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tonies Group

# UK Modern Slavery Act & California Transparency in Supply Chains Act Statement

## 2023

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## 1 Introduction

This statement has been published in accordance with the requirements of the **UK Modern Slavery Act (2015)** and the **California Transparency in Supply Chains Act (2010)**. It details our efforts to safeguard human rights and to ensure that no form of modern slavery or human trafficking occurs in our business and supply chains. The statement is made on behalf of the tonies Group for the financial year ended on 31 December 2023.

## 2 Organization Structure

tonies SE (the “Company” or “tonies”) is registered with the Luxembourg Trade and Companies Register and is listed on the Frankfurt Stock Exchange. tonies SE heads the **tonies Group**, which comprises the following subsidiaries:

- tonies Holding GmbH,
- tonies Beteiligungs GmbH,
- tonies GmbH,
- tonies US Inc.,
- tonies UK Ltd. and
- tonies France SAS.

The tonies Group employs around 450 people and has offices in Luxembourg, Düsseldorf, Schwäbisch-Gmünd, Hamburg, Berlin, London, Paris, and Santa Cruz/California.

tonies is the world’s largest **interactive audio platform for children** (group revenue fiscal year 2022: € 258 million) with more than 5.7 million Tonieboxes and 72 million Tonies sold. The intuitive and award-winning audio system has changed the way young children play and learn independently with its child-safe, wireless, and screen-free approach.

Founded in 2013 in Germany, where every second child now owns a Toniebox, the Company is replicating its successful business model and **expanding internationally**. tonies brings the joy and magic of interactive audio entertainment and audio education to children around the world, with products available in 26 countries on three continents and more to come. Tonieboxes have already been activated in over 100 countries.

tonies offers a range of more than 770 **Tonies figurines** to be placed on top of the **Toniebox** and more than 5,000 **digital titles** through mytonies (library and app) – ranging from tonies Originals productions to content from more than 200 licensing partners worldwide, including Disney, Warner, Marvel, Paramount, Hasbro, Universal, Sony Music and many more. With an average playtime of 268 minutes per week it is the perfect everyday companion for little ones.

### 3 Code of Conduct

The Company has issued a Code of Conduct for its own corporation (the “CoC”) and a Code of Conduct for Business Partners (the “CoCBP”). Under the CoC, all employees of the Company are required to abide by applicable laws and practice a culture of integrity. The **CoC outlines the core values of the Company**, which also include taking corporate and social responsibility, embracing diversity, and focusing on long-term effects of our doing.

In all business dealings, employees and teams 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 work 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 labour, and compliance with other standards relating to labour rights and the provision of a safe workplace are set out in a **separate CoCBP**. The standards contained therein are based in many respects on those of the International Labor Organization (ILO) and are intended to contribute to safeguarding labour rights and compliance along our supply chains.

### 4 Group Human Rights Policy

tonies Group is committed to supporting and respecting **internationally recognized human rights** as defined by the **United Nations (UN) Universal Declaration of Human Rights** and the **ILO Declaration on Fundamental Principles and Rights at Work** and to complying with legal regulations in individual countries that are imposed to protect Human Rights. The Group commits to proactively avoid human rights abuses and any complicity in abuses by business partners.

The **Group Human Rights Policy** (the “GHRP”) provides general standards with respect to the safeguard of human rights and contains the guidelines of central importance regarding the duty of diligence with respect to internationally recognized human rights standards as well as respective national laws. Preventing discrimination and harassment, respecting working hours and wages, and the prohibition of child labour, modern slavery and forced labour constitute the essence of tonies’ commitment to the protection of human rights. In addition, the GHRP provides a framework for the **human rights risk assessment** (see below).

Compliance with this GHRP and applicable laws designated to protect human rights is mandatory. The Group will not authorize, participate in, or tolerate any business practice that does not comply with this Policy and with the applicable laws designated to protect Human Rights.

## 5 tonies' Supply Chains

tonies' **first-tier suppliers** for the parts and finished goods of our Toniebox and Tonie figurines are predominantly located in China, Tunisia and Hungary, while suppliers for packaging are largely in Germany and China.

tonies does not own nor operate manufacturing sites and therefore depends on its business partners regarding the supply with parts and finished goods. The **nature and extent of risks** in the manufacturing sector, in this case particularly in the toy manufacturing sector, are largely **connected to suppliers' production processes**. Against this background, tonies undertakes determined efforts to implement its own human rights **due diligence approach**, which is in alignment with the **UN Guiding Principles on Business and Human Rights**, in order to identify and address actual or potential adverse impacts the Group has on human rights, whether directly through its own business activities or indirectly through its business partners. tonies' due diligence process involves several departments in order to ensure a multi-faceted approach to safeguarding human rights.

