

tonies Group

Sustainability Report 2024



Contents

Introduction	4
General	6
Basis for Preparation	6
Governance	11
Strategy	16
Impact, Risk and Opportunity Management	21
Environment	30
Climate Change	30
Transition Plan for Climate Change Mitigation	30
Impacts, Risks and Opportunities	31
Policies	32
Actions	32
Targets	33
Metrics	33
Pollution	35
Impacts, Risks and Opportunities	35
Policies	35
Actions	36
Targets	36
Metrics	38
Resource Use and Circular Economy	38
Impacts, Risks and Opportunities	38
Policies	39
Actions	39
Targets	41
Metrics	42
Social	46
Own Workforce	46
Impacts, Risks and Opportunities	46
Policies	48
Actions	49
Targets	53
Metrics	53
Governance	58
Business Conduct	58
Impacts, Risks and Opportunities	58
Policies	60
Actions	61
Targets	63
Metrics	64
Appendix	66
Disclosure Requirements and Incorporation by Reference	66
Statement on Due Diligence	68
Datapoints Deriving from other EU Legislation	69
Abbreviations	73



Introduction

The tonies Group is committed to **contributing to a more sustainable future** for generations to come. tonies is the world's largest interactive audio platform for children. The intuitive and award-winning audio system has changed the way young children play and learn. As a rapidly expanding manufacturing group, with products that play a significant role in children's education worldwide, we recognize the importance of sustainability and our responsibility. We are **mindful of the impact of our operations** across our entire value chain.

We believe that **sustainability starts with our product**. The Toniebox is particularly robust and durable, ensuring long-lasting use. It promotes physical and mental well-being through its screen-free design and encourages independence since its intuitive design enables even young children to operate it. With its reliability, the Toniebox often becomes a beloved companion for children, accompanying them as they grow up.



Listen, Learn,
and Grow

Beyond the inherent sustainability aspects of our product, there are many more to consider. tonies' sustainability journey is guided by our **vision**:





Listen, Learn, and Grow Responsibly

This sustainability vision underlines tonies' eagerness to assess the current status in order to establish a solid foundation for improvements and also reflects our curiosity, willingness to learn, and commitment to continuous progress.

To guide tonies' engagement in sustainability, we have defined clear **principles**:

- **Sustainability as an integral part of our doings:** Sustainability is not just a checkbox for us. It is a guiding principle that influences every decision we make. Our holistic approach encompasses environmental, social, and governance considerations.
- **Open-mindedness and innovation:** We embrace open-mindedness, receptiveness to feedback, and collaboration. By actively seeking new ideas and incorporating perspectives from diverse stakeholders – including customers, employees, licensors, suppliers, and investors – we enhance innovation.
- **Transparency and accountability:** We are committed to transparency about our sustainability efforts, regularly sharing our progress on sustainability matters. We maintain a keen awareness of tonies' environmental and social impact, continuously monitoring and assessing our footprint. By openly communicating our sustainability initiatives and performance, we build trust with our stakeholders and encourage collective engagement in our sustainability journey.
- **Continuous improvement:** Committing to continuous improvement on our journey towards sustainability. In particular, implementing policies and actions, setting targets, and measuring progress to address emerging sustainability challenges and opportunities.

To leverage tonies' contribution, our efforts focus on the **sustainability topics** identified as **material for tonies** through our materiality assessment, considering our unique business model and value chain. We structure our sustainability efforts along **four areas**:

-  **Planet**
 - Climate Change
 - Pollution
 - Resource Use and Circular Economy
-  **People**
 - Own Workforce
 - Workers in the Value Chain (application of a **transition period** regarding reporting)
-  **Play**
 - Consumers and End-Users (application of a **transition period** regarding reporting)
-  **Principles**
 - Business Conduct

Against this background, we are pleased to present tonies' **first sustainability report**. Although not yet legally required, this report is voluntarily guided by the requirements set out in the **Corporate Sustainability Reporting Directive (CSRD)** and the related European Sustainability Reporting Standards (ESRS).

As detailed in this report, the **past year** was all about refining our sustainability approach and assessing our status quo to create transparency and thus a reliable basis for future improvements. In addition, we are particularly proud of our advancements, such as the first-time disclosure of our **Corporate Carbon Footprint**, the launch of our **Toniebox Repair Service**, or the introduction of our **Employee Engagement Survey**. **Going forward**, we will build on this foundation to live up to our sustainability principles and vision.

General

Basis for Preparation

This sustainability report has been prepared in accordance with the requirements of the **CSRD** and the associated **ESRS**, issued by the European Financial Reporting Advisory Group (EFRAG). The sustainability topics and related data points covered were selected on the basis of our Double Materiality Assessment (DMA).

Reporting is conducted on a consolidated basis, with the same **scope of consolidation** as for the financial statements. Thus, the consolidated sustainability data comprises the tonies Group, incl. the tonies SE as the head of the group as well as all subsidiaries. Deviations from this scope are clearly indicated.

Throughout this report, we take into account our **own operations** as well as our **upstream and downstream value chain** (Figure 1), for example when identifying our material impacts, risks and opportunities (IROs) in the course of our materiality assessment. However, our main focus in this first reporting year is on our own operations. In the future, we will increasingly incorporate upstream and downstream value chain perspectives and data, for example by integrating more comprehensive reporting on the topics "Workers in the value chain" and "Consumers and end-users".

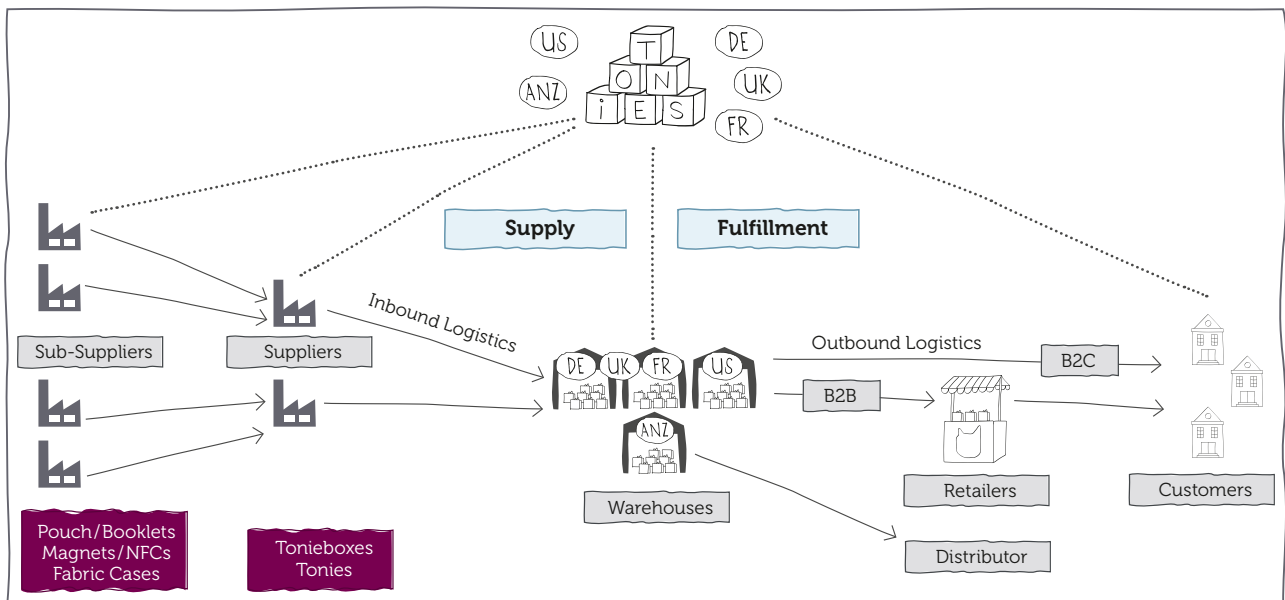


Figure 1: tonies' global value chain

Value chain estimation

Estimates based on indirect sources were used to calculate our Scope 2 and Scope 3 **greenhouse gas (GHG) emissions**. This concerns the Scope 2 categories "Purchased electricity" and "Purchased heat" and the Scope 3 categories "Purchased goods and services", "Waste generated in operations" and "Employee commuting" identified by the GHG Protocol Corporate Standard and GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. In these instances, calculations are partly or fully based on national averages where primary data was unavailable, except for the category "Purchased goods and services", where the calculation is based on spend.

Regarding the use of **national averages**, it can be argued that calculations are **reasonably accurate**, although reported emissions tend to be higher than actual emissions. Consequently, future disclosures based on an increasing amount of primary data should be contextualised accordingly to allow for transparency. For example, possible substantial differences in reported emissions from one year to the next may be attributed to improved data quality. With regard to the use of **spend-based** calculation methods, it should be critically noted that while this method is currently our best available option to calculate emissions from "Purchased goods and services", it is associated with **lower accuracy**. To improve accuracy in the future, it is planned to phase out spend-based calculation methods concerning production-related emissions from Tonieboxes and Tonies, provided more precise calculation methods are available.

Sources of estimation and outcome uncertainty

The **quantitative metrics** subject to a high level of **measurement uncertainty** are shown in Table 1. Regarding the listed metric, **limited availability of data** from our upstream and downstream value chain represents the source of uncertainty.

Table 1: Metrics subject to a high level of measurement uncertainty

ESRS Disclosure Requirement	Metric	Measurement assumptions, approximations, and judgements
E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions	Gross Scope 3 GHG emissions	<p>Emission factors: Using average emission factors</p> <p>Proxy data: Using proxy data from similar processes or industries</p> <p>Simplified models: Employing simplified models to estimate emissions from complex activities</p> <p>Relevance: Judging the relevance and materiality of different sources of Scope 3 emissions to focus on the most significant ones</p>

Use of phase-in provisions

For this year's report, we omit the information required by ESRS S2 "**Workers in the value chain**" and ESRS S4 "**Consumers and end-users**" in accordance with ESRS 1, Appendix C, even though the sustainability matters covered by both ESRS have been assessed to be material as a result of our materiality assessment (Table 2).

Table 2: Sustainability matters assessed to be material (phase-in)

ESRS	Topic	Sub-topic
S2	Workers in the value chain	<ul style="list-style-type: none"> ● Working conditions ● Equal treatment and opportunities for all ● Other labor-related rights
S4	Consumers and end-users	<ul style="list-style-type: none"> ● Information-related impacts for consumers/end-users ● Personal safety of consumers and/or end-users ● Social inclusion of consumers and/or end-users

While we are still preparing to report on both ESRS S2 and S4, our business model and strategy already take account of related impacts.

Workers in the value chain

With respect to **ESRS S2**, several components of our **business model** acknowledge the importance of strong, long-lasting relationships with our suppliers. Our Code of Conduct (CoC) outlines tonies' core values, which include taking social responsibility, embracing diversity, and focusing on the long-term effects of our doing. Issues such as respect for human rights, prohibition of child labor and compliance with other standards relating to labor rights and the provision of a safe workplace are set out in a separate Code of Conduct for Business Partners (CoCBP). To better understand and verify actual and potential risks of human rights violations of our business partners, we conduct an annual risk assessment which enables us to identify increased risk for violations of human rights within our supply chains and prioritise mitigation and remedial measures, if necessary. To monitor the effectiveness of our measures, tonies regularly reviews social audit reports which we request yearly from our core first-tier suppliers.

The topic "Workers in the value chain" is also reflected in our **sustainability strategy**, which includes two supplier-related targets that address the conditions in our upstream value chain (Table 3).

Table 3: Workers in the value chain-related targets

Medium-term target	Metric
Compliance with applicable sustainability standards and certifications	Percentage of relevant standards and certifications achieved
Compliance with Code of Conduct for Business Partners (e.g., working conditions, environmental protection)	Percentage of suppliers aligned with CoCBP

Regarding the **first target**, we are currently working on increasing transparency in our upstream value chain. This includes evaluating the status quo with regard to social and environmental certificates implemented by our suppliers. Complementary, we introduce a Supplier Scorecard, compiling our requirements in this regard. Looking at the **second target**, we are at present revising our CoCBP to achieve improved consistency with the requirements of licensors and other business partners in the new version. This revised CoCBP will then form the basis for working towards the achievement of the target.

tonies' internal policies adopted in connection with "Workers in the value chain" focus on the issue of human rights. The objective of tonies' **Group Human Rights Policy** is to provide basic standards and a framework enabling tonies and business partners to safeguard human rights. The Policy contains the guidelines of central importance regarding the duty of diligence with respect to human rights. This includes both internationally recognized standards as well as respective national laws. Additionally, it offers an overview of the core principles for protecting human rights, outlines the governance and due diligence processes, and details notification channels for reporting potential violations. The standards described in this policy provide a binding basis for social and business relations within the tonies Group and towards our business partners. Other relevant policies in this context include the **Whistleblowing Policy** and the **Group Data Protection Policy**.

Furthermore, tonies implements the following **actions** related to workers in the value chain:

- Providing **training** on the content of the **Group Human Rights Policy** to new employees of the tonies Group as part of their onboarding process
- Conducting an annual **Human Rights Risk Analysis**
- Integrating ESG criteria into our **Supplier Scorecard**, which is still in the process of being implemented
- Transitioning to **water-based paints** in the figurine production process, leading to healthier working conditions compared to solvent-based paints
- Requesting annual **social audit reports** from our core direct suppliers
- Providing a **whistleblowing system** for confidential and anonymous reporting of potential wrongdoing

Consumers and end-users

Considering **ESRS S4**, consumers and end-users represent the center of our **business model**. This becomes already clear when considering the properties of the Toniebox: Its durable design allows for extended playtime, while its user-friendly features encourage independence, making it easy for even very young children to use. Additionally, being screen-free shall support both physical and mental well-being. In case specific information or support is needed, our consumers and end-users can contact our dedicated Customer Happiness team. For sustainability-related enquiries, we provide a dedicated email address (sustainability@tonies.com) so that requests are directly forwarded to tonies' Sustainability team.

Moreover, **social inclusion** represents an integral part of our business model. This is also reflected in our collection of Tonies: our Creative Tonies are available in three different skin colors and with the help of different costumes, they make it possible to discover new characters. We hope that every child will find a Creative Tonie to identify with. Additionally, we have been carefully selecting our content, relaunching Tonies with more inclusive language and removing ones that do not quite meet our standards. We have been working with a network of writers, voice-over artists, experts and contributors from all different backgrounds to make sure we are as inclusive and welcoming as can be.

The topic "Consumers and end-users" is also reflected as a top priority in our **corporate strategy 2025**, which is to excite customers with great experiences, providing even more value by expanding our product and content offer in a reliable, consistent and sustainable way. Our **sustainability strategy** covers the topic too, including two targets directly relating to our little listeners (Table 4).

Table 4: Consumers and end-users-related targets

Medium-term target	Metric
Launch of 2 conscious content sets	Number of sets launched
Partnership with more than 1 global NGO to promote sustainability initiatives	Number of partnerships formed

tonies is working eagerly to achieve these **targets**. With the 'Conservation Crew', we have already launched our first conscious content – and our little listeners may be curious to hear what comes next.

tonies' approach concerning "Consumers and end-users" is partly also reflected in our adopted internal policies. The objective of the **Group Data Protection Policy** is to inform tonies' employees about the data protection concept, whereby tonies ensures the implementation of the data protection requirements for the handling of personal data. The aim of the **Whistleblowing Policy** is to provide employees with information about the whistleblowing system and related processes and procedures. Third parties will be informed about the whistleblowing system through our website directly. The **Group Communications Policy** is intended to help ensure that all communication by the company, its spokespersons, and all employees, is in compliance with applicable laws and tonies' values and brand. Further relevant policies in this context include our **Group Anti-Trust Policy** as well as our publicly available **Privacy Policy**.

Furthermore, tonies implements the following **actions** related to consumers and end-users:

Information-related impacts for consumers and/or end-users

Content-related

- Launching first **sustainability-related own content** in the form of two members of the "Conservation Crew", which makes little ones aware of the environment and endangered species
- Offering **Creative Tonies** and thereby promoting freedom of expression

Service-related

- In case **specific information or support** is needed, our consumers and end-users can contact our dedicated **Customer Happiness team**
- For **sustainability-related enquiries**, we provide a dedicated email address (sustainability@tonies.com) so that requests are directly forwarded to tonies' **Sustainability team**

Data protection-related

- External, independent **Data Protection Officer** who **audits compliance** with the General Data Protection Regulation (GDPR) and other data protection-related regulations
- Regular **employee training** on **data protection and IT security** via e-learning
- **Individual processing of each** data protection-related **enquiry** by the Customer Happiness team and the Legal & Compliance team
- **Provision of stored personal data**, either encrypted or sent by post, with identity verification handled through the support service on our website
- Ensuring **cookie settings** are always accessible via the website footer

Personal safety of consumers and/or end-users

Pre-market launch

- **Product related risk analysis** is conducted to identify potential product risks at an early stage of development and avoid them through defined corrective measures

Post-market launch

- **Complaint management:** The Customer Happiness team records and evaluates complaints from various stakeholders. If a (potential) risk is identified, the complaint is forwarded to a dedicated Product Risk team to be further processed
- **Market monitoring:** Relevant product safety-related information may also be published on social media or the press. Different teams collect information and forward it to the respective teams for further evaluation. Additionally, the Quality team carries out product spot checks on a regular basis
- **Supplier monitoring:** Information from our suppliers, for example, regarding changes in the manufacturing or procurement process, is evaluated by tonies regarding possible risks

Use-related

- **Screen-free** product design

Social inclusion of consumers and/or end-users

Content-related

- We **select our content carefully**, relaunching Tonies with more inclusive language and removing the ones that do not quite meet our standards
- We have been **working with a network** of writers, voice-over artists, experts, and contributors from different backgrounds to make sure we are inclusive and welcoming
- We provide **free contents** in the tonies@ audio content library in **multiple languages**

Product-related

- The **durable design** of the Toniebox allows for extended playtime, while its **user-friendly features** encourage independence, making it intuitive to use
- **Creative Tonies** are available in three **different skin colors** and with the help of **different costumes**, they make it possible to discover new characters

Governance

The role of tonies' administrative, management and supervisory bodies

tonies' **sustainability governance structure** is organized into six main levels, each with specific responsibilities and roles to ensure effective management and implementation of sustainability efforts.

At the implementation level, each sustainability initiative is led by a designated **Sustainability Initiative Owner**, typically an employee with leadership responsibility. This individual acts as the team leader, assigning tasks to team members as needed. The Initiative Owner is accountable for executing their respective initiative, with all initiatives collectively contributing to the achievement of the tonies' defined sustainability targets. This structure ensures that the company's sustainability targets are met through coordinated and practical actions.

The **Sustainability Project Management Office (PMO)**, led by a dedicated **Sustainability Manager** educated in the respective subject areas, includes representatives from both the Strategy and Legal & Compliance teams. Together, they help ensure company-wide promotion of sustainability, propose targets and corresponding actions, track progress towards target achievement, oversee the implementation of initiatives to ensure alignment with strategic objectives, manage day-to-day collaboration on sustainability matters across teams and departments, coordinate report preparations, and provide progress updates to the Sustainability Committee.

