

In Good Hands



HESTRA

Sustainability Report 2020/21

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About the report

This sustainability report has been prepared in accordance with GRI Standards: Core Option, and Chapter 6 of the Swedish Annual Accounts Act. This is Hestra's first sustainability report and covers the fiscal year 1 May 2020 to 30 April 2021. Hestra intends to publish a sustainability report annually. The report covers the operations and subsidiaries of Hestra, legally known as HESTRA-Handsken AB.

If you have any questions or comments, please contact Marie Rudenvall, Head of Quality and Sustainability, marie.rudenvall@hestragloves.se
We welcome your feedback on the report!



1936

Hestra – a glove company with a long history

The family company Hestra was founded in 1936 and is now run by the third and fourth generation of Magnussons. The products are designed and developed at our headquarters in the small village of Hestra, Sweden, and manufactured at our own factories in Hungary, Vietnam and China. All leather, fabric, wool and other materials are sourced by our own organisation. This approach ensures a high level of quality in our products

and processes and enables us to better control the production chain. In 2020/21, we produced more than 2 million pairs of gloves that were sold through our subsidiaries in Sweden, the United States, Norway and Germany, as well as agents, distributors and retailers in over 40 countries.

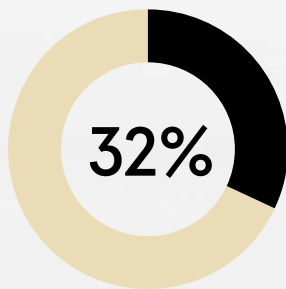
In 2020/21, we employed a total of 630 colleagues. We generated a turnover of SEK 490 million.

Our presence

- PRODUCTION
- OFFICES
- SALES AREAS
- STORES



Sustainability highlights 2020/2021



SHARE OF SALES WITH REPLACEABLE LINERS



IN 2020, HESTRA CONTRACTED A NEW SUPPLIER OF GOAT LEATHER. IT HOLDS A GOLD RATING BY LEATHER WORKING GROUP (LWG).

> READ MORE ON PAGE 14

IN 2020, A SWEDISH CUSTOMER SENT US THIS PICTURE SHOWING BY A PAIR OF GLOVES THAT HAVE BEEN USED ON COUNTLESS SKI TRIPS FOR 26 YEARS. CERTAINLY PROOF OF OUR GLOVES' QUALITY.

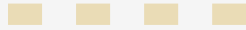


OUR FACTORY IN VIETNAM RECEIVED A B-RATING BY AMFORI BSCI.

> READ MORE ON PAGE 16



10,000



PAIRS OF GLOVES DONATED TO REFUGEE CHILDREN AROUND THE WORLD IN PARTNERSHIP WITH UNHCR.

>150,000



PAIRS OF GLOVES HAVE BEEN TRANSPORTED BY TRAIN THIS YEAR, A FIRST FOR HESTRA.

GRI
STANDARDS

IN 2020 WE STARTED PREPARATIONS TO REPORT IN ACCORDANCE WITH THE INTERNATIONALLY RECOGNISED SUSTAINABILITY REPORTING FRAMEWORK GRI STANDARDS. THE RESULT? THIS REPORT!

97,600



PAIRS OF DISPOSABLE MEDICAL GLOVES DONATED TO HEALTHCARE FACILITIES IN SWEDEN AND THE UNITED STATES, TO HELP COMBAT THE SPREAD OF COVID-19.



~80%

CARRYOVERS' SHARE OF TOTAL NUMBER OF STYLES.



22 GWh

OF ELECTRICITY GENERATED BY THE WIND POWER COMPANY IN WHICH HESTRA HOLDS A STAKE.

Interview with Anton Magnusson

CEO and certified glove-maker

HOW WAS THE YEAR 2020/21 FOR HESTRA?

In the light of the current pandemic, it has certainly been a turbulent and challenging year for most people and businesses. At the start of our fiscal year, many supply chains were disrupted, trade fairs cancelled and some customers serving

European ski resorts cancelled their orders. The lockdowns and travel restrictions also limited travel to our factories and suppliers. However, we quickly adapted to the situation and made use of our long experience and strong network of long-term partners and suppliers to ease the impact.



"Our direct control of production gives us great responsibility, but also lasting impact and opportunities to drive change."



While some companies were forced to scale back and furlough employees, we decided early on to use this time to invest in and develop the company further. Luckily, the winter season in many of our major markets turned out to be quite cold and drove interest in outdoor activities, which affected sales development positively. All in all, I would say that we have done well though the outlook has been quite uncertain at some points, I must admit.

CLOSING THIS FISCAL YEAR, WHAT ARE YOU MOST PROUD OF?

I am very proud of the whole company, our team and how we have pulled together and strengthened the business, despite challenges and uncertainty. As an employer, we have a responsibility for our colleagues across the world. We must provide them with meaningful work and salaries to support their families. Luckily, we have been fortunate enough to be able to retain all colleagues through the pandemic.

Our factory in Vietnam also managed to score a B-rating in the amfori BSCI audit. It is an impressive achievement for a new factory that has only been operating since March 2018. I was involved in establishing the factory and it warms my heart to see it succeed.

I am also very thankful to our external partners, both suppliers and customers, for their continued support and role in our success. Our long-term relationships, distinguished by mutual understanding and support, enabled us to largely meet our obligations and deliver our quality products without major disruptions.

WHAT IS SUSTAINABILITY TO HESTRA?

At Hestra, sustainability is very much linked to the concepts of quality and durability. A glove that lasts longer is always a more sustainable option over time. It is also very important that we can guide the customer to buy the right glove for their intended use and to extend its lifetime. Once our customers' favourite gloves eventually tear from wear, we are happy to try to fix them in our repair service, no matter how old the gloves are. The fact that we have a large share of carryovers from one season to another also minimises the need for retailers to add our lines to their clearance sales reduces waste throughout the value chain.

Sustainability and a long-term vision are also vital parts of our governance model as a fourth-generation family company. We need to find new ways and take responsibility for many parts of our value chain. Our direct control of production gives us great responsibility, but also lasting impact and opportunities to drive change. It is a significant advantage and opportunity for us.

HOW DO YOU ENGAGE YOUR COLLEAGUES IN THE SUSTAINABILITY AGENDA?

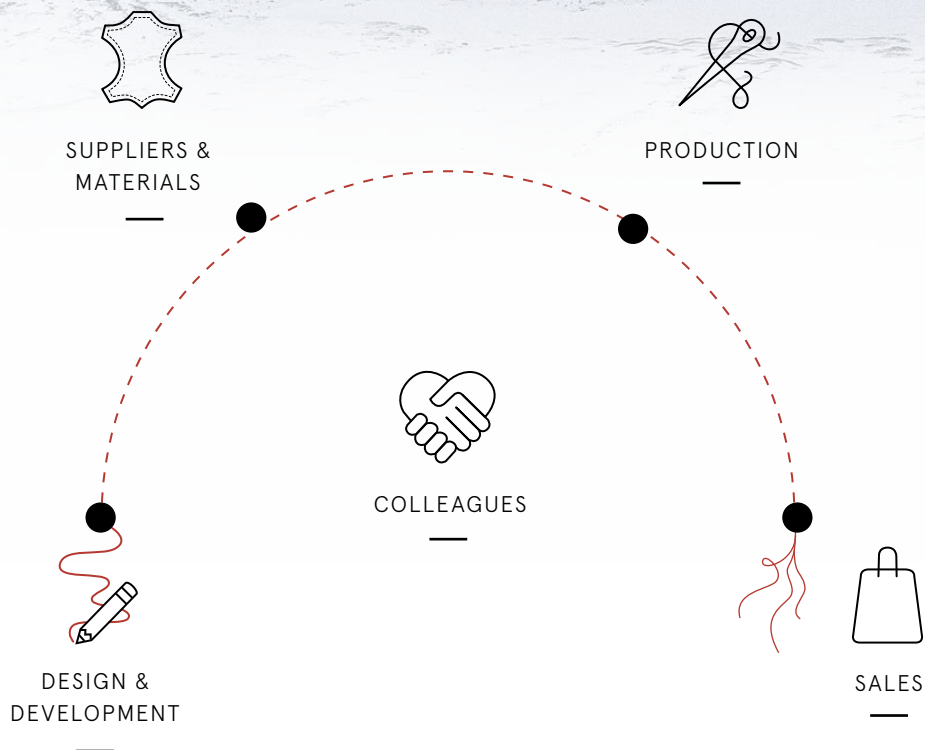
Our company culture and the role models we have within the company are very important. We take care of each other and the resources we depend on. Our products are made to last. That is how sustainability is interlinked with our culture. We have always been very engaged in following up warranty claims and returns to make sure that we are doing the right thing. We also encourage each other to question established ways of working. How can we make this product better, and last longer? How can we make our transport more carbon-efficient? We take pride in the many things that we do well, yet we are humble about the many challenges that remain and must be addressed so that we continue to improve.

