EXTENDED

SUSTAINABILITY REPORT

ELLOS GROUP

ellos Jotex STAYHARD home room

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STATEMENT OF

Hans Ohlsson

CEO OF THE ELLOS GROUP

2020 has been a different year. For Ellos Group, which already had a strong position in the market Covid-19 has had a positive effect on sales in home furnishings and certain other categories related to customers spending more time in their homes such as electronics, leisure, sportwear and beauty,. Like the entire retail sector Ellos Group also experiences an overall negative impact on clothes and shoes. At the same time, we have faced extraordinary challenges throughout our value chain and in our operations. We have been working to secure the health and wellbeing of our employees and the people who are part of creating Ellos Group's products, but also to secure deliveries and keeping the operations up and running.

The textiles and apparel sectors are major users of natural resources and a significant user of chemicals. In addition, it affects the lives of all people working in the production. The industry is also directly connected to society's prevailing trends such as: digitalization and connectivity, climate change and scarce resources, and globalization. We are in a position where our activities contribute directly to the impact on global sustainability.

At Ellos Group, we are working in many ways to reduce the adverse impacts of our operations, and I would like to take this opportunity to bring up a few highlights from 2020, starting with sustainable materials and production. During 2020 we have worked hard to develop better system support to work in a structured way on following up the progress of sustainable products in a timely manner. With the business intelligence in place we can follow the sales of sustainable products every week.

> At Ellos Group, we are working in many ways to reduce the adverse impacts of our operations

Over the year we have also continued to increase the share of sustainable materials. Cotton is the most commonly used fiber in our product rang and about 39% of all products are mainly made from cotton. Our target for 2020 was to reach 100% cotton from more sustainable sources. We reached 90% and need to continue to work on closing the final gap. We continue to be an active participant with BCI in supporting the development of sustainable cotton production, and in parallel we increase the share of GOTS-certified cotton. Other sustainable materials we are focusing on and increasingly use are recycled polyester and polyamide as well as lyocell and Ecovero.

However, working solely with materials is not enough. In order to make sure our products contribute to a more sustainable world, we maintain a rigorous environmental- and social-compliance framework. In 2020 we had a coverage of 100% of our suppliers having been audited in the last two years. At the same time, we continued our long-term strategy of consolidating volumes at fewer suppliers. Throughout 2020, we continued within the framework of Accord Bangladesh to improve the Bangladesh Ready-Made Garment Industry as a safe and healthy working environment. We have also developed our own Ellos Group Green Factory framework to map the sustainability level of all factories and use that input for sourcing decisions.

> We have also developed our own Ellos Group Green Factory framework to map the sustainability level of all factories

Sustainability is not just about the products themselves, but for us, it is an integral part in everything we do. We are working continuously to reduce our carbon footprint with a steady decrease in CO2 emissions both in relation to sales and in absolute numbers. During 2020 we have been working together with more than 100 other brands in fashion and home textiles in Swedish Textile Initiative on Climate Action (STICA). By participating in STICA's action learning network we commit ourselves to reducing our greenhouse gas (GHG) emissions in line with the 1.5 C warming pathway, as outlined by the United Nations Framework on Climate Change and the Paris Agreement. This is a true challenge, but a necessary one, which I am looking forward to.

In parallel with our work in reducing the actual emissions we did climate offsetting for all our emissions from transports and our own operations in Borås during 2020. The target is to offset less every year when the actual emissions become lower. One step towards having fossil free last mile transports was to change transportation partner to Bring in more countries. Bring is driving a fast transition into a fossil free vehicle fleet before 2025. During 2020, customers in Stockholm and Gothenburg got fossil-free transports.

Finally, I would like to say that we are proud of what we have achieved, but also respectful of the amount of work that lies ahead of us and our industry regarding sustainability. A lot of hard work remains for us and the industry but given the spirit of entrepreneurship which has made this company successful for 70 years I am looking forward to the challenge.

Hans Ohlsson
CEO, Ellos Group

ELLOS GROUP IN BRIEF

Ellos Group (FNG Nordic AB), which includes Ellos, Jotex, Stayhard, and Homeroom, is the Nordic region's leading ecommerce group. Ellos primarily offers fashion and home interiors through its own brands but also via a number of external brands. Jotex's activities focus on modern home interiors. Stayhard sells men's fashion aimed at a younger audience, while Homeroom is a dropship-based platform selling home interiors through the Group's own brands and a large range of external brands. The Group's activities rest on a common e-commerce-platform on which the four e-commerce sites are commercially independent while simultaneously allowing the Group to benefit from econmies of scale, for instance through coordinated procurement, logistics, payment solutions and customer service.

Working closely with our millions of customers, we are constantly striving to develop and offer attractive and sustainable fashion and household items for the entire family. Our focus is always on the customer. We continuously work to develop our business through innovation, creativity, and sustainability. Ellos Group, headquartered in Borås, Sweden, and with operations in all Nordic countries, has around 550 employees. Since 2019 Ellos Group has been part of listed fashion group FNG NV, with operations throughout Europe.

We are proud of the heritage of Ellos Group, which goes back to 1947 when Olle Blomqvist started Ellos. The cornerstone has been a strong entrepreneurial and merchanting culture that is still an important part of who we are. Over the years, success has been built on a close relationship with the customer, a passion to deliver value and develop products and services. Over the past six years, Ellos Group has undertaken a major transformation to become a modern e-commerce player. We believe that the strong platform we have built, as well as the ability to transform, will enable us to generate continued profitable and sustainable growth.

GOVERNANCE STRUCTURE

The Board of Directors is the highest governance body of FNG Nordic AB. FNG Nordic's board of directors consists of three (3) members elected by the general meeting of shareholders. The Board of Directors as a whole has the overall responsibility for internal control and risk management. FNG Nordic AB applies COSO's framework for internal management and control, which is the most internationally recognized framework for describing and evaluating a group's internal control structure. The COSO framework consists of five components: control environment, risk assessment, control activities, information and communication and follow-up. The Board of Directors is responsible for establishing business objectives and strategy, ensuring that there is satisfactory control of the Group's compliance with laws and regulations, and ensuring that key policies are adopted for the Group.

The progress of the Group's sustainability work is followed-up regularly by the Board and quarterly by the management team. The centre of expertise, strategic and tactical work is underpinned by the Sustainability Director, who is part of the management team. The implementation and follow-up of the sustainability work is driven by the head of each function.

FOUR ONLINE STORES

ellos STAYHARD

home room Jotex

AROUND
550
EMPLOYEES

SALES & OPERATIONS IN
SWEDEN, NORWAY,
FINLAND & DENMARK

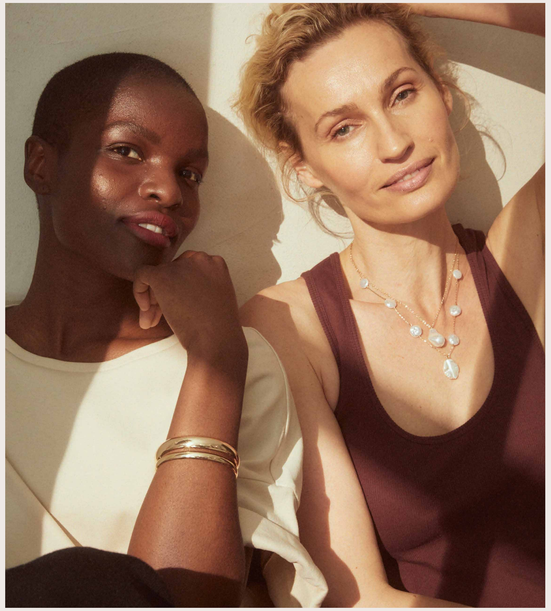
LOCATED IN
BORÅS
SWEDEN *since* 1947

TURNOVER IN SEK:
3.2 BILLION
IN 2020

DESIGN AND PRODUCTION
OF OWN BRANDS AND OVER
700 EXTERNAL BRANDS
in the portfolio

AROUND
2.1 MILLION
ACTIVE CUSTOMERS
** Customers placing an order within the last 12 month.*

OWNERSHIP SINCE 2019
FNG GROUP
**Since 2019 Ellos Group has been part of listed fashion group FNG NV, with operations throughout Europe.*



OUR CORPORATE CULTURE

We are proud of who we are at the Ellos Group, what we stand for and where we are heading. Since 1947, our success has been driven by innovation and creativity. We care for and nurture our identity, our heritage and our expertise.

OUR VISION

To be the leading e-commerce platform in the Nordic region in fashion and home furnishings.

OUR VALUES

Humble winners
Entrepreneurs since 1947
Joy in creating happiness

WORDS FROM

Annika Mårtensson

SUSTAINABILITY DIRECTOR AT ELLOS GROUP

2020 has been dominated by the Covid-19 pandemic, which has challenged people, businesses and countries across the world. In these challenging times, the importance of sustainability in all aspects has become even more clear.

Apart from the pandemic, there have been a few very clear topics on the sustainability agenda for retail companies in the Nordics. First, it's climate change. Climate change is now on most people's mind, and on our mind as a company. During the year we worked together with STICA – Swedish Textile Initiative for Climate Action. Together with more than 100 other brands we are joining forces to start measuring our climate impact, and most importantly – to lower the emissions by around 50% until 2030. Step 1 has been to get a baseline for our full scope of emissions, and for 2020 we have, for the first time calculated our full emissions in Scope 1, 2 and 3. From that baseline we will make a plan for how to reach our reduction targets. We have also done climate offsetting of our transport emissions, in parallel with the work to lower the actual emissions.

Another theme for 2020 is transparency. Customers want to know where their products come from and are expecting more and more information from the brands. We have started our journey towards becoming more transparent and are working on a product scorecard that will tell the customers more about each product.

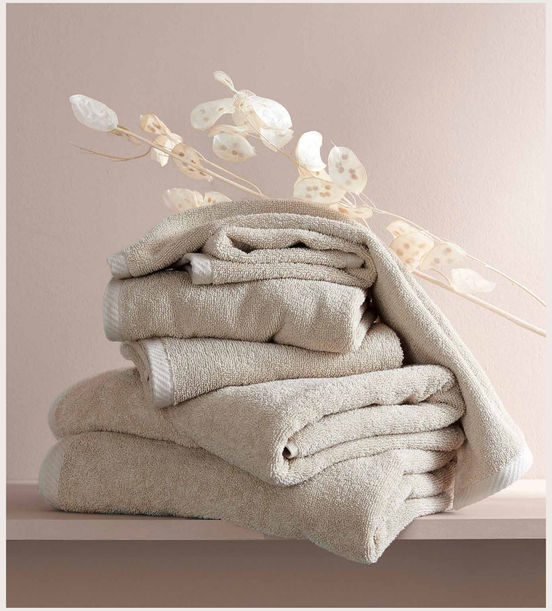
> For 2020 we have, for the first time, calculated our full emissions in Scope 1, 2, and 3

The exciting journey continues for Ellos Group, towards becoming a more sustainable company. As a business, we believe that we have an important role to play to achieve sustainable change, together with our stakeholders. During the year our work has directly supported eight of the SDG goals, and we will continue to work on these goals to achieve sustainability improvements.

Annika Mårtensson
Sustainability Director,
Ellos Group

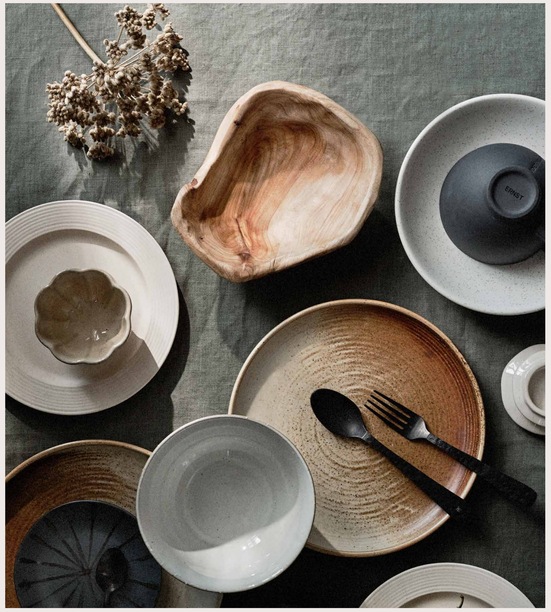
90%

sustainable cotton,
see page 41.



48%

female managers,
see page 18.



100%

suppliers with inspection
protocols, see page 27.

SUSTAINABILITY AT ELLOS GROUP

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.

OUR STAKEHOLDERS

CUSTOMERS

We believe in transparency and friendly, respectful and supportive communications. Our customers can always trust our generous advice, and our products, to be safe and responsibly produced.

