conformities

During an audit, a factory can either get the rating 'Meets the requirements' or 'Improvements are required'. If gaps and deviations are noted, the auditor will discuss solutions with the responsible person in place and schedule a follow-up visit or call. A time limit is set depending on the nature of the deviation. Some changes must be addressed immediately, while others may be given more time. The auditor shares a detailed report with instructions regarding what actions must be taken.

Environmental and social performance

Water, chemicals and energy

Our suppliers are taking various initiatives to minimize water waste at different levels within the factories. Factories with washing processes have installed effluent treatment plants (ETPs) and wastewater coming out of the ETPs is further processed and reused in different areas. Having these processes in place has the added benefit of making the factories less dependent on water from governmental sources. Some of our suppliers have taken initiatives to use electricity more efficiently. These initiatives include switching to new technology that uses less power to light up the factory area and using machines that are power efficient. Some of our suppliers have even gone as far as installing solar panels on their factory roofs and investing in solar and wind farms. Indiska's suppliers with dyeing or printing facilities have agreed to reduce their use of chemicals by participating in different projects, such as the Swedish Textile Water Initiative, and through self-monitoring. This has helped them learn how to use chemicals more efficiently and has resulted in the reduction of chemical use in the production process. New chemical routines are introduced to our suppliers as per the chemical section of our code called 'Health and Standard'. The chemicals stored on the production floor are strictly limited to the quantity that is planned for production. Before, it was common practice to stock a large amount of chemicals in the factory.



Special efforts for gender equality at one of our top suppliers

We would like to highlight a few efforts made by one of our top suppliers when it comes to gender equality, empowerment and workplace safety for women. During a discussion during a previous Indiska audit, it was brought to the supplier management's notice that they need to address and improve this issue. The supplier developed a policy and strategy for gender equality, with the aim to create an environment where every individual irrespective of their gender are able to achieve equal opportunities and feel safe in his/her working environment. As a result, the supplier has started to take steps to have equal gender representation in business functions previously mainly dominated by men. Women tailors currently represent 45% of the total workforce, and women supervisors 15%, whereas the new target is 50% and 20% respectively. The presence of women at supervisor level contributes to safety for female workers since it decreases the risk of abuse and exploitation by male supervisors. These actions not only target gender equality and equal opportunities but contribute to a safer working environment. This model is something we will continue to promote and encourage more suppliers to adopt.



Logistics and distribution

Inbound

From our producers in Asia, we mainly use sea freight, whilst within Europe we use intermodal freight with sea and truck. Air transportation is only used in exceptional cases, and we strive to minimize it.

Unfortunately, the pandemic has caused both production and transport delays which has forced us to use air transportation more than planned during during 2021. However, we have explored new transportation routes including railway from China.

Transportation type (in amount of total weight of goods in kg)

	Sea	Truck	Sea+road	Air	Rail	Total
%	75%	<1%	4%	14%	7%	
Emissions CO2eq (ton)	150	0,7	14	833	58	1057
Share of CO2 eq (ton) in %	14%	<1%	1%	79%	6%	

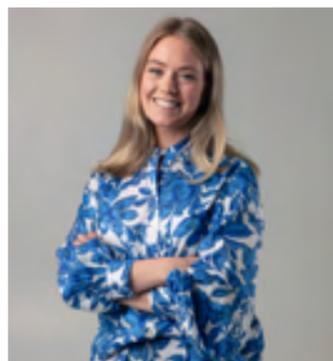
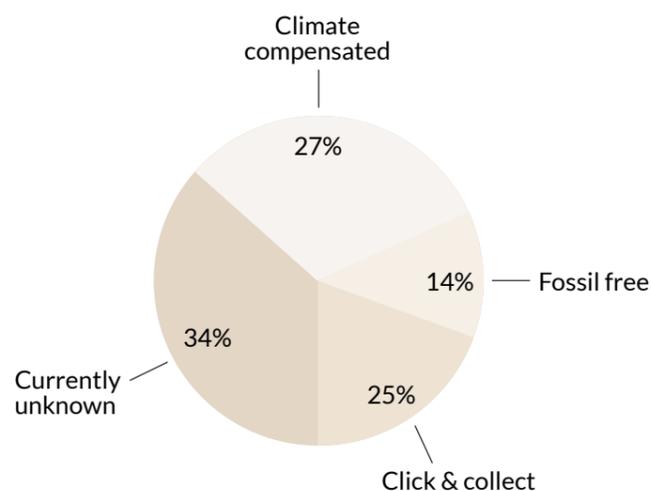
Outbound

During 2021 we shipped products from our warehouse to our stores, online customers and to our external partners (Zalando and AboutYou). We aim to offer the best solutions for both our customers and the environment.

