



Due Diligence for Responsible Business Conduct

Account reporting year 2022

for Granqvist Sportartiklar AB

lillSport[®]

Ethical Trade Norway has assessed the report of Granqvist Sportartiklar AB to meet the criteria of our Base Level. More information about our Base Level can be found [here](#).



SUSTAINABLE DEVELOPMENT GOALS



To Readers Of The Report

Business and the public sector have a great impact on people, society, the environment, and animals and can both contribute positively to development, or negatively by causing harm. Businesses therefore hold a central role in achieving UN's Sustainable Development Goals (SDGs).

This report can be used as an account for the Transparency Act, but it has a broader scope with climate and the environment, circular economy, and anti-corruption indicators also being included. Our members are obligated to carry out due diligence and report annually on their work. Base level members also meet the Transparency Act's due diligence duty, and partially the Act's information duty.

Responsible business conduct is the systematic effort that businesses do to identify, prevent or mitigate adverse impacts and explain how they manage their risks of negative impact to people, society, and the environment as well as provide remediation where this is required. Norwegian authorities expect all businesses, regardless of their size, to carry out due diligence in accordance with the UN's Guiding Principles for Business and Human Rights (UNGPs) and OECD's Guidelines for Multinational Enterprises. This applies to businesses, the public sector, and organisations.

Ethical Trade Norway's Declaration of Principles (our Code of Conduct) covers the areas of decent work, human rights, environment/climate, anti-corruption, and animal welfare. This report is done in full transparency and in line with UNGP and OECD's guidelines. The reports of all members are publicly accessible on Ethical Trade Norway's website.

Heidi Furustøl

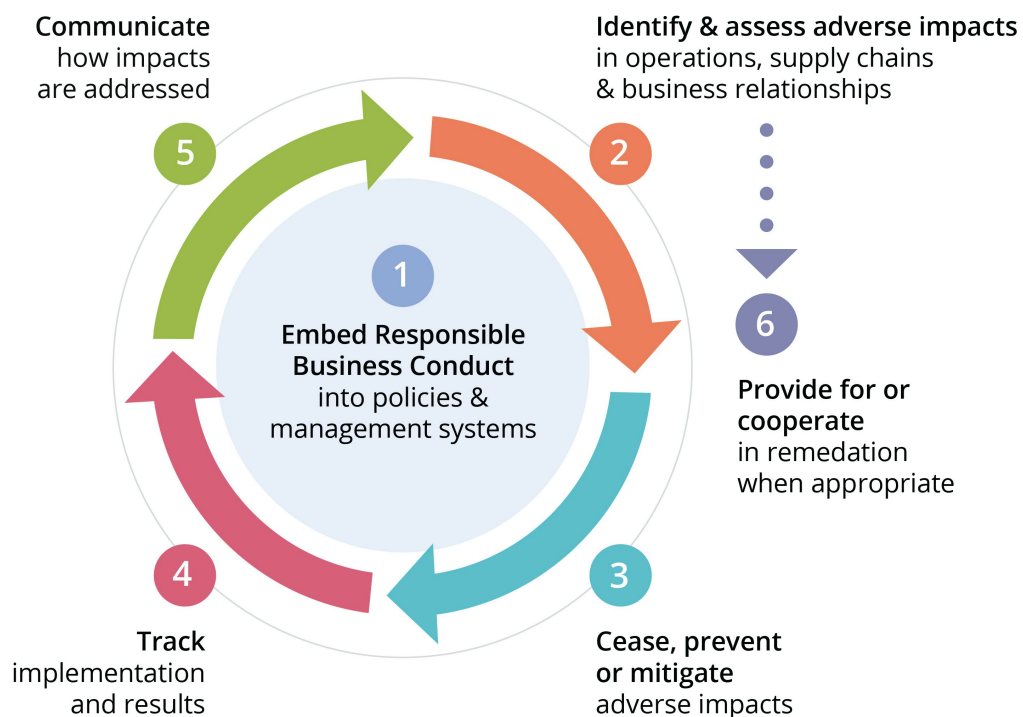
Executive Director

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 youth; I was too afraid of hidden failures. Additionally, I consider myself a lousy salesperson as I can't convince people to buy things I don't truly believe in.

With this said, in our company we always aim to offer long lasting products with good quality.

From spending a decade as a professional XC-skier, Lasse have learned how a glove should fit for maximal use. This knowledge has been used to build up the product, production, and company from scratch. The company GSAB is built only on products and production that we run ourselves to have full insight into the process. Of course, we have sub-suppliers for raw materials - we are not "spinning the yarn."

We are proud to own and control our own manufacturing unit in Poland, Europe. This enable us to solve potential issues when they arise. We are also able to ensure the good quality in our products due to incredibly competent staff and a very close cooperation between head office in Sweden and production unit in Poland. We are one of the biggest employers in the city of Zlotow, and it's of the highest importance to us that our staff is happy and wants to stay with us.

We actively work with due diligence for responsible business conduct in our company and in our supply chain. It's very important for us to respect people, society, and the environment in our own organization, and it's also very important that our suppliers share this commitment. We work with long-lasting relationships, both with customers and suppliers and this has been a key factor in our company.

As part of Granqvists' sustainability work, a glove manufacturing unit has also been built in Ethiopia. The unit was established through a cooperation between Granqvists, a local tannery that is our biggest supplier, and Development Finance Institution of the Swedish state, Swedfund. There are now about 50 operators.