WHAT ARE YOUR PLANS FOR THE SUSTAINABILITY AGENDA IN THE COMING YEARS?

Over the coming years we expect to continue investing in our factories. It is a journey, and we are not on this journey for tomorrow but for the generations to come. We will keep developing our products through continuous improvements. We are also looking to use more sustainable materials, deepen our relationship with organisations such as the Leather Working Group and amfori BSCI, and develop our logistics to reduce greenhouse gas emissions from transport. It is important to us that all decisions are well-supported. We are not changing our business on a whim. We look forward to publishing our first sustainability report and to continue to report on our progress in the coming years.

In good hands

Our sustainability framework *In good hands* outlines our commitment to sustainable development throughout our value chain. When you choose a pair of Hestra gloves, you are in good hands.



> READ MORE ON THE FOLLOWING PAGES 8-28



Sustainability governance

Sustainability is part of the daily work at Hestra. To truly capture the opportunities and manage the risks, Hestra maintains a sustainability governance structure.

Sustainability governance is managed by Hestra's CEO and management team that reports to the Board of Directors. Over the last few years, sustainability has been integrated into the Board of Directors' responsibilities and is addressed at board meetings.

The appointed Head of Quality and Sustainability is responsible for operational sustainability and gathers the company's sustainability team that comprises representatives from different departments within the organisation.

In 2020/21, Hestra undertook a project to gauge its stakeholders' expectations on Hestra's sustainability agenda, and conducted materiality and risk assessments, defined key performance indicators and prepared the company for sustainability reporting in accordance with GRI Standards, and

Chapter 6 of the Swedish Annual Accounts Act. The latter is based on the European Union's Non-Financial Reporting Directive. Read more about our stakeholder dialogue and materiality assessment on page 29.

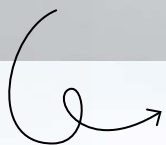
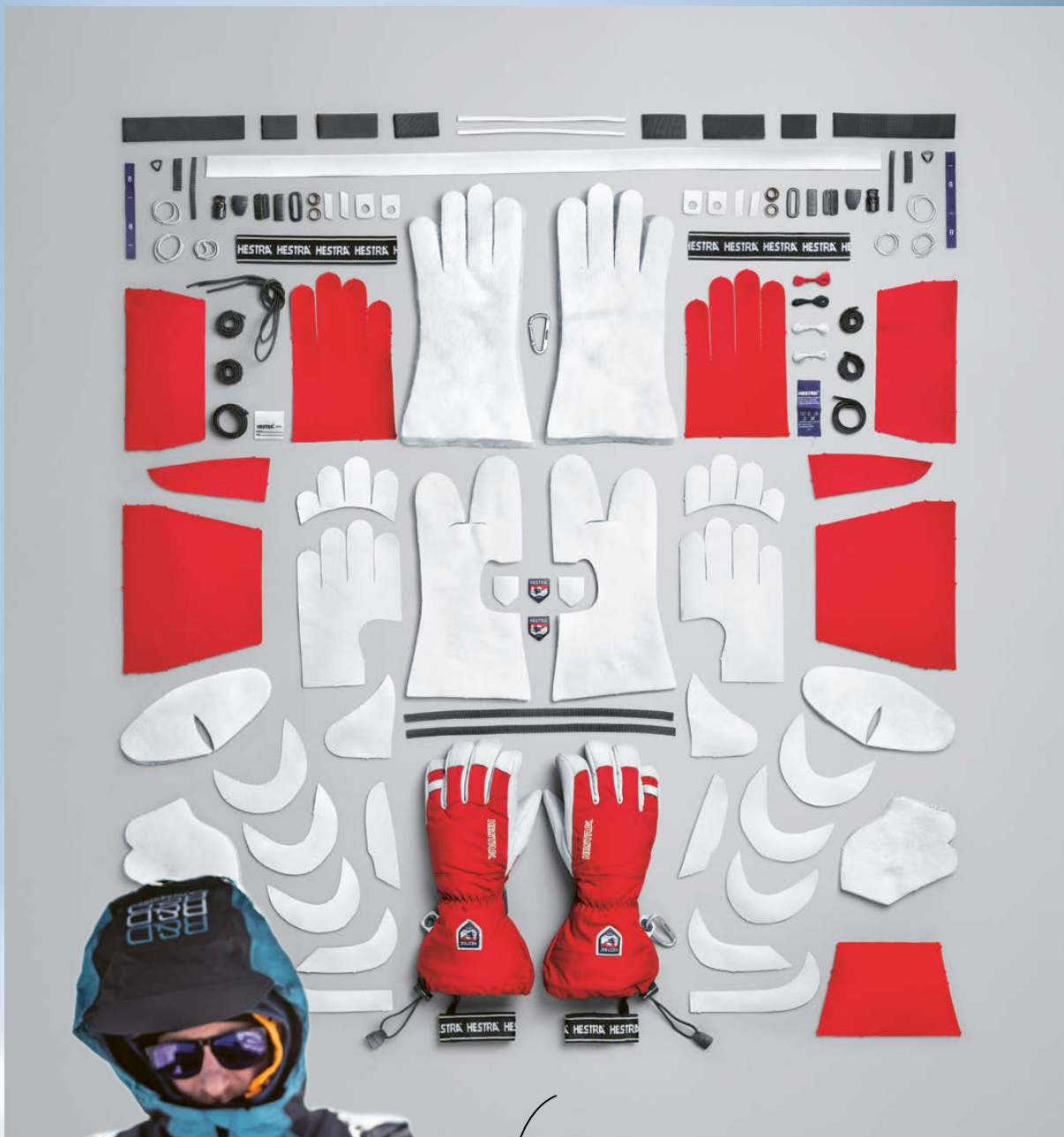
FAIR BUSINESS PRACTICES

Ethical business behaviour is expected from all colleagues and business partners, and our expectations are outlined in our Code of Conduct. The greatest risks of unethical business behaviour in the industry, including corruption, occur in the interaction with the public sector in countries with weak rule of law. Examples include management of operating permits and interactions with customs. In the coming year, we are looking to review the management processes related to anti-corruption.

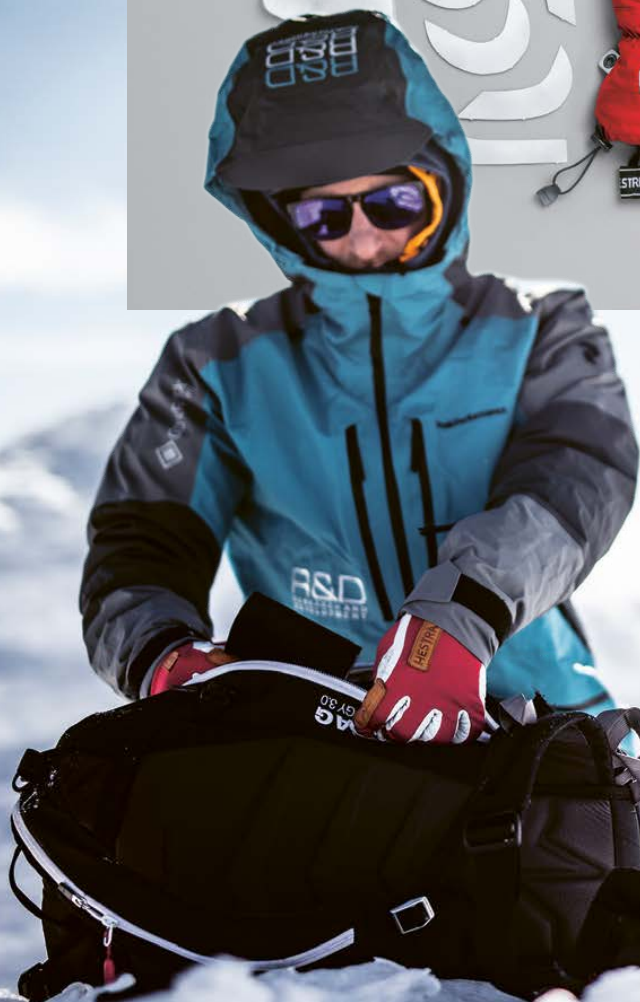
In 2020/21 there were no reported cases of corruption at Hestra or in our value chain.

CHERISHED PARTNERSHIPS





30570 ARMY LEATHER
HELI SKI 5-FINGER





Design & development

Quality is very important to Hestra. It all starts with thoughtful product design and careful selection of materials.

OUR APPROACH TO QUALITY AND DESIGN

Over time, our range has come to encompass everything from elegant dress gloves to tough alpine gloves and hard-wearing work gloves. Design at Hestra is very much about the many small steps and details, and continuous improvements. Despite the wide range of styles, many types of gloves actually share characteristics, and designs from previous styles often inspire new styles. No matter the type of glove, the design process involves compromises where function, durability, materials, sustainability and cost are considered, with properties balanced against one another.