25% of our e-commerce orders are chosen to be picked up in stores through our option "Click & Collect", which means they share transport with our store deliveries. Hence many online orders are co-shipped.

For our delivery partner that handles the biggest part of our online orders we are still working on tracking environmental performance. Our other delivery options are either climate compensated or fossil free (returns not included in data).

Outbound transports and last mile



"We strive to use the most efficient means of transportation, with the lowest possible environmental impact."

Anna Adlercreutz, Supply Chain Director



Packaging material

We strive to reduce packaging materials in all parts of our supply chain. All our products are packed to ensure their protection during transportation. By using piece packing for clothing, and multi-piece packing for accessories and interior, our aim is to facilitate warehouse operations and avoid repackaging products which requires more material.

In 2021 we implemented changes to optimise our inner packs for large volume products for interior and accessories. It was part of a larger project where sales patterns and shipment volumes were analysed.

Our paper carrier bags are locally produced in Sweden from FSC certified wood. The supplier uses 100% renewable energy from windmills and water-based colours. The plastic bag we use for e-commerce contains about 80% recycled raw material from production waste sourced from both the supplier and a large food producer. The remaining 20% is made from LLD and pigment, since it is not technically possible to achieve a good strength using 100% recycled material.

The table below shows our purchased volume of packaging material, including carrier bags, during the year 2021. Compared to 2020, the share of sales from our e-commerce has grown with the effect of more packaging material being used.

Energy consumption at warehouse		
Electricity	139 470 kWh	Source: Pellets and electric boiler on green electricity as a reserve
Heating	76 314 kWh	Source: hydro power

Purchased volume of packaging material 2021	Paper (tons)	Plastic (tons)	Cardboard (tons)
Packaging material bought at the warehouse for e-commerce and allocation to stores	1,6	46,9	102,8
Bought carrier bags	27	-	-
Total	28,6	46,9	102,8



What's next?

We are working on new production packaging for our e-commerce orders, made in Sweden from PSC certified cardboard. The boxes will be used for customer returns as well.

Marketing and campaigns

As a brand we have a responsibility to contribute to a more sustainable lifestyle and an equal society. Our goal is to be a source of inspiration for our customers and a role model within the industry.

Here are some examples of how we have been working during 2021 with marketing and campaigns as a means for positive change:

Representation is key

To contribute to improving inclusiveness, we aim to highlight as diverse a group of people as possible in our marketing material and campaigns in order to reflect today's society and our customers in a correct way. We want everyone to feel included and welcome to Indiska, no matter what age, gender, background or body type.

Four of our campaigns this year (2021) were photographed with our own staff and friends as models. We are Indiska, Midsummer, Christmas and Soft Power.

In February we launched the annual yoga campaign fronted by the Indian yoga profile Sunaina Rekhi. It created a lot of excitement at the Delhi office that we marketed the products with a local influencer.

Fewer markdowns

We take responsibility for everything we create. By improving our assortment planning and forecasting, we strive to continuously decrease our markdowns. Compared to 2020, we decreased markdowns from 37% to 22%. Our goal is to continue the decrease and to offer an assortment that inspires and matches the expectations and needs of our customers.

2021	2020	2019
22%	37%	25%



Transparent communication

Communicating and promoting corporate transparency is fundamental to enabling value chain due diligence and that is something our customers demand to be able to make informed.

This year, we started to review how we communicate product and material information on our own website and we made a few changes. For example, beside each product with a material certification, we added a detailed explanation and photo of the certification layout.

In addition, we chose to withdraw our “Sustainable choice” label, both from products online and from the physical hangtags. After careful review we concluded that stating something as sustainable in absolute terms could potentially be misleading, and that we should make it clearer which characteristic made the product more sustainable. Since then, we have worked intensely with a new tag for our more sustainable products. It’s called A BETTER CHOICE and will be launched during the second quarter of 2022.