Thanks to a partnership with Ethical Trade Norway, we have received tools to describe the functions of existing routines in our manufacturing units. If something is missing, we act to correct it.

In relations to sub supplier of raw material we are on 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, for a better tomorrow.

" Production is the heart of our company "



Lasse Granqvist
Founder and CEO

Board Signature

Granqvists® | lillSport®

GRANQVIST SPORTARTIKLAR AB

Board members signature for Ethical Trade Norway:


Lasse Granqvist


Linnea Granqvist


Ulla Granqvist


Erika Granqvist Rosendahl

Date: 2023-01-17

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Hynboholm 342, 65591 Karlstad, Sweden
25.01.2023

Company information and business context

Key company information

Company name

Granqvist Sportartiklar AB

Head office address

Hynboholm 342, 65591 Karlstad, Sweden

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 a company that specializes in developing and selling gloves. Our fully-owned subsidiary, Granqvists Manufacturing, is responsible for producing most of our gloves. We oversee all aspects of production, purchasing, supplier contacts, and important decisions for our daughter company in Poland. Additionally, we provide sewing services to other companies from our production facility in Poland.

Our production facility in Poland has over 350 employees who focus on creating special gloves for military (50%), firefighting (20%), cross-country skiing (20%), and police (10%). In the past few decades, we have manufactured approximately 80% of the military gloves for FLO (Norway), FMV (Sweden), and Puolustusvoimien logistiikkalaitos (Finland) through this unit.

GSAB, in partnership with the Swedish government (Swedfund), has undertaken a project to assist our leather supplier in building a glove factory in Ethiopia. Our aim is to export a finished product, rather than just raw materials. We have provided education and knowledge in glove factory management to the sewing ladies, and this project has been ongoing since 2010, finished in the fall of 2019. Although the project is now complete, we maintain good cooperation and continue to help each other when needed.

Turnover in reporting year (NOK)

109 643 403

Number of employees

350

Is the company covered by the Transparency Act?

No

Major changes to the company since last reporting period

There have not been any major changes to the company this year.

Contact person for the report (name and title)

Malin Skystedt CSR responsible and administrator and Linnéa Granqvist CSR responsible and member of the board

Email for contact person for the report

malin@granqvists.se and linnea@granqvists.se

Supply chain information

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

GSAB has extensive expertise in purchasing and manages it through our production unit in Poland. Most of our raw material suppliers are based in Europe because it provides us with greater insight into their operations. However, we also make important purchases in Ethiopia due to the exceptional quality of their leather. We have long-standing relationships with most of our suppliers, which has resulted in better collaboration and stronger partnerships.

Given our special focus on technical gloves, particularly for firefighting, military, and police applications, we are committed to ensuring the quality of materials and how they are handled. This is not only to minimize risks to workers but also to promote sustainability throughout our supply chain.

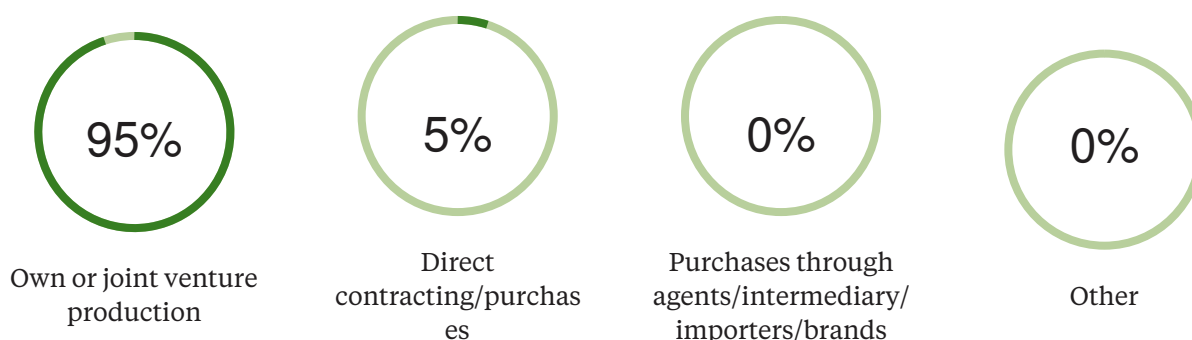
Number of suppliers with which the company had commercial relations in the reporting year

46

Comments

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

Type of purchasing/ suppliers relationships



This 5% 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 have our own production unit in Poland. We also buy gloves from Blue Nile Glove factory in Ethiopia, that is a production unit that we helped to build up with help from the Swedish government (Swedfund).

State the number of workers at first tier producers that the company has an overview of, and the number of suppliers

this overview is based on:

Number of workers

400

Number of suppliers this overview is based on

2

Numbers of workers per supplier (calculated average)

200

Comments to number of workers

350 in our own production unit in Poland. 50 in the production unit in Ethiopia.

Key inputs/raw materials for products or services and associated geographies

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

Technical textile - only a minor part of our raw material comes from China. Mainly material comes from Europe.

Is the company a supplier to the public sector?

Yes

Goals and progress

Process goals and progress for the reporting year

1

Work to reduce our environmental footprint

Goal :

Status :

We have taken several measures to reduce our energy consumption at our production unit in Poland, including switching to LED lights and incorporating solar energy. Additionally, we strive to improve the efficiency of our truck routes and aim to take shorter turns whenever possible. To reduce pollution from individual cars, we have also implemented a transportation service for our employees in Poland, offering them the option to take a bus provided by us to and from the city center.

