



HUMAN RIGHTS DUE DILIGENCE REPORT 2024

ELLOS GROUP
ellos Jotex home  room elpy

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Human rights due diligence at Ellos Group

Ellos Group takes a comprehensive approach to its value chain and strives to ensure that human rights are respected at every stage. Through a long-term and responsible approach, Ellos Group aims to contribute to a more ethical and transparent textile and home furnishings industry. Collaboration and dialogue are seen as crucial to driving positive change and ensuring that the people working within the value chain are treated with respect and have fair conditions.

Ellos Group in brief

Ellos Group conducts e-commerce business on the three e-commerce sites Ellos, Jotex and Homeroom. The business, which was set up in 1947, is conducted in wholly owned companies in Sweden, Norway, Finland and Denmark. The Parent Company Ellos Holding AB (publ) is a holding company that performs administration and management services for the Group's other companies. This statement covers activities from 1 January 2024 to 31 December 2024 within the Ellos Holding AB (publ), hereinafter referred to as "Ellos Group" or "the Group" in the statement and includes all of the Group's brands: Ellos, Jotex, Homeroom and Elpy. The Group's product range consists of fashion, home furnishings, sports and beauty. The range is a mix of own brands, where Ellos Group acts as the manufacturer with full responsibility for product safety and traceability, and external brands, where the Group acts as the distributor. The own brands are developed and designed by Ellos Group's design and purchasing departments.

Ellos primarily offers fashion and home interiors through its own brands but also via a number of external brands. Jotex activities focus on own design modern home interiors, while Homeroom is a dropship-based platform selling home interiors, both the Group's own brands and a large range of external brands. The Group's head office is based in Borås, which is also where warehousing and logistics facilities that support all markets are located.

The Group sells its products in Norway through the company Ellos Norway AS. However, as Ellos Group operates as a group with common sourcing and operations, this report is described from Ellos Group perspective instead of Ellos Norway AS.

Sourcing & Suppliers

The main part of this report focuses on the supply chain and suppliers for Ellos Group's own brands. For information regarding due diligence for external brand suppliers and for transportation partners, refer to the section External Brands at page 18 and Transportation at page 19.

Ellos Group does not own any factories but collaborates with independent suppliers. By the end of 2024, the company had 238 registered Tier 1 suppliers.

Ellos Group actively maps its supply chain to ensure transparency and responsible sourcing. The suppliers that manufacture the final products are classified as Tier 1 suppliers. In 2024, the Group also began mapping Tier 2 suppliers, which include those involved in raw material production and finishing processes.

Sourcing countries

Ellos Group's products are primarily manufactured by suppliers located in Southeast Asia. We use Worldfavor to access a human rights risk assessment to guide our human rights management. The location of Ellos Group's suppliers implies large geographic risk for negative impact on human rights. Based on our overall assessment, we see that Ellos Group's suppliers are in several countries with little to no guarantee of human rights.

	Share of sourcing 2024	Risk score
China	61,8%	High
India	18,9 %	High
Bangladesh	9,4 %	Extreme
European Union <i>excl. Turkey</i>	2,6%	Medium
Pakistan	2,3 %	Extreme
Vietnam	1,0%	High
Turkey	0,9%	Medium
Others	3,1%	High

We have an established procedure for evaluation of new sourcing markets, which includes assessments of labour and human rights risk alongside assessments of environmental aspects and business elements. The assessments include analysis of legal/regulatory framework against Ellos Group-Code of Conduct and evaluation regarding compliance with Ellos Group-Supplier manual as well as Ellos Group's Trade sanction policy, which is a part of Ellos Group's Code of Ethics. Included in the process is an evaluation against Worldfavor Risk management tool.

Sourcing partners and direct suppliers

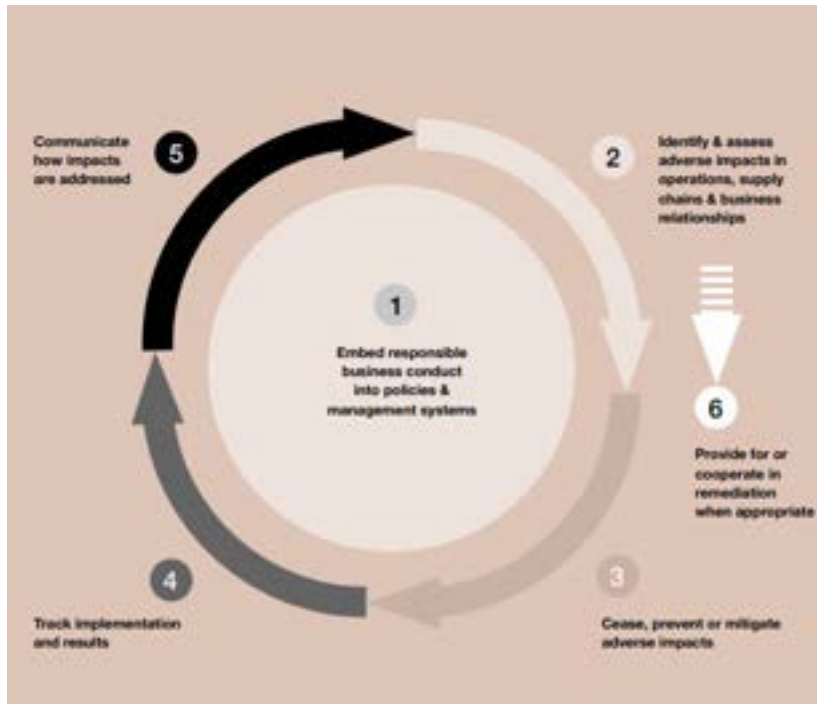
Ellos Group collaborates with Global Sustainable Sourcing (GSS) as a sourcing partner. In 2024, 42.3% of the Group's total order value was placed through GSS. A formal agreement between Ellos Group and GSS defines responsibilities and actions related to monitoring, identifying, and addressing adverse impacts in the supply chain.

