

2022

Sustainability Impact Report

ETON



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highlights 2022

100%

OF OUR PARTNERING SEWING FACTORIES AUDITED

NET ZERO BY 2050



SCIENCE BASED TARGETS

33%

"MORE SUSTAINABLE MATERIALS" PURCHASED

All tier 1 and 2 suppliers water consumption measured and analysed



RWS certified wool certified by Control Union CU891921



Eton Science based target Scope 1 and 2 validated by SBTi.

INCREASE OF RECYCLED MATERIALS IN OUR ECOM PACKAGING.

CIRCULARITY: Development of plastic bag and plastic size clip recycled and recyclable.

34%

REDUCTION IN SCOPE 1 AND 2 EMISSIONS

99%

OF OUR EMISSIONS BASED ON ACTUAL DATA



Framework agreement with I:CO for reuse and recycling

ON OUR WAY TOWARDS OUR 2025 TARGET

100%

ORGANIC AND RECYCLED COTTON



OCS Organic content standard and RCS Recycled content standard certified.



A COMMENT FROM OUR CEO DAVID THÖREWIK

Looking back over the past year, I'm proud of Eton and our ability to adapt to the challenges we are facing. Although business is back to normal after the pandemic, the last year was marked by the Ukrainian war and financial turmoil. Despite these unstable times, we have not compromised on our sustainability goals, instead we have advanced our positions to fully integrate our sustainability efforts into our business processes. At Eton, we take ownership and accountability within each role, honoring our mutual targets. Everyone is essential in our transformational journey; we create the change together as One Eton. We are an ambitious group that sets high goals and work hard to achieve them. Our organization is fortunate to have such a wonderful group of people, and I'm confident that we can create the necessary change towards our common goals. While we face complex challenges, our high ambitions outlined in this report makes me proud and confident about the future.

Our people are our greatest asset, and I am proud that Eton as a whole still lives up to the high standards of what characterizes a good workplace. After a thorough evaluation, Eton has once again been awarded the **Great Place to Work®** certification. The recognition is a testament to our ongoing commitment in creating a positive and supportive work environment, where Eton employees experience a very high degree of credibility, respect, justice, pride, and camaraderie within the organization.

In this year's report, we are expanding on many of the goals that we have set, and share the progress made. I am especially proud that our emission reduction target for our own operations have been validated by the **Science based target initiative (SBTi)** during 2022. This is an acknowledgement of our commitment towards measuring, mapping, and analyzing our GHG emissions and climate impact. In line with this, we are also setting one of our long-term goals into action by promising to be net zero by 2050.

Another important aspect is that we have reduced our emissions in our own operations by 34% compared to the base year of 2019. Additionally, we have already defined several initiatives to increase the percentage of renewable energy during 2023. Last year, I emphasized the steps we took as an organization to move

towards actual data. This year I'm proud that we didn't settle, but pushed forward to an even higher degree of actual data and now we are at a level where 99% of our climate emissions are based on actual data. The importance of real data for creating a credible roadmap is essential. And it enables us to take informed decisions on what actions are needed.

When considering emissions linked to our production and distribution, taking in the entire value chain, we are seeing an increase in our emission compared to the base year. Our updated strategy, where we even more focus on intertwining sustainability into the core business, is built around reducing these emissions. It is my firm belief that our way of working, with long-term integrated relationships and collaboration with our partners, provides us with the foundation to make the necessary impact reductions across our supply chain.

Before the world understood the need for sustainable products, our founders had an idea of making shirts for long-time use. Little did they know that their idea would become essential for generations to come. Today, and in a hundred years from now, Eton will continue to take pride in designing and producing high-quality, luxury products with a clear purpose, and develop them with people and planet in mind. Together with our first and second tier suppliers we work together to create masterpieces to last a lifetime. Our shirts are made from the finest fabrics and elevated with highest level of detail for an experience of maximal style, fit and performance. An Eton shirt is made with the future in mind, in our progress towards only using more sustainable material, and in the timelessness of our design.

To make Eton known for the best shirts in the world comes with responsibility. We must not only drive change, but also work together for more sustainable choices. We have set ambitious targets, but I am confident that by **Working Smart** together, as **One Eton**, with a **Progressive** mindset, we will achieve them together.

A man with light brown hair and a serious expression is the central focus. He is wearing a white dress shirt, a dark grey tie, and a brown, textured jacket. He stands in a field of dry, golden-brown grass. In the background, a calm body of water stretches to the horizon under a pale sky. A large, dark, curved object, possibly a piece of clothing or a shadow, dominates the foreground on the right side, partially obscuring the view.

Governance

The Eton Group

Our business idea is to create superior products for all occasions in life, made with consideration for people and planet, which are sold in a premium to luxury segment to men striving for excellence.

The Eton assortment consists of off-the-shelf shirts and accessories, as well as custom made shirts, made with an uncompromising production and quality focus.

Our brand purpose is to empower the modern man to be the best he can be. We empower consumers to dress to express their personal sense of style and feel inspired through confidence, while enabling more sustainable purchasing behaviors through products made for longevity in style and quality.

We reach customers in over 50 markets across Europe, North America, Africa, Oceania, and Asia. Our operations include own channels; e-commerce which serves customers in 44 countries, physical retail stores in five countries. As well as wholesale distribution to premium department stores as well as marketplace in over 50 countries.



Parent:
Eton Group AB
HQ in Gånghester Sweden

Subsidiaries:
Eton AB
Eton Shirts GmbH
Eton Shirts Ltd
Eton Canada, Inc.
Eton, Inc
Eton Madison Avenue, Inc.
Eton S.R.L.
Eton Holding, Inc.

Sales Eton Group 2022: 1 016 011 653 SEK

Reach (number of markets)	
Wholesale:	50
Own eCom:	44
Own retail:	5

Near global reach via retail

Employees (FTE):	244,5
Consultants/not employed (located at our HQ in Gånghester Sweden in average during the year):	
Assortment /Production Department	1
IT/Digital Solutions Department	6

Reporting period:
1 January 2022–31 December 2022

Note: For the legal ownership structure as well as other financial entity information see note 15 in the Annual Report, for the reporting period and frequency see the Annual Report note 39.

Our Value Chain

Offices

- Gånghester (HQ)
- Atlanta
- Como
- London
- New York
- Stockholm

Showrooms

- Amsterdam
- Düsseldorf
- Copenhagen
- London
- New York
- Stockholm

Logistics centers

- Gånghester, Sweden
- Atlanta, USA

Brand stores

- Brand Store Arlanda Airport, Stockholm
- Kastrup Airport, Copenhagen
- Landvetter Airport, Gothenburg
- Madison Avenue, New York
- Malmö
- NK, Stockholm
- South Molton Street, London
- Sturegatan, Stockholm
- Väla, Helsingborg

Outlets

- Barkarby
- Desert Hills
- Gånghester
- Hede
- Wertheim
- Woodbury Commons

Concession stores

- Illum, Copenhagen
- Magasin du Nord, Kongens Nytorv
- Magasin du Nord, Lyngby
- Selfridges, London
- Åhlens City, Stockholm



OUR CUSTOMER

Our customer base consists of individuals who invest in their style with an appreciation for quality and luxury. We believe that sustainability is also about longevity, an idea we share with our customers.

TOUCHPOINTS

Eton Online
44 markets

Eton Retail
5 markets
Europe, North America

Wholesale Partners
Europe, North America,
Middle East, Asia
(Russia active 2021, all business
stopped until further notice in 2022)

E-wholesale Partners
Near global reach

50+ markets (physical stores) and near global reach (online)

Assortment and Supply chain functions

Our Assortment function (Design, Sewing Atelier and R&D) are in Sweden and Italy. Supply chain function (**Planning, Production, Quality and Distribution**) are located in Sweden and the US, with on location employees in Romania and Lithuania, that also covers North Macedonia.

Production

Our long-term collaborative approach is the foundation of our way of working. Apart from our research and development studio in Gånghester, Sweden, we work closely with suppliers to ensure high-quality products and build long-term collaborations for increased job security and improved working conditions. Our partnerships enable transparency since we know the owners, managers and even some seamstresses in person. This approach allows for a sustainable, long-term perspective and ensures positive changes for everyone involved.

Supply Chain Facets



Fabric

Our suppliers source yarn and raw materials, and we buy directly from weavers.

Cotton/raw material are mainly sourced from:

- Egypt
- Turkey
- US

Weaving as well as finishings is done in:

- Italy
- Switzerland
- Egypt
- Turkey



Assembly

Suppliers cut and sew our shirts in:

- Romania
- Lithuania
- North Macedonia
- Sweden (HQ)



Trimmings

Our suppliers are located in:

- Sweden
- Italy
- China
- Taiwan
- Portugal
- Germany
- Switzerland



Accessories/Ready-made

Suppliers for both individual accessories and ready-made products are in:

- Italy
- Portugal
- Bulgaria

1 171 141 shirts were produced by our partnering sewing factories and 155 838 ready-made products and accessories were purchased during 2022

7 466 people employed by our Tier 1 and 2 suppliers

See our supplier list [here](#)

Integration of Sustainability

At Eton, we acknowledge that the increasing demand for resources puts a greater strain on the planet's resources. To reduce our impact and create value for stakeholders, we take a strategic and culture-driven approach to sustainability. Our approach to sustainability is driven by analyzing our impact, ambitious goals, consumer insights, stakeholder input and company values. We believe in a holistic approach that combines strategy with culture, as we recognize the transformative power of both. Our sustainability efforts involve structured workstreams and engaging our employees to drive meaningful change.

Our strategy and sustainability topics are overseen by the Board of Directors and the CEO. Eton's Head of Sustainability is supported by a Sustainability steering group in the development of the strategy and to initiate and drive sustainability actions taken within Eton, the group has the mandate to take decision in line with set strategy. The steering group meets monthly and discusses progress and challenges as well as starts workstreams to drive the sustainability agenda forward and functions as an arena for ideation and problem-solving. During 2022, the Sustainability Steering Group included representatives from; Assortment, Supply chain, Legal, HR, Marketing, E-com and wholesale as well as our CFO. If there is a remediation of negative impacts, that Eton would have caused or contributed to, this would be discussed in the steering group and then reported to the management team and CEO. Our strategic actions are based on material topics identified through an impact analysis, where our stakeholder analysis has served as an important input. The results can be found in our **materiality matrix**.

The yearly Sustainability Report is approved at the Eton Group's Annual General Meeting, in May 2023, which includes the appointment of the board of directors, their compensation, and the appointment of the Chair, Vice Chair, and other members. Our values of **Quality driven, One Eton, Progressive, and Empowering** motivate us to pursue longevity while also driving positive change.

The Eton Group's remuneration is adopted yearly by the board of directors. The remuneration policy has not been adjusted during the year.

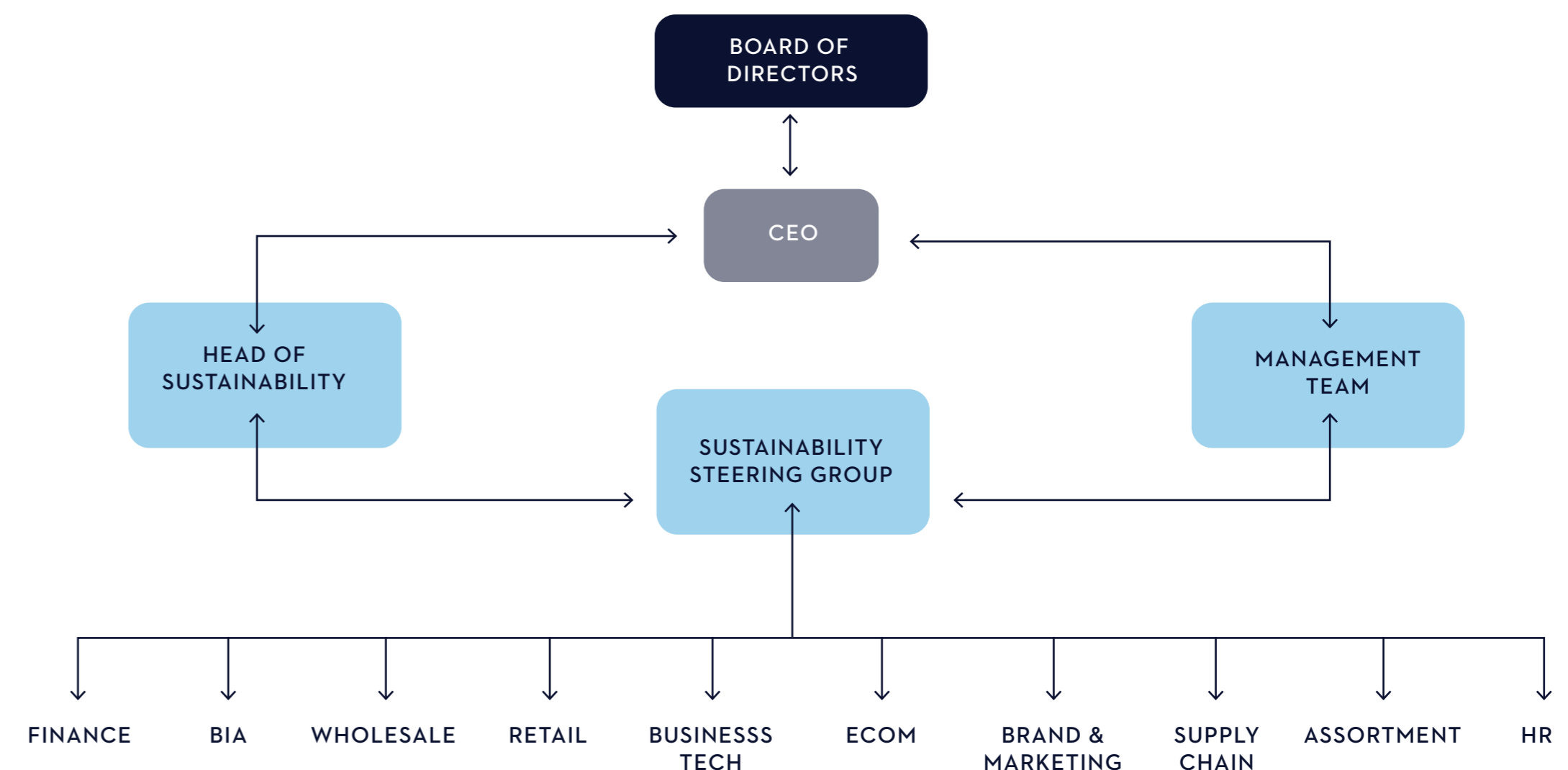
INFORMATION AND COMPETENCIES

Head of Sustainability and CEO

Eton's Head of Sustainability is responsible for the overall sustainability direction and strategy. Development of the strategy, goals and targets in collaboration with the different functions globally. Heading up the Sustainability Steering Group and creating workstreams together with the steering group members. Supporting on a daily basis and informing and educating our Eton team regularly. Keep our CEO updated on issues and progress through monthly meetings. The meetings concern goals, status and strategy and include updates on status versus goals, present and future issues, laws and regulations, needs and requirements, as well as Sustainability Steering Group actions, workstreams and employee-led initiatives.

Board of Directors

The Chair of Eton's Board of Directors is responsible for Eton's impact on human rights, the environment and climate. Lina Ödeen, Head of Sustainability provides the Board with a deep Dive analysis of Eton's status and future steps and upcoming developments at least twice yearly. Challenges and progress are discussed as well as future focus areas. The next update coincide with the presentation of this report, i.e. Spring 2023. The board is evaluated by the owners yearly on skills and insights, including but not limited to economic, environmental, and social topics to secure necessary competence. The evaluation takes place in conjunction with the Annual General Meeting (May 2022). During 2022 there were no changes in the board. The evaluation for 2022 takes place at the General Meeting held in May 2023.



The Board of Directors oversees the company's strategy and sustainability topics. The CEO reports to the Board of Directors. Eton's Head of Sustainability reports to the CEO.

MEMBERSHIPS AND ASSOCIATIONS

Engaging with stakeholders to exchange knowledge, expertise, and ideas is an approach we use to lead when appropriate and follow when others are ahead. By doing so, we expand beyond our own capabilities and increase our overall impact.



Eton is a member of The Swedish Textiles Initiative for Climate Action since 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. Eton and our Head of Sustainability is an active member and are leading a working group within STICA.



As a Swedish trade and employers' association TEKO represents approximately **340 member companies** in the textile and fashion industry, both nationally and internationally. They provide information to the public and the government about the industry, its companies, and its products, including logistics deals with leading logistics operators, support in trade fairs, media contacts, lobbying, standard agreements, and other contractual aids. They also negotiate collective agreements with trade union counterparts and represent member companies in negotiations related to these agreements. They monitor environmental issues and international trade negotiations and offer advice and education on labor rights, trade, environmental issues, labelling requirements, and more. Eton is also part of TEKO's environmental group, where member companies meet and discuss current environmental, and sustainability issues several times a year.

SUSTAINABLE FASHION ACADEMY

In early 2022 Eton joined SFA Learning & Innovation Network (LIN), launched by the **Sustainable Fashion Academy (SFA)**. The purpose of this network is to help apparel and textiles companies stay updated and prepare for upcoming EU environmental and social policies and regulations. These policies and regulations will place serious demands on brands and retailers operating in or placing products in the European common market.



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

The **Science Based Targets initiative (SBTi)** is a collaboration between **CDP** (formerly the Carbon Disclosure Project), the **United Nations Global Compact**, **World Resources Institute (WRI)**, and the **World Wide Fund for Nature (WWF)**. The initiative encourages and helps companies to set ambitious emissions reduction targets in line with the latest climate science.

Read more on Eton's own Science Based Target validated by the SBTi on page 14

Necessary transformation

“ I am deputy chairman of the board of Proteko, which runs NTA – Nordiska textilakademin, offering courses and educations within textile. With my fifteen years of experience from Eton, supply chain and textile, I have the privilege of being part of securing talents and competence to continue developing the textile industry.

As member of the board, I set the strategic direction and define the specific courses needed – over the past years, I have specifically driven the need for courses and educations within sustainability and circularity. I am pleased to announce that ‘circular designer within textile and fashion’ is an upcoming educational program. ‘International designer’ continues to be appreciated by companies in the textile and fashion industry, and by including sustainability and circularity as part of the design process we will have a substantial impact on the transformation towards a more sustainable industry.

Proteko is also the foundation behind *Kompetensslussen* and re:skills Textile & Fashion, financed by EU/*Europeiska socialfonden* to facilitate the necessary transformation for the Swedish textile industry to move towards more sustainable consumption and production.”



Materiality Analysis

During 2021, Eton conducted a materiality analysis to determine and assess the most important environmental, social, and governance (ESG) topics that are relevant to our company. This analysis was based on our assessments of which sustainability topics we have a material impact on, as well as input from our stakeholders. For more information on the process to identify key stakeholders and how it was conducted see the 2021 Sustainability Report. The materiality analysis allowed us to prioritize our sustainability efforts to focus on the most significant issues for both Eton and our stakeholders.

