

SANDQVIST
SUSTAINABILITY REPORT

Reporting period January to December 2020

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INTRODUCTION

HIGHLIGHTS OF 2020 - AND THE ROAD AHEAD

Since 2017, when Sandqvist first introduced the bag made from recycled PET-bottles, we have made quick progress. By 2019, all collections exclusively consisted of organic cotton, synthetic materials containing recycled fibres and leather from tanneries rated silver or gold by the Leather Working Group (LWG). In addition to that, the full leather bags were made with hides from Scandinavian cattle.

The organic cotton we use comes straight from the farmers of the Chetna Cooperative in India. By getting the cotton straight from the farmers, we can give them a better price for the product and contribute to developing their community. By the end of 2019, Sandqvist has contributed in total € 31 374 as an additional bonus to these farmers to use for local development. In November we visited these farmers to see how these bonuses had been used.

Although we are proud of what we have achieved so far, we decided to use 2019 to set new and higher targets for our work. In a process that involves all Sandqvist staff, as well as the management, Sandqvist set new and more ambitious targets for the coming three years. Some, which we know we'll achieve, others are high set targets that we don't know are possible yet.

We structured our new targets around the four areas: People, product, environment and company culture & engagement.

1. People

Our ambitions for everyone involved in Sandqvist, from the cotton farmers to our store staff.

2. Product

The targets for how Sandqvist will make sustainable bags to last.

3. Environment

Sandqvist contribution to tackling climate change, water and biodiversity.

4. Company culture & engagement

How we'll do business, support civil society and engage in fashion culture.

In order to monitor and evaluate our progress, we will based on our 2019 sustainability report, report progress and challenges according to these four areas. Some key performance indicators are already included in this report, and others will be set as we develop our work.

We should not try to reinvent the wheel, but build on the knowledge that is already out there to create a more sustainable fashion industry, this is why we are members of Fair Wear Foundation, the Swedish Textile Initiative on Climate Action and Teko, the Swedish trade association for the textile and fashion industry. When possible, we try to lean on the expertise of others, such as the Leather Working Group, GOTS and the Fairtrade-movement.

2020 was a tough year for Sandqvist, as for many companies in this pandemic. We decreased the number from 2019 by 20%, but that came as no surprise facing Covid-19. However, the future looks bright and we have a lot to look forward to this coming year and the plan is to continue growing this business globally with sustainability in mind.

Sandqvist's bags and accessories are today sold globally with our biggest markets in Sweden, Germany, UK and France. The products are sold through our own shops (in Stockholm, London, Paris, Berlin and Gothenburg), the Sandqvist homepage, through wholesale and business to business collaborations.

PEOPLE

STAFF

At Sandqvist, we work to create an environment where everyone can grow as individuals as well as contribute to making Sandqvist a world leading bag brand.

Sandqvist should have diversity and equality within the organisation.

To support work-life balance, staff at Sandqvist's office are offered flexible working hours, the possibility to work remotely, have extra days off, as well as exercise during work hours.

The overall goal is to increase employee satisfaction. The progress is measured yearly by collecting data on employee satisfaction from everyone working for Sandqvist.

In 2020, employee satisfaction decreased by 50%, although this is a decrease, the eNPS is still quite high, variations like this are to be expected when dealing with a pandemic, but should be closely monitored in 2021 and the goal is to increase the value.

However, the sick leave decreased by 28% and met our target of having a sick leave less than 3%.

TABLE 1. Sandqvist staff

	2018	2019	2020
Sick leave (measured in % of FTE)	3%	3,8%	2,7%
Employee satisfaction (eNPS)	36	54	26

WORKERS IN OUR SUPPLY CHAIN

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.

The core of our work with ensuring that those making Sandqvist products are treated in a fair way, is our Fair Wear Foundation (FWF) 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.

In 2020, Sandqvist worked with six companies manufacturing our bags: ASG (Vietnam), PK (Vietnam), Butler Leather (India), Junko (Vietnam), Rajda (India) and Viva (Vietnam). During the year, FWF conducted audits at Butler (India), Rajda (India) and Viva (Vietnam).

For us, one of the most important things is that a supplier is able to show improvements of working conditions over time. Improvements are evaluated by visiting the factories, discussing the code of labour practices with the management, evaluating results from previous audits at the factory and communicating with other buyers when 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.

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 phone number to an independent complaint handler managed by FWF. Workers are free to contact the FWF's local complaints handler in cases where issues cannot be resolved at factory level.

