



Report on

# Responsible Business Conduct 2019

for Granqvist Sportartiklar AB

***lillSport***<sup>®</sup>



# 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**

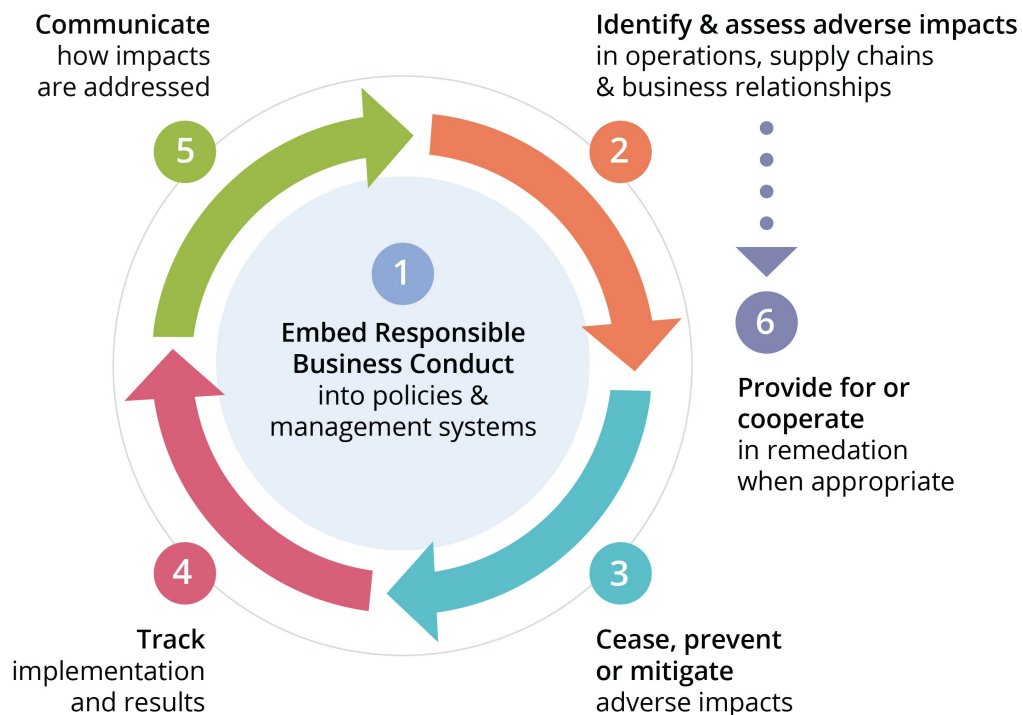
*Executive Director*

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.”

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

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### Head office address

Hynboholm 342 65591 Karlstad Sverige

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### Main brands, products and services offered by the company

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

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### 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, Rekswed, 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.

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### Turnover in reporting year (NOK)

83 943

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### Number of employees

320

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

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**Contact person for the report (name and title)**

Linnéa Granqvist CSR responsible and member of the board

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**Email for contact person for the report**

linnea@granqvists.se

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## 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 supplier is within Europe because we then have better chance to have insight. We also make important purchasing in Ethiopia and that is because of the outstanding quality in 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.

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

180

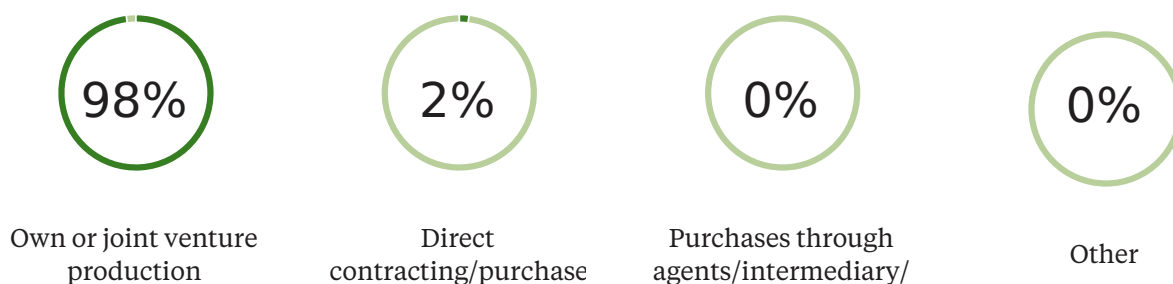
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### Comments to number of suppliers

About 40 of them is important/big for us and then we have frequently contact with. 5% of them are outside Europe

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### Approximate ratio by sourcing options



If we buy something direct from other producer we always do the finish, control and pack it in our own production in Poland.

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### List of first tier suppliers (producers) by country

Poland :	1
Ethiopia :	1
Pakistan :	1

We have reduced the purchase of finished products from Pakistan and buy instead more from Ethiopia because we have more insight in the Production in Ethiopia.

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### 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

340

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**Number of suppliers**

2

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**Comments to number of workers**

300 in our own factory in Poland. the 40 in factory in Ethiopia.

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**Key inputs/raw materials and associated geographies**

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

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**Is the company a supplier to the public sector?**

Yes

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## Goals and progress

### Goals and progress for the reporting year

1

**Goal :** Become more active in our work with ethical trade

**Status :** We became members of Ethical trade Norway and we hired a new employee who will work partly with ethical trade in the company.

2

**Goal :** Completing our project with Swedish government (Swedfund) to build a glove factory in Ethiopia that we started 2010.

