

## Nelly Group AB (publ)

### Environmental Policy

#### 1. INTRODUCTION

At Nelly Group, comprising Nelly Group AB (publ) and its subsidiaries, we strive to minimize or remove any negative environmental impact from our operations. We see it as both an opportunity and an obligation to act from an economically, socially, and environmentally sustainable perspective. Nelly Group works to continuously take increased responsibility for sustainable development.

Nelly Group sells clothing and accessories via e-commerce and a physical store in Stockholm. The business model is based on Nelly Group's own designs and brands and a supplementary range of curated products from external brands. The own brand products are purchased from manufacturers in China, Turkey, India, the UK, Bangladesh, and Morocco. The products are transported to Nelly Group's logistics center in Borås and are either marketed digitally and sold at Nelly.com and NLYMan.com or transported and sold in the Stockholm store.

Since 2021, Nelly Group has reported on its sustainability work in the focus areas Respect the Planet, Fair & Equal and Empower Femininity. As a company in the fashion industry, Nelly Group has a responsibility to reduce its climate and environmental impact. This work is carried out in the Respect the Planet sustainability focus area, where the focus is on reducing environmental and climate impact and offering more sustainable products.

The purpose of this policy is to set out Nelly Group's commitments and ambitions as well as the implementation and improvement of Nelly Group's commitments and ambitions in the Respect the Planet sustainability focus area.

#### 2. SCOPE AND APPLICATION

This policy applies for all of Nelly Group's operations and aims to provide guidance to everyone, including all employees, consultants or third parties, acting on behalf of Nelly Group, regarding Nelly Group's values and how the operations should be conducted considering environmental aspects.

Nelly Group is committed to conducting our business with a high ethical ambition. As part of our work to minimize or remove any negative environmental impact from our operations, we require our business partners to acknowledge that environmental responsibility is an integral part of conducting a sustainable business and agree to make continuous improvements in their operations to prevent and minimize negative impacts on the environment. Nelly Group therefore undertakes to communicate this policy also to our business partners.

#### 3. NELLY GROUP'S ENVIRONMENTAL COMMITMENTS AND AMBITIONS

Nelly Group's operations should be conducted, without exception, in accordance with applicable environmental laws, regulations, and standards in every country of operation. In case of any conflicts between these norms and Nelly Group's policies, the stricter should apply.

Nelly Group's efforts should be based on the needs of our various stakeholders and the results of regular analysis and prioritization of the most significant environmental issues in the operations. Based on this analysis, Nelly Group shall formulate, regularly review, and revise both long-term and short-term goals, which, along with regulatory compliance and a precautionary principle, will guide and set the framework for the operations.

Nelly Group has established time-based targets for reducing its impact on the climate and the environment, including clear goals and KPI:s as regards to greenhouse gas emissions, choice of materials, chemicals management, product quality inspections, packaging, returns and waste, that are monitored and improved constantly. We openly communicate our progress, challenges, and goals to our stakeholders, encouraging accountability and trust, by reporting on our performance yearly in the Nelly Group Sustainability Report.

In addition, Nelly Group undertakes to:

- review this policy on a regular basis;

- communicate this policy both externally (e.g. to business partners) and internally (e.g. to employees) in order to mitigate environmental risks;
- make sure that significant environmental aspects are integrated into all strategic decision-making in order to prevent and minimize negative impacts on the environment;
- work continuously to improve our energy usage efficiency, reduce greenhouse gas emissions, minimize the use of fossil fuels and conserve natural resources;
- manage waste, recycle and use renewable materials to the greatest practical extent and require that business partners monitor, track and document their consumption of natural resources and energy;
- communicate digitally, both internally and externally, to minimize use of paper;
- work continuously to improve product packaging (including minimizing hazardous substances and constituents on packaging materials);
- prioritize transportation partners who work systematically with their environmental performance; and
- continue our collaborations with other actors in the field of sustainable development such as The Swedish Textile Initiative for Climate Action, The Sustainable Fashion Academy, Better Cotton, The Swedish Shoe Environmental Initiative and Textilimportörerna.

#### **4. IMPLEMENTATION AND IMPROVEMENT**

##### **Implementation**

This policy has been approved by the board of Nelly Group AB (publ). Nelly Group's sustainability work is overseen operationally by the Production, Sourcing and CSR Manager. The management team has ultimate responsibility for sustainability work and for the implementation of this policy. The implementation of the policy will involve, among other things, the development of more detailed guidelines as needed for various issues covered by this policy or for different operational functions. Furthermore, the implementation will include communicating the policy and guidelines to relevant individuals within the organization (including business partners), monitoring compliance with the policy and the outcomes of actions taken, as well as implementing other necessary measures to achieve the purpose of the policy and the sustainability goals in the short and long term.

##### **Continuous improvement**

At Nelly Group we will continuously assess our processes, technologies, and practices to identify areas for improvement. Embracing innovation and exploring new technologies that align with our environmental goals will be a constant pursuit. Nelly Group's efforts in the Respect the Planet sustainability focus area should be an ongoing process where opportunities, risks, and negative impacts are continuously identified and evaluated. The aim of this process is to identify the most significant environmental issues and prioritize the issues which have the greatest impact on the environment and hold significant importance for stakeholders.

We understand the importance of educating both our employees and consumers about the significance of environmental conservation. We will strive to foster a culture of sustainability within our organization by providing training, workshops, and resources to empower our team to make environmentally conscious decisions. As part of our efforts, Nelly Group will conduct regular and structured dialogue with various stakeholders such as employees, customers, suppliers, and other business relationships, as well as shareholders. This includes capturing feedback and experiences emerging from daily work, contacts, and other sources such as meetings, interviews, surveys, internal and external communications.

Initiatives to strengthen the environmental awareness of employees, subcontractors and business partners are encouraged. Actions should be taken to seize opportunities, manage risks, or mitigate actual negative impacts. These actions should be monitored to ensure their adequacy and effectiveness. Everyone, including employees and business partners, are encouraged to report actual or suspected breaches of this policy.