In Vietnam our ambition is to work through ILO's Better Work program. This is a factory program set up by the ILO whereby factories are audited and trained to achieve continuous improvement. There is a strong focus on social dialogue in the Better Work program and efforts are put into strengthening worker representation at the factory.

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.

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 product manager.



FACTORIES MANUFACTURING SANDQVIST BAGS

We are proud of the suppliers that manufacture our products. Therefore, we are also open about 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.

Butler Leather, India

Butler Leather is located in Chennai (India) and specializes in high-end leather products. This is where we produce our leather bags and our small leather goods. We have been working with Butler Leather for more than ten years. The factory is a family business, run by Anjum, her husband Noor and Noor’s brother Zafar. They employ about 240 people and the majority of their production output is for Sandqvist.

FWF has audited the working conditions in the factory in 2020, 2019 and 2016. In 2017 FWF did a staff training to strengthen employees’ rights in the workplace. Butler Leather has made great progress since the first audit in 2016. Workers committees have been set up, health and safety has improved as well as formal employment conditions.

In 2020, Butler opened up a new factory called the Bronze Age that is now used for all Sandqvist production. The factory was audited by FWF in November 2020 without any major remarks. Requirements of improvements have been shared with the factory and Sandqvist will work closely with Butler to have them implemented as soon as possible. During 2020, no complaints were received from Butler.

During 2020, no complaints were received from Butler. Sandqvist received a complaint from a worker at Butler Leather through the FWF workers’ helpline. The complaint concerned a worker who had left the factory in January, and now claimed that his bonus had not been paid. According to Butler, the

worker had left the factory without proper notice and hence was not entitled to the bonus. This is an ongoing dispute that has yet to be settled. Sandqvist is following the developments.

Rajda Leather, India

In 2018 Sandqvist started working with Rajda Leather in Calcutta, West Bengal, India. At this factory, we make canvas bags with buffalo leather details. The factory is a family business that employs around 300 workers in the main facility and has an additional 140 workers in a newer facility across the road from the main factory. Both factory locations are covered by their SA8000 certification.

During 2020, Sandqvist received several complaints from workers at Rajda. Most complaints concerned unpaid bonuses caused by Covid-19. FWF investigated the complaints and suggested performing a full verification audit in order to decide if the cooperation between Rajda and Sandqvist can continue. The audit is scheduled to be performed in the beginning of 2021.

Junko, Vietnam

In 2016 we started working with Moland, a factory in the Dong Nai province in southern Vietnam. Moland relocated to Binh Duong Province and changed its name to Junko during 2019.

FWF audited Moland 2018 and Sandqvist has since followed up on the improvement plan. In 2019, Junko was checked regarding health and safety by FWF’s local sourcing partner in Vietnam and visited by Sandqvist staff two times to make sure that the new facility had implemented required health and safety standards.

Viva, Vietnam

In 2018 we started our cooperation with Viva in the Long An province in Vietnam. Here we are making more technical bags, such as our Aerial series in recycled Ballistic polyester. Viva has around 600 employees.

In 2019, the factory was audited by FWF on behalf of Sandqvist and another FWF member brand sourcing from Viva. During the audit, it was not possible to assess wages and working hours properly, so Sandqvist and the other brand commissioned a renewed audit to assess these aspects. This audit was conducted in October and showed that wage payments were in line with regulation, but that over time needed to be reduced.

Viva has previously been audited by FWF in 2016 and training for workers took place in 2016. Improvements have been made in several areas, including health and safety.

Pungkook, Vietnam

In 2020 we started working with Pungkook, a factory located in Saigon Vietnam.

TABLE 2. The factories making Sandqvist bags

	2018	2019	2020
Number of factories	7	6	6
Audited factories*	6	6	4
Factories where workers have been trained*	4	4	3
Complaints received	0	4	4

* Audited or trained within the last 2 years.

**FACTORIES MANUFACTURING
SANDQVIST CANVAS, FABRICS
AND TRIMS**

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.

Dibella, India

Dibella India sources organic cotton straight from marginalised farmers in Adilabad in the state of Telangana, India (for more info, see the section on cotton in the Product chapter of the report). Dibella India takes care of production of Sandqvist’s organic cotton lining, the 18 oz organic cotton canvas, the 12 oz polycotton (recycled polyester & organic cotton) and our organic cotton dust bags.

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 includes Cordura, bluesign approved fabrics and Oeko-tex certified materials.