What’s next?

We are excited to continue improving our communication further. In the pipeline for 2022 is the launch of our new sustainability strategy, which includes our plan on how to become more transparent and add more information regarding where our products are made and their impact.



“We are only in the beginning of our journey towards becoming more transparent and disclosing more information about our products, stories about what we are doing and who we are. We are excited to bring our customers along.”

Emma Hellstadius, Head of Marketing, e-commerce and Expansion

E-commerce

Our presence online has grown significantly during the last few years as a direct result of pointed efforts of our e-commerce team. Since last year, we are present on nine more markets, and our total share of e-commerce sales has increased from 25% to 37% of total sales.

E-commerce sales	2021	2020	2019
% of sales in e-commerce	37%	25%	10%
% of sales outside Scandinavia	25%	5%	0%
# of countries where Indiska is present	28	14	4

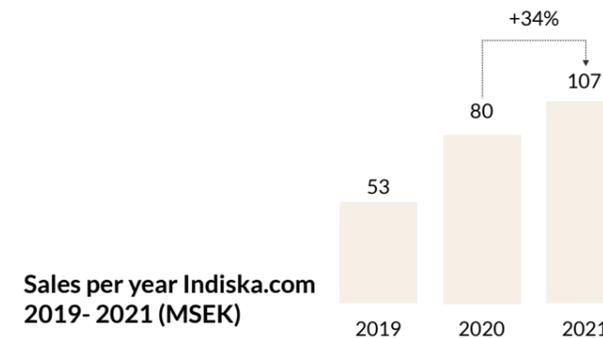
Our products are available online on 28 markets in Europe (Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxemburg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden)

www.indiska.com

We constantly work to enhance the customer experience in our own channels. In 2020 we were able to welcome our customers to our new e-commerce site and have since then doubled its turnover to reach 107 MSEK in 2021.

The growth is mainly due to improvements in digital marketing, increased product enrichment and even more inspiring content that generated new customers.

In 2021, approximately 50% of all customers on our website were new.



External platforms

The majority of sales on external platforms is today represented by Zalando. New for 2021 is the fact that we introduced Indiska on AboutYou. Germany is the biggest market, where during this year we started marketing initiatives to increase our brand awareness

Our stores

There are 44 Indiska stores (40 in Sweden and 4 in Finland) located across the countries.

Number of Indiska stores		
2021	2020	2019
44	65	75

2021 was yet another year of pandemic, and when restrictions for stores were recommended, we took immediate action to ensure a safe shopping experience for our customers according to guidelines from the Public Health Agency of Sweden (Folkhälsomyndigheten) and Svensk Handel.

A lot has happened in our store network during 2021, here is what:

Small-scale renovations in existing store network and store closures/relocations

Indiska is more than 120 years old, and many stores have been in the same city in the same building for 10 years or longer. In early 2020 we started an important brand transition to be reflected in stores via small-scale renovations. This is to give the customer an improved customer experience by small means, for example repainted walls, repainted/improved furniture, new fitting room curtains etc.

However, the challenges related to covid-19 and the changed shopping behaviour created not only an urge for brand clarity, but also for reviewing our store portfolio. During 2021 we relocated or closed 17 of our stores. The renovation and construction linked to closure and/or relocation has a larger environmental impact than the small-scale renovations, due to the inevitable generation of waste. To minimize generation of waste in both small-scale renovations and store transitions/closures we strive to extend the lifetime of our store material by either of the following:

-  **Bringing new life to existing store material** e.g. painting shelves, chairs, or tables to match existing store concepts to enable reuse.
-  **Reusing store material** from one store in a different store e.g. if a table doesn't fit in one store, we have the possibility to send it to another.
-  **Donating old store material** e.g. large tables from bigger stores can be used by others.
-  **Recycling old store material** to give the material a second life.

During 2021 we finalized small-scale renovations in 14 out of 44 stores.



