



Report on

Responsible Business Conduct 2020

for Granqvist Sportartiklar AB

lillSport

SUSTAINABLE DEVELOPMENT GOALS



To Readers Of The Report

Business is key for the achievement of the Sustainable Development Goals (SDGs). A well-functioning and responsible business community contributes to sustainable development through job creation and innovative solutions to global challenges. However, business operations can also have a negative impact on people, the planet and the society. Members of Ethical Trade Norway have committed themselves to work with due diligence for a more sustainable business practice.

The basis of this work is Ethical Trade Norway's Declaration of Principles, which covers the decent work agenda, human rights, environment/climate, anti-corruption and animal welfare. Members are obliged to report annually on challenges they face and on measures carried out to address these. The reporting template is this year for the first time based on the OECD due diligence model. It is new for us and new for our members. It is this report you are currently holding in your hands. The report is publicly available on our website.

The template seeks to respond to the expectations concerning due diligence for responsible business conduct as described in the UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises. Ethical Trade Norway's report covers essential elements of the Global Report Initiative (GRI) reporting framework and can be used as a progress report for the Global Compact.

Heidi Furustøl

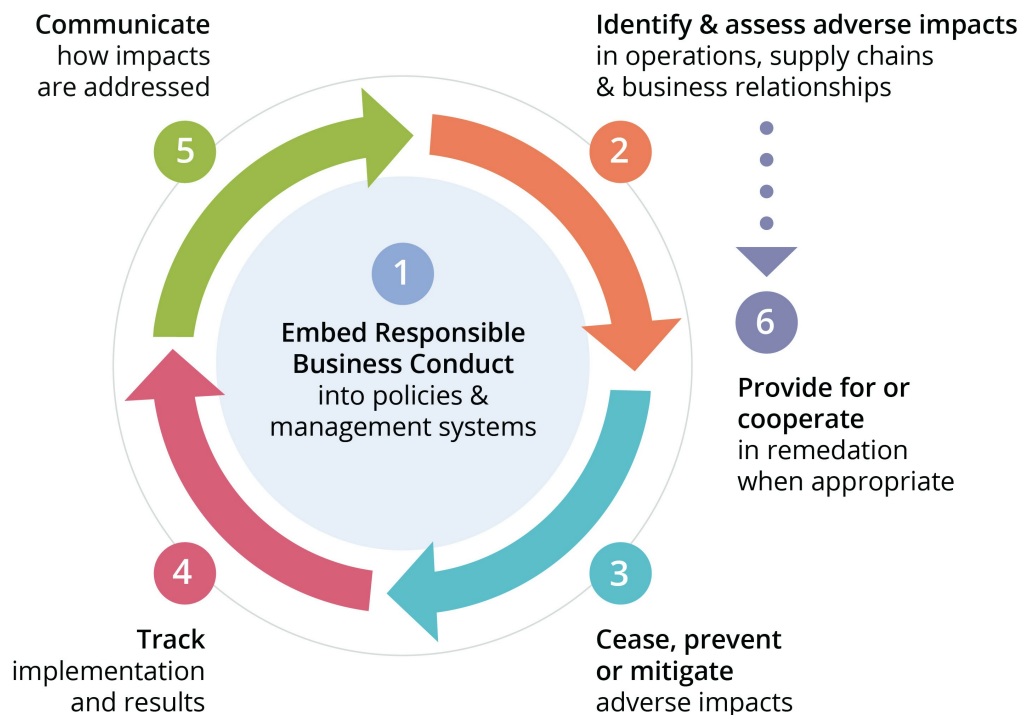
Executive Director

Ethical Trade Norway

Due diligence

This report is based on the UN Guiding Principles on Business and Human Rights and the OECD model for Due Diligence for Responsible Business Conduct.

The model has six steps that describe how companies can work for more responsible and sustainable business practice. However, being good at due diligence does not mean no negative impact on people, planet and the society. It means that the company is open and honest about challenges faced and shows how this is managed in the best possible way in collaboration with its stakeholders. This report is divided in chapters following the OECD model.



Preface From CEO

I could never sell my used bike in my young hood- I was too afraid of hidden failure.

Also I consider myself as a lousy sailor - I can't convince people to buy things I don't truly believe in myself.

