Built to Last.
Designed to Evolve.

FY22 ESG REPORT

LOVESAC®
Designed for Life Furniture Co.

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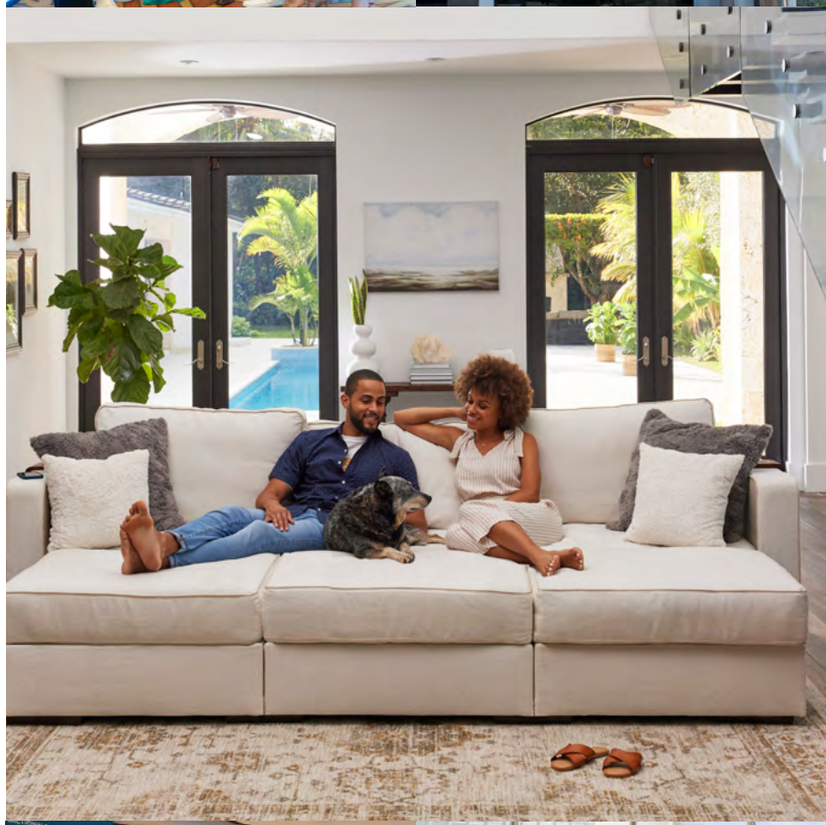

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About This Report

The Lovesac Company FY22 ESG Report covers our environmental, social, and governance (ESG) strategies, activities, metrics, and performance for the fiscal period of February 1, 2021, to January 30, 2022 (FY22), unless otherwise noted.

We continue to review global reporting frameworks and the evolving efforts to streamline reporting requirements. For our reporting strategy, we utilize multiple resources to identify relevant ESG best practices. In this report we have elected to follow the Sustainable Accounting Standards Board (SASB) framework for both the Building Products & Furnishings, and the Multiline and Specialty Retailers & Distributors industry classifications. We also include a matrix of alignment to the 2030 United Nations (UN) Sustainable Development Goals (SDGs). These ESG reporting matrices can be found in the Appendix section of this report.

Our chosen reporting frameworks may expand with future strategy development.

About Us

The Lovesac Company (NASDAQ: LOVE) is a technology-driven home brand that designs, manufactures and sells unique, high-quality furniture solutions derived through its proprietary Designed for Life approach, making things that are built to last a lifetime and designed to evolve as our customers' lives do.

Our current product offering is comprised of oversized beanbags called Sacs filled with our Durafoam-blend, modular couches called Sactionals®, and associated home decor accessories.

Innovation is at the center of our design philosophy with all our core products protected by a robust portfolio of utility patents. We market and sell our products directly at www.lovesac.com, supported by physical touchpoints in the form of our own Lovesac showrooms, shop-in-shops, mobile concierge trucks, and pop-up-shops with third-party retailers.