THE PROCESS OF DESIGNING A GLOVE

We strive to consistently meet and, if possible, exceed the expectations of our customers and partners. That is why our design process always starts from the needs of the user at hand. There are possible trade-offs that need to be considered, such as thicker materials being more durable but less supple. Often we favour leather, wool and other well-proven materials over newer supposedly high-tech materials that may not fulfil our expectations in the long run.

Careful patternmaking is one of the cornerstones in the development and what ultimately determines fit and function, and the tolerance for deviations is small when working with gloves. Each design sketch is translated into a pattern construction and later as a sample at one of our factories. The samples are assessed by the design team at our headquarters in Hestra, sometimes with assistance from our network of testers, whether professionals or colleagues in our team. That way, we can identify and address potential issues before our gloves enter production.

LARGE SHARE OF CARRYOVERS

Our design philosophy is very much about common sense and decisions are not made on a whim. In fact, around 80 percent of the range is carried over from the previous season. The large share of carryovers brings many benefits – stability for our suppliers, more manageable production, reduced waste, gradual quality improvements, and less need for our retailers to clear out and replace their stock every season. Selected parts of the range include seasonal, more fashionable, colours but purchased and introduced with care. Over the years we have gained experience and implemented processes that allow us to do more with less and reduce material waste in production.

ASSESSMENTS OF MATERIALS

We are convinced that a glove that lasts longer is always the better choice. That is why quality and durability are vital factors in material selection. Other factors that are considered include sustainability performance, materials composition and characteristics. Sustainability performance is assessed by factors such as water consumption, chemical use and the proximity between the supplier and factory.

The quality and durability of a material are evaluated in field tests along with abrasion resistance testing in our in-house laboratory's Martindale machine. The machine simulates abrasion from wear by rubbing the material against an abrasive surface. Materials that pass the tests are often sent to accredited laboratories for further testing before they go into production.

We introduce new materials into our range over a longer period. It is important that the qualities of the new material match the construction of the glove and its other materials.



Gloves for every need



Sport

The Hestra Sport collection includes hundreds of glove models. While that may sound like a lot, decades of experience have taught us that every hand, day and activity is different. This collection is designed in collaboration with freeriders, mountain guides, instructors and others who place the highest demands on their gloves.

Dress

In our world, even 0.1 millimetre makes a difference. For four generations we have been solely devoted to one thing: preserving and practising the rare art of glove making by crafting the world's finest gloves from carefully selected materials. Inspired by our natural surroundings, our master certified glove cutters use the finest leathers and materials to craft style-forward gloves that balance warmth, dexterity and style.



Professional

In 1936, Hestra founder Martin Magnusson sourced local wool, leather and rivets to construct gloves to help the area's lumberjacks work through the harsh Scandinavian winters. The guiding principles of quality material, thoughtful construction and user-centric design remain our primary focus today. In our work-glove line you will find gloves for military, gardening, construction and other uses. It is a range of gloves with an emphasis on dexterity, protection and features built for the task at hand.



Tried and tested

Not everything can be tested in a lab, which is why we also involve friends and professionals in our local communities to test our gloves in their day-to-day lives before the gloves make it to production. Over the years, we have engaged construction workers, mountain guides, athletes, children and parents, to name a few. We also test and develop our products in more severe conditions such as in expeditions where the demands are higher. The feedback on our products is important and provides insight into how the products can be improved further, often through small details.



Quality assured

Hestra's headquarters and our factories hold ISO 9001 certifications for their approach to quality. All sites, apart from our factory in Vietnam, also have environmental management systems certified according to ISO 14001. The Vietnamese factory has initiated the certification process.

0.4%

share of delivered gloves that caused warranty claims, 20/21

Warranty claims with a purpose



Product warranty claims are managed by our Claims department in Hestra, Sweden. In 2020/2021, we had 0.4 percent complaints in relation to total number of gloves delivered. The most common complaints related to seams and materials.

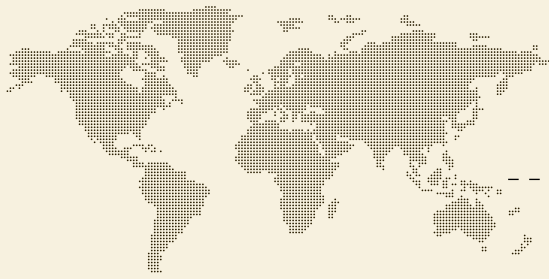
Whenever possible, we aim to repair the faulty product, and if this is not possible the product is replaced.

Warranty claims provide good insight into how the products are used and show weak-spots and limitations with certain materials or constructions. Any recurrent issues are identified and when possible resolved for coming production runs, often through changes in construction or materials. Pictures of the faulty products are also shared with our suppliers to ensure the issue is addressed properly.

Rudolph Bionic Finish Eco

Often, staying warm means staying dry. That is why we use Rudolph Bionic Finish Eco, a fluorine-free water-repellent textile finishing agent. Bionic Finish Eco replaces the use of fluorocarbons that are toxic and bio-accumulative in the environment. We have been using Bionic Finish Eco in most of our styles and fabrics since 2013.





Supply chain & materials

Through long-lasting relationships with our partners, we source high-quality materials with durability and sustainability in mind.

OUR SUPPLY CHAIN

Hestra works closely with a limited number of selected suppliers that can meet our standards. Many of these relationships stretch over decades and we regularly meet them on-site and at trade fairs. Our supplier base comprises around 90 suppliers, of which 15 are tanneries supplying leathers. We mainly source leather, wool and synthetic materials.

Potential risks in the leather industry include poor protection of workers' rights and insufficient wastewater treatment. Leather tanning poses specific risks in the form of potential harm from hazardous chemicals, particularly chromium

which can affect the respiratory health of workers. The chemicals found in the tanneries' effluents can also affect local water quality, which is why we require all leather suppliers to have on-site water treatment plants.

CODE OF CONDUCT AND POLICIES

Our Code of Conduct outlines our expectations on our business partners and suppliers. The Code is based on the amfori BSCI Code of Conduct and refers to international conventions such as the Universal Declaration of Human Rights, the Children's Rights and Business Principles, UN Guiding Principles for Business and Human Rights,

Keeping chemicals in check

Chemicals are required to manufacture materials and to obtain certain materials' characteristics, but it is important that chemicals are handled with care. That is why we require our suppliers to operate in accordance with European chemical legislation REACH and local legislation.

Our Chemical Contract and Restricted Substances List (RSL) are developed by The Swedish Chemicals Group. All suppliers receive the restricted substances list twice yearly. In addition, new suppliers must sign the Chemical Contract. At the end of 2020/21, 100 percent had signed the contract.

> READ MORE ABOUT OUR CHEMICALS TESTING ON PAGE 16

The Swedish Chemicals Group

Hestra is a member of The Swedish Chemicals Group. It is a network of companies, chemical experts and researchers, run by the Research Institute of Sweden (RISE). The Group manages a subgroup of companies in the textile industry and provides a chemical contract for the members' suppliers and a restricted substances list which is updated twice yearly.





Swedish Association of Textile Importers

We have been members of the Swedish Association of Textile Importers since 1985. The membership allows us to share both challenges and solutions with industry peers. For example, we have been engaged in the Swedish Textile Water Initiative which aims to reduce water consumption in leather and textile production. Our chemical contract and buying terms are also largely based on principles developed and shared by the organisation's members.

Collaborative audits with amfori BSCI

We are members of amfori BSCI, an organisation aiming to improve social performance in global supply chains. As a member, we are obligated to organise third-party audits of a set number of factories yearly and ensure that the results are uploaded to amfori BSCI's online portal. The portal also gives us access to other factories' audits and results. Common areas of improvement include working hours, insurance coverage and social management systems.

OECD Guidelines, UN Global Compact and International Labour Organisation (ILO) Conventions. All material suppliers are asked to sign the Code of Conduct. Relevant material suppliers must also comply with our Chemical Contract, and suppliers of leather and wool also to the Animal Welfare Policy.

SUPPLIER ASSESSMENTS

Over the years, we have developed a systematic method for assessing new and existing suppliers. As a relatively small company in the global market, we are working with industry organisations such as amfori BSCI, The Swedish Chemicals Group and the Leather Working Group to extend our reach and improve our impact.

In addition to policies and audits, we maintain close contact with tanneries and other key suppliers in our supply chain. Through close cooperation we can ensure that they have the right knowledge about the materials characteristics, environmental management and other key issues. It also forms a basis of understanding both possible risks and areas of improvement.

New suppliers are asked to fill out the self-assessment questionnaires included in the Chemical Contract and Animal Welfare Policy.

