



ellos Jotex home  room elpy

Sustainability is a natural and value-creating part of the daily business at Ellos Group. A sustainable business approach with a long-term perspective challenges us to be innovative, curious and transparent, and creates value for our customers, employees, business partners, and owners, as well as for the communities in which we operate. We want to contribute to a better world for future generations and aspire to building a business that can be part of the solution.

Sustainability Report 2024

ELLOS GROUP

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A Defining Year for Sustainable Growth

In 2024, Ellos Group took significant steps to strengthen our sustainability efforts, an area we see as central to our long-term success. We have continued to implement our climate transition plan by setting concrete goals for 2025 and have worked to increase transparency and traceability throughout our supply chain. We are also pleased to present our first sustainability report inspired by the Corporate Sustainability Reporting Directive (CSRD).

”Sustainability is a core part of our strategy and future growth.”

For 2025 and beyond, we are firmly committed to continuing to integrate sustainability as a core component of our overall strategy. We are optimistic about the opportunity to combine our sustainability focus with continued growth. Our talented employees, who constantly demonstrate a willingness to explore new solutions and collaborate for progress, are fundamental to driving our sustainability initiatives forward. Together, we aim to offer our customers an improved and more sustainable offering, while contributing to a positive development for both society and the environment.



Hans Ohlsson, CEO Ellos Group



Jotex

At Jotex, sustainability is a central part of our operations – from product development to supplier collaborations. In 2024, we increased the share of sustainable materials and strengthened the requirements for suppliers’ sustainability data. Our efforts to reduce climate impact and promote sustainable consumption are ongoing, and we view continuous improvements as a natural part of our responsibility.

/Josefin Nyhage, Range and Purchasing Manager Jotex

home room

At Homeroom, sustainability is a core part of how we run our business every day—from curating our product range and choosing partners, to setting clear expectations that our suppliers will deliver transparent, relevant sustainability data for everything we source. We’re equally committed to empowering our buying teams with the knowledge and tools they need to understand our sustainability goals and the impact our choices have on the planet.

/Mikaela Berntson, Brand Manager Homeroom

ellos

In 2024, Ellos placed a strong emphasis on increasing the use of sustainable materials—a development of which we are immensely proud. A key aspect of our sustainability efforts is the collection and verification of data, an area in which we have made significant progress this year. These advancements have enabled us to take major strides in enhancing the quality and transparency of our sustainability reporting.

At Ellos, our ambition is to embed sustainability into every part of our operations and to continuously seek improvement. We take pride in what we have achieved in 2024, while remaining fully aware that much work still lies ahead—particularly in our ongoing commitment to reducing our climate footprint.

/Sofia Ekensten, Brand Director Ellos

Words from the Sustainability Director



In 2024, Ellos Group made strong strides towards a more sustainable future. By advancing our climate plan, increasing transparency, and working closely with suppliers, we are building a more responsible value chain.

During 2024, we intensified our efforts to create a more sustainable value chain. We have strengthened and will continue to develop our climate transition plan, with the goal of halving our emissions by 2030 in line with the Paris Agreement. This has required efforts on multiple levels – from reducing our climate footprint within our own operations to working closely with our suppliers to drive change throughout the entire production chain. By increasing the use of more sustainable and traceable materials, streamlining production and setting higher standards for our partners, we have taken decisive steps to reduce our climate impact.

Ellos Group has since long been committed to minimising the environmental impact of its products within own brands. In 2024, this commitment was expanded to also include external brands. Access to accurate and reliable data is crucial for making well-informed decisions from a sustainability perspective. That is why, over the past year, we have placed great emphasis on developing and refining processes for collecting, managing and analysing product and sustainability data – a crucial effort to drive change and ensure a more responsible product range.

Transparency and traceability are keys to trust and accountability. Through systematic work on supplier

insight and stricter requirements for fair working conditions and sustainable production methods, we strive to create a more ethical and responsible value chain.

We recognise that there are challenges, but we are also firmly committed to addressing them. We are proud of the progress we are making and know that every step, big or small, contributes to positive change. By working strategically and with a long-term perspective, we aim to continue taking responsibility and driving development forward. We believe in combining style, quality and innovation with a lasting commitment to people and the planet.

The sustainability statement summarises our progress in 2024 and outlines the initiatives and actions we are taking to continue shaping a more sustainable industry. We strive to offer products that are not only beautiful and functional but also produced with care for both the environment and people.

A handwritten signature in black ink, appearing to read 'Johan Kromer'.

/Johan Kromer, Sustainability Director Ellos Group



Section A

General Information.

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Strategy and business model



Ellos Group’s vision is to be the leading shopping destination in the Nordic region for the woman in mid-life. Sales are primarily aimed to consumers through the three e-commerce platforms Ellos, Jotex and Homeroom, all of which share the same integrated payment solution through own brand Elpy.

Ellos Group’s operations are located in Borås and include head office which houses design and purchasing departments, photo studios, central warehouse and logistics centre for all three e-commerce platforms. The average number of employees within the Group for 2024 was 502.

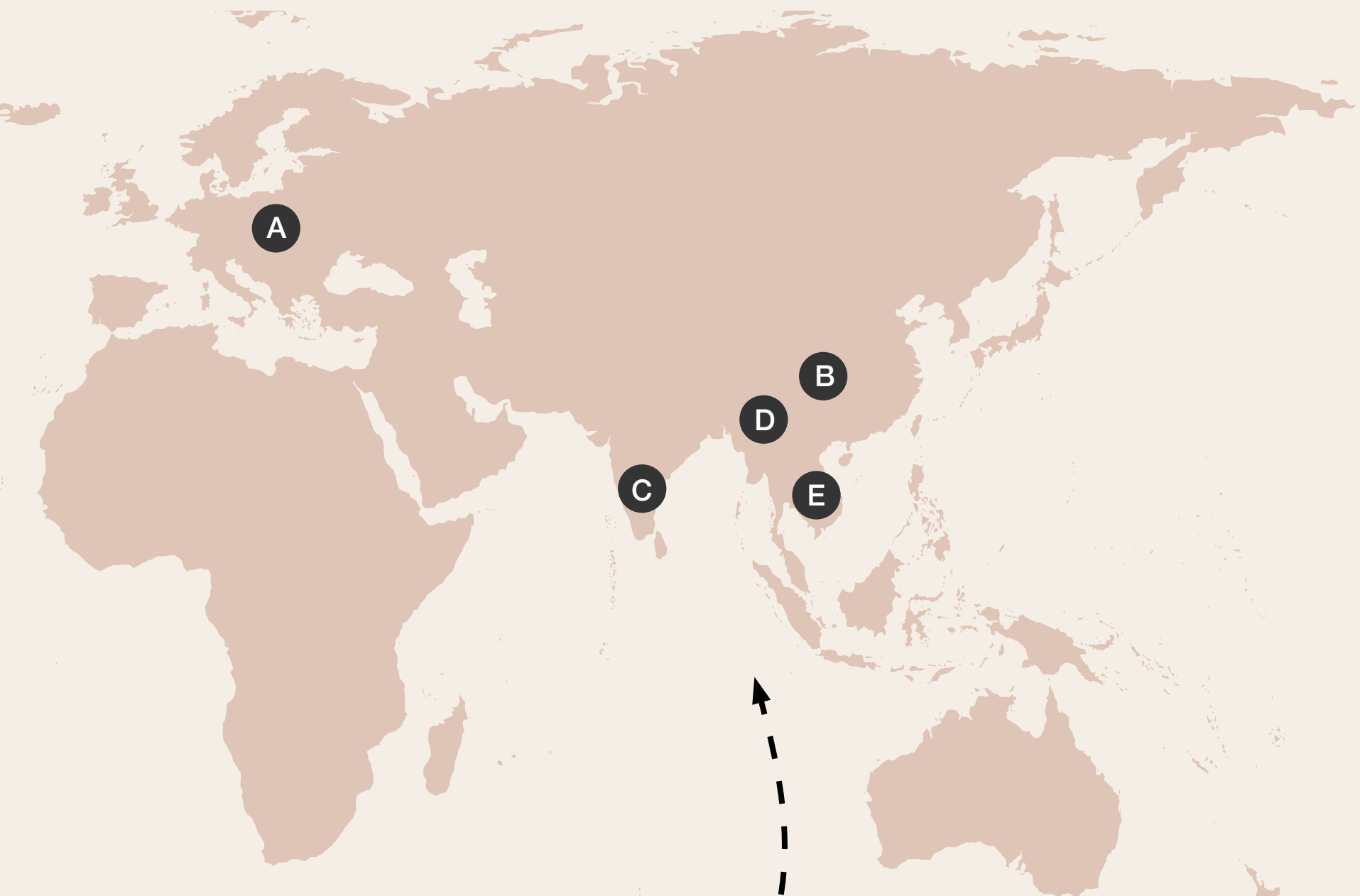
The Group’s product range consists of fashion, home furnishings, sports and beauty. The range is a mix of own brands, where Ellos Group acts as the manufacturer with full responsibility for product safety and traceability, and external brands, where the Group acts as the distributor. The own brands are developed and designed by Ellos Group’s design and purchasing departments.

Operations are run across four main geographical areas where the Group also has subsidiaries – Sweden, Norway, Finland and Denmark. From the Swedish Group company Ellos AB, sales are also made to consumers in Germany, Poland, the Netherlands and Austria. The Group also sells products to consumers across Europe via external e-commerce platforms. A smaller share of products is sold to businesses (B2B), which are either resellers of Ellos Group’s products or use the products in their own operations. No changes have occurred since the previous year.

The Group does not own any manufacturing facilities but collaborates with suppliers and agents. As of 2024, the Group had 606 product suppliers in 91 different countries, including both suppliers for own brands and external brands.

Ellos Group shall offer a modern product range within fashion and home furnishings, combining unique design under its own brands with carefully selected products from external brands, produced with care for the environment and people, at the best value for money, in an inspiring and seamless shopping experience.

Geographical areas



Purchased goods by geographical area (%)		
A	Europe	13
B	China	55
C	India	13
D	Bangladesh	8
E	Other Asia	10
F	Other	1

Sold goods by geographical area (%)		
A	Austria	0,3
B	Denmark	8,0
C	Finland	13,8
D	Germany	2,9
E	Netherlands	0,7
F	Norway	19
H	Poland	0,5
I	Sweden	54,8



Sustainability



We take responsibility by making conscious choices throughout our supply chain and offering high-quality products designed to be used and loved for longer.

The textile and home furnishings industries face significant sustainability challenges. These industries account for a considerable share of global greenhouse gas (GHG) emissions and are major consumers of natural resources such as water and oil. Additionally, large amounts of chemicals are used in the production processes. There is also a risk that these industries contribute to a less sustainable consumption pattern characterised by a ‘throw-away’ culture. Social issues are also significant, with complex supply chains and production in countries where there is a risk of poor working conditions and shortcomings in the protection of human rights.

Ellos Group takes responsibility in these matters and strives to make conscious choices regarding suppliers, materials and production processes to reduce the Group’s negative impact. Close collaboration and a systematic approach with the Group’s suppliers are in place to enable and uphold good working conditions, human rights and environmental considerations throughout the supply chain.

Ellos Group aims to offer high-fashion, high-quality products that customers can use for a longer period of time. Customers are also encouraged to reuse or recycle clothing, textiles and furniture they no longer need.

Sustainability is integrated into the business strategy, for example, through the Group’s business plan for the coming years, which has been developed with respect to the actions required in the transition plan for limiting climate change. The transition plan includes actions such as increasing the amount of recycled materials in products, consolidating the supplier base, redirecting orders to more energy-efficient factories, increasing the share of fossil-free transportation and changing the product mix of sold goods so that each unit of sales contributes to a lower CO₂e footprint.

Achievements



57%

Sustainable Materials
Share of recycled polyester and polyamide in products within own brands (%)

Target year	Target •	Now
2025	50	57



51%

Sustainable Materials
Share of FSC-certified solid wood furniture in products within own brands (%)

Target year	Target •	Now
2025	50	51



-22%

Climate change mitigation
Reduction of total GHG emissions from base year 2020 (%).

Target year	Target •	Now
2030	-55	-22



67%

Sustainable Materials
Share of EcoVero viscose in products within own brands (%)

Target year	Target •	Now
2025	50	67



100%

Social audits in the supply chain
Share of Tier 1 suppliers for own brands with approved social audit protocols (%)

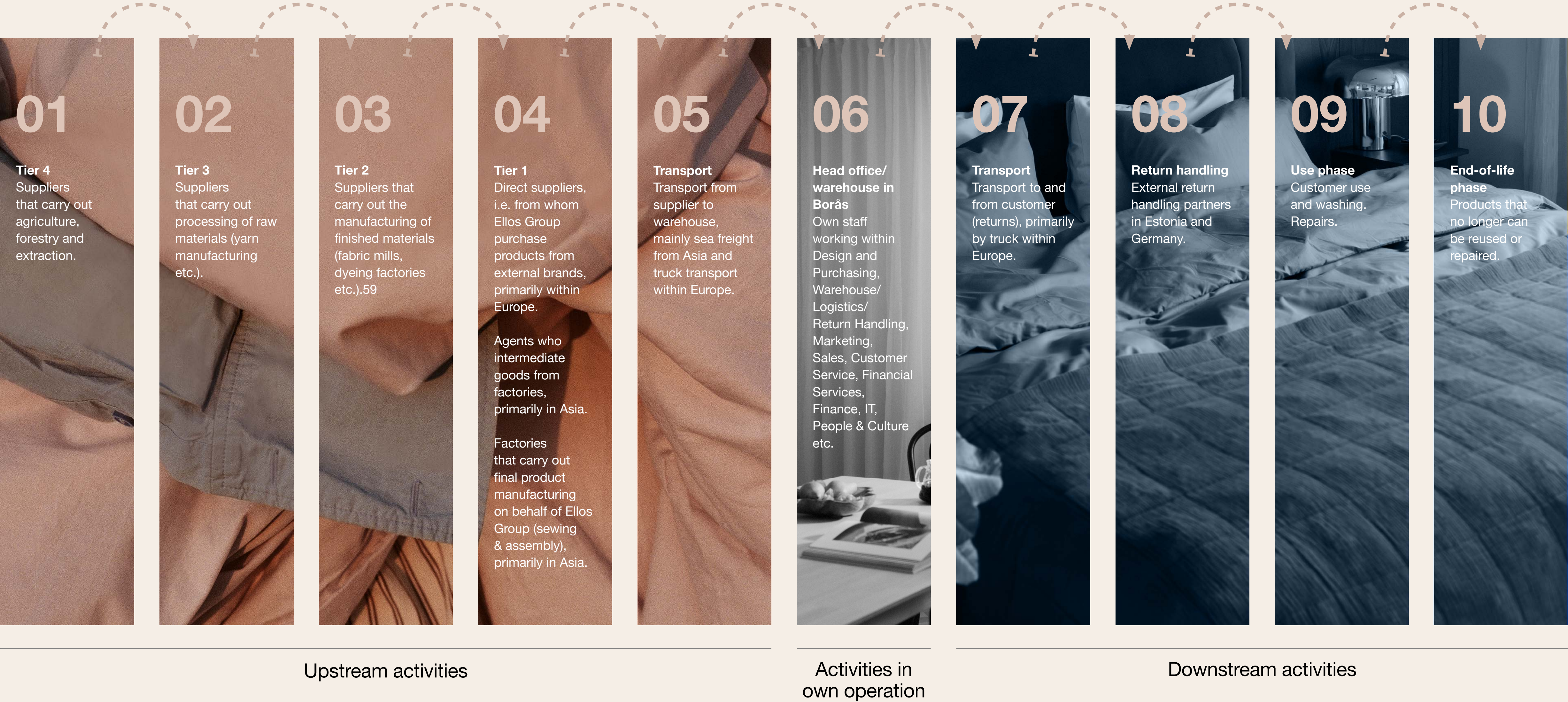
Target year	Target •	Now
Annually	100	100

Achievements

Sustainability targets and milestones		Target year	Target	Results 2024
Environment	Climate change mitigation			
	Reduction of total GHG emissions from base year 2020 (%)	2030	-50	-22
	GHG emissions in Scope 1 & 2 (tCO ₂ e)	2025	Net zero	439
	Share of fossil-free transports to customers (%)	2030	100	58
	Sustainable materials			
	Share of more sustainable textile product sales within own brands (%)	2025	50	57
	Share of more sustainable cotton in products within owns brands (%)	2025	100	95
	Share of recycled polyester and polyamide in products within own brands (%)	2025	50	57
	Share of EcoVero viscose in products within own brands (%)	2025	50	67
	Share of FSC-certified solid wood furniture in products within own brands (%)	2025	50	51
Social	Diversity and inclusion			
	Gender distribution within the Group (women/men, %)	annually	60/40	61/39
	Gender distribution in managerial positions (women/men, %)	annually	50/50	53/47 (managers excl. Group Management) 33/67 (Group Management)
	Social audits in the supply chain			
	Share of Tier 1 suppliers of product for own brands with approved social audit protocols (%)	annually	100	100
Governance				
	Share of suppliers of products for own brands within the top two levels of a four-point scale of social sustainability (%)	2030	90	81
Governance	Ethics and compliance			
	Strengthen training efforts in ethics and compliance to ensure effective prevention of bribery and corruption	2025		Implementation is ongoing.



The Value Chain



Stakeholders

The Group’s key stakeholders are customers, employees, suppliers, communities and owners/investors. Ellos Group engages in continuous dialogues with its stakeholders through various channels. These dialogues typically involve Customer Service, People & Culture, Global Sourcing, brands and Group Management.

The table below outlines the dialogues with Ellos Group’s key stakeholders based on their purpose, method and how Ellos Group takes

the results of these dialogues into account when shaping the Group’s strategy and business model. The understanding of the stakeholders’ views is also an important aspect of the due diligence process and in the Group’s double materiality assessment.

The results from the stakeholder dialogues are discussed in the Sustainability Steering Group and reported to the Group Management and the Board during regular meetings.

Further information on how interests, views and respect for human rights form the basis of the Group’s strategy and business model can be found in the sections for the respective topics: Own Workforce and Workers in the Value Chain.