From spending a decade as professional XC-skier I learnt how a glove should fit for maximal use. That knowledge has been used to build up the product, production and company from scratch.

The company GSAB is only built on products and production we run ourselves in order to have full insight in process.

Of course we have sub supplier of raw material –we are not “spinning the yarn.”

We are proud that we are quite unique to own and control our own manufacturing unit in Europe, Poland. We are one of the biggest employers in the city of Zlotow and it is of highest importance that our staff is happy and wants to stay by us.

As a part of Granqvist's sustainability work, a glove manufacturing unit has been built also in Ethiopia. The unit has been established through a cooperation between Granqvist, the local tannery that is our biggest supplier and Development Finance Institution of the Swedish state, Swedfund. There is now about 80 operators but there is a vision to grow considerably with a new factory, with the capacity of 200 operators, now under construction.

Thanks to partnership with Ethical trade Norway we have received a tool to describe functions of existing routines in our manufacturing units and where something is missing, act to corrugate.

In relations to sub supplier of raw material we have thanks to the tools available in Ethical trade Norway started the journey to the source of everything used in our gloves and with that the hunt of not wanted materials, chemical substance or unethical working conditions.

" Production is the heart of our company "

Lasse Granqvist
Founder and CEO

Company information and business context

Key company information

Company name

Granqvist Sportartiklar AB

Head office address

Hynboholm 342 65591 Karlstad Sverige

Main brands, products and services offered by the company

LillSport- Gloves for Cross-Country skiing. Granqvists- Gloves for military, police and firefighting

Description of company structure

Granqvist Sportartiklar AB (GSAB) is the name of the company and we mainly develop and sell gloves. In our fully owned daughter company in Poland, Granqvists manufacturing, we are producing close to all our gloves. GSAB have full insight i everything from production, purchasing, supplier contacts etc and we are controlling all important decision in our daughter company in Poland. In the production in Poland we also sew to other companies.

The production in Poland employes today over 300 operators with focus on special gloves (Military 50%, Firefighting 20%, XC-skiing 20%, Police 10%). Over the last decades we have covered approximately 80% of the military gloves for FLO (Norway), FMV (Sweden) and Puolustusvoimien logistiikkalaitos (Finland) with production from this unit.

GSAB, together with the Swedish government (Swedfund) have had a project to help our supplier of leather to build up a glove factory in Ethiopia. This is so that he can export a finished product, not only the raw material. We have contributed with education of Sewing ladies and with our knowledges to run a glove factory. This project as been ongoing from 2010 and finished fall 2019. We still have good cooperation and help each other when needed.

Turnover in reporting year (NOK)

99 271

Number of employees

320

Major changes to the company since last reporting period (mergers, acquisitions etc.)

Contact person for the report (name and title)

Linnéa Granqvist CSR responsible and member of the board

Email for contact person for the report

linnea@granqvists.se

Supply chain information

General description of the supply chain and the company's sourcing model

GSAB have fully insight in purchasing but we handle it from our production unit in Poland. Most of our raw material supplier is within Europe because we then have better chance to have more insight. We also make important purchasing in Ethiopia and that is because of the outstanding quality of leather. Our special focus on technical gloves (firefighting, military and police) requires that we ensure quality of materials and how they are handled, both in terms of risks of workers but also from a sustainability perspective.

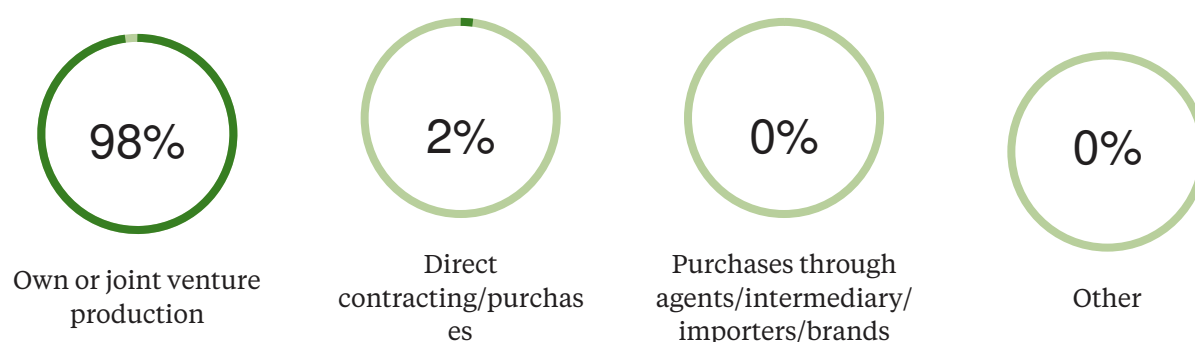
Number of suppliers with which the company had commercial relations in the reporting year