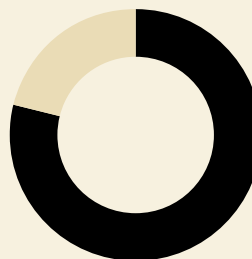
CARE FOR ANIMALS

Leather and wool are materials particularly suited for many types of gloves. Given our reliance on leather and wool, animal welfare is important to us. All suppliers of leather and wool must sign the Animal Welfare Policy, which is based on the five freedoms of animal welfare: freedom from hunger

and thirst; freedom from discomfort; freedom to express normal behaviour, freedom from disease, pain or suffering; and freedom from fear and distress. Leather and wool used are by-products from food production or with the purpose of wildlife management. The latter applies to wild animals such as elk and deer. The Animal Welfare Policy also requires that all wool is mulesing free and carries a certification of origin.

LEATHER WORKING GROUP

In 2020, Hestra also joined Leather Working Group. LWG provides us with additional information about the leather industry and further insight into our partner tanneries through audit protocols made available by the organisation. Since we joined LWG we have encouraged our suppliers to join the Group. Its audit protocol comprises management control, environment and water, waste management and traceability. Starting in 2021, social responsibility will also be part of the audits. Additionally LWG provides rankings of tanneries in the form of Gold, Silver and Bronze. In 2020, 21 percent of the purchased leather came from suppliers that were audited by LWG.



PURCHASED LEATHER FROM LWG CERTIFIED TANNERIES

■ Not LWG certified, 79%
■ LWG certified, 21%



MEET OUR SUPPLIERS

A tannery focused on sustainability

“When I asked my father why he commissioned our water treatment plant 15 years ago, he answered that it felt right” says Asad, CEO of one of the large tanneries Hestra works with.

The family company, which was founded by Asad’s grandfather in the 1970s, is located in Pakistan. But the history started a lot earlier.

“Even my grandfather’s grandfather worked with leather. I grew up with the knowledge that I would also work in the company. After university studies in the USA, I returned to Pakistan.”

Today the tannery has hundreds of employees and a large plant.

“When I assumed this position, I wanted us to start collaborating with global brands, especially shoe manufacturers. Previously we had been a subsupplier to wholesalers. With my experience from the USA, I realised that we must meet the large brands’ growing demand for sustainability.”

This new direction was appreciated by the family. To show respect and care, and never make promises that you cannot keep, are parts of the family company’s core values, explains Asad. The staff had better work conditions than in many similar tanneries. His father had commissioned a water treatment plant long before the authorities or customers asked for it.

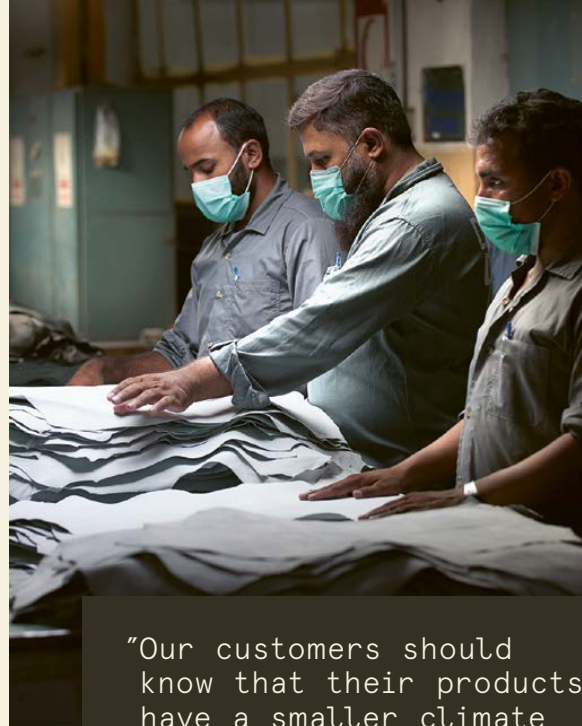
“It was a huge and also wise investment.”

The large shoe manufacturers that Asad and his employees began to discuss sustainability with highlighted the benefits of the Leather Working Group and its certifications early on. This organisation covers the whole value chain within the leather industry, such as tanneries, chemicals suppliers and manufacturers. The LWG’s main purpose is to improve the leather industry’s work on environmental and social sustainability, through certifications.

“We decided to try to become Pakistan’s first LWG certified tannery.”

Through LWG the tannery established a systematic way of working – and discovered many deviations.

“The on-site water treatment plant was a big advantage for us. But we had to improve the way we managed it, with regular testing for instance.”



“Our customers should know that their products have a smaller climate impact when they source leather from us.”

ASAD, CEO

“Energy and water consumption, chemicals management and working conditions were other aspects that LWG wanted to know more about. Our 1.2 hectare large solar power plant was an advantage as well of course. We even produce a surplus, which we sell. Another advantage was that our employees have access to free healthcare.”

A few years ago, the tannery received LWG’s silver rating and more recently the gold certificate. But Asad will not settle with that.

“The next goal is that we are to become a climate neutral company, also certified. Our customers should know that their products have a smaller climate impact when they source leather from us.”



30570 ARMY LEATHER
HELI SKI 5 FINGER

HESTRA VALUES ITS MANY LONG PARTNERSHIPS.
ONE OF THESE IS A TANNERY ON THE HILLS OF SOUTHERN FRANCE.

A strengthening partnership

"The challenge is to balance tradition and modernity. We want to build on the tannery's long tradition while introducing innovations and new people," says Caroline.

With a background in the global luxury retail industry, Caroline acquired a tannery in southern France a few years ago.

"I have a strong passion for channelling and championing nature into art and entrepreneurship."

The tannery's dedication to innovation can be traced back in our partnership. In the 1980s Hestra and the French tannery jointly developed chrome-free leather. We share a common understanding of high-quality materials and with suppliers like this can source super soft, high-tech performance materials, and some are even fire resistant.

"Our leather is very special, it holds strong technical qualities and it is very supple. We are probably the last tannery in Europe who can supply this kind of quality leather."

Hides are sourced locally from France and go through the tannery's five workshops that together encompass more than 25 industrial steps.

"We have control of the full process, from the sourcing of hides to the beamhouse, dyeing, drying, dressing and finishing. The process takes about four weeks all in all. It requires skilled craftsmen to manage as each hide has its own characteristics."

As the tanning industry has shifted to Asia, the competencies needed are getting scarcer. Today the tannery employs 35 people on its 5,000 square metre site.

"We are probably the last tannery in Europe who can supply this kind of quality leather."

CAROLINE, CEO AND OWNER

"Succession planning is getting more and more important. We conduct training on-site as this know-how is not available elsewhere. Good working conditions are important to be able to retain our employees for as long as possible."

Environmental management is another focus area. The tannery adheres to the strict requirements of REACH and has had an on-site water treatment plant for over 20 years, which is audited by the authorities regularly. The tannery is also a member of the Leather Working Group.

"It is the most credible initiative within the industry. The audits provide us with a plan for continuous improvements, which is beneficial. In the case of Hestra, we already know each other very well and have a history that goes back decades. By collaborating we can further strengthen our respective businesses," says Caroline.



30930 SAREK
ECOCUIR 5 FINGER



PRODUCTION

Production

Every year we produce over two million pairs of gloves, in our own factories and with a limited network of manufacturing partners. Quality requires attention to detail and a long-term approach. We are proud to share this view throughout the company.

OUR PRODUCTION

We currently operate four factories in Hungary, Vietnam and China. Each factory has its own unique combination of skilled craftsmen and experience, which ultimately decides what styles are most suitable for each factory. Accessibility to materials and proximity to sales markets are also considered. We also have a limited network of external manufacturing partners which account for around 25 percent of our production.

The ownership in our factories provides us with increased control and the ability to influence aspects such as environmental impact, labour conditions and of course quality. As such, it reduces our risk exposure, but it also poses challenges including every colleague needing continuous work. That is why it is important for us to balance work over the year and between factories. We are also responsible for the wellbeing of our colleagues and maintaining good working conditions. Read more about Hestra as a workplace on page 24.

Our factories are audited by amfori BSCI, just like our external suppliers' sites. In the last round of audits, our factory in Vietnam received a B-rating and the other factories received C-ratings. Our goal is that all company-owned sites should have at least a B-rating by amfori BSCI. To reach this goal, we are working with the factories to improve social management systems and better control overtime. Read more about amfori BSCI and its audits on page 13.

ENVIRONMENTAL STEWARDSHIP IN PRODUCTION

Environmental stewardship and compliance are prerequisites for our operations. Hestra adheres to the precautionary principle and we regularly follow up on changes in environmental legislation. In 2020/21, there were no reported cases

of non-compliance with environmental laws and regulations. Our headquarters and all factories but one have environmental management systems certified according to ISO 14001, and our Vietnamese factory has initiated the certification process.