The remaining 47,7% of the order value is sourced from suppliers outside the GSS network where Ellos Group has direct contact with the manufacturing supplier, hereinafter referred to as direct suppliers.

Ellos Groups human rights management

OECD guidelines

Ellos Group's human rights due diligence is based on the OECD Due Diligence Guidance for Responsible Business Conduct (RBC). Ellos Group's human rights due diligence is integrated in the relevant business processes and supplier management. An assessment is always conducted before the Group accepts a new supplier of products under its own brands and only suppliers with an approved social audit are allowed to collaborate with Ellos Group.



The figure summaries how the Group works with managing human rights in our business through six steps based on OECD guidelines.

1. Embed responsible business conduct into policies and management systems

- Ellos Group has adopted responsible business conduct (RBC) policies based on the OECD Guidelines. RBC policies are reviewed periodically.
- RBC policies are embedded in Ellos Group's management structure and oversight bodies, ensuring they are implemented as part of regular business operations.
- Policies are communicated to suppliers and other business partners to promote compliance and responsible practices throughout the supply chain.

2. Identify and assess actual and potential adverse impacts associated with the enterprise's operations, products or services

- Ellos Group conducts risk assessments to identify operations and business relationships that may have potential or actual adverse impacts on stakeholders, such as workers or local communities.
- Risk assessments are used to identify the most severe adverse impacts and prioritise them accordingly.
- Ellos Group evaluates its involvement in potential or actual negative impacts, determining whether the company causes, contributes to, or is directly linked to such impacts through its business relationships.

3. Cease, prevent and mitigate adverse impacts

- Use the findings of risk assessment to draw up plans to prevent and mitigate potential future adverse impacts.
- If Ellos Group is directly linked to an adverse impact through a business relationship, there are several courses of action that can be done. Continue the relationship, temporarily suspend it, or end it altogether if all attempts to mitigate the

adverse impact have failed. However, it is essential for Ellos Group to do everything possible to improve the situation before deciding to end the relationship. Social and economic adverse impacts are always evaluated.

- Have clear expectations for suppliers, buyers and other business partners in terms of RBC.
- Ellos Group ceases any activities that cause or contribute to adverse impacts.
- The Group uses risk assessment findings to develop plans that prevent and mitigate potential future adverse impacts.
- When directly linked to an adverse impact through a business relationship, Ellos Group evaluates the best course of action. The company may choose to continue the relationship, temporarily suspend it, or terminate it altogether if all efforts to mitigate the impact have failed. However, before ending a relationship, Ellos Group prioritise taking all possible measures to improve the situation, carefully assessing both social and economic consequences.
- Ellos Group sets clear expectations for suppliers, buyers, and other business partners regarding Responsible Business Conduct (RBC).

4. Track implementation and results

- Periodically monitor the implementation and effectiveness of Ellos Group due diligence measures. These measures include identifying, preventing and mitigating adverse impacts and supporting remediation.
- Assess whether Ellos Group business partners are also taking measures to mitigate adverse impacts.
- Use the lessons learned in the tracking process to improve the due diligence process.
- Ellos Group regularly monitors the implementation and effectiveness of its due diligence measures, ensuring that adverse impacts are identified, prevented, mitigated, and remediated when necessary.
- The Group evaluates its business partners to determine whether they are also taking appropriate measures to mitigate adverse impacts.
- Insights gained from the monitoring process are used to continuously enhance and refine Ellos Group's due diligence approach.

5. Communicate how impacts are addressed

- Publish information on Ellos Group RBC policies and measures being taken to deal with adverse impacts, including their effectiveness. Information shall be easily accessible.
- Ellos Group publishes information about its Responsible Business Conduct (RBC) policies and the measures taken to address adverse impacts, including their effectiveness.
- The Group ensures that this information is easily accessible to stakeholders.

6. Provide for or cooperate in remediation when appropriate

- Provide access for or cooperate in remediation if Ellos Group enterprise has caused or contributed to adverse impacts.
- Ensure that Ellos Group grievance mechanism is communicated to all parties / stakeholders so they can submit a complaint if necessary.

Polices and frameworks to guide responsible business conduct

Ellos Group is committed to respecting fundamental human rights of all people across the value chain – in our own operations, across our full supply chain and in the communities in which we operate. According to the UN Guiding Principles on Business and Human Rights, all companies have a responsibility to respect human rights, meaning they must prevent harm to people and their rights resulting from their operations.

Ellos Group Code of Ethics

The Code of Ethics of Ellos Group, along with its associated policies, serves as a fundamental guide to support sound decision-making and ethical conduct across the organisation. This Code is accessible to all employees via the Group's intranet, and regular training sessions are conducted to reinforce understanding of its core principles. It encompasses policies on anti-bribery, competition, data protection, trade sanctions, equality and diversity, environmental responsibility, sponsorships, product standards, and whistleblowing. Additionally, an internal Code of Conduct, which outlines appropriate behaviour in alignment with the Code of Ethics, is also made available to all employees.

Ellos Group Human Rights Policy

The Group's human rights policy establishes the overarching principles for how the Group respects and manages due diligence concerning human rights. These principles are integrated into the Group's operational standards and corporate governance. The policy follows international human rights standards and is based on the OECD Guidelines for Multinational Enterprises.

Ellos Group Code of Conduct

In addition to the Human Rights Policy and Code of Ethics, Ellos Group communicates its expectations regarding ethical business conduct through a Code of Conduct. This Code applies to all suppliers and their subcontractors involved in the manufacturing or supply of products to the Group. It forms an integral part of the contractual agreements established with all business partners.

The Code of Conduct is based on the French standard ICS (Initiative Clause Sociale), which is comparable to frameworks such as BSCI Amfori (Business Social Compliance Initiative). It aligns with international labour standards, including the conventions and declarations of the International Labour Organization (ILO) and the United Nations (UN) Guiding Principles on Business and Human Rights.