Process

To conduct our materiality assessment, we mapped and identified key stakeholders based on the interactions and the impact we have in the markets in which we are active. Based on that analysis our Head of Sustainability engaged with colleagues and key stakeholders, including employees, owners, wholesale customers, retail customers, e-commerce customers, and suppliers. We also gathered insights from partner organizations to gain their perspectives on Eton's sustainability practices. Our approach included workshops with employees, in-depth interviews with the CEO, Chairman of the Board, and representatives from selected partners. Additionally, we conducted a survey of over 174 000 global customers. Using the information collected, we identified our key risks and impact, and mapped our material and non-material topics. Our materiality analysis considered all relevant GRI standards related to our supply chain and selected relevant disclosures. The Sustainability Steering Group, CEO, and Management Team reviewed the materiality analysis as part of our annual Sustainability Report process.

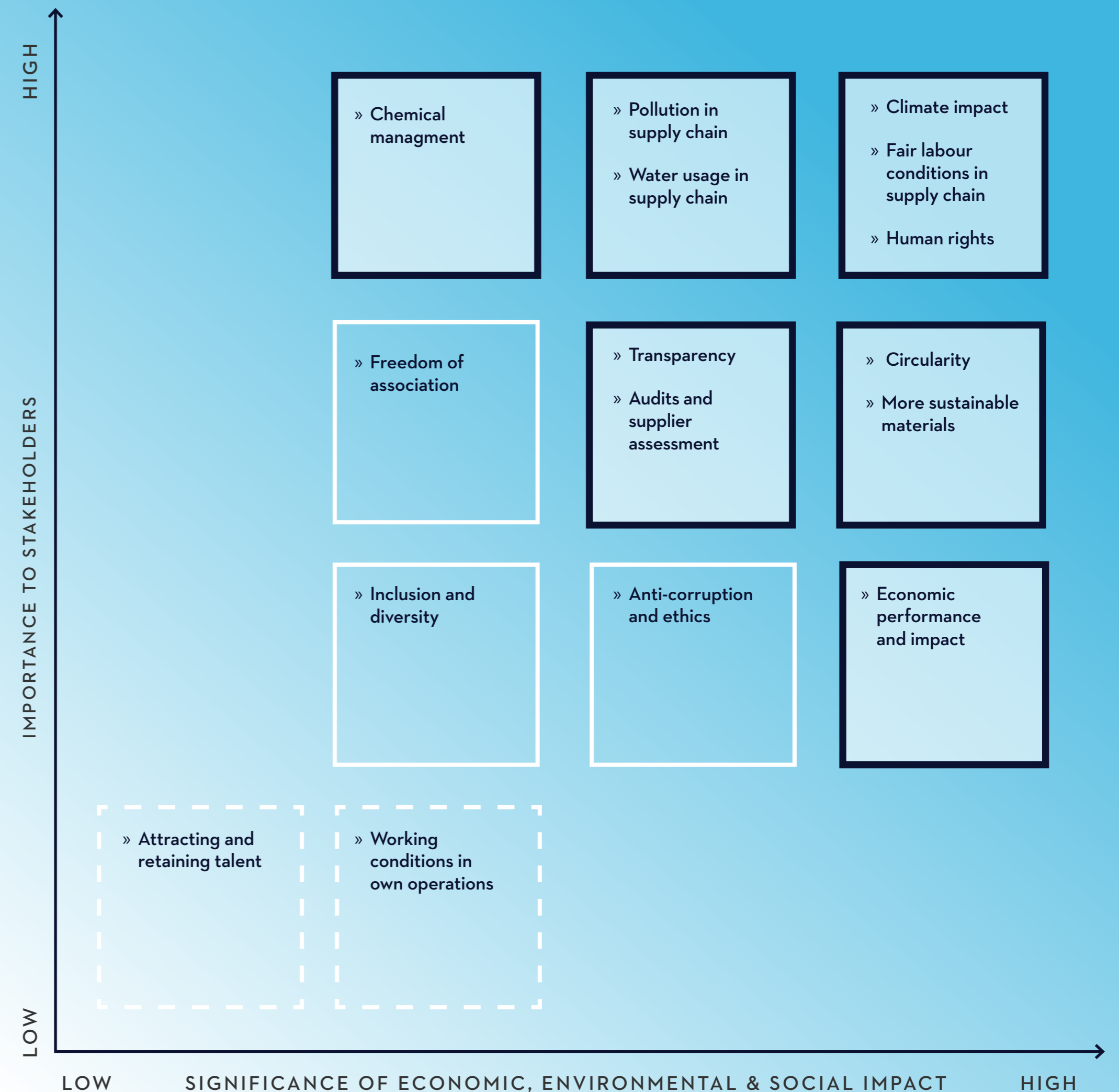
2022 Review of our material topics

During 2022 we did an overview of the existing materiality analysis. We reflected on our impact, both from an inside out and outside in perspective and then realized that some material aspects had a slightly different severity than previous analysis which relied more on stakeholder input. Therefore, we updated the material topics accordingly. Freedom of association and inclusion and diversity were previously assessed as non-material topics and are now considered material ones. Animal welfare is linked to materials for us at Eton and therefore instead incorporated into the material topic of more sustainable materials. Packaging was previously a standalone material topic and is now incorporated into Circularity and Transportation into Climate impact.

Our material topics are the areas where we have the largest impact and the biggest possibility to contribute to change. They form the basis for our sustainability commitment, reducing our ESG impact and the goals we are working towards. They can be found on the next page.

MATERIALITY MATRIX – TOPICS IDENTIFIED

This matrix shows our impact points placed according to their key impacts based on how stakeholders rated the different identified topics. The boxes with a solid white frame represent our most prioritized areas, our material topics.



Our Commitment



LEGACY FOR LONGEVITY

- » We commit to designing all products with longevity in mind to ensure a low FPU.
- » On product transparency by 2026.
- » 100% organic or recycled cotton by 2025.
- » 100% more sustainable or recycled fibers in all shirts and accessories by 2030

EMPOWER PEOPLE

- » Ensure safe work and labor rights, free from harassment and discrimination in our supply chain, year by year.
- » Advocating inclusion & diversity, year by year.
- » Map the wage levels at 100% of our main suppliers in production by 2023 and onwards.
- » Work with our sewing factories to provide their workers with a fair wage, year by year.
- » Bi-annual audits of all our sewing factories, accessories suppliers and fabric suppliers.

CONSIDERATION FOR THE PLANET

- » Net Zero by 2050 the latest.
- » 50% reduction of emissions in scope 1-2 by 2030.
- » 30% reduction of our scope 3 emissions by 2030.
- » A fully implemented circular business approach by 2030.
- » Renewable energy throughout our own operations by 2025.
- » 100% renewable electricity in our supply chain.*
- » By 2025, all business partners with water intensive operations measure their water use and have set reduction goals.

PROSPERITY FOR TRANSFORMATION

- » Through our business practices we ensure that we contribute to prosperity in all markets we are active in, year by year.
- » Full transparency throughout our supply chain by 2025.

* Refers to Tier 1 and 2



SUSTAINABLE DEVELOPMENT

Toolbox for 2022

Spearheading Development

Led by the Head of Sustainability, our Sustainability Steering Group kickstarts actions and develops concrete plans to reduce our impact within Environment, Social, and Economic.

Sustainability Commitment

Eton's sustainability goals are integrated into the overall business plan, making them a natural part of developing both functional and personal OKRs.

Company Values

Our company values provide a guiding framework for our growth and how our employees think, act, and feel in their day-to-day work. A foundation for our success that ensures that decisions and actions align with our core principles.



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SBTi

Eton has submitted a target through the SBTi's SME fast-track approval process, and the target has been externally validated by the institute. We are happy that our scope 1&2 targets have been validated by the SBTi, a recognition of our commitment towards measuring, mapping, and analyzing our GHG emissions and climate impact. With a legacy for longevity, our aim is to future-proof our company, and the commitment to reduce our emissions in line with science is one important pillar of that. Eton's target is in line with

the SBTi's highest ambition level (1.5°C), demonstrating its strong conviction. Through its SBT, Eton commits to reducing scope 1 and scope 2 GHG emissions 46% by 2030 from a 2019 base year, and to measure and reduce its scope 3 emissions.

SUSTAINABLE DEVELOPMENT GOALS

Complex issues require targeted actions, and, as we know at Eton, collaboration. The 2030 Agenda for Sustainable Development is a global, shared blueprint for peace and prosperity for both people and planet. The core consists of the Sustainability Development Goals (SDGs) that focus on global and local efforts, and require action from all stakeholders, including states, the private sector and civil society.



OUR FOCUS GOALS

We support all SDGs, however, we have identified seven prioritized SDGs where we as a company have the biggest impact and the possibility to make a positive contribution. We have developed our Eton Sustainability Goals, along with practical actions to focus on initiatives that support these prioritized goals.

In order to take our societal responsibility as a company and acknowledge that our business affects more goals than our most prioritized SDGs, we do, and will continue to strive to support all SDGs in addition to our focused actions for prioritized SDGs.



ACHIEVE GENDER
EQUALITY AND
EMPOWER ALL
WOMEN AND GIRLS

5 GENDER
EQUALITY



SDG 5 and targets

5.1 and 5.5 relates to Eton's commitment to gender diversity and directly reflects our heritage as a female founded company almost a century ago, as well as actions taken in our business to promote gender equality in line with our company values *One Eton* and *Empowering*. Our material topics relating directly to this target are human rights, fair labor conditions in supply chain, and non-material topics inclusivity and diversity and working conditions in own operations.

5.1
End all forms of discrimination against all women and girls everywhere.

5.5
Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.

PROMOTE SUSTAINED,
INCLUSIVE, AND
SUSTAINABLE ECONOMIC
GROWTH, FULL AND PRO-
DUCTIVE EMPLOYMENT,
AND DECENT WORK FOR ALL.

8 DECENT WORK AND
ECONOMIC GROWTH



Eton Group prioritizes SDG 8 target 8.8 by addressing our material topics human rights, anticorruption and ethics, fair labor conditions in supply chain, freedom of association, economic performance, and impact as well as our non-material topic working conditions in own operations and attracting and retaining talent. In line with our company values *One Eton*, *Empowering* and *Work Smart*.

8.8
Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

ENSURE AVAILABILITY AND SUSTAINABLE MANAGEMENT OF WATER AND SANITATION FOR ALL

6 CLEAN WATER AND SANITATION



We prioritize the SDG 6 target 6.3 in order to mitigate pollution in our supply chain, ensure cleaning of wastewater, and decrease water usage – an issue for the textile industry at large, and a collaborative effort together with our supply chain. The goal is linked to our values *One Eton* and *Progressive*. Our material topics relating directly to this target are pollution in supply chain, chemical management, and water usage in supply chain.

6.3

By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.

ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE, AND MODERN ENERGY FOR ALL.

7 AFFORDABLE AND CLEAN ENERGY



We prioritize the SDG 7 target 7.2 by actively working towards transforming scope 1–2 (own operations) into renewable energy only. Since most of our emissions are related to our supply chain, we have mapped our supply chain (scope 3) and have started the work of transitioning our supply chain to renewable energy, to achieve our goal of 100% renewable energy in our supply chain by 2030. In line with our material topic climate impact, these efforts align with our company values *One Eton* and *Progressive*.

7.2

By 2030, increase substantially the share of renewable energy in the global energy mix.

PROTECT, RESTORE AND PROMOTE SUSTAINABLE USE OF TERRESTRIAL ECOSYSTEMS, SUSTAINABLY MANAGE FORESTS, COMBAT DESERTIFICATION, AND HALT AND REVERSE LAND DEGRADATION AND HALT BIODIVERSITY LOSS.

15 LIFE ON LAND



We prioritize and contribute to SDG 15 target 15.3 by addressing our material topics: climate impact, circularity, more sustainable materials, pollution in supply chain and water usage in supply chain. We are actively converting to organic and recycled cotton and soon we will reach our goal of a 100%, as well as continuously increasing the amount of more sustainable materials over all in our products, materials developed with consideration for land and biodiversity. When we source non-commercial goods such as packaging material, we have decided to select recycled materials or materials from responsible forestry. In line with our company value *Progressive*.

15.3

By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought, and floods, and strive to achieve a land degradation-neutral world.

ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



We prioritize SDG 12 targets 12.2, 12.4, 12.5 and 12.6 in our work towards reaching our goals under *Longevity*, *Planet* and *Prosperity* and by addressing our material topics: pollution in supply chain, chemical management circularity, climate impact, water usage in supply chain, more sustainable materials and economic performance and impact, in line with our company values *Work Smart* and *Progressive*.

12.2
By 2030, achieve the sustainable management and efficient use of natural resources.

12.4
By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.

12.5
By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

12.6
Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS.

13 CLIMATE ACTION



Eton has SDG 13 as a prioritized goal and specifically target 13.2 in line with our material topic climate impact and are supporting it by measuring and following up on our emissions in scope 1–3 and actively working on reducing our emissions and mitigating our impact, in line with the company values *Work Smart* and *Progressive*.

13.2
Integrate climate change measures into national policies, strategies and planning.



Legacy for Longevity

12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION





Inspired by Our Heritage

As a global brand within the textile industry, we understand the impact our operations have on the climate, economics, and the communities along the value chain. Each piece produced represents resources used, and the fashion industry as a whole (no doubt) has an impact on the environment. The impact is not limited to our operations and supply chain, but it can be felt globally through climate change.

Our ambition is to build on our strengths to redefine luxury consumption as responsible consumption and garment-ownership.

We currently design and collaborate with our suppliers to create high-end products with long-lasting quality, subsequently reducing our impact on the climate.

Thoughtful Design

Our founder, Annie Petterson, launched Eton from her home in the small village of Gångh-ester, Sweden in 1928. Her dedication to quality and attention to detail was the driving force that subsequently grew the company into what it is today, a global men's shirt specialist.

Alongside thoughtful design, Eton's products are created with sustainability in mind, considering factors such as style longevity, quality durability, and end-of-life impact, material fiber choices and manufacturing processes. We are committed to offering well-made, long-lasting products made by dedicated craftspeople using durable materials. Eton shirts are timeless essentials and simultaneously, modern icons - made for expressing individuality and inspiring confidence through personal style.

Reclaims

From the day Annie picked up her first order and until today, quality has been a driving force for creating durable products. Our focus on quality is reflected in our low customer reclaims rate, with only 0.11% within our shirts assortment and 0.03% for accessories. All our reclaims (garments and accessories) are registered in our business system by our warehouse team.

“Never hand over a shirt unless you are completely satisfied with it.”

- ANNIE PETTERSON, ETON FOUNDER



Carefully considered materials and production techniques

Eton uses high-quality and carefully selected materials, alongside production techniques that ensure product longevity. The majority of the cotton fibers used in our fabrics are ELS (EXTRA-LONG-STAPLE) cotton, a tenacious cotton is carefully sourced and makes up only 2-3% of each harvest.

The highest quality standards are guaranteed in our production through our long-standing close relationships with our heritage fabric mills in Italy. In Tier 1, we have a close collaboration with our garment factories located in Romania, North Macedonia and Lithuania, in addition we have a small production unit at our headquarters in Gånghester (Sweden) for product development, technique and innovation testing. Custom made orders are produced in Lithuania and to some extent in Gånghester.

Quality Control

Quality assurance involves a process of meticulous steps taken in collaboration with our garment factories. Eton's quality and production department is in continuous contact with the production units throughout the value chain providing support and assistance through local presence.

- » All production parameters are reviewed and approved by Eton's quality team.
- » Details such as how the fabric is stored, handled, cut, and matched, to how every section of a garment is prepared and assembled with the accuracy of 1/3 of a mm.
- » We assure that the right machines and technology is used for production/assembly.
- » Apart from the right tools, we check templates, temperatures, speed etc, in order to assure that the final quality and measurements of the shirt are perfect.

Custom Made

At Eton, we believe that every shirt that our valued customer invests in should be what you need. So we are proud to offer custom-made shirts for any customer that either wants to change the fit, style or needs a customization due to physical impairment. Using our existing shirt designs as a basis, we work with our customers' measurements and preferences to create the desired shirt, choosing different parts, including the collar, cuffs, and buttons, and sleeve length, and select from a wide range of colors and fabrics.our headquarters in Gånghester (Sweden) for product development, technique and innovation testing. Custom made orders are produced in Lithuania and to some extent in Gånghester.

Care Guide

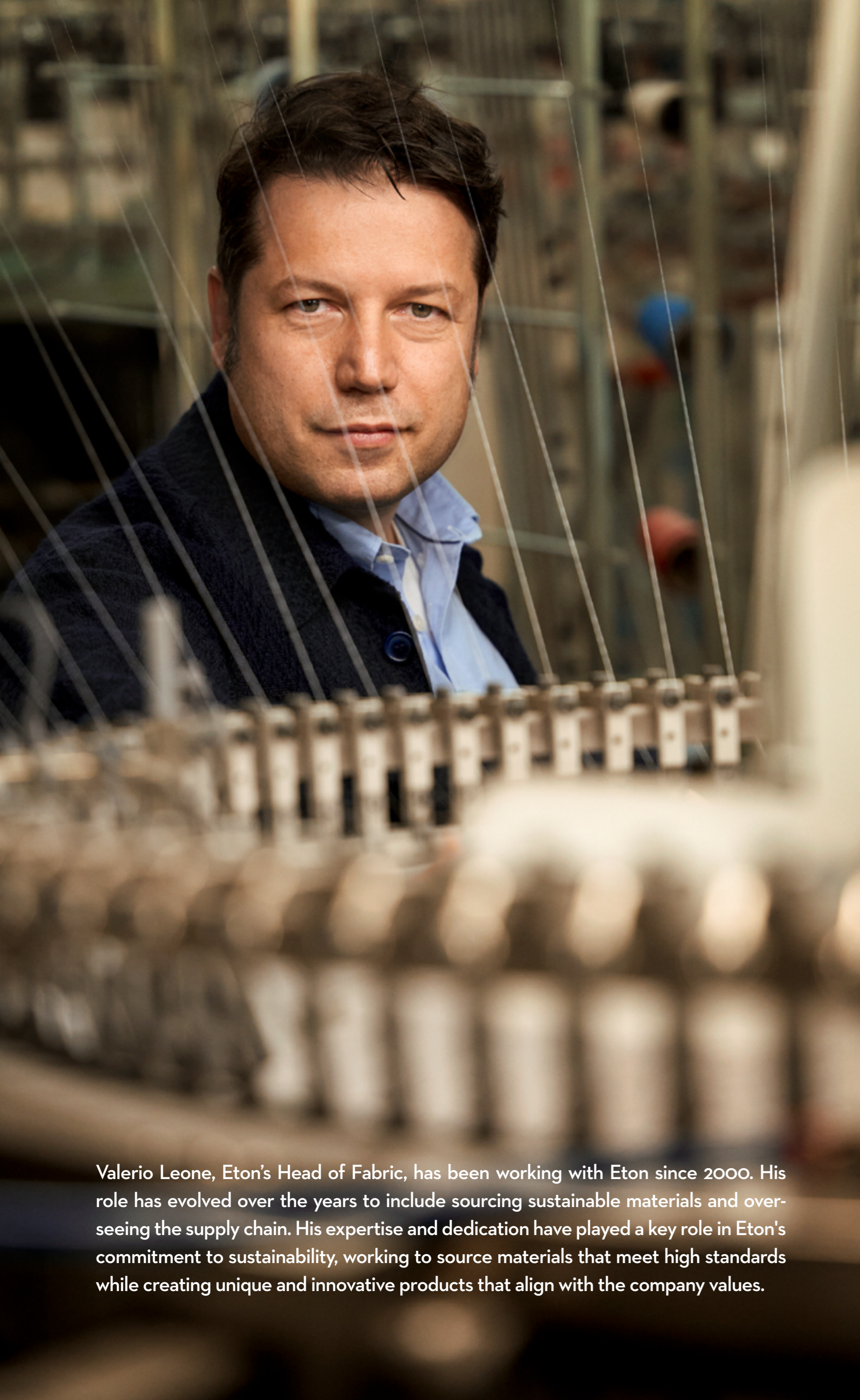
At Eton, we not only prioritize longevity through design and material choices, but also aim to extend the lifespan of our products through expert care instructions. These can be found on our website and B2B platform and covering topics such as washing, stain removal, and ironing. By sharing our expertise, we strive to support our customers in enjoying our products for a long time.