Stakeholders	Purpose	Method	Result
Customers	Understanding customer needs and desires, as well as developing products and services that support their sustainability targets.	Customer surveys, dialogue with customer service and interaction through website and social media.	Focus on safe, more sustainable and responsibly produced products to enhance customer satisfaction.
Employees	Creating a safe and meaningful workplace that fosters growth and innovation.	Employee surveys and evaluation of these, along with action plans. Internal meetings, such as discussions on corporate culture. Whistleblowing service.	Focus on health and safety, diversity and a positive corporate culture to enhance employee satisfaction, thereby improving productivity and support for the Group’s overall business strategy.
Suppliers	Ensuring that the supply chain shares Ellos Group’s views on business ethics, human rights, fair working conditions and the environment.	Supplier assessments, audits and collaboration programmes. Whistleblowing service.	Focus on transparency, environmental issues and compliance with Ellos Group's Code of ethics to create a more sustainable supply chain.
Communities	Making a positive impact in the communities where Ellos Group operates by supporting selected causes and initiatives that create a lasting difference, always from a non-political and non-religious standpoint.	Dialogue with customers and various community groups, partnerships with local organisations.	Supporting local associations and projects to create positive social impacts in the Group's local communities, thereby strengthening the corporate image.
Owners/Investors	Ensuring transparency regarding our business strategy and sustainability commitments.	Investor meetings and communication through interim reports and the annual reports.	Increase understanding of and trust in the Group’s sustainability work, leading to improved relationships with owners and investors.

Sustainability statement



General basis for preparation of the sustainability statement
The sustainability statement has been prepared on a consolidated basis, in line with the approach taken for the financial statement covering all companies within the Group. It covers all activities within the Ellos Holding AB (publ) Group, hereinafter referred to as “Ellos Group” or “the Group” in the sustainability statement and includes all of the Group’s brands: Ellos, Jotex, Homeroom and Elpy. The entire value chain, both upstream and downstream, has been considered in the assessment of material topics. The sustainability statement covers all activities from 1 January 2024 to 31 December 2024.

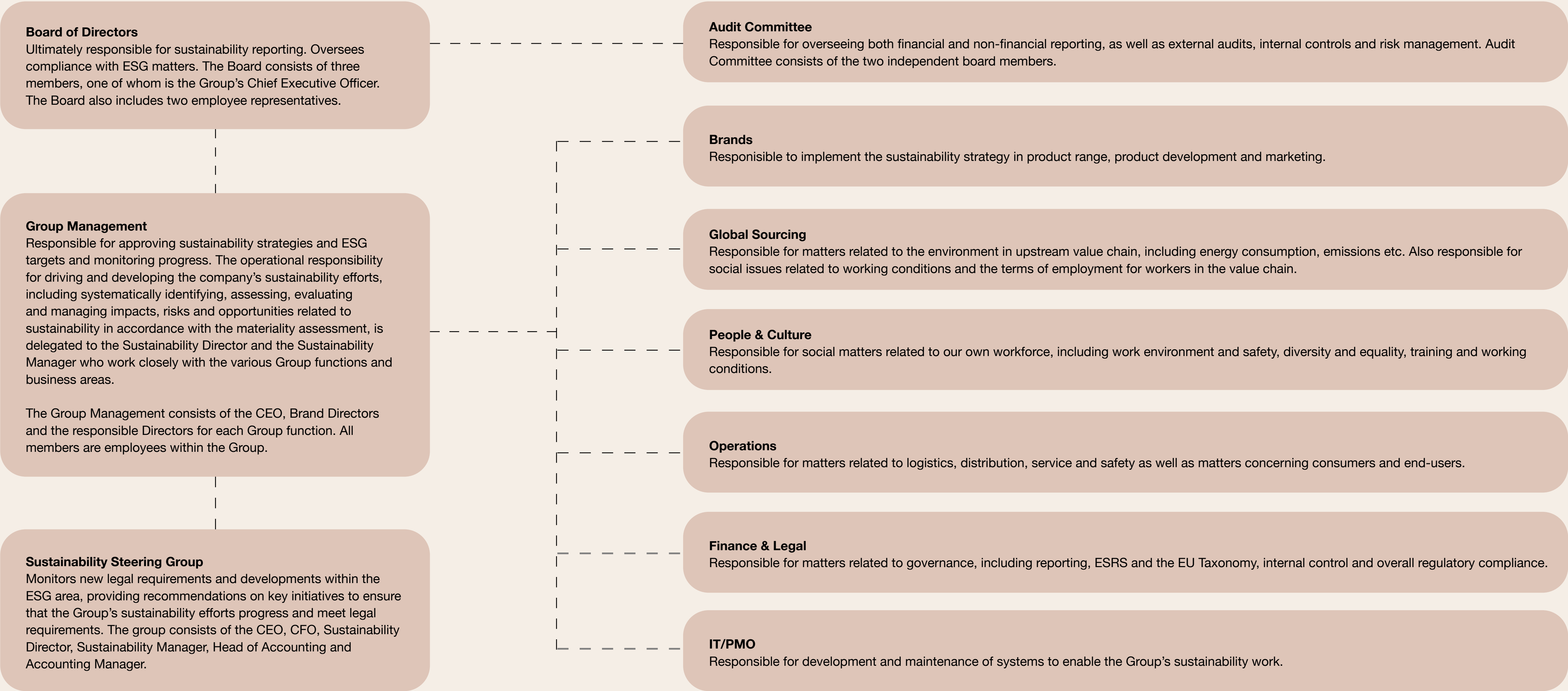
Disclosures in relation to specific circumstances
This statement follows the timelines outlined below, unless otherwise stated.
Short term = 1 year (2025)
Medium term = 2–5 years (2026–2029)
Long term > 5 years (2030–)

Sources of estimation and outcome uncertainty
Ellos Group uses assessments and estimates to report certain data points, such as Scope 3 emissions. The estimates and assessments made are regularly reviewed based on experience, the development of ESG reporting and other factors. Changes in estimates are reported in the period when the estimate is revised. In addition, assessments are made in the application of accounting principles. For further information on the key estimates, assessments and assumptions applied, please refer to the pages with quantitative data tables in the respective sections.



Governance

Sustainability is a natural and value-creating part of Ellos Group’s operations. A sustainable business approach with a long-term perspective challenges the Group’s employees to be innovative, responsible and transparent. The goal is to create value for customers, employees, business partners and owners, as well as for the communities in which the business operates. Ellos Group aims to contribute to a better world for future generations and strives to build a business that can be part of the solution.



Governance



The Sustainability Director and Sustainability Manager work closely with those in Group Management who have specific responsibility for the Group’s sustainability focus areas; the respective directors of Group functions Global Sourcing, People & Culture, Operations, Finance & Legal and IT/PMO. Together with them, objectives and action plans for sustainability efforts are developed. These become part of the overall business plan, which is approved by Group Management and the Board of Directors. The responsibility for implementing these action plans and achieving related targets lies with the Group functions and business areas, which collaborate cross-functionally with one another.

The Board of Directors consists of three members, one of whom is the Group’s Chief Executive Officer. The Board also includes two employee representatives. The composition of the Board is outlined below. Comparative figures for the composition of the Board are not provided, as the Group in its current form was established in 2024.

Board composition	2024-12-31
Share of independent board members (%)	40
Share of female board members (%)	20

In addition to internal expertise within the Board, Group Management and the Sustainability Steering Group, the Group has access to external expertise through collaborations with sustainability consultants and various industry organisations working in sustainability. External expertise is particularly sought in the areas of biodiversity and ecosystems.

Information provided to and sustainability matters addressed by Group Management and the Board of Directors

The Sustainability Director is part of Group Management and raises ESG matters as needed, including changes in sustainability risks, actions or targets, while ensuring that ESG considerations are integrated into discussions on strategies and business plans. Progress towards set targets is reported to Group Management three times a year: in February regarding the previous year’s outcome and in June and December on the status ahead of the half-year and full-year results.

Ellos Group ensures that sustainability is embedded in strategic decisions through regular reporting to Group Management and the Board.

The Sustainability Director and Sustainability Manager report to the Board twice a year. Each report includes the status of implemented actions and results, updates on market monitoring, upcoming legislation and outstanding or planned actions. When applicable, any updates to the Group’s Code of ethics are also reported to the Board for approval. The responsibility for ensuring that the policies are up to date and fit for purpose lies with the position responsible for each respective policy. Information on how Ellos Group adapts its operations based on the impacts, risks and opportunities identified in the double materiality assessment is provided under each specific sustainability topic. The main focus area of the sustainability efforts during the year has been to develop a transition plan for climate change mitigation, aligned with the overarching business plan for the coming years and to initiate actions in accordance with this plan.

Ellos Groups’ Code of ethics and governing documents within ESG

	Policy	Responsible	Approved by
Code of ethics	Environmental Policy	Logistics & Supply Director	The Board
	Product Policy	Global Sourcing Director	The Board
	Anti-bribery Policy	CFO	The Board
	Sponsorship Policy	People & Culture Director	The Board
	Whistleblowing Policy	People & Culture Director	The Board
	Trade Sanctions Policy	Global Sourcing Director	The Board
	Competition Policy	CFO	The Board
	Data Protection Policy	CFO	The Board
	Equality and Diversity Policy	People & Culture Director	The Board
	Human Rights Policy	Sustainability Director	The Board
Other governing documents	Suppliers’ Code of Conduct	Global Sourcing Director	Group Management
	Purchasing Policy	Sustainability Manager	Group Management
	Design Policy	Sustainability Manager	Group Management
	Occupational Health and Safety Policy	People & Culture Director	Group Management
	Remuneration Policy	People & Culture Director	Group Management



Ellos Groups’ Code of ethics and governing documents within ESG

Sustainability-related performance in incentive schemes

The Group Management Team participating in the Group’s incentive programme has targets linked to sustainability. These targets are individually tailored. The purpose is to motivate strategic decisions that enable progress towards the Group’s short-term and long-term sustainability goals, thereby steering the business towards more sustainable development.

The target may, for example, relate to ensuring the existence of systems containing architecture that meets the reporting requirements for sustainability, ensuring that data collection from suppliers is done in a way that allows for more reliable calculations of GHG emissions, or altering the Group’s product mix/pricing to achieve a reduction in GHG emissions per unit of sales.

Incentive programmes are approved by the Board and 2024 is the first year with sustainability-related targets in the incentive programmes.

	2024-01-01– 2024-12-31	2023-01-01– 2023-12-31
Share of variable compensation linked to sustainability targets (%)	7,5	0
Share of variable compensation linked to climate-related sustainability targets (%)	7,5	0



Risk management and internal controls over sustainability reporting

The identification and management of risks related to environmental and social sustainability and corporate governance are part of Ellos Group’s internal control framework. The Group applies the COSO framework (Committee of Sponsoring Organizations of the Treadway Commission) for internal control. It consists of five components: control environment, risk assessment, control activities, information and communication as well as monitoring.

The risk assessment related to inaccuracies in the sustainability statement follows the same structure as the risk assessment for the financial report and is conducted at least once per year.

The risk of significant errors occurring in the sustainability statement is primarily considered to be related to human error or incomplete data.

- We have implemented several processes to manage this risk:
- The accounting principles for sustainability reporting are based on ESRS.
 - The Sustainability Manager regularly monitors key KPIs to ensure that they are presented correctly.
 - Complex calculations, such as emission calculations for Scope 1, 2 and 3, are always verified by at least two individuals.
 - There is a clear and well-structured governance of the sustainability work, which is described in the governance section.
 - All sustainability information is collected through dedicated software systems for sustainability reporting, providing transparency and traceability of the data.

The CFO is responsible for coordinating activities related to the risk assessment of inaccuracies in the sustainability statement and for presenting the results to the Board.

Material impacts, risks and opportunities



During the year, a materiality assessment has been conducted at a more detailed level compared to the previous analysis, which was presented in the sustainability report for 2022. This means that several areas now presented as those where the Group has a material impact and/or financial risks or opportunities, were previously included under broader topics. The material impact, as well as the risks and opportunities identified during the materiality assessment, are described below and are also presented together with their respective topic: Climate Change, Pollution, Water and Marine Resources, Resource Use and Circular Economy, Own Workforce, Workers in the Value Chain and Business Conduct.

Ellos Group does not report on biodiversity and ecosystems under the environmental information section, nor on consumers and end-users under the social information section in the sustainability statement this year.



There is no significant risk of material adjustments to the reported values of assets and liabilities during the next annual reporting period related to the material risks identified in the materiality assessment. Sustainability is integrated into the business model and the Group assesses that it has good opportunities to manage the negative impacts and risks identified in the materiality assessment. The measures the Group has taken and intends to take are described under each respective topic.

Tables

	Upstream	Own operation	Downstream	Short-term	Medium-term	Long-term
Climate change						
GHG emissions in the value chain Ellos Group’s operations contribute to climate change through the use of natural resources in the value chain and GHG emissions associated with the production of goods and transportation. This has a negative impact on the environment.	•		•	•	•	•
Energy in the upstream and downstream value chain Ellos Group relies on energy for product processing and manufacturing through external factories. The textile industry requires significant energy and has low energy efficiency in terms of energy usage. Shipping companies and transport providers engaged by Ellos Group use fossil energy sources, which, when burned, emit greenhouse gases that contribute to climate change. This has a negative impact on the environment.	•		•	•	•	•
Insufficient access to natural resources and disruptions in production A general rise in temperature can affect the availability of natural resources such as cotton and wood. More frequent and severe floods may force factories to temporarily close, impacting lead times and increasing the risk of goods arriving too late for their peak sales period. It can also cause damage to production materials. This could result in increased costs.	•				•	•
Insufficient access to recycled materials The demand for recycled materials is expected to increase due to growing regulatory requirements and consumer demands, which could result in difficulty and/or high costs in obtaining the amount of fibre that Ellos Group needs to produce more sustainable products under its own brands. This could lead to increased costs.	•				•	•
Higher energy costs There is a risk of higher energy costs as governments in many countries/EU require factories to use a larger share of renewable energy or impose higher taxes on GHG emissions. Shifting production to factories with lower/better energy usage could also lead to increased product costs.	•				•	•
Pollution						
Pollution to air, soil and water in upstream and downstream value chain Ellos Group’s products are transported by sea, where the combustion of fossil fuels causes air pollution. For shorter distances, trucks are used, which also contribute to air pollution. The Group’s products contain large amounts of textile raw materials. The cultivation of textile raw materials, especially cotton, requires significant use of fertilisers and pesticides, which negatively affect the surrounding environment and soil. Today’s textile production creates major environmental challenges in several textile-producing regions. There is a risk that polluted water is discharged from production facilities, as some lack proper water treatment systems. This has a negative impact on the environment.	•		•	•	•	•

There is no significant risk of material adjustments to the reported values of assets and liabilities during the next annual reporting period related to the material risks identified in the materiality assessment. Sustainability is integrated into the business model and the Group assesses that it has good opportunities to manage the negative impacts and risks identified in the materiality assessment. The measures the Group has taken and intends to take are described under each respective topic.

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		Upstream	Own operation	Downstream	Short-term	Medium-term	Long-term
Chemicals in the manufacturing process Ellos Group keeps records of which chemicals must not be used in the manufacturing of the Group’s products, both within own brands and in products from external brands. If suppliers do not comply with these requirements, there is a risk that the chemicals used in Ellos Group’s products may have a negative impact on consumers and the environment.	Actual negative impact	•		•	•	•	•
Emission of microplastics through washing Ellos Group contributes to emissions of microplastics through the sales of products containing synthetic textile fibres. Approximately 9 percent of the microplastics released into oceans globally come from clothing and other textiles, primarily through washing at the consumer level. This has a negative impact on the environment.	Risk			•	•	•	•
Water resources							
Water consumption in manufacturing process in upstream value chain Ellos Group is dependent on water as a resource for raw material supply and product processing, which contributes to water consumption in geographical areas where water is a scarce resource. This has a negative impact on the environment.	Potential negative impact	•			•	•	•
Water scarcity in the upstream value chain Water scarcity leading to reduced global production of raw materials, such as cotton, and/or increased raw material costs, supply chain disruptions and longer lead times may result in higher purchasing costs for the Group.	Potential negative impact	•				•	•
Biodiversity and Ecosystems							
Impact on biodiversity through upstream value chain The production of the goods that Ellos Group sells contributes to climate change, environmental pollution and freshwater use, driving the loss of biodiversity. This has a negative impact on the environment.	Actual negative impact	•			•	•	•
Impact on ecosystems and ecosystem services through upstream value chain Ellos Group uses natural resources such as cotton and wood for its products. Cotton cultivation and tree harvesting negatively impact ecosystems and ecosystem services through, for example, land degradation, desertification and soil sealing. This has a negative impact on the environment. The Group’s own facilities in Viared, Borås, have been assessed to have no negative impact on biodiversity and ecosystems.	Actual negative impact	•			•	•	•

There is no significant risk of material adjustments to the reported values of assets and liabilities during the next annual reporting period related to the material risks identified in the materiality assessment. Sustainability is integrated into the business model and the Group assesses that it has good opportunities to manage the negative impacts and risks identified in the materiality assessment. The measures the Group has taken and intends to take are described under each respective topic.

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		Upstream	Own operation	Downstream	Short-term	Medium-term	Long-term
Resource use and circular economy							
Waste in own operations and in value chain Ellos Group generates waste in its own operations, as well as additional waste throughout the upstream value chain and after consumer use. This has a negative impact on the environment.	Actual negative impact	•	•	•	•	•	•
	Use of virgin raw material Ellos Group’s products are largely made from virgin raw materials, which causes negative environmental impact and increased resource scarcity.	•			•	•	•
	Recyclability of products Consumption within the fashion industry, where goods are discarded or replaced after a very short usage period, is a major environmental issue that involves all companies operating within the textile sector. Ellos Group contributes to this negative environmental impact as there may be limited opportunities to recycle the goods sold by the Group.			•	•	•	•
	Increased regulatory waste costs There are indications of upcoming legislation regarding Extended Producer Responsibility (EPR) for textiles and footwear, which could result in high costs for Ellos Group.			•		•	•
	Increased raw material costs due to resource scarcity If the fashion industry fails to transition to more environmentally sustainable business models, by extending the lifespan of each garment, increasing recyclability and using fewer natural resources in the production of goods, it could lead to raw material shortages. This could result in supply constraints and higher purchasing costs.	•				•	•
Own workforce							
Health and safety for employees Employees and temporary staff working primarily in warehouse operations are at risk of physical injury. All employees may suffer from work-related injuries due to deficiencies in the physical or psychosocial work environment. Incidents negatively affect the individuals involved, such as through reduced well-being and loss of income. While more serious incidents are relatively rare, the negative impact on individuals is recurring.	Actual negative impact		•		•	•	•
	Discriminations against employees All employees are at risk of discrimination if the company does not provide equal opportunities based on gender or other differences. This potential negative impact on individuals is recurring.		•		•	•	•

There is no significant risk of material adjustments to the reported values of assets and liabilities during the next annual reporting period related to the material risks identified in the materiality assessment. Sustainability is integrated into the business model and the Group assesses that it has good opportunities to manage the negative impacts and risks identified in the materiality assessment. The measures the Group has taken and intends to take are described under each respective topic.