“In general, renovations are more climate friendly than rebuilds if the process allows for a decrease of virgin material. Therefore, we focus on small-scale renovations and always consider what we have and can reuse before renovating or rebuilding our stores”

Johanna Trouvé, Head of Store Operations

Responsible usage of packing material and shopping bags

To reduce the purchase of new packing materials in our stores, we reuse plastic and paper from our suppliers. The packing material which still needs to be purchased should be made from recycled and recyclable material, with no harmful substances. Therefore, we set requirements when purchasing consumables for our stores in line with our purchase policy. All new suppliers are evaluated by our Sustainability and Quality department. Since 2021 all our shopping bags are made from FSC certified or recycled paper. Thereby we prevent plastic waste in nature. We also encourage our customers to bring their own shopping bags.

Energy consumption in stores

The energy consumption in stores comes mainly from lighting, which is an energy consumption possible to be reduced by changing source of light. Therefore, in 2020 a lighting project started to reduce the yearly energy consumption in all stores. In each store we aim to change halogen lighting to LED lighting and to decrease the number of light fittings per square meter. In 2021 we switched from halogen to LED entirely or partly in two stores. At the end of 2021, 24 stores (53% of the network) have exclusively or partly LED lighting. Going forward, Indiska will continue to change halogen to LED and decrease the number of light fittings per square meter when possible in the rest of the store network.

The majority of all energy purchased under our own agreement (55% of open stores Dec. 2021) comes from renewable energy (hydropower). Hence 24 of 31 stores under our own energy agreements consume renewable energy.

Energy consumption KPIs in open stores*

Share of store network under own agreements	70%
Share of energy under own agreements from renewable sources	77%
Yearly energy consumptions in stores from own agreements 2021	1 400**MWh (-18% vs. 2020)

*44 open stores in Dec. 2021

**Energy consumption is estimated in 6 stores

Building awareness amongst our store employees to guide our customers

The sustainability journey is something we need to make together with all our employees, our customers, and other stakeholders. We need to build awareness and increase the level of knowledge in our entire organization and in stores. Therefore, in 2021 we created a sustainability education, in three parts, for our store personnel in Sweden and Finland.

- Basic understanding of sustainability, and the impact from our industry.
- Knowledge of the materials in our products and our work within the supply chain.
- Practical use - sustainability when meeting the customers.

What's next?



During spring 2022 all our store employees will take part in the training. Our goal is to encourage the store staff to talk about sustainability with our customers and guide them to adopt more sustainable choices and shopping habits.



“Our store personnel are doing a wonderful job to make our customers feel welcome in our stores. I’m proud of each and every one of them for their creativity, energy and commitment to assist our customers in making the best possible choice when shopping at Indiska.”

Frida Josefsson, Head of Store

Check in with Emily Ragnheden Store manager, Borås, Sweden

Hi Emily! How is sustainability communicated in stores, and what do customers ask for?

Together with the marketing and sustainability team, we continuously strive to improve our communication in stores, especially regarding sustainability. It should be easy to understand what you buy and in what way the product is more sustainable. Short and simple messages easy to remember. In my experience, customers want basic information in stores and want to be able to read more details on our website.

A lot is happening in the sustainability field at Indiska, what are your thoughts?

Since sustainability is in Indiska's history, I am very excited that it is now even higher on the agenda and that we are taking even more measures. There are very exciting things happening for the next few years and it feels great to be part of it all.

What are your thoughts about how the industry should develop?

Brands need to be transparent, honest and on their feet to adapt to a changing world. The industry needs more frontrunners who tackle sustainability issues on a holistic level, and also show their performance clearer towards customers.



Emily Ragnheden, Store Manager Borås

Energy consumption in our own operations

Indiska is covered by the Swedish EKL, which stands for Energy mapping regulation and reports on energy consumption. 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.

Energy use in kWh	Electricity	Heating	Type
Stores	1 400 000		Will be reported during 2022
Head Office Stockholm	Will be reported during 2022		Mixed renewable sources
Third party distribution center	139 470	76 314	Pellets and water
Third party data center (server hall)	Will be reported during 2022		Hydropower
Production Office New Delhi	37,7		Mixed renewable sources



#WeAreIndiska

After two tough years of pandemic with several store closures we remained focused and committed to our goals. During the second half of the year we saw the pandemic declining and welcomed back a normal way of living and working, both for staff and for customers returning to our stores.

