



APPLE OF EDEN
SHOES | BAGS | JEWELLERY

SUSTAINABILITY REPORT



INDEX

| | |
|-----------------------------|----|
| A WORD FROM OUR TEAM | 03 |
| ABOUT APPLE OF EDEN TRADING | 04 |
| ABOUT THE REPORT | 05 |
| ESG APPROACH | 06 |
| ROADMAP FOR IMPROVEMENT | 08 |
| STAKEHOLDER ENGAGEMENT | 09 |
| DOUBLE MATERIALITY | 11 |
| VALUE CHAIN | 15 |
| PRODUCT QUALITY | 17 |
| RESPONSIBLE SOURCING | 27 |
| PRODUCTION PROCESS | 31 |
| HUMAN CAPITAL | 33 |
| WORKFORCE VALUE | 34 |
| SOCIAL RESPONSIBILITY | 38 |
| RESPONSIBLE BUSINESS | 39 |
| GOVERNANCE | 41 |
| ENVIRONMENTAL PERFORMANCE | 45 |
| ECONOMIC PERFORMANCE | 50 |
| GRI CONTENT INDEX | 53 |





A WORD FROM OUR TEAM

Dear Apple of Eden community,

As we reflect on the path we've traveled over the past 13 years, it becomes evident that sustainability is not just a destination for us, it has been an intrinsic part of our action since the inception of Apple of Eden.

The very essence of our brand, encapsulated in the name "Apple of Eden," speaks to our commitment to creating products that are irresistible, a perfect blend of comfort, fashion, quality and ethics. We envisioned shoes that would be a temptation without any social or environmental burden, a brand founded on mutual respect for our employees, partners, and customers, aiming to bring TRUE happiness to all.

From the outset, we embraced a set of norms and codes of conduct and now we realize we were genuinely and, somehow, unconsciously setting foot on the path of sustainability. It wasn't about chasing the sustainability title but rather staying true to the values that form the pillars of our brand.

Our focus has always transcended mere profitability. While profit is important, our philosophy has been progressing in a sustainable way, embodying values such as slow fashion and 'Ethically Made in Portugal' that are, in practice, reflected in the well-being of our people, in the supply chain labor practices and in the environmental requirements to produce our shoes.

We are thrilled to share our first sustainability report, underscoring our unwavering commitment to transparency and to a greener and more ethical future. This document is not just a reflection of where we are, it's a glimpse into the exciting journey that lies ahead, a new chapter for our company, brand, and philosophy.

As we deep dive into the details of our sustainability initiatives, we invite you to join us in this exciting venture. Thank you for being an integral part of this journey. Your support propels us forward as we continue to dream, create, and bring innovation and ethics together.

Warm regards,

Nelson Gomes

CEO Apple of Eden

ABOUT APPLE OF EDEN TRADING

Apple of Eden is a trading company operating in the footwear sector for over 13 years. Founded in 2010, this German-Portuguese partnership reflects the alliance between the many years of experience, a great sense of design and traditional production know-how 'Made in Portugal'.

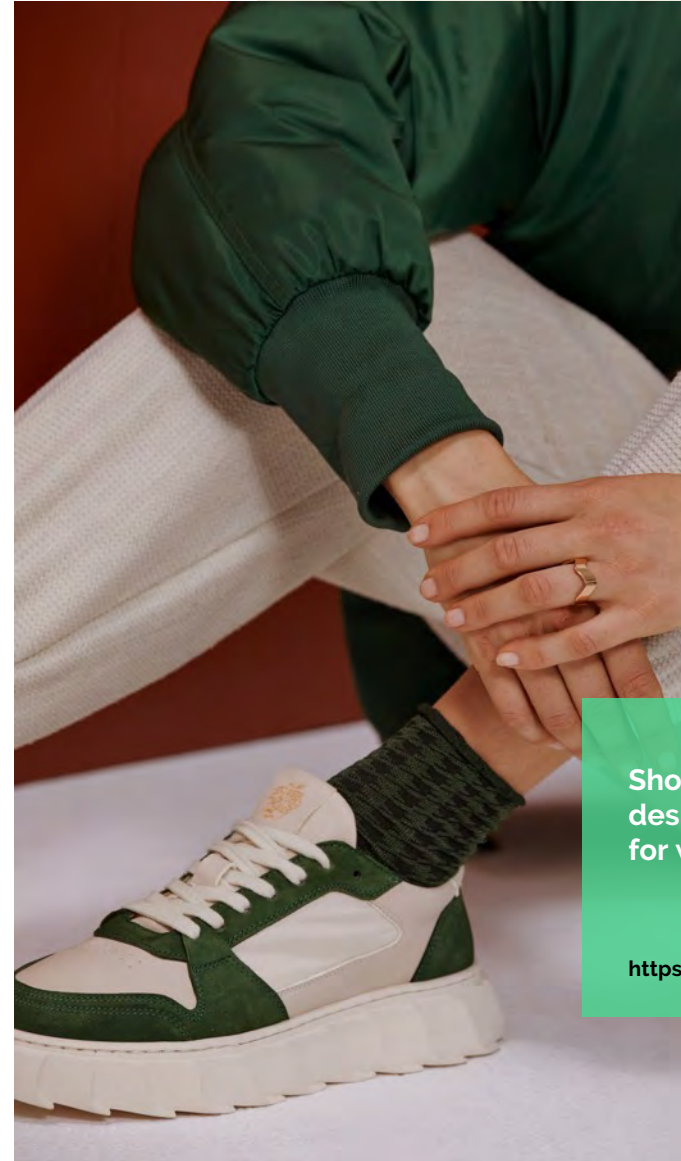
In addition to footwear business, Apple of Eden grants image rights to produce and sell bags, jewelry, and leather jackets to three German partners.

Driven by our unfailing feel for trends, colors, and styles, we design 2 collections a year to bring fashion trends and style to every woman.

Within our collections we offer the entire wide range of footwear styles, from elegant flats, colorful sporty sneakers, classical boots, to shoes within the latest trends in the fashion world.

Our footwear is produced in small-scale factories in Portugal and is thanks to this healthy business relationships built in trust, transparency, and a shared set of values that we obtain comfortable shoes with a functional design and a fashionable touch. All with a fair industry and trade.

What defines us? Very simple: Shoes made with passion, designed and inspired by the latest trends, never neglecting the quality of production or raw materials. A combination that is simply irresistible!



**Shoes from Paradise,
desirable footwear
for women**

<https://youtu.be/sTcN7j52u1U>

ABOUT THE REPORT

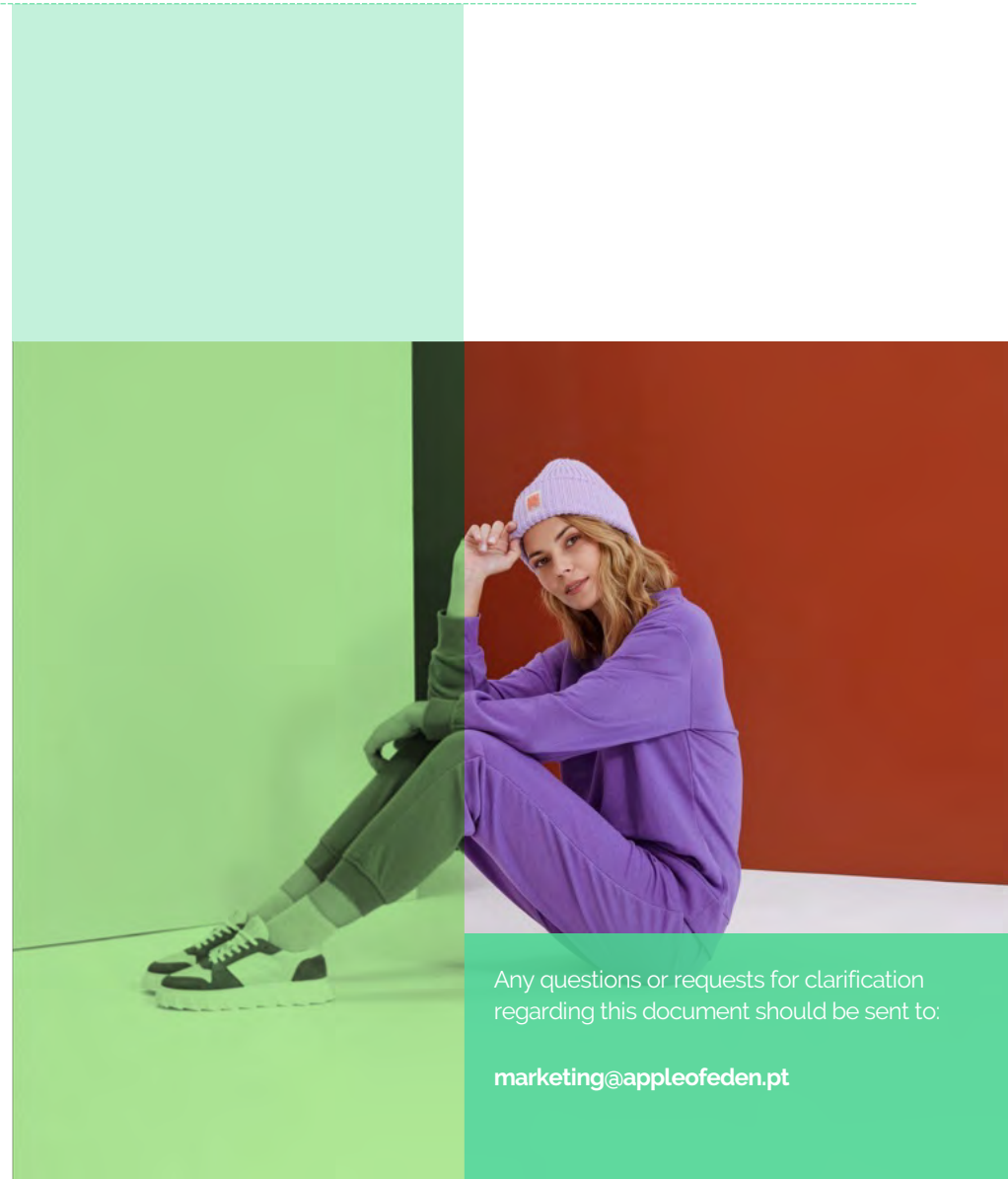
This is our first sustainability report where we communicate our non-financial information and provide a comprehensive review of what we have been doing in the landscape of Environmental, Social, and Governance (ESG) from January 1st to December 31th of 2022.

The document is a key tool to assess current state of our business practices, establishing a starting point for our ESG strategy and sharing awareness of sustainability and key impacts to all our clients, employees, partners and stakeholders.

This report has been prepared in accordance with the GRI Standards 2021 and it has not been externally verified.

We recognize the imperative of accountability in the contemporary business milieu. By proactively sharing information about our initiatives, resource management practices, and environmental impact, we aim to demonstrate our commitment to transparency and responsibility.

This voluntary disclosure serves as a testament to Apple of Eden's dedication to responsible business practices. We pledge to provide data and performance on sustainability topics by publishing bi-annual progress updates through sustainability report.