Tables

	Upstream	Own operation	Downstream	Short-term	Medium-term	Long-term
Workers in the value chain						
Working conditions in the upstream value chain The textile industry is one of the most female-dominated industries in the world, with around 80 percent of the workforce being female. Women are at a higher risk of experiencing gender-based violence, harassment, overwork conditions, poor working conditions and underpayment. Through its suppliers and sub-suppliers, Ellos Group may therefore potentially have a negative impact on female workers in the value chain.	•			•	•	•
Work-related rights in the upstream value chain In Ellos Group’s upstream value chain, there are risks related to human rights and decent working conditions in connection with the production of goods. The Group’s suppliers and sub-suppliers are largely located in high-risk countries in Asia, such as China, India and Bangladesh, where human rights violations, forced labour and child labour are prevalent. Ellos Group, through its suppliers and sub-suppliers, may therefore potentially have a negative impact on workers in the value chain in these countries.	•			•	•	•
Increased costs related to collaboration with International Accord Ellos Group has entered into an agreement with the International Accord, an association of purchasing companies and local trade unions, to ensure workers’ health and safety within the textile and apparel industry in Bangladesh and Pakistan. The agreement means that Ellos Group places orders with factories that, in turn, invest in improvements in working conditions related to fire safety, building safety and energy safety, etc. If a factory voluntarily chooses to exit the association, there is a risk that all purchasing companies that are members of the International Accord may collectively bear the cost of the exiting factory’s completion of its improvements.	•				•	•
Consumer and end-users						
Personal data and credit information Ellos Group handles a large amount of personal data and credit information in its operations. A data breach or cybersecurity incident could lead to unauthorised access and misuse of customer information, potentially violating customers’ privacy rights. This has a potentially negative impact on individuals.			•	•	•	•
Product safety The Group imports a large quantity of goods and resells them to customers in Europe. If Ellos Group were to sell products that do not meet the EU’s health, environmental and safety requirements, there is a potential negative impact on customers.			•	•	•	•
Leakage of personal data and credit information If Ellos Group handles personal data and credit information in such a way that it is disclosed, this could lead to the Group being liable for damages to individuals and suffering reputational harm. If the Group fails to comply with GDPR legislation, the Group could face a fine of either 4 percent of total revenue or up to 20 million euros in penalty fees.		•			•	•

There is no significant risk of material adjustments to the reported values of assets and liabilities during the next annual reporting period related to the material risks identified in the materiality assessment. Sustainability is integrated into the business model and the Group assesses that it has good opportunities to manage the negative impacts and risks identified in the materiality assessment. The measures the Group has taken and intends to take are described under each respective topic.

Tables

	Upstream	Own operation	Downstream	Short-term	Medium-term	Long-term
Ethical marketing related to consumer credit Ellos Group offers customers various payment options through its own brand Elpy and through a partnership with a third party, instalment solutions are offered. Ellos Group, through its marketing of credit, could potentially influence customers to increase their debt levels, thereby putting them in a worse financial situation. The greatest risk is faced by young consumers who may lack the necessary financial knowledge and thus may be more susceptible to the marketing.			•	•	•	•
Business conduct						
Poor corporate culture All employees within Ellos Group, including both permanent staff and temporary workers, may be negatively affected if the Group does not continuously work to promote a positive corporate culture.		•		•	•	•
Insufficient protection of whistleblowers Ellos Group’s employees, temporary workers, board members and suppliers may be negatively affected when reporting misconduct if the reporting channel lacks adequate security and anonymity.	•	•		•	•	•
Animal welfare Ellos Group sells products containing wool, down, feathers and leather. There is therefore a risk that the Group’s operations, through the upstream value chain, may have a negative impact on animal welfare.	•			•	•	•
Long payment terms for suppliers of goods Ellos Group’s suppliers of goods are mainly companies/agents located in Asia. Invoicing takes place when the goods are loaded onto the ship, and the standard payment terms are 60 days. Long payment terms can put a strain on suppliers’ cash flow, potentially leading to difficulties in paying sub-suppliers or wages to employees. This has a potentially negative impact on workers in the value chain.	•				•	•
Corruption and bribery Bribery and corruption can occur both within Ellos Group’s own operations and throughout the value chain. The group has a large number of suppliers in Asia, primarily in China, India and Bangladesh. According to Transparency International, which compiles an annual index measuring corruption, these countries have a high level of corruption. Bribery and corruption within the supply chain can lead to poorer working conditions during production and lower-quality products, which in turn can have a negative impact on the environment, workers in the value chain, Ellos Group’s own operations and customers.	•	•	•	•	•	•

Process for materiality assessment

Ellos Group conducted its first double materiality assessment for 2023, and the assessment has since been updated for 2024. The assessment was carried out with the support of an ESG consultant and covers the Group and its value chain. The double materiality assessment was carried out according to the following steps.



- 1. Understanding the context and mapping the value chain
- 2. Stakeholder dialogue
- 3. Impact – gross list

Based on the sub-topics listed in the list of sustainability matters in ESRS 1 General Requirements, Appendix A, the actual and potential negative or positive impact that the Group’s operations have on people or the environment, both within its own operations and throughout the value chain, was mapped. After the mapping was completed, the following sustainability topic and sub-topics were assessed as irrelevant and excluded from the continued assessment.

Pollution of living organisms and food resources

Ellos Group has no significant dependence on living organisms and food resources and the impact that Ellos Group may have on living organisms and food resources is covered by other sub-topics, such as pollution of water, air and soil.

Marine resources

Ellos Group’s impacts and dependencies related to water are covered by the subtopic water. The group is not dependent on other marine resources than water, and the impact that Ellos Group may have on marine resources is covered

by other sub-topics, such as pollution of water and climate change mitigation.

Impacts on the state of species

The impact that Ellos Group may have on the status of species is covered by other sub-topics, such as direct impact drivers of biodiversity loss, impacts on the extent and condition of ecosystems, and impacts on and dependencies on ecosystem services. Ellos Group has no financial risk related to impacts on the status of species, as the Group’s direct dependence on species concerns domesticated animals.

Other work-related rights

In Sweden, there is strong labour law and collective agreements that protect workers’ rights, including regulations regarding minors in the workforce, wages and more. In Sweden, the right to associate is also legislated under labour law. Ellos Group’s own workforce is geographically concentrated in Sweden and all employees are covered by collective agreements and have the right to join trade unions. Therefore, with regard to

the own workforce, the sub-topic of other work-related rights is not applicable, either from an impact or financial materiality perspective.

Affected communities (entire sustainability topic)

Although Ellos Group’s suppliers have a significant impact on the local communities and groups in which they operate, Ellos Group is a small customer to the suppliers. The group therefore has limited ability to influence issues such as freedom of expression/assembly, adequate housing, food/water supply and rights of indigenous peoples. The most important issues in the upstream value chain, such as working conditions and child labour, are covered by the sub-topic of workers in the value chain.

Political engagement and lobbying activities

Ellos Group is a member of industry organizations, such as the International Accord, but does not consider this to be political engagement aimed at exerting political influence or lobbying.

Process for materiality assessment

4. Quantitative assessment

The Sustainability Steering Group, together with internal subject matter experts and parts of the Group Management Team, rated each identified impact using five-point scales. Negative impacts were rated based on severity, which was a combination of scale, scope, irremediable character of the impact, and likelihood. Positive impacts were rated based on scale, scope and likelihood.

Scale – how severe the impact is or how much the impact contributes to sustainable development for the stakeholder group most affected

Scope – how widespread the impact is within the stakeholder group most affected

Irremediable character – how difficult it is to reverse the effect of negative impact (in terms of cost or time)

Likelihood – how likely it is that the impact will occur

The scoring was aggregated and resulted in determining whether an impact was material or not. Based on the identified impacts, the financial effects (risks and opportunities) that could arise were then assessed. Risks and opportunities were evaluated based on magnitude and likelihood.

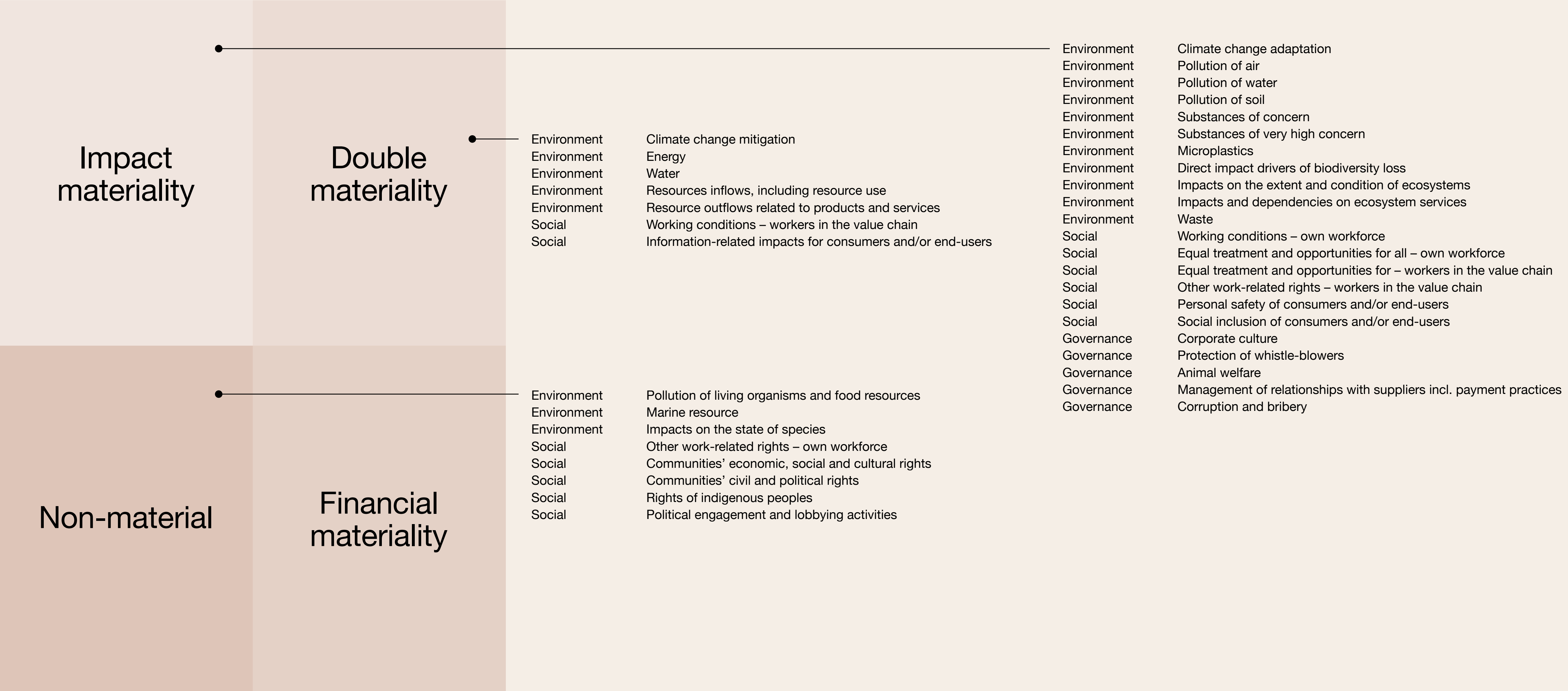
A sustainability issue became material if at least one impact, risk or opportunity exceeded the threshold, indicating either impact materiality, financial materiality or both (double materiality).

5. Qualitative assessment and approval

After the quantitative assessment, a qualitative analysis was conducted, including benchmarking against companies within the same industry, to ensure the relevance of the identified material topics from an impact, financial and double materiality perspective. This qualitative assessment was carried out by the Sustainability Steering Group.



Result of the double materiality assessment



Result of the double materiality assessment



The outcome of the double materiality assessment is considered in the Group’s regular risk assessment process. This is the first year that Ellos Group reports based on a double materiality assessment. Therefore, there are no changes in the reporting process. An updated double materiality assessment is planned for autumn 2025.

Material sustainability topics excluded in this year’s statement

The Group does not report on biodiversity and ecosystems in the environmental information section this year. The Group also does not report on consumers and end-users in the social information section. Below is a brief description of how the Group’s business model and strategy address the identified impacts within these topics, current policies and a description of metrics and targets.

Biodiversity and ecosystems has been identified as a material topic for Ellos Group. The impact the business has on the environment and the risks identified are primarily located in the Group’s upstream value chain, such as through the sourcing of timber and cotton, but are also present in the production process of the Group’s products. Ellos Group views biodiversity as a priority area and actively works to increase the use of certified materials, such as organic cotton and FSC-certified wood, to contribute to more sustainable development. At the same time, there is an awareness that this is a complex area, and the Group is mindful of the need to expand its knowledge in order to make a real difference and reduce its negative impact. The Group’s positions on sustainable materials, such as sustainable cotton and certified wood, can be found in Ellos Group’s Design Policy and Purchasing Policy.

The Group measures more sustainable cotton relative to total cotton in products within its own brands. This metric includes organic cotton, recycled cotton and cotton certified by the Better Cotton Initiative (BCI). Ellos Group has set a target to achieve 100 percent more sustainable cotton relative to total cotton in products within its own brands by 2025, and for 2024, the proportion was 95 percent.

The Group also measures the proportion of FSC-certified wood in furniture made from solid wood in products within its own brands, with a target of reaching 50 percent by 2025. For 2024, the proportion was 51 percent.

Consumers and end-users have been identified as a material topic. The Group is committed to delivering products that are safe to use, ensuring transparency and integrity in all communication, responding promptly to customer feedback and protecting customer privacy.

Ellos Group conducts mandatory testing and random inspections to monitor that the Group’s products meet quality, chemical and safety requirements before they reach the market. For products within own brands, testing is carried out by external independent laboratories as well as in the Group’s own testing facility. This occurs during the production process or on finished products. Ellos Group does not permit animal testing.

Children’s clothing is an area where the requirements are particularly high due to the way children use and wear products. All of the Group’s children’s clothing within its own brands complies with the requirements of the European standard EN 14682. For products

within external brands where Ellos Group is the distributor, random inspections are conducted and there are standardised procedures depending on the product category and the design of product legislation.

Product safety is regulated by the Group’s Product Policy, which aims to ensure that all products meet the requirements and standards established, including those set out in the General Product Safety Regulation (GPSR). The policy includes guidelines for risk assessment, testing and quality control to minimise potential hazards and protect consumers’ health and safety. In addition, it also covers guidelines for transparency within Ellos Group, enabling consumers to access information about the manufacturing of a product.

Personal data is managed in accordance with the Data Protection Policy. The Group has an employed Data Protection Officer (DPO) who ensures that Ellos Group complies with applicable legislation. Currently, there are no established targets in the area of consumers and end users.

Section B

Environmental Information.

29	Climate Change
36	Pollution
38	Water Resources
40	Resource Use and Circular Economy



Ellos Group is aware that its operations impact the environment and that the company plays a role in the challenges posed by climate change. This is taken very seriously, and the Group is continuously working to reduce its impact and find more sustainable solutions. Through collaboration with suppliers and partners to collectively identify better ways of working, as well as reviewing processes, using more sustainable materials and improving energy efficiency, Ellos Group strives to make a difference. By being transparent about challenges and progress, Ellos Group hopes to inspire change – both within its own operations and across the industry as a whole.

Material impacts, risks and opportunities
In the double materiality assessment, material impacts, risks and opportunities related to climate change were identified in the following areas.

		Upstream	Own operation	Downstream	Short-term	Medium-term	Long-term
GHG emissions in the value chain	Actual negative impact	•		•	•	•	•
Energy in the upstream and downstream value chain	Actual negative impact	•		•	•	•	•
Insufficient access to natural resources and disruptions in production	Risk (Physical risk)	•				•	•
Insufficient access to recycled materials	Risk (Physical risk)	•				•	•
Higher energy costs	Risk (Physical risk)	•				•	•

Climate Change

Climate change

Strategy

Sustainability is a central part of the business, and the Group continuously works to identify and reduce its environmental footprint. As part of this effort, Ellos Group has established a concrete transition plan aligned with the Paris Agreement’s goal of limiting global temperature

rise to 1.5°C. This commitment reflects the ambition to meet customer demands for sustainability while ensuring a long-term business model in a world that requires climate-smart choices. The transition plan is based on the carbon accounting for the 2020 baseline year and aims to gradually reduce emissions by 50 percent by 2030. The majority of the Group’s

emissions fall within Scope 3, and the transition plan therefore primarily focuses on reducing these. A number of key actions have been identified to achieve lower carbon emissions, as outlined below. These measures are also described in more detail in section “Actions” at page 32.

1

Switch to renewable energy sources and biofuels and improve energy efficiency among our suppliers.

2

Increase the use of recycled materials or low-emission materials in both products and packaging.

3

Require external brand suppliers to reduce their climate impact.

4

Transition to biofuel-powered sea freight, ensure last-mile deliveries are electrified and fossil-free and avoid air freight.

5

Use renewable electricity and district heating in own operations.

6

Adjust the product mix to promote sales of products with low emission factors relative to their sales price.

Climate change

Progress and integration of the transition plan

In 2024, Ellos Group developed a business plan for 2025–2027, in which the transition plan is an integrated component. The targets outlined in the transition plan align with the Group’s overall strategy and are designed to achieve emission reductions despite planned growth. Both the business plan and the transition plan were approved by Ellos Group’s board in 2024. Additionally, the emission reduction targets are linked to the incentive programme for Group Management.

The progress made so far, in relation to the transition plan, is primarily linked to an increased use of lower-emission materials, such as recycled materials or materials produced in a more energy-efficient way, such as organic cotton and EcoVero certified viscose.