The Code of Conduct specifies requirements in several areas, such as the prohibition of child labour, forced labour and trafficking, safe working conditions, support for female workers, grievance mechanisms, non-discrimination, ethical business conduct, as well as the right to freedom of association and collective bargaining. Other key aspects include fair compensation, accurate attendance records and regulation of working hours.

In 2025, the Code of Conduct will be revised once again to further reinforce ethical practices among all suppliers throughout the value chain.

Implementing the human rights work in the organisation

Ellos Group's progress in advancing human rights is reviewed quarterly by the management team. This work is guided by a proactive approach centered on continuous improvement, in alignment with the United Nations Guiding Principles on Business and Human Rights.

The Group's Human Rights Policy outlines the overarching principles for respecting and managing human rights due diligence across the organisation. Strategic and tactical efforts in this area are supported by the Sustainability Director, who serves as a member of the management team and acts as the central point of expertise.

Implementation and monitoring of sustainability initiatives are led by the heads of each respective function, with necessary resources allocated and approved through the annual budget process. The Group strives to integrate human rights principles into daily operations and decision-making processes, including responsible sourcing practices.

Employees are expected to report any identified or potential adverse human rights impacts to the appropriate function within Ellos Group, ensuring accountability and timely response.

Implementing the human rights work in the company board

The progress of Ellos Group's sustainability work, including the human rights due diligence work, is followed up regularly by the Board.

The Board of Directors is the highest governance body of Ellos Group. The Board of Directors has overall responsibility for internal control and risk management. Ellos Group applies COSO's framework for internal management and control, which is the most internationally recognised framework for describing and evaluating a group's internal control structure. The COSO framework consists of five components: control environment, risk assessment, control activities, information and communication, and follow-up. The Board of Directors is responsible for establishing business objectives and strategy, ensuring that there is satisfactory control of the Group's compliance with laws and regulations, and ensuring that key policies are adopted for Ellos Group.

The board approves all key policies for Ellos Group, including the Code of Ethics policies and the Human Rights policy. The work with human rights due diligence will be reported on and followed up annually by the board. The strategies, policies and practices relating to human rights will be regularly evaluated, striving for continuous improvement.

Managing the right to information

Ellos Group is committed to maintaining transparency regarding the products the Group offers and the Group's ongoing efforts in the area of sustainability. In line with this commitment, Ellos Group aims to provide clear and timely information to stakeholders about its practices and performance.

During 2024, Ellos Group received a limited number of general inquiries from stakeholders concerning its approach to living wages. While no specific questions were raised in relation to individual products or the supply chain, all inquiries were addressed comprehensively and within 21 days of receipt.

Grievances and remediation in the supply chain

Ellos Group whistleblowing/reporting system

Through Ellos Group's whistleblower service, workers in the supply chain have the opportunity to anonymously report suspected or actual violations of the Code of Conduct or other policies. Suppliers are required to inform employees about this opportunity, as outlined in the Suppliers' Code of Conduct. For further information about the whistleblower service, refer to the section on whistleblower protection under Business Conduct.

The whistleblowing channel is provided by WhistleB, Whistleblowing Centre, to ensure anonymity. The communication channel is encrypted and password protected to ensure all messages will be processed in confidence. <https://report.whistleb.com/en/ellogroup>

Supplier whistleblowing/ reporting system

Suppliers are expected to have management systems in place that prevent conflicts of interest among employees. Additionally, they are encouraged to implement secure internal whistleblowing or reporting mechanisms that allow workers to raise concerns or suggestions without fear of retaliation.

Through supplier audits, Ellos Group gathers information on the existence and effectiveness of human rights policies and grievance mechanisms. These insights inform the Group's ongoing actions and strategic direction.

For 2025, Ellos Group aims to deepen its understanding of how to effectively support grievance mechanisms across its various sourcing countries. The initial step involves mapping supplier awareness and their capacity to speak up for change, particularly in the Group's key sourcing markets. This groundwork will enable Ellos Group to tailor and enhance its grievance mechanisms according to the specific needs and conditions of each market, thereby promoting a more responsive and inclusive approach to human rights due diligence.

Through collaboration with the International Accord, Ellos Group also has access to their grievance mechanism, which is shared with factories connected to the International Accord.

Managing risk in the supply chain

Compliance with the Code of Conduct for suppliers of products under own brands is monitored through a structured follow-up system. Regular third-party audits are conducted with review protocols that have over 200 checkpoints, including document reviews, interviews with staff and management and inspections of production units and employee facilities.

During third-party audits, employees are always interviewed to gain a better understanding of their working conditions. Audits are conducted at intervals based on previous assessments of the social conditions at the supplier's factory. Typically, an audit is carried out every 12 to 24 months.

After each audit, a corrective action plan (CAP) is established, specifying areas for improvement. Suppliers are given the opportunity to address deficiencies without directly affecting the business relationship, with the aim of protecting employment for the workers. Follow-up is conducted to ensure that the issues are addressed and if necessary, a follow-up audit is carried out. If a supplier does not implement the necessary actions within 90 days, its future cooperation with Ellos Group is evaluated, always from the perspective that ending the relationship should not cause further harm to the workers.

The performance of all suppliers is followed up in an annual process called Perfect Supplier Base (PSB) where an evaluation of all suppliers is done from a risk perspective, sustainability performance and business performance.

Routines for new production units

All new production units are required to acknowledge and adhere to Ellos Group's Code of Conduct as well as the Ellos Group Supplier Manual.

Prior to being registered, each production unit must undergo a comprehensive assessment and audit. No business activities or order placements may commence until this process is completed. If significant non-compliances with the Code of Conduct are identified, corrective actions are mandatory, and approval will not be granted until the necessary improvements have been implemented.