The **Sustainability Committee (SC)** is composed of **C-Level** executives and further employees with **leadership responsibility** representing **key business units**. Chaired by the **Chief Financial Officer (CFO)**, the SC steers sustainability at tonies. The SC ensures alignment between overarching business goals and sustainability efforts. It supervises the definition of targets related to material impacts, risks, and opportunities, along with corresponding actions and progress made toward their achievement, through meetings or written status updates. The SC also oversees sustainability initiatives, taking action to guide them toward realizing strategic objectives, allocating necessary resources, and removing road-blocks to advance sustainability efforts. Furthermore, the committee is responsible for discussing and reaching consensus on sustainability reporting ambitions, procedures, and content. Lastly, the SC facilitates rapid decision-making by aligning decision proposals for the Executive Team.

The **Executive Team** comprises the **Management Board**, **C-Level** executives, and **Market General Managers**, along with two dedicated sustainability owners from the Strategy and Legal & Compliance teams. These owners have experience in the field and/or take part in appropriate training and support the cross-functional implementation of initiatives and reporting. The Executive Team is responsible for making key decisions, with sustainability-related decision-making delegated to this group to ensure strong top-level backing for sustainability efforts.

The **Management Board** is involved in all material steps related to sustainability as part of both the Sustainability Committee and Executive Team. The Management Board also holds the responsibility for approving and signing off on the sustainability report, reflecting their integral role in the process. The Management Board reports to the Supervisory Board, ensuring alignment and oversight. The composition and diversity of the Management Board is depicted in Table 5.

Table 5: Composition and diversity of the Management Board

Number of executive members	3
Number of non-executive members	0
Information about representation of employees and other workers	–
Percentage of members by gender	33% female 66% male
Board's gender diversity ratio	0.5

Finally, the **Supervisory Board** and **Audit Committee** receive regular sustainability updates during board meetings. They have the authority to approve and sign off on the tonies' sustainability report, ensuring accountability at the highest level. The composition and diversity of the Supervisory Board is shown in Table 6. All members of the Supervisory Board have expertise and experience relevant to tonies and in the area of sustainability.

Table 6: Composition and diversity of the Supervisory Board

Number of executive members	0
Number of non-executive members	5
Information about representation of employees and other workers	-
Percentage of members by gender	20 % female 80 % male
Board's gender diversity ratio	0.25
Percentage of independent board members	60%

tonies' governance (Figure 2) provides a structured approach to sustainability, where strategic decisions and reporting are overseen by senior leadership while operational tasks are managed by designated teams and individuals. The responsibilities of each body or team described above are also reflected in tonies' internal **Group Sustainability Policy**.

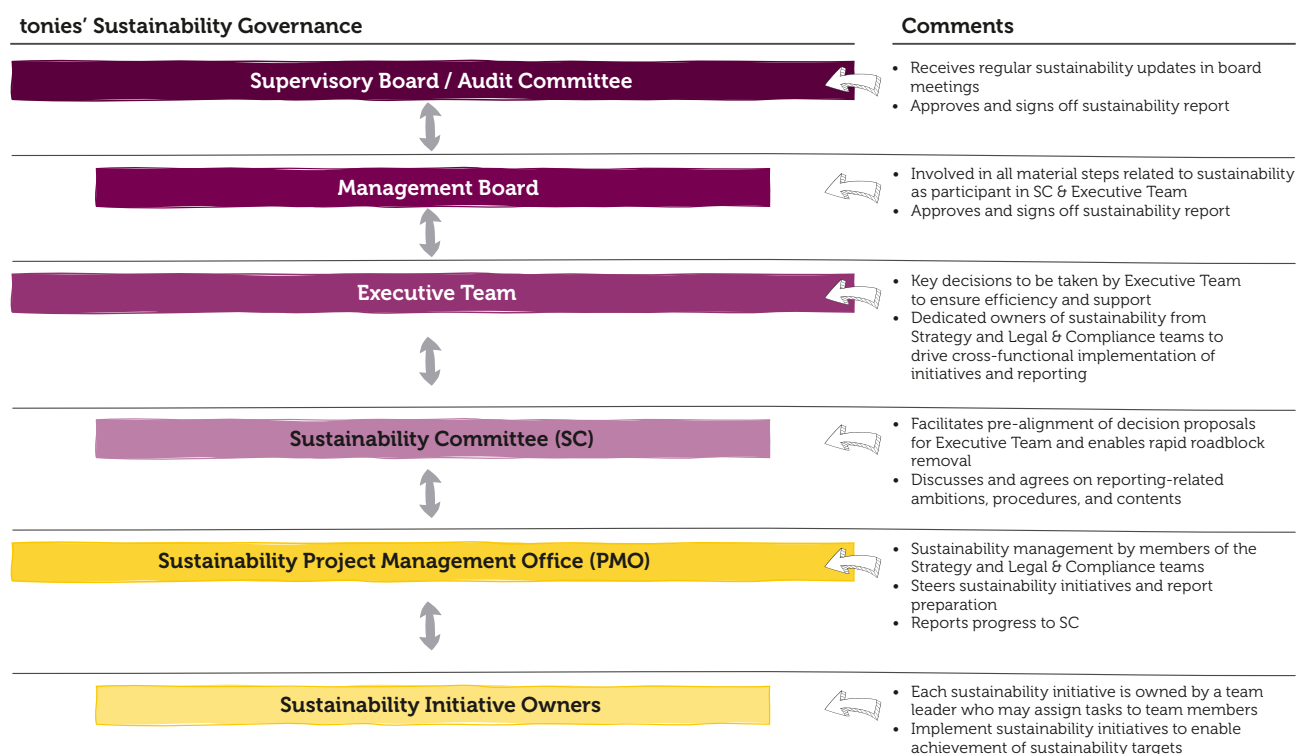


Figure 2: tonies' sustainability governance structure

All members of the **Supervisory Board** have **relevant knowledge** in corporate governance, risk, and compliance matters. New members are also required to complete an Independence Questionnaire, which evaluates their independence – as well as that of their close family – from competitors, controlling shareholders, and other relevant entities.

Moreover, members of tonies' **Management Board** actively **support initiatives** related to business ethics, corporate culture, and the prevention of corruption. Their collective dedication to these principles underscores their role as stewards of responsible governance and ensures alignment with our organizational values.

By prioritising **expertise in business conduct** and assembling a Management and Supervisory Board that upholds relevant principles, tonies strengthens a culture of accountability, integrity, and trust across the organization. The commitment to upholding **ethical business practices** not only safeguards tonies' reputation but also fosters an environment where employees feel empowered to act with integrity and contribute to tonies' shared success.

Information provided to and sustainability matters addressed by tonies' administrative, management and supervisory bodies

In line with tonies' sustainability governance structure (Figure 2), the **Management and Supervisory Board** are **informed about sustainability matters** by the dedicated sustainability owners from the Strategy and Legal & Compliance teams, supported by the Sustainability PMO. This information is provided through written status updates and/or structured meetings. During the reporting period, the focus was on assessing the status quo, defining sustainability ambitions, and delivering updates on the progress of report preparation. Updates to the boards are provided regularly or as needed, ensuring that key stakeholders are well-informed and equipped to make critical decisions effectively.

In particular, **material impacts, risks, and opportunities** are specified by the Sustainability Manager together with the respective topic owners, and presented to the Management Board for approval. The implementation of **due diligence** is overseen by the Management Board as part of the Sustainability Committee's activities, while the Supervisory Board receives high-level updates during board meetings. The **results and effectiveness** of sustainability-related **policies, actions, metrics, and targets** have not yet been extensively reviewed, as these elements were only recently formalised, making it too early to assess their outcomes in detail.

Furthermore, tonies has begun the **initial steps** of integrating sustainability considerations into its **business strategy, decision-making, and risk management processes**. The Management and Supervisory Board are beginning to factor in sustainability impacts, risks, and opportunities, particularly in discussions around strategic priorities and significant transactions – for example, in the context of our Tonie production, regarding the transition to water-based paints or the potential adoption of additional more sustainable materials. tonies is also at an early stage of adapting its risk management framework to incorporate sustainability-related risks.

Integration of sustainability-related performance in incentive schemes

As outlined in tonies' **Remuneration Policy**, the variable components of **Management Board members' remuneration** may include, among other elements, an annual performance bonus. The Management Board members may receive an annual performance-dependent bonus paid in cash, depending on the achievement of **annual performance targets** as Short-Term Incentive (STI). Such performance targets shall consist of approximately **80% financial** targets and **20% individual** targets, including qualitative and quantitative performance criteria. These criteria are outlined in the Management Board members' service agreements or determined individually by the Supervisory Board. The individual targets will particularly consist of strategic and operational criteria, as well as sustainability-related criteria.

During the reporting period, tonies' Supervisory Board incorporated **sustainability-related performance metrics** into the Management Board's incentive schemes for the first time. At this stage of tonies' sustainability journey, the defined target focuses on conducting an assessment of tonies' current sustainability status, providing the foundation for future advancements. To date, climate-specific considerations have not been incorporated into the remuneration of tonies' Management Board or Supervisory Board.

For the financial year 2024, performance is assessed against the following **target**, which was set by the Supervisory Board with input from the Sustainability PMO and the dedicated sustainability owner within the Legal & Compliance team: Publication of first sustainability report according to CSRD/ESRS [...] incl. a status quo assessment of tonies' material sustainability topics and a definition of tonies' sustainability priorities going forward. This target applies to **two members of the Management Board**, namely Tobias Wann (CEO) and Dr. Jan Middelhoff (CFO). These Management Board members' variable remuneration is partly tied to the achievement of this target.

The **Remuneration Policy** is **reviewed** by the Supervisory Board at its due discretion, but in any event every four years. The Supervisory Board presents the Remuneration Policy to the general meeting for approval each time there is a substantial change, but at least every four years.

Risk management and internal controls over sustainability reporting

tonies' approach to sustainability reporting is underpinned by **risk management** and **internal control processes**, ensuring regulatory compliance, data reliability, and a commitment to continuous improvement. These processes are integrated into tonies' sustainability governance structure, with oversight at the operational level ensured by the Internal Controls Manager and the Sustainability Manager.

The **scope, main features and components** in this regard include clearly delineated **roles and responsibilities** within the reporting process to ensure effective **checks and balances**. Standard operating procedures and comprehensive documentation guide the data collection, processing, and reporting activities.

Data Owners

Subject-matter experts from relevant business units act as Data Owners, leveraging their expertise in tonies' material sustainability topics. They **prepare and/ or provide required data** and **draft or review report sections**.

Topic Owners

As the **first point of control**, line managers who act as Topic Owners verify the reliability of data provided by Data Owners, focusing on the **content of the information provided**. For this purpose, they use standardised check-lists and receive implementation support if needed.

Sustainability Manager

The Sustainability Manager **leads report preparation at the operational level**. Responsibilities include coordinating data collection, validating inputs, supporting text preparation, and ensuring compliance with regulatory requirements, engaging with external experts as required. The Sustainability Manager focuses on compliance with the **requirements set out in the ESRS**.

Sustainability Owner

The Sustainability Owner responsible for reporting, represented by the Group General Counsel & Chief Compliance Officer, **oversees the report preparation process** in detail, serving as the **second point of control**. Oversight is conducted through the review of working documents as well as bi-weekly update meetings, alignment of weekly key results, and additional written or in-person coordination with the Sustainability Manager as needed.

Sustainability report review and approval process

The **Sustainability Committee** is responsible for **revising** the report. Following this, the report is reviewed by the **Management Board (third point of control)** for **approval and sign-off**. Finally, the **Supervisory Board (fourth point of control)** grants **final approval and sign-off**, ensuring the accuracy and completeness of the report.

External assurance

Going forward, **limited assurance** from **external auditors** will be sought, enhancing the credibility of tonies' sustainability disclosures and ensuring alignment with regulatory standards.

These risk management and internal control processes ensure that tonies' sustainability reporting aligns with ESRS requirements while reflecting the company's commitment to transparency, accountability, and the ongoing enhancement of the reporting process. Findings are consistently communicated to key decision-makers, facilitating informed oversight.

Risk assessment approach

In preparing this report, tonies identified potential risks associated with the reporting process based on the expertise and judgement of the Internal Controls Manager and the Sustainability Manager. These risks were assessed to the best of their knowledge, leveraging their collective experience in the absence of a formalised framework or comprehensive risk assessment. As this is tonies' first sustainability report, the process represents a foundational effort, with insights gained serving as a basis for developing more **structured and robust risk management** practices in **future reporting cycles**.

Main risks and mitigation strategies

As part of the risk assessment, entity-related and process-related risks associated with tonies' sustainability reporting were identified, along with corresponding mitigation strategies. These are presented in Table 7 (entity-related risks) and Table 8 (process-related risks).

Table 7: Entity-related risks and mitigation strategies

Risk	Mitigation measures and controls
<p>Non-compliance with regulatory requirements: The risk that tonies' sustainability report does not fully meet the requirements of the CSRD/ESRS and does therefore not receive external assurance, impacting reputation and, in the future, regulatory standing.</p>	<ul style="list-style-type: none"> ● Internal capacity building <ul style="list-style-type: none"> – Assign a dedicated sustainability reporting team responsible for overseeing compliance – Train relevant teams on CSRD/ESRS requirements to enhance understanding and application throughout the reporting process ● Engaging expert support <ul style="list-style-type: none"> – Collaborate with external consultants specialised in CSRD/ESRS as needed to ensure alignment with reporting requirements ● Implementation of a robust approach <ul style="list-style-type: none"> – Develop and implement a structured internal checklist to monitor alignment with all relevant disclosure requirements – Establish clear timelines for the collection, validation, and review of data to ensure quality and consistency ● Continuous improvement <ul style="list-style-type: none"> – Incorporate feedback from assurance providers and stakeholders into future reporting cycles to address identified weaknesses proactively
<p>Delays in timely availability of information: The risk that not all required information for sustainability reporting is available in a timely manner, impacting the overall timeliness and accuracy of the sustainability report.</p>	<ul style="list-style-type: none"> ● Dedicated reporting team <ul style="list-style-type: none"> – Assign a dedicated sustainability reporting team responsible for overseeing the timely collection and review of data, ensuring any potential bottlenecks are addressed promptly – Ensure coordination between the sustainability reporting and finance teams to align reporting timelines ● Regular progress reviews <ul style="list-style-type: none"> – Conduct regular status meetings with relevant teams to track progress on data collection and ensure all necessary information is on schedule – Implement a central tracking document to monitor the status of data availability ● Predefined data requirements <ul style="list-style-type: none"> – Clearly define and communicate data requirements for sustainability reporting to all teams at an early stage – Establish data templates and standard procedures to streamline the information collection process

Table 8: Process-related risks and mitigation strategies

Risk	Mitigation measures and controls
<p>Data completeness and integrity: The risk that not all material sustainability data is fully captured or accurately represented in the sustainability report, compromising the completeness and integrity, and impacting its reliability as well as tonies' ability to meet stakeholder expectations.</p>	<ul style="list-style-type: none"> ● Comprehensive data collection process <ul style="list-style-type: none"> – Establish clear procedures for identifying and collecting all material sustainability data as defined in the materiality assessment – Ensure all relevant teams are involved in the data collection process ● Data validation and cross-checking <ul style="list-style-type: none"> – Implement a robust internal review process to validate the accuracy and completeness of the collected data before it is included in the report – Use cross-checking techniques to ensure consistency across different data sources and reporting formats ● Data quality assurance <ul style="list-style-type: none"> – Maintain comprehensive records of data sources, assumptions, and methodologies to ensure transparency and facilitate auditing
<p>Accuracy of estimation results: The risk that data requiring estimation is not accurately calculated, leading to misrepresentation in the sustainability report impacting stakeholder trust and regulatory compliance.</p>	<ul style="list-style-type: none"> ● Transparent methodologies <ul style="list-style-type: none"> – Develop and document clear methodologies for all data estimations to ensure transparency and repeatability ● Validation processes <ul style="list-style-type: none"> – Implement internal reviews and cross-checking to verify the accuracy of estimation results ● Stakeholder communication <ul style="list-style-type: none"> – Clearly communicate the use of estimations, along with their inherent limitations, to manage stakeholder expectations
<p>Availability of upstream and downstream value chain data: The risk that required data from value chain partners is not readily available, complete, or reliable. This could impact tonies' ability to fully report on sustainability metrics.</p>	<ul style="list-style-type: none"> ● Supplier and partner engagement <ul style="list-style-type: none"> – Establish clear communication channels with value chain partners to outline data requirements and expectations ● Alternative data sources <ul style="list-style-type: none"> – Identify and leverage alternative data sources, such as industry benchmarks or regional averages, for gaps in value chain data

Strategy

tonies' **group strategy 2025** is guided by four **strategic priorities**, two of which can be particularly related to sustainability matters:

Excite Customers with Great Experiences – Provide even more value to our customers by expanding our product & content offer in a reliable, consistent & sustainable way: This priority sets forth that tonies strives to meet evolving customer expectations, for example, by embedding sustainability considerations into products and services.

Build a Scalable Company – Live up to the excellence required from a Billion Euro revenue company by bringing processes, structures and people in tune: As the company continues to grow and mature, this priority highlights tonies' commitment to aligning processes, structures, and workforce with the principles of operational excellence. This includes integrating sustainability considerations into business model and decision-making processes, aiming to balance growth with the responsibility to minimize environmental impacts and contribute to social well-being.

While not exclusively focused on sustainability, these priorities acknowledge the opportunity to align business objectives with sustainability outcomes. They reflect tonies' commitment to embedding sustainability principles into business operations in ways that deliver enhanced value to stakeholders.

tonies' **sustainability-related goals** are reflected in our medium-term target picture (Figure 3). To maximize impact, our efforts from a product perspective are primarily focused on **enhancing the sustainability of our core products** – the Toniebox and Classic Tonies ('Planet' area). In terms of stakeholders, tonies' **consumers and end-users** ('Play' area), **own employees and direct suppliers** ('People' area) represent priorities.