LOVESAC AT A GLANCE (FY22)

Fiscal period of February 1, 2021, to January 30, 2022 (FY22)

1998 YEAR FOUNDED

$498.2M IN NET SALES

2 CORE PRODUCT LINES & THEIR ASSOCIATED HOME DECOR ACCESSORIES

146 LOCATIONS IN 39 STATES

607 FULL TIME EMPLOYEES

578 PART TIME EMPLOYEES

12,000 NEW CUSTOMERS IN FY22

At Lovesac, we build products for life. For real life. For your whole life.

LOVESAC
Designed for Life Furniture Co.

A Letter from Our Chief Executive Officer

At Lovesac, we build products for life. For real life. For your whole life. Our stated purpose is to bring total comfort to millions of homes, and we believe total comfort is far deeper than just comfy furniture.

Our journey began more than twenty-five years ago with the design of the first ever Sac. Formed in my parent's basement when I was just 18 years old, the humble Sac has evolved into not only a highly successful brand, but also a movement. Our goal at Lovesac is to inspire humankind to buy less and buy better.

We advocate for a more sustainable way of buying and consuming products because we believe that our actions can make a difference. Lovesac has always done things differently, opting for the path of invention and innovation over following the crowd. Our vision for how we impact people, and the planet is no different.

Committed to our *Designed for Life* philosophy, we make furniture that is built to last a lifetime and designed to evolve. We believe that for products this approach is the only one that can lead to truly sustainable outcomes. We want to enable a new way of living, where you can continue to invest in, add to, and change your furniture instead of adding it to the landfill—which is good for families and for our environment. Ultimately, we hope to inspire humankind to buy less stuff—and buy better.

Doing the right thing isn't always easy and we may not always get it right. Still, we understand our responsibility to act with purpose, and to inspire and empower others to build a better future alongside us.

As we face the realities of climate change and excessive waste across our planet, we realized that our company mission should capture more of our greater purpose. It had to account for the way we wish to leave our planet, a why that is bigger than the business itself. In addition to *striving toward building the most beloved home brand in the world*, our mission now clearly states our *Zero Waste* and *Zero Emissions* goals.

Today's challenges have also highlighted the importance of building a diverse and inclusive culture for our associates, customers, and communities. In response, we've set out to understand our role in creating positive social change and to foster diversity, equity, and inclusion in all that we do.

Love matters, perhaps more today than ever before. It is in our name. We are proud to have it as our ticker on Wall Street. Together with our incredible team of associates, we have an exciting future ahead of us. Most importantly, we seek to promote love and happiness in all that we do... any other outcome is just not worth it.

Love always,

Shawn Nelson
Founder and Chief Executive Officer, The Lovesac Company

What We Believe

We're a company committed to living our values. Our guiding principles are the foundation of our business, grounded in true sustainability, and best describe how we think about our business.

Our commitment to sustainability has long been central to our stated purpose and strategy. Every day, we make choices that help create a better future. There is only one Earth, and it contains a finite number of resources. We recognize we're borrowing this Earth from our children, so our highest priority is to build products for life. For real life. For your whole life.

But our work doesn't end there.

Driven by our guiding principles, we are committed to providing a fulfilling and inclusive workplace. And we strive for the same integrity in our supply chain by expecting our suppliers and partners to uphold uncompromising ethical standards—the same as we do in our own business.

To build a better future we must continue to find innovative sustainable solutions that reduce the environmental impacts of our products and operations.

OUR GUIDING PRINCIPLES

We can all *win* together

Doing less & doing better

We're borrowing this earth from our *children*

Home is where *life* happens

Love *matters*

Learn more about our guiding principles

Designed for Life

Our Design Philosophy

DESIGNED FOR LIFE

Products should be Designed For Life, built to last a lifetime and designed to evolve with us. Inputs are sustainable, but even consumable parts can be built for replacement, recycling, or easy repair so they need not be thrown out. This is a higher standard of sustainability.

Planned obsolescence is an outdated business strategy that is irresponsible. Designed For Life products are beautiful because they are simple, loveable and classically enduring. They thus deliver heightened utility within their role, making life a bit easier. You don't just buy a Designed For Life product, you invest in it.

Designed for Life (DFL) is a designation created by The Lovesac Company. To learn more about what DFL means, please visit lovesac.com/designedforlife.