**Status :** Project finished 2019 but we still support the factory and buy some ready gloves from there.

3

**Goal :** Start up the contact with our suppliers regarding documentation of ethical trade.

**Status :** We have send out SAQ

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### Goal for coming years

1

Continue with good relations with Ethiopia.

2

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.



# 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.

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### 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 that leads the work on ethical trade and has developed the policy together with ethical trade Norway.

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## 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 50% with this matter in Sweden, Linnéa Granqvist. Linnéa is also member of the board and can bring up this matter high in company. Linnéa will 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.

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### **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.

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### **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.

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## 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.

We buy also less ready products in Pakistan and more in Ethiopia because we have more insight in the production in Ethiopia and we also have opportunity to influence in right way.

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### **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.

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## 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 now have big work on going to contact every important 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. From now we have new 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.

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## 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.

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 floucarbon impregnations	Occupational Health and safety Environment	
Low wage	Wages	Ethiopia
chemicals	Occupational Health and safety	Ethiopia
Freedom of association and collecitive bargagning	Freedom of association and collective bargaining	Ethiopia
Freedom of association, Low wage, Gender discrimination, corruption, Health and safety.	Forced labour Discrimination Occupational Health and safety Wages	Pakistan

## 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. 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 use CSR risk check to read of risks in separate countries.

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## 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.

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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 overhead 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**

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



<b>Salient issue</b>	Low wage
<b>Goal :</b>	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.
<b>Status :</b>	In generally the employee in Ethiopia have to low wages even tho they have minimum wage or more.
<b>Objectives in reporting year :</b>	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 and expensive for us that they earn enough money.

<b>Salient issue</b>	chemicals
<b>Goal :</b>	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.
<b>Status :</b>	We have leather free from Chrome 6 and with PH minimum 3,5 and maximum 9,5. All leather is according to EU regulations.
<b>Objectives in reporting year :</b>	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.

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

<b>Salient issue</b>	Freedom of association, Low wage, Gender discrimination, corruption, Health and safety.
<b>Goal :</b>	Our goal is to not buy from Pakistan at all.
<b>Status :</b>	We have no coming purchase from Pakistan.
<b>Objectives in reporting year :</b>	We try to buy from Ethiopian instead of Pakistan because we have more insight and opportunity to influence.

Actions :

Buy more from Ethiopia and educate them on new styles.



## Other actions related to management of negative impact:

**Describe general 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.

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### **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.

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### **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.

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### **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.

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### **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.

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

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## 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 now starting a big work with our suppliers to get more insight and information regarding our supply chain. We have send out a SAQ and we wait for answers. After that we must evaluate next step with every supplier. Employee in our company that visit our suppliers also have on agenda to discuss this.

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### **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 fully insight in whats working and what is not working but with our other suppliers we work with new routines to get better insight.



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

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

We are not there yet in our work.

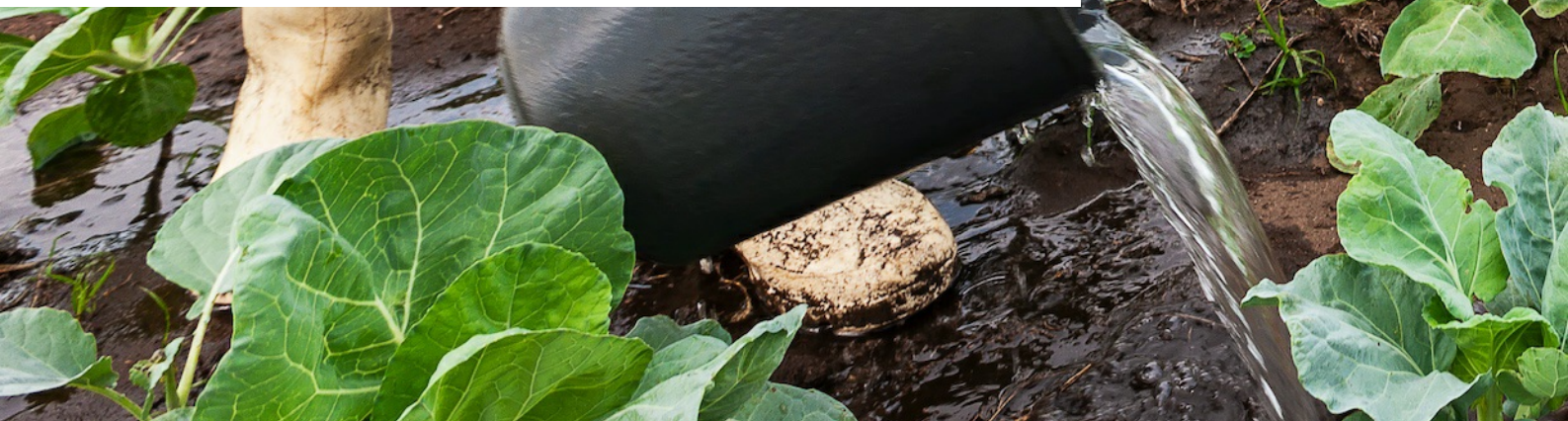




6

## 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

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

We do not have any example.

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## 6.B Secure access to grievance mechanisms

### **6.B.1 Describe what the company does 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:

Granqvist Sportartiklar AB  
Linnéa Granqvist CSR responsible and member of the board  
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