Any questions or requests for clarification regarding this document should be sent to:

marketing@appleofeden.pt



ESG APPROACH

ESG APPROACH

Sustainability is now a key subject for all companies, across all industries. Apple of Eden is no exception to this reality, in fact, we feel that sustainability strategy is mandatory, in order to be competitive today, and most important it is a responsibility to the main factors involved: human, social, economic, and environmental.

In adopting a comprehensive Environmental, Social, and Governance (ESG) approach, our company has embarked on a strategic journey marked by a meticulous process involving diagnosis, gap analysis, and the formulation of a roadmap. This structured framework not only serves as a benchmark for our current sustainability practices but also guides us in charting a path toward continuous improvement in the medium to long term.



ESG Approach



Diagnosis

Our creations are designed and The first step in our ESG approach is a thorough diagnosis of our existing practices. This involved a detailed examination of our environmental impact, social responsibility initiatives, and governance structures. We analyzed business dependencies and impacts on environment and people Identify issues connected to our company's activities.

This diagnostic phase provides a clear snapshot of our starting point, highlighting areas of strength and opportunities for enhancement.



Gap Analysis

Following the diagnosis, we conducted a comprehensive gap analysis to identify areas where our current practices fall short of established ESG standards and industry best practices. This involved comparing our performance against relevant benchmarks, regulatory requirements, and recognized ESG frameworks. The gap analysis serves as a critical tool in pinpointing specific areas requiring attention and improvement. It allows us to prioritize initiatives based on their potential impact and significance in addressing ESG challenges.



Roadmap for improvement

Armed with the insights gained from the diagnosis and gap analysis, we then constructed a robust roadmap for improvement. This roadmap outlines specific, measurable, and time-bound goals, as well as the strategies and actions required to achieve them. We want to give the necessary time to define commitments for future years, so that we can contribute to a more sustainable value chain and ensure that changes also happen internally. The roadmap encompasses short-term objectives for immediate impact, medium-term targets for progressive improvement, and long-term aspirations that align with our vision for sustainable business practices.






By adopting this ESG approach, we are not only fostering a culture of responsible business conduct but also creating a framework for continuous assessment and improvement. This dynamic process enables us to adapt to evolving ESG standards, stakeholder expectations, and global sustainability challenges. It reinforces our commitment to creating long-term value not only for our shareholders but for our communities, the environment, and society as a whole.

STAKEHOLDER ENGAGEMENT

Our Commitments

Walking the Path of Progress: A Five-Pillar Roadmap

We have set our sights on a transformative journey, committed to continuous improvement through a comprehensive roadmap that focuses on five main pillars.

| PILLAR | COMMITMENT | KPI | TARGET_2025 | TARGET_2030 |
|---|--|---|---------------------------------|-------------|
|  PRODUCT | Increase the integration of recycled materials | Recycled raw material incorporated/total of raw materials | 20% | 35% |
| | Promote the utilization of lining materials that are both recycled and recyclable | Change for a recycled/recyclable material | 50% | 100% |
| | Advocate for increased inclusion of vegetable-tanned materials in our collections | % Vegetable tanning per year/total of tannings | 25% | 35% |
| | Expand the number of suppliers with Leather Working Group Gold rating | % of supplier with LWG Gold rating/total of leather suppliers | 55% | 65% |
| | Broaden the traceability of materials used in our footwear | % of shoes traced from raw-material to warehouse/total of shoes | 100% | 100% |
|  GOVERNANCE | Establish corporate policies to ensure accountability | % of commitments with formal policy/total of commitments | 50% | 75% |
|  ENVIRONMENT | Scale up the utilization of renewable energy sources | % of renewable energy sourced in the building | 100% | 100% |
| | Continue the monitoring and assessment of greenhouse gas (GHG) emissions | Number of Greenhouse Gas Protocol scopes/categories covered | At least the mandatory: 1 and 2 | 1, 2 and 3 |
| | Reduction of greenhouse gas (GHG) emissions | rate of reduction of gas emissions | 8% | 10% |
|  SOCIAL RESPONSIBILITY | Provide additional training opportunities for our workforce | Increase the number of training hours per employee | 50% | 100% |
|  ESG | Conduct a comprehensive assessment of certifications to validate our sustainable practices and strengths | Obtain certifications | Evaluate | Implement |

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is an important aspect of ESG as it involves the collaboration and communication between a company and its various interested parties. This engagement fosters mutual understanding, builds trust, and will enable us to address concerns, make informed decisions, and contribute positively to society.

We are in the process of developing a stakeholder engagement plan that will be implemented over the next few years. We see this ESG tool as key to provide us insights and improve our agility in addressing material topics. The aim of stakeholder engagement is to work with our interested parties to reach our shared targets.

The stakeholder engagement approach began with the identification of the main groups and if either we have direct or indirect relationship with them. Once stakeholders are identified, the next phase is determining the most effective modes of communication with each group. Recognizing that different stakeholders may have distinct preferences, we tailor our communication strategies accordingly. Whether through direct interactions, such as meetings or surveys, or through indirect channels like newsletters and social media, our aim is to establish open lines of communication that enable constructive dialogue and feedback. This iterative and inclusive approach ensures that our stakeholder engagement efforts are not only comprehensive but also responsive to the unique needs and expectations of each group involved.

Our Stakeholders

Stakeholders

Employees

Retail clients

Private label clients

Product manufactories

Raw materials suppliers

Materials and components suppliers

Service suppliers

Agents/partners

Community

End consumers

Associations

DOUBLE MATERIALITY

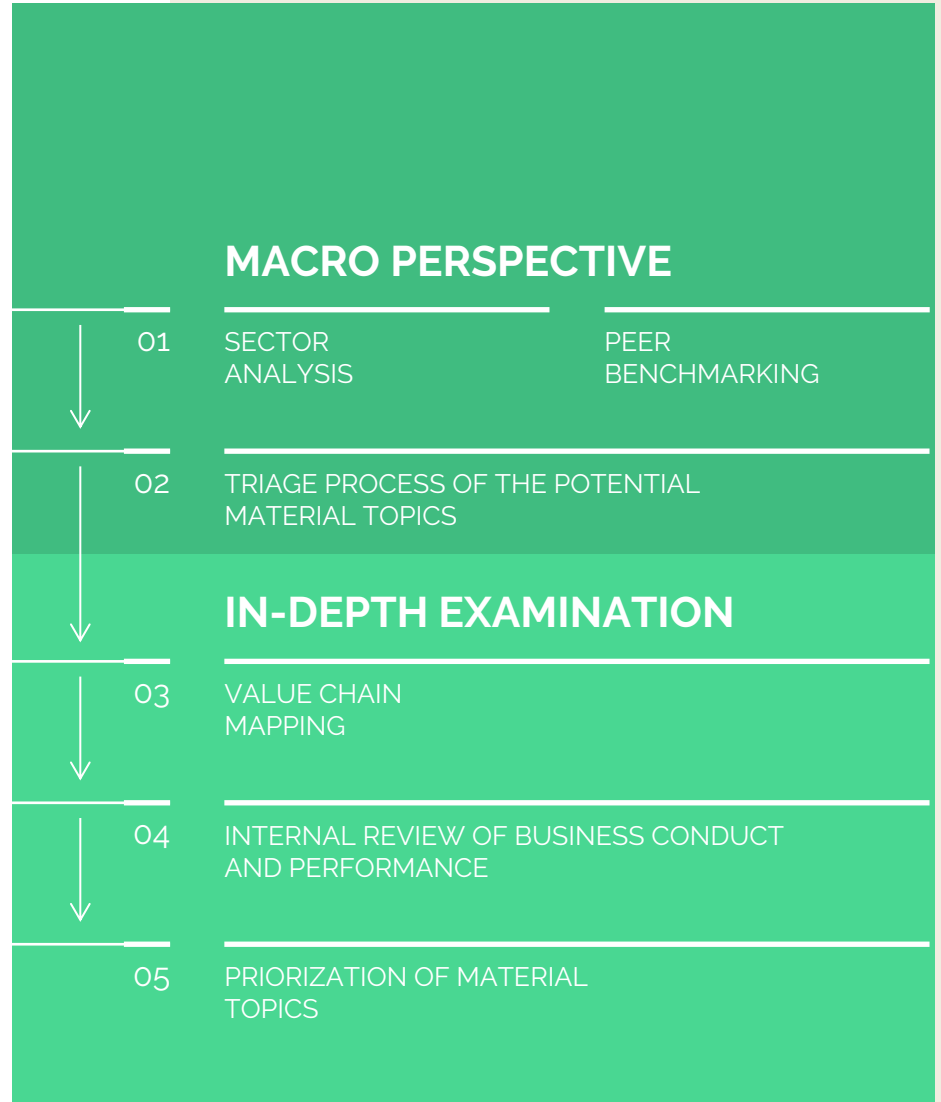
In 2022, we conducted our first materiality assessment to help us identify, manage and report on issues that impact both our business but also people outside our organization and our planet.

The first step of our materiality process was an analysis of the sector using international frameworks such as SASB, MSCI, CSA, coupled with peer benchmarking to discern strategic priorities and exemplary practices. Following this comprehensive view, we undertake a triage process to reduce the list of potential material topics resulting from previous steps.

After gaining a macro perspective of the sector, our focus shifts inward to scrutinize our organization, leading to an in-depth examination.

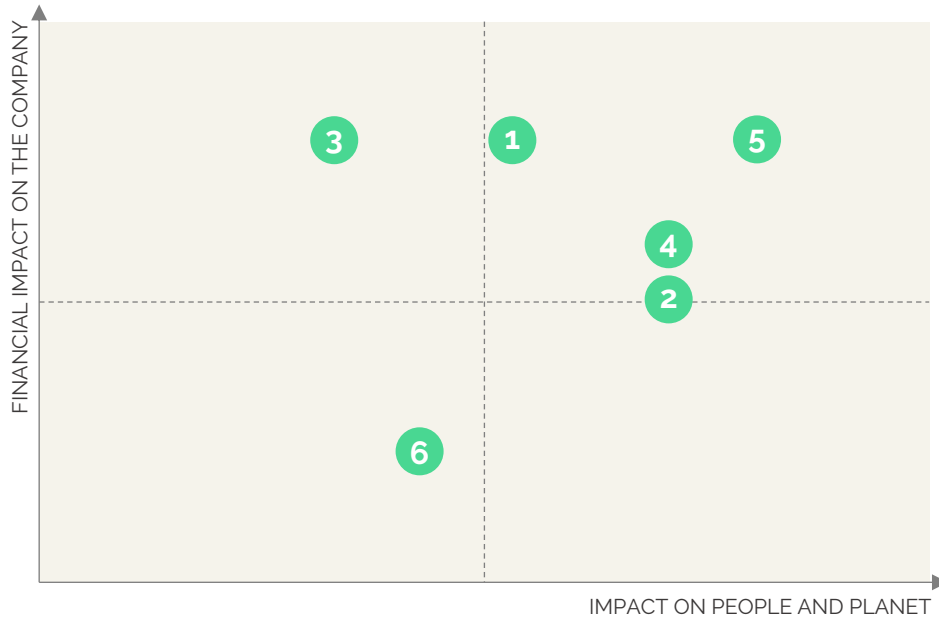
This stage involved mapping our value chain and identifying its principal impacts. We reviewed our documents, policies, values, and business conduct. The approach also included an evaluation of our performance in various areas related to our activities, identification of measures that are already in place, ongoing initiatives, and those earmarked for inclusion in a future action plan.