What makes the DFL framework even more unique is that we make it available for other companies to follow. DFL is a holistic framework in reach, yet modular in form and application, allowing designers and companies to embrace and apply it to their own products. Visit dflgroup.org to join in the DFL community and conversation.

Our Operational Philosophy

CIRCLE TO CONSUMER (CTC)

Circle to Consumer (CTC) is the way we aspire to do business, delivering high-value products and services to consumers, and leveraging looped, localized, and long-term strategies to build lifetime relationships with increased value for our customers and other stakeholders. As we build on this CTC promise, our looped design and operations, together with our longer-term vision of fully integrated circularity, will make it easier for our customers and partners to participate in keeping our products in play longer and reducing overall waste. Localized activation will benefit communities directly and ultimately reduce our carbon footprint.

Our Pillars of Impact

Our vision for the future is to continue to grow and adapt through conscious business decisions, guided by the commitments we make today. Those commitments include: designing products to last, growth without excess resource consumption, maintaining a brand that values people—by treating them with love—and upholding a commitment to transparency with our customers and stakeholders. This vision culminates in our ambition to bring total comfort to millions of homes and become a trusted brand that is purpose driven and dependable. Our strategic ESG Framework is built on three pillars of impact representing the core areas where Lovesac can drive positive change.

We have set clear targets within each of these impact pillars. Over the next two decades, we will build an adaptive, comprehensive, strategy for each pillar and its associated goals.

LOVE

Inspiring a workforce with love by building meaningful relationships

EARTH

Improving our environmental footprint by protecting and preserving Earth's finite resources

PURPOSE

Acting with integrity by creating a lasting positive impact on stakeholders and communities

Sustainable Development Goals

SUSTAINABLE DEVELOPMENT GOALS

We take inspiration from the United Nations Sustainable Development Goals (United Nations SDGs) to align our own strategic purpose with the highest social and environmental ideals of our world. Our vision contributes to the 6 goals shown here.

We have elected to include in our reporting only those SDGs where Lovesac can make the most valuable contributions. This strategy allows us to focus energy and efforts into areas where we are truly able to activate change. The six SDGs listed here are those for which we have specific programs and goals to align with the UN agenda. Lovesac likely contributes to other SDGs not listed here and may include additional priority topics in the future development of its strategic ESG framework. You can find more information on the UN SDGs here.

SDG PRIORITY CONTRIBUTION TOPICS

8 DECENT WORK AND ECONOMIC GROWTH

Lovesac strives to provide decent work and economic growth through our Associate benefits and engagement programs, and supplier relationships.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Our DFL and CTC philosophies can push us to the leading edge of industry innovation and infrastructure.

10 REDUCED INEQUALITIES

Our Diversity, Equity and Inclusion (DEI) framework and goals drive us to continually reduce workplace inequalities. Our vendor manual demands ethical and non-discrimination practices in our global supply chain.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Our ambition to achieve a circular supply chain[1] through CTC programs encourages responsible consumption and production.

13 CLIMATE ACTION

Our Zero-Emissions target requires us to take significant and immediate climate action.

14 LIFE BELOW WATER

Our partnership with Repreve® drives our goal to repurpose 1 Billion plastic bottles in our fabrics, keeping those plastics from making their way to our oceans.

[1] See Glossary

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Strategic Impact

The world is changing, and so are consumer and investor expectations. Today's customer has a heightened concern for the ethical and environmental actions of their favorite brands. Lovesac aims to exceed those expectations by becoming a leader of conscious action within our industry. We've created targets to drive and measure our progress against each of our three impact pillars—Love, Earth, Purpose.

The priorities for our strategic ESG framework are based on an internal ESG materiality assessment, conducted in 2021.[2] Core topics were identified from this assessment to have the greatest stakeholder interest and business impacts for The Lovesac Company. Those core topics include waste reduction, climate change action, promoting diversity, equity, and inclusion, and maintaining a responsible supply chain.

In conjunction with the materiality assessment, a group of Associates, who were selected by their Hub management leaders as representatives for each department, were surveyed to determine the impact areas where they believe that Lovesac has the greatest opportunities to demonstrate leadership. Our Associates believe that our greatest leadership opportunities lie in acting on waste reduction, designing with sustainable materials, and addressing climate change.