Trimmings

Zippers are manufactured by YKK and OOK (China). Other metal trims are made by ESSN (China) and SW Chung (China), and plastic trims by Woojin (China). Webbing are made by Elastic India (India) and Yong Dong (China). Paiho (China) manufactures our strings, ropes and pullers. Nilörn (Sweden) makes our labels and hangtags in China.

Tanneries

The cow hides used for Sandqvist’s full leather bags come from Scandinavian cattle. The hides are tanned at Scanhide in Denmark, a tannery gold rated for their environmental work by the Leather Working Group (LWG) (see Product section for details). The wet blue hides are then shipped to Bharath Enterprises (India), another gold rated tannery, for retanning.

In addition to this, Sandqvist uses three other tanneries, two of the tanneries are gold rated by LWG, Chang Hing (India) and TanTec Leather (Vietnam), and one tannery, Shui Hua Leather (Taiwan), is silver rated.



PRODUCT

SUSTAINABLE BAGS TO LAST

We aim to make long lasting products that can be repaired if they break. To minimize the impact of our production we will actively work with the principles of repair, reuse and recycle.

Repair, Reuse, Recycle

The Sandqvist Repair Shop concept was launched in spring 2017. This concept includes a repair service, second-hand sales and salvaging parts from used bags. Due to Covid 19, 2020 we instead launched the service of Repair or drop off, which is now available at all Sandqvist stores. In the Sandqvist Repair Shop or drop off, 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.

During 2020 our repair service repaired up to 1000 bags. and approximately 100 customers handed in old bags to be sold second hand or used for spare parts. We have also shipped spare parts directly to customers for repair help, due to Covid19.

MATERIALS

Leather

From 2018 and onwards, 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 mostly gold rated and one is 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 Sweden or 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. Since 2019, the origin of all hides used for Sandqvist leather is known by Sandqvist. The buffalo used for the thicker leather details come from India. The cow hides used for the leather details in our Vietnam production come from the USA and Canada.

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Cotton

In 2017 we changed our cotton to organic cotton directly sourced from farmers of the Chetna cooperative in India. During 2019, all cotton used came from this farmers’ cooperative in Adilabad in the state of Telangana, India, where it is produced on a small scale by marginalised 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.in.

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.

In addition to paying directly to the farmers and hence raising their income, an additional bonus is paid to the Chetna Cooperative for every kilo of cotton that Sandqvist buys.

This additional bonus is used for village development in the Chetna community. In 2019, Sandqvist visited the farming area and saw some of the investments they had made, among other things, a training centre to teach the farmers improved farming methods.

Synthetic Materials

From 2018 all synthetic materials used by Sandqvist contain recycled fibres. Our ballistic polyester and our polyester lining come from 100% recycled fibres from PET-bottles. The recycled nylon fibers are made of industrial waste (post-industrial nylon material). 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%).

Trims

Hangtags are made from recycled paper, and the string holding the hangtag is made from organic cotton. The labels on the bags are made from recycled polyester.

TABLE 3. Support to cotton farmers

	2018	2019	2020
Seed cotton used (kg)	287 504	340 351	154 614
Premium for local development (€)	14 357	17 017	16 080



ENVIRONMENT

We are living in challenging times where humanity is at risk of causing irreversible damage to our planet through man made climate change, the damage caused to our water systems and biodiversity loss. The environmental ambitions set up by Sandqvist aims to tackle these three threats and therefore, our overarching goals are:

1. Climate neutral

Sandqvist's products should be climate neutral.

2. Safeguard water

Sandqvist should have no negative impact on waterways and Sandqvist should actively promote the protection of natural waterways.

3. Support biodiversity

Sandqvist and the production of our products should strengthen biodiversity.

All environmental goals set up by Sandqvist will contribute towards reaching these overarching goals regarding climate, water and biodiversity.

Towards Climate Neutral

Humanity is facing one of our biggest challenges with the ongoing climate crisis. No company or organisation can passively stand by as this unfolds. To rise up to this challenge, Sandqvist decided to join the Swedish Textiles Initiative for Climate Action (STICA) in 2019.

The purpose of STICA is to support the apparel and textile industries and their stakeholders in the Nordic region to, at minimum, reduce greenhouse gas in line with 1.5° C warming pathway, as outlined by the United Nations Framework on Climate Change and the Paris Agreement. Ultimately STICA's aim is to ensure the Swedish and Nordic textile industry does more than its share by becoming the first climate positive apparel and textiles industry in the world well before 2050.