We also offer a complimentary button replacement service for customers.



Footprint per use...

...or FPU, represents the total impact of each new product, encompassing its production, distribution, selling, marketing, returns, care, and repair. Our goal is to reduce this footprint per use while maintaining product longevity and desirability over time, resulting in a lower footprint per use. We commit to designing all products with longevity in mind to ensure a low FPU.



A longtime collaboration

“ One of our key fabric suppliers, Albini, has been an instrumental partner in our success. Through our long and successful partnership, we’ve been able to create unique fabrics for our collections, thanks to Albini’s innovative approach to exploring new materials and techniques. Sourcing sustainable materials is always a challenge as there are often limited options available. However, the upside is that we are able to create unique and innovative products that align with our sustainability targets. By using more sustainable materials, we can reduce our impact on the environment and create products that our customers can feel good about. Collaborations have played a crucial role in Eton’s sustainability journey. Thanks to Albini’s innovative approach, we have been able to create unique fabrics that align with our sustainability targets. Trust and mutual understanding are what has kept our

partnership with Albini going, allowing us to achieve our sustainability goals together. As we continue to explore new, sustainable materials, we will be able to create products that not only look great but also reduces our impact. Working collaboratively with the right partners can make all the difference in sourcing and securing sustainable materials, and our partnership with Albini is a testament to that. With their help, we are on track to achieve our goal of using only 100% organic and recycled cotton by 2025.

Looking to the future, I believe that the industry will continue to innovate with new, sustainable materials that are even more durable, versatile, and stylish than traditional materials. As we explore these new materials and techniques, we’ll be able to continue to create products that not only look great, but also meet our sustainability standards.”

Valerio Leone, Eton’s Head of Fabric, has been working with Eton since 2000. His role has evolved over the years to include sourcing sustainable materials and overseeing the supply chain. His expertise and dedication have played a key role in Eton’s commitment to sustainability, working to source materials that meet high standards while creating unique and innovative products that align with the company values.

Consideration for the Planet

6 CLEAN WATER AND SANITATION



7 AFFORDABLE AND CLEAN ENERGY



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



15 LIFE ON LAND



From Production & Beyond

TOWARDS NET ZERO BY 2050



We are moving towards future-proofing Eton. If our legacy of dedication to quality and longevity of our assortment has driven Eton forward over the past near century, it also drives us in revising our methods: how we design, produce, ship, package, and distribute our products.

As a company within the fashion industry, we recognize that we have a significant impact on the climate, and it is our responsibility as producers to act. To address the environmental impact of our products, we prioritize material topics such as climate impact, circularity, more sustainable materials, pollution in supply chain, chemical management, and responsible water usage throughout our supply chain.

At Eton, we take our company values of **Progressive** and **One Eton** seriously and have implemented measures to reduce the impact on our planet when creating our products, from the design table to the end-consumer. Our holistic approach towards sustainability is the responsibility of every department and colleague, as we strive towards a more sustainable Eton.

In 2022, we had our Scope 1 and 2 targets validated by **SBTi**, a process that requires companies to set targets in line with

science and the Paris Agreement of keeping global warming below 1.5°C. Our SBTi is to reduce emissions by 46% by 2030 compared to our 2019 base year. Additionally, it is our long-term goal to become net zero by 2050. As members of STICA, we have set even more ambitious targets to reduce our Scope 1 and 2 emissions by 50% and our Scope 3 emissions by 30% by 2030, also based on our 2019 base year.

One of our prioritized SDG goals is **Climate Action** and to prioritize taking urgent action against climate change and its impacts. In 2021, we measured our scope 3 emissions for the first time. In 2022, we back tracked our emissions and set 2019 as a base, considering the extraordinary effect of the Covid pandemic on our sales. By measuring, analyzing, and following up on our emissions, we have laid the foundation for our continued transitional journey in reducing our impact.

In this journey in our commitment to reducing our emissions and minimizing our impact on ecosystem-services, we recognize the importance of transitioning away from conventional materials and increasing the use of sustainable materials to promote a more sustainable use of these resources. Our material goals include using 100% organic cotton by 2025 and transitioning to 100% sustainable fibers in our entire assortment by 2030. Additionally, we are working on energy efficiency and transitioning to renewable energy sources across scope 1-3. Transportation is our third area of focus as it accounts for 43% of our emission. Outbound transportation, in particular, is responsible for nearly 98% due to air freight, but we are currently exploring alternatives such as sea and train freight. We have started the work and the planning of future distribution solutions which requires commitment from several functions internally. More detailed information can be found under the Transport subsection. Thus far, our transitional journey has already begun, and we are fully committed to reducing our impact while continuing to provide our customers with high-quality products and by following up on our emissions we have laid the foundation in reducing our impact.

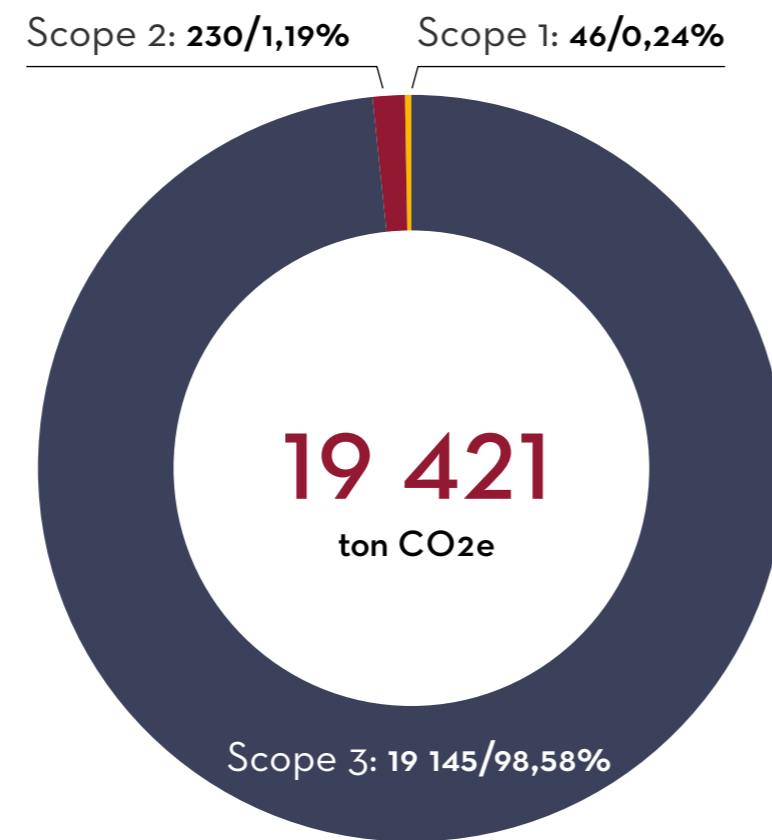
Climate Impact

The total emissions from Eton Group's operations in the financial year of 2022 were 19 421 tons of CO₂e. The vast majority, 98,6% came from scope 3: our indirect emissions, mainly our supply chain. The distribution of emissions per scope is illustrated in figure 1.

All calculations are primarily based on actual activity data from our operations. For 2022, 99% of our emissions are based on actual data. The improved data quality compared to previous years provides a solid foundation for strategic decisions regarding our pathway to reduce our CO₂e emissions.

The climate consultant company 2050 has performed the underlying calculations. Our reported activity has been matched to emission factors to calculate the climate impact from our operations. Where data gaps have been identified, estimations have been made based on best available knowledge. We have applied a market-based method and an operational control approach in our climate accounting.

FIG 1. EMISSIONS PER SCOPE



CO₂ emissions based on actual and estimated data (all scopes)

FIG 2. DATA QUALITY, ESTIMATED VS. ACTUAL ACTIVITY DATA

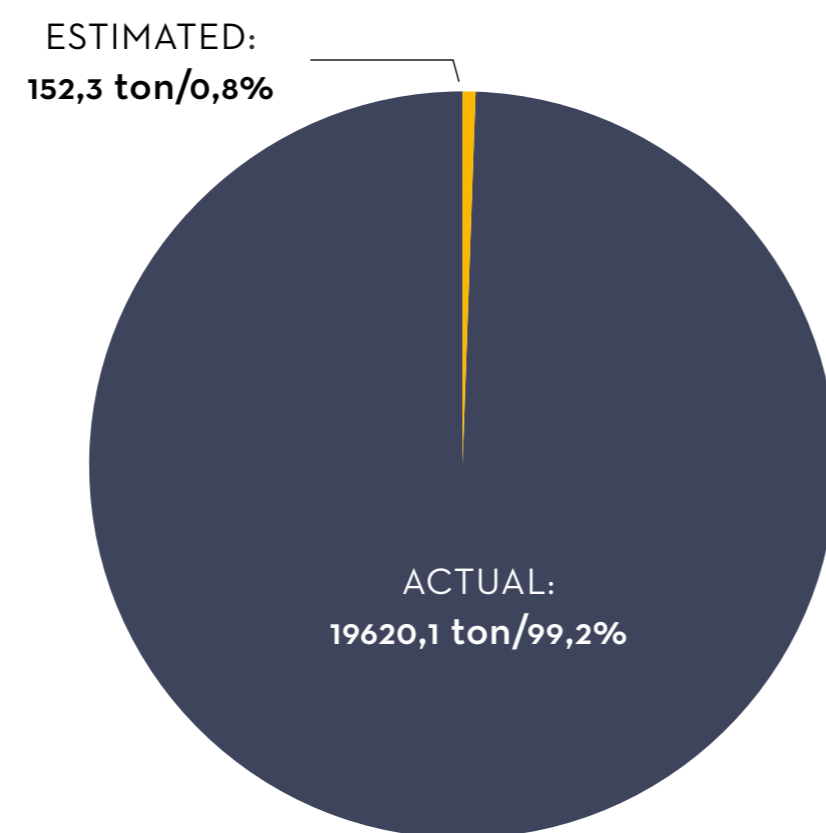
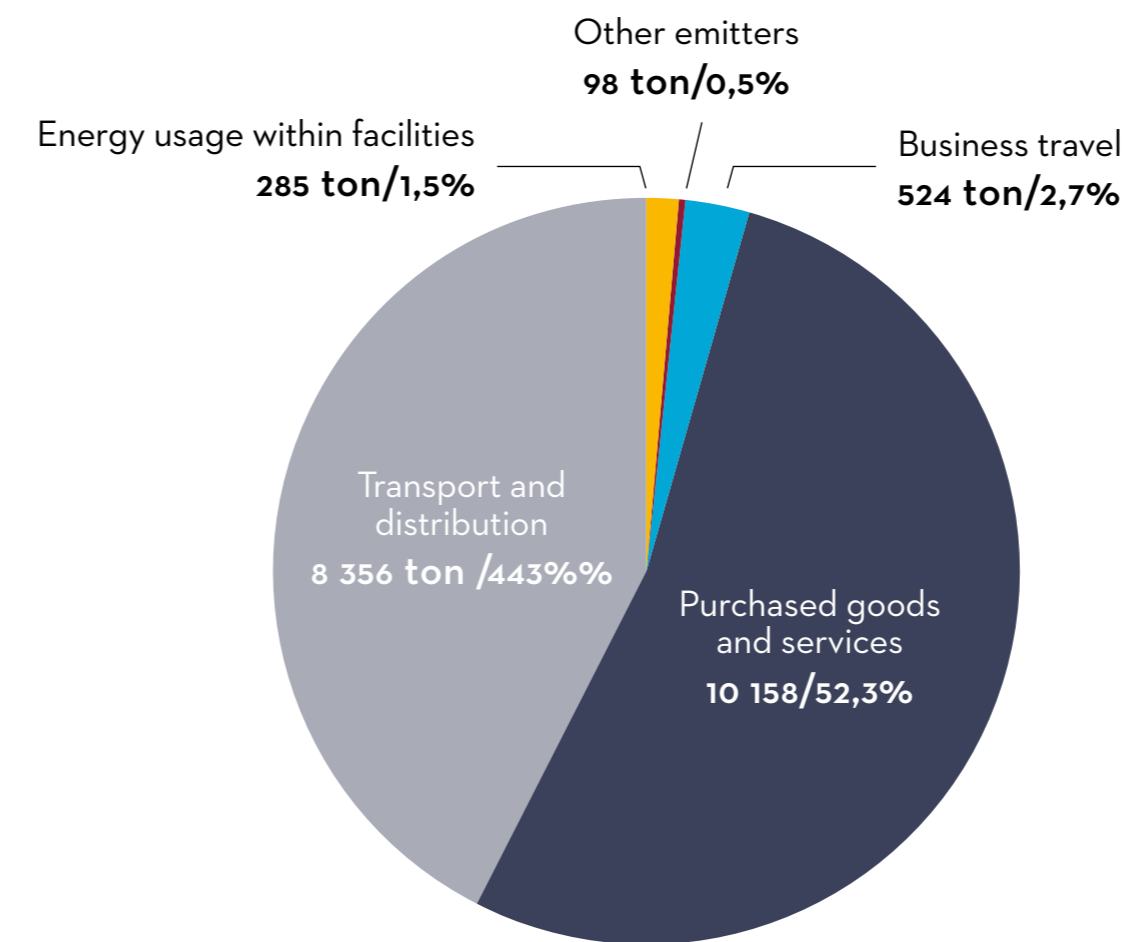


FIG 3. EMISSIONS PER CATEGORY IN SCOPE 1,2 AND 3.



Share of emissions per category are presented in figure 3. Across all categories, our production process has the largest overall impact, with 52,3% of total emissions. The category Purchased goods and services consists of tier 1; Manufacturing, tier 2-4; Material and textile production and packaging material.