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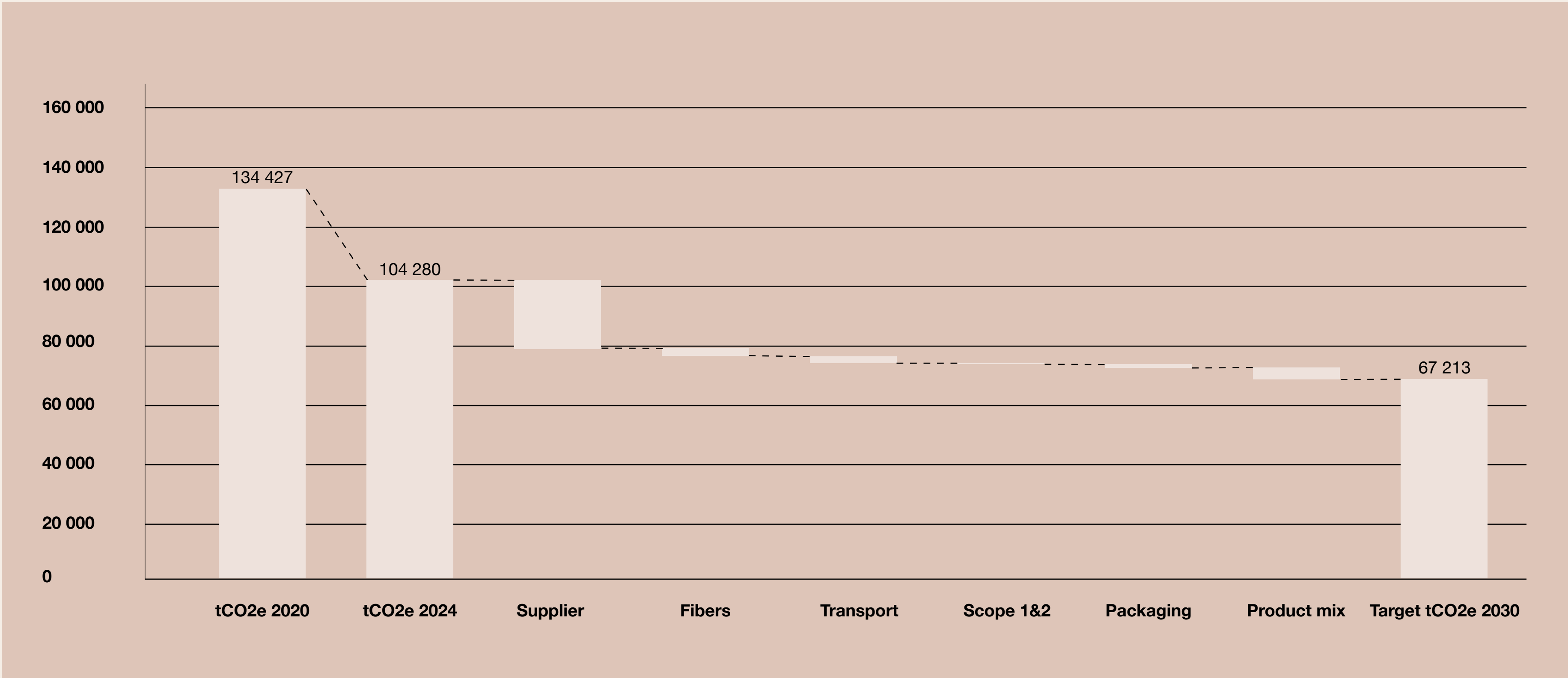
Resources and funding

To ensure progress in sustainability efforts, the Group has increased personnel resources during the year, with further reinforcements planned for 2025. Additionally, significant resources will be allocated next year to implement new IT systems to support this work. No major financial investments (CapEx) related to the transition plan have been made in 2024.

Locked-in GHG-emissions

As part of the qualitative assessment of locked-in GHG emissions, the Group has determined that textile products generate emissions also during the usage phase due to energy consumption associated with washing and ironing. In addition, textiles and furniture composed of mixed materials present challenges at the end of their lifecycle, which can result in landfill

disposal and associated emissions. To address this impact and minimise long-term environmental effects, the Group prioritises easy-to-care-for materials, recyclable raw materials and initiatives for circular design.



Climate change



Impact, risk and opportunity management

Ellos Group has implemented several policies to address the Group’s most significant climate-related impacts and risks. The guidelines apply to all employees and aim to minimise environmental impact as well as strengthen the sustainability of operations.

The Environmental Policy focuses on reducing impact through recycling and energy savings, while clarifying employees’ responsibilities. The Design Policy directs product development, taking into account the entire product lifecycle, while the Purchasing Policy advocates for materials with a low climate impact. These guidelines are implemented through sustainable material choices, energy efficiency and responsible production. Group Management holds overall responsibility for compliance. The Environmental Policy is part of the Group’s ethical guidelines, which are approved by the Board. Responsibility for each respective policy is specified on page 16.

Actions

Most of the emissions occur in the supply chain and are affected by energy consumption and the choice of energy sources. Through collaborations with suppliers, data on energy, water, pollutants and waste is collected, which is a prerequisite for implementing improvements. However, the complex value chain poses a challenge as sustainability maturity varies.

A central part of the climate strategy is to increase the share of sustainable materials. In 2024, the proportion of recycled polyester and polyamide in products under the Group’s own brands rose to 57 percent, an increase of 18 percentage points compared to 2023. In addition, the Group has largely transitioned to certified fibres for viscose and cotton, thereby reducing its climate impact.

With 4.2 million packages delivered in 2024, the choice of packaging material is crucial. The e-commerce bags are made from recycled plastic, and the cartons consist of recycled paper. For product packaging under the Group’s own brands, only recycled plastic is permitted, with an ambition to reduce plastic usage where it is not essential for ensuring product quality. Work is also underway to replace expanded polystyrene as a packaging material.

With 4.2 million packages delivered in 2024, the choice of packaging material is crucial. The e-commerce bags are made from recycled plastic, and the cartons consist of recycled paper.

Transport is primarily carried out by sea freight, while road freight is used for shorter distances. Air freight has been minimised and will be banned from 2025, except for samples that require urgent approval for fit and material. The target is for all customer deliveries to be fossil-free by 2030. Ellos Group actively collaborates with logistics providers to reduce the climate impact of transportation. Sustainability targets are integrated into the business strategy to steer the product range towards more environmentally friendly alternatives, without compromising business objectives.

The Group already uses renewable electricity in its offices and warehouses, and from 2025, district heating will also be 100 percent renewable.

STICA THE SCANDINAVIAN
TEXTILE INITIATIVE
FOR CLIMATE ACTION

As an additional measure to reduce the Group’s impact on the climate, collaboration with other companies is taking place. Since 2019, Ellos Group has been a member of The Swedish Textiles Initiative for Climate Action (STICA). The network offers valuable opportunities to work with other companies facing similar challenges, enabling members to share best practices, gain insights into innovative solutions, and accelerate our transition towards a more sustainable and ethical textile industry.

STICA’s goal is to ensure that the Swedish and Nordic textile industries work towards becoming the world’s first climate-positive clothing and textile sector well before 2050. STICA achieves this by:

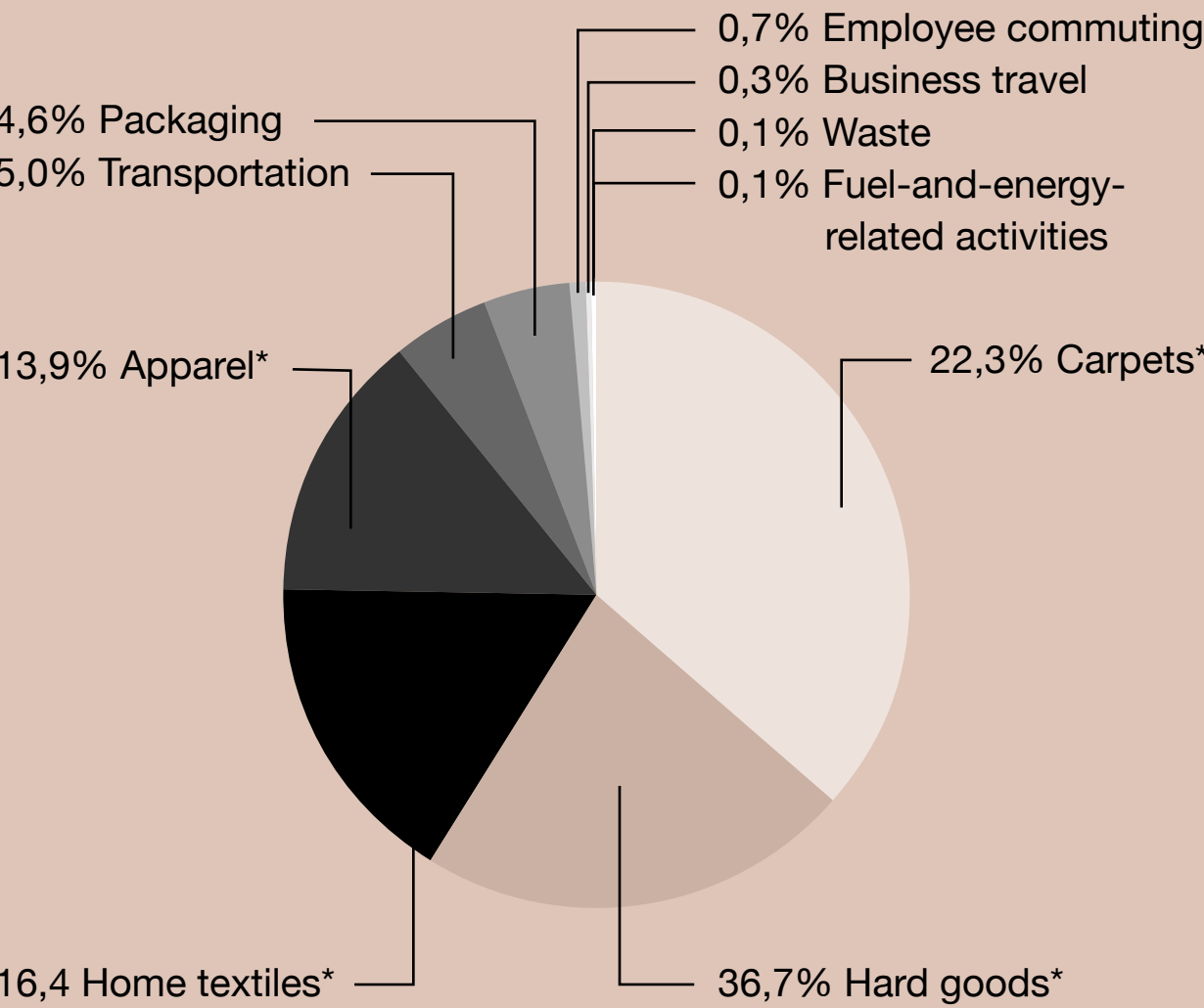
- Supporting clothing and textile companies operating in both the Nordic and international markets in setting science-based targets and reducing their GHG emissions in line with a 1.5°C warming trajectory, in accordance with the UN Framework Convention on Climate Change and the Paris Agreement.
- Providing a neutral, non-competitive platform where companies and organisations can learn best practices for reducing their emissions and regularly monitor and publicly report their progress.
- Advocating for ambitious climate legislation at the industry level and supporting the development of joint projects and cross-sector collaborations to reduce the overall GHG emissions of the clothing and textile industry.

Climate change

Metrics and targets

Ellos Group is working towards the overall goal of reducing the Group’s GHG emissions by 50 percent by 2030 compared to the base year of 2020, in line with limiting global warming to 1.5°C. Progress is monitored and evaluated regularly. For Scope 1 and 2, the Group aims to achieve net zero emissions already by 2025.

2024 significant scope 3 GHG emissions per category, ton CO2e



*) Purchased goods

CO ₂ e emissions	Retrospective				Milestones and target years		
	2024	2023	Base year 2020	% 2024 vs 2023	2025	2030	Annual % target / Base year
Scope 1 GHG emissions							
Gross Scope 1 GHG emissions (tCO ₂ e)	138.4	34.0	2.3	+305%	0	0	
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	-	-	-				
Scope 2 GHG emissions							
Gross location-based Scope 2 GHG emissions (tCO ₂ e)	358.1	359.5	331.2	-0.6%	0	0	
Gross market-based Scope 2 GHG emissions (tCO ₂ e)	300.4	297.9	240.0	+0.7%	0	0	
Significant scope 3 GHG emissions							
Total Gross indirect (Scope 3) GHG emissions (tCO ₂ e)	103,840.8	99,103.8	134,185.0	+4.8%		67,213.7	
1 Purchased goods and services (tCO ₂ e)	97,458.3	92,930.7	126,971.9	+4.9%			
2 Capital goods (tCO ₂ e)	-	-	-				
3 Fuel and energy-related Activities (not included in Scope1 or Scope 2) (tCO ₂ e)	103.3	106.9	36.3	-3.7%			
4 Upstream transportation and distribution (tCO ₂ e)	5,182.2	4904.1	6378.4	+5.7%			
5 Waste generated in operations (tCO ₂ e)	74.8	98.8	94.9	-24.2%			
6 Business travel (tCO ₂ e)	296.3	273.1	225.7	+8.4%			
7 Employee commuting (tCO ₂ e)	726.0	790.2	477.8	-8.1%			
Total GHG emissions							
Total GHG emissions (location-based) (tCO ₂ e)	104,337.4	99,497.3	134,518.5	+4.9%		67,259.3	-6.7%
Total GHG emissions (market-based) (tCO ₂ e)	104,279.7	99,435.7	134,427.3	+4.9%		67,213.7	-6.7%

Climate change

To ensure that the baseline value is representative and includes all relevant activities, the baseline for 2020 has been recalculated to include processes that were previously missing from the calculations. Improved data quality and process optimisation have also led to updates in the baseline value.

Ellos Group does not carry out its own calculations of emission factors. Where carbon dioxide equivalents are missing, the conversion to CO₂e is made through an external platform (Cemasys). The Cemasys’ model is based on the GHG Protocol and includes an extensive database covering global emission factors. Where possible, primary data from suppliers is used. Ellos Group applies different methods and assumptions to calculate and measure its Scope 1, 2 and 3 GHG emissions. These are outlined below.

Scope 1
Ellos Group’s direct emissions within Scope 1 are very limited and consist solely of refrigerant refills and fuel for company cars, the majority of which are electric. The data used for calculations is sourced from invoices from the refrigerant supplier and mileage data for company cars. During 2024, there was a significant increase in GHG emissions within Scope 1 due to an incident that caused refrigerant leakage. The damage has been repaired during the year.

Scope 2
This includes energy consumption in offices and warehouses. The data for the calculation is based on consumption data from the electricity and district heating suppliers.

Energy consumption and mix	2024	2023
(1) Fuel cons. from coal and coal products (MWh)	-	-
(2) Fuel cons. from crude oil and petroleum products (MWh)	-	-
(3) Fuel cons. from natural gas (MWh)	-	35.6
(4) Fuel cons. from other fossil sources (MWh)	-	-
(5) Cons. of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	142.9	157.0
(6) Total fossil energy cons. (MWh) (calculated as the sum of lines 1 to 5)	142.9	192.6
Share of fossil sources in total energy cons. (%)	1.4%	1.7%
(7) Cons. from nuclear sources (MWh)	-	-
Share of cons. from nuclear sources in total energy consumption (%)	-	-
(8) Fuel cons. for renewable sources, incl. biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	-	-
(9) Cons. of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	10,348.2	11,293.0
(10) The cons. of self-generated non-fuel renewable energy (MWh)	-	-
(11) Total renewable energy cons. (MWh) (calculated as the sum of lines 8 to 10)	10,348.2	11,293.0
Share of renewable sources in total energy cons. (%)	98.6%	98.3%
Total energy cons. (MWh) (calculated as the sum of lines 6, 7, and 11)	10,490.1	11,485.6

Scope 3
Purchased goods and services
Purchased products account for 93 percent of the Group’s total emissions. The CO₂e calculation for this category is based on the product’s weight and material, multiplied by an emission factor. Product data is sourced from the Group’s product data and business systems. Weight is available for all products. For materials, 93.5 percent of the product data is complete, while the remaining portion is extrapolated based on existing and identified data to ensure full coverage of emissions from purchased products. The emission factor used is a global industry average for materials and processes.

In addition to products, packaging materials are included in the Purchased goods and services category. For e-commerce packaging, primary data from the Group’s packaging supplier is used. In 2024, extensive work was carried out to collect detailed product packaging data for furniture, lighting and decoration for Ellos Group’s own-brand products. For plastic bags used for fashion and home textile products, as well as for all external products, calculations are based on standard values.

Climate change

Upstream transport and distribution
Ellos Group collaborates with a total of 20 carriers for inbound and outbound transport, who provide data on tonne-kilometres and CO₂e emissions.

Fuel- and energy-related activities
This Scope 3 category includes the extraction, production and transport of fuels used for electricity generation, fuel consumption, heating and cooling within Ellos Group’s operations. Data is based on Scope 1 and 2 reporting.

Waste generated in operations
All waste generated within the Group’s own operations is collected by a contracted waste management provider and recycled to the greatest possible extent. Detailed data on waste volumes and associated CO₂e emissions is obtained through the provider’s customer portal.

Business travel
Data on flights, train journeys and hotel stays are obtained through the Group’s travel agency and customer data from train operators.

Employee commuting
An annual survey is conducted among the Group’s employees to map their choice of transport and the number of kilometres they commute to the workplace. In 2024, the response rate was 50 percent, and the data was extrapolated to represent the entire workforce.

Primary data are obtained for Scope 3 categories Upstream transportation and distribution, Waste generated in operations and Business travel, which together account for 5 percent of Scope 3 emissions.

Restatement of previously reported figures
In 2024, the Group recognised that emission factors previously used for hard materials in the Scope 3 CO₂e calculation only included Tier 4. With updated emission factors covering materials and processes for Tier 1–4, Scope 3 for all years since base year 2020 has been recalculated. A restatement has also been made due to improved data quality and IT process optimisation.

Omitted Scope 3 categories
In CO₂e calculations, Use of sold products and End-of-life treatment of sold products have been excluded. Ellos Group offers a wide range of product categories, and there is no established industry average for factors such as number of washes for clothing and home textiles or lifespan of home furnishings. Including these would introduce high uncertainty and are therefore excluded.