Production units deemed high-risk—based on audit outcomes and risk assessments—will not be accepted into Ellos Group's supplier portfolio. Only those units that fully meet the Group's requirements will be approved, registered, and activated within the purchasing systems, thereby becoming eligible for use in the Group's production processes.

BSCI Amfori

In 2022, Ellos Group became a member of Amfori BSCI as part of its commitment to strengthening the company's oversight of human rights and fostering collaborative improvement of factory conditions alongside other brands sourcing from the same facilities. Currently, 66.8% of Ellos Group's Tier 1 suppliers are members of Amfori BSCI and are monitored through the Amfori platform.

Tier 2 suppliers that do not hold a valid social audit report are required to complete a BSCI self-assessment within the Amfori platform. This self-assessment mirrors the content of the Amfori BSCI audit questionnaire and is designed to help suppliers understand the values and principles outlined in the Amfori BSCI Code of Conduct. Upon completion, results are presented as a percentage and categorised into key performance areas. These results serve as a valuable tool for both suppliers and Ellos Group to identify areas for improvement and to proactively address issues prior to the scheduling of an on-site Amfori BSCI social audit.

Ellos Group Audit follow up

Ellos Group requires all Tier 1 suppliers to perform social audit on site. The on-site audit includes for examples confidential employee interviews, record testing, observations, and management feedback. Ellos Group recommend all suppliers to perform a Amfori BSCI audit but also accepts a Sedex SMETA audit for suppliers that have this audit type available.

For existing factories audits are done in cycles where initial audits are done once per every two years, with follow-up assessments being done based on the identified risk profile for each individual manufacturing unit. Once an audit report is received, Ellos Group will evaluate the findings from the audit based on the Ellos Group

score card which is a toolkit for social audits assessment that have been done together with Bureau Veritas. Production units with a higher identified risk will have follow-up assessments more frequently than units with a lower risk.

In 2024, 100% of all Tier 1 factories had valid social audit reports.

	2021		2022		2023		2024	
	#	% of total	#	% of total	#	% of total	#	% of total
Suppliers with external audit or internal assessment	324	100	420	96	302	100	238	100
Total number of suppliers	324	100	437	100	302	100	238	100
Number of new suppliers	40	12	33	8	13	4	11	5

Over the past two years, a key focus for Ellos Group from both a CSR and sourcing perspective has been the consolidation of its supplier base. The objective has been to establish long-term partnerships with existing suppliers that meet the Group's sustainability and social compliance standards. As part of this strategy, Ellos Group phased out 78 suppliers during 2024. Another priority has been the active follow-up on Corrective Action Plans (CAPs), which has resulted in notable improvements in the social compliance ratings of several suppliers. This approach reflects Ellos Group's commitment to continuous improvement, a fundamental pillar of the company's CSR efforts.

Findings from social audits are categorised into four levels of severity: minor, major, critical, and zero tolerance. Based on the nature and severity of these findings, each supplier receives a social audit rating: A.GREEN, B.BLUE, C.ORANGE, or D.RED.

Ellos Group's CSR team communicates the audit results to the supplier, along with a Corrective Action Plan (CAP), if applicable. The CAP outlines the specific non-compliance issues identified, recommended corrective actions, target completion dates, and comments from the factory. Suppliers are required to submit the completed CAP, including all necessary details, within 90 days of receipt.

Ellos Group has set a long-term goal for 90% of its supply chain to achieve either an A.GREEN or B.BLUE rating by 2030. As of the end of 2024, 81.1% of the Group's internal suppliers have reached this standard. The table below provides an overview of audit scores at year-end 2024.

AUDIT RATING	NO SUPPLIER	%
A.GREEN	71	29,9%
B.BLUE	122	51,2%
C.ORANGE	39	16,4%
D.RED	6	2,5%
TOTAL NO SUPPLIER	238	100%

Ellos Group has defined certain findings as Zero Tolerance, referring to failures that pose a direct risk to workers' lives. If a social audit identifies any Zero Tolerance issues, the supplier will receive a D.RED score. This means the supplier will be blocked from order placement until Ellos Group receives a Corrective Action Plan (CAP) along with evidence that the Zero Tolerance findings have been corrected.

International Accord

The catastrophic collapse of Rana Plaza 2013 drew the international attention to fire & building safety and The Accord on Fire and Building Safety in Bangladesh ("the Accord") was formed. Ellos Group signed the Accord in 2016 to join forces with other companies and global trade unions to make factories in Bangladesh safe. The Accord has from 2013-2020 been an independent, legally binding agreement between brands and trade unions to work towards a safe and healthy garment and textile industry in Bangladesh. In 2020 the Accord was transferred into The RMG Sustainability Council (RSC), taking over the same framework, but with more direct involvement from the Bangladeshi garment industry.

Ellos Group signed the new International Accord agreement in the end of 2023, a 26-month legally binding agreement to make ready-made garment (RMG) factories safe in Bangladesh and Pakistan.

The new agreement is a continuation of the previous Accord Bangladesh operations. The parties commit to continue the collective workplace safety program in Bangladesh by supporting the RMG Sustainability Council (RSC) and to expand their safety programs to other countries based on the principles and standards of the previous fire and building safety Accords of 2013 and 2018. The RSC conducts structural, electrical, fire and boiler safety inspections, supports and monitors remediation, performs safety training, and operates an independent occupational safety & health complaints mechanism available to workers in covered RMG factories.

In December 2022 signatories agreed to establish a new workplace safety program in Pakistan. In January 2023 Ellos Group signed the new Pakistan Accord which is a legally binding agreement between global trade unions and brands to ensure worker health and safety in the textile and garment industry. This agreement will be valid for the 3 coming years, until December 31st, 2025. The Pakistan Accord is similar to the Bangladesh Accord with some additional requirements. The Pakistan Accord has a wider facility scope and includes fabric mills, and covers a broader health and safety issue, for example sexual harassment, gender-based violence and harassment, and excessive working hours.