FIG. 4 ANNUAL COMPARISON OF EMISSIONS PER CATEGORY

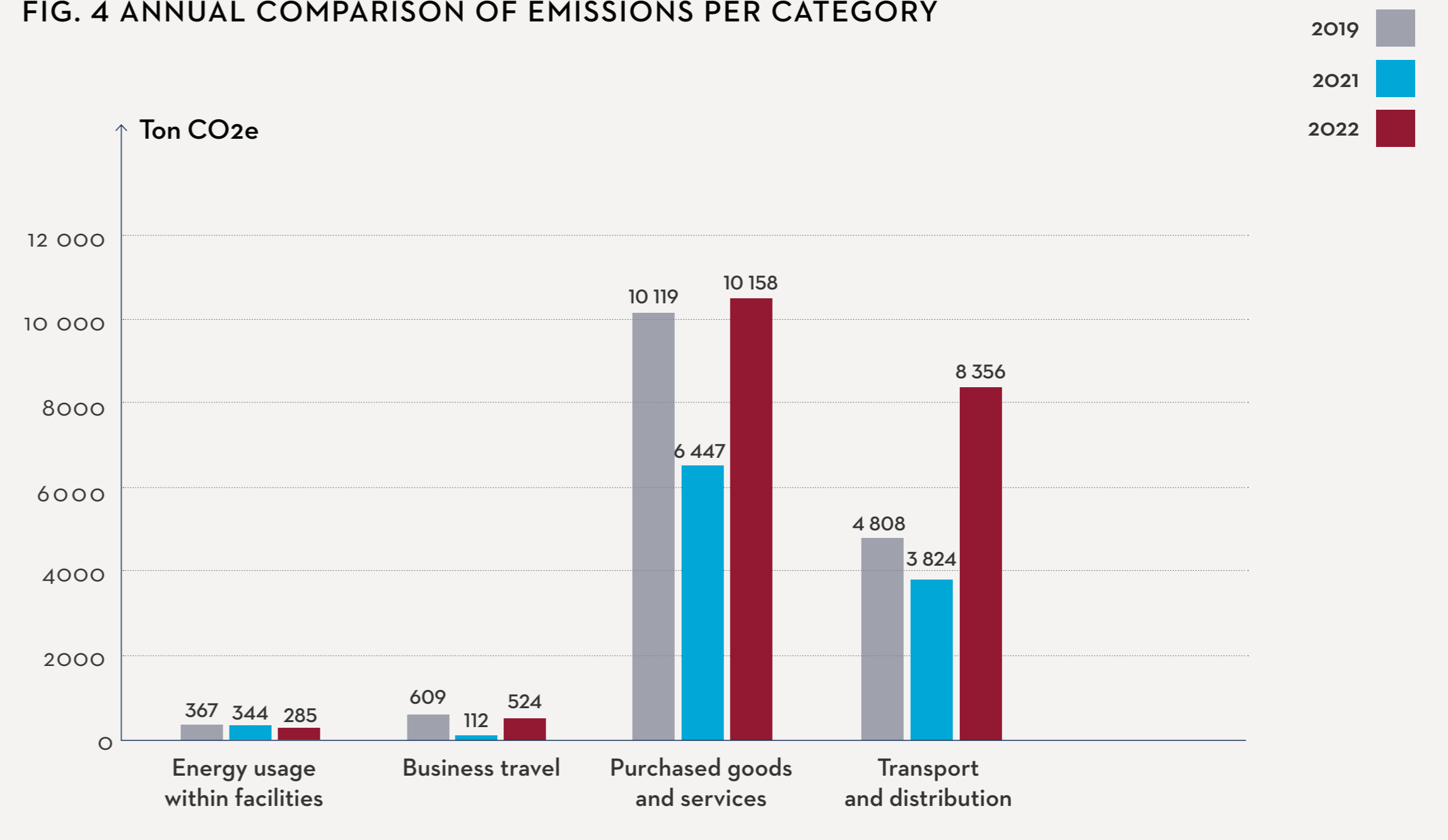
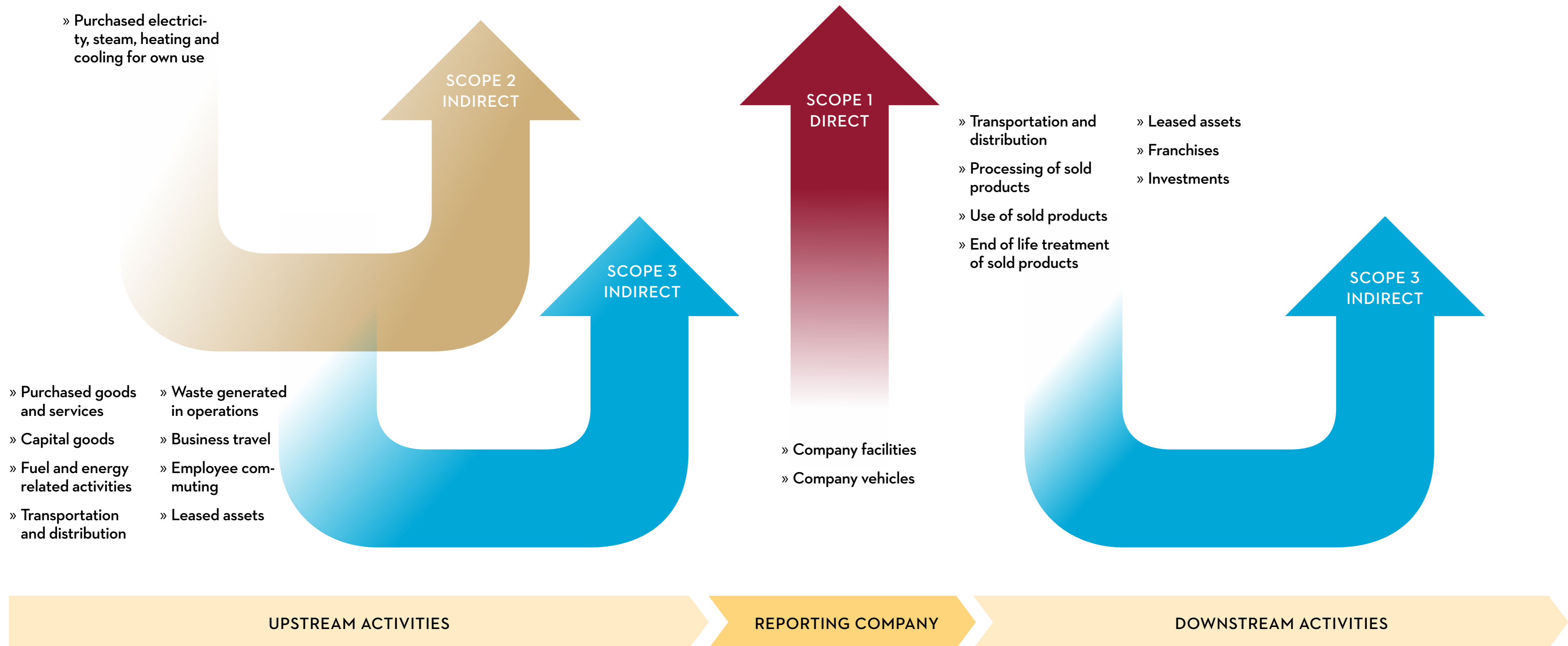


FIG 5. GHG PROTOCOL INCLUDING SCOPE 1, SCOPE 2 AND SCOPE 3 CATEGORIES.



Emissions scope 1 & 2

Since 2018, we have been tracking and reporting our scope 1 and 2 emissions, with 2019 set as the base year. By taking measures to reduce our climate impact across scopes 1 and 2 every year, the 2022 data shows significant improvements, compared to our 2019 base year, scope 1 and 2 emissions decreased by 34 %.

SCOPE 1

DIRECT GREENHOUSE EMISSIONS that occur from sources that are controlled or owned by an organization.

SCOPE 2

INDIRECT EMISSIONS associated with the purchase of electricity, steam, heat, or cooling.

On a very positive note, the quality of the data collection for scope 1 and 2 has improved, and the proportion of emission based on actual data increased from 56% in 2018 to 84% 2022. This means we are approaching 100%, and have a better base for reduction roadmaps, active and effective decision-making.

SCOPE 1 AND 2
-34%

from base year 2019 to 2022

CO₂, CH₄ and N₂O are included in the calculations. There are zero (0%) biogenic emissions.

FIG 6.
EMISSIONS BY SCOPE (TON CO₂E)

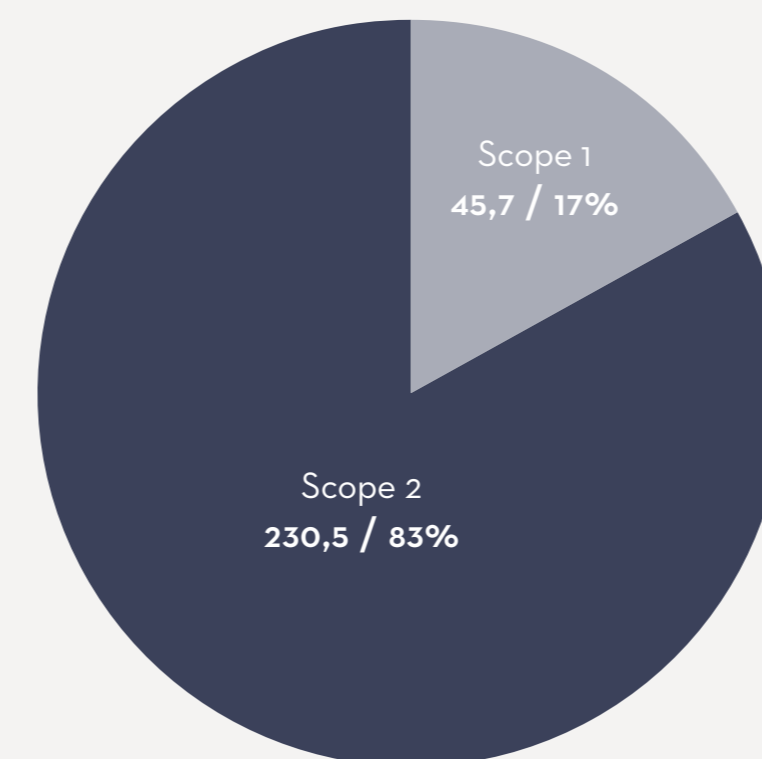


FIG 7.
OUR SCOPE 1 AND 2 EMISSIONS DIVIDED BY SOURCE (TON CO₂E)

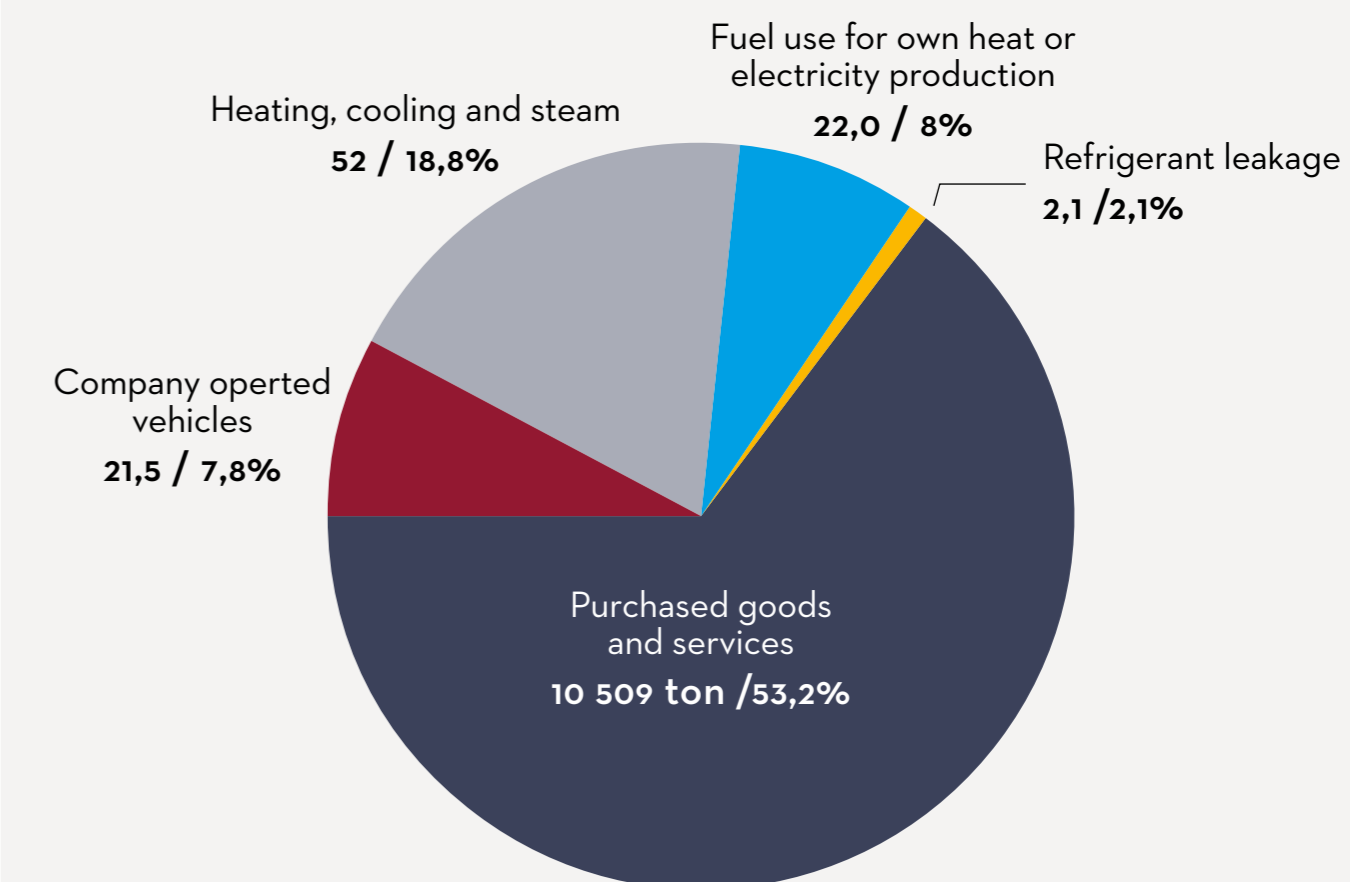
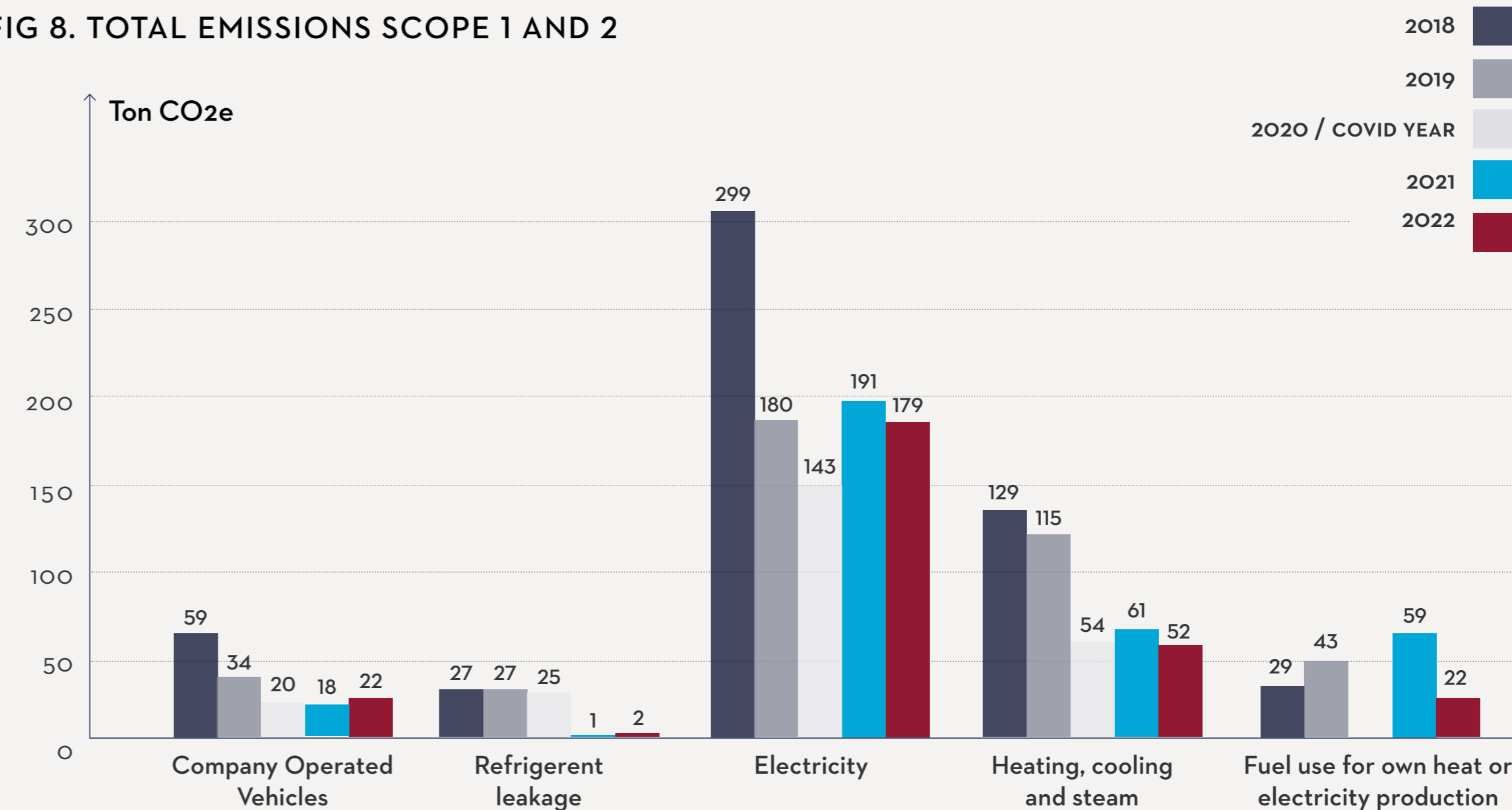


FIG 8. TOTAL EMISSIONS SCOPE 1 AND 2





Energy, Offices & Stores

Our top priority in 2022 has been to reduce our emissions, both in terms of our own operations and the energy we procure. To support this effort, we've implemented a company car policy mandating lease of only hybrid or electric cars and have installed chargers for e-cars at our HQ accordingly.

Other implementations such as replacing our entire heating system with district heating, resulted in a reduction of 42 000 kWh of electricity consumption compared to last year. The reduction was partly due to the need to shut down the heating system while working

on installing the one, so it was not mainly driven by the new system. Alongside that initiative, we've also made improvements to the roof mitigating energy loss. We have also been exploring the possibility of installing solar panels, this is still under consideration.

For our stores and showrooms that currently do not use renewable energy we have started a dialogue with the landlords about adopting renewable energy. We have also identified which of our facilities we need to work on to improve energy efficiency moving forward.

WORK SMART

In 2022, the finance department took steps to reduce its dependency on paper. By digitizing the majority of the financial documents and engaging in dialogue with the bank, the number of account statements and invoices printed and sent to customers decreased by 70%. Additionally, the process of registering new suppliers has been digitized. We know we have more work to do, but we're committed to making progress towards a more sustainable future.

Emissions scope 3

Our biggest climate impact is in our indirect emissions – scope 3, which amounts to **98,6%** of our total emissions. Emissions in scope 3 are the results of activities from assets not owned or controlled by us but that we are impacting through our value chain, such as production and transport.

Measuring, analyzing, and following up on our emissions is the essential foundation to be able to identify the drivers and how the pathway to achieve the necessary reductions up until 2030 should look like. A transformation of how we do business across functions is needed. We have set ambitious goals that we are both committed to and work towards achieving. However, 2022 saw an increase of 18% in our scope 3 emissions. The main drivers behind this are an increase in purchased materials and our distribution. Strategically, we have identified three major factors that are driving our emission but also where we have the greatest potentials for reduction, which we are focusing on, our supplier's energy sources and consumption, our fabric selections, and our distribution.

Renewable Energy

During 2022, we began a dialogue with our Tier 1 and 2 suppliers on the need to shift to renewable energy, and this is an ongoing effort. We have mapped the energy consumption and energy source at 23 out of our 26 Tier 1 and 2 suppliers. This mapping gives us the knowledge we need for the continued dialogue and to support them in their transition to renewable energy. These efforts are linked to our goal of having “100% renewable energy in our Tier 1 supply chain by 2030”. Switching to renewable energy throughout the supply chain will significantly reduce our total emissions in the future.

We are gradually improving our efforts in line with SDG 7, which aims to achieve affordable and clean energy. We are convinced that our future actions will indirectly have a positive impact on target 7.2, which aims to increase the share of renewable energy in the global energy mix. We follow our suppliers' development with interest and aim to be an active partner in their transformation.

Materials

We see great potential for reducing our materials impact by replacing with more sustainable materials that have a lower impact. In 2022, Eton became brand certified according to OCS and RCS, allowing us to claim materials with a lower impact. We are currently in the process of converting to only organic and recycled cotton towards our target year 2025, which has led to a reduction in emissions for our cotton even with an increase in purchase.. However, we still saw an increase in emissions related to the materials for our products, mainly due to the increased purchase of materials as well as the amount of conventional wool and silk. By 2030, all of our materials will be “more sustainable”, and we will continue to work on sourcing the right materials while maintaining Eton's quality.