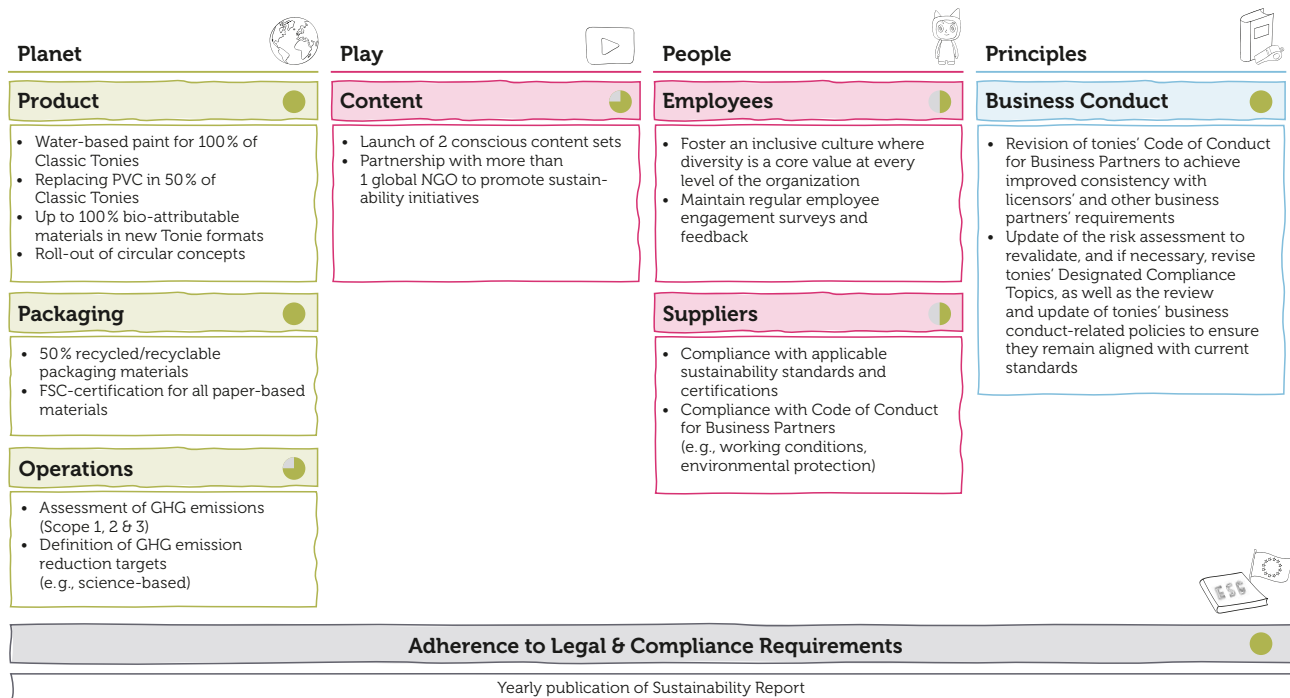


Figure 3: tonies' medium-term sustainability targets

● High stakeholder importance ● Low stakeholder importance

Business model and value chain

tonies' **value chain**, as represented in Figure 4, is divided into **five core value phases**, each focusing on a distinct area:

1. New business building

This phase represents the initial stage of creating and establishing new business opportunities. It forms the foundation for innovation and growth.

2. Product and category management

This phase highlights four key focus areas:

- **Category management:** Defining and managing product categories.
- **Ideation and design:** Generating creative ideas and designing products.
- **Content development:** Creating engaging and meaningful content.
- **Prototyping:** Developing and testing prototypes to refine product concepts.

3. Supply chain and operations

This phase emphasizes the efficient management of tonies' supply chain, ensuring the smooth and efficient flow of goods and materials while starting to integrate sustainability into supply chain operations. It focuses on four key areas:

- **Procurement: Sourcing high-quality materials and services while ensuring cost-effectiveness and starting to consider sustainability aspects.**
- **Production and supplier management:** Overseeing production processes and maintaining strong relationships with suppliers.
- **Inventory:** Managing inventory levels to balance supply with demand.
- **Logistics and transport:** Coordinating the transportation and distribution of products to ensure timely delivery.

4. Marketing and sales

This phase focuses on brand visibility, customer engagement, and revenue generation, integrating traditional and digital strategies, through six key focus areas:

- **Product marketing strategy:** Crafting strategies to position tonies' products effectively.
- **Brand strategy:** Strengthening brand identity and ensuring consistent messaging across channels.
- **Promotion:** Executing targeted promotional campaigns to increase awareness.
- **Wholesale:** Building strong relationships with wholesale partners.
- **Retail:** Collaborating with retail partners.
- **E-commerce:** Optimizing online sales channels.

5. Customer interaction

The final phase emphasizes maintaining strong relationships with customers and ensuring a positive experience through three key areas:

- **Customer support:** Providing support to customers by addressing inquiries, resolving issues, and ensuring satisfaction.
- **Returns and exchanges:** Managing return and exchange processes efficiently to maintain customer trust and convenience.
- **Feedback and improvement:** Collecting and valuing customer feedback to identify areas for improvement and enhance products, services, and overall experience.

Core Value Phase 1. New business building

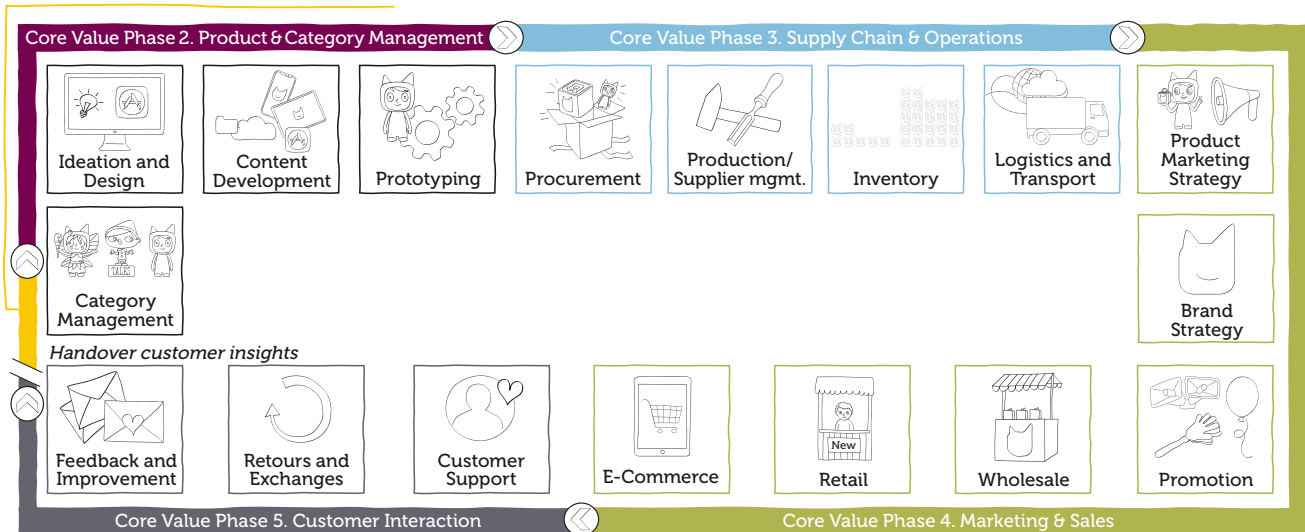


Figure 4: tonies' value chain

Inputs

tonies relies on a range of strategic **inputs** to bring its interactive audio system to life and is dedicated to **gathering, developing, and securing** these elements effectively:

- **Technology and innovation:** Innovative technology and design that make tonies' products and services unique.
 - **Research and development:** tonies is committed to continually enhancing its offerings and developing new ones, ensuring they remain engaging and innovative.
 - **Patents and security:** tonies secures patents and trademarks related to its products and services, ensuring that innovations stay proprietary.
- **Energy and resources:** Access to energy and resources for operations.
 - **Supplier collaboration:** tonies partners with trusted suppliers who provide, for example, high-quality and child-safe materials for Tonieboxes, Tonies and Accessories.
- **Licensing and content:** Access to a vast library of audio content from global partners.
 - **Content partnerships:** tonies collaborates with renowned content providers, such as Disney, Warner, or Sony Music, to offer a broad range of audio titles that enhance the play and educational experience for children.
 - **tonies Originals:** tonies develops its own content, expanding its library to include unique and educational stories tailored to young audiences.
 - **Rights management:** Through licensing agreements and partnerships, tonies ensures access to high-quality, diverse content, continually enriching its library.
- **Human capital:** A diverse and skilled workforce across various functions.
 - **Talent acquisition:** tonies attracts talents globally, with teams dedicated to design, product management, customer service, marketing, and other key areas.
- **Manufacturing partnerships:** Collaboration with experienced manufacturers who produce products according to tonies' specifications and requirements.
 - **Contract manufacturing relationships:** As tonies does not produce its products in-house, it works closely with a network of contract manufacturers.
 - **Quality control:** tonies implements quality control processes and works directly with manufacturers.

By carefully managing these inputs, tonies ensures its value chain remains efficient and resilient. On this basis, tonies delivers a range of tangible **outputs**, offering unique **benefits to its customers, investors, and other stakeholders**.

Outputs

- **Interactive audio system:**
 - Over 8 million Tonieboxes and 100 million Tonies figurines sold globally, with the system providing an engaging, child-safe, wireless, and screen-free play and learning experience.
 - Several thousand digital audio titles available, offering a diverse range of content.
- **Global reach:**
 - Products are available in multiple countries on different continents, with Tonieboxes activated in over 100 countries.

Outcomes

- **Benefits for customers:**
 - **Educational value:** The Toniebox can enhance children's independent learning and creativity. It offers a safe, screen-free entertainment option that can foster imaginative play.
 - **Global content access:** A diverse library of content provides children with access to a wide range of age-appropriate, culturally relevant audio material.
- **Benefits for investors:**
 - **Long-term value creation:** Increasing sustainability efforts help tonies mitigate risks, open new growth opportunities, and generate long-term value, ultimately enhancing profitability and shareholder returns.
 - **Attracting responsible investment:** By implementing sustainability initiatives, tonies becomes more attractive to socially and environmentally responsible investors, expanding access to capital and potentially improving stock valuations.

● **Benefits for other stakeholders:**

- **Suppliers and partners:** tonies' commitment to quality and safety standards supports long-term, mutually beneficial relationships.
- **Employees:** With a growing global presence and diverse product portfolio, tonies provides a dynamic and rewarding environment for its employees.
- **Sustainability and community impact:** tonies continues to explore sustainability measures, aiming to create a positive impact in the industry and contribute to the broader well-being of children worldwide.

Interests and views of stakeholders

tonies is in the early stages of engaging its **key stakeholders**, illustrated in Figure 5, to address sustainability matters. To start, tonies has analyzed key stakeholders' expectations to better understand their positions on sustainability topics, assess their criticality, and evaluate the company's current level of alignment with these expectations. The results provide a valuable foundation for future interactions, enabling more targeted and meaningful dialogue on sustainability matters.



Figure 5: tonies' key stakeholders and their sustainability expectations

tonies engages with key stakeholder categories to integrate their perspectives into the company's sustainability strategy. As part of our **Double Materiality Assessment**, we consulted internal stakeholders, specifically **employees** from sustainability-relevant departments, to incorporate their insights into defining tonies' material sustainability topics. Additionally, we surveyed external stakeholders, namely **an investor, banks, and a licensor**, to assess the materiality of sustainability topics.

The views and interests of **employees**, particularly those from Sustainability Initiative Owners responsible for executing individual initiatives, were gathered through discussions and considered in the **formulation of sustainability targets and actions**.

A **workshop** was organized to **explore opportunities for making coatings and materials** for our figurines more sustainable, with participation from **relevant business units**. The session focused on resource use and circular economy, identified as the environmental area with the greatest potential for improvement. An **external partner** supported the workshop, providing additional expertise to shape possible solutions.

This engagement helps us align our sustainability ambitions with stakeholder expectations and incorporate their feedback into our strategic decisions, ensuring that our sustainability efforts are both relevant and impactful.

Integrating workforce perspectives for a positive work environment

Respecting human rights and ensuring that the interests, views, and rights of its own workforce inform its strategy and business model in this regard is a high priority for tonies. The group's commitment to **human rights** is reflected in its adherence to international standards such as the UN Universal Declaration of Human Rights and the International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work.

To foster a positive and inclusive work environment, tonies has implemented a comprehensive global Inclusion & Diversity roadmap and an annual employee engagement survey plus quarterly pulse checks. These initiatives are designed to ensure that the **perspectives of the workforce** are integrated into the group's strategy and business model. tonies' efforts demonstrate the group's commitment to creating a positive and inclusive work environment that aligns with business objectives and drives sustainable growth.

Impact, Risk and Opportunity Management

Double materiality assessment process

The starting point for sustainability reporting in accordance with the CSRD and the related ESRS is conducting a **Double Materiality Assessment (DMA)**. Under the double materiality principle, disclosures must be made on an ESRS topic if significant impacts on people and the environment (impact materiality) or financial effects on the company (financial materiality) have been identified. tonies' process for identifying material sustainability-related topics, along with linked impacts, risks and opportunities, follows **six sequential steps** (see Figure 6):

1. **Sustainability & Compliance perspective:** Initial evaluation of topic and sub-topic materiality by tonies' Legal & Compliance team, with the advice of external consultants, to provide a preliminary assessment of their materiality or non-materiality.
2. **Internal stakeholder perspective:** Discussions with experts from key business areas, including Strategy, Production Systems & Management, Group Accounting, Investor Relations, and Corporate Communications. These coordinations build upon the initial assessment to refine, adjust, and validate the materiality evaluation.
3. **External stakeholder perspective:** Conduct of a survey to gather input from a selection of external stakeholders, including representatives from key stakeholder groups such as financial institutions and partners. Their feedback on the materiality or non-materiality of topics and sub-topics was integrated to ensure an external viewpoint was considered in the analysis.
4. **Preliminary list of material topics:** Compilation of a preliminary list of material topics and sub-topics, weighted 60% to internal stakeholder perspectives and 40% to external stakeholder perspectives. Additional, voluntary topics are added to ensure comprehensiveness.
5. **Discussion with Sustainability Committee:** Review and validation of preliminary list by Sustainability Committee to confirm the topics that will be covered in tonies' sustainability reporting on the financial year 2024.
6. **Further refinement:** Specification of material impacts, risks and opportunities related to environmental, social, and governance matters at the sub-topic level by tonies' Legal & Compliance team, based on a compilation of impacts, risks and opportunities from external experts. These are subsequently reviewed and, if necessary, adapted in collaboration with Topic Owners to validate their accuracy and ensure completeness.



Figure 6: Process of tonies' materiality assessment to determine reporting topics and related impacts, risks and opportunities

This structured and collaborative approach ensures that tonies' sustainability reporting reflects both internal expertise and external stakeholder expectations while aligning with regulatory requirements. The assessment of double materiality was conducted using a **5-point scale**, ranging from 1 (very low) to 5 (very high). A **threshold of 3.5** was applied: topics with a score of 3.5 or higher were deemed material, while those scoring below 3.5 were considered non-material. The (non-)materiality of each sub-topic is illustrated in Figure 7. Materiality assessment results will be **revised annually**.

Sustainability-related risks have not yet been systematically prioritized relative to other types of risks. While tonies recognizes the importance of integrating these risks into its **overall risk framework**, the company is in the early stages of developing a comprehensive approach. Initial efforts include identifying key sustainability-related risks and their potential impacts, which form the foundation for future prioritization.

Currently, the processes for identifying, assessing, and managing sustainability-related impacts, risks and opportunities are not yet integrated into tonies' **overall management framework**. tonies is in the initial phases of establishing a structured approach to incorporate these elements into broader strategic decision-making through regular meetings between tonies' Strategy and Legal & Compliance teams. This initiative aims to enhance tonies' ability to manage these aspects collectively in the future.

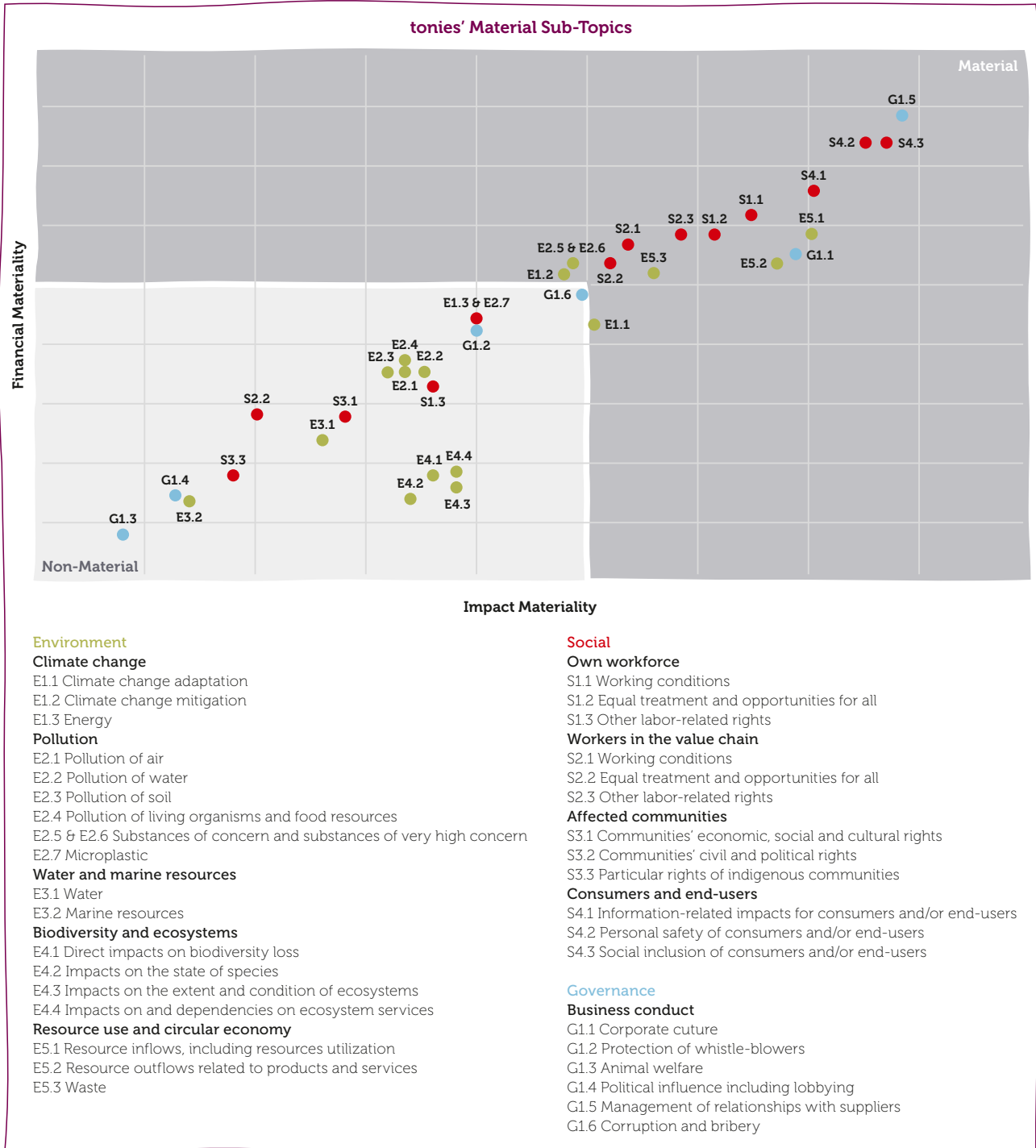


Figure 7: tonies' material and non-material sub-topics

Material impacts, risks and opportunities

tonies' material sustainability-related impacts, risks and opportunities, as identified through our Double Materiality Assessment, were evaluated based on the following characteristics.

Impact materiality – inside-out perspective

The impacts tonies has or could have on the environment and people, reflecting its **contribution, negative or positive**, to sustainable development.

