

**2018**

**SUSTAINABILITY REPORT**

**REPORTING PERIOD  
JANUARI – DECEMBER**

**SANDQVIST**

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## HIGHLIGHTS OF 2018 AND THE ROAD FORWARD

When we started our systematic sustainability work, we set an ambitious goal of reaching 80% sustainable fibres in all our products by 2020. In 2018 we reached and overshot that goal. The AW18 collection exclusively consisted of organic cotton, synthetic materials containing recycled fibres and leather from tanneries rated silver or gold by the Leather Working Group (LWG).

On our way towards the sustainable fibres goal, new opportunities to source better materials appeared. One example of this is that together with our leather bag supplier, we started buying hides from Scandinavian cattle for our full leather bags. By using Scandinavian hides from meat and dairy production, we can be assured of high animal welfare standards, as well as low environmental impact of the raw material.

The work with securing good working conditions in our supply chain also paid off. Fair Wear Foundation (FWF), the independent organisation verifying our work with securing good working conditions, rated Sandqvist as a leader for our efforts. Not only in the field of sustainability did we overshoot our targets. In 2018 Sandqvist grew by over 20 percent producing over 200,000 bags. Sandqvist's bags and accessories are now sold globally with our biggest markets in Sweden, Germany, UK, France, Switzerland and Japan.

The products are sold through our own shops (in Stockholm, London, Berlin, and Gothenburg), the Sandqvist homepage, through wholesale, and through business to business collaborations.

- Reached and overshot our sustainable fibre goal for 2020
- Recycled fibres in all our synthetic materials
- 100% Organic cotton
- 100% of our leather from tanneries gold or silver rated by the Leather Working Group
- Hides from Scandinavian hides in our full leather products
- Rated as leaders by Fair Wear Foundation



## THE PLANET - ENVIRONMENT

*The highlight of our environmental work in 2018 was overshooting our 2020 sustainable fibres target and starting to use hides from Scandinavian cattle in the production of full leather bags.*

### Sustainable fibre targets & chemical policy

To guide Sandqvist in our work with sustainable production of bags, we have two policy documents, a Chemicals Policy and a Sustainable fibre policy.

The Chemicals Policy sets strict requirements on both chemicals that can remain in the end product (product related chemicals), but also on chemicals used in the production (process chemicals). All process chemicals should follow the Manufacturing Restricted Substances List (MRSL) developed by the initiative Zero Discharge of Hazardous Chemicals (ZDHC). Product related chemicals in Sandqvist products should live up to the requirements of the restricted substances list of the Apparel and Footwear International RSL Management (AFIRM) Working Group. Together, these requirements are stricter than those set up by the European Union and will meet all legal requirements in countries where Sandqvist products are sold.

Our Sustainable fibres policy looks at the environmental impact of the fibres used in making our products. The targets in our policy are set according to the Made-By Environmental Benchmark for Fibres which categorises the most commonly used textile fibres according to environmental impact. The fibres are categorised E to A, where A is the best environmental choice, and E the worst choice. Sandqvist set the sustainable fibre target to only use category A and B fibres, which includes organic cotton, recycled nylon and polyester, as well as organic flax and hemp.

For leather, a fibre not covered in the Made-By Environmental Benchmark for Fibres, the decision was made to count leather from tanneries rated Gold or Silver by the Leather Working Group (LWG) for their environmental work as sustainable fibre.

The sustainable fibre target was set for main fabrics and lining on all products. Fabric parts of trims such as zipper tape is not included in the sustainable fibre policy at this point. During 2019, new targets are being developed by Sandqvist to raise our ambitions further.

### Organic cotton

In 2017 we changed our cotton to organic cotton directly sourced from farmers in India. During 2018, all cotton used came from this farmers' cooperative in India. This cotton comes from Adilabad in the state of Telangana, India, where it is produced on small scale by self-sufficient farmers.

By buying directly from the marginalized cultivators, Sandqvist can offer the farmers better pay and good working conditions. For more details on the source of Sandqvist's cotton, please visit [www.chetnaorganic.org](http://www.chetnaorganic.org). By choosing this cotton, we support both the farmers and protect the environment. The organic cotton is farmed without artificial pesticides or fertilizers, and genetically modified seeds are not allowed. Conventional cotton production on the other hand, is chemically intense and can affect both humans and the environment negatively in the areas where it's grown.

### Transport

A major contribution to our carbon footprint is the transport of our goods. Our goal is to minimise climate impact from the transport of our goods by choosing the most environmentally friendly transport more.