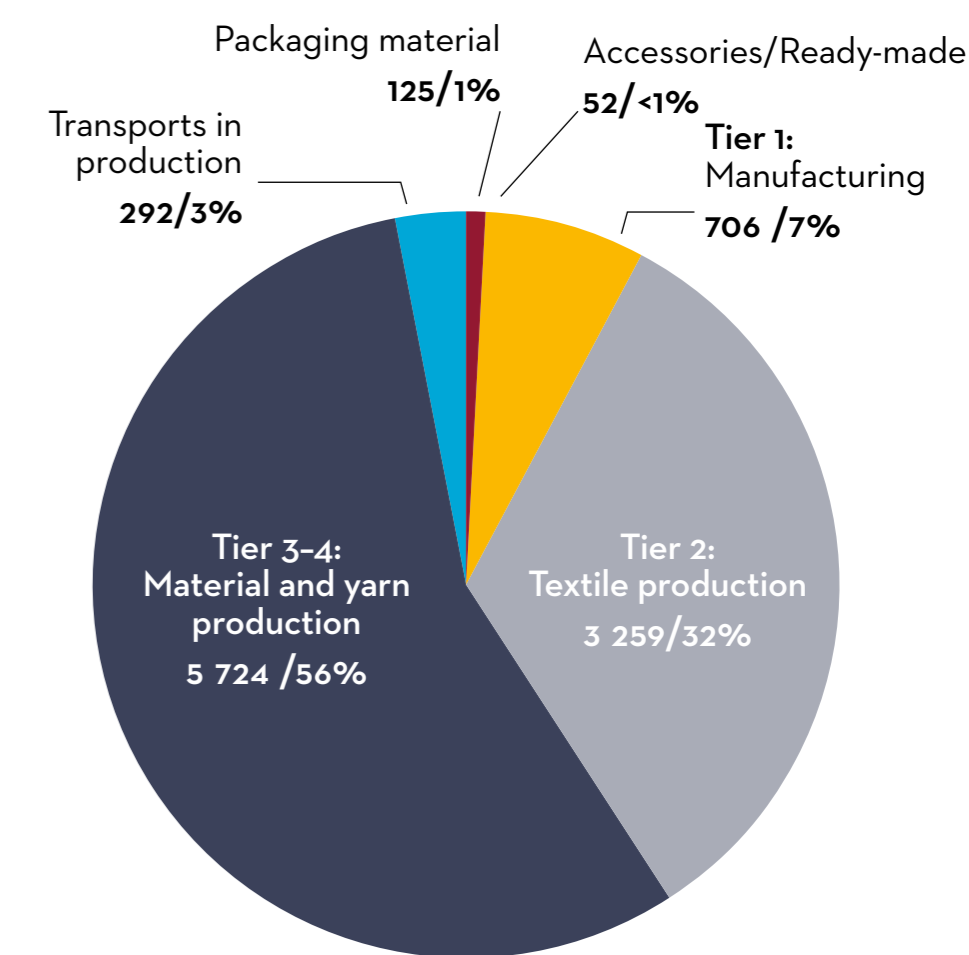
Tier 2

Emissions from tier 2 (fabric production, weaving, finishing) are almost as significant as those from raw materials and yarn production. By collaborating with suppliers to increase the share of renewable electricity used and simultaneously reduce energy consumption per piece, we can reduce emissions in this tier. This is something we have included in our pathway forward.

Tier 3 and 4

Within the production phase, the biggest impact in terms of emissions come from Tier 4 (raw materials) and Tier 3 (yarn and fiber processors, including trims). When broken down by material, virgin cotton fabric accounts for the majority of emissions from materials at 59%. However, we see a reduction in our emissions related to cotton compared to the base year due to the addition of organic cotton. Two other materials of note are silk and wool. Despite only making up 2,2% of the total material weight, these materials, made from virgin fibers, cause 14 % of the total emissions from materials used for products.

FIGURE 9.
EMISSIONS SCOPE 3 PER CATEGORY PURCHASED GOODS AND SERVICES (CO2E)



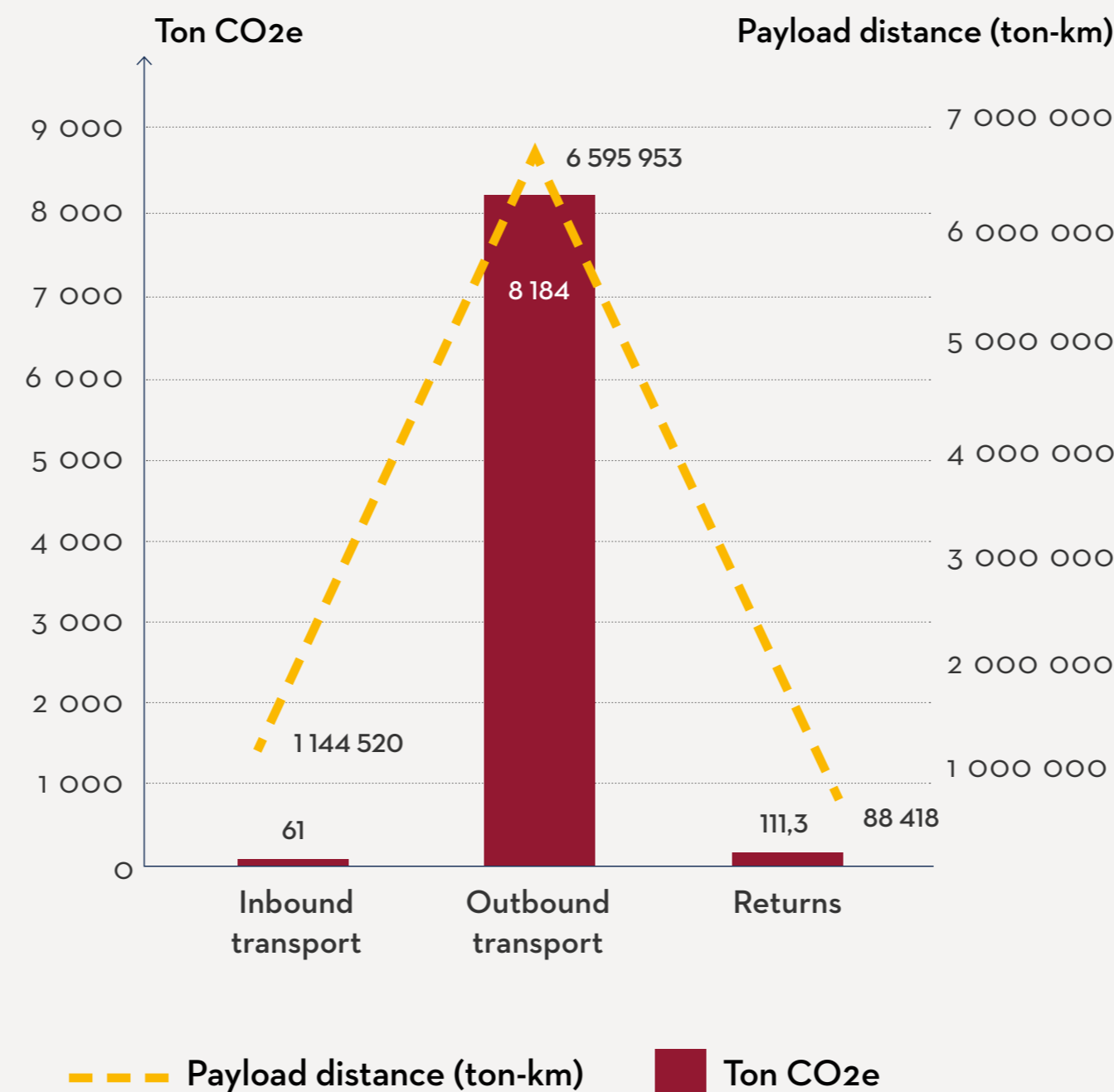
Transportation

A full 42,7% of our total emissions as a company currently come from transportation and distribution, a significant share. Of this, outbound transportation accounts for nearly 98% due to a high percentage of air freight, which has a significantly higher negative impact than any other transport mode. Here, we have an opportunity to make an impact on our emission reduction by replacing parts of air freight with train, sea or road.

Despite this, we observed an increase in transport emissions in 2022 compared to 2019 (approximately comparable total sales volume) mainly due to our biggest market being the US, where we experienced the highest growth. This led to an increase in our share of total volumes in the US and consequently more long-distance transports by air. Additionally, the sales rebound during 2022 compared to 2021, and the overachieved sales budget as a total during 2022 made it challenging to balance production capacity, stock levels and sales needs throughout the year. This has led to low stock levels, which increased replenishments, resulting in more transports.

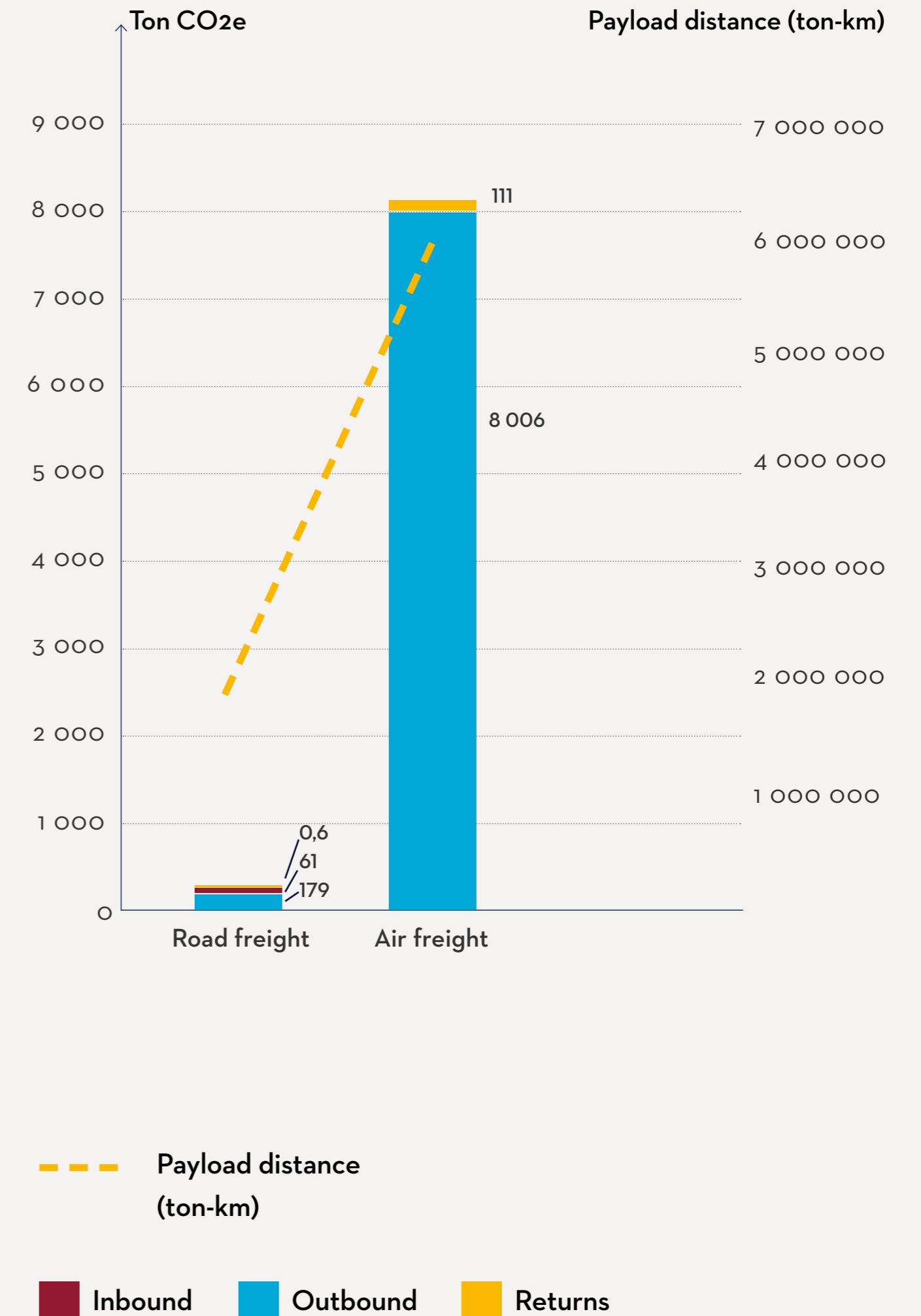
For 2023, we expect the stock situation to be in better balance and we aim to decrease the split of deliveries in multiple shipments. We continue to deliver our seasonal products directly to the customers from our production units, which reduces handling time and the risk of damaged or loss of goods. This means our logistics setup for seasonal products enables lower transportation mileage, fuel consumption, and carbon emissions compared to a less streamlined setup. Our focus on direct deliveries benefits both customers and the environment, and we will continue to seek ways to reduce our environmental impact by continuously evaluating our logistics setup.

FIG. 10
PAYLOAD DISTANCE AND EMISSIONS PER TRANSPORT TYPE



Note: DHL stands for 16 tonnes CO2e WtW of our emissions from transport and they offset 14,88 CO2e WtW through Gogreen initiative, the offset is not visible in the disclosure of our GHG emissions.

FIG. 11
PAYLOAD DISTANCE AND EMISSIONS PER MODE OF TRANSPORTATION AND DIRECTION





THE GREENHOUSE GAS PROTOCOL

All calculations and reporting conform to the guidelines set out in the Greenhouse Gas (GHG) Protocol. As per the protocol, the company's emissions have been categorized into three scopes (1-3). Scope 1 includes direct emissions, scope 2 includes indirect emissions from purchased energy production, and scope 3 includes all other indirect emissions.

Figure 4, shows the division of categories between scopes.

SYSTEM BOUNDARY AND GHG SCOPES

All calculations and reporting conform to the guidelines set out in the Greenhouse Gas (GHG) Protocol. Accordingly, the company's emissions have been divided into three scopes (1-3), where scope 1 includes the direct emissions, scope 2 includes the indirect emissions from producing purchased energy, and scope 3 includes all other indirect emissions.

Scope 1 emissions for the Eton Group:

- » Company operated vehicles
- » Refrigerant leakage in offices, stores, and warehouses

Scope 2 emissions for the Eton Group:

- » Electricity consumed in offices, stores, and warehouses
- » District heating consumed in offices, stores, and warehouses

Scope 3 emissions for the Eton Group:

- » Purchased goods and services (representing tier 1-4 and non-commercial goods/packaging materials)
- » Transportation and distribution (upstream and downstream)
- » Energy (electricity, heat and fuels) consumed in third party warehouses, concession stores, and other facilities
- » Fuel and energy related activities
- » Business travel

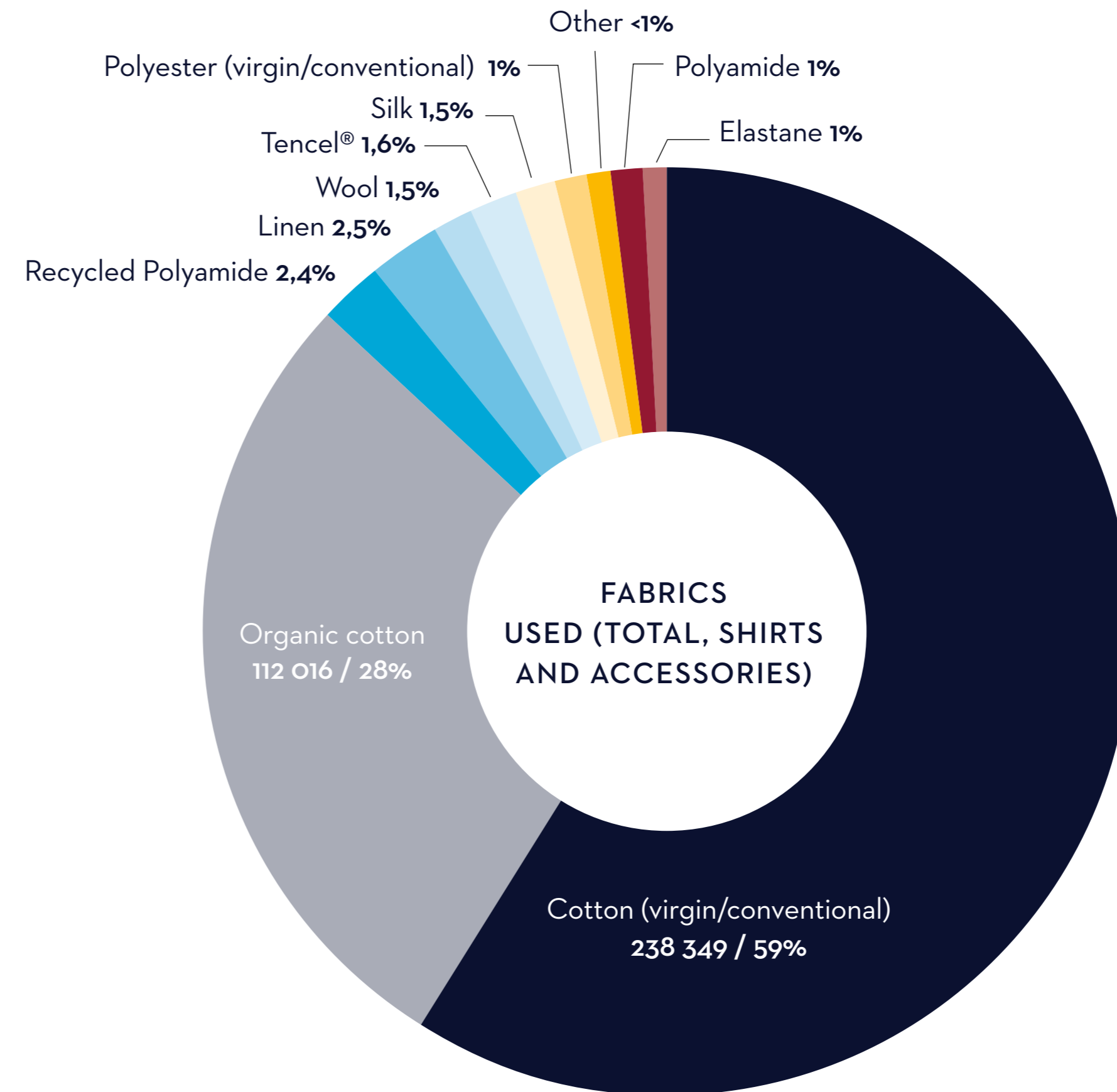
1.5°C Aligned - Absolute Reduction

Eton Group is a member of the Swedish Textile Initiative for Climate Action (STICA) and is committed to reducing our absolute emissions in scope 1 and 2 by 50% by 2030 from a 2019 base year. We also commit to reducing our absolute emissions in scope 3 by 30% by 2030 from a 2019 base year. This commitment is aligned with what is required by scientific consensus to stay within the 1,5°C warming pathway. To learn more about our commitments and progress, please visit www.sustainablefashionacademy.org/stica

The Science Based Targets Initiative (SBTi) has validated Eton's Science based target, committing to reduce scope 1 and scope 2 GHG emissions with 46% by 2030 from a 2019 base year, and to measuring and reducing its scope 3 emissions. As a long-term target, we have committed to be net zero by 2050.