Sandqvist has already started to decrease our climate impact by reducing our carbon footprint from the transportation of goods. Our goal is to minimise climate impact from the transportation of our goods by choosing the most environmentally friendly way of transportation more.

Calculated as percentage of weight transported, 86% of Sandqvist's goods were shipped by sea and 14% was shipped by air in 2020. This is a big improvement from the years before when 55% of Sandqvist's goods were shipped by air during 2019, 59% for 2018 and 97% was transported by air in 2017.

The change between shipping by air to shipping by sea has reduced our total CO2 emissions from transport from 586 tons in 2019 to 88 tons in 2020.

Safeguard Water

Sandqvist's main impact on water comes from the production of our fibres (cotton and leather) and the processing of these (tanning of leather, dyeing of cotton and synthetic materials). Apart from making sure water saving technology is used, making sure no harmful chemicals are used in these processes are the most important step.

During 2019, the chemical policy of Sandqvist was updated, and suppliers have now signed the updated 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.

Support Biodiversity

Sandqvist supports biodiversity by only buying organic cotton, making sure hides for leather does not promote deforestation, restraining and controlling chemical use, making sure forest fibers (paper and cardboard) come from sustainable sources and minimizing our contribution to climate change.

Sandqvist Internal Environmental Impact

The environmental impact of our own offices and stores is small compared to the manufacturing of our products. However, we still want to make sure that we do our best to contribute to a culture of sustainable practices on all levels. During 2020 we used green energy in all facilities where we could influence the provider of energy, our main office and all stores recycled the materials possible to recycle through local waste recycling systems and where possible, all coffee, tea, etc., served was organic.

In 2019, a new and clear internal environmental policy was developed. In 2020 this will be implemented and key performance indicators to include in our sustainability report will be developed. Due to Covid 19 this has not been implemented yet.

TABLE 4. Overview of transport from factory to warehouse

	2017	2018	2019	2020
Sea freight (% of total)	3	41	45	86
Air freight (% of total)	97	59	55	14
Kg CO2 eq. from transport	945 000	968 000	586 000	88 339
Total weight in kg of goods	121 739	176 802	105 376	98 227



COMPANY CULTURE AND ENGAGEMENT

Engaging with the community around us and having a positive impact on people and culture is one of the reasons for existence to Sandqvist. This includes everything from supporting organisations sharing our ideals and goals to being open and transparent with what we do.

Transparency

If we want to improve and have the trust of our stakeholders, we need to be open with both our shortcomings and our achievements. At Sandqvist, we have therefore decided to take a transparency pledge, promising our customers and stakeholders that we will be fully transparent on how all our products are made, from cottonfield to store.

Fashion Culture

Our ambition is to make a positive contribution to the fashion culture with taking a stand and making choices with a positive contribution to the often-criticized world of fashion. By choosing responsible marketing that influences body ideals, diversity and consumption patterns in a more sustainable way.

In 2017 Sandqvist signed the Swedish Fashion Ethical Charter for shared values and guidelines on body ideals and diversity in the fashion industry. We want to take responsibility for the impact that the fashion industry has on body and beauty ideals. We also want to address the impact on consumption patterns and turn this into something positive, making our customers care for and use their Sandqvist products for a long time.

ENGAGING WITH THE COMMUNITY

Style it forward & The Hunger Project

Sandqvist has been giving bags to the Stockholm popup-store Style it Forward over the last four years. Style it Forward is arranged by the Hunger Project, a non-profit organization working to eradicate hunger and poverty. All proceeds are donated to support women in Africa, Asia and Latin-America.

Storasystrarna

Storasystrar is a non profit organization giving young women the tools to face adulthood with confidence. Sandqvist sponsored the organisation with bags for their summer camp.

Help to Hospitals

In April 2020, at the start of the pandemic, Sandqvist initiated a project to gather disinfectant gel to hospitals, we challenged other companies to collect what they had and gave it away.

Mode x Världens barn

Sandqvist is supporting the pop-up charity shop of Världens barn. Världens barn is the initiative of Radiohjälpen (the charity organisation founded by Swedish public broadcasting organisations) support children's right to education, health and safety.

Stadsmissionen REmake

Sandqvist donated "faulty" backpacks to Stadsmissionen REmake who re-made them to be sold for charity.

Skate Nation

Sandqvist donated backpacks to the organisation. Skate Nation uses skateboarding as a way to integrate young newly arrived into the Swedish society.

SANDQVIST