- **Cause of impact**
 - **Directly caused:** Sole responsibility lies with tonies
 - **Contributed:** Impact results from collaboration with third parties
 - **Directly linked:** Impact originates from a business partner's actions
- **Severity of impact**
 - **Negative impacts:** Assessed by scale, scope, and remediability
 - **Positive impacts:** Assessed by scale and scope
 - **Range:** 1 (insignificant) to 5 (most severe or beneficial)

Financial materiality – outside-in perspective

The **financial effects (risks and opportunities)** on tonies' business.

- **Magnitude of financial effect**
 - **Assessment:** Potential magnitude of the financial effect on tonies' development, financial position, financial performance, cash flows, access to finance, or cost of capital
 - **Range:** 0 (not relevant) to 5 (very high)

Both the impact and financial materiality perspectives consider the **likelihood** of an impact or financial effect. The probability is assessed as either potential or actual, with a range from 1 (unlikely, i.e., < 25%) to 5 (actual). The **time horizon** is categorized as short-term (\leq 1 year), medium-term (1 to 5 years), or long-term (> 5 years), while an "n/a" indicates that the respective impact or financial effect already exists. Finally, the **value chain stage** is evaluated, covering own operations, upstream, downstream, or overarching stages of the value chain.

By systematically evaluating these characteristics, tonies establishes the foundation for effectively managing its sustainability-related impacts, risks and opportunities. The **material sustainability-related impacts, risks, and opportunities** identified through the materiality assessment are presented in Tables 9–15.

Environmental impacts, risks and opportunities

Table 9: Material climate change-related IROs

Impact materiality							
Sub-topic	Impact	Nature	Cause	Severity	Likelihood	Time horizon	Value chain stage
Climate change adaptation	Path dependencies in resource utilization and production processes	Negative	Contributed	4 = Major	5 = Actual	n/a	Upstream
Climate change mitigation	GHG emission reductions not (yet) in line with 1.5 degree target	Negative	Directly caused	4 = Major	5 = Actual	n/a	Overarching
Financial materiality							
Sub-topic	Financial effect	Nature	Magnitude	Likelihood	Time horizon	Value chain stage	
Climate change adaptation	Physical climate risks, e.g. extreme weather events, temperature extremes	Risk		3 = Moderate	3 = Likely (> 50%)	Medium-term (1 to 5 years)	Upstream
Climate change mitigation	Cost of GHG emission reduction measures	Risk		4 = High	4 = Very likely (> 75%)	Medium-term (1 to 5 years)	Overarching

Table 10: Material pollution-related IROs

Impact materiality							
Sub-topic	Impact	Nature	Cause	Severity	Likelihood	Time horizon	Value chain stage
Substances of concern & Substances of very high concern	Possible exposure of people to substances potentially used in production processes	Negative	Directly linked	3 = Considerable	2 = Rather unlikely (> 25%)	Short-term (≤ 1 year)	Upstream
Financial materiality							
Sub-topic	Financial effect	Nature	Magnitude	Likelihood	Time horizon	Value chain stage	
Substances of concern & Substances of very high concern	Sanctions and stricter regulations on the use of substances of concern and/or substances of very high concern	Risk		3 = Moderate	3 = Likely (> 50%)	Long-term (> 5 years)	Upstream

Table 11: Material resource use and circular economy-related IROs

Impact materiality							
Sub-topic	Impact	Nature	Cause	Severity	Likelihood	Time horizon	Value chain stage
Resource inflows, including resource use	Use of recycled and renewable resources	Positive	Contributed	5 = Most severe/beneficial	4 = Very likely (> 75%)	Medium-term (1 to 5 years)	Upstream
Resource outflows related to products and services	Product portfolio orientated towards circular economy	Positive	Contributed	4 = Major	5 = Actual	n/a	Overarching
Waste	Reduction of (non-recyclable) waste production	Positive	Contributed	4 = Major	5 = Actual	n/a	Overarching
Financial materiality							
Sub-topic	Financial effect	Nature	Magnitude	Likelihood	Time horizon	Value chain stage	
Resource inflows, including resource use	Insufficient availability of resources	Risk		4 = High	4 = Very likely (> 75%)	Long-term (> 5 years)	Upstream
Resource outflows related to products and services	Opening of new markets due to circular design	Opportunity		4 = High	3 = Likely (> 50%)	Long-term (> 5 years)	Overarching
Waste	Reputational advantages due to product longevity	Opportunity		4 = High	5 = Actual	n/a	Downstream

Social impacts, risks and opportunities

Table 12: Material own workforce-related IROs

Impact materiality							
Sub-topic	Impact	Nature	Cause	Severity	Likelihood	Time horizon	Value chain stage
Equal treatment and opportunities for all	Diversity of employees in number and percentage at all levels	Positive	Directly caused	4 = Major	4 = Very likely (> 75%)	Medium-term (1 to 5 years)	Own operations
	Offering regular performance and career development reviews to all employees	Positive	Directly caused	4 = Major	4 = Very likely (> 75%)	Medium-term (1 to 5 years)	Own operations
	Provision of anonymous as well as personal communication channels against violence and harassment	Positive	Directly caused	4 = Major	5 = Actual	n/a	Own operations
Financial materiality							
Sub-topic	Financial effect	Nature	Magnitude	Likelihood	Time horizon	Value chain stage	
Working conditions	Consideration of employees' wishes and needs so that employees might be more motivated and satisfied (higher productivity, lower resignation rate)	Opportunity		4 = High	5 = Actual	n/a	Own operations
	Competitive advantages due to the reputation of being an attractive and responsible employer	Opportunity		4 = High	5 = Actual	n/a	Own operations

Table 13: Material workers in the value chain-related IROs

Impact materiality							
Sub-topic	Impact	Nature	Cause	Severity	Likelihood	Time horizon	Value chain stage
Working conditions	Promoting improved working conditions for value chain workers	Positive	Contributed	4 = Major	4 = Very likely (> 75%)	Medium-term (1 to 5 years)	Upstream
Equal treatment and opportunities for all	No known incidents of violence and harassment within the value chain	Positive	Directly linked	4 = Major	5 = Actual	n/a	Overarching
Other work-related rights	No known cases of human rights incidents related to child labor within the value chain	Positive	Directly linked	4 = Major	5 = Actual	n/a	Upstream
Financial materiality							
Sub-topic	Financial effect	Nature	Magnitude	Likelihood	Time horizon	Value chain stage	
Working conditions	Reputational damage and/or supply chain disruptions in case of insufficient consideration of value chain workers' interests and needs	Risk		4 = High	2 = Rather unlikely (> 25%)	Medium-term (1 to 5 years)	Overarching
Equal treatment and opportunities for all	Negative (social) media attention in case of incidents of violence and harassment within the value chain	Risk		4 = High	2 = Rather unlikely (> 25%)	Medium-term (1 to 5 years)	Overarching
Other work-related rights	Loss of social license to operate in case of non-compliance with applicable standards	Risk		5 = Very high	1 = Unlikely (< 25%)	Medium-term (1 to 5 years)	Upstream

Table 14: Material consumers and end-users-related IROs

Impact materiality							
Sub-topic	Impact	Nature	Cause	Severity	Likelihood	Time horizon	Value chain stage
Information-related impacts for consumers and/or end-users	Provision of responsible products that can contribute to the development and education of children	Positive	Directly caused	5 = Most severe/beneficial	5 = Actual	n/a	Downstream
	Existence of feedback channels that each customer/end-user can access	Positive	Directly caused	5 = Most severe/beneficial	5 = Actual	n/a	Downstream
	Data protection of customers and end-users	Positive	Directly caused	5 = Most severe/beneficial	4 = Very likely (> 75%)	Medium-term (1 to 5 years)	Downstream
Personal safety of consumers and/or end-users	Residual risk of product-related injuries despite the implementation of preventive measures	Negative	Contributed	3 = Considerable	5 = Actual	n/a	Downstream
	Promotion of physical and mental well-being by reducing screen time	Positive	Contributed	5 = Most severe/beneficial	5 = Actual	n/a	Downstream
Social inclusion of consumers and/or end-users	Products and services are available to a wide range of customers/end-users, regardless of diversity and inclusion factors such as identity, background or abilities, due to the design of Toniebox, Tonies and contents	Positive	Directly caused	5 = Most severe/beneficial	5 = Actual	n/a	Downstream
Financial materiality							
Sub-topic	Financial effect	Nature	Magnitude	Likelihood	Time horizon	Value chain stage	
Information-related impacts for consumers and/or end-users	Unintentional data breaches that lead to a loss of reputation, liability claims and/or legal fines	Risk	4 = High	2 = Rather unlikely (> 25%)	Short-term (≤ 1 year)	Overarching	
Personal safety of consumers and/or end-users	Product-related injuries that lead to a loss of reputation and/or liability claims by customers, fines from authorities or claims for damages under competition law	Risk	5 = Very high	1 = Unlikely (< 25%)	Short-term (≤ 1 year)	Downstream	
Social inclusion of consumers and/or end-users	Attracting a wide variety of customer/end-user groups due to the inclusive design of Toniebox, Tonies and contents	Opportunity	5 = Very high	5 = Actual	n/a	Downstream	

Governance impacts, risks and opportunities

Table 15: Material business conduct-related IROs

Impact materiality							
Sub-topic	Impact	Nature	Cause	Severity	Likelihood	Time horizon	Value chain stage
Corporate culture	Promotion of an ethical and compliance-driven corporate culture	Positive	Directly caused	4 = Major	5 = Actual	n/a	Own operations
Protection of whistleblowers	Whistleblowers are protected from retaliation	Positive	Directly caused	3 = Considerable	5 = Actual	n/a	Overarching
Corruption and bribery	Promotion of the fight against corruption and bribery	Positive	Directly caused	3 = Considerable	5 = Actual	n/a	Own operations
Financial materiality							
Sub-topic	Financial effect	Nature	Magnitude	Likelihood	Time horizon	Value chain stage	
Corporate culture	Reputational opportunities and increased employee productivity due to a robust business culture	Opportunity	4 = High	5 = Actual	n/a	Own operations	
Protection of whistleblowers	Failure to adequately address concerns raised through whistleblower mechanisms resulting in erosion of stakeholder trust and reputational damage	Risk	3 = Moderate	2 = Rather unlikely (> 25%)	Medium-term (1 to 5 years)	Overarching	
Management of relationships with suppliers including payment practices	Close and long-lasting relationships with core suppliers, including licensors, leading to enhanced supply chain resilience and stability	Opportunity	5 = Very high	5 = Actual	n/a	Upstream	
Corruption and bribery	Allegations of corruption and bribery leading to legal fines and reputational damage	Risk	3 = Moderate	2 = Rather unlikely (> 25%)	Long-term (> 5 years)	Overarching	

tonies' **sustainability efforts** have been, and continue to be, **aligned with** the identified and assessed **material impacts, risks, and opportunities** across environmental, social, and governance areas. We are committed to reducing or avoiding negative impacts, reinforcing and creating positive impacts, mitigating risks, and capitalizing on financial opportunities. This ongoing alignment will inform our decision-making and strategic approach. It includes setting targets, defining corresponding actions, and implementing relevant policies, as detailed in the respective chapters of this report.

As tonies is at the beginning of its sustainability journey, a thorough analysis of the **financial effects of material risks and opportunities** on our financial position, performance, and cash flows is still pending. While we have identified several key material risks and opportunities related to environmental, social, and governance factors, we have not yet fully assessed their potential impact.

tonies' strategy and business model are not yet fully designed to address all material sustainability impacts and risks. However, we are committed to gradually **integrating sustainability** considerations into our **strategy and business model**, with an emphasis on areas where we can have the greatest positive impact, such as business planning, product development, and investment decisions.

We are working to build resilience in our approach by ensuring that sustainability is increasingly incorporated into decision-making processes. As resources and capabilities grow, we will continue to refine our strategy to better address material risks and seize emerging opportunities, ensuring long-term business viability and value creation.



toniebox®

Environment

Climate Change

Being dedicated to innovation and enhancing children's lives, tonies recognizes the **critical importance** of addressing climate change and the **responsibility** we share in mitigating its impacts. We are committed to doing our part to **limit global warming to 1.5°C**.

At this **early stage** of our engagement, we are focusing on **laying the groundwork** for meaningful action in two key areas: climate change mitigation and adaptation. While we have **not yet set specific targets**, we are actively working to **understand our greenhouse gas (GHG) emissions** as the foundation for future goal-setting. Simultaneously, we are beginning to explore ways to **adapt to climate-related risks**, ensuring the resilience of our operations and products in a changing world. tonies is dedicated to expanding and enhancing its efforts as we continue to deepen our understanding and build our capabilities.

Transition Plan for Climate Change Mitigation

To date, tonies has **not yet developed a comprehensive transition plan** for climate change mitigation that outlines the company's roadmap to limiting global warming to 1.5°C in line with the Paris Agreement and achieving climate neutrality by 2050. However, we have already taken meaningful **initial steps** toward addressing climate change.

Beginning with the 2024 assessment, tonies now evaluates its **Corporate Carbon Footprint (CCF) annually**, following the **GHG Protocol Corporate Standard** and focusing on Scope 1 and Scope 2 emissions. In addition, we have started analyzing our Scope 3 emissions, particularly concentrating on emissions from purchased goods and services, as well as transportation-related emissions.

While we have identified the major emission hotspots in our value chain, with the upstream activities of purchased goods and services contributing the most significant share, our current focus is on improving the **completeness and accuracy of our emissions data**. This approach will enable us to gain a detailed understanding of our emission reduction levers, establish robust reduction targets, and implement effective mitigation measures.

Specifically, we anticipate the greatest **opportunities for reducing GHG emissions** in two key areas. First, we aim to lower emissions through more **sustainable design** of tonies products. Second, we plan to reduce emissions by enhancing the efficiency of our **operations**, including transportation and distribution.

We acknowledge the importance of addressing climate change and aligning with the goals of the Paris Agreement. While climate-related considerations are not yet fully embedded in our operations, and we do not meet the criteria for inclusion in the **EU Paris-aligned Benchmarks**, we are committed to assessing our environmental impact, identifying key emission sources, and setting actionable targets.

Looking ahead, the focus in 2025 will be on laying the groundwork for developing and adopting a comprehensive **transition plan** for climate change mitigation in the medium term.

Impacts, Risks and Opportunities

Building on the Double Materiality Assessment, tonies has identified the climate change-related sub-topics “**Climate change adaptation**” and “**Climate change mitigation**” as **material sustainability matters**. Table 16 provides further insights regarding identified material impacts and risks.

Table 16: Material climate change-related IROs and descriptions

	Material IRO	Description
Climate change adaptation		
Negative impact	Path dependencies in resource utilization and production processes	The production of tonies products relies on carefully selected, extensively developed, and continuously refined materials and manufacturing processes. These choices ensure that our products meet our strict quality standards and the expectations of our customers. However, in the context of efforts to adapt resource use and production methods to climate change, these established patterns represent significant challenges. The existing path dependencies may slow down or even hinder necessary adaptation measures, thereby negatively affecting our ability to transition toward more climate-resilient operations.
Physical risk (encompassing both event-driven risks (acute) and longer-term shifts in climate patterns (chronic))	Physical climate risks, e.g. extreme weather events, temperature extremes	Physical climate risks, such as extreme weather events or temperature extremes, represent a financial risk for tonies. These events can disrupt supply chains by limiting the availability of resources or causing other operational difficulties, potentially leading to increased costs. The growing frequency and intensity of such climate-related events may further exacerbate these risks in the future.
Climate change mitigation		
Negative impact	GHG emission reductions not (yet) in line with 1.5 degree target	The GHG emissions associated with tonies contribute negatively to climate change mitigation. While tonies is actively working to lay the foundation for aligning its emission reductions with the 1.5 degree target, the company is still in the early stages of preparation and implementation. As a result, its current corporate emissions have an adverse impact on climate change mitigation. The emissions associated with the production of Tonieboxes, Tonies, and accessories constitute the largest share of the tonies Corporate Carbon Footprint.
Transition risk (arising from the transition to a low-carbon and climate-resilient economy)	Cost of GHG emission reduction measures	Implementing meaningful emission reduction measures requires both human and financial resources. While some defined actions to reduce Scope 1 and Scope 2 emissions may be feasible in the short term, further reductions become increasingly challenging once the “low-hanging fruits” have been addressed. This is particularly true for Scope 3 emissions, especially those arising from purchased goods and services, such as the production of Tonieboxes, Tonies, and accessories. Achieving significant reductions in this key area requires the capacity to bear additional, significant costs.

In the reporting year, tonies **has not yet conducted a comprehensive resilience or scenario analysis** to assess our strategy and business model in relation to climate change, including the impacts of our activities on climate change and associated physical and transition risks. While we recognize the importance, we have not formally evaluated our physical and transition risks under different climate scenarios. However, we have identified certain financial risks related to climate change, as shown in Table 16, though these were not based on extensive analyses or screenings. We are committed to integrating a comprehensive assessment approach in the future.

Policies

To date, tonies has **not adopted a standalone policy on climate change**. The reason for this is that, as a relatively young and fast-growing company, we have pursued a decentralised approach to sustainability in the past, implementing various sustainability initiatives whereby the identification of improvement potential by attentive and intrinsically motivated employees represented the starting point. Against this background, we welcome the new requirements for sustainability reporting, as specified by the ESRS, even more as they also serve as a guideline for future improvements.

Going forward, our new structured approach and centralised steering of sustainability efforts is intended to ensure a **sound management of our material sustainability matters**. This shall also be reflected in the adoption of topic-specific policies as an addition to the **existing Group Sustainability Policy** which already creates a common understanding regarding tonies' sustainability commitment and approach among all employees.

Actions

tonies has already started implementing and planning climate change-related **actions**. However, these actions are not yet fully aligned with the requirements outlined in the ESRS (ESRS 2, MDR-A). The reason for this is that, as noted before, tonies is still in the **early stages of addressing climate change** mitigation and adaptation. Thus, we are currently unable to provide very detailed information, such as specifics on achieved or expected emission reductions. Nevertheless, the following key actions have either already been implemented or are concretely planned.

Optimizing logistics for Preloved Tonieboxes

In 2024, we **optimized our logistics processes** by integrating the refurbishment process into our market warehouse. The move eliminated all domestic transportation between warehouse and supplier, reducing our GHG emissions. Specifically, we saved 0.65 tonnes of CO₂e and 0.31 tonnes of packaging material annually.

 Decarbonisation lever: Supply-chain decarbonisation

Reducing air freight

To reduce tonies' GHG emissions, we have **started efforts to minimize air freight** in our shipping processes. This initiative includes optimizing our demand planning process and supply chain logistics to prioritize more sustainable transportation methods.

 Decarbonisation lever: Supply-chain decarbonisation

Conducting materials research

We recognize that the **greatest potential** for GHG emission reductions lies in changing the materials used for our Tonieboxes, Tonie figurines, and accessories. Therefore, we **plan to conduct continued research** and implementation efforts to replace our current materials with alternatives that are associated with lower GHG emissions. Specific timelines and allocated resources have not yet been defined.

 Decarbonisation lever: Supply-chain decarbonisation

As highlighted by the identified financial risk associated with the anticipated high "Cost of GHG emission reduction measures", the **implementation of impactful actions** across meaningful decarbonization levers is expected to be **heavily reliant** on the availability and allocation of **resources**.