46

Comments to number of suppliers

This is all about raw material suppliers. About 40 of them is important/big for us and them we have frequently contact with. 5% of them are outside Europe

Approximate ratio by sourcing options



This 2 % we buy from Blue Nile Glove factory in Ethiopia, a production unit that we have helped to build up with help from Swedish government (Swedfund). If we buy something direct from other producer we always do the finish, control and pack it in our own production unit in Poland.

List of first tier suppliers (producers) by country

Poland :	1
Ethiopia :	1

We buy gloves from Blue Nile Glove factory in Ethiopia, a production unit that we have helped to build up with help from Swedish government (Swedfund).

State the number of workers at first tier suppliers (producers) that the company has an overview of and the number of suppliers this overview is based on

Number of workers

380

Number of suppliers

2

Comments to number of workers

300 in our own production unit in Poland. 80 in the production unit in Ethiopia.

Key inputs/raw materials and associated geographies

Leather	Ethiopia
Leather	Poland
Technical textile	Germany
Technical Textile	Poland
Insert technical membrane (fire)	China United Kingdom

Is the company a supplier to the public sector?

Yes

Goals and progress

Goals and progress for the reporting year

1

Goal : Continue with good relations with Ethiopia.

Status : We still have good relations with Ethiopia but of course Corona have affected our travels.

2

Goal : Have better control over our Purchasing and better contact with our suppliers. Within the coming year we will have more insight in our supply chain and every big supplier need to sign our Code of Conduct.

Status : Every big supplier have signed our Code of Conduct or sent us their own and we have now a better insight in our supply chain.

Goal for coming years

1

reduce our environmental footprints

2

Work with sustainable business practice



1

Governance and commitment to responsible business conduct

Commitment to sustainability means that the business should have relevant policies and codes of conducts in place, as well as effective management systems for implementing them. Central to this is the company's work with due diligence. This means, among other things, the business need strategies and action plans for how the company identifies and manages its risk of negative impact on people, society and the environment, including through business relationships and in the supply chain. Systematic management of such risks will strengthen the company's contribution to the Sustainable Development Goals. Strong commitment from top-management, and clear division of the responsibility for conducting due diligence is key. Those involved need to know how to proceed. Sustainability should be an integral part of business operations. Essential to this is transparency on the company's commitments, challenges faced and measures undertaken to manage those challenges.

1.A Policy commitment

1.A.1 What does the company say publicly about its commitment to respect people, society and the environment?

Granqvist AB use to say that our production is our heart in the company and it is of highest importance that the workers feeling well and are treated well. Our goal is to make as little impact as possible on the environment and we work actively to find solutions to reduce negative impact.

See more information on our webbsite:

<https://granqvists.se/corporate-social-responsibility/>

<https://granqvists.se/about-us/>

1.A.2 How is the commitment/policy developed and how is it anchored in the company?

Working with Ethical trade is something that has come from the board. That is the board thats leads the work on ethical trade and has developed the policy together with Ethical trade Norway.

1.B Organisation and internal communication

1.B.1 How is the work with responsible business conduct organised within the company and why in this particular way?

We have one person employed working part time with this matter in Sweden, Linnéa Granqvist. Linnéa is also member of the board and can bring up this matter high in company. Linnéa have the contact in this matter to the suppliers but she needs also to work together with the purchaser in Poland to get info and have control over our purchasing. Linnéa do also have contacts with our HR responsible in our factory in Poland and with Agata that is responsible for the contacts with Ethiopia.

1.B.2 How are employees made aware of the ways in which responsible business conduct should inform their decisions and actions?

We have a dialogue and regular meetings.

1.B.3 How does the company make sure employees have adequate competencies to work towards implementing responsible business conduct?