Subsequently, we embark on the prioritization of material topics, assessing them through the lens of double materiality. This entails considering both the financial impact on our business and the broader impacts stemming from our activities and business relations on people and the planet. This approach involves a reflective analysis of how our business both influences and is influenced by these material topics. This reflection is informed by a comprehensive risk and gap analysis, integral components of our broader ESG approach.



DOUBLE MATERIALITY

Materiality Matrix



| Chapter | Material Topic | |
|----------------------|-----------------------|---|
| Value Chain | Product Quality | 1 |
| | Responsible Sourcing | 2 |
| Responsible Business | Economic Performance | 3 |
| | Responsible Business | 4 |
| Human Capital | Workforce Value | 5 |
| | Social Responsibility | 6 |



Double Materiality

SDG ALIGNMENT

Product quality



Responsible consumption and production

- i. 12.2. - By 2030, achieve the sustainable management and efficient use of natural resources.
- ii. 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.
- iii. 12.5. - By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

Responsible sourcing



Responsible consumption and production

- i. 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.

Economic performance



Decent work and economic growth

- i. 8.2. - Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.
- ii. 8.4. - Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead.

Double Materiality SDG ALIGNMENT

Responsible business



Decent work and economic growth

i. 8.3. - Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.



Responsible consumption and production

i. 12.5. - Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle



Climate action

i. 13.3. - Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

Workforce value



Gender equality

i. 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.



Decent work and economic growth

i. 8.5. - By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

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

Social responsibility



Partnerships for the goals

i. 17.17. - Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.





VALUE CHAIN

VALUE CHAIN

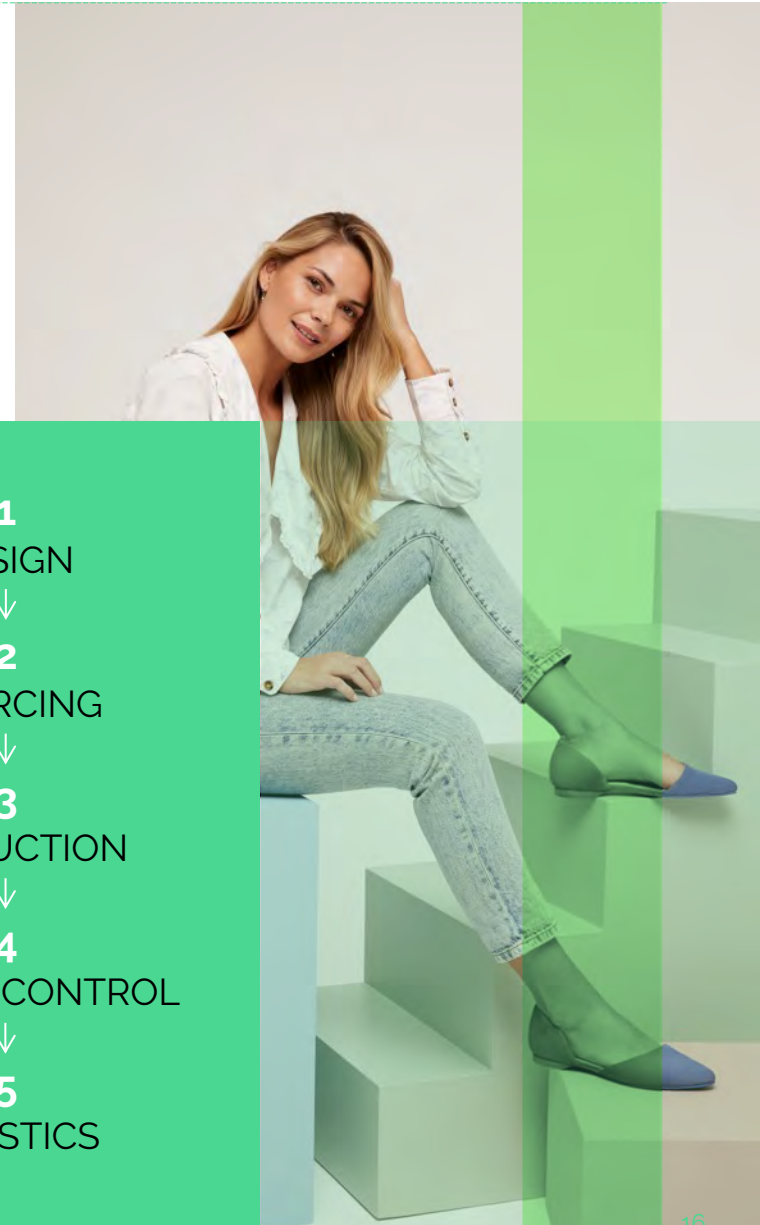
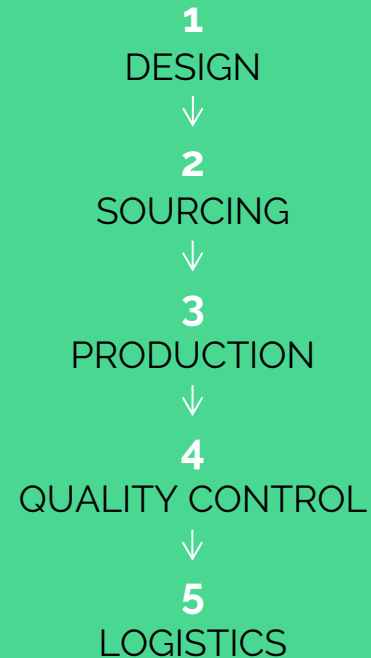
The first stage of our value chain is the creation of models by our internal design department, covering details from materials, colors, to quality and comfort features. After creating the mood board and the collection direction, we select our partners. This selection is triggered by the type of materials we aim to use, as well as the companies that best fit our work policy in terms of quality, certificates, prices, delivery times and sustainability of the products/company. We also select suppliers according to their ability to follow trends beyond the prementioned criteria.

Once the design is approved and the partners selected, it is followed by the creation of prototypes and samples at product suppliers. The samples are delivered and subjected to quality control in our offices. Then, when delivered in our office, we create the references/SKU's and photograph all styles before we deliver the samples to each of our agents.

Only after we have confirmed purchasing orders of our products do we begin ordering the production of footwear. All purchase orders are handled in our company, including planning such as delivery dates. The footwear production is carried out by carefully selected partner manufacturers since we do not have our own production facilities. These are responsible for compliance with the specifications set by our design and quality team.

Apple of Eden's products are 100% manufactured by independent partners who have the sourcing responsibility. However, we have some control of the sourcing process as we require manufacturers to use previously selected suppliers that we carefully chose.

The final product is delivered to our premises and we take care of the storage and logistics to ship to clients.



PRODUCT QUALITY



Our position

We are committed to creating high-quality shoes that more than being stylish and comfortable, are also produced in a responsible and ethical manner. Quality plays an important part.

Our aim is to deliver superior footwear to our customers, combining high quality materials, clean lines, natural colors and understated details.

Our performance

Our creations are designed and produced in Portugal. Throughout its production process, all products pass through a fine control to ensure maximum quality and customer satisfaction.

ANATOMY OF OUR BEST SELLERS AND ITS TRACEABILITY

From the outsole to the insole, every component plays a crucial role in determining comfort, functionality, and style of the footwear.

Traceability is becoming increasingly important as consumers are more conscious about the origin of products, ethical manufacturing practices, and environmental impact. Step by step, we are implementing traceability measures to provide transparency in the supply chain. This involves tracking the journey of materials from sourcing to manufacturing. This also helps us in addressing issues such as counterfeit products, ensuring quality control, and promoting accountability in the industry where we operate.

Anatomy of our best sellers

All our best sellers are:



100% made in Portugal



100% recyclable and recycled packaging with FSC certificate (shoebox, wrapping paper, Hang-tag, carton)



100% recycled shoe box - Kraft from Spain and microfluted from Portugal



Outer carton-
-microfluted from Portugal, Spain, France, Russia*, Brazil, Uruguay, Mozambique and South Africa



Finishing, cutting and printing of shoebox and outer carton made in Portugal

*acquired before the conflict

Anatomy of our best sellers

SANDAL CHIUSI

COUNTER/TOE-PUFFS:

- Purchased from Portuguese company
- Made in Italy using renewable energy in its process
- Vegan Friendly
- REACH & CADS compliant
- Recyclable in closed-loop - Scraps are reused in the production of the recycled range



UPPER LEATHER:

- Goat Suede
- From Spain by supplier with GOLD LWG rating
Raw material: Nigeria
- Tanning: Mineral/Chrome free

OUTSOLE:

- Thermoplastic Rubber incorporating bio-based material with 10% cereal husk
- Made in Portugal
- Raw material: Italy

LINING:

- Sheep leather lining from Spain; commercialized by supplier with TRADER LWG rating
- Tanning: VEGETAL/Chrome Free
Raw material: New Zealand

INSOLE:

- Foam from Spain

Anatomy of our best sellers

BALLERINA BLONDIE

COUNTER/TOE-PUFFS:

- Purchased from Portuguese company
- Made in Italy using renewable energy in its process
- Vegan Friendly
- REACH & CADS compliant
- Recyclable in closed-loop - Scraps are reused in the production of the recycled range

OUTSOLE:

- Thermoplastic Rubber
- Made in Portugal
- Raw material: Italy



UPPER LEATHER:

- Neo Metallic from Spanish supplier with GOLD LWG rating
- Raw material: India
- Tanning: Chrome/Chrome free

LINING:

- Pig anilin from Spain by supplier with TRADER LWG rating
- Tanning: Mineral/Chrome Free
- Raw material: Camboya

INSOLE:

- Foam from Spain

Anatomy of our best sellers

LOAFER BESS

COUNTER/TOE-PUFFS:

- Purchased from Portuguese company
- Made in Italy using renewable energy in its process
- Vegan Friendly
- REACH & CADS compliant
- Recyclable in closed-loop - Scraps are reused in the production of the recycled range

OUTSOLE:

- Thermoplastic Rubber
- Made in Portugal
- Raw material: Italy



UPPER LEATHER:

- Velvet from Italian supplier with SILVER LWG rating
- Raw material: North America
- Tanning: Chrome/Chrome free

LINING:

- Pig anilin from Spain by supplier with TRADER LWG rating
- Tanning: Mineral/Chrome Free
- Raw material: Camboya

INSOLE:

- Foam from Spain

Anatomy of our best sellers

SNEAKER BLAIR

COUNTER/TOE-PUFFS:

- Purchased from Portuguese company
- Made in Italy using renewable energy in its process
- Vegan Friendly
- REACH & CADS compliant
- Recyclable in closed-loop - Scraps are reused in the production of the recycled range