Targets

While tonies' climate change-related **targets** do not yet fully meet the requirements outlined by the ESRS (ESRS 2, MDR-T), they still provide valuable guidance on our path toward more sustainability. Currently, our targets, as shown in Table 17, **focus on climate change mitigation**, while adaptation targets are not yet planned. We aim to realize both targets in the medium term.

Table 17: Climate change-related targets

Sub-topic	Medium-term target
Climate change mitigation	Assessment of GHG emissions (Scope 1, 2 & 3)
Climate change mitigation	Definition of GHG emission reduction targets (e.g., science-based)

With respect to the target of assessing tonies' GHG emissions, we have already partially achieved this through our 2024 GHG emissions assessment. However, we are actively working to further enhance **data completeness and integrity** to establish a solid foundation for continuous improvements and ultimately fully achieve the formulated target.

Regarding emission reduction targets, it is important to note that tonies is still in a **growth phase**. As a result, despite implementing potential emission reduction measures, **overall emissions may initially increase**.

Metrics

GHG Emissions Breakdown

Scope 1 GHG emissions amounted to **443.58 tonnes of CO₂e** in 2024, representing **0.40%** of our total GHG emissions for the year. The primary contributor was the category "**fugitive emissions**" which accounted for 323.77 tonnes (0.29%).

Scope 2 GHG emissions totaled **134.97 tonnes of CO₂e (location-based)** and **123.31 tonnes of CO₂e (market-based)** in 2024, representing **0.12% (location-based)** and **0.11% (market-based)** of our total GHG emissions. The main contributors were emissions linked to the category "**purchased heating**", accounting for 83.39 tonnes (0.07%).

Scope 3 GHG emissions made up the **largest portion of tonies' emissions**, totaling **111,567.82 tonnes of CO₂e** and representing **99.49%** of our total GHG emissions. This underscores the **importance of addressing Scope 3 emissions**, particularly in the "**purchased goods and services**" category, with significant emissions arising from the production of our products – accounting for 105,675.53 tonnes (94.24%) – followed by transport-related emissions. Since these emissions are closely linked to our sales volumes, we expect Scope 3 emissions to rise as our business continues to grow in the coming years. Table 18 provides a detailed breakdown of tonies' GHG emissions.

Table 18: GHG emissions (in tCO₂e)

	2024
Scope 1 GHG emissions	
Gross Scope 1 GHG emissions	443.58
Percentage of Scope 1 GHG emissions from regulated emission trading schemes	0%
Stationary combustion	48.95
Mobile combustion	70.86
Fugitive emissions	323.77
Scope 2 GHG emissions	
Gross location-based Scope 2 GHG emissions	134.97
Gross market-based Scope 2 GHG emissions	123.31
Purchased electricity (location-based)	51.58
Purchased electricity (market-based)	39.92
Purchased heat (location-based)	83.39
Purchased heat (market-based)	83.39
Significant Scope 3 GHG emissions	
Gross Scope 3 GHG emissions	111,567.82
Percentage of Gross Scope 3 GHG emissions	99.49%
Purchased goods and services	105,675.53
Fuel and energy-related activities	46.79
Upstream transportation and distribution	5,199.09
Waste generated in operations	2.73
Employee commuting	223.74
Downstream transportation	419.95
Total GHG emissions	
Total GHG emissions (location-based)	112,146.37
Total GHG emissions (market-based)	112,134.70

GHG intensity based on net revenue

Table 19: GHG intensity based on net revenue

	2024
GHG intensity per net revenue	
total GHG emissions (location-based) per net revenue (tCO ₂ e/mEUR)	233.37
total GHG emissions (market-based) per net revenue (tCO ₂ e/mEUR)	233.35

Pollution

In 2024, we built on previous efforts to address substances of concern and substances of very high concern (for definitions, please refer to the “Metrics” section of this chapter) from a sustainability perspective. While we are still in the early stages of this approach, there is potential for progress, particularly through enhanced collaboration with our suppliers to incorporate currently unavailable supply chain data into future reporting.

Impacts, Risks and Opportunities

Building on the Double Materiality Assessment, tonies has identified the pollution-related sub-topics “**Substances of concern**” and “**Substances of very high concern**” as **material sustainability matters**. Table 20 provides further insights regarding identified material impacts and risks.

Table 20: Material pollution-related IROs and descriptions

	Material IRO	Description
Substances of concern and substances of very high concern		
Negative impact	Possible exposure of people to substances potentially used in production processes	tonies’ primary pollution-related impact involves substances of concern and substances of very high concern, which may be present in the production processes of tonies products within our upstream value chain. The key negative impact refers to the potential exposure of workers or nearby communities to these substances possibly used during production. Such exposure may lead to health risks, including respiratory or skin issues, as well as environmental damage, such as contamination of soil or water at the production site.
Risk	Sanctions and stricter regulations on the use of substances of concern and/or substances of very high concern	An associated risk for tonies is the potential for sanctions and stricter regulations regarding the possible use of substances of concern and substances of very high concern. As regulations around the use of these substances continue to evolve, there is a risk that non-compliance with existing or future regulations could lead to financial penalties, reputational damage, and restrictions on production.

Policies

To date, tonies has **not adopted a standalone policy on pollution**. The reason for this is that, as a relatively young and fast-growing company, we have pursued a decentralised approach to sustainability in the past, implementing various sustainability initiatives whereby the identification of improvement potential by attentive and intrinsically motivated employees represented the starting point. Against this background, we welcome the new requirements for sustainability reporting, as specified by the ESRS, even more as they also serve as a guideline for future improvements.

Going forward, our new structured approach and centralised steering of sustainability efforts is intended to ensure a **sound management of our material sustainability matters**. This shall also be reflected in the adoption of topic-specific policies as an addition to the existing **Group Sustainability Policy** which already creates a common understanding regarding tonies’ sustainability commitment and approach among all employees.

Actions

During the 2024 reporting year, tonies has **not implemented actions explicitly aimed at sustainability improvements related to pollution**, specifically substances of concern and substances of very high concern. This is because we have **focused** our sustainability efforts primarily **on the topic of resource use and circular economy** (more information can be found in the "Actions" section of the chapter 'Resource Use and Circular Economy'). We are confident that our initiatives in this area also contribute to reducing the potential use of substances of (very high) concern in our upstream value chain. For example, when assessing more sustainable material alternatives, ensuring compliance with health and safety standards is our top priority. These and other selection criteria not only reflect our commitment to more sustainable material use but also underscore our attention to minimizing and avoiding substances of concern and substances of very high concern.

Targets

tonies has **not yet established specific targets related to** the prevention and control of **substances of concern and substances of very high concern**. Before setting such targets, the company aims to **enhance transparency** within our supply chains in this area. This will provide a solid foundation for implementing informed and effective measures moving forward. However, working on our **resource use and circular economy-related targets** is expected to contribute to a reduction in the potential use of substances of (very high) concern within our upstream value chain. Specifically, this refers to the product-related target to implement "Up to 100% bio-attributable materials in new Tonie formats" (more information can be found in the "Targets" section of the chapter 'Resource Use and Circular Economy').

Metrics

Substances of concern and substances of very high concern play a role with regard to the **production of our product portfolio** and matter, in particular, in our upstream value chain. To **evaluate the use and impact** of these substances within our value chain, the list of 'substances of concern' and 'substances of very high concern' was reviewed and the data availability concerning these substances was analyzed.

Definition of "Substances of Concern"

Substances of concern are substances that

1. fulfil the criteria set out in Article 57 and have been identified in accordance with Article 59(1) of Regulation (EC) No 1907/2006 (REACH) of the European Parliament and of the Council,
2. are classified in Part 3 of Annex VI to Regulation (EC) No 1272/2008 of the European Parliament and of the Council in one of the following hazard classes or hazard categories:
 - category 1 and 2 carcinogenicity,
 - germ cell mutagenicity categories 1 and 2,
 - reproductive toxicity categories 1 and 2,
 - endocrine disruption with effects on human health,
 - endocrine disruption with effects on the environment,
 - persistent, mobile and toxic properties or very persistent, very mobile properties,
 - persistent, bioaccumulative and toxic properties or very persistent and very bioaccumulative properties,
 - category 1 respiratory sensitisation,
 - category 1 skin sensitisation,
 - chronically hazardous to the aquatic environment of categories 1 to 4,
 - damaging to the ozone layer,
 - specific target organ toxicant (repeated exposure) categories 1 and 2,
 - specific target organ toxicant (single exposure) of categories 1 and 2, or

3. have a negative impact on the reuse and recycling of materials in the product in which they are present, as defined in the relevant Union product-specific ecodesign requirements.

Whenever "substances of concern" are mentioned in this report, the term refers to the above-defined substances.

Definition of "Substances of Very High Concern"

Substances of very high concern (SVHCs) are substances that fulfil the criteria of Article 57 of Regulation (EC) No 1907/2006 (REACH) and have been identified in accordance with Article 59(1) of that Regulation.

Whenever 'SVHCs' are mentioned in this report, we refer to the above-defined substances.

In general, tonies has set the requirement for all of its products to not contain any **SVHCs** exceeding the threshold specified in Regulation (EC) No 1907/2006 (REACH). Therefore, any material that is used for production of any tonies product has to undergo an exhaustive **SVHC screening**. If there is any finding of a substance from the SVHC list, the material or product is not acceptable for tonies to be used for production or distribution. Therefore, tonies can conclude that **no SVHCs are used in any tonies product**.

Regarding **substances of concern**, in particular the substances listed in Part 3 of Annex VI to Regulation (EC) No 1272/2008, tonies has no data availability at this point. From a regulatory standpoint, the use of these substances according to Regulation (EC) No 1272/2008 (CLP) is **only regulated for the import of substances and mixtures**. As tonies only imports finished products, there was no formal analysis regarding the presence of these substances conducted in the past. Furthermore, there is currently no data available if any of the listed substances of concern are used during the production activities in any of the production facilities. To create more transparency and establish a database to derive actions towards sustainability efforts from, tonies is **setting up supplier inquiries regarding the use of substances of concern** in the production of tonies products and within the production facilities in general.

As outlined, tonies does not currently have supply chain data on the use of **substances of concern** for the 2024 reporting year. Due to this lack of data, information on the following data points **cannot be reported**:

- Total amount of substances of concern generated or used during production or procured, categorized by main hazard classes
- Total amount of substances of concern leaving facilities as emissions, products, or part of products or services

Regarding SVHCs, based on thorough SVHC screenings conducted for tonies products, we can confirm that the total amount of **SVHCs** leaving facilities as products is **below the reporting limit**.

Resource Use and Circular Economy

With over **8 million Tonieboxes** and **100 million Tonies** sold to date, tonies recognizes its significant responsibility and is committed to promoting **responsible resource use** and **integrating Circular Economy principles** into its operations.

Impacts, Risks and Opportunities

Based on the Double Materiality Assessment, tonies has identified the resource use and circular economy-related sub-topics **“Resource inflows”, “Resource outflows”, and “Waste”** as **material sustainability matters**. Table 21 provides further insights regarding identified material impacts, risks and opportunities.

Table 21: Material resource use and circular economy-related IROs and descriptions

	Material IRO	Description
Resource inflows, including resource use		
Positive impact	Use of recycled and renewable resources	At tonies, we strive to use more sustainable materials in our products and packaging. For our Classic Tonies, we are exploring PVC alternatives that meet our high safety and quality standards. Our Pocket Tonies already incorporate “bio-circular” materials, and we are adding recycled content to our pouches. Finding suitable materials is challenging, but we remain committed to exploring innovative solutions to increase the use of recycled and renewable resources.
Risk	Insufficient availability of resources	While not an immediate concern, the ongoing depletion of various raw materials represents a risk for tonies. Valuable metals and rare earth elements, essential for IT, electronics, and batteries, are facing growing supply constraints due to rising demand and extraction challenges. This could impact our supply chain and production costs over time, making resource availability a critical factor for our business.
Resource outflows related to products and services		
Positive impact	Product portfolio orientated towards circular economy	At tonies, we actively support Circular Economy principles and have already taken steps to implement them. Our products are designed for longevity, ensuring continued usability. In the DACH region, we promote reparability through our Toniebox Repair Service and extend product life through refurbishment with our Preloved Toniebox initiative, which is planned to be extended to further markets. Additionally, we handle product returns responsibly by identifying sellable articles and sorting non-sellable articles to support market-specific recycling capabilities. By implementing these initiatives, tonies has already taken steps to align its product portfolio with Circular Economy principles.
Opportunity	Opening of new markets due to circular design	Exploring innovative solutions in line with Circular Economy principles could open up new market opportunities for tonies in the future, offering more sustainable ways for our little listeners to enjoy our products.
Waste		
Positive impact	Reduction of (non-recyclable) waste production	At tonies, we reduce waste by ensuring product durability and supporting the repair and refurbishment of the Toniebox. Our products are designed for longevity, with the Toniebox’s repair-friendly design and our repair service available in the DACH region extending its lifespan. Additionally, our refurbished Preloved Toniebox helps prevent avoidable waste. We also collaborate with disposal firms to enhance recycling solutions and offer product returns at the end of their life-cycle for responsible disposal.
Opportunity	Reputational advantages due to product longevity	Designing durable products like the Toniebox, tonies has the opportunity to enhance its reputation for quality and reliability. Product longevity supports customer satisfaction and loyalty, attracting consumers who value long-lasting, high-quality products, and reinforcing tonies’ position.

While tonies' products were **originally** designed using **industry-standard materials** to ensure safety, quality, and durability, we have always been committed to developing more sustainable solutions and recognize the need to evolve. Currently, Tonieboxes and Tonies are primarily made from plastic-based materials. In addition, our products contain electronic components (e.g., batteries), paper-based resources (e.g., packaging), and other materials. tonies is dedicated to **challenging the status quo** and taking steps toward more sustainable solutions.

Policies

To date, tonies has **not adopted a standalone policy on resource use and circular economy**. The reason for this is that, as a relatively young and fast-growing company, we have pursued a decentralised approach to sustainability in the past, implementing various sustainability initiatives whereby the identification of improvement potential by attentive and intrinsically motivated employees represented the starting point. Against this background, we welcome the new requirements for sustainability reporting, as specified by the ESRS, even more as they also serve as a guideline for future improvements.

Going forward, our new structured approach and centralised steering of sustainability efforts is intended to ensure a **sound management of our material sustainability matters**. This shall also be reflected in the adoption of topic-specific policies as an addition to the **existing Group Sustainability Policy** which already creates a common understanding regarding tonies' sustainability commitment and approach among all employees.

Actions

To address its material impacts, risks and opportunities related to resource use and circular economy, tonies has implemented and planned several actions. These actions can be categorized into **two areas: product-related and packaging-related** initiatives.

However, not all actions have been fully detailed in alignment with the requirements of the ESRS (ESRS 2, MDR-A). For example, specific time horizons or allocated resources have yet to be defined.

Product

Water-based paints

Since late 2022, tonies has been transitioning from solvent-based to water-based paints for our Classic Tonies. This shift not only offers **environmental benefits** but also supports **healthier working conditions** at our suppliers.

In 2024, our manufacturing partner, who is actively undergoing this transition with us, has painted over **12 million Classic Tonies** – approximately 32% of the total Classic Tonies produced this year. A **significant portion** of these figurines has already been coated using **water-based paints**.

Looking ahead, we aim to **increase the share** of Classic Tonies painted with water-based paints from this core supplier by the end of 2025. Additionally, we plan to continue pursuing our existing collaboration with our external partner to advance the development of a globally implementable color system for water-based paints.

PVC replacement

We are working on finding a more sustainable **alternative to PVC** for our Classic Tonies. To achieve this, we are **collaborating with an external partner**. As part of this cooperation, a **joint workshop** was held in 2024 to identify an alternative material for our Classic Tonies. Representatives from various tonies teams participated in the workshop, ensuring a broad range of perspectives and expertise were present to create a solid foundation for progress. Moving forward, we plan to continue pursuing this cooperation to **further advance our efforts**.

In the **meantime**, we are also **exploring** ways to **reduce the PVC material** used per figurine by refining the design. These efforts focus on reducing overall material consumption while preserving quality and detail.

“Bio-circular” material

In 2023, tonies selected INEOS Styrolution’s ABS material Novodur® ECO P2H-AT BC50 for the production of the **housing** of its product range of **Pocket Tonies**. This material is based on **up to 50% renewable feedstock**, following a mass balance approach certified under ISCC PLUS. In 2024, tonies purchased more than 4 million Pocket Tonies from its suppliers, all of which were produced using this more sustainable material.

To further advance our efforts, we will transition to using the ABS material Terluran® ECO GP-35 BC100 for the housing of our Pocket Tonies range, **starting in 2025**. This material is based on **up to 94%** of bio-circular ISCC PLUS certified feedstocks, following a mass balance approach.

Circular Economy principles

At tonies, we already support Circular Economy principles, particularly

- **“Usability”** – through the long lifespan and continued use of tonies products,
- **“Repairability”** – by offering our Toniebox Repair Service,
- **“Refurbishment”** – through the launch of our Preloved Toniebox, and
- **“Recycling”** – by handling returns responsibly.

In 2024, we launched the **Toniebox Repair Service** in the DACH region. This service focuses on repairing key components of the Toniebox that may lose functionality by accidents or over time, such as the ears, battery, or platform. Our goal is to extend the lifespan of Tonieboxes, minimize waste, and provide customers and our little listeners with a sustainable option for preserving their listening experience. In **2024, 13,403 repairs** were carried out through our Toniebox Repair Service, making a significant contribution to reducing the environmental footprint of our products. An additional benefit of this service is that even after the 2-year warranty period expires, customers can still have their boxes repaired at a reasonable price. This makes it an appealing and cost-effective **alternative to purchasing a new one**.

In 2022, we launched the **Preloved Toniebox** program in Germany and Austria. This initiative refurbishes Tonieboxes, giving them a second life and reducing the need for new resources. In **2024**, the program successfully reactivated and sold **22,966 Preloved Tonieboxes**. We plan to expand this concept to **additional markets** in the future. We are already working to determine how many Tonieboxes in the US can be turned into Preloved Tonieboxes.

Packaging

Relaunch

In 2025, we will introduce more sustainable packaging for both Tonieboxes and Tonie figurines. For our **Tonie figurines**, we will replace the current 100% virgin material pouches with pouches made from **30% recycled material**, reducing our reliance on new resources. The corresponding booklets have already been printed on FSC-certified paper since 2023.

Additionally, we are re-launching the packaging for our **Tonieboxes**, transitioning to **FSC-certified paper packaging**. This change ensures that our packaging comes from responsibly managed forests, supporting sustainable forestry practices.

Targets

While tonies' resource use and circular economy-related **targets** do not yet fully meet the requirements outlined by the ESRS (ESRS 2, MDR-T), they still provide valuable guidance on our path toward more sustainability. In line with our actions, we distinguish between two categories: **product-related** (Table 22) and **packaging-related** (Table 23) targets, both of which we aim to achieve in the medium term.