Chemicals used in the production of materials is a particularly important focus area to us. We regularly send samples of the materials that we source for chemical testing at accredited laboratories. The purpose is to confirm compliance with our Restricted Substances List (RSL) in our supply chain and identify any areas, or materials, of concern as early as possible. All suppliers are regularly notified of changes in the RSL in good time to be able to make any necessary changes. In 2020/21, we identified one case where the RSL had been breached and the contract with the supplier was cancelled. We always try to address any breach together with the supplier, but if it is not taking the necessary actions or if the process takes too long, contracts are cancelled. We classify all materials used in our production based on risk and volume. Materials used in a wide range of products are tested more frequently. Read more about our Chemical Contract and RSL on page 12.

On-site training

Our colleagues take part in regular training sessions.

> READ MORE ON PAGE 25



PRODUCTION



Our factories

Zhejiang Pinghu Huashen Leather Co., Ltd

Founded in 1981, Pinghu factory became a limited liability company in 1996, got import and export rights in 1998, established a sino-foreign joint venture in 2011. CEO: Zhang Gang and Kathy Sun Location: Shanghai, China Hestra's share of ownership: 50% Current BSCI-rating: C ISO-certifications: 9001 and 14001 Number of employees¹⁾: 128

1) Headcount at year end

Eurogant Universal Ltd.

Founded in 1993, Hestra holds a 50% stake
CEO: Chao Chung Hsi
Location: Guangdong, China
Hestra's share of ownership: 50%
Current BSCI-rating: C
ISO-certifications: 9001 and 14001
Number of employees: 51

HESTRA Hungary Kft

Founded by Hestra in 2011
CEO: Krisztián Tenke
Location: Rakamaz, Hungary
Hestra's share of ownership: 100%
Current BSCI-rating: C
ISO-certifications: 9001 and 14001
Number of employees: 121

HESTRA Matsuoka Vietnam

Founded by Hestra in 2018
CEO: Teruhisa Yamamoto
Location: Hai Phong, Vietnam
Hestra's share of ownership: 100%
Current BSCI-rating: B
ISO-certification: 9001.
Number of employees: 242



PRODUCTION

ENERGY AND CLIMATE

Hestra is well-renowned for our alpine gloves. As such, our business depends on cold, snowy winters. Just like the rest of the world, Hestra is affected by the changing climate and we are committed to do our part in the transition towards a low-carbon economy. This includes activities to decrease the company's footprint through reduced energy consumption and greenhouse gas emissions, more efficient transport and perhaps most importantly, by designing gloves that are meant to last for many years. We have also acquired a six percent stake in a Swedish wind power company that operates wind turbines at three locations in Sweden. The company generated 22 GWh of electricity in 2020.

Our internal energy consumption is monitored over time. In 2020, our sites (headquarters and factories¹⁾) consumed a total of 1,099,407 kWh compared with 1,132,093 kWh in 2019. We are continuously assessing ways of reducing energy consumption. For example, our factories in Shanghai and Vietnam are using more energy efficient sewing machines and LED light fixtures. At our headquarters in Sweden, 100 percent of our energy comes from renewable sources.

We look forward to sharing our climate calculations in future sustainability reports.

¹⁾ Excludes Eurogant.





PRODUCTION

HESTRA EUROGANT

Starting a company in China

In 1993, we chose to set up our own production in China.
It was an important step in the development of the company.

It must have been exciting times, when Lars-Olof Magnusson travelled to China for the first time in 1965. He had just taken over the family company from his father Martin Magnusson. Together with a delegation from the Swedish business sector, he visited production plants in the Asian country – unfamiliar territories for him and most other businessmen on the trip. But he was curious and the possibilities were attractive.

It turned out well. Soon, Hestra found suitable manufacturers on the Chinese mainland and on the island of Taiwan. Since the 1970s we have cooperated with manufacturers that meet our high demands on quality and labour conditions. In 1993, Lars-Olof's sons Svante and Claes Magnusson founded the first Hestra factory in China together with the Taiwanese long-term business partner Chao Chung Hsi.

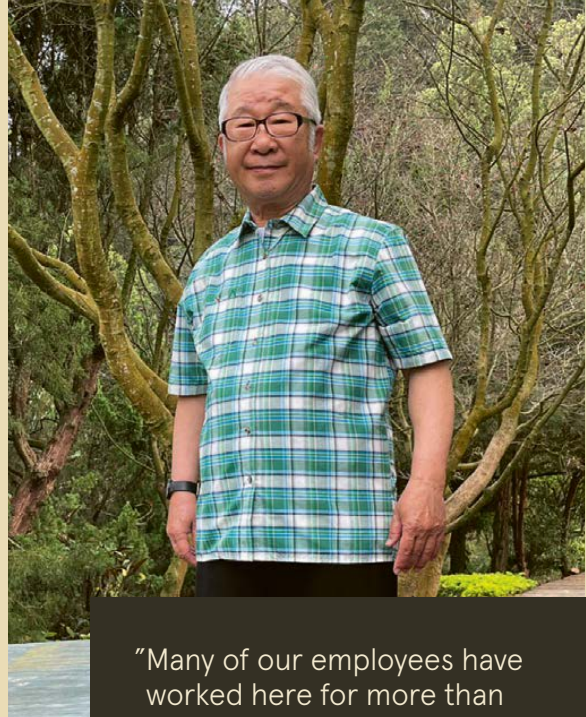
Svante Magnusson describes the decision to resume the company's own manufacturing as an important step in the development of the family company:

"While my grandfather made gloves for lumberjacks to provide for his family, the second generation chose a different path: the company grew bigger, they discovered the skier as a target group and they had to find production partners abroad as there weren't enough qualified seamstresses in Sweden. Throughout Claes' and my time, we wanted to develop more types of gloves with different functionality for needs that we identified in the market. It was important that the design we created in Sweden would go hand in hand with the production. At the same time there was direct communication between development in Småland, Sweden, and the manufacturing abroad."

Chao Chung Hsi is still the CEO of HESTRA Eurogant. Since when he met Lars-Olof Magnusson at the trade fair ISPO in Munich in 1976, he has cooperated with three generations of Magnussons in the Hestra family. The dedication to Hestra can also be seen among the factories' employees.

"Many of our employees have worked here for more than 20 years. There is a great loyalty that we are very grateful for," says Chao.

"In today's China, it is not a given that people choose to work in a factory over employment at a bank, in a hotel or somewhere else in the service sector. We are happy to have all this craftsmanship left in the company and to be able to retain skilled and engaged employees over a long time."



"Many of our employees have worked here for more than 20 years."

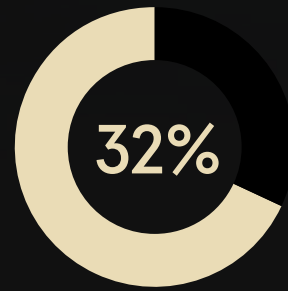
CHAO CHUNG HSI, CEO AND OWNER/PARTNER OF HESTRA EUROGANT

Even if the factory in Guangzhou today is the smallest production unit within the company, it plays a vital role. The possibility to develop products and production in its own factory, together with Chao and skilled Chinese employees, created the opportunity to become one of the world's best brands for alpine ski gloves. And the production knowledge that Hestra gained with its first own factory outside Sweden has been very valuable when later establishing its factories in Hungary and Vietnam.

"It is something we must thank Chao for," says Anton Magnusson, who now leads the family company in its fourth generation – and still successfully works with his grandfather's business partner from IPSO 1976.

Replaceable liners

One of the most important sustainability efforts at Hestra is to thoughtfully design products that last. Replaceable liners extend the life of gloves, and many of our outer shell gloves can also be worn on their own. Replaceable liners enable customers to adapt their glove to multiple activities, and can be washed and easily repaired. This extends the life of the outer shell glove too.



SHARE OF GLOVES
WITH REPLACEABLE
LINERS IN THE RANGE





SALES



Sales

No matter the sales channel, we care about helping our customers find the right glove. One that they can and want to wear for a long time. In addition, we work proactively to develop new packaging materials and to reduce transport-related emissions.

HESTRA'S SALES ORGANISATION

Our sales organisation is tailored to suit to the conditions of each market. In Sweden, Norway, Germany and the US, Hestra operates local sales organisations with our own staff. We also have concept stores in Stockholm, Sweden, and Oslo, Norway. In other regions, such as Denmark, Benelux and Austria, we have close cooperation with commissioned agents, that market and sell our products in their respective areas. Elsewhere, we work with distributors that represent Hestra in their markets through their operations. Our collection of gloves for professional use, Hestra Job, is currently only available in Sweden and the US and is sold and marketed through our own sales organisation.

We work closely with current and prospective customers – no matter if they are a big-box retailer, a large e-commerce player or a specialist shop.

CAPTURING THE GROWTH ONLINE SUSTAINABLY

E-commerce is quickly gaining ground in our industry and the transition has been spurred on by the pandemic and national lockdowns. We see a great potential in growing our presence online, through our own e-commerce and through our partners.