By having regular contact with our adviser in Ethical trade Norway and by going on courses in their regime.

1.C. Plans and resources

1.C.1 How is the company's commitment to respect people, society and the environment rooted in strategies and action plans?

We have a big work ongoing with our suppliers regarding how to purchase better and here is one point of many how to get better insight in our suppliers production and chain. In our strategy we aim to purchase as much as we can from companies in Sweden or Europe.

1.C.2 How is the company's strategies and action plans to work towards being responsible and sustainable followed up in top management and in the board?

It is a standing point on agenda every board meeting and we also have organisation meeting with employee in Sweden every month that ethical trade is one of the point on agenda.

1.D Partnerships and collaboration with business associates, such as suppliers

1.D.1 How does the company make clear in its business relationships (in particular in the supply chain) the importance it places on responsible business conduct?

We have now contacted every important raw material supplier (biggest first) by sending out a SAQ and also asking to sign our Code of conduct or sending us their own code of conduct. This is including in the routines when starting up a business with new supplier. Signing our Code of Conduct shall come in the first steps in a new relation with a supplier.

Next step in our work with the SAQ is to start mapping and if we find something that could be a risk we will contact the supplier and make a plan for how to fix it.

1.E Lessons learned and changes

1.E.1 What lessons has the company learned during the reporting period concerning sustainability, and what has changed as a result?

We have always have had this questions on agenda from the start of our company but after being member of Ethical trade Norway we have even more focus on ethical trade both in our daily work, in our work with organization and in our policy documents.

We are today very happy that we have mainly our suppliers within Europe, we have had a good flow with fabric even though it has been a pandemic in the world.

A man with a slight smile, wearing a white hairnet and a dark blue long-sleeved shirt, is looking towards the camera. He is in a factory or industrial setting, with blurred machinery and structures in the background. The lighting is soft, highlighting his face.

2

Defining the focus for reporting

Identify and assess the company's impact on people, society and environment

“Identify and assess” is about identifying the company's risk for, and actual negative impact on, people, society and the environment, including in the supply chain and through business relations. As a first step the company should get an overall risk picture, before subsequently prioritising measures where the risk of negative impact is the greatest, i.e. salient issues. How the company is involved in the negative impact is central to determine the right actions to take. Involvement of stakeholders, especially those affected, is central when assessing risks. It is also important to consult with stakeholders when implementing measures to manage the negative impact.

2.A Mapping and prioritising

STATEMENT ON SALIENT ISSUES

Prioritising one or more risk areas on the basis of severity does not mean that some risks are more important than others, or that the company should not take action on other risks, but that risks with the greatest negative impact are prioritised first. Mapping and prioritisation are a continuous process.

2.A.1 In the table below state the salient issues associated with the company's activities and business relationships, particularly in the supply chain and during the reporting period

Salient issue	Related topic	Geography
PFOS/PFOA fluorocarbon impregnations	Occupational Health and safety Environment	
Low wage	Wages	Ethiopia
chemicals in leather	Occupational Health and safety	Ethiopia Poland
Freedom of association and collective bargaining	Freedom of association and collective bargaining	Ethiopia Poland

DETERMINATION OF SALIENT ISSUES

2.A.2 Describe how the salient issues were determined, in terms of processes and sources of information, including any input from stakeholders

The risk in our branch is very high and the most important action we have done is to build a more direct sourcing model and own our own production in Europe. This give us better control and possibilities to influence. This means that we can focus more on our risk in raw materials. We have done a general analysis of our branch and the countries we are located in.

Employee and the CEO regular visit our production in Poland every month. Our responsible for contact to Ethiopia is visiting the tannery and glove factory every quarter. Of course this plan has been affected due to Covid 19. We have been supported by SwedFund –a part of SIDA (Swedish International Development Agency) to build up the glove factory and organization out from the ethical directives in Ethiopia. In this project there is a very well documented analyses of all risks in all respects –ethical, human, environmental, economic. Fully Documentation can be found under Swedfund project 1-16-25 (in Swedish).