In response, we have included specific targets related to each of these areas within this strategy. Lovesac's core ESG topics will be regularly reviewed and updated to reflect changing stakeholder concerns and the global environment. Each target is paired with specific measures, which have been identified to track progress toward the target over time.

Final targets and measures are a result of ongoing discussions with our ESG leadership team,[3] who are responsible for developing programs to meet each goal. Targets have been anchored with our top executives and are regularly reviewed by our Board of Directors.

FY22 ACTION HIGHLIGHTS	EMPLOYEES	DIVERSITY, EQUITY & INCLUSION
	Our employee engagement scores were up from the previous year at **65% engagement**	Set diversity targets for leadership roles and reached **>50% representation** of Women and BIPOC communities in our overall workforce
ENVIRONMENT	**MATERIAL SOURCING**	**RESPONSIBLE SUPPLY CHAIN & HUMAN RIGHTS**
Set new environmental targets and developed a roadmap to **Zero Emissions** and **Zero Waste**	We've set a goal to repurpose **1 billion** plastic bottles in our products by 2040	Introduced a **Sustainable Supply Chain program**, offering environmental education and resources to our manufacturing partners

[2] Regarding our ESG materiality assessment, materiality is defined in the broad context of sustainability information and is not used here as the term is currently defined by SEC rules and regulations
[3] See page 39 for details on the ESG Leadership Team

PILLAR	TOPIC	TARGET	MEASURE
LOVE	EMPLOYEES	Attract and develop a workforce of A players	• Associate development and training hours • Associate engagement
	DIVERSITY, EQUITY & INCLUSION	Build a diverse and inclusive workforce	• Women in workforce • BIPOC[4] representation in workforce • Women in leadership roles[5] • BIPOC[4] representation in leadership roles[5]
	HEALTH & SAFETY	Zero incidents and injuries	• Annual incident rate[6]
EARTH	EMISSIONS & CLIMATE	Zero emissions	• Total CO_2e by scope[7] • Total CO_2e per $million revenue by scope[7]
	ENERGY	Decrease energy use per unit by 25% across entire Lovesac value chain	• kWhe/unit • Percentage LED Lighting across all Lovesac touchpoints • Touchpoint kWhe/sqft
		100% renewable energy across all Lovesac operated locations	• Percent renewable energy use
	WASTE	Zero waste	• Percent landfill diversion across Lovesac operated locations • Manufacturing landfill waste per unit • Percent lifecycle waste diversion
	SUSTAINABLE SOURCING	100% Sustainable Supply Chain program participation	• Percent factory participation in sustainable supply chain training
		More sustainable material selection and sourcing	• Percent FSC[8] and other sustainably sourced wood in Sactional seats and sides • REPREVE® plastic bottles repurposed
	SUSTAINABLE PACKAGING	100% Sustainable Packaging	• Percent recycled and recyclable content in packaging materials
	CHEMICALS	100% Compliance with chemicals policy	• SKUs tested and verified
PURPOSE	COMMUNITY IMPACT	Achieve our community impact mission by extending total comfort to communities, people, and the planet	• Number of people and homes[9] reached • Dollars and product donated to community impact causes
	ETHICAL SUPPLY CHAIN	100% of manufacturers with passing ethical audit scores	• Percent of factories audited • Percent of factories with passing audit scores
	BOARD DIVERSITY	Diverse Board Representation	• Women on the Board of Directors • BIPOC representation on the Board of Directors

[4] BIPOC stands for Black, Indigenous, and people of color
[5] Leadership roles includes director level and above
[6] Annual incident rate is a measure of the OSHA recordable injury rate
[7] Initial reporting to include scope 1 & 2 with expansion to inclusion of scope 3 as data collection develops
[8] Forest Stewardship Council certification. See p. 26 for FSC certification details
[9] "Home" is broadly defined by Lovesac's community impact mission statement to include "the roof above your head, the community you live in, a broader community of friends, or the planet we all share." The measurement of homes reached will be defined by Lovesac's Community Engagement Committee.