EMPLOYEES

We treat each other with mutual respect and provide equal opportunities in a healthy, safe and creative working environment. The competence, loyalty and entrepreneurial drive of our team enable us to reach our goals. Our key to success is constant progress.

SUPPLIERS

We expect our suppliers and business partners to share our views about business ethics, human rights, fair working conditions and the environment. We believe in co-operation and work with our suppliers to continually improve the sustainability of our value chain.

ENVIRONMENT

We strive to contribute to a sustainable future by using natural resources more efficiently and to minimize the negative environmental impact of our operations.

COMMUNITY

We want to make a positive contribution to the communities in which we operate by supporting chosen causes and initiatives that create a lasting difference, but always from a non-political and non-religious standpoint.

OUR VISION

- Responsible use of plastics – removing single use plastic
- CO2-neutral transports
- Sustainable products > 50% of textile sales
- Enable reuse or recycling for all products and packaging
- 100% sustainable packaging
- Employer of choice

OUR CODE OF ETHICS & ANTI-CORRUPTION

Our Code of Ethics with its different policies is an essential guide for us to ensure that we take the right decisions and right action, and that we apply the precautionary principle. Our Code of Ethics is available on our intranet for everybody employed at the company. The Code of Ethics includes policies for anti-bribery, competition, data protection, trade sanctions, equality and diversity, the environment, sponsoring, products and whistleblowing. An internal Code of Conduct explaining how to act according to our Code of Ethics is also available for all employees.

Our Suppliers' Code of Conduct is linked to our Code of Ethics. The Code of Conduct is included in our Suppliers' Manual, that guides all our relations with our suppliers. The Suppliers Manual was made available online in 2017, and all suppliers have to re-sign it annually to confirm general agreements.

Ellos Group works to counteract all forms of corruption and our Anti-bribery policy is the foundation for this. There were no confirmed incidents of corruption at Ellos Group in 2020.

EXTERNAL WHISTLEBLOWING SYSTEM

Our whistleblowing policy prescribes how to report concerns, and how reported concerns are dealt with. It is a tool for the employees to report suspected or detected violations of the Code of Conduct or other-corporate policies. The whistleblowing channel is provided by an external partner. No incident was reported through the whistleblowing channel in 2020.

SUSTAINABILITY ISSUES IN OUR VALUE CHAIN

The industries of apparel and home textiles and furnishings face significant sustainability challenges. These sectors are major users of natural resources, including water and petroleum. Other environmental topics in our industries include heavy use of chemicals in the supply chain, and the contribution to a "wear and tear" consumption pattern. Social issues are significant, with complex supply chains and production in countries where there is a risk of poor working conditions and human rights adherence. As a responsible company, we seek to address these challenges by making better choices for the material and production processes we use and by working closely with our suppliers to ensure fair working conditions and environmental management in our supply chain. We also strive for a timeless and high-quality range, which our customers can keep using for a longer period of time, and we encourage our customers to recycle their used clothes, textiles and furniture.

DESIGN AND PURCHASING

Our sustainability efforts begin at the drawing board, and in the design and purchasing processes we make several important decisions that affect the impact that our business has on the economy, environment and social issues.

- A key topic in this stage is materials. Our choice of using e.g. organic cotton, recycled materials and new materials such as Ecovero, has an impact on both environmental and social conditions in our supply chain.
- Another key topic is the production method choices. E.g. Dope dye of synthetic fibres is substantially better for the environment than traditional fibre dyeing. It is in the design and purchasing stage this is set by choosing the right suppliers.
- Supplier social and environmental assessments are also significant topics. Our choice of which suppliers that we entrust the production of our range to needs to be an informed decision, in which we require suppliers to adhere to our Code of Conduct. During 2020 we also started mapping how "green" the suppliers are.
- Closing the loop through reuse and recycling also begins in design and purchasing, through recycled materials, design solutions that facilitate recycling, and offering vintage items in our assortment.

PRODUCTION

Production takes place outside of our direct control, at the production sites of our suppliers. While not in our direct control, we recognize that our business can have a significant social and environmental impact at our suppliers' and sub-suppliers' operations.

- We require our suppliers to ensure fair working conditions and adherence to human rights for the people that make our products and monitor our suppliers through supplier social assessments.
- Important environmental topics such as the use and treatment of water and chemicals are also controlled through supplier environmental assessments.

We strive to develop long-term relationships with our suppliers and work with them to ensure compliance with our social and environmental standards. Regular audits and corrective action plans are used to monitor and continually improve our social and environmental impact in production.

TRANSPORT

The transportation of our products, inbound from production to our central warehouse, and outbound to our customers, is carried out by external transport companies.

The key topics in this stage are energy and emissions, and we work with our transport providers to optimize the flow of goods and understanding how we can reduce the negative environmental impact of our transportation.

OPERATIONS

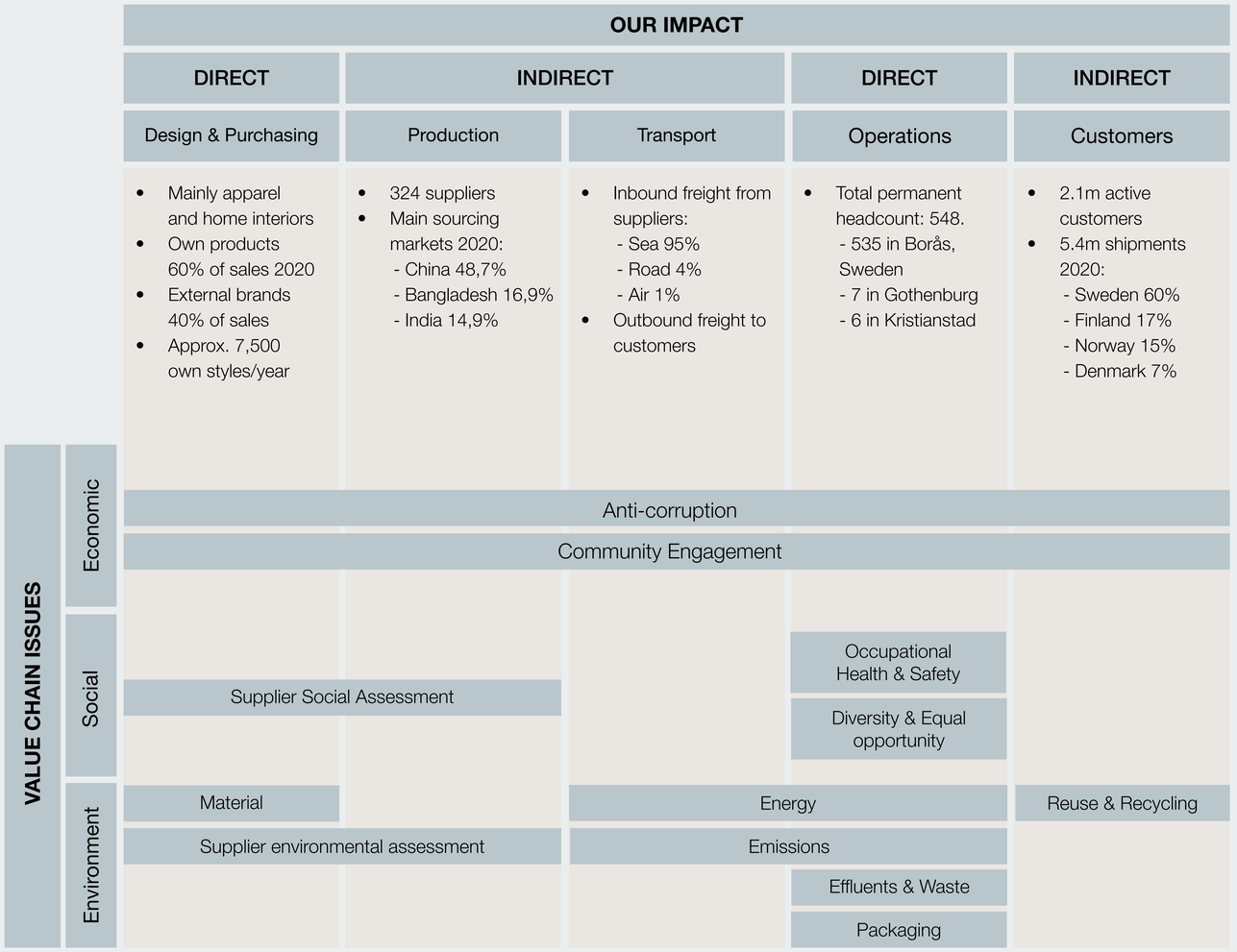
Our operations are located in Borås, and are under our direct control.

- Important topics in our operations are related to our responsibility as an employer, including working conditions in which we include occupational health and safety as well as employee satisfaction.
- Diversity and equal opportunity are cornerstones when we build a strong organization that is dynamic, leverages differences and reflects our customer base.
- Environmental impacts in our operations include energy, emissions and waste.

CUSTOMERS

Our customers also have a significant impact on sustainability in their care of our products, how long they keep them and whether they choose to recycle them after use.

- We do not have a direct impact on the behaviour of our customers, but we seek to influence them to a sustainable behaviour with, for example, clear instructions for how to care for the products best and by encouraging reuse and recycling.



TOPICS RELEVANT ACROSS THE ENTIRE VALUE CHAIN

Anti-corruption is a topic that is not isolated in one of the value chain steps, but must be taken into account across all steps. In all interactions with suppliers, customers and other business partners, we must ensure that business is conducted in an ethical manner and that corruption is prevented.

Community engagement is also an important topic to us - we want to contribute positively to the communitiesin which we operate by supporting relevant causes and initiatives.

FOCUS ON MATERIAL TOPICS

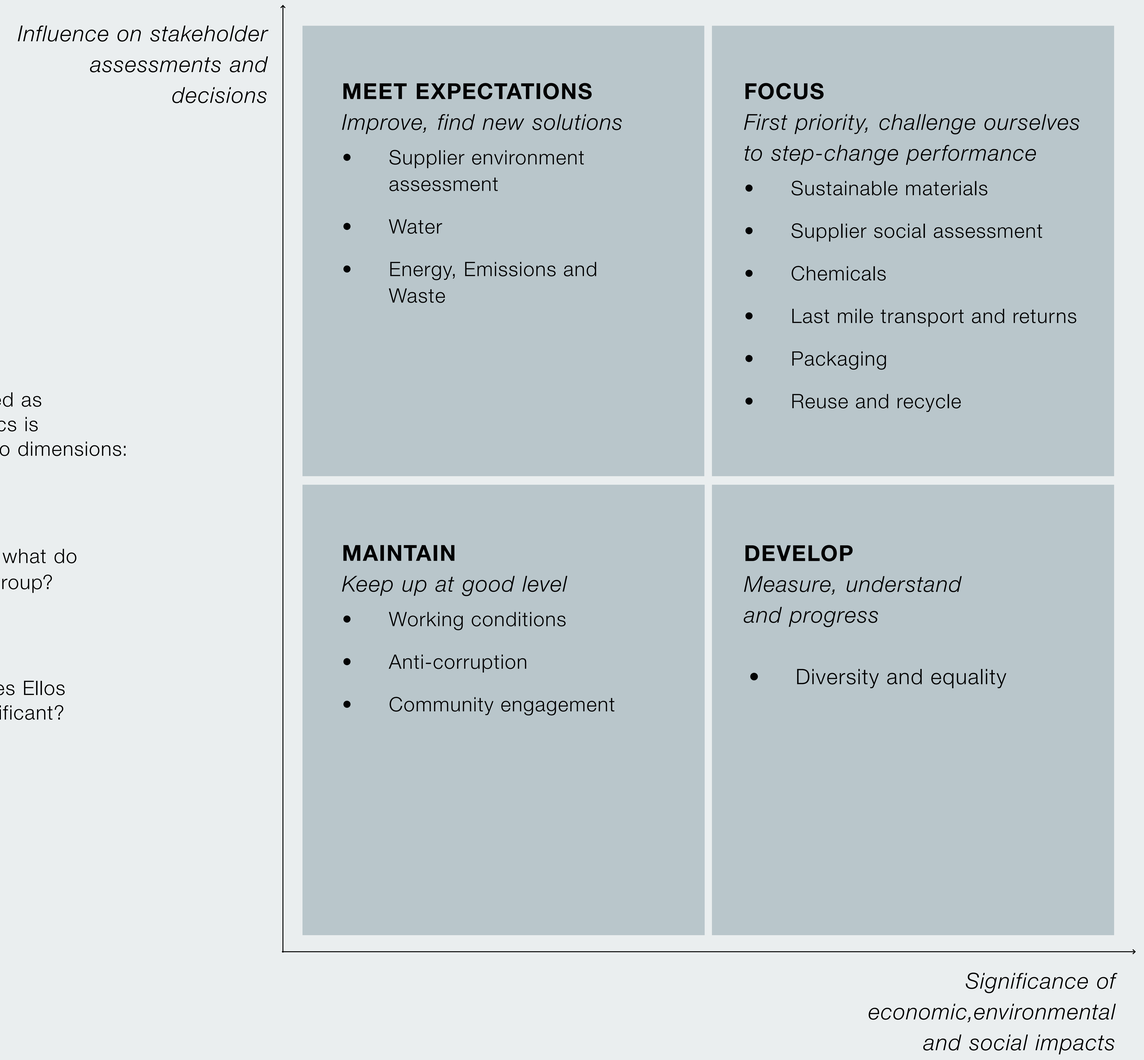
In our sustainability strategy for 2020, and in this report, we focus on the topics that we identified as material in our updated analysis concluded 2017/2018. The process of defining our material topics is described in more detail on pp xx-xx in this report. The potential topics were ranked in these two dimensions:

Influence on stakeholder assessments and decisions

Expectations and concerns among key stakeholders. What do our stakeholders care about and what do they expect from us? According to our stakeholders, which topics are most important to Ellos Group?