All RMG factories that Ellos Group collaborates with in Bangladesh and Pakistan are required to take part in the full scope of the International Accord program, including regular inspections from independent and qualified engineers, following the remediation plans that are based on identified issues. In 2025, Ellos Group continued its commitment under the Accord framework to support improvements in the RMG industry, with the aim of ensuring safe and healthy working environments.

Transparent supply chain

Ellos Group is committed to transparency and publishes a list of its Tier 1 factories for apparel and home textiles on its website. The Group has adopted the Transparency Pledge and adheres to its criteria to ensure openness in its supply chain. The published list [Supplier relations | ELLOS Group](#) provides an overview of the factories Ellos Group collaborates with, including each factory's full name, address, associated supplier, number of workers, certifications, and product types. This list is updated annually. As part of Ellos Group's commitment to continuous improvement, the scope of the list will be expanded over time to include all approved processing facilities, such as printing units, embroidery houses, laundries, spinning mills, and other supporting processes.

Supply chain transparency

In 2024, Ellos Group launched a project aimed at achieving supply chain transparency down to Tier 2—specifically focusing on main material suppliers and processing units. The long-term objective is to systematically map the entire supply chain, ultimately reaching full transparency down to the raw material level in the coming years.

The first phase of the project involved identifying Tier 2 suppliers from the group of suppliers that together account for 80% of Ellos Group's total order value, across all product categories. As a result, Ellos Group successfully collected data on 245 Tier 2 suppliers. A breakdown of these suppliers by country is provided in the table below.

TIER 2 SUPPLIER - 80% ORDER VALUE ELLOS GROUP			
COUNTRY OF ORIGIN	NO OF TIER 1	NO OF TIER 2	TIER 2 %
CHINA	42	105	43,0%
INDIA	16	44	18,0%
BANGLADESH	8	33	13,5%
PAKISTAN	4	13	5,3%
VIETNAM	3	9	3,7%
OTHER COUNTRIES	12	40	16,4%
TOTAL	85	245	100%

Learnings from the supply chain transparency project

Ellos Group's ongoing supply chain transparency project has provided several important insights, particularly in mapping down to Tier 2 suppliers. The key findings are summarised below:

Textile vs. hardgoods suppliers: Textile suppliers demonstrated greater experience and stronger control over their sub-suppliers compared to hardgoods suppliers when it came to supply chain mapping.

Impact of small order volumes: As an e-commerce company, Ellos Group often places smaller order volumes. This has led many suppliers to rely on multiple sub-suppliers—particularly for processes like dyeing—to secure production slots with available capacity.

Seasonal and trend-driven variability: The Tier 2 supply base changes frequently due to seasonal shifts and trend-driven demand. In 2024, the Group observed significant variation in its supply chain between the beginning and end of the year.

Need for stronger Tier 2 partnerships: To improve supply chain control, Ellos Group recognises the importance of building stronger, more consistent relationships with selected Tier 2 suppliers used across multiple Tier 1 partners.

In response to these insights, Ellos Group chose to divide the transparency project into smaller, category-specific phases. The initial phase focused on mapping garment and home textile suppliers, leveraging their

existing knowledge of supply chain transparency. This foundation will serve as a model for implementing similar practices with hardgoods suppliers.

Looking ahead to 2025, the project will adopt a more risk-based approach. Special attention will be given to higher-risk areas, such as dyeing facilities, due to their intensive use of chemicals.

Salient risk

In alignment with the OECD Due Diligence Guidance for Responsible Business Conduct and the UN Guiding Principles on Business and Human Rights, Ellos Group prioritises its human rights due diligence according to the following framework:

FACTORS FOR PRIORITISATION	FOR SUPPLIERS THIS TRANSLATES TO
Size of business	Supplier expenditure
Geographic risk	Risks of human rights violations in country of supplier
Sector & product risk	Suppliers' industry risks
Enterprise risk	Social audit score, agent structure
Severity and probability of impact	Supplier risk level, business relations

Ellos Group's prioritised human rights areas

Ellos Group monitors prioritised human rights areas and set action plans to each area every year.

SALIENT RISK	WHERE THE RISK HAS BEEN IDENTIFIED	2025 PLANNED ACTIONS ON ADVERSE IMPACT
Forced labour and Migrant Workers	Product supply chains in Bangladesh, China, India, Pakistan, and Turkey, and in cotton farming and processing	Audits & CAPs Tracking that all suppliers have a forced labour policy and that it is implemented
Child labour	Product supply chains in Bangladesh, China, India, and Turkey	Audits & CAPs Tracking that all suppliers have a Child Labour policy
Occupational health & safety	Production supply chains in Bangladesh, China, India, Pakistan, Turkey, and in raw material production	Audits and inspections Start and secure the implementation of chemical inventory system for suppliers with wet processes
Fire & Building Safety	Production supply chain in Bangladesh, China, India, Pakistan, and Turkey	RSC Bangladesh & Pakistan Accord Audit and CAPs
Discrimination and harassment	Production supply chain in Bangladesh, India, Pakistan, and Turkey	Audit and CAPs Tracking that Non-discrimination policies are in place Track grievance mechanism function at main sourcing markets Bangladesh, China, India and Pakistan
Regular employment & wages	Production supply chains in Bangladesh, China, India, Pakistan, and Turkey	Audits and CAPs Dialogue with unions at a global level Follow up the use of homeworkers ¹ in our value chain and secure regular employment & wages Tracking of wage levels
Freedom of association & collective bargaining	Production supply chain in Bangladesh, China, India, Pakistan, and Turkey	Audits and CAPs Dialogue with unions at a global level

¹ Definition Homeworkers according to ILO Homework Convention C177 (1996)

Work carried out by a person:

1. in his or her home or in other premises of his or her choice, other than the workplace of the employer;
2. for remuneration;
3. which results in a product or service as specified by the employer, irrespective of who provides the equipment, materials or other inputs used, unless this person has the degree of autonomy and of economic independence necessary to be considered an independent worker under national laws, regulations or court decisions.