“The year entailed limited developments and we focused more on keeping up good spirits, grit and perseverance through challenging times.”

Emma Stohr, Head of HR



Recruitment during 2021

Number of new employees	144
Number of job advertisements	134
Average number of applicants	142

Rate of employee turnover

Per country in %	2021	2020
Sweden	34%	28%
Finland	60%	44%
India	Will be reported 2022	

Higher turnover rates due to the pandemic and store closures.

Discrimination or harassment

There was zero number of reported cases of discrimination or harassment during 2021.

Indiska has a zero tolerance for discrimination and harassment outlined in a Discrimination and harassment policy available to all staff on our intranet. The policy entails available reporting procedures. Potential reported cases are reviewed by HR.

Privacy policy

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

Anti-corruption and bribery

Indiska has zero tolerance for bribery and corruption in all forms. Our Anti-corruption Policy applies to all employees, consultants, partners, subcontractors and others who represent Indiska. All new employees and consultants at our head office and production offices sign the Anti-corruption Policy at the start of their employment. For our business partners, the policy is included in our Code of Conduct, which they need to sign in order to work with us. This is described in the 'Responsible sourcing and production' chapter.

Employee survey

- Indiska's goal, vision and strategy is clear to the employees.
- Our corporate culture is appreciated when it comes to commitment and fast decisions.
- Leaders and their leadership are appreciated at Indiska, your closest reporting manager as well as management team.
- High scores on employee engagement.
- The employees at Indiska feel safe in their workplace.
- Overall positive feedback regarding the crisis management due to the pandemic.

Total number of employees per country

	2021		2020	
	Women	Men	Women	Men
Sweden, total	463	21	642	28
Of which are temporary	187	8	308	11
Finland, total	41	0	43	0
Of which are temporary	10	0	15	0
India, total	10	15	9	16
Of which are temporary	-	-	-	-
Total	535		738	

All employees in Sweden and Finland are covered by collective bargaining agreements. That is equal to **95%** of our staff.

Gender and age diversity in the executive management team

	Women	Men
Under 30 years	0	0
30-50 years	5	1
Over 50 years	1	1
Total	6	2

Age breakdown of all employees



Partnerships

Pink ribbon/ Bröstcancerförbundet

We partnered with Bröstcancerförbundet to support their fight against breast cancer. In 2021 we raised and donated 108 000 SEK.

Peace Trust Women's Group

The Peace Trust Women's Group is a collective in Southern India that started in 1998 as a Peace Trust program. The purpose of the collective is to create jobs, and thus provide opportunities for poor and socially oppressed women to earn an extra income. The business has been run as an independent foundation since 2010 and is registered under the name Peace Garment and Handicraft Centre.

Today the collective consists of more than 30 women from three different 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 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 can gain the experience needed to develop their own products to sell over time, both to the local market and to export markets.

Indiska continually buys these products for our range. For every card and decoration that Indiska sells, 10 SEK goes back to Peace Trust to finance the vocational school.

Myrorna

In our latest customer survey, we noticed a wish to be able to recycle used clothing more easily. To facilitate for our customers to extend the life of their used garments, we initiated a partnership with Myrorna in all our stores in Sweden. In our first 4 months we collected over 500 kg, of which 52% was of very high quality and can be sold in Myrorna's stores in Sweden.

Textile & Fashion 2030

Support and collaboration to create an environmentally sustainable value chain in the textile arena.

Memberships in organisations

- Swedish Trade Organisation (Svensk Handel) – Legal support regarding employment and product regulation.
- Brand Ethical Working Group (BEWG) in India – A collaboration between retailers sourcing from India to create ethical supply chains.
- 17 Network (17 nätverket)—A network for female leaders to further strengthen the business.

Where we are headed

Strategy: Our sustainability commitment

Already ongoing, we will continue to develop our new sustainability commitment and launch it during 2022. It will be a holistic strategy applicable on the integrity of our business and involving everyone at Indiska.

Design principles

We will start to develop a set of Indiska design principles that correspond to our core values, to be followed and considered each time a new product is being designed. It will simplify the implementation of a shared vision of quality, product requirements and sustainability metrics from idea to finished product.