During 2018 a reorganising of our production schedule was done to allow for sea freight. However, due to several delays in production during 2018, and we were not able to shift all transport to sea.

Calculated as percentage of weight transported, 41% of Sandqvist's goods were shipped by sea and 59% was shipped by air. This means that 968 tons of CO<sub>2</sub> equivalents were emitted from transport of Sandqvist goods during 2018. Of this, 97% can be attributed to the air freight.

In 2019, the efforts to shift production to sea freight will continue. The long-term goal is to eliminate all air freight for production orders. But as this might require changing some of our suppliers, Sandqvist will not be able to shift all production to sea during the coming year. However, the main mode of transport will be by sea during 2019.

## Leather

From AW18 all our leather is produced in tanneries rated gold or silver by the Leather Working Group (LWG). LWG is an international organisation working to improve environmental performance in the leather industry. LWG does this by auditing tanneries to check if they are working according to best practices in the industry. The audit covers chemical management, energy and water use, air & noise emissions, waste and effluent treatment.

A gold rated tannery has scored higher than 85% in the LWG audit. The tanneries Sandqvist uses are gold or silver rated. This means that the tannery is using less energy, less water, better chemicals, and taking care of waste and effluent in a responsible way.

Sandqvist only uses leather from animals that have been bred for meat and dairy production. From AW18, Sandqvist's full leather bags have leather from Scandinavian cattle (colloquially called cow). These cows have been slaughtered in Denmark, and the first tanning stage has been done at Scan-Hide, a tannery in Denmark Gold rated by the Leather Working Group.

Leather details in our other ranges are made from buffalo or cow leather, depending on thickness and quality needed. The buffalo used for the thicker leather details mostly come from India.

## Recycled fibres

From AW18 all synthetic materials used by Sandqvist contain recycled fibres. Our ballistic polyester and our polyester lining come from 100% recycled fibres. The Cordura® materials used are all from the Cordura® EcoMade range, which is their range of materials made using recycled fibres (recycled content varying depending on product type, but minimum 40%).

## Repair shop

The Sandqvist Repair Shop concept was launched in spring 2017. This concept includes a repair service and second hand sales. The service is now available at the Sandqvist stores on Södermalm in Stockholm, London and Berlin.

In the Sandqvist Repair Shop, customers can have their Sandqvist bags repaired. They can also choose to return their bags to have them sold second hand and receive a voucher with a 20% discount to be used at the next purchase. Bags beyond repair will be salvaged for spare parts.



## FACTORIES & WORKERS

During 2018, Sandqvist worked with five sewing factories manufacturing our bags: ASG (Vietnam), Butler Leather (India), Krafti Leather (India), Moland (Vietnam) and Rajda (India). On-site visits were conducted at all suppliers over the year in order to check that improvements regarding working conditions were being made. In addition to Sandqvist's factory visits, FWF conducted an audit at Moland (Vietnam).

The core of our work with ensuring that those making Sandqvist products are treated in a fair way is our Fair Wear Foundation membership. The FWF's code of labour practices sets out the working conditions that should be upheld at our suppliers. It is then the job of Sandqvist, together with our suppliers, to make sure that these working conditions are met.

Securing good working conditions is closely tied to the purchasing and buying practices of Sandqvist and how we work with our suppliers in all areas. By ensuring we have a good cooperation, we give our supplier the conditions needed to give their employees a good working environment. We need to make sure suppliers are given reasonable lead times and fair prices for their products, as well as a stable relationship where they can plan for the future.

Sandqvist's production strategy is to work with long term relations with a few suppliers. We work closely with our suppliers in developing our products and in the planning of production. The ambition is that Sandqvist's suppliers should grow and develop together with us.

Code of conduct compliance and improvements are evaluated by visiting the factory, discussing the code with the management, evaluating results from previous audits at the factory and communicating with other buyers when this is possible. In addition to this, Sandqvist also provides training for workers at suppliers regarding their rights as a way to further secure good working conditions.

In addition to this, at all suppliers, the FWF information sheet for workers is posted. The information sheet contains the basic rights of the workers in their local language, as well as the number to an independent complaint handler. Workers are free to contact the FWF's local complaints handler in cases where issues cannot be resolved at factory level.