Forced Labour and Migrant Workers

According to the Global Slavery Index, approximately 40 million people worldwide are victims of modern slavery. The report also identifies garments as one of the top five product categories at high risk of modern slavery within its supply chains.

Ellos Group is committed to ensuring that forced labour and modern slavery do not occur in its supply chains. The company has identified heightened risks of forced labour in product supply chains in Bangladesh, China, India, and Turkey, as well as in cotton farming and processing.

Migrant workers are particularly vulnerable to exploitation, discrimination, forced labour, and inadequate protection of their human rights. Displaced communities may face numerous barriers to labour market integration, including a lack of documentation to verify their qualifications and language barriers. Ellos Group is committed to protecting migrant workers within its supply chain and promoting both their human and labour rights.

To mitigate the risk of forced labour, Ellos Group requires all suppliers to adhere to its Code of Conduct. Compliance is monitored through regular factory audits. Particular attention is given to ensuring that all wages are paid via bank accounts, with no cash payments permitted, as a measure to prevent systemic exploitation and reduce the risk of forced labour among migrant workers.

Child Labour

Globally, child labour continues to increase. According to the International Labour Organization (ILO), a total of 160 million children—63 million girls and 97 million boys—are currently engaged in child labour, representing nearly one in ten children worldwide. Alarming, almost half of these children—79 million—are involved in hazardous work that directly threatens their health, safety, and moral development.

Child labour is a critical focus within Ellos Group's Code of Conduct and a key area in supplier screening and auditing. Any identified case of child labour must be handled with special care, incorporating not only a corrective action plan for the supplier but also a welfare plan for the affected child or children.

Ellos Group's approach is based on a commitment to full transparency across the supply chain, with the goal of identifying and eliminating all forms of child labour. The risk of child labour is particularly high in sectors where wages are low and work can be carried out at home or in local neighbourhoods. To mitigate this risk, Ellos Group works to eliminate homeworking and relocate all production to approved facilities where regular audits and monitoring can be conducted. However, the Group does not enforce a formal ban on homeworking, as it believes that greater transparency in this area may help expose hidden instances of child labour.

Cancelling orders from suppliers or subcontractors where child labour is found can have severe consequences, including depriving families of income and potentially pushing children into even more dangerous forms of work. One effective way to reduce the risk of child labour is to ensure that women are paid fairly, as research shows that women's earnings tend to have a more direct positive impact on their children's well-being compared to men's. The risk also increases when homeworkers receive insufficient wages or when suppliers are assigned more orders than they can reasonably handle.

To better understand and mitigate the risk of child labour, Ellos Group is strengthening its focus on supply chain traceability. This enables improved access to information and follow-up throughout the production chain. In 2025, Ellos Group will continue its efforts to map the supply chain and further investigate the presence and conditions of homeworkers.

Ellos Group continuously monitors for child labour through its social audits. No cases of child labour were reported in 2024.

Occupational health & safety

The United Nations Global Compact estimates that 374 million workers suffer from non-fatal occupational accidents and 2.8 million die each year due to occupational accidents and work-related diseases. Given the high likelihood of injuries or even fatalities, health and safety remains a key priority for Ellos Group.

Occupational Health and Safety (OHS) has been identified by the Group as a salient issue, with potential risks present at every stage of the product supply chain. These risks are particularly prevalent in production markets such as Bangladesh, China, India, Pakistan, and Turkey.

To manage and mitigate these risks, Ellos Group relies on audits and inspections to identify hazards and to verify that corrective actions are implemented where necessary. The Group's social audits include three dedicated sections related to health and safety: Safe Working Conditions, Chemical Handling, and Hygienic Working Conditions.

The most frequently observed health and safety issues include:

- Products being stored improperly, such as leaning against walls, creating fire hazards
- Inadequate chemical handling procedures, including missing or incorrectly labeled Material Safety Data Sheets (MSDS) in the local language
- Electrical switch boxes lacking proper inner or outer covers, and not being secured
- Absence of regular health checks for workers exposed to hazardous chemicals
- Incomplete first aid kits and missing eyewash stations in high-risk areas
- Provision of personal protective equipment (PPE) without proper enforcement of its use

Ellos Group will continue to address these concerns through regular audits and the implementation of corrective action plans. Health and safety issues are expected to remain the most common reason for both non-critical and critical corrective measures within the Group's supply chain.

Fire & building safety

Fire and building safety have been identified as particularly pressing issues in Bangladesh and Pakistan. In response, Ellos Group joined the International Accord to proactively address fire and building safety risks in these countries. In addition to its commitment to the Accord, Ellos Group monitors fire and building safety issues through regular audits conducted across all factories in its supply chain.

The most frequently observed issues related to fire, electrical, and building safety include:

- Fire safety: Inadequate control and maintenance of fire safety equipment, such as blocked emergency exits, unclear or missing escape route maps, missing batteries in fire alarms, and improperly installed fire extinguishers.
- Electrical safety: A common non-compliance involves electrical boxes lacking outer covers and missing clear warning signage.
- Building safety: Many factories are unable to present valid building safety certificates.

Electrical safety remains the most frequently identified critical issue. Approximately every second social audit report highlights serious non-compliances in this area, which are followed up with corrective action plans. Fire hazards also persist as a critical risk across all production countries. Ellos Group requires that such critical issues be resolved before any new orders are placed or shipments approved. This policy applies not only to factory buildings but also to associated worker dormitories.

In 2025, Ellos Group will continue to monitor fire and building safety through its audit program and address non-compliances—both critical and non-critical—through corrective action plans.