Materials

We will launch our new label A BETTER CHOICE, for products that contain what we define as more sustainable material. It will make it easier for our customers to make more informed and conscious choices.

Certifications

During 2022 Indiska as a brand will go through the process of getting certified according to Textile Exchange's material standards.

Trace and measure

To fully understand our environmental footprint, to be able to set reduction goals, we will start to measure our own impact and the impact from activities upstream. To be able to do this we will join STICA, the Swedish Textile Initiative for Climate Action. In the beginning of this endeavour, we will have to rely partly on estimate data, before we are able to trace our whole supply chain upstream and collect real data.



Communication

We believe in sharing as much information as possible about what we do and how we do it. This to facilitate for our customers to make informed and conscious choices. We will work towards an increased transparency, and our long-term goal is full disclosure of product information and impact data.

Hackathon

We are curious about finding new solutions and innovations that bring us to adopt more circular and sustainable ways that can be integrated in different ways with our business. One way to do this is collaborations between research and academia.

During 2022 we will begin a new creative concept together with Textile & Fashion 2030, a design hackathon, for innovation and sustainability in the textile and apparel industry. Our intention is to continue engaging long-term with the hackathon concept, and supporting Textile & Fashion 2030 on their important mission to create change in the industry.



Appendices

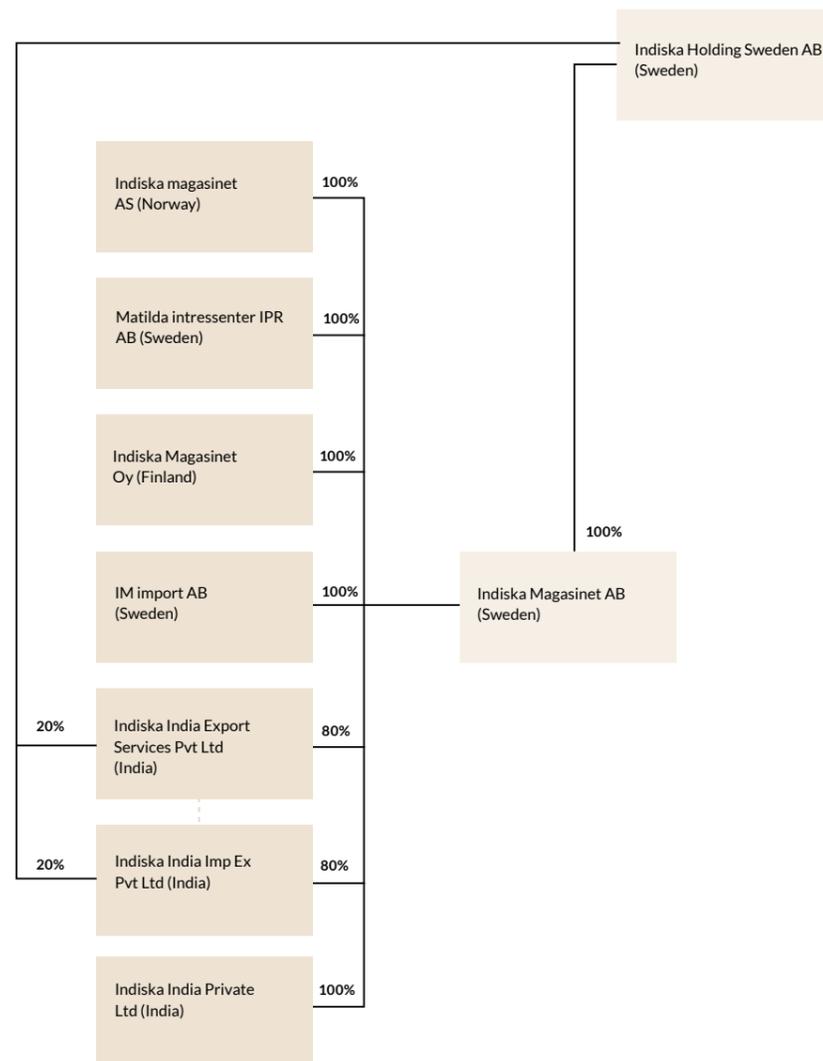
The UN Sustainable Development Goals

The UN's 17 global goals for sustainable development. Indiska is focusing on goal 5,6,8,12,13,17.