Table 22: Resource use and circular economy-related product targets

Sub-topic	Medium-term target
Resource inflows, including resource use	Water-based paint for 100 % of Classic Tonies
Resource inflows, including resource use	Replacing PVC in 50 % of Classic Tonies
Resource inflows, including resource use	Up to 100 % bio-attributable materials in new Tonie formats
Resource outflows related to products and services	Roll-out of circular concepts

Table 23: Resource use and circular economy-related packaging targets

Sub-topic	Medium-term target
Resource inflows, including resource use	FSC-certification for all paper-based materials
Resource inflows, including resource use; Waste	50 % recycled/recyclable packaging materials

In the context of resource use and circular economy targets, our efforts often aim to contribute to multiple sustainability sub-topics. While Tables 22 and 23 (with one exception) list only one related sub-topic per target for clarity, it is important to highlight that **progress on a single target** can create positive **effects across various sub-topics**. For instance, transitioning from solvent-based to water-based paints in the production of our Classic Tonies not only promotes more sustainable resource use but also results in cleaner waste streams. This, in turn, aligns with the sub-topics of resource outflows and waste.

Metrics

Resource inflows

In line with tonies' value chain, resource use is predominantly driven by the production and distribution of Tonies, Tonieboxes, accessories, and their respective packaging. Since we do not maintain our own production facilities, this report reflects the resource inflows (i.e., final products) from our suppliers. We **focus** on data related to our core products – **Tonieboxes and Classic Tonies**. The data is based on information for single products. Using the individual weights of the key materials, we estimated the total based on the number of products purchased from our suppliers.

Table 24 provides insights into tonies' resource inflows for 2024, featuring data on Tonieboxes, including charger and related primary packaging, as well as Classic Tonies and their primary packaging. The **largest quantities** of resource inflows were Polyvinyl Chloride (**PVC**) and Acrylonitrile Butadiene Styrene (**ABS**). tonies primarily uses PVC for the corpus of our Classic Tonies, while ABS is mainly used in the context of the Toniebox production.

Due to **data limitations**, not all materials and their corresponding quantities can be reported. This includes resource inflows for complex Toniebox components, such as the printed circuit board (PCB) control, which also contains valuable metals like copper and gold. Additionally, materials such as paints, stickers, foils, and glue are excluded due to their minimal weight.

Table 24: Resource inflows for Tonieboxes and Classic Tonies (in tonnes)

	2024
Polyvinyl Chloride (PVC)	1,643.56
Acrylonitrile Butadiene Styrene (ABS)	1,472.35
Paper	815.90
Polyethylene Terephthalate (PET)	332.93
Polyurethane (PU)	281.94
n/a*	258.00
Nickel Metal Hydride (Ni-MH) material	225.39
Silicon Dioxide (SiO₂) material	64.96
Neodymium Iron Boron (NdFeB) material	53.58
Cotton (GOTS certified)	25.25
Steel	23.14
Thermoplastic Polyurethane (TPU)	20.51
Ferrite	15.31

* Due to data limitations, the respective materials cannot be specified.

Resource outflows

Waste

tonies is committed to manage waste responsibly. Focusing on the company's own operations, three types of waste are relevant: Waste from product returns (including packaging), excess inbound transport packaging, and household waste generated in tonies' office facilities. Since household waste constitutes an insignificant volume, it has been excluded from this report. Consequently, the primary waste in scope arises from our **warehouse operations**. tonies' waste is composed of **defective products, sales packaging, and transport packaging**. An overview of tonies' resource outflows is provided in Table 25.

Table 25: Resource outflows (in tonnes)

	2024
Total waste generated	412.181
Total amount of hazardous waste	0.056
Total amount of radioactive waste	0
Hazardous waste diverted from disposal	0.022
Hazardous waste diverted from disposal due to preparation for reuse	0
Hazardous waste diverted from disposal due to recycling	0.022
Hazardous waste diverted from disposal due to other recovery operations	0
Non-hazardous waste diverted from disposal	263.704
Non-hazardous waste diverted from disposal due to preparation for reuse	64.482
Non-hazardous waste diverted from disposal due to recycling	199.222
Non-hazardous waste diverted from disposal due to other recovery operations	0
Hazardous waste directed to disposal	0.034
Hazardous waste directed to disposal by incineration	0
Hazardous waste directed to disposal by landfilling	0.034
Hazardous waste directed to disposal by other disposal operations	0
Non-hazardous waste directed to disposal	148.443
Non-hazardous waste directed to disposal by incineration	27.125
Non-hazardous waste directed to disposal by landfilling	121.318
Non-hazardous waste directed to disposal by other disposal operations	0
Non-recycled waste	148.477
Percentage of non-recycled waste	37.7%

Defective products are returned to the warehouse. Our most complex product, the **Toniebox**, undergoes a **refurbishment program**, which either results in refurbished sales products or in disassembled or partially disassembled products. In the **DACH and EU** regions, disassembled parts are sorted into material fractions, which are then transferred to a disposal company for recycling. In the **United States, the United Kingdom, and France**, returned Tonieboxes are kept in stock, waiting for refurbishment programs to start. Other electronic and non-electronic returned articles are handed over to a disposal company for recycling, incineration or landfill.

In the **DACH and EU** regions, **other electronic products** are sent to a **specialized disassembly** facility for further processing, also directed toward recycling. For **Tonie figurines**, a dedicated shredding process has been developed to separate PVC from magnets and NFC, enabling **almost complete recycling**.

Non-electronic accessories are handed over to a disposal company for recycling, incineration or landfill. **Sales packaging** and **transport packaging** materials, if not reused, are collected in the warehouse, sorted into cardboard and plastics, and handed over to a disposal company for recycling.

Our waste consists of **different material fractions** from returned products and packaging materials, including various injection-molded plastic parts (PVC), synthetic and cotton fabrics, printed circuit boards (PCBs), metals (such as screws, wires, and loudspeakers), batteries, as well as paper, cardboard, plastic seals and films, and wooden pallets.

In the **Australia and New Zealand** region, a distributor model is in place. The distributor uses the same warehouse facility. Imported goods are moved to the distributor within the facility without unpacking. Consequently, our operations in this region do not produce additional waste.

Methodologies used

To **calculate tonies' waste data**, product data sets were created using supplier information and internal measurements, detailing product type, weight, and sales packaging weight by fraction. Transport packaging weight per returned item was estimated using average calculations.

For waste from returns, the weight data was multiplied by the number of returned items recorded in internal systems. All sales packaging from articles used for product bundling is considered waste.

Materials handed to the disposal company are assumed to be recycled based on average recycling rates per country, or, in the case of DACH, according to detailed data from our recycling partner.

Product end-of-life waste management

Toniebox and Tonie figurines are designed for an average **lifespan that exceeds the typical usage period** of one child, allowing the product to be passed on to another user. The design of the Toniebox is highly **repair-friendly**, as it is primarily assembled with screws, with only a few parts glued. This construction supports repairability in general, with our **repair service available** to the public in DACH. It also supports our **refurbishment** process, active for DACH and the countries served by our EU shop. Additionally, tonies is always ready to **take back** products at the **end of their lifecycle** for professional recycling.



Social

Own Workforce

tonies acknowledges that its success is underpinned by the dedication and commitment of its diverse workforce, comprising **almost 600 individuals** from a multitude of backgrounds, each bringing unique talents and experiences from different regions around the globe. tonies maintains a mix of full-time and part-time staff, along with employees on both permanent and fixed-term contracts.

The group operates in **Germany, the United States, the United Kingdom, France, and Australia & New Zealand**. The majority of the workforce is based in Germany, followed by a significant presence in the United States. The group is committed to treating its workforce with dignity and respect, ensuring that the highest standards of ethical conduct are consistently upheld.

Impacts, Risks and Opportunities

Business Model & Impacts

tonies' strategy and business model are deeply connected to the impacts on its workforce. The group's commitment to **diversity** aligns with its innovative and creative business model, as a diverse workforce brings together a wide range of perspectives, fostering creativity and innovation. This diversity is essential for developing unique solutions and maintaining a competitive edge in the market.

Regular **performance and career development reviews** are integral to tonies' strategy of continuous improvement and growth. By providing clear career pathways and fostering personal growth, it is ensured that employees are empowered and equipped to contribute to the group's success.

The availability of whistleblowing and other direct **communication channels** against violence and harassment as well as regular employee engagement survey results are connected to and inform the group's strategy of maintaining a positive and respectful workplace culture. This commitment to employee well-being and safety is crucial for sustaining high morale and productivity, which are key drivers of the group's performance.

Business Model & Opportunities

tonies recognizes that its workforce is a critical asset, and the material risks and opportunities arising from impacts and dependencies on its employees are closely linked to the group's strategy and business model. Regular employee engagement surveys provide a **platform for employees to voice their opinions**, leading to a more positive and responsive work environment. This enhances employee satisfaction, informed decision-making, and drives continuous improvement, ultimately strengthening the organizational culture. An engaged and motivated workforce contributes to higher productivity and lower resignation rates, supporting the group's growth and success.

Offering a variety of financial and non-financial benefits allows tonies to attract and retain top talent, enhancing employee productivity and fostering a positive work environment. These benefits, including flexible work options and professional development opportunities, contribute to higher job satisfaction and engagement. These benefits vary by country, reflecting diverse employee expectations. As a result, the group gains a competitive advantage by being recognized as an **attractive and responsible employer**, which supports its market position and long-term success.

By addressing these **impacts and opportunities**, tonies ensures that its strategy and business model are aligned with the needs and well-being of its workforce, driving both employee satisfaction and organizational success. Building on the Double Materiality Assessment, tonies has identified the own workforce-related sub-topics **“Equal treatment and opportunities for all”** and **“Working conditions”** as **material sustainability matters**. Table 26 provides further insights regarding identified material impacts and opportunities.

Table 26: Material own workforce-related IROs and descriptions

	Material IRO	Description
Equal treatment and opportunities for all		
Positive impact	Diversity of employees in number and percentage at all levels	A diverse workforce at tonies brings together a wide range of perspectives, experiences, and ideas, fostering creativity and innovation. This diversity enables employees to collaborate and develop unique solutions to challenges. By valuing inclusion and diversity, tonies creates a welcoming and supportive work environment where all employees feel valued and respected, promoting a sense of belonging and encouraging them to be their authentic selves at work.
Positive impact	Offering regular performance and career development reviews to all employees	Regular performance and career development reviews at tonies provide employees with clear career pathways, enhance motivation, and foster personal growth. The bi-annual feedback cycles and voluntary Individual Development Planning framework empower employees to take charge of their development, leading to improved performance, talent retention, and organizational growth.
Positive impact	Provision of anonymous as well as personal communication channels against violence and harassment	The availability of anonymous communication channels allows employees to report violence and harassment without fear of retaliation, fostering security and trust. Promptly addressing these incidents helps maintain a positive workplace culture, essential for morale and productivity. Robust systems in place contribute to employees' mental well-being and job satisfaction.
Working conditions		
Opportunity	Consideration of employees' wishes and needs so that employees might be more motivated and satisfied (higher productivity, lower resignation rate)	Regular employee engagement surveys at tonies provide a platform for employees to voice their opinions, leading to a more positive and responsive work environment, increased engagement and trust. For the company, these surveys enhance employee satisfaction, inform decision-making, and drive continuous improvement, ultimately strengthening the organizational culture.
Opportunity	Competitive advantages due to the reputation of being an attractive and responsible employer	Offering a variety of financial and non-financial benefits allows tonies to attract and retain top talent and foster a positive work environment. These benefits, including flexible work options and professional development opportunities, contribute to higher job satisfaction and engagement, ultimately driving organizational success.

All employees benefit from the identified positive impacts. The identified opportunities arising from impacts and dependencies on people in the group's own workforce also relate to all of its own workforce.

The majority of employees perform office work and are therefore not exposed to any material impacts or risks with regard to health and safety. Accordingly, tonies has not identified any material health and safety impacts or risks relating to its own workforce. Furthermore, the group is proud to report that no significant risks have been identified in its operations concerning the sub-topic “Other work-related rights” such as forced or child labor. This is partly due to the robust regulatory frameworks in place within the countries where the group operates. tonies remains committed to upholding these standards and ensuring that its own operations are conducted respectfully and in compliance with human rights.

Policies

Human Rights

In the **Code of Conduct**, which all employees are required to follow, tonies explicitly commits to respecting human rights and the standards of the ILO. The group adheres to the UN Guiding Principles on Business and Human Rights, as well as its own guidelines, outlined in the Group Human Rights Policy. These commitments support the group's ambitions regarding human rights adherence.

The **Group Human Rights Policy** forms the binding basis for the implementation of human rights standards for tonies' workforce and was adopted by tonies' Management Board. These guidelines recognize the core labor standards of the ILO and the OECD Guidelines for Multinational Enterprises, committing to prevent, mitigate, and, as far as possible, end adverse impacts on human rights within tonies' operations. This commitment in the Group Human Rights Policy is aligned with the guidelines set out in the **Modern Slavery & Transparency Statement** and the Code of Conduct. This includes the prohibition of child labor (ILO 138), the elimination of the worst forms of child labor (ILO 182), and the abolition of forced labor (ILO 105). The group strictly opposes forced or compulsory labor, including forms of slavery, modern forms of slavery, and human trafficking as part of its Group Human Rights Policy. For tonies, respecting human rights, including labor rights, is considered essential to maintaining a positive work environment. These include the right to work in just and favorable conditions, the right to equal pay, the elimination of all forms of forced labor and the abolishment of child labor. Respecting human rights is therefore paramount, despite the complexity of the task.

The group has set up a systematic approach for identifying and addressing actual or potential adverse impacts it has on human rights, whether directly through own business activities or indirectly through business relationships. The group undertakes efforts to implement its own human rights due diligence approach, which is in alignment with the UN Guiding Principles on Business and Human Rights. The group focuses on essential human and labor rights issues of its workforce, which are overseen by the Legal & Compliance and HR Departments.

Equal treatment and opportunities for all

As part of the **Code of Conduct**, tonies respects the dignity and individuality of all employees. Interactions are characterized by mutual respect, fairness, team spirit, professionalism, and openness. Discrimination in recruitment, promotion, training, and development of the group will not be tolerated. All employees are treated equally, regardless of gender, gender identity or expression, age, skin color, culture, race, ethnic origin, sexual identity, disability, religion, or world view. Discrimination, mobbing, and harassment of any kind, including sexual harassment and psychological abuse or physical duress as well as verbal abuse is not tolerated at tonies and are therefore strictly forbidden. The group advocates for equal opportunity and diversity.

Every employee is encouraged to report suspected misconduct or violations of the Code of Conduct or applicable laws and regulations, as well as internal standards. The group embraces, among other things, the freedom to raise concerns and a serious commitment to protecting its reputation and success. The adherence of legal regulations and internal guidelines are important to protect the employees and the group from potential damages and the trust placed by customers and business partners. Therefore, it is important for the group to be aware of possible violations at an early stage to be able to react accordingly. The whistleblowing system described in the **Whistleblowing Policy** enables both employees and third parties to raise concerns if they become aware of circumstances that may indicate a violation of human rights at tonies or its business partners, thereby contributing to the establishment and maintenance of a strong corporate and compliance culture.

The overall responsibility with respect to human rights lies with the CEO. The Chief Human Resources Officer (CHRO) has the responsibility for the protection of tonies' own employees. To fulfil the associated tasks, the CHRO is supported by several further departments.

Working Conditions

Consideration of employees' wishes and needs so that employees might be more motivated and satisfied

In the **Code of Conduct** tonies states that all employees are invited to give honest feedback and openly discuss matters of importance to them, and that they can be sure their issues will be heard and handled with care. The Code of Conduct also ensures that the group values good work and recognizes the fundamental rights of employees. This includes that wages are not to be paid below the minimum and working time is not to exceed the maximum set by local law, and should always live up to the standards set by ILO.

The group does not currently have a formal workplace accident prevention policy or management system. In Germany, an external tool is used to provide annual safety training for employees, while the UK entity has a **Health & Safety Policy** that outlines its commitment to maintaining a safe and healthy workplace.

Competitive advantages due to the reputation of being an attractive and responsible employer

The group warrants compliance with the relevant national regulations and agreements on working hours and regular paid vacation. In addition, tonies values being a family-friendly organization. Therefore, the group offers flexible mobile working arrangements, allowing employees – depending on their role and team needs – to work remotely either fully or on a limited basis, supporting a better balance between personal and professional life.

In Germany, the **Guideline for Working Time & Recording of Working Time** supports tonies' flexitime model, allowing employees to set their own working hours and break times (in accordance with employment law requirements), ensuring flexibility within the working time framework.

Actions

Engaging About Impacts

The group conducts an **annual global engagement survey** to gather direct employee feedback and closely monitors the results. Additionally, there are **quarterly pulse surveys** and **ad-hoc surveys**. For example, following the presentation of the new CEO's agenda, tonies invited all employees to share feedback, ask clarifying questions, and express their thoughts. The questions and topics raised were addressed in a special newsletter featuring a follow-up interview with the CEO.

In 2023, tonies took significant steps to strengthen its **commitment to Inclusion & Diversity (I&D)**. With guidance from an external I&D expert, the group conducted a comprehensive internal I&D survey, gaining valuable insights into the perspectives of its workforce. These insights, along with focus group interviews and discussions, formed the foundation of tonies' first strategic **I&D roadmap**.

The CHRO is **responsible** for ensuring engagement with the group's own workforce and ensuring that the insights gained inform the overall group strategy.

Remediating Negative Impacts and Raising Concerns

Employee surveys

tonies conducts an annual comprehensive survey to thoroughly assess employee experience and engagement. This survey is complemented by quarterly pulse checks, which are shorter surveys designed to capture more immediate feedback. The responses to these surveys are confidential, and only aggregated results are shared. People managers receive specific team results as long as at least five team members have completed the survey, ensuring that no individual data is disclosed and that employees cannot be identified when answering the survey. Based on the **survey** results, which are communicated, tonies develops and prioritizes measures to **address identified areas of improvement**.

Whistleblowing system

tonies is committed to adhering to legal obligations and internal guidelines to protect the organization and employees from potential damages. Employees and management bodies who become aware of circumstances indicating violations of human rights or other misconduct are **encouraged to report** these to a line manager, tonies' Legal & Compliance Department, or via the online whistleblowing system immediately. Policies are in place to **protect individuals** from retaliation when using these channels.

The **whistleblowing system** is designed to handle grievances and complaints from employees and third parties, reinforcing a strong corporate and compliance culture. It meets the requirements of the **EU Whistleblower Directive (2019/1937)** while aligning with tonies' corporate values and commitment to open communication. All information received through the whistleblowing system is processed by tonies' Legal & Compliance Department.

The system safeguards whistleblowers by protecting their identity, ensuring confidentiality, and preventing reprisals for those who raise concerns in good faith. It also enables the evaluation of reported information, facilitates further clarification, and helps identify and implement process improvements to prevent future recurrence. Whistleblowers receive a confirmation of receipt, typically within seven days, and feedback upon case closure or completion, usually within three months. To **ensure awareness and trust** in the whistleblowing system, tonies regularly communicates about its availability and provides training to its workforce.