Materials

ALL MATERIALS, INCLUDING TRIMS AND PINS		KG
Cashmere	Virgin (or Conventional)	349
Cotton	Organic	112 975
Cotton	Virgin (or Conventional)	353 553
Elastane	Virgin (or Conventional)	2 399
Elastolefine (XA)	Virgin (or Conventional)	1 579
Flax	Virgin (or Conventional)	9 975
TENCEL® Lyocell (Lenzing)	Virgin (or Conventional)	6 618
Mother of pearl	Virgin (or Conventional)	420
Polyamide (PA)	Virgin (or Conventional)	2 270
Polyamide (PA)	Recycled	9 954
Polyester	Recycled	15 485
Polyester	Virgin (or Conventional)	26 801
Ramie	Virgin (or Conventional)	3
Silk	Virgin (or Conventional)	6 057
Steel	Virgin (or Conventional)	7 828
Straw (SW)	Virgin (or Conventional)	31
Viscose	Virgin (or Conventional)	6
Virgin wool	Virgin (or Conventional)	19
Wool fabric	Virgin (or Conventional)	6 048
Zinc	Virgin (or Conventional)	5 416
Nut	Virgin (or Conventional)	49
TOTAL		575 876



TEXTILE MATERIALS
398 200 kg

MORE SUSTAINABLE
33%

During 2022, we used 398 200 kg materials to create our primary products, of which 33% was more sustainable textile materials as defined in our Eton's more sustainable guidelines. 90% came from renewable resources and 10% from non-renewable resources.



Certified by Control Union
CU1043377

Certifications

In 2022, the Eton Group was certified for organic and recycled materials; The Recycled Claim Standard (RCS) verifies the recycled material and tracks it from the source/recycler to the final product. Products certified to the Organic Content Standard (OCS) contain organically grown [content/material] that has been (independently) verified at each stage of the supply chain, from source to final product

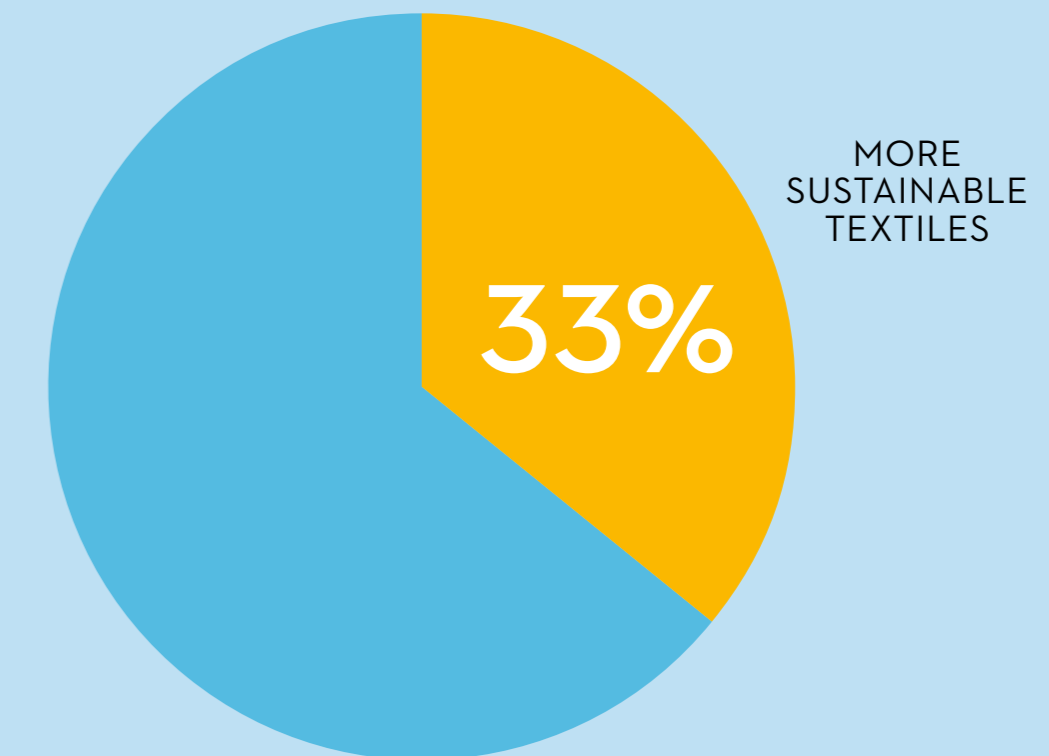
As part of our efforts to uphold our commitment to sustainable practices, we expanded the scope of our certification to include our sewing factories, which were previously uncertified. We only claim organic or recycled cotton if we are certified for it. Our objectives include achieving 100% organic or recycled cotton by 2025 and ensuring that all our materials are 100% sustainably sourced by 2030.

To reinforce our ambition towards sustainability, we have focused on obtaining additional certification throughout 2022, and are proud to have an additional certification. The Responsible Wool Standard (RWS) verifies wool fiber animal welfare and land management requirements and tracks it from farm to final product. We plan to initiate additional certification processes in 2023 to further demonstrate our commitment to sustainable practices.

NAME OF CERTIFICATION	NUMBER OF CERTIFIED ARTICLES
OCS	65 053
RCS	20 920

Percentage of articles with at least one sustainability certification: 7%

AMOUNT OF TEXTILE PURCHASED	KG
Organic cotton	112 015
TENCEL® Lyocell (Lenzing)	6 618
Recycled Polyamide	11 996
Recycled Polyester	2 195
Total amount more sustainable	132 824
Total amount of fabrics purchased	398 200



Amount of more sustainable textiles in kg that were purchased in 2022

The data presented above have been collected from the planning departments business system.

Note: Due to a breach in our certification value chain by one of our suppliers we have less certified articles than sustainable textiles. This error was solved during 2022 and will not affect our ability to receive transaction certifications from them going forward.



PRIORITIZING ORGANIC COTTON

In 2022, the Eton team focused on transitioning its pure cotton shirts to organic cotton for future collections. As a result of this commitment, we can offer 90% of the pure cotton shirt articles in the latest Fall Winter Collection in either 100% organic cotton or a blend of organic and conventional cotton. This was made possible through the diligent efforts and collaboration of everyone involved in the creation of the collection, including the design, curation, purchase, and quality teams.

Organic cotton is cultivated and harvested from non-genetically modified plants, it's grown without the use of harmful chemicals and pesticides, protecting both the environment and the health of the farmers.

ETON ARCHIVE

To minimize fabric waste and offer unique, exclusive products, the company has launched "Eton Archive". An initiative that aims to give new life to stock fabric by repurposing it into new designs. The first project under this initiative is a small capsule collection of striped shirts, which will be launched on the company's e-commerce platform in Q2 2023.

By repurposing fabric that would otherwise go to waste, and in our commitment to sustainability and environmental responsibility, the launch of the Eton Archive initiative is an exciting new chapter for the company. The goal is to continue incorporating this approach into future collections. This initiative is one of many of our goals to reduce waste and promote sustainable practices in the fashion industry.



Striving Forward – More Certified

“Initially, I was responsible for purchasing everything that Eton needed, but now my focus is on buying bulk fabrics and ensuring that materials meet Eton's high quality and sustainability standards. I also work to develop new fabrics and finishes that align with the company's values. Not only do I need to source sustainable materials at hand, I also need to procure for future needs. For each part of the supply chain a transaction certificate needs to be issued to ensure compliance.

As Eton works towards its target of using only sustainable materials by 2030, I recognize that navigating the complex rules and regulations associated with certifications can be time-consuming and bureaucratic. In the past, sourcing certain sustainable materials, such as organic

cotton, was also challenging due to low supply. However, as more sustainable options become available, I continue to be optimistic about the future of sustainable materials. We have chosen to work with only certified materials, in order to reduce the risk of claimed materials that are not organic or recycled entering our supply chain. To ensure that Eton's materials are more sustainable and of the highest quality, I work closely with our suppliers and stay up to date with the rules and regulations associated with certifications. I believe that as consumers become increasingly aware of the importance of sustainability, demand for sustainable products will continue to grow.”

Lotta Nyman, Assortment Buyer, at Eton. Lotta has been an essential part of the company's dedication to longevity for nearly two decades.

Animal Welfare

Today, our Code of Conduct states that our suppliers should respect animal welfare, and the five freedoms of animal welfare as adopted by the Farm Animal Welfare Council. They are essential.

As a minimum animals shall be entitled to:

- » Freedom from hunger or thirst
- » Freedom from discomfort
- » Freedom from pain, injury, or disease
- » Freedom to express normal behavior
- » Freedom from fear and distress



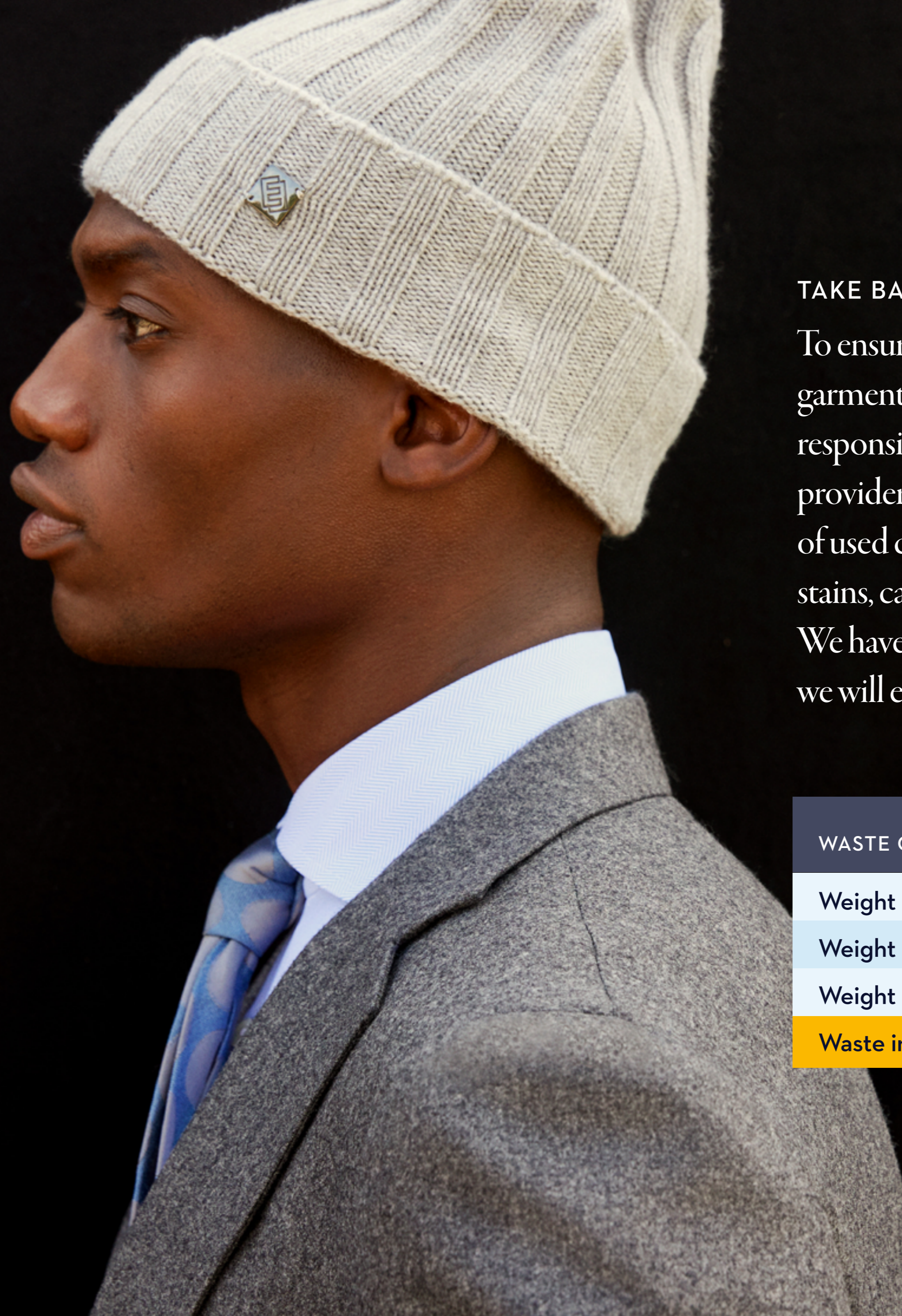
We are certified to the RWS, certified by Control Union CU891921

A step forward, in addition we have received, a wool brand certification.

The Responsible Wool Standard (RWS) describes and independently certifies animal welfare and land management practices in wool fiber production and tracks the certified material from farm to final product.

We follow up on the amount of materials purchased and certified products we produce and by 2030 all materials from animal origin need to be sustainable in line with our goal of having 100% "more sustainable materials" by then.

Circularity



TAKE BACK SYSTEM

To ensure that unwanted garments are being handled responsibly, we partnered up with I:CO, a global solutions provider and innovator for the collection, reuse, and recycling of used clothing. Returns that are not eligible for resale due to stains, can then find their new wearer through I:CO's partners. We have piloted an in-store take-back system in Sweden, which we will evaluate in Q2 2023 in order to decide on the next steps.

WASTE GENERATED IN PRODUCTION	KG
Weight of bought textiles turned into shirts	356 487
Weight of produced shirts products	- 310 344
Weight of textile waste	= 46 143
Waste in percent	15%

TEXTILE WASTE PROJECT

Over the past year, our assortment team have been working with our long-term textile supplier, Albini, exploring innovative ways to reuse the waste from cut fabric in our production process. This has been a developing project with many learnings about the complexities of recycling textiles. In our first attempt, we mixed all colors of fibers together, which resulted in a grey, fabric with a somewhat *mélange* look. To create a completely white fabric, we needed to separate the white fibers from other colors during the recycling process.

Additionally, we've discovered that recycled cotton fibers are not as strong as virgin fibers, which affect the quality and longevity of our fabrics. To address this issue, we have been experimenting with different blends of recycled and virgin fibers. Currently, we are aiming for a fabric that consists of 20% of our own recycled content and 80% Supima organic cotton, a unique Eton blend. We continued to work on the perfect balance of utilizing our waste while still maintaining the Eton quality, testing the fabric batches made from a mix of recycled Eton waste and Supima organic cotton. This project is a testament to Eton's commitment to sustainability and our dedication to finding new and innovative ways to both reduce our dependency on virgin fabrics as well as creating a resource of our waste.

PACKAGING AND BEYOND

In 2022, we have taken proactive steps in reducing our environmental impact by redesigning our neck clips and plastic packaging to be more sustainable and recyclable. We have also recently updated our Core Packaging, which is now made of 85% recycled material and has the FSC Mix logo, indicating responsible forest management. These changes reflect our commitment to minimizing our carbon footprint and leading by example in the industry.

eCom Packaging

After evaluating our core packaging, we have developed a new solution to reduce the number of boxes used. We reviewed the sizes in relation to average orders and shipments, to eliminate unnecessary air transportation.



All cardboard boxes used to ship eCom orders are now manufactured with FSC Mix certification, consisting of 85% recycled material and our well envelopes of 75%. As we continue to identify even better alternatives, we stay committed to reducing our environmental footprint while ensuring the quality and safety of our products during shipping.

Neck Clips

With careful consideration, we evaluated the need for our neck clip on our shirts and determined that it remains a vital tool in our physical retail locations. However, we acknowledge the importance of using renewable and recyclable materials and recognized the need to transition towards them. Thus, we switched to 100% recycled polyester and revamped our procurement strategy. Previously, we shipped this product solely to each sewing factory, leading to higher transportation emissions and now have consolidated the shipment of this product with other trimmings from our major suppliers, reducing transportation. The implementation of this change occurred in the autumn of 2022.

Plastic Bag Packaging

We use plastic bags to protect our shirts, and over the course of the year, we have transitioned to using bags made of 95% recycled content. After an extensive period of product development and testing, these bags received approval at the end of 2022 and will be in use as of the beginning of 2023. Just like our neck clips, we source these plastic bags from one of our largest suppliers and consolidate their shipment with other trimmings from our hub to reduce individual shipping.

RETHINKING RETAIL SPACES

Eton launched an initial first step for a new global interior concept for its physical stores at Nordiska Kompaniet in Stockholm. The concept was designed with a circular mindset.

The store's interior is mainly made using recycled or repurposed materials, such as flooring made from re-used oak and furniture made from recycled textiles. The product display has also been changed to highlight the quality and craftsmanship of each shirt.

Water

To reduce our impact on the environment and ensure responsible water use, we have implemented various measures. Eton utilizes the municipal water supply and waste-water treatments in our own operations. Through our code of conduct we ask our partners to use water responsibly and strive towards reducing their consumption by setting reduction targets and monitoring their water use regularly. Water shall be treated and reused when possible.

Measuring and Follow up

For 2022, we assessed our tier 1 and 2 suppliers' water usage in order to identify those with water-intensive production processes, to be able to follow up specifically on the water intensive partners. Yearly follow up with these suppliers will be done to monitor their water consumption, reduction targets, and measures taken to reduce usage as well as future strategies to use water responsibly. Our goal is to promote sustainable practices and preserve access to clean water for everyone. Since our non-iron finishing process involves chemicals, we use a closed loop system that prevents their release into the environment.

We rely heavily on cotton as a material for our products, a commonly used material, which requires a substantial amount of water to produce. In addition,

all materials we use require water in its production, in an attempt to measure our water consumption for tier 3-4 we have calculated our water usage based on MSI Higg's Water scarcity numbers (MSI 2022). We included both textiles and packaging material in this calculation and it amounts to 46 075 894 cubic meters, of which 89% of the share is estimated to belong to cotton.

We measured out total water withdrawal in Tier 1 and 2 and it amounted to 67 156 cubic meters, of which 42 832 cubic meters of water was discharged. 78% of our suppliers have wastewater systems in place* and 82% measure their water use (we have 3 suppliers which have not disclosed the information yet). 39% of our suppliers have set a reduction goal. None of our Tier 1 and 2 suppliers are active in areas with water scarcity.

* Including a few suppliers that utilize the municipalities wastewater system



Chemical Management

The fashion industry relies on chemicals in several ways to produce its products: dyeing, and finishing are two key examples with great relevance to Eton; a brand known for its wrinkle-free shirt, achieved through finishing. With a chemical management in place, we look at different aspects of chemical use across the entire value chain: from worker safety in production to customer health and safety.

At Eton all relevant suppliers sign the Eton Standard: agreeing to our quality standards in three areas: Performance and Quality, Chemical Restrictions and Flammability. The Eton Standard is based on REACH, and ECHA, the European Chemical Agency’s Candidate List of Substances of Very High Concern for Authorization, as well as the OEKO-TEX standard, limiting dangerous substances in textiles such as harmful chemicals, including legally banned and controlled substances, chemicals known to be harmful to human health but not yet legally restricted, and other parameters for health protection. This forms the basis for us to make sure that all our products are safe to use through full life cycle of the product. And there were no incidents of non-compliance during the reporting period concerning the health and safety impacts of products.

Through our Organic and Recycled cotton goal we are transforming away from conventional cotton and its impact. Organic cotton farming methods do not permit any chemical pesticides or fertilizers.