Benefits include a greater range of models, sizes and colours that more easily meets customers' expectations. For the retailer, e-commerce often has a smaller cost base than a physical store, but e-commerce also poses challenges in the form of fewer opportunities to guide and interact with the customer. This is why we have taken care to incorporate glove-maintenance guides, materials information and links to suitable accessories via our website and also make this available to our partners.

The transport and logistics of e-commerce, particularly returns, also need to be efficiently managed to reduce transport-related greenhouse gas emissions. We currently charge customers for product returns, as we believe it is the better long-term approach.

IN THE HANDS OF OUR CUSTOMERS

Our consumers represent a wide range of ages and sizes, but they all appreciate our quality and well-fitted gloves. Guiding the consumer to the right glove for the right activity is one of the most important tasks for our sales staff and resellers. Consumers' perceptions of Hestra and our products' quality heavily relies on this.

Given the expected lifespan of our products, we encourage our consumers to not buy and replace their gloves too often. Instead we aim to sell replaceable liners, and gloves for new activities, to existing companies.

“We love it when you buy new gloves, but we love it even more when you buy a new liner for your old pair of gloves.”

ANDREAS HÅKANSSON, GLOBAL SALES MANAGER

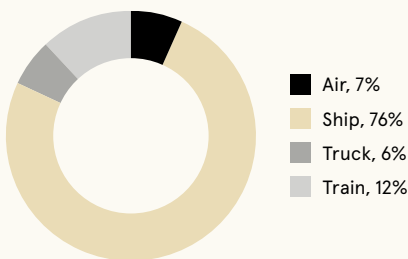


SALES

Reducing emissions from factories to the warehouses

Transport represents a significant part of greenhouse gas emissions globally. Airfreight has a particularly high carbon intensity per transported tonne of goods. In our pursuit to reduce our own emissions we have initiated a review of the transport used from our factories to our warehouses. This year, we partnered with a new logistics supplier and began using railfreight. In total, more than 150,000 pairs of gloves have been transported by train this year. While railfreight requires extensive planning, we consider it an efficient and sustainable way to transport our goods and we are looking to expand this project in the coming years.

NUMBER OF GLOVES FACTORIES BY TRANSPORT TYPE



A new digital shop window



In spring 2021, Hestra launched a new e-commerce website on hestragloves.com. It allows us to better guide our customers and tailor the experience. We see a great potential in online sales and hope to expand our presence.

Digital guides to make gloves last longer

At our website hestragloves.com you can find guides on how to stay warm, how to take care of your gloves and how to wash and dry your gloves, along with a fitting and size guide.

Warm hands, warm heart



In partnership with UNHCR, we donated 10,000 gloves, with a market value of SEK 2 million, to refugee children around the world in 2020/21.

Photo: ASAN Volunteers/UNHCR

One for the repairs!

In addition to the product warranty, Hestra gloves that need to be repaired can be sent to us for mending. We charge a fee for this service, and in return the customer will get to keep their favourite pair of gloves for a little longer.





Safer gloves for children

In 2020, Hestra launched a project to enhance the safety of children's gloves and accessories. This year we have evaluated children's and junior gloves for health and safety impacts, and taken measures to redesign some products where necessary. Focus areas include removing carbine hooks and small parts and enabling handcuffs to open if the glove gets caught in something. Going forward, new products will be assessed using our health and safety risk assessment tool, managed by the design department. Another example of our focus on product safety is our extensive chemicals testing.

> [READ MORE ON PAGE 16](#)



Calling Copenhagen and Gothenburg!

In autumn 2021, Hestra will open concept stores in central Copenhagen, Denmark, and Gothenburg, Sweden. Preparations have been underway throughout the year, and we look forward to joining and being part of these local communities. The shops will provide us with another two meeting points where we can personally help and guide our customers and share our passion for gloves.

More sustainable packaging materials

Packaging materials are needed to protect their contents from damage from light, heat and humidity during transport and storage. Previously, every pair of gloves has been packed individually in a plastic bag, gathered in larger cardboard boxes, that in turn have been placed in even larger cardboard containers. In 2020, we initiated a project to assess more sustainable packaging materials and find ways to reduce the amount of packaging, and re-use packaging.

In 2020/21, we ordered samples of thinner, low-density polyethylene (LDPE) bags. LDPE is a soft, light-

weight, recycled and recyclable material. Its light-weight properties results in lower greenhouse gas emissions compared with conventional materials. While the material is suitable, managing multiple sizes of gloves can be placed in one LDPE bag. We are committed to this project and aim to make use of innovative, smart solutions. We are also looking into how certain large containers used to ship gloves can be re-used.



COLLEAGUES

Hestra as a workplace

As a fourth-generation family company we foster our culture of entrepreneurship. We are currently more than 600 colleagues in Sweden, Norway, Hungary, China, Vietnam, USA and Germany.

BUILDING AN ATTRACTIVE WORKPLACE

Hestra's continued success depends on our ability to retain and recruit talented colleagues with the right competencies. Our strong brand and corporate culture, that foster responsibility and commitment, are important parts in achieving this. In our recruitment processes, we are looking for eager, committed and competent individuals with a passion for our products. We know that these individuals will give us the best chance to strengthen the company with their expertise and enthusiasm.

Our business has seasonal variations, with a big share of sales in the winter period. To successfully meet demand, it is important that we plan our operations in the best way possible to avoid unnecessary peaks and prolonged periods of overtime. However, colleagues at our factories are sometimes given extended annual leave with 80 percent salary when production levels are low. At our headquarters we hire employees on short-term contracts to our warehouse and customer service in the busy winter season.

Diversity remains a challenge in the apparel industry, and it is an issue we are looking to address. Traditionally, most of the seamstresses in the countries in which our factories are located, are female. During the pandemic this proved to be particularly challenging, as some colleagues with children had to refrain from working and home-school their children as their countries were in lockdown and schools were closed. At our headquarters and in the sales organisation, the gender balance is more even. Balanced teams, in which competencies and personalities complement each other, provide benefits for the teams as well as the company. Gender pay gaps are reviewed yearly and salaries are also benchmarked against industry peers.

CONTINUOUS COMPETENCE DEVELOPMENT

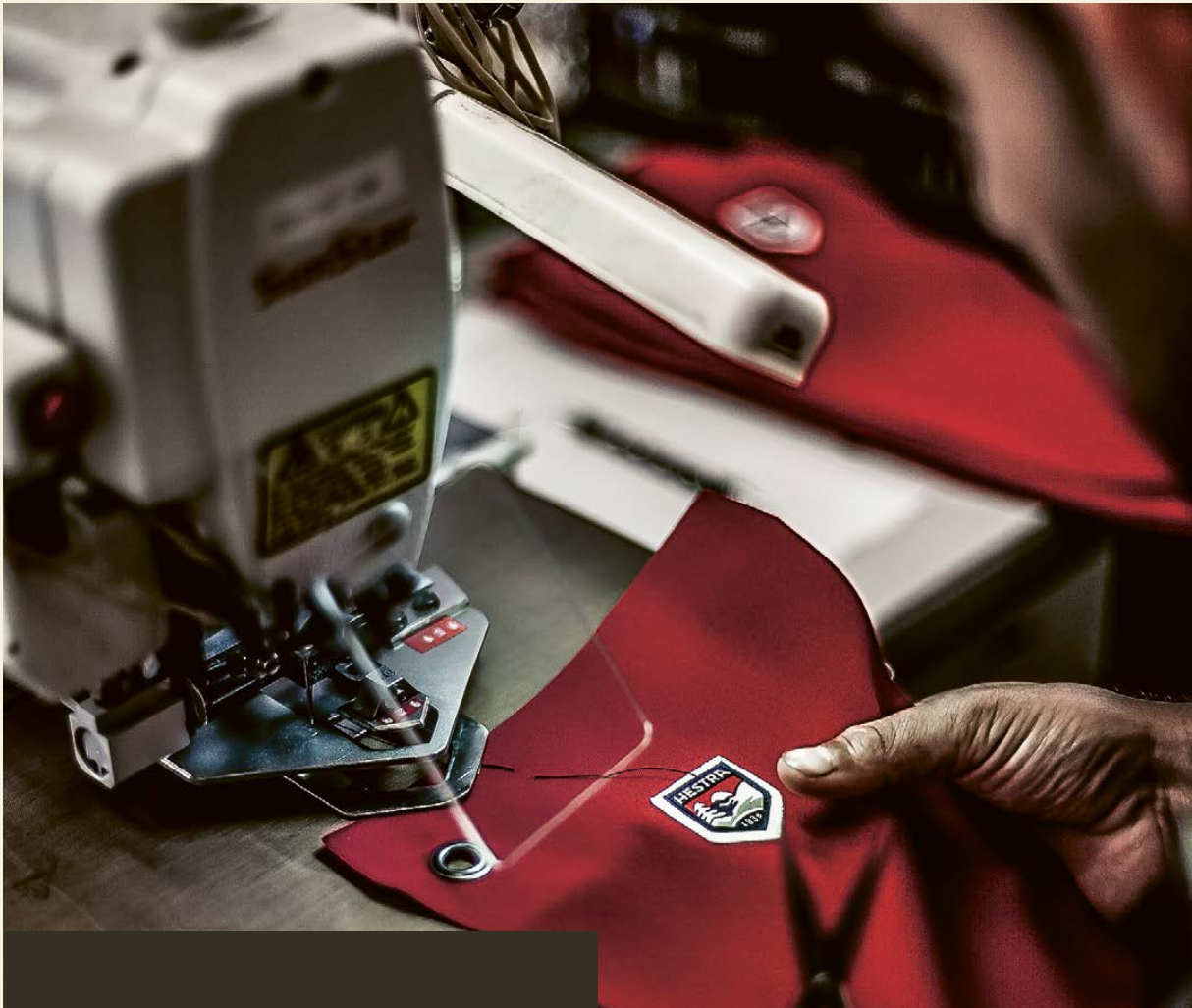
We want to foster an entrepreneurial and proactive culture that gives the company and the individual chances to grow and take responsibility. Hestra's employees are encouraged to learn and take on a variety of tasks and responsibilities. Even if it might be time-consuming at first, it makes us more resilient in the long run. Our colleagues also appreciate that they can expand their skills and gain insight into other parts of the business.