Organisational chart

Indiska Holding Sweden AB, Organisationsnummer 559121-2096.



GRI Index

GRI content 2021			
Statement of use	Indiska Holding Sweden AB has reported in accordance with the GRI Standards for the period 1st of January – 31st of December 2021.		
GRI 1 used	GRI 1: Foundation 2021		
Applicable GRI Sector Standard(s)	Currently not available		
GRI Standard/other source	Disclosure	Location	Omission (requirements omitted, reason, explanation)
General disclosures			
GRI 2: General Disclosures 2021	Disclosure 2-1 Organizational details	5,6,54	
	Disclosure 2-2 Entities included in the organization's sustainability reporting	54	
	Disclosure 2-3 Reporting period, frequency and contact point	5	
	Disclosure 2-4 Restatements of information		Not applicable for this year's report
	Disclosure 2-5 External assurance	5	
	Disclosure 2-6 Activities, value chain and other business relationships	18,22-37	
	Disclosure 2-7 Employees	50-51	
	Disclosure 2-8 Workers who are not employees		Will be included in the 2022 report
	Disclosure 2-9 Governance structure and composition		Will be included in the 2022 report
	Disclosure 2-10 Nomination and selection of the highest governance body		Will be included in the 2022 report
	Disclosure 2-11 Chair of the highest governance body		Will be included in the 2022 report
	Disclosure 2-12 Role of the highest governance body in overseeing the management of impacts		Will be included in the 2022 report
	Disclosure 2-13 Delegation of responsibility for managing impacts		Will be included in the 2022 report
	Disclosure 2-14 Role of the highest governance body in sustainability reporting		Will be included in the 2022 report
	Disclosure 2-15 Conflicts of interest		Will be included in the 2022 report
	Disclosure 2-16 Communication of critical concerns		Will be included in the 2022 report
	Disclosure 2-17 Collective knowledge of the highest governance body		Will be included in the 2022 report
	Disclosure 2-18 Evaluation of the performance of the highest governance body		Will be included in the 2022 report

	Disclosure 2-19 Remuneration policies		Will be included in the 2022 report
	Disclosure 2-20 Process to determine remuneration		Will be included in the 2022 report
	Disclosure 2-21 Annual total compensation ratio		Will be included in the 2022 report
	Disclosure 2-22 Statement on sustainable development strategy	14-17	
	Disclosure 2-23 Policy commitments	32-37, 50-51	Information incomplete: Policies are not yet made public. Will be implemented during 2022-2023
	Disclosure 2-24 Embedding policy commitments	32-37, 50-51	
	Disclosure 2-25 Processes to remediate negative impacts	32-37	Information incomplete: Grievance mechanisms. Will be included in the 2022 report
	Disclosure 2-26 Mechanisms for seeking advice and raising concerns	32-37	Information incomplete: Grievance mechanisms. Will be included in the 2022 report
	Disclosure 2-27 Compliance with laws and regulations		Not applicable for this year's report
	Disclosure 2-28 Membership associations	52	
	Disclosure 2-29 Approach to stakeholder engagement	8	
	Disclosure 2-30 Collective bargaining agreements	50	
Material topics			
GRI 3: Material Topics 2021	Disclosure 3-1 Process to determine material topics	8-11	
	Disclosure 3-2 List of material topics	8-11, 55-56	
	Disclosure 3-3 Management of material topics		See relevant disclosures in respective chapters below
Topic standards			
GRI 401: Employment	Disclosure 401-1 New employee hires and employee turnover	50-51	
GRI 405: Diversity and equal opportunity	Disclosure 405-1 Diversity of governance bodies and employees	50-51	
GRI 407: Freedom of association and collective bargaining	Disclosure 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	32-37	
GRI 408: Child labour	Disclosure 408-1 Operations and suppliers at significant risk for incidents of child labor	32-37	
GRI 409: Forced or compulsory labour	Disclosure 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	32-37	
GRI 414: Supplier social assessment	Disclosure 414-1 New suppliers that were screened using social criteria	32-37	
GRI 416: Customer health and safety	Disclosure 416-1 Assessment of the health and safety impacts of product and service categories	29-31	
	Disclosure 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services.	29-31	