Charing stations for electric/hybrid cars
Ellos Group supports the transition to low-emission vehicles and offers charging stations for electric and hybrid cars at the workplace. In 2024, 3220 charges were made compared to 2392 in 2023.





Ellos Group offers a wide range of products, which means that the Group relies on raw materials and natural resources. The extraction and processing of these materials impact the environment, including air, soil and water, throughout various stages of the supply chain.

Material impacts, risks and opportunities

In the double materiality assessment, material impacts, risks and opportunities related to pollution were identified in the following areas.

		Upstream	Own operation	Downstream	Short-term	Medium-term	Long-term
Pollution to air, soil and water in upstream and downstream value chain	Actual negative impact	•		•	•	•	•
Chemicals in manufacturing process	Potential negative impact	•		•	•	•	•
Emission of microplastics through washing	Actual negative impact			•	•	•	•

Pollution

Pollution



Impact, risk and opportunity management

The main impact from pollution arises in the Group’s upstream value chain through production, during transportation both upstream and downstream in the value chain, as well as during the use and washing of products sold by the Group in the downstream value chain. Ellos Group’s environmental efforts are guided by national legislation, EU regulations and voluntary standards. Increased requirements reflect a growing awareness of the impact of chemicals on health and the environment, and Ellos Group strives to meet consumers’ growing expectations for quality and safety. To reduce negative environmental impacts, the Group continuously works on improving its processes.

The Environmental Policy and Product Policy serve as guidelines to minimise the negative impact of pollution, both within the company’s operations and across the entire value chain. These policies include guidelines on chemical usage, waste reduction and actions to limit emissions from transportation. The policies also outline the Group’s aim to increase the use of organically grown materials, which contributes to reducing soil pollution. However, the policies currently do not include restrictions on the negative impact of air, water and soil pollution, or how to prevent incidents and emergencies related to pollution or substances of concern. Responsibility for each respective policy is specified on page 16.

For products within the Group’s own brands, PFAS and moisture absorbers with DMFu are prohibited.

For the Group’s products within its own brands, Ellos Group has implemented a ban on the use of substances of concern and substances of very high concern. The substances covered are regulated through a Manufacturing Restricted Substances List (MRSL) and a Restricted Substances List (RSL). Suppliers are informed of these requirements through the Supplier Manual, an annex to the Group’s supplier agreements.

The Group does not sell products containing hazardous chemicals according to the RoHS Directive or the REACH Regulation. Furthermore, there is a ban on PVC, antibacterial additives, and flame retardants in textile products, leather and footwear, except for PVC in electrical cables. For products within the Group’s own brands, PFAS and moisture absorbers with DMFu are prohibited, and efforts are underway to ensure that external brands also adhere to these guidelines.

Compliance with the Group’s policies is ensured through chemical testing before the production start of products under the Group’s own brands. Particular focus is placed on verifying the test results for risk products, such as baby clothing and materials in contact with food (FCM - Food Contact Material). To proactively manage substances of very high concern, ongoing research is monitored, allowing for phase-out before substances are added to restriction lists. For external brands, suppliers are required to have their own RSL and procedures to control chemical usage in their products.

Microplastics are small plastic particles, often less than 5 millimetres, that can be released from synthetic textiles during manufacturing, use and washing. These particles end up in watercourses and ecosystems,

where they can be harmful to wildlife and potentially impact human health through the food chain. The Group is aware of the environmental and health risks posed by microplastics, especially within the textile industry. The Group is actively working to reduce the amount of microplastics by exploring more sustainable material alternatives.

Metrics and targets

Targets related to air pollution are addressed under the Climate Change section, while targets for pollution of soil are described under the section on Resource Use and Circular Economy. The Group has not currently set specific targets related to pollution of water or microplastics.

The Group’s own operations, which include offices and warehouses in Borås, do not cause emissions to soil, air or water.

In the Group’s value chain, chemical use primarily occurs within the Tier 2–4 supplier tiers. The aim going forward is to ensure that all suppliers have a chemical management system in place. The Group is continuing to work on processes for monitoring and tracking this, as well as setting clear targets for chemical testing of finished products.

Currently, the Group is unable to measure the effectiveness of policies and actions related to pollution impacts. However, this is something the Group strives to be able to assess in the future as part of the development of targets and strategies.



Ellos Group relies on water for raw material supply and product processing, which results in water consumption in areas where availability is limited. Water-intensive activities such as cotton farming, dyeing, washing textiles and other wet processes often take place in regions experiencing water scarcity.

Material impacts, risks and opportunities

In the double materiality assessment, material impacts, risks and opportunities related to water resources were identified in the following areas.

		Upstream	Own operation	Downstream	Short-term	Medium-term	Long-term
Water consumption in the manufacturing process in upstream value chain	Actual negative impact	•			•	•	•
Water scarcity in the upstream value chain	Risk	•				•	•

Water Resources

Water Resources



Impact, risk and opportunity management

Through the Group’s purchasing and design policies, along with clear targets, the Group’s purchasing of goods is directed towards certified materials and processes that require less water. By selecting resource-efficient production methods and unconventional materials, Ellos Group aims to reduce water usage and avoid pollution. Responsibility for each policy is specified on page 16.

During the use phase of the Group’s products, additional water consumption occurs through customers’ washing and care. Since customers are mainly located in the Nordic countries and Northern Europe, areas with low water scarcity, this phase is not covered by any specific policy. The same applies to the Group’s own operations in Borås, which is not located in a high water-stress area.

In 2024, efforts to manage the impact of water usage and pollution associated with the production of the Group’s products were intensified. Data was collected from Tier 1 suppliers through an external platform where suppliers respond to questions regarding energy consumption and energy sources, water usage, water pollution and waste management.

Metrics and targets

Ellos Group has not yet established any targets related to water resources, as the information gathered needs to be verified and analysed before measurable and time-bound targets can be set. The data collection focuses on suppliers of the Group’s own brands.

The Group’s own operations are located in an area without water risk and receive water supply and wastewater management from Borås Energi och Miljö. All water is treated and returned for reuse. In 2024, the total water consumption amounted to 7,384 m³. The data is validated by Borås Energi och Miljö, ensuring accuracy and transparency.



Ellos Group sells clothing, home textiles and furnishings – industries with significant sustainability challenges. The textile sector is a major consumer of resources, including materials for products and packaging, as well as energy throughout the value chain. The Group works actively to address these challenges by choosing materials and production processes that are better for the environment. Ellos Group aims to offer timeless, high-quality products that customers can use for a long time and encourages customers to recycle their clothing, textiles and furniture.

Material impacts, risks and opportunities

In the double materiality assessment, material impacts, risks and opportunities related to resource use and circular economy were identified in the following areas.

		Upstream	Own operation	Downstream	Short-term	Medium-term	Long-term
Waste in own operations and in value chain	Actual negative impact	•	•	•	•	•	•
Use of virgin raw material	Actual negative impact	•			•	•	•
Recyclability of products	Actual negative impact			•	•	•	•
Increased regulatory waste costs	Risk			•		•	•
Increased raw material costs due to resource scarcity	Risk	•				•	•

Resource Use
and Circular
Economy

Resource Use and Circular Economy

Impact, risk and opportunity management
Sustainability efforts begin at the drawing board. Through the design policy, it is ensured that decisions made in the design and purchasing processes lead to reduced resource use and environmental impact without compromising quality. Sustainable thinking should permeate the design of Ellos Group’s products within own brands and the Group is preparing to meet the requirements of the upcoming legislation on product sustainability, the Ecodesign for Sustainable Products Regulation (ESPR). ESPR is a framework aimed at adapting products for climate neutrality and a circular economy, as well as making sustainable products the norm within the EU.

The design policy focuses on four key areas: material selection, waste minimisation, extended product lifespan, and energy-efficient processes. The responsible party for the policy is specified on page 16.

Material selection
Within the design and development process, Ellos Group has the opportunity to influence the sustainability and recyclability of products. The Group has invested major resources to increase the share of recycled materials and materials with more efficient resource use and has significantly increased the proportion of certified materials in 2024.

With a broad product range, the challenges are many. Cotton accounts for approximately 48 percent of the textile content in products under Ellos Group’s own brands. Cotton is a resource-intensive fibre, both in terms of cultivation and production processes. Therefore, a long-standing decision has been made to use more sustainable cotton in the production of

the company’s product range, aiming to reduce the use of water, chemicals and energy. More sustainable cotton is defined as organic cotton, recycled cotton, or cotton certified by the Better Cotton Initiative (BCI). The target is for 100 percent of the cotton in Ellos Group’s products under its own brands to come from more sustainable sources. For 2024, the share was 95 percent, as in some fibre blends with a low cotton content, it can be challenging to source certified fibre. The majority of the more sustainable cotton comes from organic cotton, which now accounts for 49 percent. This is a significant increase from 2023 when the share was only 26 percent.

By using recycled materials, the environmental impact from the production of virgin raw materials can be reduced. The challenge lies in finding substitutes for existing fibres with a lower environmental impact, while maintaining the company’s high quality standards. In 2024, Ellos Group continued to expand its in-house developed range of products made from recycled materials, such as recycled polyester and recycled polyamide. To ensure that materials are recycled and free from harmful substances, Ellos Group sources materials certified under recognized standards such as the Global Recycled Standard (GRS) or the Recycled Claim Standard (RCS).

In the fashion segment, viscose is an important fibre, and measures have been taken to replace conventional viscose with more sustainable alternatives. In 2024, 67 percent of all viscose in the Group’s own brands was made from the more sustainable viscose fibre Lenzing EcoVero. This viscose fibre is made from more sustainably sourced wood, coming exclusively from certified and controlled sources. The fibre is certified according to the EU’s



Resource Use and Circular Economy



official sustainability label (EU Ecolabel), ensuring that the material meets strict sustainability requirements throughout its entire lifecycle. The production of Lenzing EcoVero fibre results in up to 50 percent lower emissions and water impact compared to regular viscose.

Home furnishings is a major product category for Ellos Group, and wood is one of the most important materials within this range. The world’s ancient forests are being logged at an alarming rate, which endangers threatened species, communities and our climate. Therefore, it is crucial that the wood in the Group’s products comes from responsible and legal logging. All wood and paper products comply with the EU Timber Regulation (Regulation No. 995/2010), which ensures legal logging. In addition, 51 percent of all solid wood furnitures in the Group’s own brands are FSC-certified, which guarantees that the wood comes from a forest management system that considers both people and the environment.

Ellos Group can influence the sustainability of its products but has limited control over consumer behaviour, such as how many times products are used before being discarded. However, by working with mono-materials, recycling once the products reach the end of their lifecycle can be facilitated. 52 percent

of Ellos Group’s textile products are made from mono-materials, meaning they are produced from a single fibre type rather than mixed fibres. This makes them much easier to recycle, as sorting and separating different materials is not required.

From the beginning of 2025, it will be a legal requirement to separate textile waste, making mono-materials particularly important. By increasing the proportion of mono-materials in its products, Ellos Group is contributing to a more circular textile industry. The company hopes that this initiative will lead to greater availability of textile-to-textile recycled fibre.

Packaging and waste management
Ellos Group actively works to reduce the environmental impact of packaging. The Group’s e-commerce packaging consists of 80 percent recycled consumer plastic and 20 percent recycled industrial plastic, which reduces CO₂e emissions per bag by 60 percent compared to virgin plastic. Cartons are primarily made of recycled paper with a layer of virgin paper to ensure strength.

In terms of waste management, the amount of damaged goods has been reduced during the year through improved product and packaging design.

With consistent work throughout the value chain, the products better withstand the logistics flow, resulting in a lower amount of waste being generated. Products with damaged packaging are repacked and can be resold to customers. Products that are still damaged despite efforts are given a chance for continued use through sale in Ellos Group’s Outlet store, where they are sold at a reduced price.

Expected results and future actions
By increasing the proportion of recycled materials and reducing waste, Ellos Group contributes to more sustainable resource usage and reduced CO₂ emissions, which is also a key part of the Group’s transformation plan. The majority of the implemented measures apply to the Group’s own brands. In 2024, a structured effort was initiated to collect more detailed information about the materials used in products from external brands, including the share of recycled materials.

The work to improve resource efficiency and transition to more sustainable materials is an ongoing process. The long-term goal is for 100 percent of textile materials to be certified or recycled by 2030.

By working with mono-materials, recycling once the products reach the end of their lifecycle can be facilitated. 52 percent of Ellos Group’s textile products are made from mono materials, meaning they are produced from a single fibre type rather than mixed fibres. This makes them much easier to recycle, as sorting and separating different materials is not required.

Resource Use and Circular Economy

Metrics and targets

Ellos Group has set clear targets to improve resource usage and promote a circular economy, with targets that are measurable, time-bound and focused on tangible results. These targets reflect the Group’s commitment to minimising environmental impact and increasing the degree of circular material use in products.

Recycled polyester and polyamide

Ellos Group aims for 100 percent of the polyester and polyamide in its own brands to consist of recycled material by 2030. This target relates to increasing the degree of circular material use and minimising the use of primary raw materials. It directly links to product resource inflows and aligns with material recycling at

level 3 of the waste hierarchy. The waste hierarchy is an EU directive governing waste management, consisting of five levels: prevention, reuse, recycling, energy recovery and disposal. Progress towards the target is monitored quarterly to ensure advancement and identify any challenges in a timely manner. The target was established, and measurements began in 2019, when the share of recycled polyester and polyamide was only 1 percent. The goal exceeds current legal requirements.

The ambition is to set additional targets related to resource use and the circular economy, and data collection processes have been improved in several areas in preparation for defining concrete and measurable target.

More sustainable materials	2024	2023	Target 2025	Target 2030
Share of more sustainable textile product sales within own brands (%)	57	50	50	100
Share of more sustainable textile product sales within own brands (%)	95	96	100	100
Organic cotton (%)	49	26		
BCI cotton (%)	46	70		
Share of recycled polyester and polyamide in products within own brands (%)	57	39	50	100
Share of EcoVero viscose in products within own brands (%)	67	37	50	100
Share of FSC-certified solid wood furniture in products within own brands (%)	52	43	50	100



Resource Use and Circular Economy

Resource inflows

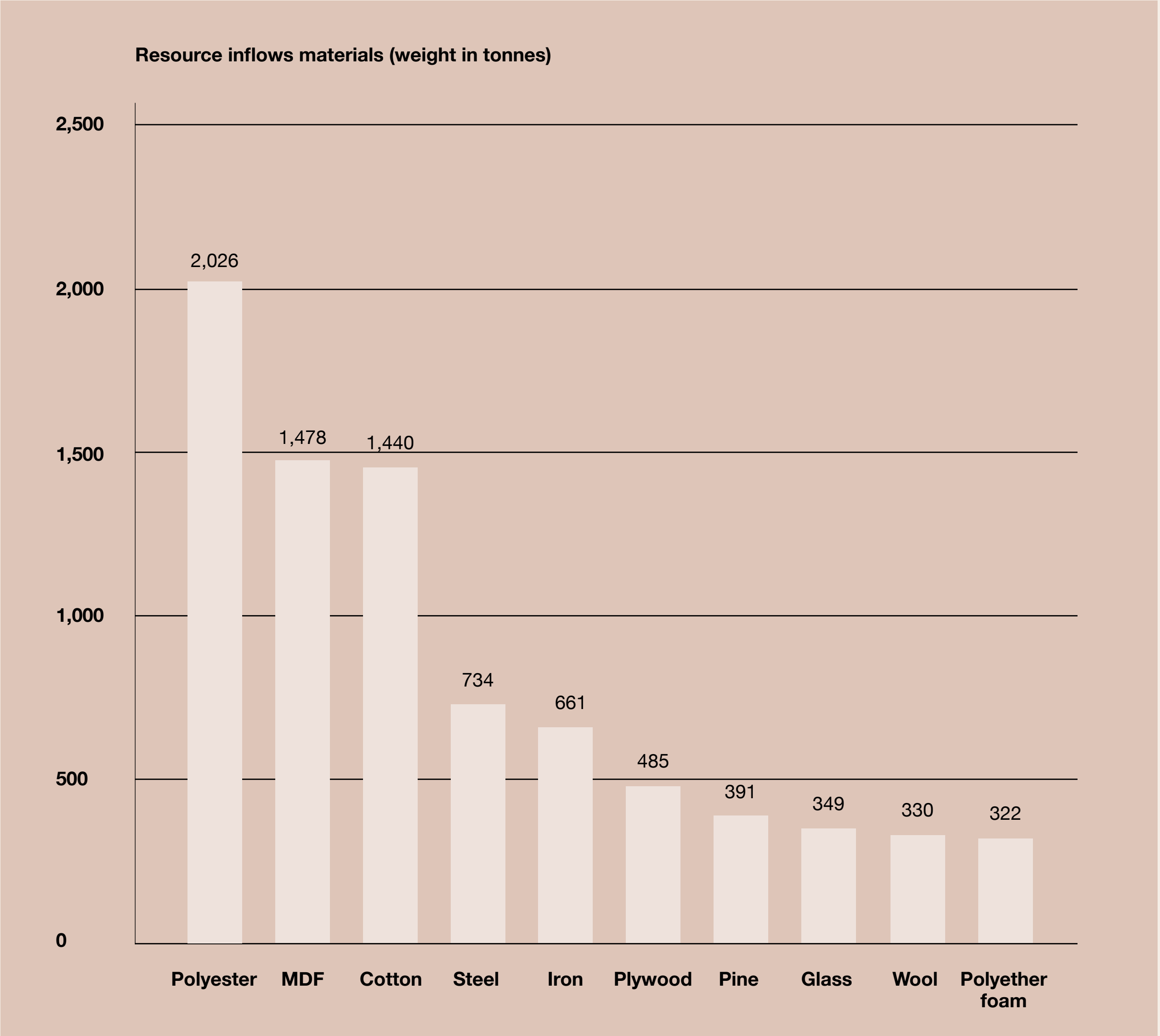
Of the total material consumption, approximately 14.9 percent consisted of biological resources from sustainable sources, certified by recognised systems that ensure responsible manufacturing practices. The Group ensures the reliability of sustainably sourced biological materials by exclusively purchasing materials with recognised certifications such as GOTS, OCS, BCI, FCS and EcoVero.

The reported data on resource inflows and material use have been calculated using a direct measurement

method, where the purchased weight is carefully monitored. Complete data is available for 93.5 percent of the total weight of materials, while the remaining portion is estimated through an extrapolation based on available data for each product category.