Significance of economic, environmental and social impacts

The importance of Ellos Group's impact on economic, environmental and social topics. How does Ellos Group's operations affect sustainable development, and in which topics is our impact most significant?



REPORTING ON THE MATERIAL TOPICS – OUTLINE

In the following pages of this report, we will describe Ellos Group's sustainability efforts in 2020, with our goals, actions and results achieved so far. The below table outlines the report sections and the material topics covered in each section.

Report section	Material Topics
Sustainability at Ellos Group	Anti-corruption
Sustainable products	Materials and products Chemicals
Supplier relations	Supplier social assessment Supplier environmental assessment
Environment	Reuse and Recycling Energy, Emissions Effluent and Waste Last Mile Transport and Returns Packaging
Employees	Working conditions Diversity and Equal opportunity Occupational health and safety
Community	Community Engagement

SUSTAINABLE MATERIAL AND PRODUCTS

We want to offer our customers an attractive range of products, which have been designed and produced in a way that is as sustainable as possible. We can achieve this by making sustainable choices in design and purchasing, by finding ways to increase the proportion of sustainable materials in our products, and by choosing more sustainable production processes for our products.

Our ambition is to develop attractive products made with more sustainable materials, and produced with less water, energy and chemicals. We strive to inspire our customers to a more sustainable way of living by developing more sustainable products.

SUSTAINABLE MATERIALS

Our product range is one of the key focus areas for our sustainability work, beginning with the design and material decisions we make. We work constantly to search and find more sustainable materials and production methods, to reduce the climate impact of our products. We believe every product should be produced with consideration for people, the environment and animal welfare.

With a wide product range, the challenges are many. Cotton accounts for around 38% of the textile content in our own range of products. This is a clear reduction from earlier 65%, but it is still the most common material in our product range, followed by polyester and elastane. Cotton is a resource-demanding fibre, both when it comes to the cultivation and the production processes. The process demands much water, chemicals and energy. Therefore, we have decided to use more sustainable cotton in the production of our own product range, aiming at reducing water, chemical and energy use. We define sustainable cotton as organic cotton, recycled cotton or cotton certified by the Better Cotton Initiative (BCI). Our target was that by 2020, 100% of the cotton in our own products should come from more sustainable sources.

We came close to the target in 2020 and reached 90%. The most challenging product group to replace with more sustainable cotton has been carpets, but improvements are being made for 2021. Most of our more sustainable cotton comes from BCI cotton, which accounts for 63% of our more sustainable cotton.

In specific product areas, such as baby clothing, 100% of our new cotton products sourced in 2020 were made from organic cotton. More than 96% of all cotton in children's clothing were made of more sustainable materials.

While cotton plays a major part in our product range we also want to work in a sustainable way with other materials. During 2020 we have increased the proportion of recycled materials such as recycled polyester and recycled polyamide to replace virgin synthetic petroleum materials.

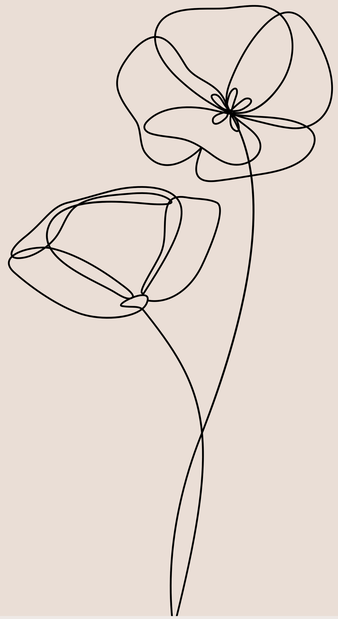
Furthermore, we have taken steps to replace our conventional viscose with more sustainable options. The result of which is that 22% of the viscose products in our autumn/winter collection for 2020 were made of the more sustainable viscose fiber ECOVERO™. We are also focusing on the production processes in order to reduce the climate impact of our production.

HIGHLIGHTS 2020

- 90% of all cotton comes from more sustainable sources
- 10% recycled polyester and polyamide, up from 1% 2019
- 13% of the viscose bought in 2020 was ECOVERO™
- External brands included in the "Better Choice" label, with the same requirements as for internal assortment

GOING FORWARD

- Set new ambitious targets for sustainable materials and products for 2025
- Increase the use of recycled materials in all product categories
- Increasing FSC-certified wood in our wooden furniture products, and get the FSC mark on product detail page
- Increase the use of new sustainable material, such as Ecovero



MORE SUSTAINABLE COTTON

Cotton is the most commonly used fibre in our product assortment. Out of all textile products, 38% are made of cotton. Whilst being a highly appreciated and commonly used material, there are challenges in its lifecycle. Cotton is a very resource-intense fibre to cultivate, harvest and produce. The global cotton production accounts for 11% of the world's consumption of pesticides and fertilizers (source: Naturvårdsverket 2016).

At Ellos Group we want to contribute to a more sustainable cotton production. We define organic cotton, recycled cotton and cotton from the Better Cotton Initiative as more sustainable cotton. The proportion of sustainable cotton used in our cotton products has increased from 87% in 2019 to 90% in 2020.

The biggest challenge in reaching 100% sustainable cotton lies in carpets produced in Europe.

	2016	2017	2018	2019	2020	2020 TARGET
Sustainable cotton, % of total cotton in Ellos Group's own brands*	44%	69%	81%	87%	90%	100%

** From 2016 the figures are based on results coming from new systems launched in 2017. The figure for 2016 has been updated since the Sustainability report 2016, in which the figure was 46%.*

BETTER COTTON INITIATIVE

The Better Cotton Initiative, BCI, exists to make global cotton production better for the people who produce it, better for the environment it grows in and better for the sector's future. Included in the training is, for example, how to manage safe harvesting, preventing child labour and how to create health and safety awareness at the farms. The BCI aims to transform cotton production worldwide by developing Better Cotton as a sustainable mainstream commodity. Ellos Group joined the BCI in 2015.

Read more at www.bettercotton.org

SUSTAINABLE VISCOSE – ECOVERO

ECOVERO is a viscose fiber made from more sustainable wood that only comes from certified and controlled sources. LENZING™ ECOVERO™ fibers are certified according to EU Ecolabel, the EU's official sustainability label, which means that the material meets strict requirements for sustainability throughout the life cycle: from raw material extraction to production, distribution and disposal. The production of LENZING™ ECOVERO™ fibers results in up to 50% lower emissions and water impact compared to ordinary viscose.

SALES OF SUSTAINABLE PRODUCTS

For 2025 we have a target that 50% of all our sales of textile products should be more sustainable products. The target is valid for our internal collections but also all external brands. This target will challenge us to promote more sustainable items to our customers and helping them to make better choices.

Sustainable products as share of all textile sales

TARGET

2019	2020	2025
22%	35%	50%

RECYCLED & REUSED MATERIAL

By using recycled materials, we can lower the environmental impact arising from the production of virgin raw materials. The challenge is to find substitutes for existing fibres with lower environmental impact, while maintaining our high-quality requirement. In 2020, we continued to expand our assortment of products made of recycled materials. New products are found in a wide variety of product categories, ranging from swimwear to underwear, jackets, carpets and bed covers.

During the year, the product teams have worked hard to increase the share of sustainable materials in our products. Both by developing exclusive collections in sustainable materials, but also by changing best-sellers into more sustainable materials.

We use polyester and polyamide from recycled PET bottles, from leftover production material, or from fishnets that have been re-spun to new material. To secure that the material is recycled and comes from secured sources with no harmful content, we purchase materials certified by the Textile Exchange Standard's Global Recycling Standard (GRS) or Recycling Claim Standard (RCS).

Recycled, % of total polyester and polyamide in Ellos Group's own brands

TARGET

2019	2020	2025
1%	10%	25%

SUSTAINABLY SOURCED WOOD

Home furnishing is a growing product category for Ellos Group. Wood is one of the most important materials within this category and it is important to us that the wood in our products and materials is sustainably sourced.

The world's old growing forests are being logged at an alarming rate. This puts endangered species, communities and our climate at risk. All our wood and paper products comply with the EU Timber Regulation no 995/2010, securing legal harvesting. We strive for more sustainable sourcing to prevent illegal logging and irresponsible forest practices. Our ambition is that all wood in our products should be sustainably grown and harvested responsibly from 2020 and onwards. Our criteria's for sustainably sourced wood are:

- Recycled
- FSC/PEFC-certified wood
- Have other certification that shares the principals of legal logging, economic and environmental practices i.e. the Rain Forest Alliance.

% FSC certified massive wood products*

TARGET

2019	2020	2025
0%	1,5%	50%

**We have FSC certified products in the assortment, but not until 2020 we have a branding license for FSC which means we can communicate that it is FSC. % FSC products vs total furniture.*

PRODUCT SAFETY

The safety and quality of our products is a high priority at Ellos Group. It is very important for us that products we put on the market are safe to use and not harmful in any way to our customers. We constantly follow updates and news to make sure our products meet the legal requirements and our own high-quality requirements that in some areas are stricter than the legislation.

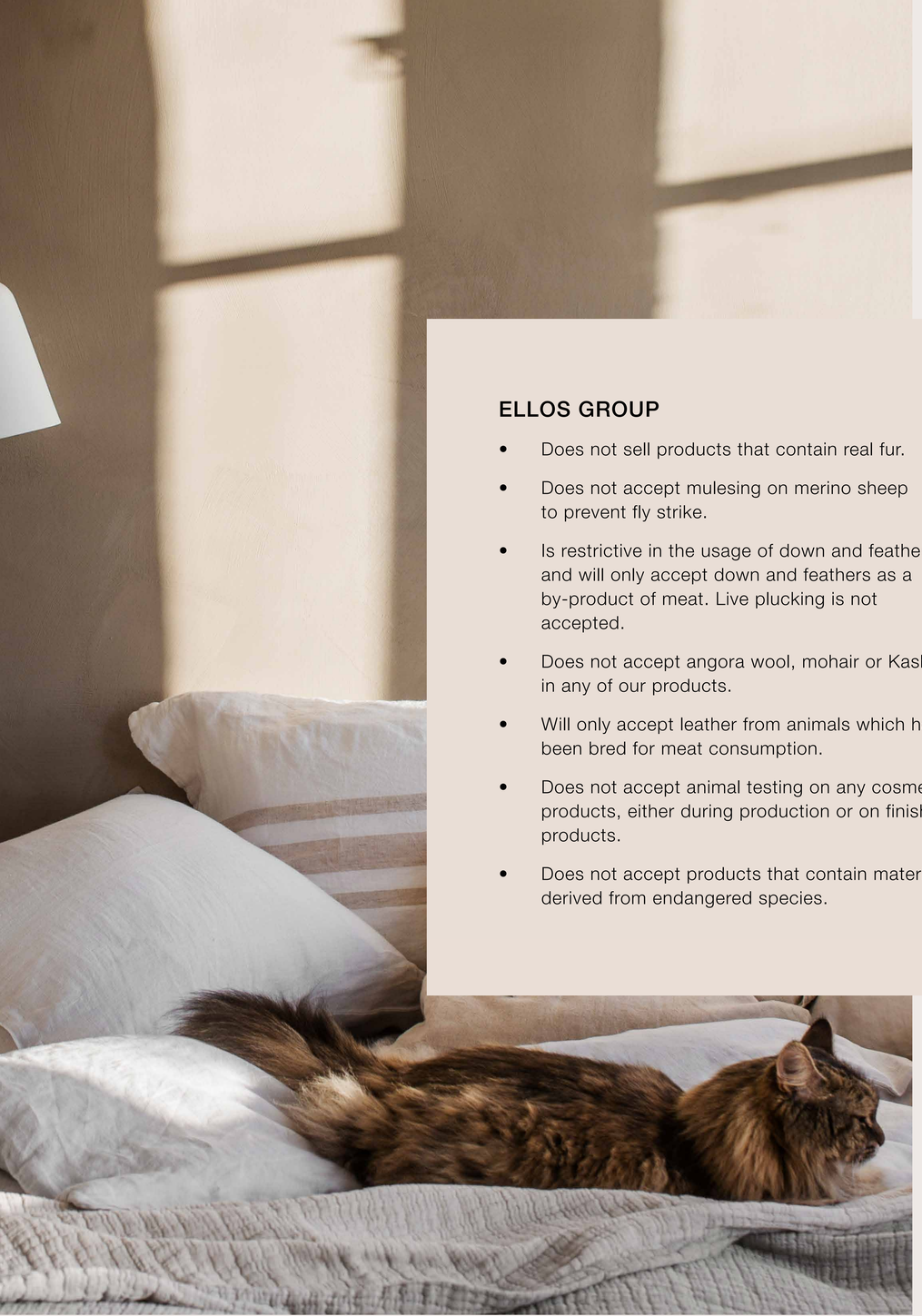
To ensure that our products meet the legal-, as well as our, requirements we have a Suppliers Manual with requirements that all our suppliers are obligated to follow, which is updated yearly.