Any new suppliers will be evaluated according to quality (skill and the ability to make our products), price, production capacity, structure and stability of the company, code of conduct compliance and environmental performance. The sustainability manager is involved in the first communication and visit to potential new suppliers. The final decision to start working with a new supplier is taken by the CEO, the sustainability manager and the production manager.

### Our production partners

We are proud of the suppliers that manufacture our products. Therefore, we are also open with where we manufacture our goods. Here you will find an overview of the factories that we work with, what they do, and how we are working on improving together.

In order to show full transparency, Sandqvist is listing all manufacturers of materials used in our products. This includes all fabrics and leather used in our products. Trims such as rivets, padding and webbing will be included in future transparency reports.

**Butler Leather, India**

Butler Leather is located in Chennai (India) and specializes in high-end leathers. This is where we produce our leather bags and most of our small leather goods. We have been working with Butler Leather since 2009.

The factory is a family business, run by Anjum, her husband Noor and Noor's brother Zafar. Butler Leather was opened with funding from the Swedish International Development Cooperation Agency, and much of their equipment comes from a defunct sewing factory in Sweden. They employ about 130 people and the majority of their production output is for Sandqvist.

FWF audited the working conditions in the factory in 2016, and in February 2017 FWF did a staff training to strengthen employees' rights in the workplace. To make sure improvements after the 2016 audit and the 2017 training were maintained, this was followed up at factory level in March and October 2018. At the meeting in October 2018, it was concluded that most outstanding issues in the corrective action plan from the 2016 audit by FWF had been resolved. However, challenges remain at factor level, and one such is the wage level. Therefore, Sandqvist and Butler is in an ongoing dialogue regarding how wages can be increased.

In 2017, Sandqvist received a complaint from a worker at Butler Leather through the FWF workers' helpline in December. The complaint filed in December concerned wage payments and arguments regarding work tasks given to the plaintiff. This complaint was settled in May 2018, in a meeting between Butler and the plaintiff where FWF and Sandqvist participated. At the time of settlement, the plaintiff was not working at Butler anymore, and Butler settled all outstanding payments with him.

On the FWF homepage, information about these complaints is kept updated and you can read the assessment of FWF regarding the situation at the factory.

**Leejotex, Korea**

Synthetic materials including Cordura materials used by Sandqvist are manufactured by Leejotex. Leejotex is a Korean company producing high quality materials. Their range include Cordura, blues sign approved fabrics and Oeko-tex certified materials.

**Krafti Leather, India**

Krafti Leather, our oldest partner, is a bag factory in Calcutta, West Bengal, India, that we have been working with since 2008. In 2017 it was decided to phase out production at Krafti Leather and during 2018 the factory only produced for Sandqvist during the first couple of months. Since 2018, Krafti Leather has been SA8000 certified. SA8000 is an international standard certifying that the factory has good working conditions.

Krafti Leather built a new factory in 2016 that greatly improved the physical working environment for the employees. The main challenge remaining for the factory regarding working conditions in 2018 was employment form. In the leather district of Calcutta, group payments are still widespread, and factories find it hard to recruit workers outside of this system. This is true for Krafti as well where some tasks were performed in groups, a practice that Krafti was working on phasing out.

**Rajda Leather, India**

In 2018 we started working with a new factory named Rajda in Calcutta, West Bengal, India. At this factory, we make both full leather bags as well as canvas bags with leather details. The factory is a family business that employs around 200 workers. During 2018, they have constructed a second factory across the road from the main factory. During the same time, they have used an additional temporary factory location in the same area.

The main facility is SA8000 certified. Rajda is planning to SA8000 certify the new facility during 2019 as well. Sandqvist is planning to follow up the situation in the factory during 2019, by letting FWF conduct an audit as well as training of employees regarding working conditions.

**Tanneries**

Sandqvist uses four tanneries for the production of our leather. Three of the tanneries are gold rated by LWG, the Bharath Enterprises (India), Chang Hing (India) and TanTec Leather (Vietnam), and one tannery, Shui Hua Leather (Taiwan), is silver rated.

### **Moland, Vietnam**

In 2016 we started working with Moland, a factory in the Dong Nai province in southern Vietnam, near Ho Chi Minh. The factory employs 900 workers and has a capacity to produce 400,000 pieces per month. The factory produces bags for major European and US brands and has undergone numerous audits of working conditions.

During 2017 and 2018 the factory underwent big changes in ownership as well as in production focus. During this time, it has been uncertain if Sandqvist could keep up our cooperation. However, as we have tried to adjust to be able to remain with Moland, it was decided to do an FWF audit of the factory in March 2018. In November 2018, Sandqvist followed up the audit by visiting the factory to document improvements made.