Waste Management

At our Gånghester warehouse, we have standardized our recycling process and added bins for different waste fractions to make recycling easier for our staff and reduce the risk of waste fraction contamination. Since the change, it's much easier to recycle correctly, resulting in increased recycling rates. In 2022, we measured our waste management at our HQ and two warehouses, providing a baseline for measuring our improvements and potential cost savings in recycling starting in 2023. All inbound inner boxes that cater for 16 and 4 shirts are reused for outbound packing, reducing the need to purchase new ones. Our cardboard is reused until it breaks, and then sent for recycling. At our stores and showrooms, we follow the available waste sorting, but we do not currently have a system to track waste by fraction. The waste is sorted at our facilities, on a more granular level in Gånghester, than in Alpharetta where the waste management company sort it into different waste fractions at their facility, in order to optimize the recycling process. Of all our waste measured 85% was diverted from disposal (reuse and recycling).

WASTE	KG
Total amount of waste	129 028
Total waste diverted from disposal - reuse and recycling (including below haz mat)	110 246
Hazardous waste diverted from disposal	759
Total waste directed to disposal (including below haz mat)	18 782
Hazardous waste directed to disposal	487

Note: Disposal is defined as any operation which is not recovery, even where the operation has as a secondary consequence the recovery of energy. For the US warehouse the above numbers are estimated by what was purchased and estimated from day/week/month to year. For SE warehouse and HQ the data is based actual figures.

Implementation improved waste management

“ I saw an opportunity to reduce unnecessary waste at our warehouse in Gånghester, Sweden and initiated a new and updated waste sorting system.

The idea was to streamline waste sorting into different categories, such as hard and soft plastic, metals, glass, cardboard, paper etc. Efficiently sorting waste is important in order to increase our recycling rates. Sorting can be challenging at times, but I didn't encounter any specific difficulties during the implementation process, my colleagues was engaged in the initiative, and we had made it easy to use with bins for the different waste fractions close to the working stations.

We also have a great collaboration with a local waste management company. We also reuse cardboard boxes until they are broken and no longer can be in use.

The end goal is to decrease contamination and therefore increase the amount of waste that can be recycled. In addition, I believe brands like ours can optimize their transportation methods and packaging to reduce their carbon footprint, as I've seen some brands already making significant strides in this area.

I guess it's all about finding the right balance between sustainability and customer satisfaction.”





Empower People

5 GENDER
EQUALITY



8 DECENT WORK AND
ECONOMIC GROWTH



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



Prioritizing people

We are committed to providing healthy workplaces with an inclusive culture that align with our values, in our own operations **Empowering**, peer-to-peer, and employer-to-employee. As stated in our **One Eton** value, diversity, inclusivity, and equality are non-negotiable and are continuous goal in our places of work.

We see our longstanding collaborations with our suppliers as a way to promote a safe and secure working environment for all workers. As a company in the textile industry, we recognize that parts of our supply chain heavily rely on female labor, and we work together with our suppliers to ensure good working conditions. This includes conducting audits and managing human rights risks related to water and land rights through our environmental agenda. We are also committed to promoting sustained, inclusive, and sustainable economic growth and decent work for all throughout our operations and supply chain. We are proud of our local employees that provide support in the sewing factories and have a close collaboration with our suppliers.

We are proud to announce that we have achieved an all-time high result in our employee survey. We are excited to continue our efforts to create a healthy and inclusive workplace.

At Eton we have a whistleblowing system in place through the app Whispli. We are also encouraging our suppliers to have a whistle-blowing system in place and are checking on compliance.

At Eton

During 2022, we prioritized our employees and devoted more resources to HR. A reorganization took place, combining Legal and HR to form an official department. The position of General Counsel and Head of HR was appointed, and payroll and shared services were moved into the department. Additionally, two new roles were added: a HR Generalist and a People & Culture Coordinator. The HR team works globally to address all human resources related questions, with the biggest focus being on building a strong value-driven organization. The HR team ensures that all actions and initiatives concerning Eton staff incorporate our common values. Leadership support is also a focus area, with HR frequently holding trainings and workshops for all Eton managers or coordinating external trainings. All Eton employees are also required to read our Code of Conduct to create a shared understanding of what it means to be an Etonian. We also actively work with the Eton Values, which are a part of our annual Dialogue Review.

Collective Bargaining Agreements

All employees within the Eton Group that are employed in Sweden, i.e. 75% of our total employees, are covered by different collective bargaining agreements with Unionen, The Swedish Association of Graduate Engineers, Ledarna, IF Metall and the Swedish Trade Federation. TEKO is the employer organization for Eton AB in this area.

Employment agreements for employees outside of Sweden are defined and based on local collective bargaining agreements where applicable. Business Sweden is our partner in assuring that we live up to local regulations and legislation regarding employment and reimbursements. In the USA, there are no collective white collar bargaining agreements in line with our type of business, thus our agreements are market based.



We are pleased to announce that we have achieved an **all-time high result** in our recent employee Trust Index Average, a survey which measures the trust our employees have in management and overall job satisfaction. The survey received **responses from 81% of our employees** who work at least 50% of their time, and the result is retrospective. Our trust index has reached 80%, and **86% of our employees stated that they consider Eton a great place to work.** Furthermore, we are certified in both Sweden and the US, which is linked to the size of our organization in those countries. This certification reflects our commitment to providing a great workplace for our employees, no matter where they are located.





BIRGITTA KÄLLÉN, EXECUTIVE COORDINATOR AND HENRIK HENRIKSSON, CFO

Improvements to our work environment

“ In 2022 a decision was made to renovate a large empty space at our headquarters to create a lounge for employees. An initiative, we believe has numerous rewarding benefits, including promoting a positive work culture and fostering a sense of community among employees.

An initiative, we believe has rewarding numerous benefits, including promoting a positive work culture and fostering a sense of community among employees.

The new lounge offers spacious seating, a kitchenette, and amenities like a Nintendo Switch and ping-pong table, providing a relaxing space for socializing and recharging. Its mid-century modern design and natural light enhance productivity and create a positive work environment that attributes to overall well-being and job satisfaction.

In addition to renovating the lounge in 2022, we have also successfully repurposed a previously unused storehouse

into a new machine area for our Production Units at our headquarters. This area now houses their fabric cutting and punching machines, significantly improving the working environment conditions. The move has allowed for a more efficient use of space and has freed up valuable working areas in the production units. In addition to the improvements at our headquarters we collaborated with Hyper Island, which helped to disseminate the sustainability message across the organization. Overall, our belief is that we accomplished as much as we could together as a group in terms of sustainability over the past year.”



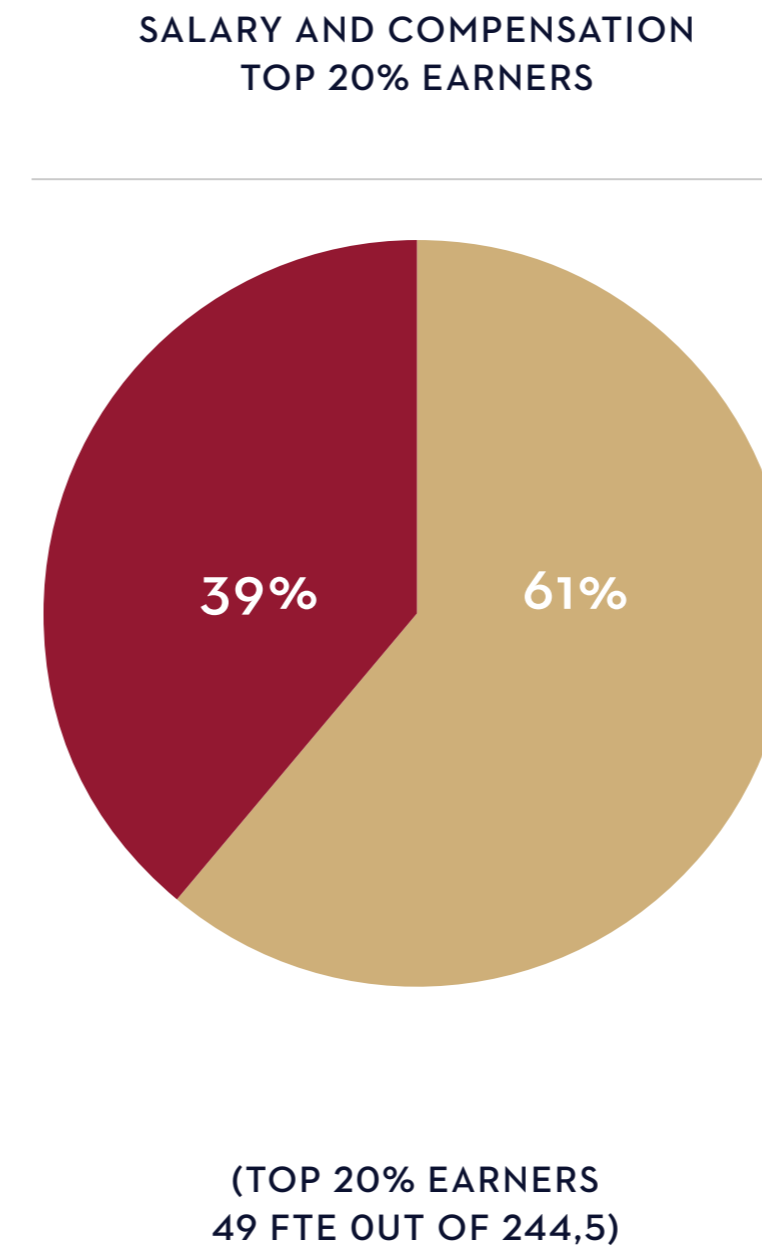
HYPER ISLAND

Employee training

We made the decision to invest in sustainability training for our entire company and partnered up with **Hyper Island**. In addition, we selected a group of volunteers – sustainability ambassadors – who received specialized peer-to-peer change management. Our goal is to promote environmental, social, and economic sustainability throughout the organization by encouraging personal engagement and commitment at all levels.

Equality and Diversity – Good Jobs for All

A prerequisite for a thriving Eton across all our workplaces is to map and understand where we are when it comes to gender parity and fair reimbursement. It provides the understanding, we need for ongoing action for diversity and inclusion within the Eton Group, contributing to transformation in line with SDG 5. At Eton we map our gender parity on a yearly basis.

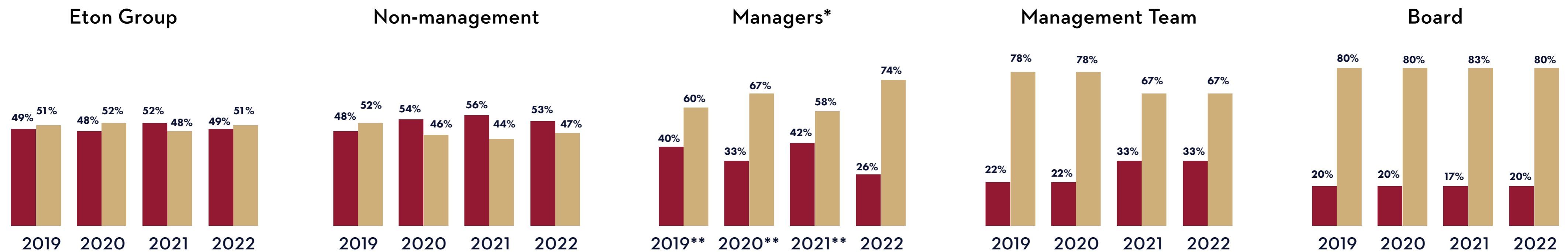


■ FEMALE
■ MALE

* **Managers:** Spans from specific responsibility, to low, mid and higher management. Includes all Eton Group employees globally with staff responsibilities.

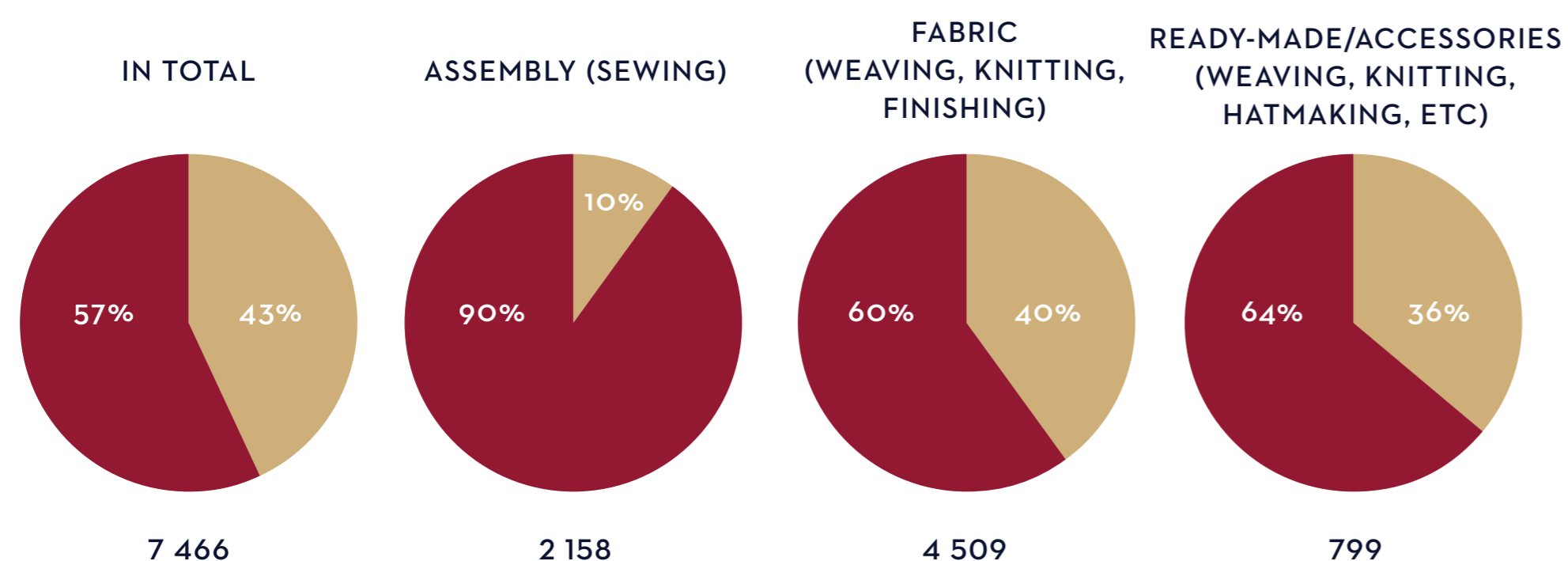
** Note that previous years (2019-2021) we included expert functions with area management but no staff responsibility under the title "Manager".

GENDER PARITY - PROGRESS REPORT



As a clothing company, we know that parts of our supply chain can be a means to provide employment for women, especially through our sewing factories. In 2022, we made our Gender parity information for our Tier 1 and 2 suppliers publicly available in our supplier list, found on etonshirts.com

GENDER PARITY IN OUR SUPPLY CHAIN



Inclusion and diversity

Eton connects workplaces in different countries and co-workers of different genders, ages, and backgrounds. We had an Inclusion and Diversity Steering committee at Eton that was dismantled during 2022 when we developed a new HR function, headed by our General Counsel and Head of HR. Actively working with inclusion and diversity in the workplace is a natural part of the current HR function.

Under the GDPR (General Data Protection Regulation), a regulation under EU law on data protection and privacy for all individuals within the European Union (EU) and the European Economic Area (EEA), companies are prohibited from collecting, processing, and disclosing certain types of personal data, including sensitive personal data such as race or ethnic origin, without the explicit consent of the individual. The regulation defines sensitive personal data as any personal data revealing racial or ethnic origin, political opinions, religious or philosophical beliefs, trade union membership, genetic data, biometric data, health data, or data concerning a person's sex life or sexual orientation.

Assessments for holistic sustainability

Human rights, labor laws and freedom of association

Agreements with suppliers that contribute to our products has our Code of Conduct attached, to ensure compliance with health and safety regulations, fair working conditions, fair pay, freedom of association, the right to collective bargaining agreement and anti-corruption. Eton acts in accordance with national legislation in all countries where we operate and take appropriate measures to prevent direct or indirect violations of human rights, labor laws, environmental laws, competition laws and anti-corruption laws. We have aligned our Code of Conduct with the Ten Principles of the UN Global Compact and applicable international agreements: the UN Universal Declaration of Human Rights, the International Labor Organization Conventions, the UN Convention against Corruption, and the Rio Declaration on Environment and Development. Through our analysis based on which of our suppliers have signed our CoC, new suppliers are assessed using a sustainability tender questionnaire. Through our audits we have not identified any operations or suppliers where the right to freedom of association and collective bargaining agreement, child labor or forced labour are at risk.

Third party audits

In 2022, we audited all our Tier 1 suppliers and started auditing our accessories suppliers, using a third-party auditor Intertek. In 2023, we plan to audit the rest of our Tier 1-2 suppliers in our supply chain.

Wage levels in supply chain

In 2022, we began the process of mapping wage levels in our supply chain, in line with our goals on fair wages, and we will continue to map wage levels for the rest of our Tier 1 and 2 suppliers in 2023. Our objective is to establish a baseline and an understanding of wage levels at the facilities in relation to minimum wage and country averages.

During the audits, wages are one important factor that we assess. The auditor reviews whether employees receive a pay slip and if payments are made correctly in accordance with legal requirements, including all legally required deductions like pension, sickness, and income tax. The auditor also confirms that employees receive paid annual leave and social insurance payments are made to the relevant authorities. All our suppliers are required to pay a fair wage and comply with local regulations, as they have signed our Code of Conduct, and all audited suppliers received a high score on Wages and Benefits.



The importance of social audits for worker wellbeing

“ Performing audits is essential to our commitment to sustainability. We conduct audits to ensure our suppliers and partners meet our health and safety standards, labor practices, and environmental compliance.

Our focus is on worker wellbeing, and we strive to ensure our partners follow local labor laws while upholding the principles of ethical business practices.

To conduct these audits, we partner with Intertek, a reputable company with over 130 years of experience in helping organizations ensure product quality and safety. Their expertise helps us maintain a high level of rigor and impartiality in our assessments.

During each audit, we examine several key areas*, including health and safety, management systems, labor practices, and environmental compliance.”

In terms of overall worker wellbeing, the following focus areas are assessed:

- » Work environment facilities
- » Emergency response capabilities
- » Mechanical operation safety
- » Document and record keeping
- » Worker feedback and participation
- » Review and improvement measures
- » Child labor
- » Forced labor
- » Discrimination, harassment and abuse
- » Workers' freedom of association
- » Labor contract
- » Wages and working hours
- » Waste and gas emissions
- » Compliance with regulatory requirements

*Each area of the audit is scored on a scale of 0-100, which then contributes to the overall score. Additionally, we compare the results to global and local averages, such as the minimum wage in the country or the country's average wage, to ensure a fair understanding of the scores.