We do mandatory testing and random spot checks to monitor that our products have fulfilled quality, chemical and safety requirements before being put on the market. The testing is done by external independent laboratories and at our own testing facilities and is carried out during the production process or on products. All animal testing is prohibited.

In 2017-2018, we made major improvements to our product safety and quality work. We launched a reworked version of our Suppliers Manual and held training sessions for suppliers and our purchasing teams. This work continued in 2019 and 2020.

Children’s wear is an area where requirements are extra high due to how children wear and use products. All our children’s wear follows the requirements of European Standard, EN 14682. In 2017, we improved our established routines to minimize the risks.

When a product does not meet our requirements, we act immediately and either improve the product to make it compliant or stop the production process. This depends on what kind of issue the product has or what requirement the product does not meet. The goal is always to stop the product before it is sold to the customer.



ELLOS GROUP

- Does not sell products that contain real fur.
- Does not accept mulesing on merino sheep to prevent fly strike.
- Is restrictive in the usage of down and feathers and will only accept down and feathers as a by-product of meat. Live plucking is not accepted.
- Does not accept angora wool, mohair or Kashmir in any of our products.
- Will only accept leather from animals which have been bred for meat consumption.
- Does not accept animal testing on any cosmetic products, either during production or on finished products.
- Does not accept products that contain materials derived from endangered species.

ANIMAL WELFARE

Animal welfare is important to us. In our view, animals are, as sentient beings, entitled to be treated with respect. When our products are made of materials with animal origins, we require that the animals are treated well.

WE ARE MEMBERS OF:

Fur Free Alliance, Djurens rätt

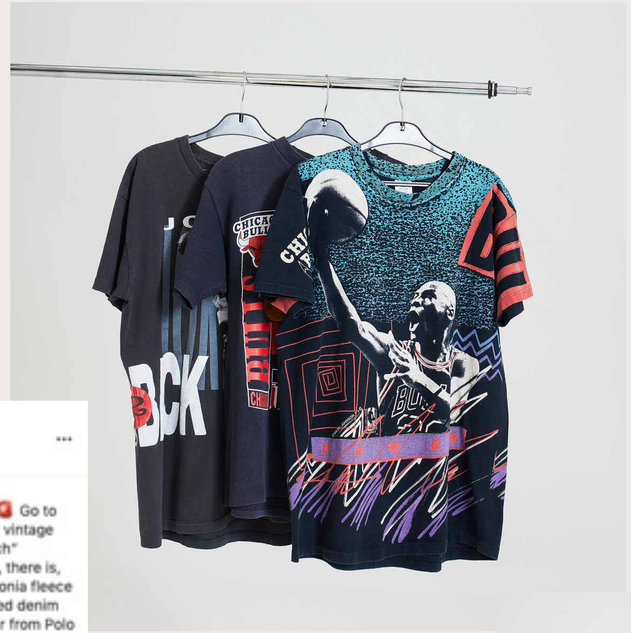
Ellos Group is a member of the Fur Free Retailer programme. This programme is supported and endorsed by the Fur Free Alliance, an international coalition of leading animal and environmental protection organizations.

STAYHARD VINTAGE

Small but well curated drop with our target group in mind.

First drop was released early march and three more drops were released throughout 2020.

Each drop was a well curated drop with around 15 pieces within street and sports from 80´s,90´s and 00´s. Sourced and handpicked by Stayhard to provide our targetgroup with relevant vintage fashion.



Small but well curated vintage fashion for the target group

12 HÅLLBAR KONSUMTION OCH PRODUKTION

CHEMICALS

We want to ensure that our products do not include any harmful, restricted or unnecessary chemicals. Our suppliers are required to follow strict regulations and tests are performed.

It's a top priority for Ellos Group to be complaint with current national legislation and EU legislation on the usage of chemicals. In many instances, we do however take a step further, and adhere to stricter voluntary schemes. Our requirements reflect how chemicals affect human health, and the environment, and they are constantly being revised due to the increasing quality demands from our customers. Ellos Group works continuously to improve the routines, to ensure product quality and security, thereby reducing the environmental impact of the products.

It is important for our suppliers to avoid using restricted and harmful chemicals in products provided for Ellos Group. The chemical requirements to follow are according to the Chemical Group – Swerea's Chemical guide and Ellos Group's RSL for hard goods with food contact, furniture and cosmetics. The purpose of these Guides is to provide the necessary information of the substances relevant to all product categories at Ellos Group: textiles, leather, shoes, accessories and electronic products, with the limits as agreed in the business sector and/or by legal requirements.

WE ARE MEMBERS OF:
Swerea – The Chemical Group

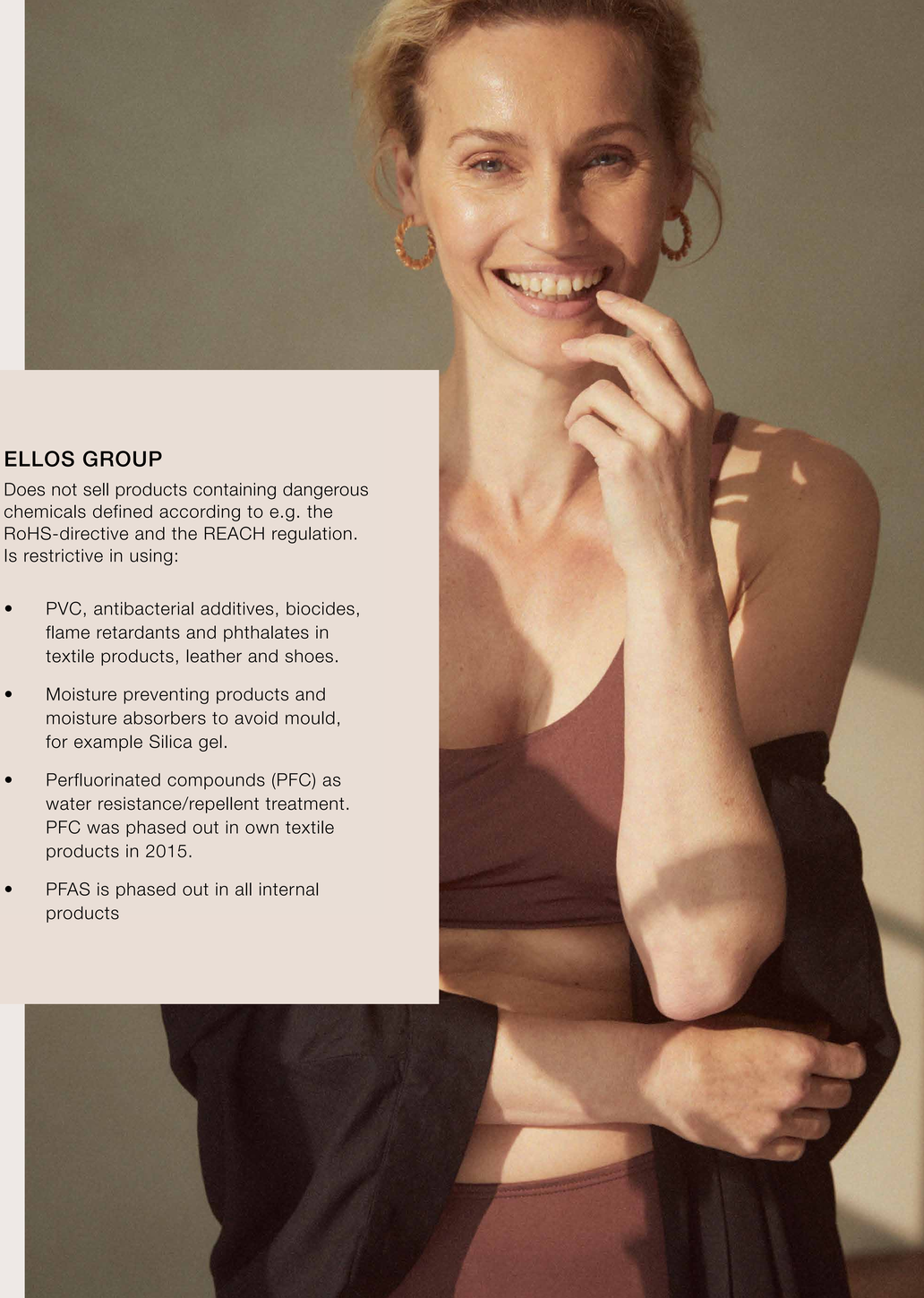
WE ARE MEMBERS OF:
TEKO's Environmental Group

WE ARE PART OF:
the PFAS movement

ELLOS GROUP

Does not sell products containing dangerous chemicals defined according to e.g. the RoHS-directive and the REACH regulation. Is restrictive in using:

- PVC, antibacterial additives, biocides, flame retardants and phthalates in textile products, leather and shoes.
- Moisture preventing products and moisture absorbers to avoid mould, for example Silica gel.
- Perfluorinated compounds (PFC) as water resistance/repellent treatment. PFC was phased out in own textile products in 2015.
- PFAS is phased out in all internal products



SUPPLIER RELATIONS

It is important to our customers, employees, owners and to us that our products are made with respect to the people who produce them, as well as to the environment. We strive to ensure fair working conditions and adherence to human rights in our value chain and believe that a close dialogue and cooperation with our suppliers is necessary to achieve this. Regular audits and inspections are means to follow up on progress and identify what improvement is needed.

SUPPLIER RELATIONS

Ellos Group's own products are manufactured by external suppliers, mainly in South East Asia. We do not own any factories, instead we work with independent suppliers. In 2019 we had 332 suppliers. In 2020, this number had decreased to 324. Of those, 22 were new suppliers. The continued decrease of suppliers is explained by a strategic consolidation work for apparel suppliers to reach our goal of a "Perfect Supplier Base". At the same time, for new product areas within mainly the home segment, a collaboration with new suppliers has been started.

Our main sourcing markets in 2020 were China, Bangladesh and India. In 2020, we have seen the biggest increase in EU as we work strategically to source more near shore from Europe. This is to reduce lead times which increases our flexibility in purchasing and reduces the need for inventories, as well as reducing our climate impact from production. In 2020, nearly 10% of purchased volumes came from Europe including Turkey.

SUPPLIERS CODE OF CONDUCT

At Ellos Group we have to take responsibility for our actions and contribute to the development of a sustainable society. We want to ensure that the human rights of the people taking part in the production of our products are respected, and we want that our production have as low environmental impact as possible.

Our Code of Conduct for our suppliers is based on the French standard ICS (Initiative Clause Social), which is equivalent to programmes such as the BSCI (Business Social Compliance Initiative), and follows international labour standards, such as the International Labour Organization's (ILO) conventions and declarations and the United Nations (UN) Guiding Principles on Business and Human Rights.

Our Code of Conduct covers important areas such as child labour, forced labour, discrimination, freedom of association, wages and working hours, health and safety in the workplace and environmental aspects.

We require all suppliers to adhere to our Code of Conduct prior to starting any business relationship. The Code of Conduct applies to all suppliers and production units that are involved in the manufacture or supply of products to any of the companies included in Ellos Group.

The Code of Conduct sets forth the requirements that all suppliers must meet in order to do business with Ellos Group. The suppliers are responsible for ensuring that these requirements are met at all factories involved in the manufacture of products for Ellos Group.

We also expect our suppliers to follow internationally accepted labour standards, including the ILO conventions, and to continually work on improving the working conditions for those involved in the production of our products.