Equal Treatment and Opportunities for All

Diversity of employees in number and percentage at all levels

The group recognizes that inclusion and diversity are not only fundamental values but also crucial drivers of innovation, creativity, and organizational success. To support these values, tonies has established a **People Inclusion & Diversity Champion Group**. This group plays a pivotal role by contributing ideas to and driving the I&D roadmap, role modeling inclusion, and taking action to ensure the commitments are achieved. The I&D Champion Group consists of a diverse group of volunteers from across the organization, representing various roles, backgrounds, and perspectives.

Inclusion and diversity in action: The group actively supports marginalized groups, leverages privilege to advocate for equity, and consistently challenges systemic injustices through listening, learning, and action. The group embraces diverse cultural perspectives, practices, and traditions within the organization and critically examines and dismantles preconceived judgments through special training, fostering fairer and more inclusive attitudes and behaviors.

tonies consistently strives to enhance processes, practices, and outcomes through ongoing evaluation, adaptation, and refinement. The group organizes a yearly calendar of events and initiatives that promote inclusion and celebrate diversity, providing content to employees to enhance their understanding of I&D matters. Additionally, the group identifies and eliminates biases and barriers that might prevent employees from feeling valued and included.

Inclusive language and cultural celebrations: Adopting inclusive and diverse language is a paramount commitment at tonies, acknowledging the influential power of language over internal culture and external perceptions. This commitment resonates with the way the employees work and communicate with each other, reflecting tonies' dedication to equality and respect. The group celebrates diversity through inclusive events, cultural festivities, and initiatives that foster cross-cultural collaboration. The group works collaboratively as one team to help educate employees on I&D by sharing knowledge, experiences, and celebrating differences.

Pride Awareness Month: In June 2024, tonies proudly celebrated internally its first-ever Pride Awareness Month, dedicated to honoring and supporting the LGBTQIA+ community. Throughout this month, the group highlighted to its employees the importance of diversity, equality, and inclusion, showing solidarity with the LGBTQIA+ community and committing to creating a safe and welcoming environment for all.

Disability Awareness Month: To create a more inclusive environment, tonies encouraged employees via a Disability Awareness Month in October, to educate themselves about different types of disabilities and the challenges individuals may face. This knowledge helps cultivate empathy and understanding towards colleagues with special needs. Promoting open communication and actively listening to the needs of individuals with disabilities facilitates a supportive and accommodating work environment.

Transparency and communication: The group is committed to transparency in its I&D efforts. The work, progress, and initiatives of the People I&D Champion Group are regularly communicated to all employees via intranet pages and the tonies News newsletter, ensuring that everyone is aware of the group's commitment to fostering an inclusive workplace.

Offering regular performance and career development reviews to all employees

The group places a high priority on offering regular performance and personal growth reviews to all employees, which is one of the core values of the group, encapsulated in the principle "We set the bar high while remaining empathetic and caring". This principle underlines the importance of this positive impact on the workforce.

Performance feedback: The group conducts bi-annual performance feedback cycles that include self-reflection as well as manager and peer reviews. tonies believes in an open, trusting, and transparent feedback culture, ensuring that all feedback is shared with the employee and the respective HR manager. These performance feedback cycles are managed via an external employee engagement and feedback tool.

Individual development planning: tonies has implemented a voluntary Individual Development Planning (IDP) framework that puts employees in the driving seat to take ownership of and drive their own personal growth. This framework helps identify strengths, areas for improvement, and career development goals. It comprises two key components:

1. **Self-reflection** – Exploring personal drivers and motivations, determining which strengths to further develop, and identifying areas for improvement.
2. **Actionable planning** – Translating insights into concrete steps by defining development goals, outlining necessary actions, establishing success criteria, and identifying available resources.

tonies provides resources and information on professional development opportunities available for informal and self-directed learning opportunities as well as formal and organized learning opportunities. The organization tracks and assesses the effectiveness of these actions and initiatives through regular employee engagement surveys and feedback sessions.

Provision of anonymous as well as personal communication channels against violence and harassment

tonies takes several actions to pursue material positive impacts on its workforce, particularly in providing communication channels against violence and harassment.

Remediation of complaints: The group has implemented a comprehensive whistleblowing system, detailed in section 'Remediating Negative Impacts and Raising Concerns'. The effectiveness of implemented actions is monitored through regular follow-ups and feedback mechanisms, with the Legal & Compliance Department overseeing outcomes and assessing their impact on employee well-being and organizational culture.

Working Conditions

Consideration of employees' wishes and needs so that employees might be more motivated and satisfied

tonies implements various actions to pursue opportunities for social dialogue with its workforce, actively addressing employees' wishes and needs.

Performance feedback: The group has implemented a tool-based 360° performance feedback cycle, providing each employee with a comprehensive view of their performance and growth opportunities. This process is supported by feedback training and workshops, aimed at enhancing skills in both giving and receiving feedback effectively. Since 2024, tonies conducts two feedback cycles per year.

Culture Carrier Program: tonies' European Culture Carrier Program offers a defined number of employees the opportunity to work in their current role from one of the company's other offices, either across Europe or within Germany, for up to three months. This exchange is designed to build bridges between (inter)national locations, deepen internal networks, and learn about different ways of working.

World Mental Health Day: The group organized a World Mental Health Day in October 2024 which was dedicated to mindfulness and self-care. The event was held both on-site and virtually to ensure all employees could participate, with a variety of workshops available. Additionally, all employees have free access to the Calm Relaxation App, which provides a range of resources, including guided meditations, sleep stories, and breathing exercises, to promote mental well-being.

Family & Friends Day: In 2023 and 2024, the group organized the tonies Family & Friends Day in Germany to strengthen the bond and sense of community within the group.

CEO communication: The CEO has a dedicated messaging channel where he regularly shares updates, photos, and moments of joy. Additionally, the CEO holds regular remote open office hours, allowing employees to dial in, ask questions, provide feedback, and engage directly with him.

Competitive advantages due to the reputation of being an attractive and responsible employer

The group takes several actions to seize opportunities to be an attractive and responsible employer for its workforce.

Working time, support & flexibility: Depending on their role and location, employees have the option to work partially remotely. They are entitled to more than the statutory minimum of vacation days, with additional special leave available for events such as marriage, relocation, funerals, or childbirth. Employees can also choose to convert a portion of their salary into extra vacation days.

Financial benefits: tonies offers different financial benefits to its own workforce. For example, competitive compensation, contributions for private pension schemes, remote work or mobility allowances. However, financial benefits vary across countries, aligning with local employees' expectations and local practices.

tonies monitors and evaluates the effectiveness of its actions and initiatives through regular employee engagement surveys and feedback sessions. By adhering to ethical standards and continuously assessing and refining its policies and actions, the group ensures that its practices do not cause or contribute to material negative impacts on its workforce.

Targets

tonies has not yet established ESRS-compliant targets for the group's material own workforce-related IROs. However, the company has already defined **qualitative, medium-term targets** to guide its efforts, presented in Table 27.

Table 27: Own workforce-related targets

Sub-topic	Medium-term target
Equal treatment and opportunities for all	Foster an inclusive culture where diversity is a core value at every level of the organization
Working conditions	Maintain regular employee engagement surveys and feedback

tonies tracks the effectiveness of these efforts through the described processes. For example, the results from the employee engagement surveys offer valuable insights into the engagement index, which serves as a key indicator and benchmark for continuous improvement. A target for the engagement index is yet to be set.

Metrics

Employee characteristics

The headcount is reported at the end of the reporting period, including both full-time and part-time employees as well as apprentices, but excluding Board members, Market General Managers, dormant employment relationships, working students, and interns.

Table 28: Headcount of employees by gender

	Unit	2024
Total employees	Number	596
of which: Male	Number	246
of which: Female	Number	319
of which: Not reported or Other	Number	31

Gender distribution (Table 28) is reported only for entities with more than 50 employees (headcount).

Table 29: Headcount of employees by country

	Unit	2024
Total employees	Number	596
of which: Germany	Number	421
of which: United States	Number	102
of which: United Kingdom	Number	45
of which: France	Number	26
of which: Other	Number	2

Table 30: Headcount of employees by contract type

	Unit	Male	Female	Other
Total employees	Number	251	379	–
Permanent employees	Number	234	362	–
Temporary employees	Number	17	17	–

Permanent employees are defined as those with indefinite employment contracts, including pre-pension part-time employees. Temporary employees are those with fixed-term contracts, also including pre-pension part-time employees. tonies does not employ individuals on non-guaranteed hours contracts.

Table 31: Employee turnover based on headcount

	Unit	2024
Number of employees left the group	Number	93
Employee turnover	%	16.5

Employee turnover is calculated as the number of permanent employees who have left the group, relative to the average number of permanent employees based on the last four quarterly end-of-period figures. The headcount calculation for this KPI is determined by the total number of full-time, part-time, and fixed-term employees, adjusted for part-time reductions. Board members, Market General Managers, dormant employment relationships, apprentices, working students, interns, and pre-pension part-timers in the release phase are excluded from this calculation.

Diversity

Table 32: Gender distribution at top management level

	Headcount	in %
Top management*	11	100
of which: Male	8	73
of which: Female	3	27
of which: Other	0	0

* Including Board members and Market General Managers

The number of headcounts is reported at the end of the reporting period.

Table 33: Employees by age group

	Headcount	in %
Employees*	596	100
Under 30 years old	107	18
30 – 50 years old	432	72
Over 50 years old	57	10

* Including apprentices

The number of headcounts is reported at the end of the reporting period.

Persons with disabilities

The group is committed to promoting an inclusive and diverse workplace. As part of tonies' dedication to transparency and inclusivity, the group provides the following information regarding the percentage of employees with disabilities. As of the latest reporting period, **0.84% of employees** are individuals with disabilities, in accordance with legal regulations governing data collection.

tonies adheres to the definition outlined by the UN Convention on the Rights of Persons with Disabilities (UN CRPD). According to the UN CRPD, persons with disabilities are individuals who have long-term physical, mental, intellectual, or sensory impairments that, in interaction with various barriers, may hinder their full and effective participation in society on an equal basis with others.

Training and skills development

tonies has established a global performance feedback cycle that is mandatory for all employees. This process ensures consistency and fairness across the organization, promoting a culture of growth. It includes structured **performance assessments**, followed by mandatory **feedback sessions** between employees and managers. These sessions offer an opportunity to review achievements, discuss career aspirations, and align expectations. All employees are part of the regular performance and career development process.

Incidents, complaints and severe human rights impacts

tonies has received two reports of discrimination but no complaints regarding other human rights issues. With regard to Tables 34 and 35 and in line with the ESRS definition (Annex II: Acronyms and Glossary of Terms), an incident is defined as a legal action or complaint registered with tonies or competent authorities through a formal process, or an instance of non-compliance identified by tonies through established procedures.

Table 34: Reporting on discrimination

	Unit	2024
The total number of incidents of discrimination, including harassment, reported in the reporting period	Number	2
Number of complaints filed through channels for people in own workforce to raise concerns	Number	2
Number of complaints filed to National Contact Points for OECD Multinational Enterprises	Number	0
Amount of fines, penalties, and compensation for damages as result of incidents of discrimination, including harassment and complaints filed	€	0

Table 35: Reporting on human rights issues

	Unit	2024
Number of severe human rights issues and incidents connected to own workforce	Number	0
Number of severe human rights issues and incidents connected to own workforce that are cases of non respect of UN Guiding Principles and OECD Guidelines for Multinational Enterprises	Number	0
Number of complaints filed to National Contact Points for OECD Multinational Enterprises	Number	0
Amount of fines, penalties, and compensation for severe human rights issues and incidents connected to own workforce	€	0



Governance

Business Conduct

Effective governance is the foundation of corporate sustainability, ensuring responsible leadership, ethical practices, and long-term value creation. tonies' **corporate governance** is determined by the applicable Luxembourg Law, the company's articles of association, as well as the rules of procedure of the Management Board, the rules of procedure of the Supervisory Board, and the terms of reference of the Audit Committee.

The **management and supervisory bodies** of the company have profound **expertise** in matters concerning business conduct. tonies' **compliance system** contributes to the effective implementation of our values, principles, and rules.

Impacts, Risks and Opportunities

Building on the Double Materiality Assessment, tonies has identified the business conduct-related sub-topics "**Corporate culture**", "**Protection of whistleblowers**", "**Management of relationships with suppliers including payment practices**", and "**Corruption and bribery**" as **material sustainability matters**. Table 36 provides further insights regarding identified material impacts, risks and opportunities.

Table 36: Material business conduct-related IROs and descriptions

	Material IRO	Description
Corporate culture		
Positive impact	Promotion of an ethical and compliance-driven corporate culture	At tonies, integrity, responsibility, and transparency are at the core of our corporate culture, framed by our Code of Conduct and Code of Conduct for Business Partners. We uphold legal and ethical standards, foster a speak-up culture, and respect diversity and inclusion in both our workplace and products. tonies adopts relevant policies to further support our values and ensure compliance with our commitments across the organization.
Opportunity	Reputational opportunities and increased employee productivity due to a robust business culture	A robust ethical and compliance-driven corporate culture enhances tonies' reputation, strengthening trust among stakeholders, customers, and business partners. It can even enhance employee engagement, as clear values, an open expression space, and initiatives like the Culture Carrier Program foster a sense of purpose and belonging.
Protection of whistleblowers		
Positive impact	Whistleblowers are protected from retaliation	tonies is committed to fostering a speak-up culture where employees and external stakeholders can raise concerns without fear of retaliation. Our Whistleblowing Policy and system ensure whistleblowers are protected, including the safeguarding of their identity. By protecting those who speak up, tonies reinforces trust and encourages ethical business conduct.
Risk	Failure to adequately address concerns raised through whistleblower mechanisms resulting in erosion of stakeholder trust and reputational damage	Failure to properly address concerns raised through our whistleblowing system can lead to reputational damage and a loss of stakeholder trust. If reports are not handled promptly, independently, and objectively, employees and external stakeholders may hesitate to report unethical behavior, weakening tonies' compliance framework. Continuing to ensure transparent and effective case management is crucial to maintaining credibility and ethical standards.
Management of relationships with suppliers including payment practices		
Opportunity	Close and long-lasting relationships with core suppliers, including licensors, leading to enhanced supply chain resilience and stability	tonies fosters close, long-term relationships with its core suppliers, including licensors, enhancing supply chain resilience and stability. Through regular communication and proactive engagement, we ensure supply continuity and minimize disruptions. Our commitment to these partnerships, reinforced by activities such as site visits, builds trust and collaboration, enabling strategic cooperation. tonies' Code of Conduct for Business Partners sets the framework for the company's relationships with suppliers.
Corruption and bribery		
Positive impact	Promotion of the fight against corruption and bribery	tonies is committed to preventing corruption and bribery. As a Designated Compliance Topic at tonies, measures are proactively managed to mitigate legal and reputational risks. Our Group Anti-Corruption Policy provides clear guidelines on ethical business conduct. Furthermore, employees have access to training to ensure compliance with regulatory requirements.
Risk	Allegations of corruption and bribery leading to legal fines and reputational damage	Failing to prevent corruption and bribery can result in legal penalties, financial losses, and reputational harm for tonies. Allegations, even if unproven, can erode stakeholder trust and negatively impact business relationships. Continuous monitoring, training, and enforcement of related principles are essential to safeguarding our reputation and upholding ethical business practices.

Policies

tonies has adopted a range of policies related to business conduct and has implemented corresponding actions. The details of these **policies and initiatives** are outlined below.

Code of Conduct

Under tonies' **Code of Conduct**, all employees of the group are required to abide by applicable laws and uphold a culture of integrity. The Code of Conduct outlines tonies' core values, which include corporate responsibility, embracing diversity, and considering the long-term impact of our actions.

Code of Conduct for Business Partners

In all business dealings, employees and teams shall work together with each other and our business partners on the basis of openness, respect and constructive cooperation, thereby fostering a culture and work environment that empowers every employee to do their best and provide a safe work environment. Relationships with our business partners play an important role in this context. Therefore, issues such as respect for human rights, prohibition of child labor, and compliance with other standards relating to labor rights and the provision of a safe workplace are set out in a separate **Code of Conduct for Business Partners** to which tonies commits itself in individual cases as well. The standards contained therein are based in many respects on those of the ILO and are intended to contribute to implementation and compliance along our supply chain.

Data protection and IT security

Given that tonies operates online, the group is aware of its special responsibility with regard to data protection and IT security. To ensure robust protection, we have adopted the **Group Data Protection Policy** and the **Group IT Security Policy**. To safeguard personal data of its employees, customers, suppliers, and business partners, tonies complies with the applicable provisions and requirements under relevant data protection laws and is particularly committed to basic principles such as purpose limitation, storage limitation, and the accountability of the person responsible for processing the data. tonies has implemented appropriate technical and organizational measures to prevent its data from unauthorized access. Employees are required to use company property only for business purposes and protect it from loss or damage by treating it with care. Furthermore, tonies places great importance on safeguarding confidential information, including, but not limited to, technical and financial data, as well as business strategies.

Corruption and bribery

Like any other organization, tonies encounters a variety of compliance risks. Based on an initial risk assessment, **anti-corruption** has been identified as a **Designated Compliance Topic** for tonies, requiring the company to comply with relevant regulatory requirements. A Designated Compliance Topic refers to a subject or area that is linked to substantial compliance risks, such as potential fines or damage to reputation. As a result, it **requires proactive management** to avoid regulatory violations and mitigate these risks effectively.

Specifically, the **Group Anti-corruption Policy** provides guidelines and a framework used to protect tonies, its management bodies, employees, customers, and business partners from risks and damage that may arise in connection with corruption. The policy covers business interactions with external parties and public officials. It describes key procedures and principles to prevent corruption and bribery-related incidents, such as prohibition of giving or accepting systematic benefits, considering social adequacy, and separate granting and accepting of benefits from business decisions. Additionally, the policy provides specific guidelines on gifts, event invitations, donations, sponsorships, and contributions. As with **all adopted policies**, the Group Anti-Corruption Policy and relevant supplementary information are readily **accessible to all employees**.

Economic sanctions, anti-money laundering, and counter-terrorism financing

As a global company, we recognize the importance of regulations designed to prevent relationships with sanctioned individuals or entities, as well as to avoid any financial involvement in money laundering or the financing of terrorism. We are committed to ensuring full compliance with these regulations and have also adopted related policies, including the **Group Economic Sanctions Policy** and the **Money Laundering & Terrorism-Financing Prevention Policy**.

Whistleblowing

We encourage all employees and other stakeholders to raise concerns. Concerns can internally be addressed to line managers or the Chief Compliance Officer. To simplify the reporting process, we have implemented an online **whistleblowing system** that allows both internal and external stakeholders to submit **anonymous reports**. The reports are addressed to the tonies employees responsible for making an initial assessment of the reported topic. The Legal & Compliance Department acts as official contact point in this regard. Although reports are submitted anonymously, the whistleblower can be contacted for questions and clarifications, which may be crucial for a thorough assessment.