OUTSOLE:

- Thermoplastic Rubber
- Made in Portugal
- Raw material: Italy

LINING:

- Pig anilin from Spain by supplier with TRADER LWG rating
- Tanning: Mineral/Chrome Free
- Raw material: Camboya

UPPER LEATHER:

- Lavato Veggie from Spanish supplier with GOLD LWG rating
- Raw material: European Union
- Tanning: Vegetable/Chrome free, Italy

SHOE LACES:

- 100% Cotton
- Raw material: Brazil
- Made in Portugal
- OEKO-TEX® certification

INSOLE:

- Foam from Spain



Anatomy of our best sellers

WESTERN EVIE

COUNTER/TOE-PUFFS:

- Purchased from Portuguese company
- Made in Italy using renewable energy in its process
- Vegan Friendly
- REACH & CADS compliant
- Recyclable in closed-loop - Scraps are reused in the production of the recycled range

OUTSOLE:

- Thermoplastic rubber and natural leather
- Made in Portugal
- Raw material: Portugal

MICROFIBER:

- 100% Polyester
- Made in Portugal
- Raw material: China

UPPER LEATHER:

- Aquarius from Portuguese supplier with SILVER LWG rating
- Raw material: Portugal
- Tanning: Vegetable

ZIPPER:

- Made in Portugal

INSOLE:

- Foam from Spain



Anatomy of our best sellers

BOOT CONNYS



COUNTER/TOE-PUFFS:

- Purchased from Portuguese company
- Made in Italy using renewable energy in its process
- Vegan Friendly
- REACH & CADS compliant
- Recyclable in closed-loop - Scraps are reused in the production of the recycled range

OUTSOLE:

- Thermoplastic rubber
- Made in Portugal
- Raw material: Italy

MICROFIBER:

- 100% Polyester
- Made in Portugal
- Raw material: China

UPPER LEATHER:

- NUBUCK from Spanish supplier with GOLD LWG rating
- Raw material: Russia
- Tanning: Chrome

ELASTIC:

- Made in Portugal
- Raw material: polyester from Portugal and rubber from Thailand
- OEKO-TEX® certification

INSOLE:

- Foam from Spain

Anatomy of our best sellers

BOOT MANDY



COUNTER/TOE-PUFFS:

- Purchased from Portuguese company
- Made in Italy using renewable energy in its process
- Vegan Friendly
- REACH & CADS compliant
- Recyclable in closed-loop - Scraps are reused in the production of the recycled range

OUTSOLE:

- Thermoplastic rubber
- Made in Portugal
- Raw material: Italy

MICROFIBER:

- 100% Polyester
- Made in Portugal
- Raw material: China

UPPER LEATHER:

- Normal Suede from Italian supplier with SILVER LWG rating
- Made in Italy
- Raw material: France
- Tanning: Chrome
- Dye: Aniline - Drum

ELASTIC:

- Made in Portugal
- Raw material: polyester from Portugal and rubber from Thailand
- OEKO-TEX® certification

INSOLE:

- Foam from Spain

Product Quality

TANNING:

The tanning process allows transforming raw animal hides into durable and wearable leather. All tanning methods used in our products are compliant with regulations such as REACH. While chrome tanning is one of the most widely used methods for transforming raw hides into leather, some of our leather is vegetable tanned with natural pigments. This process is often considered to have less environmental impacts when compared to chrome tanning, which uses chemicals that can be harmful if not managed properly. However, vegetable tanning can also come with some disadvantages. The extended production time and labor involved may contribute to higher costs. Additionally, vegetable tanning requires a significant amount of water, both for soaking the hides and for rinsing away tanning agents. Vegetable-tanned leather typically exhibits earthy, natural tones, and achieving a wide range of colors can be challenging compared to chrome tanning, which allows for a broader spectrum of colors.

The presence of chromium in leather goods, including footwear, is not necessarily harmful if it is in the trivalent form or if alternative, safer tanning methods are utilized. Responsible sourcing, transparency, and adherence to relevant regulations contribute to ensuring the safety and sustainability of footwear products.



AW22 COLLECTION:
15% vegetable tanned leather

SS22 COLLECTION:
14% vegetable tanned leather

Design elements of our products are combined with the latest themes from the fashion world and implemented at our handcrafted shoe production.

Only selected, high-quality leathers and materials from Italy, Spain, and Portugal are used in the manufacture. This includes respecting the REACH regulation, so we do contribute to the protection of human health and the environment from the risks that can be posed by chemicals and also promotes alternative methods for the hazard assessment of substances in order to reduce the number of tests on animals.

RESPONSIBLE SOURCING

Our position

Aware of the need for brands to address multiple challenges like supply chain visibility, traceability, compliance, and sustainability, we consider responsible sourcing as one of our material topics.

We recognize that there are still considerable social and environmental challenges in the footwear supply chain. As a trading company, we stand in a position where we do not have full control of our supply chain performance in matters of sustainability. However, we do want to know where shoes' components come from, all the way back to the source of raw materials, and ultimately influence, whenever possible, our fellow partners that are part of the supply chain.

Purchasing decisions might impact the working conditions of workers in the value chain. From our point of view, if low prices are demanded, one of the possible repercussions could be that workers are paid a low wage. If the people around us have good life conditions they will be able to buy products that have fair prices and not goods produced under precarious jobs that result in cheap products.

We want to straighten and develop long-term personal relationships with our suppliers and empower them for transparency and to boost the creation of more transparent and resilient supply networks. Hopefully, it will give us a better insight into the social and environmental impacts across our value chain.



RESPONSIBLE SOURCING

Our performance

To act effectively, we must first identify potential negative impacts in our supply chain. Understanding these impacts allows us to responsibly implement sustainable business practices.

Identification of potential environmental and social impacts of our supply chain:

| Supply Chain | Potential environmental impacts | Potential social impacts |
|--|---|---|
| Raw material sourcing and product manufacturing | Greenhouse gas emissions Hazardous chemicals Chemical pollution Energy use Water consumption Water pollution | Wages and benefits Decent work Health and safety Discrimination of any kind Labor costs |

Source responsibly and locally whenever possible

Apple of Eden's highest priority is to always favor the closest local suppliers. We adopt local sourcing as a strategy to ensure supply, support local economy, maintain community relations, and reduce our environmental impact.

In our sourcing process, we share our purchasing requirements, namely suppliers that were intentionally chosen, covering materials and components from production to shipping.



Responsible Sourcing

SUPPLY CHAIN MAPPING:

Main suppliers in 2022

| Supply | Nacional | International |
|--------------------------------|----------|---------------|
| Footwear producers | 8 | 0 |
| Footwear materials /components | 8 | 0 |
| Packaging materials | 3 | 0 |
| Skins and textiles | 11 | 12 |
| Services | 8 | 2 |

Over **70%** of our procurement budget for footwear materials/components and for producers is spent on national suppliers.

These Portuguese suppliers are located within a radius of less than **100 km** from our facilities.

LEATHER AND SKINS

When selecting the materials for the new collection we always make sure we use high quality materials that at the same time are as much sustainable as possible.

Leather is our main choice of material. Its unique features allow to naturally shape our footwear products. Using real and natural leather makes each pair one of a kind and helps developing a distinctive look. Velvet leather is the most used in our shoes, followed by goat suede. Other types of skins are also used which vary in characteristics, finishes and textures. The linings are in pig and sheep aniline.

The circular economy model emphasizes minimizing waste and maximizing resource efficiency. In the case of natural leather, the process begins with the utilization of animal by-products that would otherwise go to waste. By repurposing hides from the meat industry, the leather production cycle intercepts and redirects material that might be discarded, contributing to the circularity of resources.

However, that does not mean we shouldn't source it responsibly and use it wisely. To make sure all legal requirements are met, we only work with certified suppliers. We pay special importance to Leather working group (LWG) certification. This is one of the most well-regarded third-party certifications in leather processing that ensures this premium material is produced responsibly. The entity has a protocol to assess environmental compliance and promotes appropriate business practices within the leather industry.

100% leather working group suppliers
42% of them with GOLD or SILVER LWG rating

The longevity and durability of natural leather are also main reasons for this preferred material for our products. Leather goods often have extended lifespans, thus reducing the frequency of replacements and minimizing the demand for new raw materials. Through proper care and maintenance, leather products can be passed down through generations, embodying the principles of reuse and longevity.

Responsible Sourcing

SUPPLY CHAIN MAPPING:

OUTSOLES

For the majority of our footwear, the outsoles material is thermoplastic rubber (TR). We choose this material for our design's intended use – technical and performance function, long resistance, and durability.

PACKAGING

Packaging serves several functions, extending beyond mere protection during transportation. Our packaging holds and travels with our products, enhancing the overall consumer experience and contributing to brand identity.

Packaging is particularly important for preservation of quality of leather footwear as these products are susceptible to damage over time.

Our packaging is sturdy and well-designed, helping the prevention of scuffs, deformation, and other potential issues that may occur during transit. The customization of shoebox sizes is systematically undertaken to maximize space utilization during shipping processes and also as a strategy to reduce packaging materials and associated waste. This approach exemplifies how thoughtful adjustments in packaging design can yield substantive environmental benefits without compromising operational efficiency or product quality.

Our corrugated cardboard packaging is certified according to the FSC Recycling standard – ensures that products come from responsibly managed forests that provide environmental, social and economic benefits.

We customize our shoebox sizes

100% of packaging materials are FSC certified and made from recyclable materials

Our shoe boxes contain a minimum of **85%** post-consumer recycled materials

100% plastic-free shoe packaging

PRODUCTION PROCESS



Our position

From a profit maximization perspective, a brand can be tempted to take its footwear manufacturing to lower-cost countries. We proudly deny this kind of business conduct as we strive to boost local economy by supporting local business and encouraging local prosperity.

As a company deeply committed to the production of high-quality footwear, we engage with local collaborations amplifying the allure of "Made in Portugal" footwear. We believe and recognize the tremendous potential in the exceptional craftsmanship and quality that it represents.

Since we do not own production units, we understand that detachment from the workforce who manufactures our shoes might be a risk. This is why we work to maintain close relationships with our producers. After all, the human factor of the industry where we operate is too big to ignore, and we want to guarantee that people that works with us have good working conditions.

Keep things local makes it easier to understand social and environmental impacts of our activities and business relationships.

Our performance

We carefully choose to partner with organizations that are close to our location as much as possible, and with whom we maintain regular contact. Our footwear is manufactured exclusively in small-scale Portuguese factories. This proximity makes it easier to ensure good production working conditions and has benefits related to less transportation distances and GHG emissions.

Our footwear is 100% made in Portugal

8 production partners

88% of production partners are located within a radius of less than 6 km from Apple of Eden

For primary materials, we nominate all component/material suppliers, which means the purchase of materials and components is the responsibility of our production partners, although they can only obtain them from suppliers indicated by Apple of Eden.