Summary of Actions

The following table highlights our key ESG related achievements in fiscal year 2022. You will also find a summary of our future initiatives, which we have planned to move us closer to the strategic targets outlined in the previous table. See the referenced sections throughout this report for greater detail on these achievements and plans.

AREA OF FOCUS	KEY FOCUS	ACHIEVEMENTS IN FISCAL YEAR 2022	FUTURE INITIATIVES	REFERENCE
EMPLOYEES	**Attract and develop a workforce of A players through empathy, education, and respect. We enable Lovesac to succeed by empowering our people to be their best selves**	**Associate Engagement** • Our employee engagement scores were up from the previous year at 65% engagement • Created strategic plan to address concerns identified through the Associate engagement survey from FY21 **Associate Development** • Provided educational resources and personalized training content related to associate role and desired development path • Offered training in Emotional Intelligence, Leading with Psychological Safety for teams and leaders, and trainings related to coaching skills for People Managers **Well-being and Mental Health** • Offered Summer Flex Hours for HUB Associates • Developed Associate Milestone recognition program • Employee Assistance Program (EAP) available 24/7 to all employees **Health and Safety** • Set a target of zero accidents and injuries	Develop strategic plans to meet new engagement targets, pursuing changes at the corporate level, as well as trainings for team managers based on new engagement feedback Expand our learning modules and educational offerings to meet new associate development targets Offer Associates access to webinars on mental-health related topics, such as: • Extinguishing Burnout • Managing Fear and Anxiety • The Power of Positivity	Culture & Engagement Associate Development Pay & Benefits Well-being & Mental Health Health & Safety
DIVERSITY, EQUITY & INCLUSION	**We champion building meaningful relationships as we foster a culture that embraces and celebrates the experiences, beliefs, backgrounds, expertise, talent, and individuality of everyone**	Set quantitative targets for diversity in our leadership roles (50% women in leadership and 30% BIPOC representation in leadership) and will focus on the continued retention of diverse talent within our overall workforce Created a Strategic Recruitment Plan to increase our pool of diverse candidates Partnered with Butler Consulting Group for expert advise on our DEI strategy development, mission, DEI Council Charter, metrics and goals, and more BIPOC representation in our overall workforce increased to 61% in FY22, compared to 55% the prior year Included DEI training in our New Hire Orientation and rolled out DEI learning modules as part of our annual compliance training program	In FY23 we rolled out trainings as part of our compliance learning modules on the following topics: • What does Diversity look like? • Respecting Gender Identity and Gender Expression Initiatives in internal DEI education continue to expand through new conscious trainings. Aim to reach a more diverse talent pool with our future job postings through expansion of the Strategic Recruitment Plan, led by our DEI Steering Committee and DEI Action Council Conscious Conversations – Respecting Differences Talks offered by Butler Consulting Group Creation of a Pronoun Task Force focused on ways for Associates to clearly state their preferred pronouns and develop trainings for all Associates	Diversity, Equity & Inclusion