In addition to audit findings, Ellos Group also receives information from the International Accord and directly from factories. In November 2024, one of Ellos Group's partner factories in Bangladesh reported a fire incident in its laboratory and conference room to the RSC Council. The factory responded promptly by activating the fire alarm and safely evacuating all workers. The Tongi Fire Service and Civil Defence were notified and successfully brought the fire under control within a short time. No injuries or casualties occurred.

Ellos Group immediately contacted the factory to gather detailed information and follow up on the situation. The factory was transparent and cooperative in its response, sharing all requested documentation. As a result, the

incident was deemed resolved. The factory's effective handling of the situation underscores the importance of fire preparedness and regular fire drills in minimizing risks and ensuring worker safety.

Discrimination and harassment

In 2021, the International Labour Organization's Violence and Harassment Convention, 2019 (No. 190), officially came into force, clearly affirming that all forms of violence and harassment in the workplace are unacceptable. Ellos Group acknowledges that workplace violence remains a persistent issue across many industries, particularly in regions where the company maintains direct or indirect supply chain connections.

Ellos Group maintains a strong internal policy and firm stance against all forms of discrimination and harassment, recognizing these as salient risks within its supply chain. Given that a significant proportion of the Group's sourcing takes place in the textile industry—where women constitute the majority of the workforce but are often underrepresented in management—there is an elevated risk of sexual harassment and gender-based violence, especially in countries such as Bangladesh, India, and Turkey. While these issues can affect individuals of any demographic, Ellos Group acknowledges the disproportionate impact on women, who may face both workplace violence and discriminatory practices.

The Group's Supplier Code of Conduct outlines clear expectations and requirements for supply chain partners regarding non-discrimination. These include fair treatment in recruitment, compensation, training opportunities, promotions, termination, and retirement, irrespective of ethnic background, skin colour, caste, nationality, religion, age, health status, disability, gender, marital status, sexual orientation, union membership, or political affiliation.

In 2025, Ellos Group will continue to monitor and address issues of discrimination and harassment through ongoing social audits and by tracking non-compliances identified through the Accord programme in Bangladesh and Pakistan.

Regular employment & wages

Regular employment and timely wage payments are fundamental human rights. Ellos Group's Supplier Code of Conduct outlines clear requirements for fair wages and secure, regular employment. Stable employment provides workers with a predictable income and financial security, which are essential for decent living conditions. All workers must be provided with a written labour contract before commencing employment, clearly outlining the terms and conditions.

Fair wages remain a challenge across the global supply chain, particularly in industries where workers are in vulnerable situations. The issue of fair and living wages is highly complex and requires collaboration among governments, industry stakeholders, and social partners. Given that many factories serve multiple brands simultaneously, sustainable and long-term solutions must be implemented to benefit workers, regardless of which brand is being produced at any given time.

As Ellos Group sources its products from countries where low wages and poor working conditions are persistent risks, the company has a responsibility to ensure its suppliers adhere to legal wage requirements and contractual obligations. Based on its internal risk assessment, Ellos Group has identified Bangladesh, China, Pakistan, India, and Turkey as high-risk countries for wage-related non-compliance.

Ellos Group requires that all employees within its supply chain receive wages that meet or exceed the higher of either the legal minimum wage or the prevailing industry standard in the country of operation. The company also monitors compliance with legal requirements regarding wage-setting and working hours. While an official wage survey is not yet published, these issues remain a high priority.

In 2024, several cases of non-compliance were identified, including excessive working hours and inadequate documentation of wages and hours. As such, this remains a critical area for improvement. A key area of concern is delayed or incorrect wage payments. This often arises when suppliers manufacture for multiple brands, each with different payment methods and schedules. If a supplier lacks adequate systems and internal processes—and if partnered brands do not pay on time—this creates financial instability that ultimately affects workers and their families. During audits, discrepancies in workers' payslips can be identified, highlighting the importance of continuous monitoring.

To prevent further risks, Ellos Group prohibits all forms of unauthorised outsourcing. This policy is clearly communicated in the Supplier Code of Conduct and formalised in the general agreement signed with all suppliers. In 2024, Ellos Group received an anonymous complaint regarding unauthorised outsourcing by one of its suppliers. Outsourcing outside of approved units increases the risk of unregulated employment, unpaid wages, and unsafe working conditions. In response, Ellos Group suspended the supplier, initiated a thorough review, and began working proactively with the supplier to ensure a clear understanding of company requirements. The supplier remains suspended until it can demonstrate full compliance, including third-party verification of all corrective actions under the Corrective Action Plan (CAP).

In 2025, Ellos Group will continue to assess risks related to wages and employment contracts throughout its supply chain. One ongoing challenge is the company's relatively limited leverage due to smaller order volumes. To address this, the CSR team will expand its efforts beyond audit reviews and begin mapping wage practices in its main sourcing markets—China, India, Bangladesh, and Pakistan—followed by other regions. The long-term goal is to establish a framework for wage tracking that supports the development of a fair wage strategy across Ellos Group's supply chain.

Freedom of association & collective bargaining

Ellos Group is committed to promoting decent work throughout its supply chains. The company maintains close cooperation with Swedish trade unions Unionen and Handels at its headquarters in Borås, where both unions are also represented on the company's board. Given this strong internal foundation, Ellos Group sees it as a natural extension to support improvements wherever infringements of workers' rights are identified in the supply chain.

As an entrepreneurial company, Ellos Group believes that decent working conditions are best maintained through collaboration between employees and employers. Sustained improvement is only possible where there is fair, balanced, and ongoing dialogue between workers and management.

Despite this commitment, Ellos Group recognises that the rights to representation, freedom of association, and collective bargaining are under pressure in many of the countries in which its suppliers operate. The Group has identified a heightened risk of rights violations related to freedom of association within its production supply chains in Bangladesh, China, India, Pakistan, and Turkey.

Ellos Group's objective is to ensure that fair worker representation is established at all key supplier facilities, enabling workers to actively participate in workplace decision-making processes. Respect for freedom of association and collective bargaining, as outlined in Ellos Group's Supplier Code of Conduct, is a fundamental requirement for all factories within the supply chain.