2

Goal :

Meet face to face with key suppliers after Covid-19

Status :

After several years of social distancing, we were finally able to attend exhibitions and meet key suppliers again. It is essential for us to have face-to-face meetings and discuss our cooperation with one another.

We also recently visited our production unit in Ethiopia and hosted visits from some of our suppliers to our production unit in Poland. We firmly believe that physical meetings are crucial for obtaining better knowledge and insights into each other's businesses and the overall supply chain.

Goal for coming years

1

Goal: To minimize our environmental footprint. To achieve this, we have identified and divided the goal into several themes: preventing pollution, promoting circular solutions and sustainable resources, and preserving the climate.

Given the increasing interest from stakeholders in these themes, we aim to engage in more discussions with suppliers regarding the use of sustainable materials. We will also aim to better utilize and reuse waste materials. Throughout the year, we plan to document greenhouse gas emissions and make a climate accounting across three different scopes: Scope 1 - Production, Scope 2 - Energy Consumption, and Scope 3 - Indirect Emissions. This will help us track our organization's climate impact and enable us to develop clear strategies for reducing them.

2

Goal: To promote sustainable consumption, particularly to our sports customers.

As a manufacturing company, it can be challenging to balance the need to sell products with the desire to avoid promoting unsustainable consumption. However, we are committed to promoting sustainable consumption and hope to help our customers extend the life of our products.

To achieve this goal, we plan to launch a "series" of smart tips on our social media platform, focusing on our sports range under the brand name Lillsport. These tips will provide our customers with useful information on how to take care of our gloves to increase their lifetime and encourage longer use.

3

Goal: To promote a sustainable value chain with a focus on suppliers and sub-suppliers.

We are committed to enhancing knowledge and transparency throughout our value chain and among our suppliers and sub-suppliers. To identify potential risks even further down the supply chain, we plan to use risk-analysis tools. We aim to investigate our suppliers risks by requesting certificates and/or other audits. This will enable us to take necessary action and prevent any potential risks.

In coming year, we will attend courses in Ethical Trade Norway's regime to improve our responsible purchasing practices. Our primary focus will be on our three largest raw material suppliers. We aim to strengthen our partnerships by having better forecasts.



1

Governance and commitment to responsible business conduct

Embedding responsible business conduct means that the company should have strategies and plan, as well as relevant policies* and guidelines for due diligence for responsible business conduct (hereafter due diligence) which are adopted by management. These should comprise the enterprise's own operations, its supply chain and other business relationships. Effective management systems for implementation are key to success, and due diligence should be an integrated element in company operations. Clear expectations from senior management are crucial, as well as clearly assigned responsibilities within the company, for the implementation of the steps in the due diligence process. Those involved need to know how to proceed. Transparency about commitments the company has for itself, challenges they are facing, and how these are managed is fundamental

1.A Policy* for own business

1.A.1 Link to publicly accessible policy for own business

<https://granqvists.se/corporate-social-responsibility/> <https://lillsport.com/en/socialt-ansvar-och-miljo/>

1.A.2 What does the company say publicly about its commitments to respect people, society, the environment and climate?

Granqvist AB used to emphasize that our production is the heart of the company, and it is crucial that our workers feel well, safe, and are treated in the best possible way. Our objective is to minimize our impact on the environment, and we are actively searching for solutions to reduce any negative effects. We are committed to working towards sustainable development, and we are continuously striving to achieve this goal.

See more information on our website:

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

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

<https://lillsport.com/en/socialt-ansvar-och-miljo/>

<https://lillsport.com/en/var-handskfabrik/>

1.A.3 How has the policy/commitment been developed and how is it embedded in the company?

The working with Ethical Trade is a wish from the board. It is the board that leads the work with ethical trade and has developed the policy together with the tools from Ethical Trade Norway. We work to communicate the work with a sustainable development to everyone in the organization, but also to external stakeholders

1.B Organisation and internal communication

1.B.1 How is the due diligence work organised within the company, and why?

From 2021, two employees are working on ethical trade tasks. Linnéa Granqvist is both on the board of the company and conducts the work all the way up and down the organization. Malin Skystedt is now also an integral part of the daily work on ethical trade work and have an education containing a lot of CSR-work. We maintain close communication with the suppliers and also the purchaser that are located in Poland. But also with the HR responsible in Poland and the responsible communicator in Ethiopia.

1.B.2 How is the significance of the company's due diligence work defined and clarified for the employees through their job description, work tasks and incentive structures?

We engage in regular dialogues and meetings to ensure that all employees at the Swedish office understand the work and expectations related to sustainability. New employees receive a detailed explanation of their responsibilities and goals, so that everyone shares a common objective towards promoting sustainability. It is important that all employees are aware of the work related to ethical trade, and we take steps to ensure that new employees are informed and educated about the expectations in this regard.

1.B.3 How does the company make sure employees have adequate competence to work on due diligence for responsible business conduct?

We take care to educate not only those directly involved in ethical trade tasks, but also ensure that everyone in the company has knowledge of the work. We maintain contact with our advisor in Ethical Trade Norway and participate in their training programs to stay updated and gain more knowledge. This year, we have also sought the assistance of external stakeholders to help us learn more about topics such as the ILO agenda for sustainable development by 2030. Malin also possesses relevant education from university in this regard.