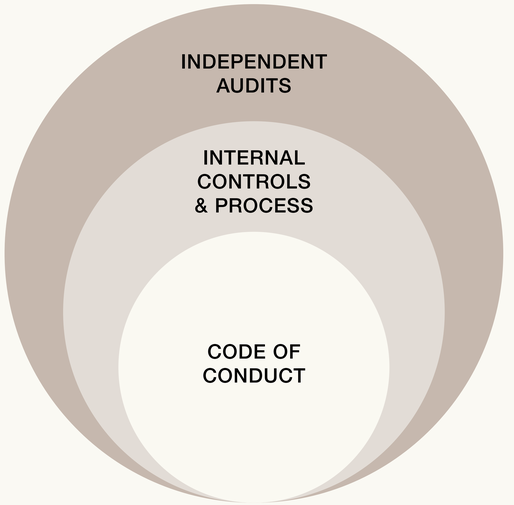
SUPPLIER FOLLOW-UP PROCESS

We strive for all of our products to be manufactured in accordance with the Code of Conduct, under fair working conditions and with adherence to human rights. Our suppliers are required to adhere to our Supplier's Code of Conduct. Prior to the first order, all suppliers should have a valid audit protocol. During 2020 there have been cases of denied suppliers due to failure to comply with initial audit.

In order to track progress, identify risks and improvement opportunities, and to support our manufacturers, we have a control and follow-up system in place with regular audits and inspections. Some of the audits (37%) are done by our main agent Kering Group Sourcing (KGS), and some through the independent audit institute Bureau Veritas. If improvement needs are identified in an audit, the supplier is required to introduce improvements that are outlined in a Corrective Action Plan. We seek to collaborate with our suppliers to ensure that they live up to our expectations.

Our main agent KGS carries out audits and inspections of the suppliers in their network, with a combination of their own inspections and semi-announced independent audits. All suppliers in the KGS network have been inspected and approved prior to inclusion on the list of suppliers. For external audits, Bureau Veritas is used by KGS.

Bureau Veritas utilizes protocols for on-site monitoring, which have been developed by KGS and Ellos Group. The audit protocol, implemented in 2015, includes 233 compliance questions. Inspections include confidential employee interviews, record testing, observations and management feedback. With a multipronged approach, auditors are able to consider various sources of information and utilize proven investigative techniques to corroborate evidence.



8 ANSTÄNDIGA ARBETSVILLKOR OCH EKONOMISK TILLVÄXT

AUDITS AND INTERNAL ASSESSMENTS

As the production of Ellos Group's products is in high-risk countries from a working condition perspective, there is a need of regular inspections of all suppliers, independent of the sourcing volume Ellos Group has at the supplier.

In 2020, we continued our work to cover 100% of Ellos Group suppliers to have been audited and externally certified within 24 months by 2020. In 2020, Ellos Group reached 100% coverage of all suppliers, manufacturing factories and processing factories. In addition to this, we and our agent KGS conduct ad hoc inspections at the suppliers' factories.

When improvements are identified, a Corrective Action Plan is issued, including a description of the noncompliance, a recommended corrective action, a target date for when the corrective action is to be completed and a comment from the factory. Non-compliance identified in 2020 was mainly related to working hours and lack of documentation of wages and working hours.

Depending on how serious the non-compliance is, a second audit is scheduled to confirm progress within a set time frame. If serious issues are not rectified, business will be terminated. However, in 2020, none of Ellos Group's suppliers were terminated due to serious non-compliance or failure to improve.

Ellos Group	2018		2019		2020	
	#	% of total	#	% of total	#	% of total
Suppliers with external audit or internal assessment	377	98	325	98	324	100
Total numbers of suppliers	385	100	332	100	324	100
Number of new suppliers	71	18	24	7	22	7

Accord on fire and building safety in Bangladesh

In 2020, Ellos Group continued within the framework of Accord Bangladesh to improve the Bangladesh Ready-Made Garment Industry as a safe and healthy working environment. During 2019 a decision was taken to establish a national RMG safety entity to be called the RMG Sustainability Council (RSC). After the transition period of 281 working days, the RSC will take over all Accord Bangladesh operations and will inherit the Accord infrastructure and staff. Ellos Group is supporting this transition and has been working hard during 2020 on remediation of outstanding issues.

Ellos Group signed the Accord on Fire and Building Safety in Bangladesh in 2016, as Bangladesh is an important sourcing market for Ellos Group. By signing the Accord, Ellos Group commits that all of the factories producing garments for the Group are audited based on three different areas: fire safety, electricity and structural issues. The Group is also committed to drive remediation of Corrective Action Plans at the factories where Ellos Group is Lead Brand.

17 GENOMFÖRANDE OCH PARTNERSKAP

SUPPLIER RELATIONS IN QUALITY ASSURANCE AND THE ENVIRONMENT

In addition to strive for fair working conditions in our supply chain, we work closely with our suppliers and make site visits and inspections to follow up on quality assurance and the environmental management of our suppliers. Environment management is audited within the Bureau Veritas' audit protocol, as described on the previous pages.

Ellos Group cooperates closely with suppliers in proactive quality assurance through laboratory testing and inspections, ensuring that the products delivered to Ellos Group are already quality assured and that corrections or changes are made at the production site, before the products are shipped to the warehouse in Sweden.

Laboratory tests are carried out, mainly by Intertek's accredited laboratories, before production starts on all main orders. The tests are based on instructions in our product specifications, with tests including general testing, mechanic resilience, colour fastness, dimensional stability and chemical tests.

Inspections are conducted by third party agencies on all orders before shipping, to ensure that our quality requirements and kids safety demands are met, in order to approve consignment before shipment.

ENVIRONMENT IN PRODUCTION – ELLOS GROUP GREEN

During 2020, we started collecting information from the suppliers on their climate impact and created a scorecard on suppliers called the Ellos Group Green Scorecard. The scorecard covers their energy usage, water and wastewater management, preparation and washing, coloration and printing, as well as certificates for sustainable materials. The goal is to collect the information from all factories, and to use the scorecard as input for supplier development.

ENVIRONMENT

We strive to use natural resources efficiently and to minimize the negative environmental impact of our operations. For 2025 we have committed to become CO2 neutral in our transports and our operations in Borås.

ENVIRONMENT

Our aim is to reduce both energy use and emissions relative to sales and in absolute numbers. Our largest impact in terms of emissions is caused by the production of the products we sell. It is by reducing the climate impact of our value chain, from raw material to ready-made product, we have the greatest opportunity for creating positive change. This is where about 95 percent of Ellos Group's carbon footprint is determined.

In order to reduce our climate footprint in practice, we need to change materials to low emission materials and circular materials, examine our suppliers' production processes and put requirements on our transporters to change to fleets and ships with lower climate impact. We also need to ensure our supply chain reduces its emissions mainly by moving to renewable energy. In addition, we need to put the same demands on our external brands to reduce their climate impact.

Apart from the emissions from production of purchased goods and services, our transports are also an important source for emissions. The transport of our products goes from our suppliers to our warehouse, and on to our customers. Within transportation, we seek to minimize air freight and work proactively with our transporters to reduce emissions and changing to fossil free transports. Another important cause of emissions has historically been the sources of electricity used at our operations in Borås. However, since 2016, Ellos Group only purchase electricity from renewable sources. In addition, we are aiming at reducing our energy consumption. This is done through the use of energy-efficient solutions for lighting and heating.

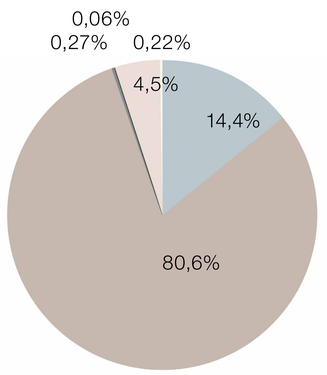
The comparable total CO2 emissions for Ellos Group in 2020 decreased by 9% compared with 2019.

		2017	2018	2019	2020
Greenhouse Gas emissions* (Tonnes CO2)	Scope 1**	N/A	59	233	9
	Scope 2***	228	243	256	360
	Own operations	N/A	302	489	369
	Scope 3****	6766	5918	6914	136624
	Total emissions	7004	5918	7299	137362

**Greenhouse Gas emission scopes as defined by GHG protocol, ghgprotocol. Org*
***Scope 1: Direct GHG emissions from company operated cars and refrigerant/cooling agent leakage.*
****Scope 2: Indirect GHG emissions from consumption of purchased electricity, heat or steam.*
*****Scope 3: Other indirect emissions for purchased goods calculated based on material emission factors for apparel and spend based emission factors for home and interior.*
The figures do not include inbound, or outbound, freight where delivery is paid for by the supplier.
For 2017-2019 the Scope 3 data does not include purchased goods.

2020 EMISSIONS PER CATEGORY EXCL. CUSTOMER USAGE, TON CO2E:

Apparel production	19620
Home & interior production	110100
Packaging	306
Business travel	80
Transports	6149
Energy in own operations	369



GHG EMISSIONS (TCO2E)

Scope	Category	2017	2018	2019	2020
Scope 1	Fuel use onsite	-	-	-	-
	Refrigerants	-	42,4	150,2	0
	Company vehicles	-	16,9	12,9	8.6
	Scope 1 total	**-**	**59,3**	**163,2**	**8,6**
Scope 2	Market-based electricity	0	0	0	0
	Location-based electricity	33	34	35	86
	District heating	195	211	220	274
	Scope 2 total	**228**	**245**	**256**	**360**
Scope 3	Inbound transport and distribution	4823	3729	4173	3879
	Outbound transport and distribution	1607	1860	2390	2270
	Purchased goods	-	-	-	130026
	Business travel	336	330	351	80
	FERA	-	-	-	50
	Scope 3 total				**136624**
Total		**7004**	**5918**	**7299**	**137362**

CLIMATE FOCUS IN PRODUCTION

We know that we can't improve what we don't measure. So, the first action for the production is get a baseline figure. The data presented in this report is based on calculating emissions based on emission factors. This is a good way to get a baseline footprint and understand where the biggest areas for improvement are.

In parallel we have started to collect actual data from a supplier perspective. During 2020, we started collecting information from the suppliers on their climate impact and created a scorecard on suppliers called the Ellos Group Green Scorecard. The score-card covers their energy usage, water and wastewater management, preparation and washing, coloration and printing, as well as certificates for sustainable materials. The goal is to collect the information from all factories, and to use the scorecard as input for supplier development and emission calculations.

	2017	2018	2019	2020	2020 vs 2019
Number of trips	2465	2512	2373	514	-78%
Of which Air	2243	2339	2074	467	-77%
Of which train	222	173	299	47	-84%
CO2 tons (air)	336	329,7	351	80	-77%

Source: AKI travel, Resia

BUSINESS TRAVEL

CO2 emissions from our business travel decreased dramatically by -77% in 2020 compared to 2019 due to the Covid-19 pandemic that stopped all travel from March and onwards. The emissions were 80 tons of CO2.

EMISSIONS FROM TRANSPORT

Inbound freight, the transport of products from our suppliers to our warehouse in Borås, is our second largest source of greenhouse gas emissions, accounting for 2,8% of total CO2 emissions for Ellos Group in 2020. Outbound freight, to our customers, accounts for 1,7% of emissions. In total, the transport of our products to reach our customers, accounts for 4,5% of our measured CO2 emissions. The emissions from inbound and outbound transportations decreased by 6% in 2020 compared to 2019.

Emissions tonnes of CO2	2017	2018	2019	2020
Inbound	4823	3729	4173	3879
Outbound	1607	1860	2390	2270
Transport emissions	**6766**	**5918**	**3914**	**6149**

INBOUND FREIGHT

Total CO2 emissions from inbound freight decreased by 7% in 2020 in relation to 2019. The decrease is mainly explained by two factors; increased near-shore sourcing in Europe with shorter transport distances, and an adjustment in shipment volumes given the pandemic.

Freight volumes, here measured in tonkm, have remained fairly stable over the years. With some drops and increases explained by stock changes in the warehouse. What has changed however, is the distribution of haulage methods with sea freight becoming more and more important over others less energy efficient modes of transport.

We seek to maximise the use of sea freight, which for Ellos Group had significantly lower emission levels than air.

We pack our goods so that they take up as little space as possible during transportation, and we strive to work proactively with our carriers to improve transport efficiency and reduce emissions.

OUTBOUND FREIGHT

In 2020, we had in total 5.4 million shipments. In 2020, the number of shipments increased by 2% due to increased sales. The average weight has steadily increased since 2015, from 2kg for the average shipment to 3,0 in 2020. This is due to changes in our product mix, for example through more furniture sales.

The CO2 emissions from Outbound freight is in line with the emissions for 2019 despite an increase in number of shipments. The average CO2 emission per shipment decreased, from 0,45 in 2019 to 0,42 in 2020, driven by the increased share of fossil-free transports. We continually seek to optimize freight planning and filling rates in transport vehicles.