Ellos Group monitors supplier compliance on these issues through regular social audits and will continue to prioritise the protection of these core labour rights.

Overview Non-Compliances Ellos Group 2024

ZERO TOLERANCE					
SECTION SCORECARD	NO OF SUPPLIERS*	%	NO OF ISSUES	SOLVED	UNSOLVED
5. Safe Working Conditions (Fire, Electrical, Structural)	42	87,5%	69	64	5
6. Chemical Handling	5	10,4%	7	7	0
1. Environment	1	2,1%	1	1	0
TOTAL	48	100%	77	72	5

**Suppliers can have one or several zero tolerance sections based on score card.*

Zero Tolerance

In 2024, the most frequently identified zero-tolerance issues in audit reports were related to Safe Working Conditions, which include three key areas: fire safety, electrical safety, and structural safety. Common examples of non-compliances in these categories include non-functional emergency exit lights, goods obstructing walls, and uncovered electrical panels. Ellos Group has observed that such issues are typically resolved promptly through a corrective action plan, often within one week.

In contrast, non-compliances involving mandatory documentation—such as outdated or incomplete certifications—tend to take longer to address. This is due to the time required to apply for third-party re-inspections and to update the relevant documentation. Examples of required documents include building structure safety certificates, fire safety certificates, and environmental impact assessment (EIA) reports.

When Ellos Group identifies that a supplier lacks such mandatory documentation, business consequences are applied immediately. No new orders are placed until the supplier submits an acceptable corrective action plan to address the deficiencies.

CRITICAL					
SECTION SCORECARD	NO OF SUPPLIERS*	%	NO OF ISSUES	SOLVED	UNSOLVED
5. Safe Working Conditions (Fire, Electrical, Structural)	72	63,2%	125	91	34
7. Hygienic Working Conditions	19	16,7%	22	14	8
6. Chemical Handling	8	7,0%	10	4	6
11. Fair Remuneration	5	4,4%	5	4	1
1. Environment	4	3,5%	4	4	0
8. Discrimination & Ethical Business Behaviour	3	3%	3	3	0
10. Attendance Records & Wage Lists	2	1,8%	2	2	0
4. Association and Collective Bargaining	1	1%	1	1	0
TOTAL	114	100%	172	123	49

**Suppliers can have one or several zero tolerance sections based on score card.*

Critical

In 2024, "Safe Working Conditions" continued to be the most frequently cited category in relation to critical issues. Examples of such critical findings include unguarded moving parts on machinery, sewing machines lacking needle guards, inadequate worker risk assessments, and missing warning signs on electrical panels.

These types of issues are typically resolved within a short time frame. For those that remained unresolved by the end of 2024, Ellos Group continues to collaborate with suppliers to drive ongoing improvements.

External brands

At the end of 2024, Ellos Group offered a broad portfolio of 939 external brands on its platforms. These brands represented 81% of the total assortment and contributed to 40% of the Group's overall sales. As a responsible retailer, Ellos Group remains committed to upholding human rights and labour standards across the supply chains of all its business partners. In 2023, Ellos Group revised its agreement with external brands to place greater emphasis on human rights. As part of this enhanced commitment, the company introduced five key requirements that all external brand suppliers must meet:

- A Supplier Code of Conduct that covers essential areas of social compliance

- A procedure for identifying and managing supply chain risks
- A Restricted Substances List (RSL)
- A system for chemical compliance and product monitoring
- A designated contact person responsible for CSR and product safety

In 2024, Ellos Group took additional steps to reinforce its human rights due diligence for external brands by introducing a new sustainability self-assessment form, which all external brand partners were required to complete. This form is scheduled for further development in 2025 to include environmental criteria. New external brand suppliers must comply with the core human rights requirements outlined in the agreement, as well as selected environmental elements in the form, in order to be approved as suppliers to Ellos Group.

In 2024, Ellos Group joined TIWW (The Industry We Want), a network of European e-commerce retailers in fashion and home furnishings. The TIWW Human Rights and Environmental Due Diligence (HREDD) Working Group was formed to strengthen transparency and accountability in the value chains of third-party brands and retailers. Its core purpose is to support companies in meeting growing legal and societal expectations related to human rights due diligence, by creating a more aligned and effective approach to assessing and reporting on HREDD risks.

At the heart of the initiative is the need for retailers to gather reliable and comparable data to assess due diligence performance. The group focuses on harmonising how third-party brands report on HREDD, ensuring that data collection is useful, actionable, and compliant with legislation.

By developing a shared reporting framework, the working group aims to:

- Facilitate meaningful risk identification and mitigation across third-party supply chains
- Help brands apply proven due diligence practices, supported by clear and consistent guidance
- Strengthen retailers' ability to meet legal obligations and report transparently on supply chain risks
- Clarify the shared responsibility of brands and retailers in implementing effective due diligence systems

The long-term vision is to establish a practical, accessible, and affordable tool for third-party HREDD reporting—aligned with international standards such as the OECD Due Diligence Guidance—that serves the needs of both brands and retailers. The HREDD Working Group reflects a shared commitment among retailers to raise the bar for responsible business conduct.

Transport Suppliers

Ellos Group relies on external logistics companies for both inbound and outbound transportation of its products. In 2023, the Group collaborated with a total of 18 distribution partners to manage product deliveries.

Ellos Group requires all transport partners to have a Code of Conduct in place and to actively engage in corporate social responsibility (CSR) efforts. In addition to this, the Group conducts screening to assess how these partners ensure compliance with labour laws, working conditions, and regulations in their respective countries. In 2024, Ellos Group established minimum requirements for its logistics partners and introduced a self-assessment form to evaluate how well these partners complied with the Group's human rights and CSR expectations. The self-assessment will be performed annually.