Hestra's employees are offered yearly performance reviews with their manager. The purpose of these reviews is to plan and manage the employees' work and development. In these reviews, we also set individual targets that are aligned with our business objectives. The reviews encourage mutual feedback and give the employees the opportunity to influence their own and the company's development.

This year we have initiated a project that aims to map our employees' competencies and enable improved succession planning in the coming years. Through our competence development reviews we will map employees' current skill-sets and their personal development targets. The mapping will enable us to improve our internal recruitment processes and identify gaps where we need to strengthen our organisation with targeted training, and occasionally recruitment. The project will be launched at Hestra's headquarters in 2021/22, and we hope to roll out the initiative in the organisation in the years ahead.



COLLEAGUES



Productive training

All factories develop yearly training plans to offer employees the chance to increase their competencies at work. In addition to onboarding training for new colleagues, the staff at our factories undertake training throughout the year. In 2020/21, focus areas have included occupational health and safety, labour law and reviews of ISO and amfori BSCI requirements. Employees are also offered training based on their roles' requirements. This includes tailored training for occupational health and safety managers, and lessons on English and environmental compliance.





COLLEAGUES

Keeping it together

The Covid-19 pandemic challenged Hestra and our ways of working. At our headquarters, colleagues took turn in working from the office to minimise contact, and some of our factories intermittently closed due to local lockdowns and restrictions. Thanks to our long experience and strong relationships within the organisation and with our external business partners, we quickly adapted to the changing environment, and were able sustain the flows of materials and products to keep our manufacturing and operations going.



Winning exchange

Despite our extensive geographical reach, Hestra truly is one company, and we encourage exchange throughout the business. For more than 20 years we have gathered around 100 employees at our headquarters in Hestra, Sweden, for a week-long annual sales conference. The employees represent all parts of our business including our sales organisation and factories. The conference gives us the opportunity to present our coming collection and share best practice and knowledge. It also helps to build our strong corporate culture and gain a better understanding of each other's work – from manufacturing to sales.

Collective bargaining agreements

Employees in Sweden and Vietnam, constituting 48 percent of the total number of employees, are covered by collective bargaining agreements. At our factory in Hungary, employee representation is provided by a works council. Although the employees at some of our sites are not unionised, we fully support and protect their freedom of association.

Improved work environment in Hungary

In 2020, we completed a five-year project that aimed to improve the work environment and production flows through hands-on examples, at our factory in Hungary. Although it was difficult at first, and has taken considerable time to complete, the project has successfully boosted employee engagement through more flexible and stimulating work tasks, strengthened teamwork and increased our quality and efficiency.



Fair pay

Learning to make gloves is a long process which requires skilled seamstresses. To recruit and retain our highly qualified colleagues, we provide a competitive salary and benefits. At our factories, entry-level salaries exceed, or are in line with, local living wages. Benefits include social insurance schemes, performance bonuses, lunches, family days and excursions. In the category Fair Remuneration of amfori BSCI's audits, all of our factories have received A grades.



HESTRA MATSUOKA VIETNAM

Investing in skills

In northern Vietnam, we found favourable conditions to manufacture our high-quality gloves. The people and the crafts culture attracted us to build one of the world's most modern glove factories there.

In March 2018, HESTRA Matsuoka Vietnam was inaugurated. Some 100 kilometres south-east of Hanoi, in the port city Hai Phong, we developed a new and highly modern glove factory. With the help of the Swedish embassy and Business Sweden, we registered companies, acquired a property in an industrial estate close to the important port, invested in innovative machinery and building design and features, and hired 120 qualified employees.

"Glove production requires craftsmanship, and therefore employees with the right skills. It's a skillset and a culture you no longer find in northern Europe unfortunately, but it is available in parts of south-east Asia, like here in northern Vietnam," explains our CEO Anton Magnusson.

"The people here are very skilled and smart in finding the right solutions for the customer needs that we identify. We have learnt a lot and we are grateful to have this competence in the company."

The second, vital, reason for starting a company-owned factory is to maintain control of production.

"Thereby we can guarantee that our gloves are produced with precision, and with the environmental requirements and labour conditions that both we and our customers expect."

HESTRA Matsuoka is already certified according to the international quality standard ISO 9001. Environmental certification according to ISO 14001 is planned for 2022. Hestra already adheres to Hai Phong city's strict environmental plan and has established the factory in an area with good infrastructure for effluent and waste removal, energy supply and transport.

The factory is also regularly audited according to BSCI (read more on page 16) and has been recognised for its workplace design and features: modern air conditioning and ventilation, plenty of daylight, a canteen where employees are offered free lunches, fair wages and decent working hours.

HESTRA Matsuoka's CEO, Terry Yamamoto, agrees that the employees are vital.

"It is all about being an attractive workplace. The competition for qualified employees is high. Machinery can be bought, skilled people you must find," says Terry.



"Machinery can be bought, skilled people you must find."

TERRY YAMAMOTO, CEO OF HESTRA MATSUOKA

He describes how the company, half a year before the factory even opened, hired around 40 employees from a discontinued glove factory just to make sure that they ended up with Hestra. It shows how important the human factor is. Apart from recruitment and good working conditions, training plays a key role:

"All our seamstresses learn how to make the whole glove, not just parts of it like it usually is in the specialised factories. Onboarding takes longer, but we believe that the investment pays off. This way the employees gain a better understanding of the whole product and can work in different places in production, which makes planning more flexible," says Terry.










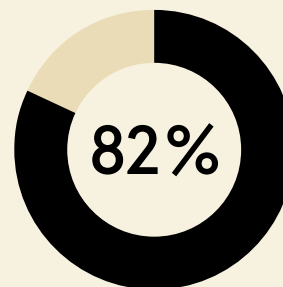
Our employees in numbers

In total, Hestra employs 630 individuals, of which 82 percent are women. The large share of women reflects the gender balance of the apparel industry, where women are overrepresented.



EMPLOYEES BY GENDER, 30 APRIL 2021

COUNTRY	WOMEN	MEN	TOTAL
 SWEDEN	33	27	60
 UNITED STATES	11	9	20
 GERMANY	1	2	3
 NORWAY	4	1	5
 HUNGARY	110	11	121
 VIETNAM	208	34	242
 CHINA	147	32	179
TOTAL	514	116	630



SHARE OF WOMEN, GROUP

Stakeholder dialogue & materiality assessment

Over the last year we have engaged our stakeholders in a dialogue to enhance our sustainability reporting.

We are proud of our sustainability efforts and the way that we conduct our business. But we also know that we have a long way to go and that we must stay focused to really drive the change that we want to see. By engaging our stakeholders in dialogue and publishing a sustainability report annually, we aim to be more transparent and share our journey with you.

In 2020, we took the first steps on our reporting journey by carrying out a structured stakeholder dialogue and materiality assessment. These were performed using the methodology prescribed by the internationally recognised sustainability framework Global Reporting Initiative Standards. The process was facilitated by external sustainability advisers.

STAKEHOLDER DIALOGUE

Hestra maintains a daily dialogue with key stakeholders such as customers, colleagues and suppliers. For the purpose of this report and to further develop our sustainability agenda,

we engaged a selection of representatives from our key stakeholder groups in a structured dialogue in 2020. These stakeholder groups represented customers, suppliers, subject-matter experts, colleagues and owners. The stakeholders were selected based on their impact and the expectations they have of Hestra, as well as their dependency on Hestra in the longer-term.