1.C. Plans and resources

1.C.1 How are the company's commitments to respect people, society and the environment embedded in strategies and action plans?

We are passionate about making improvements and challenging ourselves to work more sustainably. This permeates the entire organization, starting from the board, and creates a natural work ethic in the workplace. For example, we aim to reduce our environmental footprint by minimizing pollution through shorter delivery times and implementing a carpool system in production at our Poland facility. Furthermore, we want to increase awareness among our customers about how to take care of our products to extend their lifetime and promote sustainable consumption. We are committed to continuing to improve working conditions and promoting freedom of association in both Poland and Ethiopia. This reporting year, we plan to map our emissions and establish guidelines for reducing and improving our environmental footprint.

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

Ethical trade is a standing agenda item at every board meeting, and we also hold monthly organizational meetings with employees in Sweden, where ethical trade is discussed. With more people working on this initiative, we are able to have more in-depth discussions and continually evolve our approach. We have identified the most effective working methods for our team, which includes open communication and the sharing of ideas for improvement. Additionally, we actively seek out information and attend meetings and courses with various stakeholders to learn new things.

During board meetings, we discuss the most pressing issues at hand. This could include individual risks or general progress on our ethical trade initiatives.

1.D Partnerships and collaboration with business relationships, suppliers in particular

1.D.1 How does the company emphasise the importance of responsible and sustainable business conduct in its business relationships, particularly in the supply chain?

We have a checklist that we use when starting to work with a new supplier, which includes important information we need to know. For example, if specific regulations regarding chemicals are required, we seek audits to substantiate this. We also send out an SAQ (Supplier Assessment Questionnaire) to our suppliers annually. This year, we have focused on new suppliers and those we feel we need to learn more about. Despite the challenges of COVID-19, we have been able to meet many of our suppliers in person this year.

As part of our routine, new suppliers are required to read and sign our Policy on Responsible Business Conduct. We have also mapped our suppliers to assess any potential risks, including country and product risks. We aim to foster close relationships with our suppliers as much as possible, as we believe this leads to better collaboration and longer-lasting relationships.

Sustainability has become increasingly important to our customers and external stakeholders, making it a top priority when meeting with suppliers.

1.E Experiences and changes

1.E.1 What experiences have the company encountered during the reporting period concerning responsible business conduct, and what has changed as a result of this?

The war started in Ukraine, which is the neighboring country of Poland where our production unit is located. Naturally, we all wanted to help, and our production team was very eager to contribute. We have provided gloves to Ukraine and have also offered job opportunities to refugees.

This year, we have also experienced a lot of price increases. In order to inform our customers in a timely manner, we have made efforts to contact our suppliers to obtain relevant information. Given the importance of open communication with both our suppliers and customers, we have prioritized this aspect.

This is the first year after Covid where we have been able to participate in exhibitions and meet our suppliers and customers in person again. We believe that meeting face-to-face has made our work on ethical trade more effective.

A background image of crumpled brown paper, possibly a shopping bag, with a white rectangular overlay on the left side containing text.

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 relationships. As a first step the company should get an overall risk picture, before subsequently prioritising further mapping and measures where the risk of negative impact is the greatest, i.e. salient issues. The company's involvement in the negative impact is central to determine which measures the company should implement in the next step of the due diligence model. 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 List the company's prioritised risk of negative impact on people, society and environment. Take note that the prioritized risk that you list in the table below will be exported to step 3 of this report, where you will be asked to answer how you work with stopping, preventing, or reducing the negative impact.

Salient issue	Related topic	Geography
PFOS/PFOA impregnations	Occupational Health and safety Environment	China South Korea Poland
Low wage	Forced labour Child labour Wages Working hours	Ethiopia
Chemicals in leather	Occupational Health and safety Environment	Ethiopia Poland
Freedom of association and collective bargaining	Freedom of association and collective bargaining	Ethiopia Poland
Reduce transport pollution	Environment Emission Greenhouse gas emission	Ethiopia Poland
Textile and leather	Environment Energy Water	Ethiopia Poland

Low wage- we have focused on Ethiopia

DETERMINATION OF SALIENT ISSUES

2.A.2 Describe: a) the company's routines for mapping and identifying risk and show how the negative impact was identified and prioritised in this period: b) eventual aspects of the company that have not been covered in this report (product groups, own products, departments etc.) and why you not chose to prioritize these in the continued work: c) how information was gathered, what sources were used, and which stakeholders have been involved/consulted: d) whether you have identified areas where information is lacking in order to get an overview, and how you are planning to proceed to collect more information/handle this.

a) When assessing risks and creating a risk map, we primarily use Ethical Trade's own risk tool called "Risiko" as a starting point. This tool gives us an overall picture of any potential risk factors. Unfortunately, the risk level in our industry is quite high. Many of the risks are typical in factories and manufacturing countries, such as managing chemicals, water resources, and emissions. The most crucial action we have taken is to build a more direct sourcing model and establish our own production in Europe, which gives us better control and more influence. This means that we can focus more on the risks related to raw materials. We have conducted a general analysis of our industry and the countries where we operate. Our employees and CEO regularly visit our production unit in Poland every month, and our contact person for Ethiopia visits the tannery and glove factory every six months.

b) As of now, we have not yet mapped our raw material sub-suppliers down to the "cotton flower" level. We need to focus more on suppliers and their sub-suppliers going forward. We have insight into the supply chain down to the textile and leather producer, but there is still room for improvement.

c) We have received support from SwedFund, a part of SIDA (Swedish International Development Agency), to establish the glove factory and organization in Ethiopia based on ethical principles. This project included a well-documented analysis of all risks in all areas, including ethical, human, environmental, and economic risks. You can find the complete documentation under Swedfund project 1-16-25 (in Swedish). When visiting Ethiopia, we always have a checklist of what to look for and which issues to address. We have also contacted the embassy in Ethiopia to get answers on how countries generally handle certain issues, such as collective bargaining. Additionally, we have consulted online sources like Difi, which allows us to search for high-risk products, such as leather due to its chemicals. We have also used various online sources to identify risks by country.