	2017	2018	2019	2020
Total number of shipments	4 567 000	4 796 000	4 892 221	5 399 300
Total shipped weight kg	10 275 750	12 332 000	13 855 478	16 190 000
Total CO2 from outbound freight kg	1 607 000	1 860 000	2 206 683	2 270 300

Source: Postnord, DHL and Ellos Group's estimates for returns.

STICA

Ellos Group became members of The Swedish Textiles Initiative for Climate Action (STICA) in 2019. The purpose of STICA is to support the apparel and textile industries and their stakeholders in the Nordic region to, at minimum, reduce greenhouse gases in line with 1.5 C warming pathway, as outlined by the United Nations Framework on Climate Change and the Paris Agreement. Ultimately STICA's aim is to ensure the Swedish and Nordic textile industry does more than its share by becoming the first climate positive apparel and textiles industry in the world well before 2050.

STICA achieves this by:

- Supporting apparel and textile companies operating in both the Nordic and international markets **to set science-based targets and reduce their greenhouse gases in line with 1.5 C warming pathway**, as outlined by the United Nations Framework on Climate Change and the Paris Agreement.
- Providing a **neutral, non-competitive platform for companies and organizations** to learn best practices for reducing their GHG emissions as well as to track and publicly report on their progress on a regular basis.
- Supporting the development of **joint projects and cross-sector collaborations** in order to reduce the Nordic apparel and textile industry's GHG emissions while stimulating climate solutions that can also be exported outside of the Nordic region, thus increasing the Nordic apparel and textile industry's global competitiveness.
- Working with industry stakeholders to develop a **roadmap and implement an action plan** for how the Swedish and Nordic apparel and textile industries will reduce their GHG emissions well below the 1.5 C warming target in order to become climate positive, while also becoming a global leader in developing climate positive solutions for the global apparel and textiles industry.

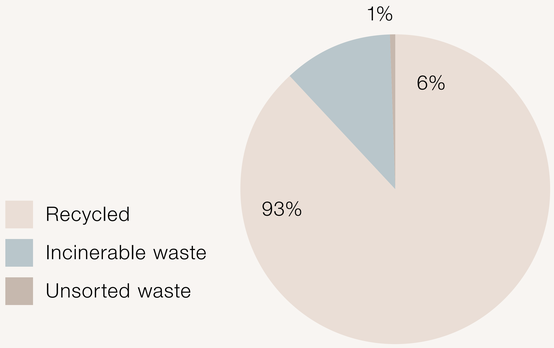
During 2020, focus has been on Scope 3 emissions, including purchased goods. During 2020 Ellos Group expanded the scope of our carbon footprint measurement to capture more areas of emissions in scope 3, including purchased goods.

Material (tonnes)	2017	2018	2019	2020
Corrugated board	583	558	563	615
Office Paper	24	12	10,5	12,6
Plastic	20	12	24	23
Metal	64	23	26	211,7
Wood	102	114	136	128,9
Coloured Glas	N/A	0.5	0.3	10,2
Uncoulured Glas	N/A	0.4	0.3	10,2
Food waste				10,9
Hazardous waste				592,8
Subtotal, recycled	**793**	**721**	**765**	**1616**
Incinerable waste	91	81	99	104,3
Unsorted Waste	16	19	2	16,2
Landfill	2	0	0	0,6
Subtotal, other	**109**	**98**	**102**	**121,1**
Total	**902**	**820,956**	**867**	**1737**
Recycled % of total waste	**88%**	**88%**	**88%**	**93%**

WASTE HANDLING

RECYCLING OF WASTE AT OUR OPERATIONS

Our waste mainly derives from the logistics operations, and in 2020 93% of the waste that we generated was sorted into fractions and recycled. The number has been very stable over the last years. We strive to continuously improve sorting into fractions and recycling. At more than 90% recycling, Ellos Group is among the top companies in waste management, according to our service supplier.



ENVIRONMENT INITIATIVES IN OPERATIONS

PACKAGING TO CUSTOMERS

Our shipments to customers are made in packaging made of plastic and carbon boxes. The plastic bags are efficient from a transportation space perspective if compared to e.g. paper cartons. On an annual basis, Ellos Group uses around 3.5 million e-com packaging bags.

The plastic packaging is made of 100% PCR (postconsumer recycled) plastic, with CO2 emissions per bag around 60% lower than for ordinary plastics.

Ellos Group has a target of having 100% sustainable packaging materials to 2025.

End-consumer outer packaging (not including supplier packaging):

	2018	2019	2020
Plastic bags - recycled material	76	79	90
Plastic bags - virgin material	13	14	15
Well - partly recycled material	400	429	317
Total weight of packaging material (tonnes)	489	522	422
	2018	**2019**	**2020**
% sustainable packaging	16%	15%	21%

ICHARGING STATIONS FOR ELECTRIC/HYBRID CARS

Ellos Group wants to participate in the transition to low emission vehicles, and offer our employees charging stations for electric and hybrid cars at the workplace. During the autumn of 2016, ten charging stations for electric cars were installed at our office parking in Viared. The investment was partly financed by Klimatklivet. In 2020, 918 charges were made compared to 1065 charges 2019.

MANAGING TEXTILE WASTE THROUGH COLLABORATION

In 2020 Ellos Group continued to partner with Björkåfrihet by donating defective goods or textiles from our inventory that for various reasons are unsaleable. Through Björkåfrihet the majority of the products are reused by selling the products in Björkåfrihet's stores, or as materials for job training. What can't be reused by Björkåfrihet is sent to an external partner for material recycling. Ellos Group also continued to partner with Borås Idésömnad, a work integrating social enterprise in Borås, which sews sellable products from left-over textiles from our product development process.

emmaus Björkå
tillsammans för en bättre värld

WORKING AT ELLOS GROUP

Ellos Group aspires to be a modern and attractive workplace, with the vision of being the Employer of Choice. In order to achieve this, we need to offer good working conditions, strong leadership, and a diverse workforce in terms of ethnic background, culture, gender and age. An inclusive corporate culture, in which we accept and leverage differences, is a prerequisite for an efficient, professional and profitable business, and an important component when we seek to recruit, develop and retain the right competence. At Ellos Group, all employees shall have the same opportunities, rights and responsibilities, regardless of gender, gender identity or expression, sexual orientation, ethnic origin, religion, disability or age.

TOTAL

548
permanent employees

In December 2020 we had 535 permanent employees based in Borås, 7 based in Gothenburg and 6 based in Kristianstad. The employees working in Gothenburg and Kristianstad are employed in the Ellos Home physical stores.

53
part time employees

521 (320 women 201 men) of our permanent staff were full-time employees and 53 (51 women and 2 men) were part-time employees. In addition, we also employed temporary workers, which bring the total figure closer to 600.

** In 2020, all of our employees were covered by collective bargaining agreements. All employment data is retrieved from our staff records.*

	All employees 2020	Warehouse employees 2020 inkl. Stores	Office employees 2020
♀	63%	23%	41%
♂	37%	16%	20%
<30 years	13%	4%	9%
30-50 year	49%	12%	37%
>50 years	38%	22%	16%
	Managers 2020 inkl. SMT	**Senior Management Team 2020**	**Board of Directors 2020**
♀	48%	42%	33%
♂	52%	58%	67%
<30 years	0%	0%	0%
30-50 year	84%	75%	33%
>50 years	16%	25%	67%

STRIVING FOR GENDER EQUALITY AT ALL LEVELS

At Ellos Group we strive for even gender representation in the organization. There are several reasons for this, firstly we want to be an attractive employer for all genders, making us able to attract the best talent regardless of gender. Secondly, we believe diverse teams increase creativity and performance. We work continuously in a broad-based working group for equality and diversity to ensure that the recruiting processes support our ambition. We also work actively with identifying and supporting female employees with potential and ambition to be promoted to managers.

Our target is to be an equal company and we strive for even gender representation in management, across departments, and management levels. In December 2020, the relationship between women/men in management across the whole company was 48% women and 52% men, compared to 43% women and 57% men in 2019. This is a good development from actions taken to promote more female employees into manager positions.

TARGETS FOR EQUALITY AND DIVERSITY

We should be an equal company with equal opportunities for men and women. We strive for even gender representation in management, across departments and management levels.

We should increase the proportion of employees with a foreign back-ground (from 13% 2015), across departments and management levels, to better reflect society. In 2019 the proportion had slightly increased to 15%. In 2021 we are planning to do a new analysis of the status of our workforce.

PROMOTING DIVERSITY AND INCLUSION

Ellos Group's operations are based on an open and inclusive attitude, where diversity and equality add value and where discrimination is not accepted. For us, diversity means a mixed group of employees with different genders, gender identity or expression, sexual orientation, ethnic origin, religion, disability and age. We are convinced that encouraging and leveraging differences will benefit our business, through a better understanding of our customers, more creativity and innovation, an improved problem-solving ability and a more interesting and dynamic workplace.

Besides gender equality, we are focusing on ethnic diversity as the first priority for our defined diversity targets. Our long-term target is for the ethnic diversity of our organization to reflect the society in which we operate. An analysis is carried out every second year, and no new results are available for 2020.
In 2019, people with a foreign background were under-represented at Ellos Group, at 15% of the workforce, compared to the demographics in the society of Borås, which was 34% of people in the working age.

Ellos Group 2019	
Foreign background	Swedish background
15%	85%
Borås 2019	
Foreign background	Swedish background
34%	66%

** People with a foreign background are defined as people born abroad or born with two foreign-born parents. People with a swedish background are defined as people born in Sweden with two native parents or a native born and a foreign born parent. Source: (SCB).*

EMPLOYEE WELLNESS

At Ellos Group, we continually strive to attract, develop and retain competent and motivated employees. A health-promoting way of working is therefore a priority for Ellos Group. We work proactively to create a safe and healthy working environment and to promote a healthy lifestyle among our employees.

EMPLOYEE SURVEY

Ellos Group's employees are the most important factor for our success. Therefore, it is key for us to continually evaluate how we are doing as an employer, and how we can become even better. Employee surveys helps us to create a platform for dialogue, transparency and openness, which are important parts of our company culture and core values. The base in our employee survey is to measure the Employee Net Promoter Score (eNPS) index. The eNPS measure tells us to what extent our employees would recommend Ellos Group as a place to work. The survey respondents are defined as promotors, passives or detractors. The e-NPS is calculated as the percentage points of employees that are promotors minus the percentage points that are detractors and can range from -100 to +100. On top of eNPS we could add a few or a comprehensive number of questions that we would like to get better understanding of.

In 2020 we measured eNPS and the overall motivation score on group level and on function-level we measured proudness of belonging, perceived existence of discrimination, and how well the working situation has been during Covid-19 pandemic. Overall, we had a response rate of 90% and on eNPS-level Ellos Group was rated 14, compared to -9 in 2019, which is a very positive development. We also learned that the majority of employees, 94%, are well motivated to support Ellos Group becoming successful. 91% think that they have been able to carry out their work in a good and safe way during the pandemic. The results as such are diversified, and one key finding is that the restructuration and changes that Ellos Group has done over the past years still has a rather negative impact on the employees working in our logistic function. We now work with setting new roles and processes and building up a great culture. Our target is to reach +15 in eNPS over the next two years.

PROACTIVE HEALTH PROMOTION AT ELLOS GROUP

Ellos Group has a long tradition of working strategically with employee health. Our vision is for all employees to be healthy and feel well. Together with an external health-partner and Ellos Group´s health/sport committee, a plan is developed for how to develop health promotion and activities.

Ellos Group offers its employees a wide range of activities to encourage a healthy lifestyle. Among other things, we offer Yoga classes in the office. There is a clear correlation between more exercise and less sick leave, which gives us a strong incentive to continue our work to motivate more employees to exercise regularly.

All employees have free access to our gym, and the Group offers “friskvårdsbidrag” (a wellness grant) which was requested by 123 employees in 2020.

Ellos Group supports its employees in participating in different health promoting activities. During 2020 a lot of activities were cancelled due to the pandemic, but a few examples of activities in 2020 include:

- 150 hours of padel has been played
- 112 employees participated in an activity challenge for the Cancer Foundation, of which 61 employees succeeded with the challenge to walk/run 50 km in five weeks.
- 18 employees participated in “Cykelutmaningen”, a biking challenge during the summer

Ellos Group arranged:

- Yoga classes, with 6-8 participants weekly
- Massage sessions, used by 87 people

In addition, the Group also offered squash, tennis, golf tournament and badminton.

THE ELLOS CHOIR

Ellos Group is proud of its choir. The choir is normally practicing once a week and performs once or twice a year for the rest of the company. This year due to the pandemic, the choir had a few practices and performed a digital Lucia performance for all employees of Ellos Group.