The **Whistleblowing Policy** describes these procedural aspects, explains the different ways to create a report, and provides an overview of the different roles and responsibilities within the process. It also emphasizes key principles for whistleblower protection, including safeguarding their identity when personal data is provided and upholding the "no reprisals for whistleblowers" principle. tonies is committed to **promptly, independently, and objectively investigating** all business conduct incidents.

Actions

Corporate culture

Various measures can positively impact tonies' **corporate culture**, and the Management Board is regularly involved in decision-making processes regarding their implementation. For instance, this includes actively promoting Inclusion & Diversity, as outlined in the chapter "Own Workforce" section "Actions".

As part of our corporate culture, the Management Board actively promotes and communicates the following key principles:

- **Taking responsibility for our actions** by adhering to laws, regulations, and internal policies and procedures. We encourage seeking guidance when faced with questions or uncertainties, fostering a true speak-up culture, and reaching out for support when needed.
- **Demonstrating respect for diversity**, particularly in how we represent our products, embracing a wide range of perspectives and experiences.

We place the highest requirements on the materials we use, products we create, and services we deliver. We are aware of our responsibility towards society and the environment. Transparency, responsibility, and sustainability are part of our thinking and acting at every step along the way. tonies employees are encouraged to always **keep an eye on the bigger picture**, focusing on the long-term effects of our actions. We care about what we do and protect our reputation and values. We respect our partners and cooperate as equals, no matter whether in formal or informal business situations. To foster tonies' corporate culture, the **Culture Carrier Program** has been established, as outlined in the chapter "Own Workforce", section "Actions".

Management of relationships with suppliers

This section outlines tonies' approach to managing supplier relationships, procurement practices, and incorporating social and environmental criteria into supplier selection, with a focus on fostering **long-term partnerships**. It specifically relates to all **direct (first-tier) product-related suppliers**, including those for the Toniebox, Tonies, and accessories.

Policy on preventing late payments

We value robust relationships with our suppliers, while **a formal policy is not yet adopted** to prevent late payments. The reasons for this include:

- **Existing contractual practices:** Payment terms are clearly outlined in supplier contracts, to the suppliers with established contractual agreements, providing a structured framework to ensure transparency and timely payments.
- **Relationship-driven approach:** Our strong relationships with suppliers, supported by regular communication and collaboration, effectively minimize payment issues without the need for a formalized policy.
- **Ongoing formalization efforts:** We are in the process of enhancing relationship management processes. This includes establishing policies to align with stakeholder expectations.

Supplier relationship management approach

We leverage a **structured approach** to managing relationships with suppliers, ensuring alignment with our business and sustainability goals.

- **Code of Conduct and business ethics:** Our Code of Conduct and Code of Conduct for Business Partners establish the foundation for all supplier relationships. We ensure commitment to our Code of Conduct for Business Partners by incorporating it into contracts with suppliers that have established contractual agreements.
- **Supply chain resilience and stability:** We engage proactively with suppliers to mitigate potential disruptions, maintaining open lines of communication through regular meetings focused on ensuring supply continuity and resilience.
- **Commitment to long-term partnerships:** We foster trust and collaboration through regular communication, site visits, and annual audits. The long-term partnership approach with suppliers potentially enables us to build strategic partnerships and pursue sustainability objectives.

Selection criteria for suppliers

Going forward, tonies' **supplier selection process** integrates ESG criteria to ensure alignment with our values, with specific KPIs used to evaluate environmental, social, and governance performance:

- **Environmental:** Availability of regularly updated environmental **certifications** (e. g., ISO 14001, EMAS)
- **Social:** Availability of regularly updated social certifications (e. g., ICTI, SA8000), as well as the score achieved in tonies' **Human Rights Risk Analysis**
- **Governance:** Degree of **compliance with tonies' Code of Conduct for Business Partners**

The **Supplier Scorecard** designed to formalize and streamline this assessment process is not yet fully implemented. Once operational, the scorecard shall encourage continuous improvement in sustainability practices.

Trainings

If new business conduct-related standards are implemented via a policy, the fundamental contents, internal standards and principles are presented to tonies employees during a **dedicated training session**. In addition, new starters receive an onboarding session, explaining general governance principles at tonies. The sessions are coordinated and executed by the Legal & Compliance Department.

In 2024, **web-based compliance trainings** were introduced, covering topics such as

- Introduction of compliance,
- Prevention of corruption,
- Protection of business secrets, and
- Whistleblowing.

Targets

tonies has not yet established ESRS-compliant targets for the group's material business conduct-related IROs. However, the company has defined **qualitative, medium-term targets** to guide its efforts, presented in Table 37.

Table 37: Business conduct-related targets

Sub-topic	Medium-term target
Corporate culture	Update of the risk assessment to revalidate, and if necessary, revise tonies' Designated Compliance Topics, as well as the review and update of tonies' business conduct-related policies to ensure they remain aligned with current standards.
Management of relationships with suppliers including payment practices	Revision of tonies' Code of Conduct for Business Partners to achieve improved consistency with licensors' and other business partners' requirements

Metrics

Incidents of corruption or bribery

In the reporting period, **no incidents of corruption or bribery** were reported.

Payment practices

tonies is committed to upholding **fair payment practices** and ensuring equitable treatment of all partners, discouraging any misuse of our position to gain unfair advantages, especially in our dealings with small and medium-sized enterprises (SMEs).

The **average time to pay an invoice**, measured from the invoice date to the payment date, is **30 days**. Our **standard payment terms** typically suggest a period of **30 – 60 days** after receipt of the invoice, allowing sufficient time for internal checks and processing. However, payment modalities are negotiated individually with each business partner or supplier to accommodate specific agreements. As part of our commitment to fostering long-term partnerships, we prioritize adhering to the agreed payment terms with all our suppliers.

tonies is currently unable to disclose the **percentage of payments aligned** with standard payment terms due to limitations in data tracking. However, we are committed to improving our systems and processes to enable transparent reporting on this metric in the future. tonies has **no outstanding legal proceedings** related to late payments.



Appendix

Disclosure Requirements and Incorporation by Reference

Table 38 lists all **Disclosure Requirements** covered in **this sustainability report**, following the outcome of the materiality assessment. Furthermore, we have made use of the option to incorporate some **information by reference** to parts of **tonies' Annual Report 2024**. The respective disclosure requirements or specific data points are listed in Table 39.

Table 38: List of Disclosure Requirements covered in this sustainability report, following the outcome of the materiality assessment

ESRS 2: General disclosures		Page
BP-1	General basis for preparation of sustainability statements	6
BP-2	Disclosures in relation to specific circumstances	7 – 10, 68
GOV-1	The role of the administrative, management and supervisory bodies	11 – 13
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	13
GOV-3	Integration of sustainability-related performance in incentive schemes	13 – 14
GOV-4	Statement on due diligence	68
GOV-5	Risk management and internal controls over sustainability reporting	14 – 16
SBM-1	Strategy, business model and value chain	16 – 20
SBM-2	Interests and views of stakeholders	20 – 21
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	24 – 28, 31, 35, 38 – 39, 46 – 47, 58 – 59
IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	21 – 23
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	66 – 67, 69 – 72
ESRS E1: Climate change		Page
ESRS 2, GOV-3	Integration of sustainability-related performance in incentive schemes	13
E1-1	Transition plan for climate change mitigation	30
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	25, 31
ESRS 2, IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	21 – 23
E1-2	Policies related to climate change mitigation and adaptation	32
E1-3	Actions and resources in relation to climate change policies	32
E1-4	Targets related to climate change mitigation and adaptation	17, 33
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	33 – 34
ESRS E2: Pollution		Page
ESRS 2, IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	21 – 23
E2-1	Policies related to pollution	35
E2-2	Actions and resources related to pollution	36
E2-3	Targets related to pollution	36
E2-5	Substances of concern and substances of very high concern	36 – 37

ESRS E3: Water and marine resources		Page
ESRS 2, IRO-1	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	21 – 23
ESRS E4: Biodiversity and ecosystems		Page
ESRS 2, IRO-1	Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks, dependencies and opportunities	21 – 23
ESRS E5: Resource use and circular economy		Page
ESRS 2, IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	21 – 23
E5-1	Policies related to resource use and circular economy	39
E5-2	Actions and resources related to resource use and circular economy	39 – 40
E5-3	Targets related to resource use and circular economy	41
E5-4	Resource inflows	42
E5-5	Resource outflows	42 – 44
ESRS S1: Own workforce		Page
ESRS 2, SBM-2	Interests and views of stakeholders	21
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	26, 46 – 47
S1-1	Policies related to own workforce	48 – 49
S1-2	Processes for engaging with own workforce and workers' representatives about impacts	49
S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns	49 – 50
S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	49 – 52
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	53
S1-6	Characteristics of the undertaking's employees	53 – 54
S1-9	Diversity metrics	54 – 55
S1-10	Adequate wages	49, 52
S1-12	Persons with disabilities	55
S1-13	Training and skills development metrics	55
S1-17	Incidents, complaints and severe human rights impacts	55 – 56
ESRS G1: Business conduct		Page
ESRS 2, GOV-1	The role of the administrative, management and supervisory bodies	13, 58
ESRS 2, IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	21 – 23
G1-1	Business conduct policies and corporate culture	60 – 61, 63
G1-2	Management of relationships with suppliers	62
G1-3	Prevention and detection of corruption and bribery	60, 63
G1-4	Incidents of corruption or bribery	64
G1-6	Payment practices	64

Table 39: Information incorporated by reference to tonies' Annual Report 2024

ESRS Disclosure Requirement/Data Point		Section/Report	Page
GOV-1	The role of the administrative, management and supervisory bodies (composition, identity)	Corporate governance and responsibility statement	73 – 75
SBM-1	Strategy, business model and value chain (strategy, business model, products, services)	Consolidated Management Report; Notes to the Consolidated Financial Statements	32 – 33, 35 – 37, 102 – 104, 126
SBM-1	Strategy, business model and value chain (markets, customer groups)	Consolidated Management Report; Notes to the Consolidated Financial Statements	32 – 33, 102 – 104, 126
SBM-1	Strategy, business model and value chain (value chain)	Consolidated Management Report	60
SBM-1	Strategy, business model and value chain (total headcount, headcount by geographical area)	Consolidated Management Report	47
Not applicable	Disclosures pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)	Consolidated Management Report	55 – 59

Statement on Due Diligence

Table 40 illustrates how tonies' **due diligence process** on sustainability matters is **reflected in this sustainability report**. The mapping aligns with ESRS 1, Chapter 4, showcasing the main aspects and steps of due diligence. By linking these aspects to relevant Disclosure Requirements under the ESRS, the mapping provides a clear overview of tonies' practices and their integration into sustainability governance, risk management, and reporting.

Table 40: Core elements of due diligence and related paragraphs in this report

Core Elements of Due Diligence	Section/Sustainability Report Sections	Page
(a) Embedding due diligence in governance, strategy and business model	General Environment Social Governance	13 – 14, 24 – 28, 31, 35, 38 – 39, 46 – 47, 58 – 59
(b) Engaging with affected stakeholders in all key steps of the due diligence	General	13, 20 – 21, 21 – 23
(c) Identifying and assessing adverse impacts	General Environment Social Governance	21 – 23, 24 – 28, 31, 35, 38 – 39, 46 – 47, 58 – 59
(d) Taking actions to address those adverse impacts	General Environment Social Governance	8, 10, 30, 32, 36, 39 – 40, 49 – 52, 61 – 63
(e) Tracking the effectiveness of these efforts and communicating	General Environment Social Governance	8 – 9, 16 – 17, 33 – 34, 36 – 37, 41 – 44, 53 – 56, 63 – 64

Datapoints Deriving from other EU Legislation

Table 41 lists all **data points derived from other EU legislation**, as outlined in ESRS 2, Appendix B. It indicates where each data point is addressed in this report and identifies those assessed as not material or not applicable.

Table 41: Datapoints deriving from other EU legislation

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Section	Page
ESRS 2 GOV-1 Board's gender diversity § 21 (d)	X		X		General	11–12
ESRS 2 GOV-1 Percentage of board members who are independent § 21 (e)			X		General	12
ESRS 2 GOV-4 Statement on due diligence § 30	X				Appendix	68
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities § 40 (d) i	X	X	X		not applicable	–
ESRS 2 SBM-1 Involvement in activities related to chemical production § 40 (d) ii	X		X		not applicable	–
ESRS 2 SBM-1 Involvement in activities related to controversial weapons § 40 (d) iii	X		X		not applicable	–
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco § 40 (d) iv			X		not applicable	–
ESRS E1-1 Transition plan to reach climate neutrality by 2050 § 14				X	Environment	30
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks § 16 (g)		X	X		Environment	30
ESRS E1-4 GHG emission reduction targets § 34	X	X	X		Environment	33
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) § 38	X				not material	–
ESRS E1-5 Energy consumption and mix § 37	X				not material	–
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors § 40 to 43	x				not material	–
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions § 44	X	X	X		Environment	33–34
ESRS E1-6 Gross GHG emissions intensity § 53 to 55	X	X	X		Environment	34

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Section	Page
ESRS E1-7 GHG removals and carbon credits § 56				X	not applicable	–
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks § 66			X		transition period applies	–
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk § 66 (a)		X			transition period applies	–
ESRS E1-9 Location of significant assets at material physical risk § 66 (c)						
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes § 67 (c)		X			transition period applies	–
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities § 69			X		transition period applies	–
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil § 28	X				not material	–
ESRS E3-1 Water and marine resources § 9	X				not material	–
ESRS E3-1 Dedicated policy § 13	X				not material	–
ESRS E3-1 Sustainable oceans and seas § 14	X				not material	–
ESRS E3-4 Total water recycled and reused § 28 (c)	X				not material	–
ESRS E3-4 Total water consumption in m ³ per net revenue on own operations § 29	X				not material	–
ESRS2-IRO1-E4 § 16 (a) i	X				not material	–
ESRS2-IRO1-E4 § 16 (b)	X				not material	–
ESRS 2 – IRO 1 – E4 § 16 (c)	X				not material	–
ESRS E4-2 Sustainable land/agriculture practices or policies § 24 (b)	X				not material	–
ESRS E4-2 Sustainable oceans/seas practices or policies § 24 (c)	X				not material	–
ESRS E4-2 Policies to address deforestation § 24 (d)	X				not material	–

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Section	Page
ESRS E5-5 Non-recycled waste § 37 (d)	X				Environment	43
ESRS E5-5 Hazardous waste and radioactive waste § 39	X				Environment	43
ESRS 2 – SBM3 – S1 Risk of incidents of forced labor § 14 (f)	X				not material	–
ESRS 2 – SBM3 – S1 Risk of incidents of child labor § 14 (g)	X				not material	–
ESRS S1-1 Human rights policy commitments § 20	X				Social	48
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8 § 21			X		Social	48
ESRS S1-1 processes and measures for preventing trafficking in human being § 22	X				not material	–
ESRS S1-1 workplace accident prevention policy or management system § 23	X				Social	49
ESRS S1-3 grievance/complaints handling mechanisms § 32 (c)	X				Social	50
ESRS S1-14 Number of fatalities and number and rate of work-related accidents § 88 (b) and (c)	X		X		not reported	–
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness § 88 (e)	X				not reported	–
ESRS S1-16 Unadjusted gender pay gap § 97 (a)	X		X		not reported	–
ESRS S1-16 Excessive CEO pay ratio § 97 (b)	X				not reported	–
ESRS S1-17 Incidents of discrimination § 103 (a)	X				Social	56
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD § 104 (a)	X		X		Social	56
ESRS 2 – SBM3 – S2 Significant risk of child labor or forced labor in the value chain § 11 (b)	X				transition period applies	–
ESRS S2-1 Human rights policy commitments § 17	X				transition period applies	–

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Section	Page
ESRS S2-1 Policies related to value chain workers § 18	X				transition period applies	—
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines § 19	X		X		transition period applies	—
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8 § 19			X		transition period applies	—
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain § 36	X				transition period applies	—
ESRS S3-1 Human rights policy commitments § 16	X				not material	—
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines § 17	X		X		not material	—
ESRS S3-4 Human rights issues and incidents § 36	X				not material	—
ESRS S4-1 Policies related to consumers and end-users § 16	X				transition period applies	—
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines § 17	X		X		transition period applies	—
ESRS S4-4 Human rights issues and incidents § 35	X				transition period applies	—
ESRS G1-1 United Nations Convention against Corruption § 10 (b)	X				not applicable	—
ESRS G1-1 Protection of whistleblowers § 10 (d)	X				not applicable	—
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws § 24 (a)	X		X		Governance	64
ESRS G1-4 Standards of anti-corruption and anti-bribery § 24 (b)	X				Governance	60

Abbreviations

ABS	Acrylonitrile Butadiene Styrene (a type of plastic)
CCF	Corporate Carbon Footprint
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CHRO	Chief Human Resources Officer
CoC	Code of Conduct
CoCBP	Code of Conduct for Business Partners
CO₂e	Carbon Dioxide Equivalent
CSRD	Corporate Sustainability Reporting Directive
DMA	Double Materiality Assessment
EFRAG	European Financial Reporting Advisory Group
ESG	Environmental, Social, Governance
ESRS	European Sustainability Reporting Standard(s)
GHG	Greenhouse Gas
GOTS	Global Organic Textile Standard
IDP	Individual Development Planning
ILO	International Labor Organization
IROs	Impacts, risks and opportunities
I&D	Inclusion & Diversity
MDR-A	Minimum Disclosure Requirements regarding actions
MDR-T	Minimum Disclosure Requirements regarding targets
PMO	Project Management Office
PVC	Polyvinyl Chloride (a type of plastic)
REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals
SC	Sustainability Committee
SVHC(s)	Substance(s) of very high concern

Imprint

Contact

tonies SE
9, Rue de Bitbourg
L-1273 Luxembourg

Sustainability

sustainability@tonies.com

Investor Relations

ir@tonies.com

Press

presse@tonies.de

Concept & Design

pom point of media GmbH, Willich

Disclaimer

Certain statements included in this document are forwardlooking statements. Forwardlooking statements can typically be identified by the use of words such as "expects", "may", "will", "could", "should", "intends", "plans", "predicts", "envisages" or "anticipates" or other words of similar meaning. These forward-looking statements are based upon current expectations and assumptions regarding anticipated developments and other factors affecting the tonies SE. They are not historical or current facts, nor are they guarantees of future performance. By their nature, forwardlooking statements involve several risks, uncertainties and assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward looking statements. These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described in this document. These forwardlooking statements speak only as of the date of this announcement. Except as required by any applicable mandatory law or regulation, the tonies SE expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forwardlooking statements contained in this document to reflect any change in the tonies SE's expectations with regard thereto or any change in events, conditions or circumstances on which any such forwardlooking statements are based. Neither tonies SE nor any other person accepts any responsibility for the accuracy of the opinions expressed in this document or the underlying assumptions.



tonies SE
9, Rue de Bitbourg
L-1273 Luxembourg