## 6 Risk Assessment

In order to better understand and verify the actual and potential risks of human rights violations in our direct business activities and those of our business partners, we conduct a **risk assessment** which enables us to **identify increased risk** for violations of human rights within our supply chains and **prioritize mitigation and remedial measures** if necessary. The human rights risk analysis is conducted internally, i.e. without the involvement of a third-party verifier, and is updated annually. The process of gathering the relevant information for the assessment includes the following:

- Identification of suppliers which should be included in the assessment
- Consolidation of information (potential measures to consolidate information e.g., desk-based research, information from (external) audits and/or direct contact with respective suppliers)
- Derivation of mitigation measures, if an increased risk is identified

This assessment was developed under the guidance of the UK government guidelines, recommendations from the Corporate Justice Coalition, and best-practice statements from the Business & Human Rights Resource Centre database. Information from the Global Slavery Index, the ILO and the Walk Free Foundation advised our risk analysis of the countries in which our first-tier suppliers are situated. Our tool also considers the presence of labour brokers or third-party recruiters in our supply chains.

## 7 tonies' Disclosures and Next Steps

We believe that **close collaboration** with our trusted suppliers is one of the most important ways to remediate and mitigate risks of human rights violations. We aim to continue our close collaboration with our suppliers and **regularly update our human rights risk analysis** in order to make the biggest difference for workers in our supply chains. In taking this risk-based approach, the Group focuses on the areas in our supply chains where we believe we can make the most impact.

To monitor the effectiveness of our measures, tonies regularly reviews **social audit reports** which we request yearly from our first-tier suppliers. These social certificates are awarded through a semi-announced or announced third-party audit process carried out by ICTI, SMETA or ILS. The audit processes focus on working conditions such as employment practices, discrimination, compensation, forced and prison labour, child labour and business ethics. If instances of non-compliance or violations are identified, follow-up audits take place and suppliers must respond and remediate the findings in a timely manner. In cases of repeated critical violations accompanied by a lack of remediation and engagement, or if a zero-tolerance violation is identified during the audit process, our supply chain department will file a termination of the business relationship. We aim to expand the list of suppliers required to provide us with a yearly social audit report in the coming years. tonies does not require its suppliers to further certify that they comply with the labour laws of the countries in which they operate.

In 2023, employees of the tonies Group received **training** on the content of the Group Human Rights Policy as part of a mandatory session. Going forward, new employees will receive training on this content as an integral part of their onboarding process. Furthermore, tonies' employees who execute the yearly human rights risk analysis have been briefed accordingly.

Regarding our own workforce, we aim to create a more **inclusive and diverse space for our employees**, continue to ensure great working conditions, provide opportunities for personal development, and promote well-being and employee engagement.

The Company's **compliance system** contributes to the effective implementation of tonies' values, principles, and rules. Nevertheless, employees are encouraged to be alert, observant and to express concerns if they suspect a violation. Concerns can be addressed to office superiors and/or the Chief Compliance Officer. If preferred, suspected wrongdoing can be reported anonymously via our **whistleblowing system**.

tonies' employees and suppliers, as well as the suppliers' workforce, have the possibility to **report violations of the CoCBP confidentially and anonymously**. This concerns especially the prohibition of child labour, forced labour and corruption, but also any other legal and regulatory violations concerning the business relationship

between tonies and the respective supplier. Reports can be made through the IT-System "LegalTegrity", provided by a third party. The system is available through:

Link:

<https://app.legaltegrity.com/report/9af90c90-9cce-4183-b4c7-d111356e67ca>

QR Code:



## 8 Abbreviations

Abbreviation	Meaning
CoC	Code of Conduct
CoCBP	Code of Conduct for Business Partners
GHRP	Group Human Rights Policy
ILO	International Labor Organization
UN	United Nations

This statement confirms our efforts to eliminate modern slavery and human trafficking in our business and supply chains. It shall be reviewed and updated annually. The statement is available on our website<sup>1</sup>.



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<sup>1</sup> <https://ir.tonies.com/sustainability/>