The stakeholders were asked to rank topics from a comprehensive list of sustainability topics that potentially could be relevant to Hestra. The basis for the list was SASB Materiality Map for Apparel, Accessories & Footwear industries, and GRI Sustainability Topics for Sectors for Textiles, Apparel, Footwear Industries and Luxury Goods and Retailing Industries. Peers' reporting and sustainability agendas were also considered.

STAKEHOLDER GROUP	STAKEHOLDER DIALOGUES	MOST IMPORTANT TOPICS	READ MORE ON PAGE
CUSTOMERS	<ul style="list-style-type: none"> • SALES MEETINGS • TRADE FAIRS • DAY-TO-DAY CONTACT 	PRODUCT QUALITY	9
		MORE SUSTAINABLE MATERIALS	9
		ENVIRONMENTAL COMPLIANCE	16
		MANUFACTURING COUNTRY	16-17
		ANIMAL WELFARE	13
		PRODUCT SAFETY	16, 23
SUPPLIERS	<ul style="list-style-type: none"> • AUDITS • ON-SITE VISITS • DAY-TO-DAY CONTACT • PRODUCT DEVELOPMENT PROCESS • CERTIFICATIONS (LWG, OEKOTEX, ISO) 	PRODUCT QUALITY	9
		MORE SUSTAINABLE MATERIALS	9
		EMISSIONS	18
		PRODUCT SAFETY	16, 23
		SUPPLIER ASSESSMENTS	13

STAKEHOLDER GROUP	STAKEHOLDER DIALOGUES	MOST IMPORTANT TOPICS	READ MORE ON PAGE
COLLEAGUES	<ul style="list-style-type: none"> · DAY-TO-DAY CONTACT · ANNUAL PERFORMANCE REVIEWS · INTERACTIONS WITH LOCAL UNIONS 	ATTRACTIVE WORKPLACE	24-26
		TRAINING AND EDUCATION	24-25
		PRODUCT QUALITY	9
		MORE SUSTAINABLE MATERIALS	9
		ANIMAL WELFARE	13
SUBJECT-MATTER EXPERTS INCL. ACCREDITED TEST LABORATORIES	<ul style="list-style-type: none"> · STRATEGIC PARTNERSHIPS · TRAINING AND WORKSHOPS · NGO MEMBERSHIPS 	ANTI-CORRUPTION	7
		SUPPLIER ASSESSMENTS	13
		ANIMAL WELFARE	13
		MORE SUSTAINABLE MATERIALS	9
		WATER AND CHEMICALS	12,16
OWNERS	<ul style="list-style-type: none"> · BOARD MEETINGS · DAY-TO-DAY CONTACT 	PRODUCT QUALITY	9
		MORE SUSTAINABLE MATERIALS	9
		ENVIRONMENTAL COMPLIANCE	16
		ATTRACTIVE WORKPLACE	24
		EMISSIONS	18

MATERIALITY ASSESSMENT

Hestra’s economic, environmental and social impacts were assessed through a workshop with representatives from Hestra’s Group Management and selected colleagues from key departments. In addition to assessing the company’s impact, the participants also discussed where in the value

chain these impacts occur. Disclosures and key performance indicators were selected on completion of the materiality assessment and can be found in the GRI Content Index on page 31. We intend to extend the scope of our sustainability report and include more key performance indicators over time.

HESTRA’S MATERIAL TOPICS	IMPACT OCCURS IN/AT:				CORRESPONDING GRI STANDARDS
	SUPPLY CHAIN	LOGISTIC PARTNERS	HESTRA	CUSTOMERS	
ANTI-CORRUPTION	●	●	●	●	ANTI-CORRUPTION
MORE SUSTAINABLE MATERIALS	●	●	●		MATERIALS
ANIMAL WELFARE	●				N/A
WATER AND CHEMICALS	●		●		WATER ENVIRONMENTAL COMPLIANCE
ENERGY	●	●	●	●	ENERGY
EMISSIONS	●	●	●	●	EMISSIONS
ENVIRONMENTAL COMPLIANCE INCLUDING REACH	●		●		ENVIRONMENTAL COMPLIANCE
ATTRACTIVE WORKPLACE			●		EMPLOYMENT
TRAINING AND EDUCATION			●		TRAINING AND EDUCATION
SUPPLIER ASSESSMENTS					SUPPLIER SOCIAL ASSESSMENT SUPPLIER ENVIRONMENTAL ASSESSMENT HUMAN RIGHTS ASSESSMENT
PRODUCT SAFETY			●	●	CUSTOMER HEALTH & SAFETY
PRODUCT QUALITY	●		●	●	N/A

GRI Content Index

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GRI 101: FOUNDATION 2016	
GRI 102: GENERAL DISCLOSURES 2016	
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102-1	NAME OF THE ORGANISATION COVER
102-2	ACTIVITIES, BRANDS, PRODUCTS, AND SERVICES INSIDE COVER,1,10,21
102-3	LOCATION OF HEADQUARTERS 1
102-4	LOCATION OF OPERATIONS 1
102-5	OWNERSHIP AND LEGAL FORM 1
102-6	MARKETS SERVED 1,10
102-7	SCALE OF THE ORGANISATION ¹⁾ INSIDE COVER,1
102-8	INFORMATION ON EMPLOYEES AND OTHER WORKERS ²⁾ 24,28
102-9	SUPPLY CHAIN 12
102-10	SIGNIFICANT CHANGES TO THE ORGANISATION AND ITS SUPPLY CHAIN N/A
102-11	PRECAUTIONARY PRINCIPLE OR APPROACH 16
102-12	EXTERNAL INITIATIVES 12-13
102-13	MEMBERSHIP OF ASSOCIATIONS 7
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102-14	STATEMENT FROM SENIOR DECISION-MAKER 4-5
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102-16	VALUES, PRINCIPLES, STANDARDS, AND NORMS OF BEHAVIOUR 7,9,24
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102-18	GOVERNANCE STRUCTURE 7
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102-41	COLLECTIVE BARGAINING AGREEMENTS 26
102-42	IDENTIFYING AND SELECTING STAKEHOLDERS 29
102-43	APPROACH TO STAKEHOLDER ENGAGEMENT 29
102-44	KEY TOPICS AND CONCERNS RAISED 29-30
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102-45	ENTITIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS ISINSIDE COVER
102-46	DEFINING REPORT CONTENT AND TOPIC BOUNDARIES 29
102-47	LIST OF MATERIAL TOPICS 39
102-48	RESTATEMENTS OF INFORMATION N/A
102-49	CHANGES IN REPORTING N/A
102-50	REPORTING PERIOD INSIDE COVER
102-51	DATE OF MOST RECENT REPORT N/A
102-52	REPORTING CYCLE INSIDE COVER
102-53	CONTACT POINT FOR QUESTIONS REGARDING THE REPORT INSIDE COVER
102-54	CLAIMS OF REPORTING IN ACCORDANCE WITH THE GRI STANDARDS INSIDE COVER
102-55	GRI CONTENT INDEX 31-33
102-56	EXTERNAL ASSURANCE N/A

1) ASSETS SEK 676 MILLION.

2) PARTIALLY OMITTED DUE TO LACK OF DATA. THE EMPLOYEE DATA PRESENTED HAS BEEN GATHERED FROM THE HR SYSTEM AND COMPRISE INDIVIDUALS EMPLOYED BY HESTRA AND ITS SUBSIDIARIES.

Hestra's material topics

DISCLOSURE	PAGE REFERENCE
GRI 205: ANTI-CORRUPTION 2016	
103-1-3 MANAGEMENT APPROACH	7,30
205-3 CONFIRMED INCIDENTS OF CORRUPTION AND ACTIONS TAKEN	7
GRI 301: MATERIALS 2016	
103-1-3 MANAGEMENT APPROACH	9,11,23,30
ANIMAL WELFARE	
103-1-3 MANAGEMENT APPROACH	13,30
WATER AND CHEMICALS	
103-1-3 MANAGEMENT APPROACH	12,16,30
GRI 305: ENERGY 2016	
103-1-3 MANAGEMENT APPROACH	18,30
302-1 ENERGY CONSUMPTION WITHIN THE ORGANISATION	18
GRI 305: EMISSIONS 2016	
103-1-3 MANAGEMENT APPROACH	18,22,30
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307-1 NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS	16
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GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016	
103-1-3 MANAGEMENT APPROACH	12-13,30
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103-1-3 MANAGEMENT APPROACH	12-13,30
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Auditor's report on the statutory sustainability report

To the general meeting of the shareholders in HESTRA-Handsken AB, corporate identity number 556633-9668

ENGAGEMENT AND RESPONSIBILITY

It is the board of directors who is responsible for the statutory sustainability report for the financial year 1 May 2020 – 30 April 2021 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR's auditing standard RevR12 *The auditor's opinion regarding the statutory report*. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in

accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

OPINION

A statutory sustainability report has been prepared.

Jönköping, 16 September 2021
Öhrlings PricewaterhouseCoopers AB

Daniel Janson Lützen
Authorized Public Accountant



HESTRA

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