When visiting Ethiopia, we always have a checklist of what to look for and which subject to run forward. Regarding Ethiopia we have talked to other tanneries that owns of people in UK how they do with collective bargaining and got information from them how to proceed. We have also looked on internet sources like Difi where you can search of products that has high risks. One of them i leather industry because of chemicals. We have also uses different internet sources to identify risks by countries.

<https://www.anskaffelser.no/samfunnsansvar/sosialt-ansvar/hoyrisikoproduktlisten/tekstiler-arbeidsklaer-og-fottoy>

<https://www.state.gov/reports-bureau-of-democracy-human-rights-and-labor/country-reports-on-human-rights-practices/>

<https://www.ituc-csi.org/ituc-global-rights-index-2018?lang=en>

<https://2009-2017.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm#wrapper>

ADDITIONAL SEVERE IMPACTS

2.A.3 Identify any severe impacts on people, society and the environment that occurred or were still being addressed during the reporting period, but which fall outside of the salient issues, and explain how they have been addressed.

We discovered that our employees in Poland have limited possibilities to express their opinion and that they did not have a clear and secure place to complain. In Poland the trade union is not that strong. We solved it so we now have a group of employees that meet every week and discuss matters that is important for the employees. Every person that is involved in this group have been chosen from the group to be a representative person. They get paid while they are in this meetings and get also paid for the time it takes to tell the group they are representing what has been said. It is re-election of representatives every quarter. The CEO in our glove factory is always with in this meetings and also HR representative. This meeting has been forced to stop due to Covid 19 but as soon as it feels safe to gather this amount of people in the same room again we will start.

A woman in a blue surgical cap and gown, looking down, in a hospital setting. The background is blurred, showing other people in similar attire and bright lights.

3

Management of salient issues

Cease, prevent or mitigate negative impacts

“Cease, prevent and mitigate” is about managing findings in a way that contributes to a sustainable and responsible business conduct. The most severe negative impact on people, society and the environment should be prioritised first. This does not mean that other risks are less important or that they are not handled. The way the company is involved in the negative impact is central to taking the right action. Negative impact that the company causes or contributes to must cease, and the business must work to prevent and mitigate such risk. To address negative impact directly linked to the company, e.g. in the supply chain, the business must use its leverage to influence the entity causing the adverse impact to cease, prevent or mitigate it. This involves developing and implementing plans and routines to manage risk and may require changes to the company's policy documents and management systems. Effective management of the negative impact on people, society and the environment is a major contribution to the achievement of the SDGs.

3. A Cease, prevent or mitigate

3.A.1 For each salient issue in your supply chain, add a goal, status and describe specific actions and progress made in the reporting year

Salient issue	PFOS/PFOA flourcarbon impregnations
Goal :	Have all our products free from flour carbon impregnations.
Status :	Now we have some products that includes flour carbon impregnations.
Objectives in reporting year :	Less products with flour carbon.

Actions :

Contact our supplier with flour carbon textile and see what they can offer us instead or maby look for other supplier. Collect more information and knowledge of what to use instead of flour carbon.

Salient issue	Low wage
Goal :	Every employed in our supply chain shall earn so much money so they can provide themselves and also be a part of providing the family.
Status :	In generally the employee in Ethiopia have to low wages even tho they have minimum wage or more.
Objectives in reporting year :	We will work for higher wages both in Glove factory and in the tannery in Ethiopia.

Actions :

We put a lot of money to educate the sewing ladies in Ethiopia and if they do not get paid enough they will leave the factory for other job. Therefore it is very important for us that they earn enough money and it is expensive for us if they dont.

Salient issue	chemicals in leather
Goal :	We want to have a raw material that have as less chemicals as possible both for people working with it and also for our costumers health and safety.
Status :	We have leather free from Chrome 6 and with PH minimum 3,5 and maximum 9,5. All leather is according to EU regulations.
Objectives in reporting year :	Investigate the chemicals and search for what is preferable and what we can do to minimize the use of chemicals.

Actions :

Start a dialogue with different stakeholders to find out information that could be useful for us.

Salient issue	Freedom of association and collective bargaining
Goal :	To have some kind of collective bargaining in glove manufacturing in Ethiopia.
Status :	In Ethiopia they have work international council but not in our factory yet.
Objectives in reporting year :	To have some kind of collective bargaining in glove manufacturing in Ethiopia.