AREA OF FOCUS	KEY FOCUS	ACHIEVEMENTS IN FISCAL YEAR 2022	FUTURE INITIATIVES	REFERENCE
ENVIRONMENT	**Strive to achieve Zero Emissions throughout all Lovesac operations and its entire value chain** **Aim for Zero Waste across all production and operations to achieve a circular and sustainable future**	**Zero Emissions and Climate** • Developed zero emissions strategy for scope 1, 2 & 3 • Reported scope 1 & 2 emissions in alignment with GHG Protocol Corporate Accounting and Reporting Standard for the first year in FY22 **Energy** • Set renewable energy targets for internal operations • Set energy reduction targets for touchpoints and collected baseline data **Zero Waste** • Developed zero waste strategy • Set a goal of reaching 1 Billion repurposed plastic bottles in Lovesac products • Cardboard in our Sactional insert packaging contains 80% recycled content and is 100% recyclable **Resource Conservation** • >50% of the wood in our Sactional frames is FSC certified • Set a goal of 100% Certified Sustainable Wood in Sactional Seats and Sides **Chemicals** • Lovesac chemical safety performance requirements made available in our Vendor Manual	Implement and expand initiatives to achieve our zero emissions strategy • Understand our scope 3 footprint • Increase renewable energy share in our value chain • Reduce company travel emissions • Reduce transportation emissions Implement and expand initiatives to achieve our zero-waste strategy • Progressively expand baseline waste data collection • Work with suppliers to divert manufacturing wastes and reduce packaging waste Continue to explore more sustainable materials and production solutions. Continue to innovate and explore new opportunities in the areas of DFL and CTC	Chemicals Sustainable Sourcing Waste Climate & Emissions Energy
PRODUCT QUALITY, SAFETY, & CUSTOMER SERVICE	**Ensure the safety and quality of our products, remaining a trusted brand to our customers and stakeholders**	Product quality and safety requirements for manufacturers made available in our vendor manual Products are tested for strength, durability, and aged use via the BIFMA[10] standards for commercial use Continued dedication to customer concerns and feedback with available contact resources through text, chat, email, or phone Continued efforts to improve customer satisfaction through enhanced customer experience and service	Continue to review vendor implementation of our product quality and safety requirements Maintain strength and quality testing in alignment with BIFMA public lounge seating standards Continue to leverage customer feedback to enhance customer experience	Upholding Product Quality & Safety Customer Care
RESPONSIBLE SUPPLY CHAIN & HUMAN RIGHTS	**Support and maintain trusted supplier relationships based on shared values, and uphold a zero-tolerance policy for human rights violations in our supply chain**	Conducted ethical and environmental audits of 100% of our primary manufacturing vendors[11] Screen for human rights practices through auditing Provided sustainability and environmental reporting education through a webinar offered to all primary manufacturing partners	Continue to provide resources for vendors to implement sustainable practices and report on environmental resource consumption	Sustainable Supply Chain

[10] Business and Institutional Furniture Manufacturers Association
[11] We count our primary manufacturing suppliers as the suppliers that produced more than 95% of our product volume in FY22

AREA OF FOCUS	KEY FOCUS	ACHIEVEMENTS IN FISCAL YEAR 2022	FUTURE INITIATIVES	REFERENCE
COMMUNITY ENGAGEMENT	**Achieve our community impact mission by extending total comfort to communities, people, and the planet**	Donated to the Utah Tech University Atwood Innovation Plaza and the Boys & Girls Club of America to support the next generation of innovators Other donations made to causes that exemplify our values in the form of product throughout the year Formed a Community Engagement Committee to grow community engagement efforts	Expand community engagement efforts to achieve new community outreach mission and targets Gather feedback via survey from our associates on the ways they want to engage with communities Identify core engagement causes and national engagement partners	Community Engagement
ETHICS & COMPLIANCE	**Continuously hold ourselves, our associates, and our leadership to a shared set of ethical standards, conducting business relationships with the same expectation of integrity** **Continuously assess and review compliance risks in relation to business activities** **Comply with applicable governmental laws, rules, and regulations**	Our Code of Conduct applies to all our 1,000+ Associates across the United States and our Board of Directors Lovesac offers a comprehensive compliance training program through our Associate learning center. Training modules are assigned to our Associates based on their role within the Company. Training topics include workplace harassment, complaint reporting, and insider trading EthicsPoint, an anonymous reporting service, is a 24-hour hotline made available to Associates to report concerns on an anonymous or confidential basis	Future compliance trainings to include expanded priority topics, such as bullying in the workplace, diversity, and respecting gender identity and gender expression Continue to review compliance and ethical risks and update policies accordingly	Code of Business Conduct & Ethics
CORPORATE GOVERNANCE	**Establish and enhance a set of principles to assist the Board and its Committees in performing their responsibilities to the Company and its stockholders** **Comply with all applicable laws and regulations regarding corporate governance**	**Risk Management** A key function of our Board is oversight of our risk management processes and procedures, with a special focus on the most significant risks facing the Company such as those relating to supply chain, competition, and technology **Governance Structure** ESG updates presented to the Board on KPIs and significant ESG progress Corporate Governance Guidelines establish a set of principles to assist the Board and its Committees in performing their responsibilities to the Company and its stockholders The Board outlines commitments to Board diversity in Corporate Governance Guidelines	Starting in calendar year 2022, the Board is to receive regularly scheduled updates from management regarding significant ESG framework developments and progress on the targets from each of the three pillars Board ESG presentation updates to occur biannually during scheduled Board meetings and be presented from the relevant management and leadership teams	Corporate Governance ESG Program Oversight