ELLOSIADEN

For many years Ellos Group has arranged what is known as the “Ellosiaden”. For more than 10 years this particular event has been used to create a feeling of togetherness. In 2020 there were only one event due to the pandemic. That was a ski-trip to Sälen in January, with 46 participants.Hotel & Art Garden Spa in Gothenburg, where 70 employees took part.

	2020	2019	2018	2017
Sick leave	5,66%	4,58%	4,41%	5,09%
Work related injuries	20	31	31	28
Reported incidents	24	16	26	28

CONTINUOUS EFFORTS TO MINIMIZE SICK LEAVE AND WORK-RELATED INJURIES

We continually follow up the level of sick leave and aim to reduce sick leave with clear routines for following up and acting on reasons for absence. The sick leave was higher than previous years in 2020 at 5,66%, driven by non-tolerance for any symptoms of illness at the workplace during the pandemic. We also track and follow up on all work-related injuries and incidents, seeking to minimize injuries by identifying and addressing risks.

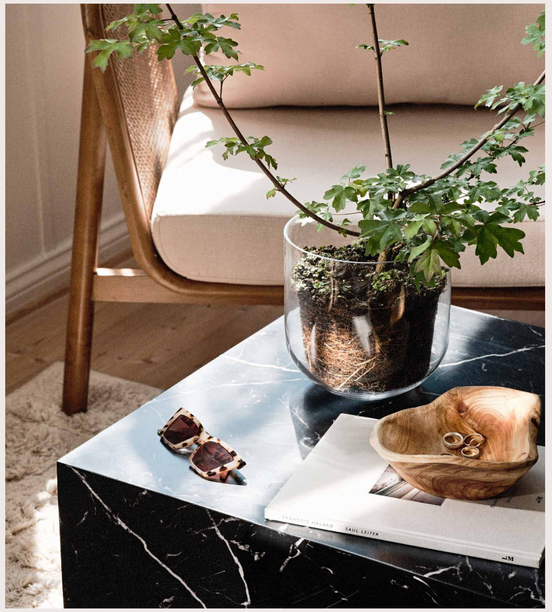
The table below quantifies the number of work-related injuries and reported incidents at the workplace. Incidents are events that potentially could have led to personal injuries. We report and follow up incidents to ensure that potential risks are addressed. The most common work-related injuries are related to back, neck and shoulder problems, where we seek to improve workplace ergonomics to mitigate the number of injuries.

Ellos Group has a robust system for occupational health and safety for our employees. Safety inspections are carried out on a regular basis in all buildings by the Group’s safety and health coordinator together with working environment representatives, and the maintenance manager. In conjunction with the inspection of the physical working environment, a review of the organizational and psychosocial work environment is carried out. Action plans are made and followed-up on. 100% of the employees are covered by the occupational health and safety reviews.

TOP 55

Employer of the year

Ellos Group at spot 55 in the student ranking carried out by Universum of the most popular employers.



>1 million SEK

in charity to Cancerfonden

48%

female managers

COMMUNITY ENGAGEMENT

We want to make a positive contribution to the society in which we operate. We focus on supporting charitable causes and sponsorship programmes that are relevant to our employees, to our value chain and to our customers. In addition, we focus on initiatives where our employees can get involved and encourage our employees to get involved in our community initiatives.

DRIVING COMPETENCE DEVELOPMENT IN BORÅS

Ellos Group is an engaged partner to E-handelsstaden Borås in driving development of relevant education in the region. There is a lack of e-commerce trained personnel and the industry is growing by nearly 20% annually. To continue to ensure the availability of appropriate manpower we have worked successfully with several new training options. One of the main initiatives is our intensive collaboration with the University of Borås, which resulted in the start of the Master Program ”Management of digital commerce” with began in the autumn of 2017. Another focus has been continuous dialogues with the Swedish National Agency for Higher Vocational Education (YH), industry organizations, local politicians and the Västra Götaland competence platform. These dialogues paved the way for the 2-year polytechnic education ”Digital Business Developer” where the first students will graduate in May 2018. During 2020 several students from DBD had the chance to do internships at Ellos Group.

INTERNSHIPS FOR PEOPLE IN BORÅS WHO ARE FAR FROM THE LABOUR MARKET

Through our involvement in the IF Elfsborg CSR initiative ”We together”, the Borås City initiative ”Jobb Borås” and the “Point-project”, run by Sjuhärads Samordningsförbund (supported by ESF, European Commission European Social Fund) we enable for jobseekers to apply for internships. We see this as an important part of our corporate social responsibility to contribute time and commitment to those projects. Through the Point project, Ellos Group welcomes two trainees twice a year. For many jobseekers this has been the first contact with the labour market.

PINK RIBBON COLLABORATION WITH THE CANCER FOUNDATION

In 2020, Ellos was honoured to collaborate with the Cancer Foundation and create a campaign where four inspiring women shared their strong experiences from cancer and their way back. During October, Ellos also sold the Cancer Foundation's bracelets and selected products from Ellos' range with the label "Pink against Cancer". The purpose was to raise money for Swedish cancer research and to spread knowledge.

During the fall of 2020 all employees at Ellos Group were invited to a digital lecture with speakers from the Cancer Foundation. The lecture covered how the Cancer Foundation works, and what we can do to minimize the risk of getting cancer. Also, a Pink Ribbon activity competition was held. 112 employees participated in an activity challenge for the Cancer Foundation, of which 61 employees succeeded with the challenge to walk/run 50 km in five weeks.

SPRÅKVÄNNER – SWEDISH SPEAKING TRAINING FOR IMMIGRANTS

Our local society currently has a major challenge inintegrating immigrants. A key factor in getting established in society is to learn the language. Many immigrants lack connections to native Swedish speaking people to practice with and develop their speaking skills. In cooperation with Borås Stad and Eurest, Ellos Group has been running a programme, in which we invite a group of immigrants who study at SFI (Swedish For Immigrants) to regularly come to our office, have lunch, and practice their Swedish with "language friends" among Ellos Group's employees.
In 2020 due to the pandemic, no lunches were held.

GRI INDEX

GRI CONTENT INDEX

GRI Standard	Disclosure	Omission	Page number(s) and/or URL(s
GRI 101: Foundation 2016			
General Disclosures			
GRI 102:	102-1 Name of the organization	Ellos Group in brief, page 5	
General Disclosures 2016	102-2 Activities, brands, products, and services	Ellos Group in brief, page 5 and corporate website http://www.ellosgroup.com/	
	102-3 Location of headquarters	Ellos Group in brief, page 5	
	102-4 Location of operations	Ellos Group in brief, page 5	
	102-5 Ownership and legal form	Ellos Group in brief, page 5 About this report, page 66	
	102-6 Markets served	Ellos Group in brief, page 5	
	102-7 Scale of the organization	Ellos Group in brief, page 5 Ellos Group Annual Report	
	102-8 Information on employees and other workers	Employees – working at Ellos Group, page 40-41	
	102-9 Supply chain	Sustainability issues in our value chain, page 12-13	
	102-10 Significant changes to the organization and its supply chain		Not Applicable – no significant changes took place in 2020.
	102-11 Precautionary Principle or approach	Sustainability at Ellos Group, page 11	
	102-12 External initiatives	List of external initiatives, page 64	
	102-13 Membership of associations	List of membership of associations, page 64	
	102-14 Statement from senior decision-maker	Statement of the CEO, page 3-4	
	102-15 Key impacts, risks, and opportunities	Statement of the CEO, page 3-4 Sustainability in our value chain, page 12-13 Focus on material topics, page 14	
	102-16 Values, principles, standards, and norms of behaviour	Sustainability at Ellos Group, page 9-11	
	102-18 Governance structure	Ellos Group in brief, page 5	
	102-40 List of stakeholder groups	Stakeholder dialogue, page 57-59	
	102-41 Collective bargaining agreements	Employees – working at Ellos Group, page 40	
	102-42 Identifying and selecting stakeholders	Stakeholder dialogue, page 57-59	
	102-43 Approach to stakeholder engagement	Stakeholder dialogue, page 57-59	
	102-44 Key topics and concerns raised	Stakeholder dialogue, page 57-59	

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GRI Standard	Disclosure	Omission	Page number(s) and/or URL(s
GRI 102: General Disclosures 2016	102-45 Entities included in the consolidated financial statements	List of financial entities, page 65	
	102-46 Defining report content and topic Boundaries	Materiality process, page 60-63	
	102-47 List of material topics	Focus on material topics, page 14	
	102-48 Restatements of information		Not Applicable – no restatements have been made.
	102-49 Changes in reporting		Not Applicable – no significant reporting changes have been made
	102-50 Reporting period	About this report, page 66	
	102-51 Date of most recent report	About this report, page 66	
	102-52 Reporting cycle	About this report, page 66	
	102-53 Contact point for questions regarding the report	About this report, page 66	
	102-54 Claims of reporting in accordance with the GRI Standards	About this report, page 66	
	102-55 GRI content index	GRI content index, page 50-56	
	102-56 External assurance	About this report, page 66	
Material topics Anti-corruption			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Material issues and boundaries, page 60-63 Sustainability issues in our value chain, page 12-13 Focus on material issues, page 14 Sustainability at Ellos Group, page 11	
	103-2 The management approach and its components	Sustainability at Ellos Group, page 11	
	103-3 Evaluation of the management approach	Sustainability at Ellos Group, page 11	
	205-2 Communication and training about anti-corruption policies and procedures	Sustainability at Ellos Group, Code of Ethics and Anti-Corruption, page 11	
	205-3 Confirmed incidents of corruption and actions taken	Group, Code of Ethics and Anti-Corruption, page 11	

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GRI Standard	Disclosure	Omission	Page number(s) and/or URL(s
Materials, Chemicals & Packaging			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Material issues and boundaries, page 60-63 Sustainability issues in our value chain, page 12-13 Focus on material issues, page 14 Sustainable Materials and Products, page 16-23	
	103-2 The management approach and its components	Sustainable Materials and Products, page 16-23	
	103-3 Evaluation of the management approach	Sustainable Materials and Products, page 16-23	
Additional Disclosure (not in GRI)	Sustainable cotton, % of purchased cotton products	Sustainable Materials, page 18	
Additional Disclosure (not in GRI)	Sustainable packaging materials, % of total packaging weight	Environment, page 37	
Energy			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Material issues and boundaries, page 60-63 Sustainability issues in our value chain, page 12-13 Focus on material issues, page 14 Environment, page 30-34	
	103-2 The management approach and its components	Environment, page 30-34	
	103-3 Evaluation of the management approach	Environment, page 30-34	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Environment, page 30-34 Energy for electricity and heating, page 31	
	302-4 Reduction of energy consumption	Environment, page 30-34 Energy for electricity and heating, page 31	
Emissions			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Material issues and boundaries, page 60-63 Sustainability issues in our value chain, page 12-13 Focus on material issues, page 14 Environment, page 30-34	
	103-2 The management approach and its components	Environment, page 30-34	
	103-3 Evaluation of the management approach	Environment, page 30-34	
	305-1 Direct (Scope 1) GHG emissions	Environment, page 31	
	305-2 Energy indirect (Scope 2) GHG emissions	Environment, page 31	
	305-3 Other indirect (Scope 3) GHG emissions	Environment, page 30-34	
	305-4 GHG emissions intensity	Environment, page 30	

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GRI Standard	Disclosure	Omission	Page number(s) and/or URL(s
Effluents and Waste			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Material issues and boundaries, page 60-63 Sustainability issues in our value chain, page 12-13 Focus on material issues, page 14 Waste Handling, page 36	
	103-2 The management approach and its components	Waste Handling, page 36	
	103-3 Evaluation of the management approach	Waste Handling, page 36	
GRI 306: Effluents and Waste 2016	306-2 Waste by type and disposal method	Waste Handling, page 36	
Supplier Environmental Assessment			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Material issues and boundaries, page 60-63 Sustainability issues in our value chain, page 12-13 Focus on material issues, page 14 Supplier relations, page 24-28	
	103-2 The management approach and its components	Supplier relations, page 24-28	
	103-3 Evaluation of the management approach	Supplier relations, page 24-28	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Supplier relations, page 27	
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Material issues and boundaries, page 60-63 Sustainability issues in our value chain, page 12-13 Focus on material issues, page 14 Employees – working at Ellos Group, page 39-46	
	103-2 The management approach and its components	Employees – working at Ellos Group, page 39-46	
	103-3 Evaluation of the management approach	Employees – working at Ellos Group, page 39-46	
GRI 403: Occupational Health and Safety 2016	403-1 Workers representation in formal joint management–worker health and safety committees	Employees – working at Ellos Group, page 45	
Additional Disclosure (not in GRI)	Sick leave, % of ordinary work hours	Employees – working at Ellos Group, page 45	
Additional Disclosure (not in GRI)	Number of work related injuries and reported incidents at the workplace	Employees – working at Ellos Group, page 45	