Our Partners

Long-term Partnerships and Close Collaboration

We believe that our focus on collaboration and long-term partnerships not only provides conditions for longevity and the foundation for quality, but also for fair working conditions. To implement our guidelines and assess every aspect of production, we maintain an active presence in the workplace, and observe the day-to-day work environment. A longer-term perspective also creates an increased likelihood of economic stability for our suppliers, along with the ability to plan and recruit with confidence - which, we believe, increases the opportunity for people on the factory floor to also experience stability. As a company that relies on expertise within a traditionally female craft, sewing, we know that our partnership creates jobs and opportunities for women to specialize and gain valuable skills in developing parts of Europe - a reflection of how we were founded.

Eton Systems

Several sewing factories have installed Eton Systems to enhance the efficiency of their production processes, increase opportunities for quality control, and provide ergonomic benefits, such as reducing the load on operators and lowering the risk of strain injuries.

Working together: Local representatives

In line with our belief in collaboration and control, we have local representatives, employed directly by Eton, on location in Romania, Lithuania, and Macedonia, interacting on the shop floor at our partnering Suppliers.



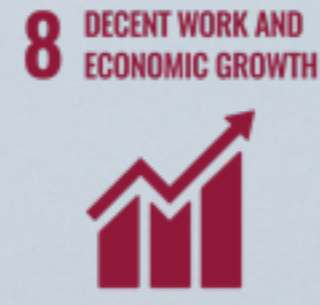
By building relationships, we can achieve great things

“ While it can be challenging to oversee every aspect of our suppliers’ operations, we prioritize education and collaboration with our suppliers to meet our rigorous standards.

Our step-by-step approach ensures that our suppliers learn and implement our principles in their operations. Ensuring quality control is crucial, and close collaborations with the sewing factories help identify and mitigate potential issues. While unexpected events can occur, remaining agile and proactive is key, and you can always seek solutions by asking pertinent questions. Our priority is to uphold our commitment to delivering high-quality products to our valued customers.

We value our partnerships with the sewing factories, and clear standards minimize risks at a forty percent capacity limit. By building positive relationships, we can achieve great things while upholding our values. Our collaborators receive regular training to maintain a consistent approach. If concerns arise, the team leaders consult with me for further guidance.

Finally, I believe community interaction is important in our sewing factory areas, and we’re continuously exploring ideas and possibilities. Unfortunately, our previous education exchange program ended due to a lack of interest in the complexities of garment assembly, from the next generation.”



GOVERNANCE, FINANCE, FUTURE

Prosperity for Transformation



Business as usual is not an option

We know that as a clothing company, we have a big climate impact and put a strain on the environment which means that we must take our responsibility to transition into a different way of operating – within the planetary boundaries. Reducing emissions through climate action must happen swiftly and decisively, and within the next ten years. We are committed to be net zero by 2050. We recognize the need to avoid dangerous climate change by limiting global warming below 2°C, and pursuing – with hope – a limit of 1,5°C as stated in the Paris Agreement.





Human rights form an umbrella for our social compliance commitment; we must play our part in transitioning towards gender equality and diversity and good jobs and economic growth for all, inspired by our value **One Eton** and the UN definition of prosperity:

“To ensure that all human beings can enjoy prosperous and fulfilling lives and that economic, social, and technological progress occurs in harmony with nature.”

Redefining how we play our part in the world is not just the right thing to do - it makes business sense. Future proofing our business means building an Eton capable of prospering after its first centennial.

Today, we have defined goals, and mapped out initial action points: In 2021, recuperating financially from the effects of Covid 19 was an involuntary focus, but we initiated a few key steps that will lead to more in 2022 - certifications, laying the groundwork for new processes, material guidelines, along with a selection of collabs with sustainability angles. We are also delighted to have mapped our emissions in scope one, two and three now finally with a high degree of actual data - with new knowledge enabling structured supplier and stakeholder dialogue and an onward roadmap to embark on a sustainable business journey, environmentally, socially, and economically.

Going forward, we will take yearly steps towards our goals, and towards fully executing our approach to sustainability transformation.

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

EVG and D on an accrual basis, including the basic components for the organization's global operations	SEK	Product category
I. Direct economic value generated during the reporting period: revenues	1 016 011 653	Garments and accessories
II. Economic value distributed during the reporting period: inc. operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments	953 140 001	Garments and accessories
III. Economic value retained during the reporting period: 'direct economic value generated' less 'economic value distributed'	62 871 652	Garments and accessories
EVG and D separately at market levels	SEK	Product category
Wholesale	693 602 837	Garments and accessories
Retail	139 323 907	Garments and accessories
eCom	183 084 909	Garments and accessories

For more information on our financial status see our Annual Report



Transparency

Mapping of our supply chain

We have mapped our supply chain from Tier 1 to Tier 2 and follow up with our suppliers using questionnaires. Except for one accessories supplier and two textile suppliers, all 26 of our Tier 1 and Tier 2 suppliers are mapped. We track their consumption of heating, energy, and water, whether they use wet processes, and if they have wastewater treatment. We also monitor their textile waste and the amount of packaging they use, as well as the percentage of packaging that is recycled.

In line with our transparency ambitions, we publicly disclose our supply chain at etonshirts.com, including the number of employees, gender parity, and length of collaboration. The information, first published in February 2022, covers our fabric, construction, and readymade/accessories suppliers, and is updated twice yearly. Trimmings and details are currently out of scope. Here's a link to our Supplier List.

Negative environmental and social impacts in the supply chain and actions taken

In addition to the supplier questionnaire, we assessed eight of our Tier 1 suppliers for their environmental and social impact through our 2022 audits by Intertek, which included all our sewing factories and one accessories supplier. The rest of the Tier 1 and 2 suppliers will be audited during 2023.* None of the audited suppliers were identified as having a significant or potential negative environmental or social impact, so no corrective actions were required. Most suppliers received the highest score, except for one, and we are following up with and supporting the supplier with the lowest score on the issues at hand so that they will be resolved. (Read more on audits on page 49-50)

New suppliers that were screened using environmental and social criteria

During the year, we added two new supplier who was assessed using our sustainability tender questionnaire, which screen both social and environmental criteria.

Both new suppliers signed our Code of Conduct which means that 100% of our suppliers have signed our Code of Conduct.

STANDARDS AND POLICIES

Available tools for Eton Group employees and partnering suppliers. Our policies are developed in line with regulatory demands and in this case, business requirements from a sustainability perspective. Eton's policy process is described in the Procedure for Policy Management. The Procedure ensures that the existence of relevant policies, the communication and understanding thereof, as well as the monitoring and enforcement of Eton's policies. All policies, procedures and instructions are reviewed annually and adopted by the Board of Directors at the annual general meeting. All Eton Policies and standards are available on our sharepoint and communicated to the relevant parties. Please email csr@etonshirts.com for access to these documents.

- » [Sustainability Policy](#)
- » [The Eton Company Values](#)
- » [Code of Conduct \(internal\)](#)
- » [Code of Conduct \(external\)](#)
- » [Code of Ethics \(external\)](#)
- » [Anti-corruption and Anti-bribery Policy /HR Policy \(including Equal Treatment, Workplace Guidelines\)](#)
- » [Car Policy](#)
- » [The Eton Principles – our policy for Performance, Quality, Flammability and Chemical Restrictions*](#)
- » [Quality and process manuals \(assembly\)](#)
- » [The Eton More Sustainable Product Guideline](#)

*The Eton Principles is based on REACH, and ECHA, the European Chemical Agency's Candidate List of Substances of Very High Concern for Authorization, as well as the OEKO-Tex standard.

Anti-corruption

We launched our anti-corruption policy 2019 and there were no reported incidents during the reporting period. Each employee goes through an online anti-corruption training when joining Eton and a yearly reminder to re-take it is sent out. We strive to prevent all forms of harassments, corruption, bribery, and misconduct in the workplace. To achieve this, we have arranged an anonymous whistle-blower function in compliance with EU directives and Swedish law. The function enables employees to speak freely and openly about their concerns, whether they are related to compliance, HR, or culture. The function, Whispli, is a mobile application that allows employees to send feedback, ask questions, and chat anonymously. During 2022, Eton had no reported whistleblowing cases.

By signing our CoC all suppliers commit to uphold the highest ethical standards when doing business. Our suppliers that have been audited have also been assessed for their management system concerning anti-bribery and corruption and unethical business practices. No confirmed incidents of corruption have been reported.

Collaboration for change

Collaboration is the prerequisite for change. Within our own operations we believe in optimizing the effect of all engagement meaning that the change is done by each and every one of our colleagues, complementing our formal governance system with a Sustainability Steering Group to sync and coordinate on management level from all functions.

We work with a long-term perspective and in close collaboration with our partners, which is key in our transformational journey going forward. By focusing on the longer perspective, we are also able to present suppliers with security and ability to transform towards for example more sustainable materials. Through mapping our supply chain, we have identified which suppliers to focus on first in our effort to transform to renewable energy in a collaborative effort. As we work towards reducing Scope 3 emissions, we believe this to be our greatest advantage: by thinking long term we can create value over time, enabling initial investments.

COMPANYWIDE BONUS PROGRAM

During 2022 a new Company Bonus Program came into effect - a complete bonus program for the employees with similar conditions for all participants, based on EBITDA level. The purpose is to increase motivation and profitability, but also to increase in the sharing of profits and good results - when the company is doing well, employees are rewarded.

Identified financial risks & opportunities connected to climate change

» IDENTIFIED FINANCIAL RISKS*

Transportation cost increases

Whether due to a cost increase for fuel or through demands from customers that we transition away from air transports, we do see a risk for an increased cost due to a change in logistic set up and low-cost air freight options. In theory, an increase in transport cost, will most likely be difficult to carry out in price increase to end customer. CAPEX and increased transport cost as NRI connected to key initiatives. And in addition, if non air transportations are to be used, Eton needs to consider investments in logistic centers in central Europe/North America/Asia to avoid enormous lead-time. Therefore, we need to start evaluating the different options to establish logistic centers inhouse globally or alternatively start initiatives with third part suppliers.

Material cost increases due to climate change

With climate change the supply of raw materials and therefore fabrics could be affected and lead to higher prices, which would most likely lead to a necessary price increase of our products. If we should fail to do so, we would most likely see a falling gross margin. Our suggested actions are to invest in product development to spread this risk and act against climate change, in addition to staff working with sustainability issues. Eton needs to be more creative in order to find other sustainable solutions to produce shirts.

Sustainability-related new tariffs/duties to exit markets globally

New tariffs could be implemented in our markets to counteract climate change and encourage domestic trade instead of global trade. This would mean higher costs, making expansion more difficult, in turn making it difficult to maintain our gross profit, since cost of goods sold would increase. As an action plan, we believe in evaluating the potential to locally manufacture on essential markets, to decrease the risk in the manufacturing increased customs costs and investments.

We are at a point where mapping and understanding potential financial challenges and possibilities related to climate change is key to futureproofing our business.

» IDENTIFIED FINANCIAL OPPORTUNITIES

As effects attributed to climate change grow more extreme - heat, storms, floods, fires, and climate refugeeism to mention just a few, so does media coverage. Together with an increasingly urgent and serious message from activists, scientists, and world leaders this creates increased awareness. As a result, **more people could question unsustainable consumption patterns related to fast fashion.**

As a high-quality, affordable luxury product made for longevity, **we offer timeless products that are stylish and confident in line with buying less and better.** Continuing our transition into a more sustainable value chain, we can respond to their expectations, and increased demand could enable continued or greater profitability.

By addressing our impact and challenges, we prepare for future regulations and alternative costs as a result. **Different circular business models are an opportunity for revenue streams from already produced garments. A decoupling of growth from environmental pressure is a potential opportunity we need to further explore.**

We are confident that timeless products made to last, will enable our business model to not only continue to be viable, but thrive.

* Both physical and regulatory risks

how we report

SCOPE AND BOUNDARIES

The Eton Group produces an annual sustainability report in the same timeframe as the annual report. The Sustainability report is developed in accordance with GRI and covers the global group operations of the Eton Group (As of 2022 includes the following wholly owned subsidiaries; Eton AB, Eton Group AB, Eton Shirts GmbH, Eton Shirts Ltd, Eton Canada Inc, Eton Holding Inc, Eton Inc and Eton Madison Avenue Inc) including six offices in Sweden, Italy, USA and the UK, six showrooms in the Netherlands, Germany, UK, USA and Sweden, two own-operated logistics centers in Sweden and USA, as well as all own-operated Eton stores and outlets.

The Eton group is owned by EQT.

The report does not cover wholesale customer stores or Eton-branded shop-in-shops run by partners, partnering etail-wholesellers or localized aspects of our operations in Japan and South Korea (still in their infancy) partially run through consultant firm Panagora. In case the results presented in the report deviates from the above, this is specified in relation to the specific result.

To ensure compliance with laws and regulations, we make our sustainability report public on [bolagsverket.se](https://www.bolagsverket.se) and [etonshirts.com](https://www.etonshirts.com).

The report has not been reviewed in full by any third party.

FRAMEWORK

This report is prepared in accordance with the **Global Reporting Initiative (GRI) Standards: Core Option**. Additional information about our ownership structure, business operations, financials can be found in our Annual Report for 2022.

Reporting period and frequency:

Eton creates a public sustainability report each year, this report covers the period 1 January, 2022 through 31 December, 2022.

PROCESS

The Head of Sustainability is responsible for reviewing and approving the reported information, including the organization's material topics. This is done in collaboration with all department representatives, and the identified issues and progress is documented. The report is presented to, and approved by CEO, David Thörewik, and Board of Directors, chaired by Peter Sjölander.

CONTACT

csr@etonshirts.com

for general requests and questions from the public.

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Lina Ödeen, Head of Sustainability, for specific questions on this report

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GRI STANDARD		DISCLOSURES	LOCATION	OMISSIONS AND COMMENTS
1. Organizational profile	2-1	Organizational details	5-10	
	2-2	Entities included in the organization's sustainability reporting	6	
	2-3	Reporting period, frequency and contact point	60	
	2-4	Restatements of information	24	We have added 2019 as a baseyear for Scope 3.
	2-5	External assurance		This report has not been externally assured.
2. Activities and workers	2-6	Activities, value chain and other business relationships	4-10	
	2-7	Employees	6,43-47	
	2-8	Workers who are not employees	6	
3. Governance	2-9	Governance structure and composition	9	
	2-10	Nomination and selection of the highest governance body	9	Page 48 in reference to gender parity BoD.
	2-11	Chair of the highest governance body	9	
	2-12	Role of the highest governance body in overseeing the management of impacts	9	
	2-13	Delegation of responsibility for managing impacts	9	
	2-14	Role of the highest governance body in sustainability reporting	9	
	2-15	Conflicts of interest		No conflicts of interest identified.
	2-16	Communication of critical concerns	9	
	2-17	Collective knowledge of the highest governance body	9	
	2-18	Evaluation of the performance of the highest governance body	9, 60	
	2-19	Remuneration policies	9	
	2-20	Process to determine remuneration	9	
	2-21	Annual total compensation ratio		Note 9 in the Annual report.
4. Strategy, policies and practices	2-22	Statement on sustainable development strategy	4	
	2-23	Policy commitments	57	
	2-24	Embedding policy commitments	57	
	2-25	Processes to remediate negative impacts	23-58	
	2-26	Mechanisms for seeking advice and raising concerns	57-58	
	2-27	Compliance with laws and regulations		No non compliance with laws and regulations for the reporting period.
	2-28	Membership associations	10	
5. Stakeholder engagement	2-29	Approach to stakeholder engagement	9-12	
	2-30	Collective bargaining agreements	45	

GRI-INDEX

Statement of use: Eton Group has reported in accordance with the GRI standards for the period **2022 01 01–2023 12 31**

GRI 1: Foundation 2021

Applicable GRI sector standard(s):
No applicable sector standard at the reporting period.

GRI STANDARD		DISCLOSURES	LOCATION	OMISSIONS
Material topics 2021	3-1	Process to determine material topics	12	
	3-2	List of material topics	10	
	3-3	Management of material topics		
		Human rights	44-58	
		Climate Impact	23-43	
		Fair labour conditions in supply chain	44-58	
		Pollution in supply chain	23-42, 58	
		Circularity	23-42, 57	
		Transportation	24, 38-40	
		More sustainable materials	24,29, 32-40	
		Transparency	57	
		Chemical management	42	
		Audits and supplier assessment	45, 49-52	
		Economic performance and impact	54-59	
		Anti-corruption and ethics	57-58	
GRI 200: Economic disclosures	201-1	Direct economic value generated and distributed	56	
	201-2	Financial implications and other risks and opportunities due to climate change	59	
	205-1	Operations assessed for risks related to corruption	58	
	205-2	Confirmed incidents of corruption and actions taken	58	
GRI 300: Environmental disclosures	301-1	Materials used by weight or volume	32-33	
	301-2	Recycled input materials used	32-33	
	301-3	Reclaimed products and their packaging materials	20	Packaging materials has intentionally been excluded due to limitations in data collection
	303-3	Water withdrawal	41	303-3c are omitted information due to lack of data
	303-4	Water discharge	41	303-4a Information on destination for water discharge omitted due to no available data. 303-4b Information on water discharge to fresh water and other omitted due to no available data. 303-4c are omitted information due to lack of data
	303-5	Water consumption	41	
	303-own 1	Share of suppliers with waste-water systems in place	41	
	303-own 2	Number of suppliers that that measure their water use and have set reduction goals	41	
	305-1	Direct (Scope 1) GHG emissions	25-27	

GRI STANDARD	DISCLOSURES	LOCATION	OMISSIONS	
	305-2	Energy indirect (Scope 2) GHG emissions	25-27	
	305-3	Other indirect (Scope 3) GHG emissions	24-31	
	306-3	Waste generated	42	A list of waste fractions, composition of waste and weight of each can be received by request to csr@etonshirts.com
	306-4	Waste diverted from disposal	42	
	306-5	Waste directed to disposal	42	
GRI 400: Social disclosures	405-1	Diversity of governance bodies and employees	48	Information on age are omitted
	405-2	Ratio of basic salary and remuneration of women to men	48	
	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	49-50	
	408-1	Operations and suppliers at significant risk for incidents of child labor	49-50	
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	49-50	
	414-1	New suppliers that were screened using social criteria	57	
	414-2	Negative social impacts in the supply chain and actions taken	57	
	416-1	Assessment of the health and safety impacts of product and service categories	42	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	42	
GRI Disclosure: Own 1 & 2	GRI Own 1	Number of articles which inhabitate a sustainable certification	32-33	
	GRI Own 2	Amount of textiles that are more sustainable	32-33	