Fiscal 2022 Targets Summary

As an organization that places high value on our people, our customers, and our communities, ESG goal setting is essential to our future growth. However, we want to be transparent to our stakeholders that we are early on this journey to measuring and managing our planetary and social impacts. The table below lists the long-term targets that we have set this year. Many of these targets are being introduced in this report and, therefore, will show FY22 as our baseline and first reporting year. Some metrics show data forFY21, indicating that those targets are baselined to FY21.

We have not set numeric goals to achieve in FY22 because so many of these targets are newly baselined in FY22. Future reporting will indicate short-term goals alongside our long-term targets.

TARGET DESCRIPTION	UNIT OF MEASUREMENT	FY21	FY22	CHANGE	TARGET	TARGET YEAR
EMPLOYEES						
Employee development hours	Training hours per employee	—	8.78	N/A[12]	Promote a culture of insatiable learners	Ongoing
Associate engagement	% Engagement	64%	65%	+1%	Attract and develop a workforce of A players	Ongoing
DIVERSITY, EQUITY & INCLUSION						
Women in workforce	%	60%	58%	-2%	Retain and develop our diverse workforce	2030
BIPOC representation in workforce	%	55%	61%	+6%	Retain and develop our diverse workforce	2030
Women in leadership[13]	%	41%	34%	-7%	50%	2030
BIPOC representation in leadership[13]	%	10%	14%	+4%	30%	2030
HEALTH & SAFETY						
Incident Rate	OSHA recordable incident rate	—	1.61	N/A[12]	0	2030
EMISSIONS & CLIMATE						
Total CO_2e Scope 1	tCO_2e	—	142.51	N/A[12]	0	2040
Total CO_2e Scope 2	tCO_2e	—	1319.54		0	2040
Total CO_2e per $million revenue Scope 1	tCO_2e/$M	—	0.29		0	2040
Total CO_2e per $million revenue Scope 2	tCO_2e/$M	—	2.65		0	2040

[12] FY22 is the baseline year for this target, so there is no % change to display
[13] Our calculation methodology for this metric was updated in FY22 for leadership to be counted as directors and above

TARGET DESCRIPTION	UNIT OF MEASUREMENT	FY21	FY22	CHANGE	TARGET	TARGET YEAR
ENERGY						
% LED Lighting	%	44%	55%	+11%	100%	2030
Touchpoint kWhe/sqft	kWhe/sqft	—	22	N/A[12]	-25%	2040
WASTE						
	See Waste				0	2040
SUSTAINABLE SOURCING						
Sustainable Supply Chain Program Participation	See Sustainable Supply Chain Program				100%	2025
Certified sustainable wood in Sactional seats and sides[14]	%	—	>50%	N/A[12]	100%	2040
REPREVE® plastic bottles repurposed	Bottle Count[15]	38,712,000	56,980,000	+47%	1 billion bottles repurposed	2040
SUSTAINABLE PACKAGING						
% Recycled cardboard content in packaging	%	—	80%[16]	N/A[12]	100%	2030
% Recyclable cardboard content in packaging	%	—	100%[16]		100%	Ongoing
CHEMICALS						
	See Substances of Concern				100% compliance	Ongoing
COMMUNITY IMPACT						
	See Community Engagement					Ongoing
ETHICAL SUPPLY CHAIN						
% Factories audited	%	—	100%[17]	N/A	100%	2025
% Factories with passing audit scores	%	—	100%[17]	N/A	100%	Ongoing
BOARD DIVERSITY						
Board representation—Women	%	29%	43%	+14%	See our Board Diversity Statement	
Board representation—BIPOC	%	14%	14%	0%		

[12] FY22 is the baseline year for this target, so there is no % change to display
[14] Certified sustainable wood includes wood and wood fiber materials that carry a certification for being ethically and/or sustainably sourced. Such certifications may include FSC, SFI, PEFC, and others
[15] Bottle count is rounded down to the nearest thousand bottles
[16] Includes Sactional inserts only
[17] Applies to 100% of our primary manufacturing suppliers. We count our primary manufacturing suppliers as the suppliers that produced more than 95% of our product volume in FY22. Of those audited, 100% received passing audit scores

Love

"Lovesac is a company of People, People who want to be their best selves at work and together enable Lovesac to succeed."