A total of 1,029 tonnes of the material flow consists of reused or recycled material, accounting for 7.4 percent of the total resource inflow. The ten most used materials in the operations specified in the table to the right.

Resource inflows	2024	2023
Total weight of products and materials (tonnes)	13,818.3	14,270.3
Share of biological materials (and biofuels) sustainably sourced (%)	14.9	13.5
Total weight of secondary reused or recycled components (tonnes)	0	0
Share of secondary reused or recycled components (%)	0	0
Total weight of secondary intermediary products (tonnes)	0	0
Share of secondary intermediary products (%)	0	0
Total weight of secondary materials (tonnes)	1,029.2	988.8
Total weight of secondary materials (tonnes)	7.4	6.9



Resource Use and Circular Economy

Resource outflows

Ellos Group strives to offer products with a long lifespan that can be reused within a circular flow. Suppliers of the Groups own brands must meet requirements for durability, dimensional stability and colour fastness. To ensure quality, the Group collaborates with suppliers through laboratory testing conducted by accredited laboratories before production begins. The tests are based on product-specific requirements and include mechanical durability, colour fastness, dimensional stability and chemical analyses. Final inspections before delivery are carried out by third parties for new suppliers as well as for products within various focus areas. For in-house developed products, there is also a requirement that each product category must include classic and timeless designs to further extend lifespan. Great emphasis is also placed on ensuring that products can be recycled when they can no longer be used.

In certain product segments within furniture, the option to purchase separate covers is available. This allows customers to extend the lifespan of their furniture by replacing worn or stained fabric without having to replace the entire piece.

Most textile products in the range can be repaired if the damage occurs along a seam. For certain products, a spare button is included to facilitate repairs, but this is done with consideration for overall resource use, as many spare buttons are never utilised. For furniture and other more complex products, spare parts or repair services are not currently offered.

Waste

The Group’s waste primarily consists of packaging from logistics operations, with corrugated cardboard making up the largest portion. The amount of packaging is strongly related to turnover, although significant focus is placed on avoiding unnecessary packaging material. In 2024, 77 percent of the generated waste was sorted into different fractions and recycled, while 23 percent was used for energy recovery. Only a negligible portion was sent to landfill. Efforts to improve waste sorting and increase the recycling rate are ongoing. Through the Group’s waste management service provider, detailed and reliable tracking of all waste from its own operations is obtained, based on direct measurements.

The Almedalen Wardrobe

Almedalen week is one of the world’s largest democratic meeting places for everyone who wants to take part in discussions on current societal issues. Ellos Group, together with Svensk Handel and other fashion retail companies, participated in The Almedalen Wardrobe, an initiative that enabled visitors at Almedalen to borrow clothing for seminars or evening networking events. Interest in the initiative reached record levels, with nearly 400 garments borrowed over the course of three days. The purpose of the Almedalen Wardrobe is to highlight industry efforts towards a more sustainable fashion sector, where circularity, garment care and second-hand fashion play a key role. Ellos Group is actively working to promote more sustainable retail practices, and this initiative serves as an important platform to showcase those efforts.

Waste generated by Ellos Group	2024	2023
Total amount of waste generated (tonnes)	770.1	758.3
Total amount of waste diverted from disposal (tonnes)	589.7	569.2
- Preparation for reuse (tonnes)	-	-
- Recycling (tonnes)	584.1	561.7
- Other recovery (tonnes)	5.6	7.5
Hazardous waste (tonnes)	8.1	12.8
Non-hazardous waste (tonnes)	581.6	556.4
Total amount of waste directed to disposal (tonnes)	180.4	189.1
- Incineration (tonnes)	180.3	189.1
- Landfill (tonnes)	0.1	-
- Other disposal (tonnes)	-	-
Hazardous waste (tonnes)	-	-
Non-hazardous waste (tonnes)	180.4	189.1
Share of non-recycled waste (%)	23.42	24.9
Total amount of hazardous waste (tonnes)	8.1	12.8

Section C

Social Information.

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Ellos Group’s employees are the Group’s most valuable resource, and the goal is to provide a workplace where employees treat each other with mutual respect and are offered equal opportunities in a safe and creative environment. Regular employee surveys are conducted to capture issues that are important to the staff, and the Group carries out systematic efforts to ensure employee well-being in the workplace. Creating a meaningful and secure work environment that enhances employee engagement is considered to contribute to Ellos Group’s growth strategy.

Material impacts, risks and opportunities

In the double materiality assessment, material impacts, risks and opportunities related to the own workforce were identified in the following areas.

		Upstream	Own operation	Downstream	Short-term	Medium-term	Long-term
Health and safety for employees	Actual negative impact		•		•	•	•
Discrimination against employees	Potential negative impact		•		•	•	•

Own Workforce

Own Workforce



Impact, risk and opportunity management

Health and safety

Ellos Group takes a proactive approach to creating a safe working environment for its employees and promoting a healthy lifestyle among staff. The Occupational Health and Safety Policy applies to the entire workforce and all individuals on Ellos Group’s premises. The People & Culture Director is responsible for the policy. The policy requires the reporting of incidents and an analysis of root causes to continuously improve the Group’s performance in health and safety.

The most common work-related injuries within Ellos Group are related to issues with the back, neck and shoulders, where the company strives to improve workplace ergonomics to reduce the number of injuries. Regular workplace inspections are conducted together with safety representatives, covering both the physical and psychosocial work environment. The company also collaborates with an external partner, a leader in occupational healthcare in Sweden, to reduce sickness absence, increase workplace productivity and provide faster rehabilitation. A comprehensive preventive approach is also in place, including a wide range of wellness activities. During the year, events such as a padel tournament, golf championship, swimming course, yoga sessions, light therapy and lectures on exercise and mental health were arranged. All employees have free access to a gym at Ellos Group’s premises and the Group offers wellness allowances.

During the year, the Group has placed a particular focus on the work environment, with a special emphasis on the psychosocial aspect, including several training initiatives primarily for managers

but also for all employees. In 2024, 22 managers completed the Group’s occupational health and safety training.

Diversity and inclusion

Ellos Group’s operations are based on transparency and inclusion, where diversity and equality add value and discrimination is not tolerated. The Group is convinced that encouraging and leveraging differences benefits the business, both by providing a better understanding of the Group’s customers and by increasing creativity and innovation, as well as improving problem-solving capabilities. It also leads to a more interesting and dynamic workplace. To support this, the Group has established a policy on diversity and inclusion that covers all employees, including managers. The People & Culture Director is responsible for the policy’s implementation. The policy is based on three central areas:

- Diversity and inclusion are crucial for an efficient, professional and profitable business, as well as an important aspect in recruiting, developing and retaining the right talent.
- Salary, employment terms and development opportunities should be structured in such a way that equal opportunities are provided to all employees.
- Ellos Group will acknowledge and respect every individual and has a zero-tolerance policy towards all forms of offensive treatment, harassment, sexual harassment or discrimination based on gender, gender identity or expression, ethnicity, religion or belief, disability, sexual orientation and age.

The Group strives for a balanced gender distribution at various levels and aims to be an organisation that reflects society and its customers in terms of diversity,

such as ethnic background. Ellos Group actively works to identify and support female employees with the potential to develop into leadership positions. Many individuals in leadership roles have also undergone training in inclusive leadership. In the coming year, new training initiatives for managers in this area are planned.

The Group consistently focuses on ensuring equal pay for equal positions and competencies when recruiting or promoting employees. To counteract unjustified wage differences based on gender, an annual salary review is conducted.

The Group strives for a balanced gender distribution at various levels and aims to be an organisation that reflects society and its customers in terms of diversity, such as ethnic background. Ellos Group actively works to identify and support female employees with the potential to develop into leadership positions.

Own Workforce

Dialogue with own workforce

Continuously listening to employees and acting on feedback is crucial to ensuring a workplace that meets employees’ needs and demands, as well as creating an environment where people feel comfortable every day. Ellos Group strives for a corporate culture where everyone feels safe to raise important issues and encourages staff to freely express their opinions, even to colleagues in higher positions.

To support this, four employee surveys are conducted annually. The surveys provide insights into employees’ perceptions of Ellos Group as an employer, their daily work experiences, relationships with colleagues and leaders, and other factors that impact work life. The results of the surveys, which are shared with employees, provide a valuable foundation for the Management Team and leaders to initiate dialogues and identify actions to further improve the workplace. One of the key measurements in the employee surveys is the Employee Net Promoter Score (eNPS) index. eNPS measures the extent to which employees would recommend Ellos Group as a good place to work. Survey responses are categorised as promoters, passives or detractors. eNPS is calculated as the percentage of promoters minus the percentage of detractors and can range from -100 to +100. In 2024, the average eNPS score was 19 (29). The Group’s ambition is to maintain an eNPS above 25.

The People & Culture Director has overall responsibility for monitoring employee engagement, including following up on actions based on the employee surveys and regularly evaluating their effectiveness.

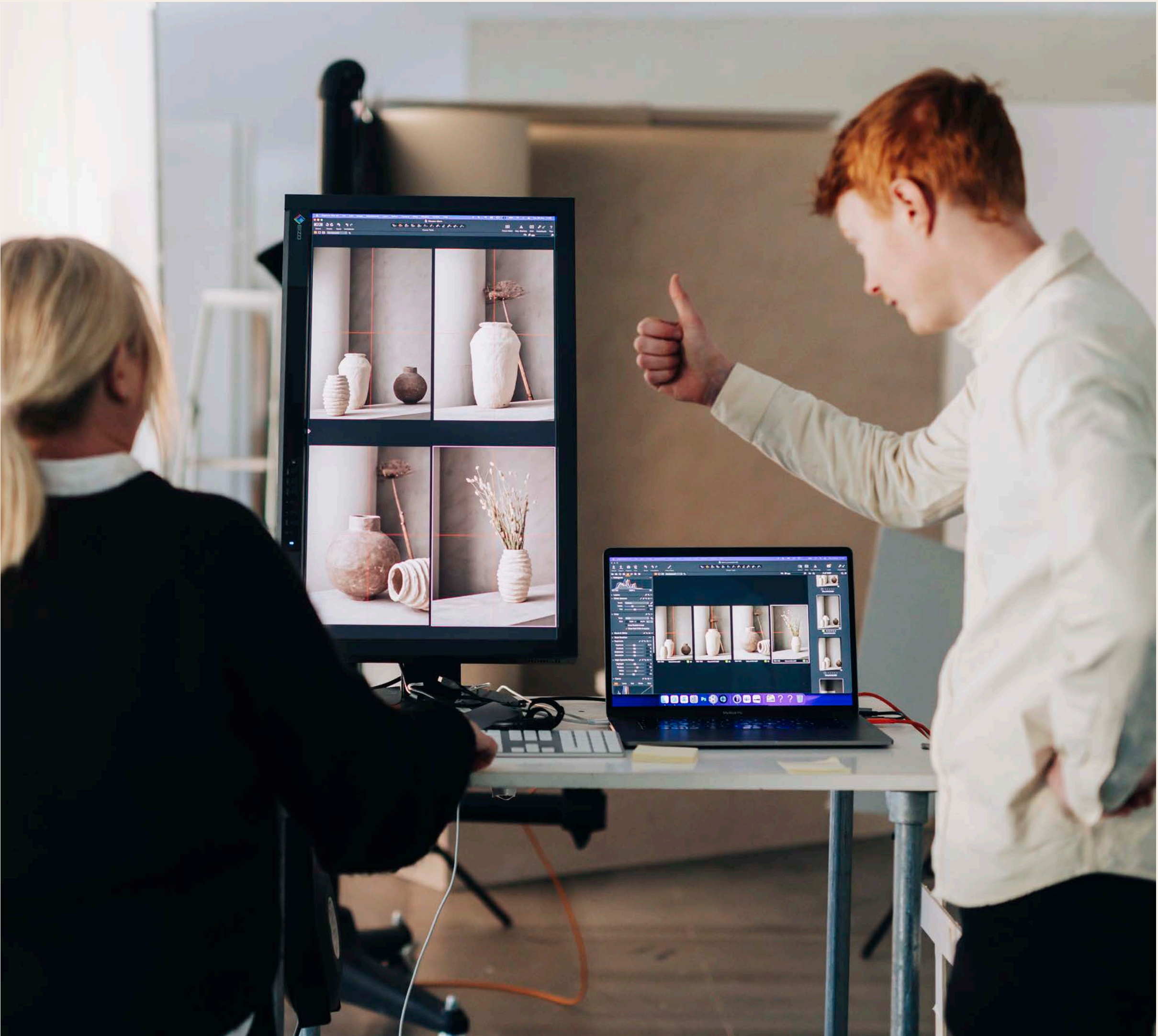
The Group’s intranet provides easily accessible information on various channels for dialogue between

employees and the employer. For example, it includes details on performance and development discussions, employee organisations, designated trade union representatives within the Group, contact details for People & Culture, and information, including a direct link, to the whistleblower service.

Grievance channels

Access to channels for reporting misconduct promotes a more equal and fair workplace. If an employee experiences bullying, discrimination or harassment, they are encouraged to seek support, primarily by contacting their immediate manager or another manager within the organisation whom they trust, a health and safety representative or someone in People & Culture. If an employee wishes to report anonymously, this is possible through the Group’s whistleblowing service. For more information on the whistleblowing service and how whistleblowers are protected against retaliation, see the section on whistleblower protection under Business Conduct.

Ellos Group works proactively to ensure that employees are aware of the grievance channels available. Information on reporting procedures and the whistleblowing service is included as a mandatory part of the introduction process for new employees. Regular awareness campaigns are also carried out via various internal channels, such as the intranet, to remind employees of the available grievance channels and encourage them to use them. The effectiveness of these measures is monitored through employee surveys, where a specific question addresses whether employees know how to act and whom to turn to if they become aware of bullying, harassment or discrimination.



Own Workforce

Metrics and targets

Health and safety

The Group measures sickness absence and the number of work-related accidents and has clear procedures in place to follow up on and address the causes of absence due to work-related injuries and incidents, including addressing identified risks. This supports the Group’s efforts to ensure the health and safety of its employees.

	2024-01-01 -2024-12-31	2023-01-01 -2023-12-31
Sickness absence (%)	5.3	5.6
Work-related accidents (number)	30	23

Sickness absence is calculated as the ratio between the number of sick hours and the total planned annual working hours. Work-related accidents refer to incidents that occur when an employee performs work within the scope of their employment with Ellos Group. Sickness absence is relatively low among the Group’s office staff. Thanks to rehabilitation efforts, the majority return to work within a reasonable time. Employees within the logistics operations account for the majority of sickness absence, similar to the previous year. In 2024, a clear plan was developed to reduce short-term sickness absence among these employees, which resulted in a positive outcome as the Group managed to decrease short-term sickness absence in logistics operations from 6.5% to 4.6%. In 2025, the work will continue with the ambition of further reducing short-term sickness absence.

Diversity and inclusion

Ellos Group strives for a balance between women and men among its employees. The target is a 60/40 percent distribution, considering that the Group operates in a female-dominated industry. The Group also aims to achieve a balance between women and men in leadership positions and within the Group Management. The target is a 50/50 percent distribution among managers at all levels and within the Group Management.

	2024-01-01 -2024-12-31	2023-01-01 -2023-12-31
Gender distribution within the Group (women/men, %)	61/39	60/40
Gender distribution in managerial positions excluding Group Management (women/men, %)	53/47	49/51
Gender distribution within the Group Management (women/men, %)	33/67	36/64

The gender distribution within the Group is calculated based on the average number of employees as outlined below. The gender distribution in managerial positions and within the Group Management is calculated based on the number of employees as of the financial year-end.

Information on Group employees

The average number of employees is determined as full-time equivalents and is calculated by dividing the total number of hours worked during the financial year by the contractual annual working hours. The annual working hours for non-guaranteed hours employees are set at a standard of 160 hours (160 hours) per month. The total hours worked include time for which the company has paid wages or other compensation in exchange for work. It also includes time for paid leave, such as vacation, sick leave and compensatory time off.

Average number of employees by gender	2024-01-01 -2024-12-31	2023-01-01 -2023-12-31
Men	197	204
Women	305	311
Total average number of employees	502	515

Employee turnover	2024-01-01 -2024-12-31	2023-01-01 -2023-12-31
Employees who left the Group during the reporting period	40	74
Employee turnover rate (%)	8.0	14.4

Overtime hours are not included. Data required to calculate the average number of employees is sourced from the Group’s payroll system.

The reported figures for employee turnover include individuals who have voluntarily resigned, been dismissed, retired or passed away. Employee turnover is the ratio of the number of individuals who left the Group to the average number of employees. The higher employee turnover in 2023 is explained by several restructurings, which resulted in a number of employees being laid off due to redundancy.

Collective bargaining coverage and social dialogue
All employees within the Group are based in Sweden and are covered by collective agreements and represented by employee representatives.

Adequate wages
Each year, salary reviews are conducted in accordance with collective agreements, where minimum wages are clearly specified. This ensures that Ellos Group’s employees receive adequate wages in line with prevailing reference salaries.

Social protection
Employee well-being is a top priority for Ellos Group. All employees are covered by pension plans and security insurances through collective agreements. The Group also offers additional social protection in the form of group insurance, such as life insurance, health insurance, accident insurance and children’s insurance. In this way, employees are protected during significant life events.

Own Workforce

Persons with disabilities

Reporting on the proportion of employees with disabilities is not conducted in accordance with legal restrictions on data collection.

Training and skills development metrics

All employees within Ellos Group have an individual performance and development plan. The plan is established annually in dialogue between the employee and their manager and captures the employee’s ambitions, abilities and self-awareness regarding the skills required to reach their goals. The plan also includes development goals based on Ellos Group’s values and for managers based on Ellos Group’s leadership competencies. The plan forms the basis for individual performance discussions held between the employee and their manager twice a year.

During the year, the Group has measured the proportion of office staff who have completed performance and development discussions. Of the office staff, 87 percent have had discussions with their manager. The remaining employees have not had discussions due to parental leave or leave of absence.

Occupational health and safety metrics

All employees are covered by the Group’s occupational health and safety management system.