We have certain pre-established criteria that can lead to the breakdown of business relationships. The most important ones are the capacity to respond in terms of production, quality and commitment with times and materials sourcing requirements. We do consider to develop a production supplier code and supplier evaluation to assess their performance both in environmental and social issues.

To ensure delivery times and avoid potential social impacts such as overtime of manufacturer's workers, we determine the production planning according to manufacturer's capacity to meet our order.

Our company follows the entire production process, from delivery at producers, through footwear processes such as cutting, assembly, finishing, until the delivery of the products at our offices. This is achieved through a continuous monitoring by our quality control department, which makes sure that all the criteria we establish and require from our partners are met.

We perform daily visits to the factories where our shoes are produced.

Our quality control department has a checklist with all the criteria required. In its daily visits, the person responsible always takes the technical sheet together with the physical sample of the footwear that is being manufactured to confirm and validate if the producer is complying with the requirements.

Criteria checked:

| | | |
|---------------------------|---------------------------|--|
| Raw materials | Skin | All materials are verified, namely whether they are those selected by us in the creation process; |
| | Inner sole | The quality of materials is also checked. |
| | Foams | |
| | Lining | |
| | Insock | |
| | Shoe laces | |
| | Elastic | |
| | Outer sole | |
| Production process | Cutting | Compliance with our quality standards, such as whether the shoes are being sewn correctly, whether they do not use chemicals, whether they only use water glue, among others. |
| | Sewing | |
| | Finishing | |
| Packaging | Shoebboxes | Confirmation of compliance with the brand's packaging standards, which are sent to the factories along with orders and other guidelines. We also check whether they use the brand's adhesive tape, and if the labels are placed according to the brand and/or client's guidelines. |
| | Sulfite paper | |
| | Tape | |
| | Hang tags | |
| | Flyers | |
| Working conditions | Hygiene and safety | We observe the working conditions of manufacturer partners employees. If we see something that goes against freedom and human rights, we report it to our CEO (example child labor / coercion of employees). |
| | Human rights | |

These visits ensure that production units' source from the indicated suppliers. There is also a double confirmation with the suppliers. As these are our partners and we have a very close relationship, the suppliers inform us if the shoe producers do not place the expected order for a given manufacturing order.



HUMAN CAPITAL

WORKFORCE VALUE

Our position

Improving the environment of our company is an ongoing priority.

Our big advantage of being a small company in terms of number of employees is that the whole team is on board and we see significant opportunities when different skills, experiences, and backgrounds come together. We see the dedicated work of our internal teams as a key driver to the ESG journey we are starting.

We strive to create a healthy and safe working environment, promoting employee motivation and quality of life. How our employees work and interact promotes a supportive environment where people feel engaged and valued. We believe that happy employees make healthier workplaces and more profits and competitive advantage for business growth. If the people around us have good life conditions they will be able to buy products that have fair prices and not goods produced under precarious jobs that result in cheap products.

We pay special attention to ensure that all internal communication is open and transparent. All employees are continuously updated on what is going on in the business and we encourage co-workers to raise any concerns and speak openly with one another, even to the company owner. We are fully committed to invest in a culture to create a workplace where all employees feel valued and have opportunities to grow, both personally and professionally.



**Our people
are key to our
everyday success**

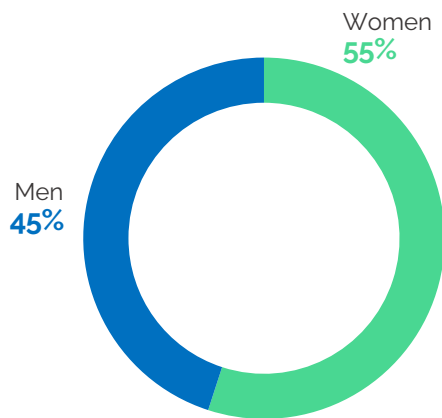
Our performance


TEAM AND KEY INDICATORS

11 Employees

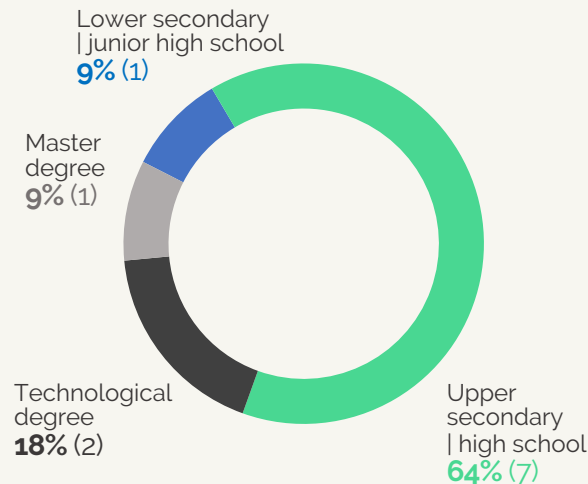


Gender distribution



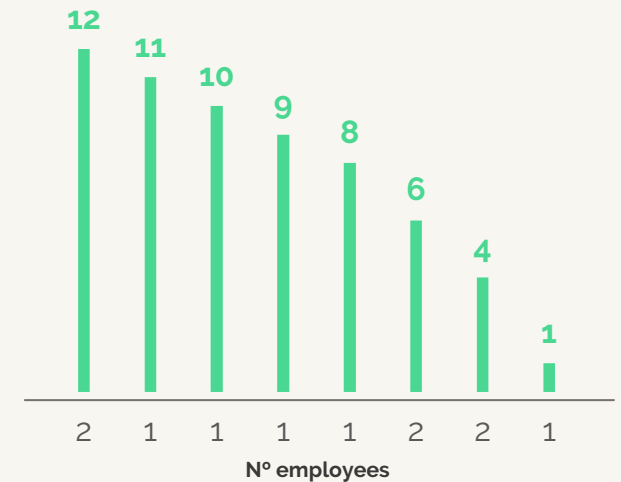
 All employees live within a radius of **less than 40km** from the company.

Education level



Average seniority:
6 years

Years of service of employees



In the 12 years of the company's existence, **73%** of the employees have remained in service for **6 years or more**.

Our performance

WORKING CONDITIONS

Sustainability is also about creating good social conditions and financial stability.

All our employees work on contract, guaranteeing a stable salary with benefits and consistent work.

In 2021, the company moved to new facilities mainly due to the need for more space, as the number of employees increased as a result of increased sales.

The new facilities provide better working conditions such as:

- Open spaces to promote collaborative work
- Natural light from large windows and skylights
- Informal gathering spaces for dining and socializing



100% full-time employees with permanent contract

Our performance

WORKING CONDITIONS



Salary gender balance

At Apple of Eden, the average gross salary of women is **5% higher** than that of men.

Fair wage

Our remuneration policy is defined by the company owner. To do this, the person responsible consulted the national association of which Apple of Eden is part, APPICAPS, and added to this amount what he thought was the minimum fair amount for the responsibility that his internal employees hold. Thus, all company workers receive a higher remuneration than is typically common in this sector.

Prioritizing financial well-being and acknowledging that a well-compensated and contented team is instrumental to the company's success, Apple of Eden average salary stands out for being 43% more than the average monthly salary per worker in Portugal in 2022.

Average monthly remuneration over 43% than the national.

Benefits to employees

- Annual bonus
- Health insurance
- Life insurance for those travelling to fairs
- All maternity and paternity leave rights are applied in accordance with current legislation

Training

- 2 training sessions:
- 2 employees attended
 - International transports and tax

Health and Safety

The health and safety system implemented covers medical consultations mandatory by law every 2 years. All employees have work accident insurance, and although it is not mandatory, we also have coverage for accidents involving visitors within our facilities. At our facilities we have a medical office for when the doctor is requested to come to the company.

SOCIAL RESPONSIBILITY

Our position

We recognize that we operate within a broader social context and that we should not only look inside our organization but also at the community around us. Social responsibility is a material topic that reflects our workforce culture in building stronger relationships with local residents and contributing to the well-being of the community.

Our performance

- Every year we give food, essential goods, or monetary donations at Christmas to Casa Amiga;
- Our product samples don't go unnoticed! We always produce a pair and donate to institutions. This year we donated pairs of shoes to the young boys living at Casa do Gaiato;
- We support young athletes with monetary contributions;
- Since 2012 we have contributed with donations to popular associations that are responsible for municipal festivals and various festivals that exist in the parishes close to our headquarters.





RESPONSIBLE BUSINESS

RESPONSIBLE BUSINESS

This comprehensive topic material reflects our continued efforts to shape a culture that echoes our values into attitudes and daily actions.

Our position

Every day we learn more about how can we act more responsible. We are aware it's not all about big gestures, the day-by-day actions are as important as the big investments.

To us, responsible business is a material topic that encompasses a multifaceted commitment beyond simply adopting ethical business conduct. It extends to the environmental key indicators such as carbon footprint, but also promotion of fair trade, transparency,

Is about the way we conduct business and the responsibilities we have before people and the environment. We strive to continuously improve our business actions reflecting a commitment to a balanced and responsible approach to business that benefits both our company and the broader community.



GOVERNANCE

Our performance

Code of conduct

We developed the code of conduct to make known the set of values practiced and required by **APPLE OF EDEN**, including fundamental rights, ethical principles, and commitments. From now on, we intend to review and update our code of conduct on a regular basis.

We assume a set of principles regarding how we conduct our business and how we take care of our people.

#1: Ethical business conduct and fair dealing:

Our company steadfastly abstains from engaging in corruption, extortion, or embezzlement, as well as any manifestation of bribery. We respect all applicable laws, governmental rules and regulations, ensuring full compliance with legal and regulatory frameworks pertinent to our operations.

In conducting our business, we uphold the highest standards of integrity, consistently applying the principles of fairness and equal treatment in all our business relationships. We are committed to ensuring that no employee exploits others through manipulation, concealment, the misuse of privileged information, misrepresentation of material facts, or any other form of unfair dealing. Our dedication to ethical practices underscores our commitment to conducting business with honesty and respect for both legal and moral standards.

#2: Worker engagement and safeguarding their well-being:

We promote an organizational culture where everyone associated with our business is treated with utmost respect and dignity. We are dedicated to cultivating human capital, actively encouraging creativity and personal initiative. Our company stands firmly in support of human rights, emphasizing a commitment to upholding and respecting these fundamental principles.

#3: Child and compulsory labor:

Our company categorically refrains from employing or endorsing, under any circumstances, the labor of individuals below the age of 16. Furthermore, we reject any association with, endorsement of, or participation in any type of servitude, forced, bonded, or involuntary labor, whether directly or through our business partners.

GOVERNANCE

Our performance

#4: Hygiene, Safety and Health at Work:

Our company is committed to promoting and maintaining a safe and healthy working environment by taking necessary measures to reduce risks and damage to employees' health.

#5: Nondiscrimination and disciplinary practices:

We unequivocally oppose all forms of discrimination, harassment, or abuse, regardless of race, social background, nationality, religion, disability, gender, sexual orientation, union membership, political affiliation, or age. Our company is dedicated to treating all its employees with respect and dignity. We strictly prohibit any form of aggressive punishment, be it physical or verbal, as part of our commitment to fostering a safe and inclusive workplace environment.