<https://www.mvorisicochecker.nl/en/risk-check>

<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>

d) We have received audits that looks "too good to be true" when comparing to country risks etc. In this situation we have collected all information regarding risk of country and product to be able to ask the correct question to the supplier.

ADDITIONAL SEVERE IMPACTS

2.A.3 Describe any other negative impacts on people, society and the environment that were identified in the mapping of the business, supply chain or other business relationships during the reporting period and how these have been handled.

Our partner in Ethiopia is facing cash flow issues due to the Ethiopian government's shortage of dollars and restrictions on the amount of dollars that companies can hold. Currently, they can only withdraw 20% of the dollar amount we send them, and the rest is in Ethiopian Birr. The tannery urgently requires dollars for purchasing chemicals, which are only available in dollars. To support them, we have offered prepayment and maintained close communication with them. We aim to assist them in sustaining their business and maintaining a steady supply of leather to our glove factory, ensuring that employees have a continuous workload. This approach aims to prevent employees from being laid off due to a lack of work.



3

Management of salient issues

Cease, prevent or mitigate negative impacts

“Cease, prevent and mitigate” is about managing findings from the risk assessment in a good way. The most salient negative impact on people, society and the environment should be prioritised first. This does not mean that other risks are insignificant or that they are not handled. The way the company is involved in the negative impact is key to taking the appropriate action. Negative impact that the company causes or contributes to must cease, be prevented and be reduced. 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 negative 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 own 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 Sustainable Development Goals (SDGs).

3. A Cease, prevent or mitigate

3.A.1 For each salient risk, add a goal, progress status and describe the measures you have implemented to handle the company's prioritized negative impact on people, society and the environment

Salient issue	PFOS/PFOA impregnations
Goal :	Have all our products free from fluorocarbon impregnations.
Status :	We have an overview of textile that consist PFOS/PFOA. We always strive to have C0 (free from flor) and in products that require special properties we use C6 which is approved in accordance with REACH. The continued work is to maintain dialogue with suppliers on alternative materials.
Goals in reporting year :	Reduce PFOS/PFOA in our products

Completed measures and reasoning :

This is a work in progress and it will remain until we no longer have it in our products. We try to reduce the content of fluorocarbones in our products constantly. We are going to contact our supplier with fluorocarbon textile and see what they can offer us instead or maybe look for other supplier. Collect more information and knowledge of what to use instead of fluorocarbon.

Goals and activities for the coming reporting year :

This is still an ongoing process for us and a part of discussion with our suppliers to find more sustainable solutions.

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 :	We make sure that the employes get payed minimum wage or more in our production unit in Poland and Ethiopia.
Goals in reporting year :	We will still work for higher wages both in the glove factory and in the tannery in Ethiopia. We also want to make sure that we are an attractive workplace and meet the needs of our employees. This is important for increasing confidence and stability in the region and among our employees.

Completed measures and reasoning :

We work continuously to develop the factory and above all develop the knowledge of the workers. We want to show appreciation and maintain continuous communication. For us, it is important to show appreciation of the work they do and that we can continue to offer them a workplace where they can continue to develop.

When the company has done a good result, as for this year, we include also all seamstresses in our production in Poland in the bonus system.

Goals and activities for the coming reporting year :

It has been an unexpected high inflation all over the world, including Ethiopia and Poland. For coming year we will adjust wage.

Salient issue	Chemicals in leather
Goal :	We want to have a raw material that have as few chemicals as possible, this concerns both for people working with it but also for our customers 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.
Goals in reporting year :	Investigate the chemicals and search for what is preferable and what we can do to minimize the use of chemicals.

Completed measures and reasoning :

Tannery in Ethiopia have started the process of being a member of Leather Working Group which is in line with our plan of action to be more sustainable. We have provided them with sulfide detectors which measures the chemicals in the air.

Goals and activities for the coming reporting year :

The goal for coming reporting year is that the Tannery in Ethiopia will become a member of Leather Working Group which is a community for responsible leather. We also want to certify leather according to Oeko-tex.

Salient issue	Freedom of association and collective bargaining
Goal :	To have collective bargaining in glove manufacturing in Ethiopia.
Status :	Employers and employee have the right for the freedom of association in Ethiopia. The association have a right as an entity and can engage in collective bargaining. We have been in discussion with our partner regarding how this is working in practice.
Goals in reporting year :	To have collective bargaining in glove manufacturing in Ethiopia.

Completed measures and reasoning :

We have been in contact with the Swedish embassy in Ethiopia to collect more information regarding freedom of association and collective bargaining in the country and what is restricted in law. Our partner was invited by us to Sweden this autumn and this question was on the agenda to discuss.