Actions :

Take contact with Ethiopia embassy and also contact the tannery owns by people from UK to get their expertise. Find a solution that fits both us and our partner in Ethiopia and the culture.

Cross-cutting actions related to management of negative impact:

Describe cross-cutting actions to cease, prevent or mitigate negative impacts, including in your supply chain

3.B.1 Reduction of environmental and climate footprint

In the new glove factory in Ethiopia we have invested in solar cells on the roof so we do not use electricity from public source. Electricity from public source is not reliable and it exist no better place than Ethiopia to invest in solar cells because of the country location under the equator.

3.B.2 Adapting own purchasing practices (sourcing)

Since joining Ethical trade Norway, we have included our guidelines to always have an ethical approach on the agenda at the start of a collaboration with a new supplier. They should sign our code of conduct or possibly give us their Code of conduct.

We have also start to look for suppliers that can offer us environmentally friendly alternative.

3.B.3 Choice of product design and of raw materials

Our own production in Poland have both ISO 14001 and ISO 9001.

Tannery in Ethiopia have ISO 14001 and ISO 9001.

We have OEKOTEX of textile fabrics and thred.

Leather must be free from crome 6 and Ph minimum 3,5 and maximum 9,5.

3.B.4 Actively support free trade union organisation and collective bargaining, or where the law does not allow it, actively support other forms of democratically elected worker representation.

Se question A.2.B and salient Issue.

3.B.5 Contribute to development, capacity building and training of suppliers and workers in the supply chain:

As written above we have, together with Swedish government (Swedfund), invested and helped our supplier of leather to build a glove factory. We educate the sewing ladies in Ethiopia and we try help and give our knowledge of running a glove factory. Here we also try to influence by point out the importance of ethical trade.

3.B.6 Other plans and measures taken to deal with salient issue



4

Track implementation and results

Tracking implementation of actions and results is key to the company's due diligence process. For example, is the identifying and prioritisation of salient issues done in a scientifically sound and credible way? Does it reflect real conditions in the supply chain? Do measures aimed at ceasing, preventing and reducing the company's negative impact work as intended? Is negative impact remediated where relevant? This may apply to actions taken by the company alone or carried out in collaboration with others. Companies must have procedures and systems to track their implementation and results in order to assess them. The company's experience with due diligence is used to improve processes and results in the future.

4.A Monitoring and assessment

4.A.1 Describe responsibilities and procedures within the company for tracking performance with respect to due diligence activities

We have one person responsible for this in company from aug 2019 and we are into a big work with our suppliers to get more insight and information regarding our supply chain. We have sent out a SAQ and received answer. We are now evaluating the answers to take next step with our suppliers and identify risks in our supply chain. Employee in our company that visit our suppliers also have on agenda to discuss this.

4.A.2 Describe how the company evaluates the effect of its own efforts, or those made by suppliers (and other business relations), to identify, prevent and mitigate salient issues

Regarding Ethiopia we have good insights in whats working and what is not working but with our other raw material suppliers we work with new routines to get better insight. Many of our suppliers we have worked with in a long time and know each other well.

Due to Covid 19 it has not been any fairs or other natural meeting points this year. Otherwise we use to meet our suppliers on different exhibitions during the year. Travel restriction have also led to less meetings with suppliers. During 2020 we have had email conversations or phone conversations with our suppliers in different matters.

A woman with dark hair tied back, wearing a light blue button-down shirt and a brown leather apron, is looking down at a large, round, metal tray with several circular indentations. The background is a blurred kitchen or industrial setting.

5

Communicate how impacts are addressed

Relevant external communication on company due diligence for responsible business conduct needs to build on specific activities and results. This include external communication of policies and codes of conduct, or processes and activities related to identifying and managing the company's actual and potential negative impact on people, society and the environment. Communication should also include findings, effects and results of concrete actions or activities.

5.A External communication

5.A.1 Describe how the company communicates with affected stakeholders when managing its salient issues

In our production unit in Poland we have our group of representative that we communicate with if we need to inform all our workers. We also work close with the management in our production if it is some salient issue that need to be fixed. We have this box with suggestions that workers can put in anonymously or with name. We also have close contact to the people managing the glove production in Ethiopia.