#6: Working Hours:

We commit to adhering to all legal and contractual requirements related to working hours, ensuring that no deductions are made in violation of established legal standards.

#7: Fair remuneration:

Our company respects the right of workers to receive fair remuneration and works progressively to ensure that the basic needs of all employees are met.

#8: Environmental protection:

We commit to environmental protection by implementing practices to prevent environmental pollution and minimize environmental impacts caused by our activities. These are applicable to our offices but also to our network.

#9: Conflicts of interest:

All employees must conduct business in the best interests of our company and should avoid all situations giving rise to real or potential conflicts between their personal interests and those of the company.

GOVERNANCE

Our performance

Conditions of sale

The placing of any order(s) with Apple of Eden Trading includes acknowledgement and acceptance by the purchaser of our Terms and Conditions of Sale which can be found on our website and are also printed on invoices. A hard copy is also available on demand.

Pre-orders and reorders guidelines:

1. A minimum of 8 pairs per style and color is required;
2. Free delivery for order of 24 pairs, and the client can purchase 3 different styles (8x3);
3. If order < 24 pairs, we set an extra price per pair;
4. We only perform exchanges under some conditions: the amount returned must be the same or less than the new stock order. The transport cost is supported by the client;
5. After placing an order, the client receives an **order notification** including an order summary as soon as their purchase order enters our system;
6. We only accept claims concerning missing pairs, empty boxes, discrepancies in quantities or sizes if we receive the claim maximum 1 week after the goods arrive at client's store/warehouse.

Complaints management

We have a department to manage all complaints situations individually. There is always an evaluation on our part that requires: photo of the article; photo of the defect (whenever possible) and purchase receipt, so that we understand the time of use. If the complaint is accepted, we have two options, collect it or just make the credit. We collect them whenever the evaluation of the defect is justified or even when it involves more than 1 pair. If it is only 1 pair and the complaint is obvious, we will not collect it, as it does not justify the transport and costs involved.

In 2022, a 1.13% return rate was observed for the total pairs sold, and it's noteworthy that not all of these returns were associated with complaints. This indicator together with an assessment of the causes of return provides insights into client satisfaction and product quality.

GOVERNANCE

Our performance

Logistics

The decision to carry out the logistics internally, which until 2021 was subcontracted, was one of the main reasons for the company to move to new facilities. We receive the finished product ready to ship and separate it by client in our warehouse.

100% of cardboard and paper materials are certified with FSC

We have as an internal practice the optimization of the load for each client. We combine the merchandise as much as possible to reduce the number of shipments.

Since we mainly do retail, we may have items that are sent separately, for example sneakers ship in January but sandals only ship in March or April. If the quantities are up to 24 pairs, we will combine them regardless of the type of item and the client gets free shipment costs. We do give the clients the option of receive them separately but with an additional payment of €2 per pair for the shipping cost. We have implemented this price to affect transportation decisions and influence awareness.

Our aim is to optimize the use of transportation space while reducing the environmental impact of shipments.

24 pairs/shipment: free shipping

We have also implemented a practice of tailoring shoebox dimensions to precisely fit the enclosed shoes. This operational adjustment serves a dual purpose: to maximize space utilization during shipping processes and minimizing environmental impacts associated with packaging materials. This not only streamlines logistical operations, resulting in more efficient transportation and reduced carbon emissions but also mitigates the excessive use of packaging materials. Such an approach also reflects a commitment to minimizing waste in the production process.

5 shipping partners for delivering the final products to retail

Fair prices, fair profit

With the abundance of cheap prices of fast fashion surrounding us, one may choose to ignore reality and fail to ask how the price of the products we buy can get so low.

Our company firmly believes in conducting its business with integrity and ensuring that the principles of fairness and equal treatment are applied and followed in all dealings with those whom the Company does business.

Apple of Eden carefully selects retail business to engage with, giving preference to retail customers, that is, local stores and small boutiques, over online giants and large supermarkets. These are able to offer big discounts and better prices due to their higher margins, which ends up being quite unfair for the local business, which typically sells at a fair price.

Although it is not our responsibility, whenever we notice that a client of ours is offering considerable discounts at the beginning of the collection, we alert them to the issue.

Newsletter

We send our newsletter with news, the must-haves for the season, trending products, available references and collection to our retail clients. It also includes information on how to place orders such as minimum pairs per article/color, email and delivery date.

ENVIRONMENTAL PERFORMANCE

Apple of Eden's Carbon Footprint

For the first time, we calculated our company's greenhouse gas (GHG) emissions, setting 2022 as our base year. The inventory was carried out in accordance with The Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and includes the mandatory scopes 1 and 2, and four categories from scope 3. The consolidation approach followed was operation control and the gases included in the calculations were CO₂, CH₄ and N₂O.

Goals of GHG accounting and reporting:

- Understand and track GHG emissions of Apple of Eden;
- Transparently disclose our performance;
- Identify opportunities to improve environmental performance.

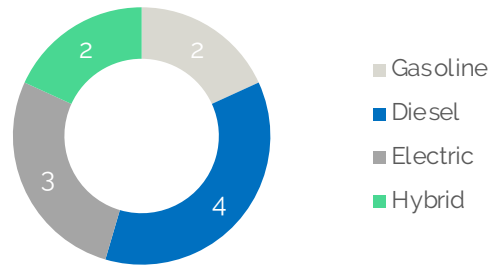
From this year, we intend to measure our impact to gradually improve throughout the years to come. KPIs shown in this report will be continuously determined and we have planned a communication map to engage with our business partners and get stakeholder feedback. In our roadmap to sustainability improvement, we have set targets to reduce our impact but also coordinate improvements in cooperation with our supply chain partners.



Fugitive emissions

Given the size of the company, accounting for fugitive emissions was not considered relevant. Furthermore, no equipment was acquired or discarded in the reporting year and maintenance records do not reveal leaks. However, an inventory was made of all air conditioning equipment, refrigerators, and fire extinguishing equipment for future accounting of emissions if necessary.


Type and number of vehicles in our fleet



Mobile combustion (own fleet)

 **11** vehicles


 **45%** of company's fleet is electric or hybrid

 **32 955 km** traveled by employee on work trips in the company's fleet

Consumables

 **580** Outer cardboard boxes to protect the shoe boxes during shipment

 **700** Shoe boxes

 **5%** **175** reams of paper in 2022, equivalent to ca. **9** trees. This analogy was estimated considering that a standard pine tree produces around 10000 sheets of paper, which means one ream is **5% of a tree**.

 **36,69 kg** of paper used by employee

Transportation of our products

 **72%** of shipments was carried out by truck

Truck is the preferred way of shipping since our clients are European. However, some air shipments are still required sometimes for example for expedited shipments.

 **28%** air shipments

Despite being the least used shipping method, air shipments represent 59% of total emissions of transportation.

Apple of Eden's carbon footprint results (tCO₂e):

| | 2022 |
|--|---------------|
| Stationary combustion | 0 |
| Mobile combustion (Fleet) | 24,50 |
| Fugitive emissions | N.C. |
| Total Scope 1 emissions | 24,50 |
| Total Scope 2 emissions - Location-based method | 8,26 |
| Total Scope 2 emissions - Market-based method | 11,45 |
| 1. Outer cardboxes | 1,83E-01 |
| 1. Card shoe boxes | 2,10E-01 |
| 1. Office paper | 1,41E-02 |
| 1. Production of purchased goods | 0,41 |
| 3. Shipment of products by air | 57,33 |
| 3. Shipment of products by land | 40,07 |
| 3. Upstream transportation and distribution | 97,40 |
| 6. Business travel | 2,80 |
| 7. Employee commuting | 3,57 |
| Total Scope 3 emissions | 104,17 |
| TOTAL EMISSIONS - MARKET-BASED METHOD | 140,12 |

*N.C. - Not considered

When accounting for scope 2 emissions, double counting was carried out, that is, using 2 methods: Market-based and Location-based. The market-based method considers the energy mix from supplier used to produce the electricity, while location-based is an average of the electricity produced in Portugal. The market-based approach ends up being closer to reality and reflects the company's choice regarding the energy supplier and sources used by it to obtain electricity.

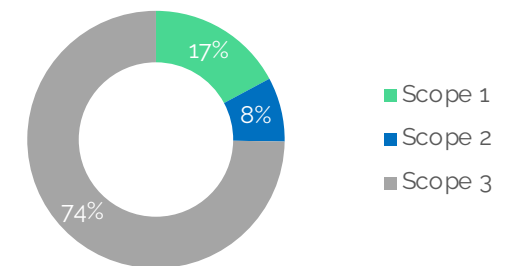


ca. **140 tCO₂e**
of company's carbon footprint
 (Scope 1, 2 and 3)



12,74 tCO₂e
of GHG emissions per employee

Breakdown of GHG emissions by scope



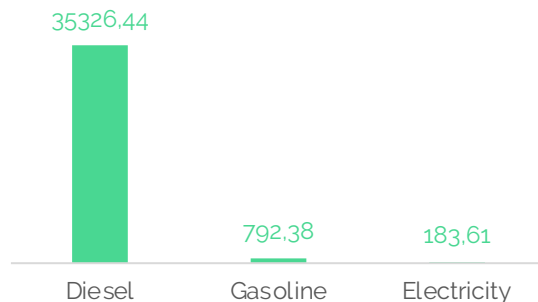
Energy

In 2022, Apple of Eden was responsible for a total energy consumption of 36 302.43 GJ. Electricity only represents 1% of this consumption and is allocated to offices, warehouses, and part of the fleet.

Electricity intensity:
37,75 kWh/m²

The remaining 99% of total energy consumption is associated with fuel for the company's own fleet. Within this, diesel consumed is the main driver of energy consumption with 97%, followed by gasoline with 2%.

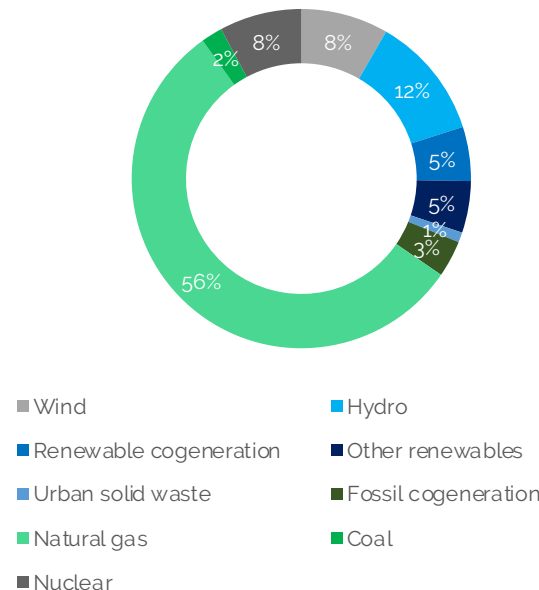
Energy consumption (GJ)



The energy mix from electricity supplier was obtained by supplier's invoices and represents the sources of the electricity produced in the 3rd quarter of 2022.