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GRI Standard	Disclosure	Omission	Page number(s) and/or URL(s
Diversity and Equal Opportunity			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Material issues and boundaries, page 60-63 Sustainability issues in our value chain, page 12-13 Focus on material issues, page 14 Employees – working at Ellos Group, page 41-42	
	103-2 The management approach and its components	Employees – working at Ellos Group, page 41-42	
	103-3 Evaluation of the management approach	Employees – working at Ellos Group, page 41-42	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Employees – working at Ellos Group, page 41-42	
Supplier socal assessment			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Material issues and boundaries, page 60-63 Sustainability issues in our value chain, page 12-13 Focus on material issues, page 14 Supplier relations, page 24-28	
	103-2 The management approach and its components	Supplier relations, page 24-28	
	103-3 Evaluation of the management approach	Supplier relations, page 24-28	
GRI 205: Supplier Social Assessment 2016 Occupational Health and Safety	414-1 New suppliers that were screened using social criteria	Supplier relations, page 27	
	414-2 Negative social impacts in the supply chain and actions taken	Supplier relations, page 24-28	
Recycling (not covered by GRI standards)			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Material issues and boundaries, page 60-63 Sustainability issues in our value chain, page 12-13 Focus on material issues, page 14 Environment, page 36, 38	
	103-2 The management approach and its components	Environment, page 36, 38	
	103-3 Evaluation of the management approach	Environment, page 36, 38	

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GRI Standard	Disclosure	Omission	Page number(s) and/or URL(s
Community Engagement (not covered by GRI standards)			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Material issues and boundaries, page 60-63 Sustainability issues in our value chain, page 12-13 Focus on material issues, page 14 Community engagement, page 47-49	
	103-2 The management approach and its components	Community engagement, page 47-49	
	103-3 Evaluation of the management approach	Community engagement, page 47-49	
Additional Disclosure (not in GRI)	Number of employees engaged in community engagement projects	Community engagement, Språkvänner page 49	

STAKEHOLDER DIALOGUE

Our stakeholders are important sources of input and feedback to our materiality assessment process for the identification and prioritization of material topics that we focus on, both in action and in communication. We have identified, across our value chain, the people and the organizations with which we interact and for which our business has an important impact, and from these we have selected five main groups, based on relevance and interdependence: customers, employees, owners, suppliers and the local community. During 2014/2015 and 2017, we engaged extensively with all of these groups, securing input from more than 900 people who have helped us understand which sustainability topics are important to them and why, what they expect from the Ellos Group in terms of sustainability performance and communication, and how we can seek to meet their expectations. The involvement of our stakeholders is a key part of our materiality analysis and has given us important insights for developing a sustainability strategy, as well as our sustainability reporting.

Customers

Stakeholder Significance
Our customers are at the centre of everything we do and we strive to exceed their expectations.

Description of dialogue
We have ensured to seek input from customers across our four main markets – Sweden, Norway, Finland and Denmark – and from our three online stores – Ellos, Jotex and Stayhard. Our customers' views were collected through a survey conducted in September/October 2017, sent to 6,000 Ellos, Jotex and Stayhard customers in Sweden, Finland, Denmark and Norway, from which we received 415 responses. We have an ongoing dialogue with our customers, mainly through customer service and social media interaction.

Highlighted sustainability topics
Customers find sustainability increasingly important and they try to make sustainable everyday choices. Topics that our customers find important to the Ellos Group include to ensure fair working conditions and human rights in the supply chain, through supplier social assessment, offering products made from sustainable materials, reducing the use of chemicals, and working with recycling & reuse.

Employees

Stakeholder Significance
Our employees and their commitment are integral to our success and to our ability to define and reach our sustainability goals.

Description of dialogue
In September and October 2017, we carried out an employee survey, to which we received 172 responses. In addition, personal interviews were held with 14 employees from different parts of the organization. The dialogue with our employees is ongoing, through intranet feedback, information meetings, training and through the involvement of our employees in our day-to-day sustainability work.

Highlighted sustainability topics
The Ellos Group's employees show a very high level of interest in, and commitment to, sustainability and believe that it is business critical. The topics that our employees see as key priorities include ensuring supplier social assessment, increasing the proportion of sustainable material in our customer offering, reducing the use of chemicals, and working with recycling & reuse.

Suppliers

Stakeholder Significance
We need to work closely with our suppliers to jointly manage the sustainability impacts of our supply chain.

Description of dialogue
We interviewed some of our own brand suppliers, in November 2017. We have regular interaction with our suppliers, through the purchasing process, as well as through the regular follow-up of our code of conduct by audits and corrective action plans.

Highlighted sustainability topics
Our suppliers express a high focus on sustainability, both from the Ellos Group and other customers. In their view, the Ellos Group should focus on value chain topics, including supplier social assessments, sustainable materials, sustainable purchasing processes and chain of custody of materials.

Owners

Stakeholder Significance
Setting the tone from the top is necessary to truly integrate sustainability into our business model.

Description of dialogue
We interviewed Anders Halvarsson, Livehill, and David Samuelson, Nordic Capital, in November 2017. Our owners stay close to our sustainability work and require regular reporting on our progress. They also make sure that sustainability topics are regularly reviewed by the Board of Directors.

Highlighted sustainability topics
The owners expect the Group to deliver increased shareholder value. They take a long-term view on sustainability and actively support the Group in sustainability matters, with a focus on governance, managing risks and finding opportunities in the value chain. Highlighted sustainability topics include anti-corruption and business ethics, sustainable materials and supplier social assessment.

Society

Stakeholder Significance
A good relationship with our local society in Borås is important to the Ellos Group, especially as it affects our ability to recruit and retain highly skilled employees. The Ellos Group is also an important contributor to society in Borås, as the city's second largest private employer and a supporter of several local community initiatives.

Description of dialogue
We interviewed Anders Glemfelt, Enterprise relations manager, Borås Stad, in November 2017.

Highlighted sustainability topics
Important topics for our local community are community engagement, employment, occupational health and safety and indirect economic impact.

Interviews: Mary Chang, KGS, Robert Magni, C Jahn AB and Christina Chou, Jaderly, Oct 2017.

MATERIAL ISSUES AND BOUNDARIES

The materiality process is an integral part of our sustainability strategy development, through which we assess our current status, set priorities, define goals and develop strategies. It is also the basis on which we have defined the content of our sustainability reporting.

1. IDENTIFY

We started our materiality process in 2014 by identifying a large number of potential sustainability topics, based on an analysis of our value chain and a broad-based review of input, including the UN Global Compact principles, GRI aspects, ILO labour standards, sustainability reports from other companies in our industry and industry risk assessments such as those included in the CDC Toolkit on ESG for Fund Managers (2010). In 2017 we did an updated analysis, identifying some new sustainability topics.

2. PRIORITIZE

In dialogue with our key stakeholders, as described above, we assessed the importance of topics from their perspective by asking them to prioritize which topics were most important to the Ellos Group. In parallel, we analysed our value chain and held workshops with management to align on which topics were to be prioritized from a strategic point of view, and in which economic, environmental and social topics that the Ellos Group's impact is most significant.

3. VALIDATE

The prioritized topics, as well as our sustainability principles, were discussed and aligned in two management team workshops and one workshop with two of the Board of Directors. At this point we also conducted some additional interviews with stakeholders (suppliers, owners and society). An updated sustainability plan, outlining prioritized topics and short and long-term goals and strategies, was finally presented to and approved by the Management Team in September 2018.

4. REVIEW

The sustainability plan is regularly reviewed by the management team and at least annually by the Board of Directors.

MATERIAL TOPICS & BOUNDARIES

The table below outlines our material sustainability topics and their boundaries – detailing where in our value chain each impact occurs.

Priority	Topic	Intent	Boundaries – where the impact occurs	Report section
Focus	Materials	We will increase the proportion of sustainable materials in our products, thereby offering our customers a better choice and reducing our negative environmental impact.	In our organization, mainly the design and purchasing functions	Sustainable materials
	Supplier social assessment	By working closer with our suppliers, we strive to ensure fair working conditions and adherence to human rights in our supply chain.	At our suppliers and sub-suppliers, mainly in the Far East (China, India and Bangladesh).	Supplier Relations
	Chemicals	We want to ensure that our products do not include any harmful, restricted or unnecessary chemicals	At our suppliers and sub-suppliers, mainly in the Far East (China, India and Bangla-desh).	Sustainable materials
	Last mile transport and returns	We want to meet rising expectations on service from customers while reducing our environmental impact	During transport, managed by external transport companies	Environment
	Packaging	Reduce the amount of packaging materials, and increase the share of sustainable packaging	In our organization	Environment
	Reuse and recycle	Increase proportion of recycled materials in own products, encourage customers to recycle used clothes and textiles, and develop new circular business models	In our organization and among our customers	Sustainable materials and Environment
Meet expectations	Supplier environment assessment and water	We strive to work closely with our suppliers to reduce the negative environmental impact of their operation, e.g. reducing the use of water and chemicals.	At our suppliers and sub-suppliers, mainly in the Far East.	Supplier relations
	Energy, emissions and waste	We seek to minimize the energy usage in our operations, our waste and our greenhouse gas emissions in our value chain, mainly by focusing on inbound and outbound transports.	In our organization and during transport, managed by external transport companies.	Environment

Develop	Diversity and equality	Diversity and inclusion makes our organization stronger.	In our organization	Employees
Maintain	Occupational health and safety	We have a strong commitment to employee health and safety.	In our organization	Employees
	Anti-corruption	We will ensure that policies and principles are communicated to and understood by all employees and business partners.	In our organization and the organizations of our business partners.	Sustainability at the Ellos Group
	Community engagement	We support chosen causes and initiatives that create a lasting difference.	In the communities where we, or our suppliers, operate.	Community Engagement

LIST OF EXTERNAL INITIATIVES

Ellos Group is involved in or endorses the following externally developed economic, environmental and social charters, principles or initiatives:

Topic	Intent
ILO conventions	We expect all our suppliers to follow the ILO conventions. Our Code of Conduct follows the ILO conventions.
UN Guiding principles on Business and Human Rights	We expect all our suppliers to follow internationally accepted labour standards. Our Code of Conduct follows the UN guiding principles on Business and Human Rights.
Initiative Clause Social (ICS)	Our Code of Conduct is based on the French standard ICS (Initiative Clause Social)
The Accord on Fire and Building Safety in Bangladesh	Ellos Group signed the Accord on June 30th 2016, and Accord 2.0 in May 2018.

LIST OF MEMBERSHIP OF ASSOCIATIONS

Ellos Group is a member of the below listed associations:

Association	Ellos Group's role
Better Cotton Initiative	Active member
Kemikaliegruppen	Active member
Fur free alliance	Active member
Djurens rätt	Active member
EL-Kretsen	Active member
Swedish Standards Institute (SIS)	Active member
TMR	Active member
Svensk handel	Active member in several interest groups, e.g. Product Safety, Animal Welfare and T4RI
TEKO	Active member

LIST OF FINANCIAL ENTITIES

The below list includes all financial entities in FNG Nordic AB (Ellos Group). The operations of all entities in the group are covered by this report.

Financial Entity	Organizational Number	Country
FNG Nordic AB	559175-1325	Sweden
FNG Nordic Buying Platform BV	0739.663.008	Belgium
Ellos Group Holding AB	556857-8511	Sweden
Ellos Holding AB	556831-9114	Sweden
Ellos Group AB	556217-1925	Sweden
Ellos AB	556044-0264	Sweden
Ellos Norway Holding AS	879478642	Norway
Ellos Norway AS	832005622	Norway
Ellos Finland OY	1442131-6	Finland
Ellos Denmark A/S	24927814	Denmark
Jotex Sweden AB	556249-7106	Sweden
Stayhard Holding AB	556783-8858	Sweden
Stayhard AB	556713-8077	Sweden
Stayhard AS	990698481	Norway

ABOUT THIS REPORT

This is the fourth sustainability report from Ellos Group, with full legal entity name FNG Nordic AB (publ) and organization number 559175-1325. This report has been prepared in accordance with the GRI Standards: Core option. The reporting cycle is annual and follows the calendar year. This sustainability report covers our sustainability performance for the financial and calendar year 2020. The most recent previous report, covering 2019, was published in June 2020. The content of this report is based on our materiality analysis, which includes a stakeholder dialogue and a value chain assessment. This report covers all the activities of Ellos Group. This report has not been externally audited. The report is available at the Group's website: ellosgroup.com.

For questions about this report, please contact Annika Mårtensson, Sustainability Director: annika.martensson@ellos.se.

In addition to this extended sustainability report, the company publishes a sustainability report which forms part of Ellos Group's annual report.