Work-life balance

All employees of the Group are based in Sweden, where the right to family leave is legislated through the Act on the Right to Leave for Urgent Family Reasons (Lag om rätt till ledighet av trängande familjeskäl,1998:209) and the Parental Leave Act (Föräldraledighetslag, 1995:584). During the year, 31



percent (34) of employees took family-related leave, with 37 percent (40) of women and 23 percent (25) of men taking such leave. The ratio is based on the number of employees who took such leave in relation to the average number of employees.

Remuneration metrics

To the right is the reported percentage difference between the salaries of women and men, as well as the ratio between the compensation of the highest-paid employee, the CEO, and the median compensation of all other employees within Ellos Group.

The gender pay gap is the difference between the average salary levels of female and male employees, expressed as a percentage of the average salary level of male employees. Gross hourly wage is used as the basis for the calculation. Since most employees within the Group receive a monthly salary, this has been converted to an hourly wage by multiplying by twelve and dividing by the annual working hours as set by the collective agreement.

The CEO’s compensation in relation to employees is the ratio of the CEO’s total compensation for the year (including both fixed and variable salary as well as taxable benefits) to the median annual salary of all other employees.

In 2024, the gender pay gap decreased. This is primarily attributed to the Group’s targeted efforts over recent years to address the gap. Active collaboration between managers and People & Culture has been promoted to balance and ensure equality in the salary structure across the organisation.

Compensation metrics	2024-01-01 -2024-12-31	2023-01-01 -2023-12-31
Gender pay gap (%)	10.5	16.8
CEO compensation in relation to employees (ratio)	15.5	12.5

The CEO’s compensation relative to employees increased from 12.5 to 15.5, which is due to the variable components of the CEO’s compensation.

Incidents, complaints and severe human rights impacts

In 2024, no work-related incidents of discrimination based on gender, ethnicity, nationality, religion or belief, disability or any other form of discrimination involving internal and/or external stakeholders were reported, either to People & Culture or via the whistleblower service.

This includes incidents of harassment as a specific form of discrimination. No cases of human rights violations were identified during the year and the group has not paid any fines, penalties or compensation for damages related to the above.

Own Workforce

Employee wellness

Ellos Group aims to foster a healthy workplace and a sustainable work life where health and well-being are naturally integrated. The Group seeks to motivate employees to exercise and stay active while also increasing awareness of the various factors that contribute to overall well-being. All employees have free access to the company gym and Ellos Group offers an annual wellness grant. In 2024, a decision was made to double the wellness grant amount, starting in 2025.

Ellos Group Movement

During 2024, Ellos Group introduced a health and wellness concept that includes a wide range of activities promoting both physical and mental well-being. Ellos Group Movement adopts a holistic approach to health—encompassing all aspects that enhance well-being and positively impact both professional and personal life. Shared activities are also an important part of the company’s culture, providing employees from different departments with opportunities to connect and socialise outside their regular work tasks. Ensuring enjoyment and well-being is a key focus of all activities, which are designed to be inclusive and accessible to all employees, without requiring specific prior knowledge or skills. Throughout the year, the Group offered employees various activities, exercise sessions and guest speakers covering different topics.

Ellos Group has a unique tradition of longstanding activities that will continue to be part of the program, such as the annual golf tournament, the ski trip to Sälen and the flower arrangement in November to make a personal Christmas wreath. In 2024, Ellos Group collaborated with Friskis & Svettis, providing

employees with the opportunity to participate in monthly workout classes and small-group personal training sessions. As part of this collaboration, the company also organised a challenge to encourage and increase physical activity among employees. Ellos Group sponsors participation in running and walking competitions, covering entry fees (in part or in full), motivating employees to stay active and healthy.

Additionally, the Group organises sessions with inspirational speakers, offering valuable insights that foster personal and professional growth. Depending on interest and feedback from employees, different activities and workshops are offered for participation, such as ceramics and horseback riding.

Ensuring enjoyment and well-being is a key focus of all activities, which are designed to be inclusive and accessible to all employees, without requiring specific prior knowledge or skills.





Ellos Group takes a comprehensive approach to its value chain and strives to ensure that human rights are respected at every stage. The Group believes that a sustainable business is not only about environmental aspects but also about social responsibility and fair working conditions.

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.

Material impacts, risks and opportunities
In the double materiality assessment, material impacts, risks and opportunities related to workers in the value chain were identified in connection with the following areas.

		Upstream	Own operation	Downstream	Short-term	Medium-term	Long-term
Working conditions in the upstream value chain	Potential negative impact	•			•	•	•
Work-related rights in the upstream value chain	Potential negative impact	•			•	•	•
Increased costs related to collaboration with International Accord	Risk	•				•	•

Workers in the Value Chain

Workers in the Value Chain



Impact, risk and opportunity management

Human Rights Policy

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.

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. The definition of human rights is based on the UN Universal Declaration of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the UN Convention on the Elimination of All Forms of Discrimination Against Women. Experts in human rights were consulted in the design of the policy to ensure that the interests of workers in the value chain are considered.

Ellos Group complies with applicable laws in the countries where it operates. In the event of a conflict between the human rights policy and national legislation, the national law is respected, while the Group strives to honour the principles of international human rights.

The Human Rights Policy has been adopted by the Board of Directors. Responsibility for the policy is specified on page 16.

Due diligence process for human rights

Ellos Group’s due diligence process for human rights is based on the OECD Due Dilligence Guidelines for Responsible Business Conduct. The process is integrated into relevant business processes and in the management of suppliers. 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 performance of all suppliers is monitored through an annual process called Perfect Supplier Base (PSB), where an evaluation is made based on risk perspectives, sustainability performance and business performance. The most prominent risks for human rights violations that Ellos Group works with include:

- Occupational health and safety
- Discrimination and ethical working conditions
- Fair living wages
- Decent working hours
- Freedom of association and collective bargaining
- Combating forced labour and child labour

During 2024, the Group continued to develop PSB to include a broader focus on social responsibility. If risks are identified in the social compliance audit, an action plan is established, and Ellos Group collaborates with the supplier to manage and reduce the risk.

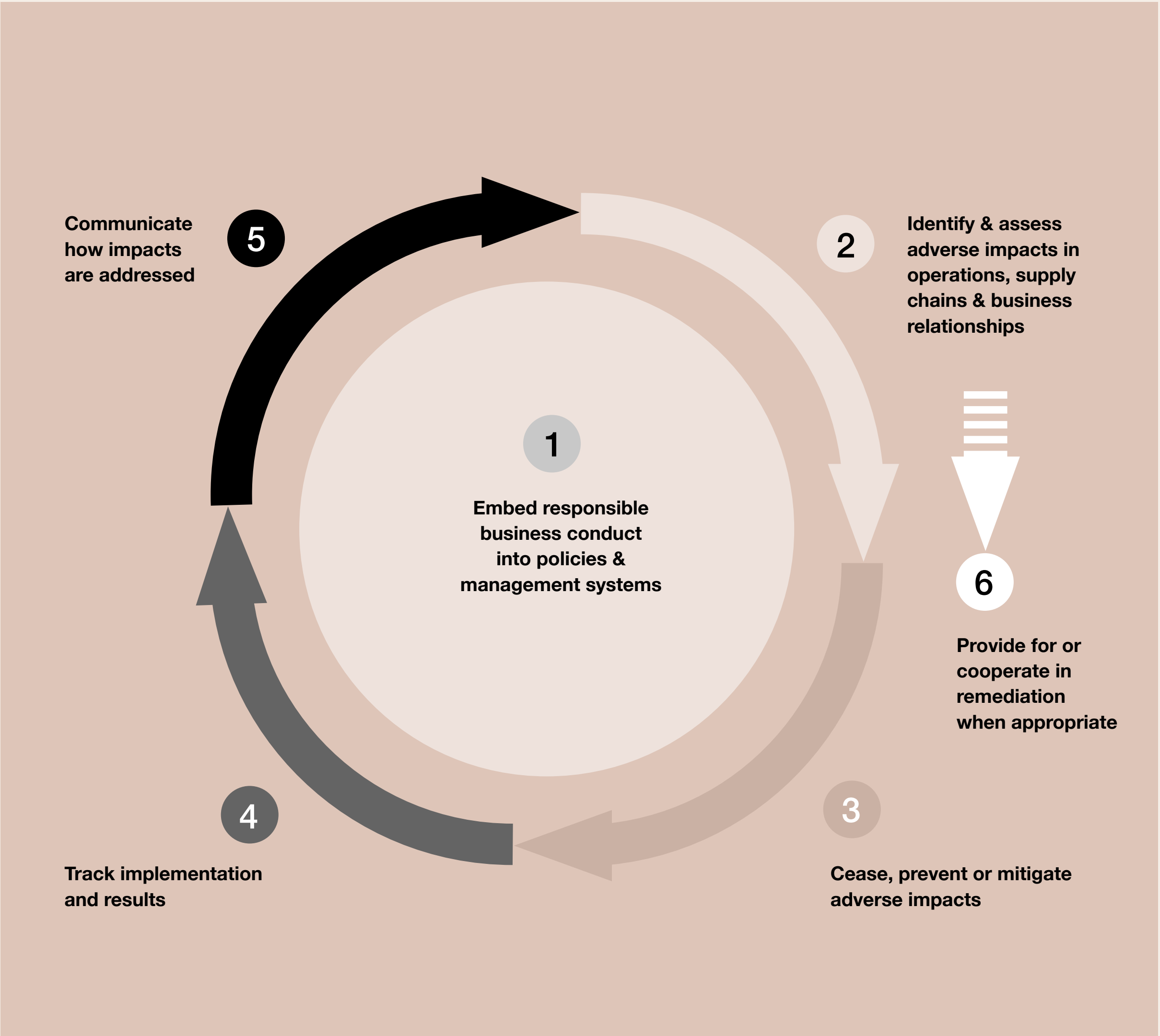
Workers in the Value Chain

Ellos Group has adopted Responsible Business Conduct (RBC) policies based on the OECD Guidelines.

The figure to the right summarises how the Group manages human rights in its operations through six steps:

- 1. Ellos Group has adopted Responsible Business Conduct (RBC) policies based on the OECD Guidelines. They are an integrated part of the Groups management structure and business operations. The policies are regularly reviewed to maintain their effectiveness and are actively communicated to suppliers and business partners to promote compliance and responsible practices throughout the supply chain.
- 2. A comprehensive assessment identifies where the risk of negative impact on human rights is highest, based on country, sector, product, raw materials, and business risk. The most significant risk areas are prioritized, and each supplier relationship is evaluated. This results in a risk assessment that indicates where efforts should be directed moving forward, either per supplier or based on critical risk areas.
- 3. Actions are taken to address systematic issues and update policies and management systems, support suppliers in preventing or reducing negative impacts, use influence to affect actors causing negative impacts, and as a last resort, terminate the business relationship.

- 4. Based on the actions decided, Ellos Group monitors and tracks its targets through quarterly updates to Group Management. Third-party audits are used as a key tool to identify and follow up on risks, ensuring improvements through action plans. This enables the Group to take immediate action in response to critical risks.
- 5. Ellos Group’s work on human rights is an integrated part of its operations and is communicated internally as well as in close collaboration with the Group’s partners and their suppliers on an ongoing basis.
- 6. In collaboration with local third-party organisations, Ellos Group ensures that actions have been completed and that the affected individual has been compensated.



Workers in the Value Chain



Code of Conduct for suppliers

Ellos Group’s suppliers of products within its own brands must sign and adhere to the Group’s Suppliers’ Code of Conduct. This is designed according to internationally recognised standards, including ILO and UN conventions, and includes detailed guidelines on human rights to ensure workers’ safety within the supply chain.

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.

Responsibility for the Code of Conduct is specified on page 16.

Ellos Group also requires its suppliers of external brands to have a Code of Conduct that adheres to internationally accepted standards.

Dialogue with workers in the value chain

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. Ultimately, the responsibility for ensuring that these interactions take place and that the results are used in shaping the Group’s strategy, lies with the Group’s Sustainability Director.

Employees within Ellos Group regularly travel for business and participate in factory audits with suppliers, primarily in China, India and Bangladesh. During these meetings, working conditions, climate actions, quality improvements and other sustainability initiatives are discussed. Ellos Group places great value on meeting with its suppliers and their employees personally to discuss various issues and gain a better understanding of each other’s operations and strategies

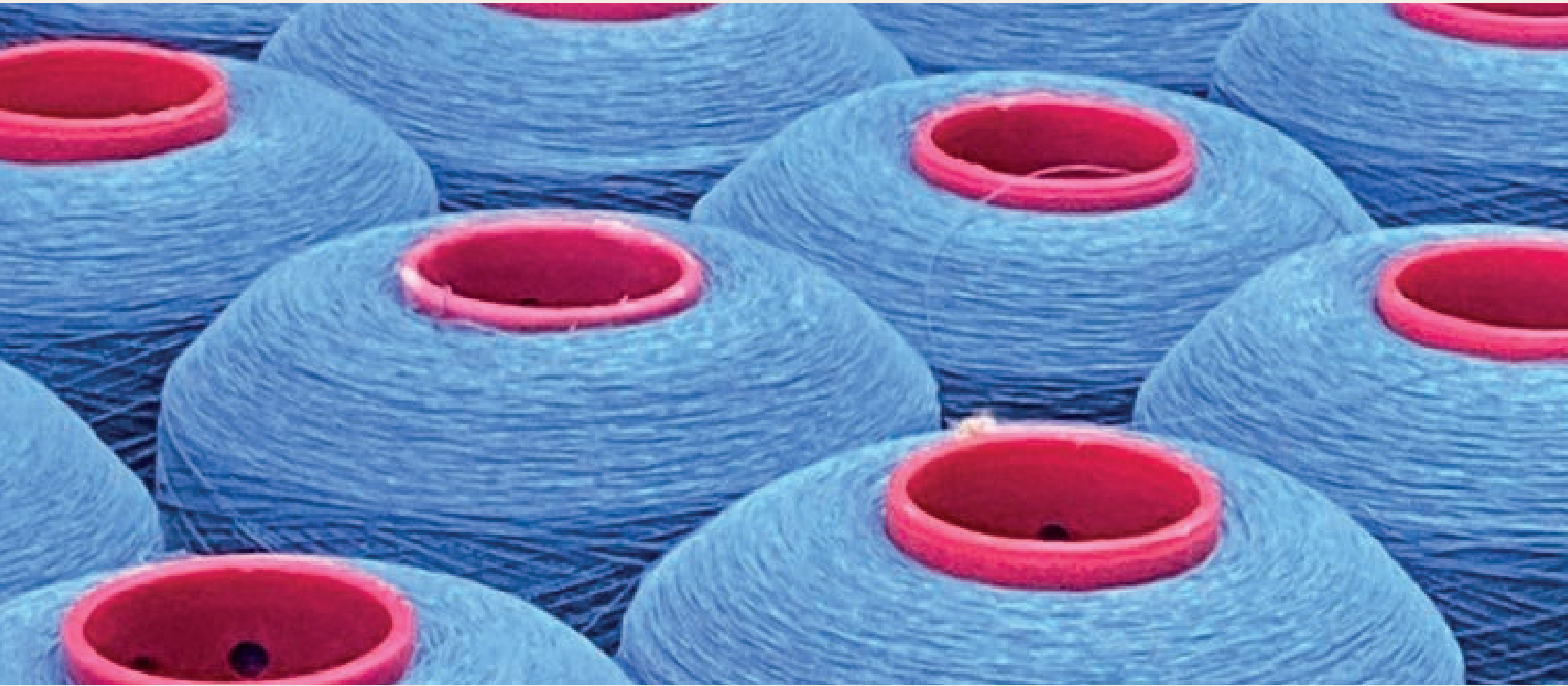
Grievance channels

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.

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. Through this mechanism, a number of complaints were received from workers in the value chain during the year. In these cases, Ellos Group, based on information from the International Accord, followed up on the complaints and ensured that they were properly addressed.

To ensure that value chain workers are aware of and trust the grievance channels, and that they function effectively, Ellos Group conducts continuous follow-ups through interviews during third-party audits.

Workers in the Value Chain



Actions
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. These audits place particular focus on women’s rights and their ability to maintain personal hygiene in a satisfactory and safe manner.

After each audit, a corrective action plan 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.

Common observations in third-party audits include inadequate chemical handling, insufficient protective equipment, lack of health checks for workers exposed to risks and deficiencies in fire safety, such as blocked emergency exits and incorrect installation of fire extinguishers. The audits have also identified the absence of building and fire certifications, as well as other safety-related issues. Ellos Group actively works to address these deficiencies by following up on audit reports and driving improvements in collaboration with suppliers.



To reduce the risk of child and forced labour in the production of natural fibres, Ellos Group uses certified natural fibres wherever possible, where social conditions are included in the standard. The Group has an internal team working to ensure human rights within the value chain. During the year, the team has continued working to meet the target that all product suppliers under its own brands should have an approved audit protocol from the last 24 months. In the coming year, the Group intends to extend the review to include sub-suppliers further up the value chain.

Partnerships
In due diligence work, the Group has identified a higher risk for health and safety issues in Bangladesh and Pakistan. To strengthen fire safety and building safety in factories in these countries, Ellos Group

collaborates with International Accord. All factories participating in International Accord are inspected in three areas: fire safety, electrical safety and building construction. Through the agreement with International Accord, Ellos Group has committed to driving corrective action plans for improvements in factories where Ellos Group is the Lead Brand.

In 2024, Ellos Group joined TIWW (The Industry We Want), a network of European e-commerce retailers in fashion and home furnishings. The purpose is to ensure, in a coordinated and structured manner, that a due diligence process for human rights is in place even with external brands sold by the Group, where the Group does not have direct control over the value chain.

Workers in the Value Chain

Metrics and targets

Ellos Group has established measurable and time-bound targets related to workers in the value chain to address its significant negative impact.

The Group only collaborates with suppliers that have undergone and received an approved audit from an independent third-party organisation. This is a central part of the company’s strategy for social sustainability, where an external party assesses and verifies how suppliers manage these issues.

The Group’s target is for all product suppliers under its own brands to have an approved audit protocol from the last 24 months.

After an audit report has been received, it is assessed based on Ellos Group’s own grading system for social sustainability. Suppliers are classified into four different levels: A-Green, B-Blue, C-Orange and D-Red.

Once an audit has been reviewed, Ellos Group shares its assessment with the supplier, along with an action plan that identifies areas for improvement. The supplier then has 90 days to implement the recommended improvements, thereby enabling a higher rating.