5.A.2 Describe how the company communicates publicly about its own work on identifying and management of salient issues

We describe our work on our website. We do also publish our Code of Conduct together with this report from Ethical trade Norway.

We also send this report together with other information into public tenders.

<https://granqvists.se/corporate-social-responsibility/>

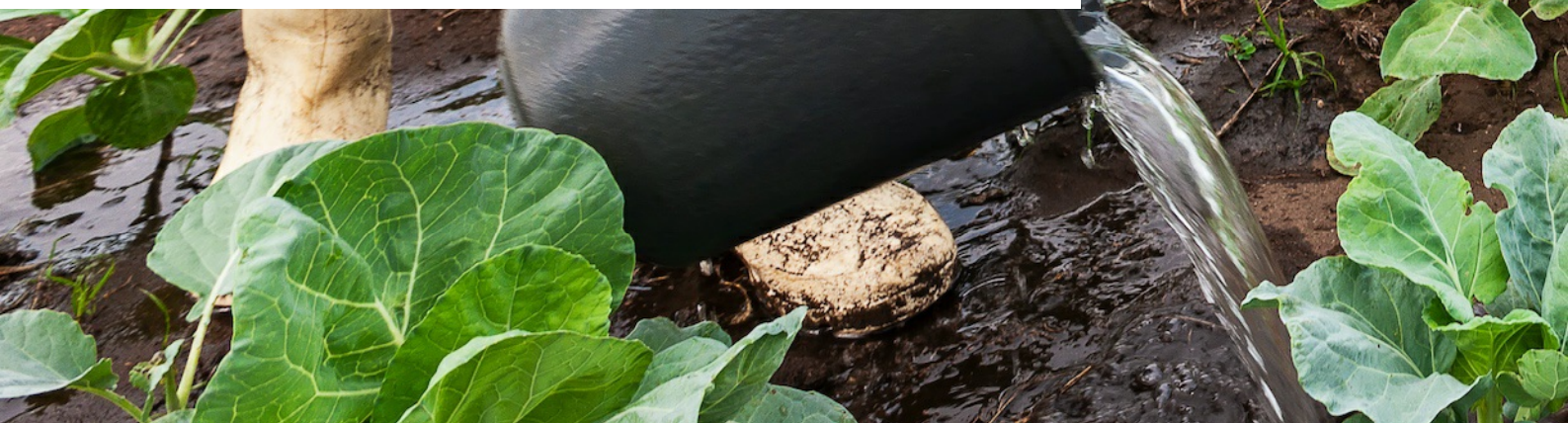
<https://granqvists.se/about-us/>



6

Provide for or cooperate to ensure remediation when appropriate

Once a company has identified that it has caused or contributed to negative impact on people, society or the environment, the company must provide for, or cooperate to ensure remediation. Remediation may involve financial compensation, a public apology or other ways to remediate the negative impact. When appropriate, companies should provide for or cooperate with legitimate remediation mechanisms through which impacted stakeholders and rights holders can raise complaints.



6.A Remediation

6.A.1 Describe the company's policy for remediation of negative impacts on people, society and the environment

In the event of a breach of the code of conduct, GSAB and the supplier will jointly prepare a contingency plan for remedying the breach. Remediation shall take place within a reasonable period of time, as mutually agreed. The business relationship will only be terminated if the supplier shows unwillingness to remedy the breach following repeated enquiries.

The supplier shall have an effective management system for handling complaints relating to human rights, workers' rights, environmental issues and corruption. The supplier shall ensure that both workers and external parties, such as local communities and civil society organisations, are able to submit complaints.

6.A.2 Describe cases of remediation in reporting year, if relevant

When the new glove factory in Ethiopia was ready they did not connect running water into the building. We brought it up with our contact several times and put a deadline for them to fix it. Next time when our CEO were in Ethiopia we arranged a meeting with our contact and the water department to solve this problem.

6.B Secure access to grievance mechanisms

6.B.1 Describe what the company does do to ensure that workers and communities have access to effective remediation mechanisms, when appropriate:

We have our representative group that meets every week to discuss matters from the employee in Poland. We also have a anonymous box that the employees can put in notes in Poland. In Ethiopia we have on agenda to arrange some kind of remediation mechanisms in glove factory.

Contact details:

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linnea@granqvists.se