The goal focuses primarily on Ethiopia, but of course there is work to work for also in Poland. We have progressed further by having a representative group that can be involved in influencing. This group is changed at regular intervals and gives opportunities to participate and influence.

Goals and activities for the coming reporting year :

Take this question further by new visit in Ethiopia in spring 2023 and autumn 2023.

Salient issue	Reduce transport pollution
Goal :	Continue to reduce transport pollution.
Status :	We go shorter turns when it is possible. We have bus for employees in Poland so they do not need to take own car. More sea than air transport.
Goals in reporting year :	Keep working with more sustainable transports ways

Completed measures and reasoning :

We strive to only deliver full shipments so that we maximize the transport that goes. We are also working more on shipping transport to choose a better alternative to aviation for longer shipment.

Goals and activities for the coming reporting year :

We will start this reporting year by doing a Climate accounting. This will be important for us so we know where we are right now regarding green house emission, and set goals for future.

We will add a smaller bus for people in the country side so they can co-travel back and forth to work. We try to reduce air transport even more by having better shipment planning.

Salient issue	Textile and leather
Goal :	Minimize waste disposal
Status :	We are sorting out raw materials that consists of one fibre (leather, wool, cotton etc.)
Goals in reporting year :	Develop our waste disposal and sell left over material

Completed measures and reasoning :

By highlighting the problem of waste disposal we place more emphasis on helping to plan material availability and more reliably count on expected sales to avoid having to stand with too much material that is at risk of becoming in abundance and not being used.

Goals and activities for the coming reporting year :

Find suitable customers that want to take/buy our leftover materials.

OTHER ACTIONS RELATED TO MANAGEMENT OF NEGATIVE IMPACTS

Describe the company's general measures to cease, prevent or mitigate negative impacts, including in the supply chain.

3.B.1 Reduction of nature- and environmental impact

The tannery in Ethiopia have an advanced treatment plant according to European standards. The chemical water is cleaned before it goes back in the Blue Nile. Chemical use is regulated by REACH. The tannery is also in an ongoing process to be a member of Leather Working Group which is an organization that works to reduce the environmental impact in leather production. In our production unit in Poland we try to sort the waste material as much as possible. We try to separate the clean fibers such as wool, leather and cotton.

3.B.2 Reduction of greenhouse gas emissions

In recent years, we have installed solar cells in both Ethiopia and our factory in Poland. We believe that moving towards renewable energy is essential to reducing our environmental impact. During the reporting year, we upgraded our lighting in the production unit to LED, resulting in a 50% reduction in electricity consumption. Additionally, we have replaced 50 separate cars with a single bus in our Polish factory, reducing pollution. In 2023, we will conduct a climate accounting to obtain accurate figures.

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

Since joining Ethical Trade Norway, we have made it a priority to ensure that ethical practices are always on the agenda when starting a collaboration with a new supplier. We require them to read and our Policy Responsible Business Conduct and Minimum Criteria for Suppliers or provide us with their own to ensure that they comply with the same guidelines as we do. Additionally, we actively seek out suppliers who offer environmentally friendly alternatives.

To ensure that new suppliers meet our requirements, we use a checklist of questions during the initial collaboration process.

3.B.4 Choice of products and certifications

Our own production in Poland have both ISO 14001 and ISO 9001 and AQAP. Tannery in Ethiopia have ISO 14001 and ISO 9001. We have OEKOTEX of textile fabrics and thread. Leather must be free from Cr 6 and Ph minimum 3,5 and maximum 9,5.

3.B.5 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

In our production unit in Poland we have our group of representative. This group have regular conversations with the management where they can tell their and their colleagues' opinions. In Poland they also have this box with suggestions that workers can put in anonymously or with name. In Ethiopia employers and employee have the right of freedom of association. They have the right and can engage in collective bargaining. We have been in discussion with our partner how this is working in practice.

3.B.6 Contribution to development, capacity building and training internally and 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 seamstresses 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. Together with customers, we have also developed and gained knowledge and working methods to jointly develop our supply chain.

3.B.7 Combatting corruption and bribery in own company and supply chain.

We know that certain countries have a higher risk of corruption, with facilitation payments and bribes often being required to maintain state-leased land in some places. It is therefore crucial for us to assess the current risk environment, which we do using risk-analysing tools and by maintaining open communication with our partners.

Our Responsible Business Conduct and Minimum Criteria for Suppliers include regulations that our suppliers must adhere to. Additionally, we routinely conduct risk analyses and maintain regular dialogue with our suppliers. We provide anonymous reporting options, such as anonymous boxes, to encourage reporting of suspicions of corruption or other unethical behavior.

If we detect any indication of corruption, we review our agreements and collaboration terms with the parties involved to ensure compliance with our ethical standards.

3.B.8 Other relevant information concerning the company's work to reduce, prevent, and manage negative impact on people, society and environment

For quite some time now, we have been working on a solution for washing gloves, mainly for firefighting gloves, but also for other types of gloves. This is especially important for removing dangerous particles from firefighting gloves and extending the life of the products. We have collaborated with firefighting societies and chemical institutes to develop a special washing detergent and instructions for this purpose.

We are also trying to encourage our military and police customers to follow our washing instructions instead of buying new gloves, which helps to reduce waste and promotes sustainability.