Ellos Group has set a target that 90 percent of suppliers should achieve either a blue or green rating – the two highest levels of social sustainability according to the company’s standard – by 2030. As of the end of 2024, 81.1 percent of Ellos Group’s suppliers had one of the two highest ratings. The target was established in 2024 with a baseline of 81 percent and is measured as a percentage of the total number of suppliers for Ellos Group’s products within its own brands.

	2024	2023
Number of active Tier 1 suppliers at year-end	238	302
Share of Tier 1 suppliers with approved audit protocol from the last 24 months (%)	100	100
Number of Tier 1 audited protocols during the year	160	240

Rating	Number	%
A. Green	71	29.8
B. Blue	122	51.3
C. Orange	39	16.4
C. Orange	39	16.4
Total number of suppliers	238	100



Community Engagement



Ellos Group recognises its responsibility toward the community in which it operates, primarily Borås and Västra Götaland, where the Group’s own operations are based. As part of its commitment to making Borås an attractive place to live and work, the Group continued its sponsorship of the local sports clubs IF Elfsborg and Borås Basket into 2024.

Ellos Group also supports Tech Borås, a platform where local companies, organisations and the University of Borås collaborate to establish the city as a hub where technology drives the development of tomorrow’s society.

Additionally, the Group contributed to Restaurant Guldanten, a non-profit social enterprise dedicated

to integrating individuals who, for various reasons, are distant from the labour market. In 2024, Ellos Group played a role in the renovation and furnishing of the restaurant’s premises.

WOW Foundations
In 2024, Ellos Group initiated a collaboration with the Swedish non-profit organisation WOW Foundations. Founded in 2013, WOW Foundations aims to create a network of women who might not otherwise have the opportunity to connect.

The organisation’s work is centred around two main initiatives:

- MeetUP – a series of monthly lunches where participants discuss important topics such as



the Swedish labour market, personal finance and parenting. Each gathering is designed to have a balanced mix of 50 percent established Swedish women and 50 percent immigrant women, fostering meaningful and enriching discussions.

- OneGoal – a mentoring program where an established Swedish mentor supports an immigrant woman for four months, helping her secure her first job in Sweden. Ellos Group employees can participate in this program during working hours. The company also offers internships as part of its commitment to supporting workforce integration.

WOW Foundations’ mission aligns closely with Ellos Group’s business and its core customer - ”the woman in mid-life”.

The Cancer Foundation/Pink Ribbon
In 2024, Ellos Group continued its collaboration with the Cancer Foundation and the Pink ribbon campaign, Together Against Cancer. Ellos Group supports the campaign by selling that year’s pink ribbons and bracelets, with all proceeds going directly to the Cancer Foundation’s research and initiatives.

As part of its commitment, Ellos Group also organised a Pink Month for employees, featuring various health-focused events and educational activities to raise awareness and promote well-being.

Section D

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Governance Information.

Business Conduct



Ellos Group’s operations are based on honesty, integrity and the commitment to ”do the right thing.” The foundational approach is that the business should be conducted in a responsible and long-term manner.

Material impacts, risks and opportunities
In the double materiality assessment, material impacts, risks and opportunities within business conduct were identified in connection with the following areas.

		Upstream	Own operation	Downstream	Short-term	Medium-term	Long-term
Poor corporate culture	Potential negative impact		•		•	•	•
Insufficient protection of whistleblowers	Potential negative impact	•	•		•	•	•
Animal welfare	Potential negative impact	•			•	•	•
Long payment terms for goods suppliers	Potential negative impact	•				•	•
Corruption and bribery	Potential negative impact	•	•	•	•	•	•

Business Conduct

Business Conduct



Impact, risk and opportunity management

Business ethics

Employees within Ellos Group encounter financial, technical, commercial and ethical challenges daily. Through the Group’s ethical guidelines across various areas, the Group strives to maintain a sound corporate culture with high integrity. All employees, managers, senior executives and members of the Board must adhere to these guidelines. They provide important guidance on expected behaviour within Ellos Group and in interactions with stakeholders.

The Board holds ultimate responsibility for oversight and must ensure that the necessary ethical guidelines and policies are in place. The CEO, who also holds overall responsibility for compliance, is responsible for ensuring compliance with these guidelines and policies. Group Management is responsible for fostering a culture of business integrity and leading by example.

The Code of ethics cover topics such as bribery and corruption, competition, trade sanctions, sponsorships and donations, diversity and integrity. For a full list of the Group’s Code of ethics, see page 16.

To ensure employee awareness of these policies, regular information campaigns are conducted, and the documents are easily accessible on the intranet. Training on the policies is a mandatory part of the onboarding process for new employees.

Corporate culture

The Group actively works on corporate culture based on the core values of Entrepreneurship, Humble Winners and Joy. These values are intended to serve as a compass, guiding actions and communication.

They are further specified through the Code of ethics. Some key principles are:

- Communicate openly, honestly and clearly.
- Act with respect, consideration and responsibility towards one another.
- Encourage courage and independent decision-making. An enabling climate is the foundation for taking initiatives.
- Prevent, identify and manage conflicts of interest.

The values, together with goal fulfilment, form the basis for the overall performance assessment conducted annually by managers. This creates incentives for each employee to act in a desirable manner and contribute to a continued successful and positive corporate culture.

Protection of whistleblowers

Employees play a key role in identifying any deviations from the Group’s Code of ethics and values. The Group’s Whistleblowing Policy states that a person who expresses a genuine concern or suspicion according to the Group’s guidelines will never risk losing their job or face any form of sanctions or personal disadvantages as a result of their reporting. Reports of irregularities should primarily be made by contacting their immediate supervisor or a trusted manager within the organisation or someone from People & Culture. If an employee wishes to report anonymously, this can be done through the Group’s whistleblower service.

The whistleblower service is administered by an external impartial service provider who ensures the anonymous handling of reported cases. The service allows encrypted communication between the Group’s whistleblower team and the reporting individual.

Through the Group’s ethical guidelines across various areas, the Group strives to maintain a sound corporate culture with high integrity.

The Group’s whistleblower team consists of the Sustainability Manager, People & Culture Director and the Security Manager. These individuals continuously receive further training in their respective professional fields and attend joint training sessions specifically for handling whistleblower cases.

The whistleblower service is also available to workers at suppliers of products within the Group’s own brands in the upstream supply chain. Suppliers are informed about the service when signing agreements and are, in accordance with the Group’s Suppliers’ Code of Conduct, required to inform their employees about this opportunity.

Business Conduct



Animal welfare
Ellos Group values animal rights and believes that animals, as sentient beings, have the right to be treated with respect. When products are made from materials of animal origin, the Group requires that the animals are treated well.

Ellos Group is a member of the Fur Free Retailer programme. This programme is supported and endorsed by the Fur Free Alliance, an international coalition of leading animal and environmental protection organisations.

Animal welfare is an important part of the Group’s Product Policy. The policy states that Ellos Group:

01
Does not sell product containing real fur.

02
Does not accept mulesing of merino sheep to prevent flystrike.

03
Is restrictive in the use of down and feathers, accepting only down and feathers as a by-product of meat production. Live plucking is not permitted.

04
Does not accept angora wool in any products.

05
Only accepts leather from animals that have been bred for meat production.

06
Does not accept animal testing, either during production or on finished products.

07
Does not accept products containing materials from endangered species.

Business Conduct

Good relationships with suppliers

It is important for Ellos Group’s customers, employees, suppliers and owners that the Group’s products are made with respect for the people who produce them, as well as for the environment. Ellos Group strives to ensure fair working conditions and respect for human rights in the value chain and believes that close dialogue and collaboration with suppliers are necessary to achieve this. Together with suppliers, ongoing efforts are made to improve sustainability in the value chain. Ellos Group prioritises long-term supplier relationships to increase cost-effectiveness over time, reduce disruptions in the supply chain and ensure good working conditions and environmental aspects in production. As a result, the company increased the average order value with its suppliers by 3 per cent in 2024.

The Group’s purchasing behaviour impacts conditions at suppliers, their sub-suppliers and employees. Ellos Group aims to be a responsible buyer when it comes to issues that are important in the upstream value chain, including pricing and negotiations, forecasts and planning, as well as order placement. The Group’s Purchasing Policy aims to provide clear guidelines for all those involved in procurement and regulates, among other things, material selection, supplier choice, payment terms and delivery times.

When establishing agreements with product suppliers, reasonable payment terms are set according to market standards, typically 30-60 days net. During negotiations, purchasing managers are responsible for balancing risks regarding payment terms with other parts of the contract negotiations. If Ellos Group was to apply unusually long payment terms to suppliers, or if Ellos Group was to fail to pay supplier invoices on

time or deny vulnerable suppliers advance payment, the suppliers’ cash flow could become strained. This could lead to difficulties for suppliers in paying sub-suppliers or wages to employees.

The Group has internal processes in place to ensure that late payments are minimised as much as possible. All supplier invoices go through a supplier invoice system where the invoice date and due date are automatically registered. Expense invoices are sent directly to the organisation for approval, while goods invoices are matched against purchase orders after the goods have been received into stock. Once the approval flow is complete or the order/invoice matching has occurred, the invoices are released for payment.

The procedure that invoices must be checked and approved before payment is aimed at preventing payments for incorrect invoices. If the approval or matching flow is not carried out promptly enough, the invoice due date may pass without payment being made. This can occur, for example, during disruptions in logistics flows that lead to delayed deliveries. Automatic reminders are generated by the supplier invoice system to invoice approvers when the due date is approaching. Unapproved overdue invoices are continuously monitored, and special efforts are made by the supplier invoice team to ensure these are paid as soon as possible.

Selection of suppliers

Ellos Group takes into account environmental and social factors, among others, when selecting and evaluating product suppliers. To enable the Group’s overall business strategy of achieving growth with a reduced carbon footprint, the Group has begun

collecting information from product suppliers within its own brands regarding their climate impact. This includes information on suppliers’ energy use, water and wastewater management, preparation and washing, dyeing and printing, as well as certifications for sustainable materials. The goal is for this information to be used as a basis for directing purchases towards more environmentally sustainable suppliers.

To ensure good social conditions and the maintenance of human rights among product suppliers within its own brands, Ellos Group has a Code of Conduct for suppliers. Before new suppliers can be approved, an evaluation of social and environmental factors is conducted, and suppliers must sign the Code of Conduct. For further information on the Supplier’s Code of Conduct and how the Group monitors compliance with it, see the section on Workers in the value chain.

Ellos Group also sets requirements for its suppliers of external brands. Before a supplier is approved, they must accept the Group’s requirements for environmental and social sustainability. This includes, for example, the supplier must:

- Have a Code of Conduct that aligns with internationally accepted standards, including ILO and UN conventions.
- Have a process for identifying risks and regularly monitoring suppliers in their supply chain.
- Have a list of prohibited substances that aligns with national and European legislation.
- Have procedures for regular monitoring of chemicals in their products.



Business Conduct

Preventive measures against corruption and bribery
In all organisations, there is a risk of corruption – the abuse of power for personal gain – which can manifest in many ways. Corruption can exist within the Ellos Group organisation itself or with suppliers, customers and other business partners. Ellos Group manages this risk through the Group’s Code of ethics, with policies against bribery and anti-corruption, as well as for sponsorships. The policies define Ellos Group’s position on what constitutes good business ethics and provide information on what is included in the concept of corruption and bribery. They also provide clear guidelines on how employees should act in various situations, helping employees take the correct actions and recognise and respond to inappropriate behaviour by other parties.

Through Ellos Group’s Suppliers’ Code of Conduct, suppliers commit to following the Group’s requirements for good business ethics. Due to the complexity of the upstream value chain, Ellos Group requires suppliers to also monitor their sub-suppliers. The Group does not accept unauthorised sub-suppliers and demands full transparency regarding where and how the Group’s products are manufactured.

Ellos Group encourages employees, workers in the value chain and suppliers to report any concerns regarding bribery and corruption through the whistleblowing service. This increases the likelihood of serious misconduct being detected and prevented. All cases submitted through the whistleblowing service are handled confidentially. Only the whistleblowing function has access to reported cases, and no case may be investigated by anyone who could be involved in the misconduct. For further information on the

whistleblowing service, see the section on protection of whistleblowers. Any incidents related to corruption and bribery are reported to the Group Management and the Board in connection with regular meetings.

The Group informs all new employees about the company’s ethical guidelines and policies on bribery, anti-corruption and sponsorship. These policies are easily accessible on the Group’s intranet. The Suppliers’ Code of Conduct is included in the supplier manual and is available to suppliers in the supplier portal. Information about this is provided in connection with contract signing.

Metrics and targets
Cases of corruption and bribery
During 2024, the Group has not had any incidents involving violations of its ethical guidelines that resulted in the dismissal of employees. Ellos Group has also not had any incidents related to corruption or bribery that led to the termination or non-renewal of business partnerships. The Group has not received any convictions or fines for breaches of anti-corruption or anti-bribery laws and has not been involved in any legal proceedings related to corruption or bribery.

Payment practices
During the year, Ellos Group has paid its supplier invoices on average 35 days after the invoice date. The Group’s standard contract payment terms are 30-60 days for goods suppliers and 30 days for service suppliers. Over the year, 86 percent of invoices from goods suppliers and 84 percent of invoices from service suppliers were paid on time. Goods invoices accounted for 92 percent of the total number of invoices paid.

Ellos Group has not been involved in any legal proceedings regarding late payments to suppliers during the year.

As a member of Teko, Svensk Handel and SFA (Sustainable Fashion Academy), Ellos Group strengthens its sustainability efforts by actively engaging with Sweden’s leading industry organisations in textiles, fashion, and trade.

Industry collaboration
As a member of Teko, Svensk Handel and SFA (Sustainable Fashion Academy), Ellos Group strengthens its sustainability efforts by actively engaging with Sweden’s leading industry organisations in textiles, fashion, and trade. These memberships provide valuable opportunities to collaborate with other businesses, stay informed about industry developments, and contribute to shaping a more sustainable future for the sector.

Through Teko, Ellos Group gains critical insights into sustainable textile production, innovation, and circular business models. The organisation’s expertise

in responsible sourcing, material development, and environmental standards supports Ellos Group’s efforts to reduce its environmental impact and drive long-term sustainability improvements. Teko also plays a key role in keeping the Group informed about national and EU regulations affecting the textile industry, such as directives on circular economy and extended producer responsibility (EPR).

As a member of Svensk Handel, Ellos Group is part of industry-wide initiatives promoting responsible trade, circularity, and ethical business practices. The organisation provides essential updates on consumer trends, supply chain transparency, and regulatory developments, helping the Group integrate sustainability into its operations while maintaining competitiveness. Svensk Handel also ensures that Ellos Group stays ahead of evolving legislation related to trade, environmental responsibility, and sustainability reporting.

SFA Learning and Innovation Network supports representatives from commercial textile companies to stay up to date on the latest developments in policy and legislation, to integrate sustainability into the core of business practice, and explore pioneering practices. It also provides Ellos Group with a valuable opportunity for collaboration with other companies facing similar challenges, facilitating the exchange of best practices, insights into innovative solutions, and the acceleration of responsible business practices.

By collaborating with these industry organisations, Ellos Group remains at the forefront of sustainability efforts, ensuring compliance with current and future legislation while contributing to a more responsible and future-proof fashion and retail sector.

Section E

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Appendix.

Glossary

Glossary

BCI (Better Cotton Initiative)

A global non-profit organisation working towards more sustainable cotton production by improving the environmental impact of cotton farming, working conditions and the economic circumstances of the farmers.

ESG (Environment, Social and Governance)

Environment, social and governance. Refers to three overarching themes for evaluating non-financial factors that may impact a company’s ability to create value.

ESRS (European Sustainability Reporting Standards)

European standards for sustainability reporting.

FSC (Forest Stewardship Council)

An international non-profit organisation working for sustainable forestry worldwide. The organisation’s main task is to develop and maintain the FSC certification, ensuring that forests are managed in an environmentally, socially and economically responsible manner.

GHG (Greenhouse gas)

Greenhouse gases. Natural and artificial gases that trap heat in the atmosphere, contributing to the greenhouse effect that warms the Earth. They include carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), sulphur hexafluoride (SF6), nitrogen trifluoride

(NF3), hydrofluorocarbons (HFCs) and perfluorocarbons (PFCs).

GHG Protocol

A framework and de facto standard for measuring, reporting and managing greenhouse gas emissions.

Microplastics

Small plastic particles, typically less than 5 mm. There is a growing amount of microplastics in the environment, including the sea, as well as in food and drinking water. Once microplastics have entered the natural environment, they do not biodegrade and tend to accumulate, unless they are specifically designed to break down biologically in the open environment.

Net Zero Emissions

Net zero emissions is a state where there are no net greenhouse gas emissions to the atmosphere. Organisations can achieve this primarily by reducing their emissions and by using certain acceptable technologies for carbon capture and storage to neutralise remaining and unavoidable emissions.

NGFS (Network of Central Banks and Supervisors for Greening the Financial System)

A global network of central banks and financial regulators working together to promote a more sustainable financial system. Their main goal is to strengthen

the financial sector’s role in managing climate-related and environmental risks, as well as to support the transition to a greener economy.

Paris Agreement

A legally binding international treaty on climate change, adopted by 196 parties at the UN Climate Conference (COP21) in Paris in 2015. The Paris Agreement provides a global framework to avoid dangerous climate change by limiting global warming to well below 2°C and aiming to limit it to 1.5°C.

Scope 1 - GHG emissions

Direct greenhouse gas emissions originating from sources owned or controlled by an organisation, typically through the combustion of fossil fuels.

Scope 2 - GHG emissions

Indirect greenhouse gas emissions that result from the energy purchased and used, but not generated by, an organisation, typically from purchased electricity, heating and cooling.

Scope 3 - GHG emissions

Other indirect greenhouse gas emissions that are a consequence of an activity but originate from sources not owned or controlled by the company. These include emissions occurring in the supply chain and emissions from the use of a company’s products and services by customers.

Tier 1–4

Tier 1 is the supplier of the finished product, such as the one who cuts and sews a garment. Tier 2 is the supplier of materials that are part of the product, such as weaving, dyeing or accessory suppliers. Tier 3 processes raw materials, such as spinning mills. Tier 4 involves raw material extraction.

World Economic Forum

An international organisation working to improve the state of the world through collaboration between governments, businesses and civil society. The organisation also publishes reports analysing economic and social trends.

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