30% of the electric energy purchased comes from renewable sources

Energy mix from electricity supplier



| Type of energy | Description | Annual consumption (GJ) |
|--|---|-------------------------|
| Fuel from non-renewable sources | Gasoline and diesel for own fleet) | 36 118,82 |
| Electricity | Energetic mix from electricity supplier | 183,61 |
| TOTAL | | 36302,43 |

Energy management measures implemented:

- Replacement of luminaires for more energy-efficient options. **100% Led lighting bulbs;**
- We promote awareness among our employees for responsible consumption power;
- The new facilities (since 2021) were designed to have as much natural light as possible, with large windows and skylights that allow less energy consumption for lighting the office. This not only saves energy costs but also minimizes consumption, which in turn is associated with the emission of greenhouse gases;
- All our equipment has the highest levels of efficiency in addition to other energy-saving measures.

Ongoing measures:

We are in the process of installing photovoltaic systems on rooftop.

Waste

To date, we were unable to count the amount of waste generated. All waste generated by company's activities is segregated, especially the ones than can be recycled. These include not only, paper, plastic, and glass, but also coffee capsules.

The waste generated in our premises is mainly derived from office and warehouse activities:

- Packaging;
- Office equipment and consumables;
- Organic waste.

We have a practice of trying to reuse packaging or materials that can serve other functions as much as possible until they lose their resistance. These measures come from the awareness that our team has been developing regarding the importance of reducing waste.

We often seek for additional solutions and ideas from our employees to preserve resources and minimize waste.




We encourage all our employees to use less paper by providing digital tools to share files and appealing to print on both sides whenever possible.

Water

Water consumption in our facilities is not significant as it is only intended for human consumption.

To assess the potential risks associated with water, we employed the Aqueduct Water Risk Atlas tool. This assessment considered the geographical locations of our facilities and our primary supplier, the shoe manufacturers, providing us with valuable insights into the overall water risk.

OVERALL WATER RISK: Comprehensive assessment of water risk that encompasses various water-related hazards, consolidating chosen indicators from categories such as Physical Quantity, Quality, and Regulatory & Reputational Risk.

| Sites evaluated <input checked="" type="checkbox"/> | | Overall water risk |
|---|-----|--|
| Own premises | |  low-medium (10-20%) |
| | 88% |  low-medium (10-20%) |
| Shoe manufacturers | |  Medium-high (20-30%) |
| | 12% | |

<https://www.wri.org/applications/aqueduct/water-risk-atlas>

ECONOMIC PERFORMANCE

Our position

A business involves creating value for the economy, starting with the company itself, and the ability to add value to all our stakeholders and to the economic system, namely at local and national levels.

The metrics and indicators related to economic performance reflect the financial health and overall success, and helps stakeholders to assess our financial strength and prospects for future growth.

Economic performance is a topic material as we believe addressing economic performance demonstrates our commitment to transparency.



Our performance

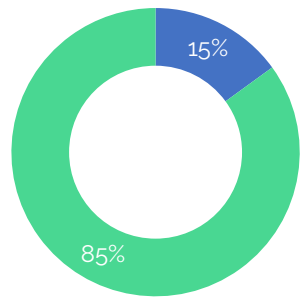
SALES

By staying attuned to consumer trends, we successfully identified shifting preferences and adjusted our product offerings accordingly. This adaptability not only sustained customer interest but also attracted new clientele, contributing significantly to the continuous uptrend in sales.

189 372 pairs sold in 2022.

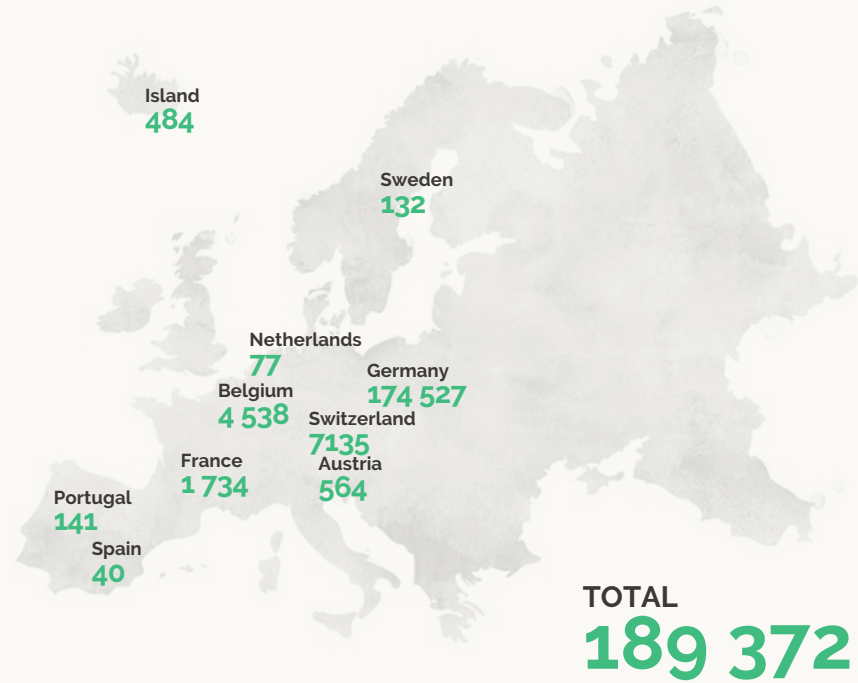
In 2022, 15% sales were private label and the remaining 85% Apple of Eden.

Pairs sold in 2022



■ Private label ■ Apple of Eden

The following map shows all pairs sold in 2022



Leading market: 92% of pairs sold in 2022 to Germany.

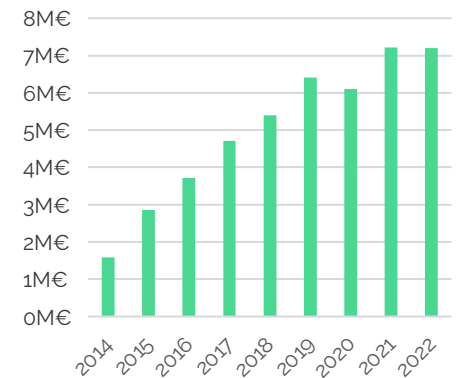
We export to 9 countries.

Our company has consistently demonstrated an impressive trajectory of increasing sales over time, a testament to our resilience.

In 2022, the sales volume of the brand Apple of Eden exceeded the 7M€.

The vast majority of sales are due to the sale of Apple of Eden brand products, which are represented in the following graph.

Apple of Eden sales



The financial distribution strategy of our company reveals a clear emphasis on operational sustainability and employee welfare.

Operating costs **93%**

Employee wages and benefits **5%**

Payments to providers of capital, Payments to government, Community investments **1%**

Economic value retained **1%**

Firstly, allocating 93% of the direct economic value to operational costs reflects our commitment to maintaining the efficiency and quality of the company's core business. This high percentage reflects our prioritization of the resources required for day-to-day operations, including production, administration, marketing, and other essential functions.

Secondly, designating 5% for employees reflects our conscious effort to invest in human capital. By allocating a substantial portion of the economic value to wages and benefits, we aim to attract, retain, and motivate a skilled workforce. We strongly believe this investment in employees can foster a positive workplace culture and contribute to long-term employee satisfaction and loyalty.

Finally, retaining 1% of the economic indicate our preference for stability, emphasizing a cautious approach to financial risk or on immediate operational needs.

Our company has consistently demonstrated a capacity for value creation. By delivering high-quality goods that meet market demands, we have been able to generate revenue, contributing directly to the company's economic success.



GRI CONTENT INDEX

GRI 2 GENERAL DISCLOSURES 2021

The organization and its reporting practices:

| Nº | DISCLOSURE | CHAPTER | PAGES | CONTENT |
|-----|--|------------------|-------|--|
| 2-1 | Organizational details | - | - | Apple Of Éden Trading, Unipessoal, Lda is based on Rua da Castanheira nº24, 4650-365 Revinhade, Felgueiras, Portugal. The company operations are in Portugal and markets its products in several European countries. |
| 2-2 | Entities included in the organization's sustainability reporting | - | - | Apple of Eden Trading is the only entity included in its sustainability reporting. The organization does not have audited consolidated financial statements or financial information filed on public record. |
| 2-3 | Reporting period, frequency and contact point | About the report | 05 | - |
| 2-4 | Restatements of information | - | - | Not applicable as this is the company's first sustainability report. |
| 2-5 | External assurance | - | - | The present report has not been subjected to external verification. |

ACTIVITIES AND WORKERS

| | | | | |
|-----|--|-----------------------------|----|---|
| 2-6 | Activities, value chain and other business relationships | About Apple of Eden Trading | 04 | In addition to footwear, the brand Apple of Eden also grants image rights to certain business partners that produce bags, jewelry and leather jackets. |
| | | Value chain | 16 | |
| 2-7 | Employees | Workforce value | 34 | To gather information about employees, the figures are presented in terms of head count. All 11 employees are classified as permanent and work on a full-time basis. |
| 2-8 | Workers who are not employees | - | - | Apart from the 11 employees, the company also engages agents for conducting commercial activities in other countries. Some workers, such as security personnel, are not employees. Moreover, freelancers, such as photographers or designers, are also hired for occasional work. |

GRI 2 GENERAL DISCLOSURES 2021

The organization and its reporting practices:

| Nº | DISCLOSURE | CHAPTER | PAGES | CONTENT |
|-------------------|---|---------|-------|--|
| GOVERNANCE | | | | |
| 2-9 | Governance structure and composition | - | - | Apple of Eden does not have a formal governance structure. The owner assumes a multifaceted role, overseeing everything from strategic decision making to day-to-day operations. |
| 2-10 | Nomination and selection of the highest governance body | - | - | Not applicable. As a small business, the owner is the highest governance body. |
| 2-11 | Chair of the highest governance body | - | - | The chair of the highest governance body is the owner, Nelson Gomes. |
| 2-12 | Role of the highest governance body in overseeing the management of impacts | - | - | The owner oversees sustainability initiatives, ensuring alignment with the company's strategic objectives. Regular reviews and updates are conducted to manage the impacts |
| 2-13 | Delegation of responsibility for managing impacts | - | - | As a small company in terms of employees, we team up internally to address different sustainability issues. The responsibility for managing the organization's impacts is distributed among the team, particularly to executives overseeing relevant departments. |
| 2-14 | Role of the highest governance body in sustainability reporting | - | - | The highest governance body, the owner, oversees the development of reporting mechanisms for tracking and transparently communicating the organization's performance in economic, environmental, and social dimensions. |
| 2-15 | Conflicts of interest | - | - | The process for dealing conflicts of interest is informal yet effective. This is based on open communication channels, where all team members feel comfortable expressing concerns directly to the owner. Regular meeting and an open-door policy encourage employees to report any kind of concerns promptly. Additionally, the company has formally developed its code of conduct that outlines company's ethical standards. |
| 2-17 | Collective knowledge of the highest governance body | - | - | Not applicable. |
| 2-18 | Evaluation of the performance of the highest governance body | - | - | Not applicable. |