4

Track implementation and results

Tracking implementation of actions and results relates to measuring the effects of the systematic approach and own work in each step of the due diligence process, showing whether the company conducts sound due diligence work. The company needs to have procedures and routines in place in order to uncover and critically assess own conclusions, prioritizations and measures that have been made as part of the due diligence process. For example, is mapping and prioritisation of salient issues done in a scientifically sound and credible way? Does it reflect the actual 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 measures taken by the company alone or carried out in collaboration with others. The company's experiences from working on due diligence should be used to improve procedures and routines in the future.

4.A. Track and assess

4.A.1 Describe the assignment of responsibility for tracking the effect of measures implemented to cease/prevent/mitigate salient risks of negative impact on people, society and the environment, as well as how the tracking is done in practice

We believe that the Supplier Assessment Questionnaire (SAQ) is a valuable tool for identifying risks. After receiving the answers, we evaluate the potential risks. If we find the SAQ responses to be concerning and indicative of a risk, we investigate further to determine what actions we can take. We consider country risk together with the SAQ results. Additionally, when our employees visit our suppliers, they discuss these risks.

We always seek documentation to support the SAQ responses, such as ISO certification and audit reports. We also use the risk tool provided by Ethical Trade Norway to evaluate risks at the country and product level.

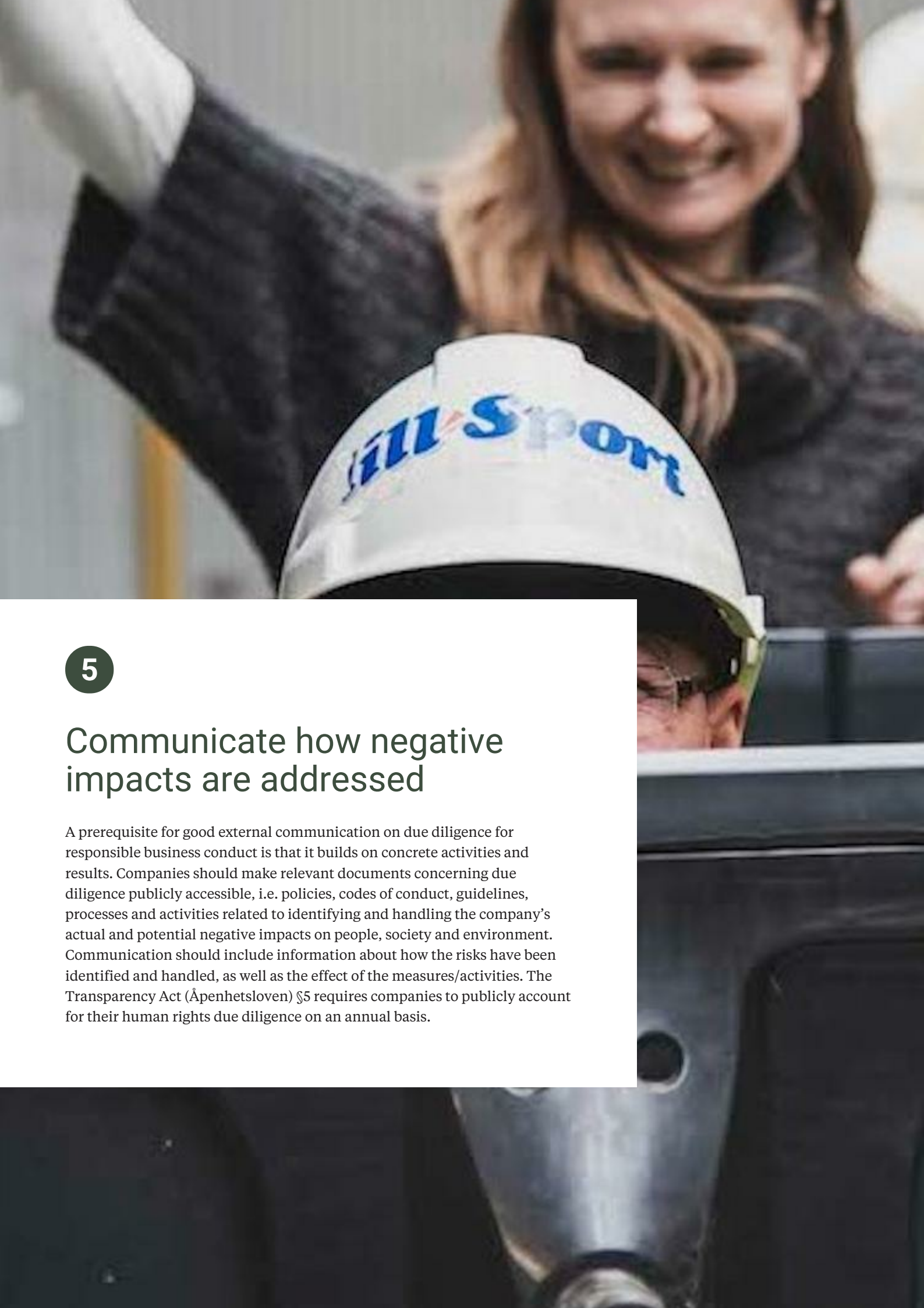
4.A.2 Describe how the company ensures that measures taken to identify, prevent and reduce negative impact actually work

We report to Ethical Trade Norway, attend courses, and post our annual report on our website to increase our own and our stakeholders' knowledge and demonstrate transparency.

As we own and operate our production in Poland, we have full insight into what works and what doesn't, when employees are satisfied, and when they are not. We have created a working environment that enables and encourages employees to express their thoughts. Our site manager and production manager have a good relationship with production employees and are eager to pick up feedback from the working floor. We want employees to participate in decisions that affect them, such as vacations, working methods, and working hours.