At the November visit, Moland had improved most of the remarks on health and safety, and corrected contracts with labour contractors to be in accordance with the law. Efforts to increase worker awareness of their rights still need to be made.

### **Viva, Vietnam**

Our newest cooperation is with Viva in the Long An province in Vietnam. Here we have started making bags in waterproof materials, as this factory is well suited for more technical products. Viva has around 600 employees. The factory has been audited by FWF in 2016 on behalf of another FWF member. After the audit, a number of improvements were made regarding health and safety and workers have undergone trainings regarding their rights. Factories manufacturing Sandqvist canvas and fabrics.

### **Sixup, Taiwan**

Sixup manufactures the water proof polyester material used by Sandqvist from recycled fibres.

### **Dibella, India**

Dibella India sources cotton straight from Adilabad in the state of Telangana, India, where it for the most part is produced small and marginal farmers. By working with Dibella, Sandqvist can buy directly from marginalized cultivators. By doing this, we can offer the farmers better pay and good working conditions. For more details on the source of the cotton Dibella uses for Sandqvist, please visit [www.chetnaorganic.org.in](http://www.chetnaorganic.org.in).

Dibella India takes care of production of Sandqvist's cotton lining, the 18 oz cotton canvas, the 12 oz polycotton and our cotton dust bags.

### **ASG, Vietnam**

In 2017 we started working with ASG in the Binh Duong province in southern Vietnam, not far from Ho Chi Minh. This is our biggest supplier with about 3000 employees and a production capacity of around 3 million pieces. In 2018, some of the production was also done in their production facility in Long An province. ASG manufactures Sandqvist's polycotton canvas and some of the 18 oz canvas bags.

ASG is part of ILO's Better Work program in Vietnam. In addition to this, Sandqvist has together with two other FWF member companies producing in this factory audited the working conditions and have together with them ensured that improvements have been made at both facilities. In August 2017, FWF carried out staff training in the factory regarding worker rights.

During 2018 Sandqvist visited the factory to follow up on previous audits and the training provided by FWF.

Auditing and visits confirm that ASG has a good physical working environment. Issues regarding health and safety are quickly addressed. Remarks that remain to be addressed include issues concerning overtime in the factory.

# ORGANISATIONAL CHART OF SANDQVIST

## Directors

CEO – Caroline Lind  
Brand & Sales Director – Daniel Sandqvist  
Brand & Marketing Director – Sebastian Westin

## Online

E-commerce Manager – Frida Persson  
E-commerce Coordinator – Ella Röhne  
Customer Service – Åsa Friberg  
Digital Marketer – Henrik Norlander

## Marketing

Brand Communication Manager – Tora Grape  
PR Manager – Danielle Drake  
Junior Graphic Designer – Liv Larsson  
Art Director – Adam Brett  
Photographer – Jakob Ericsson  
Visual Merchandiser – Hayley Barsden  
Project Leader – Malin Bunge Lindroos

## Supply

Head of Supply – Karin Jacobsen  
Supply Planner – Angelica Jönsson  
Customer Op. Admin – Jonatan Lund  
Supply Coordinator – Jonas Sjölin  
Customer Op. Coordinator – Mattias Dahlström  
Customer Op. Coordinator – Helga Winkler

## Finance

Finance Manager – Victoria Borgström  
Finance Assistant – Felicia Thomas

## Design

Head of Design – Jacob Spansk  
Senior Designer – Johanna Spansk  
Designer Assistant – Kaisa Liungberg

## Wholesale

Area Sales Manager – Patrik Ström  
Area Sales Manager – Faustine Rostand  
Area Sales Manager – Cecilia Bolander  
Sales Representative – Pontus Svensson

## Retail

Expansion & Retail manager – Antonia Enhörning  
Retail Manager – Martin Damm  
Store Manager Gamla Stan – Veronica Thomsen  
Store Manager London – Bea Phosuwan  
Store Manager Berlin – Malin Westerlund  
Store Manager Gbg – Christoffer Palmér  
Store Manager Östermalm – Sandra Bennerett  
Store Manager Södermalm – Tina Tabatabai

## Production

Head of Product/Production – Sanna Bergqvist  
Product Manager – Emeli Bergfors  
Product Coordinator – Emma Guttormsen  
Sustainability/Quality Manager – Henrik Lindholm

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