GRI 2 GENERAL DISCLOSURES 2021

The organization and its reporting practices:

| Nº | DISCLOSURE | CHAPTER | PAGES | CONTENT |
|------|-----------------------------------|-----------------|-------|---------|
| 2-19 | Remuneration policies | Workforce value | 37 | - |
| 2-20 | Process to determine remuneration | Workforce value | 37 | - |
| 2-21 | Annual total compensation ratio | - | - | 1,84 |

STRATEGY, POLICIES AND PRACTICES

| | | | | |
|------|--|----------------------|----|--|
| 2-22 | Statement on sustainable development strategy | A word from our team | 03 | - |
| 2-23 | Policy commitments | - | - | Our organization is committed to upholding internationally recognized human rights, including but not limited to the principles outlined in the Universal Declaration of Human Rights and the International Labour Organization's fundamental conventions. |
| 2-24 | Embedding policy commitments | - | - | While our formal corporate policies are still in development, the establishment of the Code of Conduct marks a crucial step in our journey towards creating a corporate environment characterized by accountability, integrity, and ethical conduct. |
| 2-25 | Processes to remediate negative impacts | - | - | Our team is actively engaged in a collaborative effort to address concerns and enhance our impact across the supply chain. Regular team meetings serve as a forum for open discussions, where concerns related to potential negative impacts are exposed and thoroughly examined. Through this collective effort, our team identifies areas for improvement, seeking ways to mitigate adverse effects. |
| 2-26 | Mechanisms for seeking advice and raising concerns | - | - | Our team encourages open dialogue, ensuring that concerns are brought to the forefront. Transparent communication is vital in understanding the intricacies of our business conduct and its potential impacts. |

GRI 2 GENERAL DISCLOSURES 2021

The organization and its reporting practices:

| Nº | DISCLOSURE | CHAPTER | PAGES | CONTENT |
|------|--------------------------------------|---------|-------|--|
| 2-27 | Compliance with laws and regulations | - | - | There were no significant instances of non-compliance with laws and regulations during the reporting period. |
| 2-28 | Membership associations | - | - | Apiccaps; Centro Tecnológico de Calçado |

STAKEHOLDER ENGAGEMENT

| | | | | |
|------|------------------------------------|------------------------|----|--|
| 2-29 | Approach to stakeholder engagement | Stakeholder engagement | 10 | - |
| 2-30 | Collective bargaining agreements | - | - | All our employees are free to join collective bargaining agreements. |

GRI 3 MATERIAL TOPICS 2021

| | | | | |
|-----|--------------------------------------|--------------------|----|--|
| 3-1 | Process to determine material topics | Double materiality | 11 | - |
| 3-2 | List of material topics | Double materiality | 12 | |
| 3-3 | Management of material topics | - | - | The management of each material topic is detailed in its corresponding chapter or in its corresponding topic material in this GRI content index. |

PRODUCT QUALITY

GRI 3 MATERIAL TOPICS 2021

| | | | | |
|-----|-------------------------------|-----------------|----|--|
| 3-3 | Management of material topics | Product quality | 17 | We prioritize the use of high-quality materials sourced from Europe, ensuring compliance with REACH regulations. Our commitment extends to enhancing traceability throughout our supply chain. Proudly adopting a "100% Made in Portugal" ethos, our products are crafted with precision and care, contributing to the local economy and showcasing the skilled craftsmanship of our talented workforce. This commitment to local production reflects our belief in supporting the community while delivering quality products to our customers. Building strong and transparent relationships with our suppliers is at the core of our quality management strategy. Through open communication and collaboration, we ensure that our suppliers share our commitment to excellence, ethical practices, and continuous improvement. |
|-----|-------------------------------|-----------------|----|--|

GRI 2 GENERAL DISCLOSURES 2021

The organization and its reporting practices:

| Nº | DISCLOSURE | CHAPTER | PAGES | CONTENT |
|-----------------------------|---|-----------------|-------|---------|
| KEY INDICATORS | | | | |
| - | Anatomy of our best sellers | Product quality | 17 | - |
| - | Percentage of vegetable tanned leather in collections | Product quality | 26 | - |
| RESPONSIBLE SOURCING | | | | |

GRI 3 MATERIAL TOPICS 2021

| | | | | |
|-----|-------------------------------|----------------------|----|---|
| 3-3 | Management of material topics | Responsible sourcing | 27 | <p>We manage our sourcing strategy through various measures: we started tracing the origins of components in our footwear, fostering transparency and accountability. This also allows us to identify and address potential environmental and social impacts throughout our value chain. We set purchasing decisions that prioritize the working conditions of every individual within our value chain. Fostering strong and enduring relationships with our suppliers is pivotal to our responsible sourcing strategy. Through open communication, collaboration, and fair practices, we create an environment where both parties thrive. We actively seek to source responsibly and locally whenever possible, recognizing the positive impact this has on local economies and the environment. We actively nominate all component/material suppliers, giving our production partners the responsibility of purchasing materials and components exclusively from suppliers indicated by us. This not only ensures a consistent supply chain but also enforces our commitment to ethical sourcing practices. We have pre-established criteria that, if not met, can lead to the breakdown of business relationships, reinforcing our dedication to uncompromising standards. Moreover, we perform daily visits to the factories where our shoes are produced, engaging in stringent quality control measures. This hands-on approach allows us to monitor and assess working conditions, product quality, and adherence to ethical standards on a regular basis.</p> |
|-----|-------------------------------|----------------------|----|---|

GRI 204 PROCUREMENT PRACTICES 2016

| | | | |
|-------|---|---|---|
| 204-1 | Proportion of spending on local suppliers | - | 71% on national materials/components including leather and production plants. |
|-------|---|---|---|

GRI 2 GENERAL DISCLOSURES 2021

The organization and its reporting practices:

| Nº | DISCLOSURE | CHAPTER | PAGES | CONTENT |
|--------------------------------|---|----------------------|-------|---|
| KEY INDICATORS | | | | |
| - | Percentage of production partners located within a radius of less than 6km from our company | Responsible sourcing | 29 | - |
| - | Number of production partners in the reporting year | Responsible sourcing | 29 | - |
| - | Percentage of our footwear made in Portugal | Production process | 31 | - |
| - | Criteria checklist of our quality control department | Production process | 32 | - |
| WORKFORCE VALUE | | | | |
| 3-3 | Mngmt of material topics | | | - |
| GRI 401 EMPLOYMENT 2016 | | | | |
| 401-2 | Benefits provided to full-time employees that are not provided to temporary or parttime employees | Workforce value | 37 | - |
| KEY INDICATORS | | | | |
| - | Education level of employees | Workforce value | 35 | - |
| - | Years of service | Workforce value | 35 | - |
| - | Average seniority | Workforce value | 35 | - |
| - | Percentage of employees with permanent contract | Workforce value | 36 | - |
| - | % Average monthly remuneration of the company compared to the national | Workforce value | 35 | The average monthly remuneration in Portugal in 2022 was €1411. |

GRI 2 GENERAL DISCLOSURES 2021

The organization and its reporting practices:

| Nº | DISCLOSURE | CHAPTER | PAGES | CONTENT |
|---|--|---------------------------|-------------------------|---------|
| SOCIAL RESPONSIBILITY | | | | |
| 3-3 | Management of material topics | Social responsibility | 38 | - |
| KEY INDICATORS | | | | |
| - | Contributions given in the reporting year | Social responsibility | 38 | - |
| RESPONSIBLE BUSINESS | | | | |
| 3-3 | Management of material topics | Responsible business | 40-41 43-45 47-49 | - |
| GRI 302 ENERGY 2016 | | | | |
| 302-1 | Energy consumption within the organization | Environmental performance | 48 | - |
| 302-3 | Energy intensity | Environmental performance | 48 | - |
| GRI 303 WATER AND EFFLUENTS 2018 | | | | |
| 303-1 | Interactions with water as a shared resource | Environmental performance | 49 | - |

GRI 2 GENERAL DISCLOSURES 2021

The organization and its reporting practices:

| Nº | DISCLOSURE | CHAPTER | PAGES | CONTENT |
|-------------------------------|--|---------------------------|-------|---------|
| GRI 305 EMISSIONS 2016 | | | | |
| 305-1 | Direct (Scope 1) GHG emissions | Environmental performance | 47 | - |
| 305-2 | Energy indirect (Scope 2) GHG emissions | Environmental performance | 47 | - |
| 305-3 | Other indirect (Scope 3) GHG emissions | Environmental performance | 47 | - |
| 305-4 | GHG emissions intensity | Environmental performance | 47 | - |
| GRI 306 WASTE 2020 | | | | |
| 306-1 | Waste generation and significant waste-related impacts | Environmental performance | 49 | - |

GRI 2 GENERAL DISCLOSURES 2021

The organization and its reporting practices:

| Nº | DISCLOSURE | CHAPTER | PAGES | CONTENT |
|-----------------------|--|---------------------------|-------|---------|
| KEY INDICATORS | | | | |
| - | Conditions of sale | Governance | 43 | - |
| - | Description of complaints management | Governance | 43 | - |
| - | Return rate | Governance | 43 | - |
| - | Percentage of certified packaging materials | Environmental performance | 44 | - |
| - | Number of shipping partners | Environmental performance | 44 | - |
| - | Number of vehicles in own fleet discriminated by type | Environmental performance | 47 | - |
| - | Distance traveled by employee on work trips in the company's fleet | Environmental performance | 46 | - |
| - | Percentage of company's fleet that is electric or hybrid | Environmental performance | 46 | - |

GRI 2 GENERAL DISCLOSURES 2021

The organization and its reporting practices:

| Nº | DISCLOSURE | CHAPTER | PAGES | CONTENT |
|----|---|---------------------------|-------|---------|
| - | Number of main consumables in the reporting year | Environmental performance | 46 | - |
| - | Specific consumption of paper per employee | Environmental performance | 46 | - |
| - | Percentage of product transportation by road (truck) | Environmental performance | 46 | - |
| - | Percentage of product transportation by air | Environmental performance | 46 | - |
| - | Percentage of energy from renewable sources | Environmental performance | 48 | - |
| - | Overall water risk of own premises and shoe manufacturers | Environmental performance | 49 | - |

GRI 2 GENERAL DISCLOSURES 2021

The organization and its reporting practices:

| Nº | DISCLOSURE | CHAPTER | PAGES | CONTENT |
|-----------------------------------|---|----------------------|-------|---------|
| ECONOMIC PERFORMANCE | | | | |
| GRI 3 MATERIAL TOPICS 2021 | | | | |
| 3-3 | Management of material topics | Double Materiality | 11 | |
| KEY INDICATORS | | | | |
| - | Number of shoe pairs sold in the reporting year per country | Economic performance | 51 | |
| - | Percentage of private label sales | Economic performance | 51 | |
| - | Percentage of Apple of Eden brand sales | Economic performance | 51 | |
| - | Total sales in the reporting year | Economic performance | 51 | |
| - | Breakdown of direct economic value | Economic performance | 52 | |