Concerning Ethiopia, we have a good understanding of what's working and what's not, and we always carry a checklist with us when we visit to ensure that we follow what we discuss and decide.

For our other raw material suppliers, we routinely start the relationship with an SAQ and evaluate them using our risk tools for country and product risks. We meet them at trade fairs or have discussions with their agents operating in Sweden or nearby countries. We also request certificates and audits to verify the validity of the SAQ answers.



5

Communicate how negative impacts are addressed

A prerequisite for good external communication on due diligence for responsible business conduct is that it builds on concrete activities and results. Companies should make relevant documents concerning due diligence publicly accessible, i.e. policies, codes of conduct, guidelines, processes and activities related to identifying and handling the company's actual and potential negative impacts on people, society and environment. Communication should include information about how the risks have been identified and handled, as well as the effect of the measures/activities. The Transparency Act (Åpenhetsloven) §5 requires companies to publicly account for their human rights due diligence on an annual basis.

5.A External communication

5.A.1 Describe how the company communicates with affected stakeholders about managing negative impact

In our production unit in Poland, we have a group of representatives with whom we communicate to inform all our workers. We also work closely with the management in our production unit to resolve any significant issues. We have a suggestion box where workers can submit anonymous or named suggestions. Additionally, we maintain close contact with the people managing the glove production and tannery in Ethiopia.

During the reporting year, we were informed of a negative impact caused by the increased need for leather in Poland. As we have grown during this year, we had a greater need for leather, which put pressure on the tannery in Ethiopia to produce more leather. This resulted in the glove manufacturing in Ethiopia receiving less leather as the tannery was unable to produce leather at the same speed that we requested. We had closer contact with both the tannery and glove manufacturing to create a joint plan on how to distribute the leather between the glove factory in Ethiopia and Poland to ensure a running production in Ethiopia.

We try to work as concretely and directly as possible with both customers and suppliers. If there is a problem, we aim to talk to them immediately and discuss the matter with those involved.

5.A.2 Describe how the company publicly communicates its own work on identifying and managing negative impact/harm

We describe our work on our website. We do also publish our Policy responsible business conduct together with this report from Ethical Trade Norway.

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

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

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

<https://lillsport.com/en/socialt-ansvar-och-miljo/>

5.A.3 Describe the company's routines for maintaining and answering external inquiries related to the information requirement imposed by the Transparency Act

We consistently attach our documentation along with public tenders. It is often a requirement in the tender to provide a risk analysis for the country and/or product. Our customers, including military, police, and firefighting organizations, ask us to complete their SAQ and responsible business conduct forms. We are accustomed to receiving these types of inquiries from our head office in Sweden, but we also have a designated person in Poland who can provide assistance as needed. If the questions are specific to a particular supplier, we involve them in the communication.

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 in, remediation. Remediation may involve financial compensation, a public apology or other ways to remediate the negative impact. Another aspect of remediation is that companies should provide for, or cooperate with legitimate complaint mechanisms, to ensure that workers and/or local communities can raise complaints and be heard.

6.A Remediation

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

If there is a breach of the Responsible Business Conduct Policy, GSAB and the supplier will work together to develop a contingency plan to address the issue. The remediation process should be completed within a reasonable timeframe agreed upon by both parties. The supplier's unwillingness to remedy the breach after repeated requests is the only reason for ending the business relationship.

The supplier must have a robust management system for managing complaints regarding human rights, workers' rights, environmental issues, and corruption. The supplier must ensure that workers and external parties, such as local communities and civil society organizations, can submit complaints.

6.A.2 If relevant, describe cases of remediation in the reporting year

During this reporting year, we experienced a situation that required remediation due to high demand for leather from the tannery in Ethiopia. Our increased need for leather in Poland was driven by high demand for gloves from our customers, which put pressure on the tannery to produce more leather. As a result, the glove manufacturing in Ethiopia did not have any work for a month because they received less leather than needed, and the tannery was unable to produce leather at the speed we requested. However, we ensured that the employees in Ethiopia were paid during this period.

To address this situation, we created a schedule to allocate the available leather fairly between Poland and Ethiopia. We also established a communication channel with the tannery to ensure that they inform us in advance if they anticipate a shortage of leather. Additionally, we have worked on improving our forecasting to help both ourselves and our suppliers plan better for future demand.

6.B. Ensure access to grievance mechanisms

6.B.1 Describe what the company does to ensure that workers and local communities have access to effective grievance mechanisms when this is needed

Our head office in Sweden has established a close and effective communication with our employees in Poland, which has been strengthened by our long-standing relationships and democratic work culture. We highly value creating a work environment where everyone feels comfortable expressing themselves. Therefore, we have a representative group that discusses both high and low-level matters and concerns from employees in the production line, as well as an anonymous suggestion box where employees can raise any issues that need attention.

However, despite having these communication channels in place, we have observed that employees also express themselves outside of these channels. Although management is always interested in hearing from everyone, given the large number of employees in production in Poland, we are exploring ways to improve communication. We are considering implementing a webpage or app that would enable management to communicate information to all employees and for employees to submit anonymous concerns. These concerns would then be addressed by both the site manager in Poland and the head office in Sweden.

We have learned that a similar representative group has been established in Ethiopia, and we plan to follow up on this during the head office's visit in the spring of 2023.

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