18 Diversity, Equity & Inclusion
19 Culture & Engagement
20 Associate Development
21 Pay & Benefits
22 Well-being & Mental Health
22 COVID-19
22 Health & Safety

10 REDUCED INEQUALITIES

Diversity, Equity & Inclusion (DEI)

OUR DEI MISSION STATEMENT

Love. It's the name we live up to.

We champion building meaningful relationships as we foster a culture that embraces and celebrates the experiences, beliefs, backgrounds, expertise, talent, and individuality of everyone. We purposefully and meaningfully weave DEI into every aspect of our business.

We seek to promote love, inclusion, and happiness in all that we do.

#Lovematters

TARGETS
50% WOMEN in leadership roles
30% BIPOC representation in leadership roles

Our DEI Strategic Framework is built on three pillars:

- **Workforce representation:** Ensuring diverse talent throughout all levels of the organization
- **Workplace retention:** Creating inclusive and productive work environments through policies, practices, and behaviors
- **Marketplace relations:** Proactively seeking diverse opportunities in customer, vendor, and community relationships

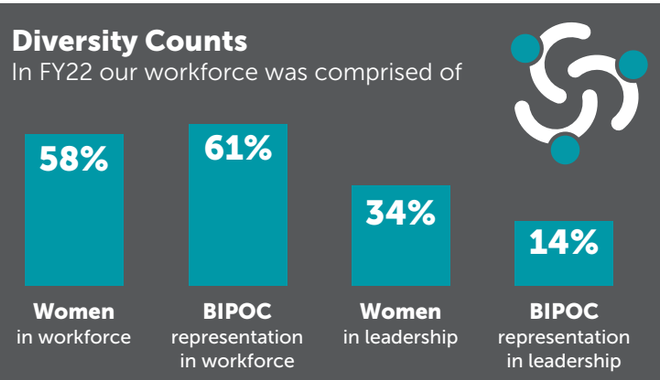
To deliver on these promises made to advance DEI, we established two committees:

- The **DEI Steering Committee** is comprised of leadership members who set the direction for DEI at Lovesac and report to the board of directors on progress.
- Our **DEI Action Council** is made up of Associates who inform and monitor the Lovesac DEI progress, and act as a representative body for our Associates to make certain their voices are heard. This is a diverse group of people in age, race, ethnicity, gender, and more, who also represent a variety of different roles across the organization. The work of DEI is everyone's responsibility from the highest levels of leadership through all Associates. We value the diversity in this group to provide unique perspectives on how we can make Lovesac a better place to work by exemplifying our culture of belonging and inclusion. Management is benefiting from their guidance already by the exposure to a greater variety of perspectives.

During FY22, we worked diligently in the areas of recruitment, process, policies, and training. We created a Strategic Recruitment Plan to increase our pool of diverse candidates. BIPOC[18] representation in our overall workforce increased to 61% in FY22, compared to 55% the prior year. We also included DEI training in our New Hire Orientation and rolled out DEI learning modules as part of our annual compliance training program. The training covers topics such as, understanding unconscious bias, protecting human rights, promoting diversity, and avoiding discrimination.

Holding ourselves accountable to our commitments, we have set quantitative targets for diversity in our leadership roles and will focus on the continued retention of diverse talent within our overall workforce. BIPOC representation in leadership rose by 4% from FY21 to FY22, while women in leadership fell 7% from FY21 to FY22. The decline of women in leadership positions may be due to changes in the way we classified leadership positions in our FY21 reporting compared to FY22, subsequently requiring a new DEI approach. With better defined processes, our goals are now aligned to this new way of measuring diversity in leadership, allowing us to make targeted progress for the years to come.

Diversity Counts
In FY22 our workforce was comprised of



[18] BIPOC stands for Black, Indigenous, and people of color

Culture & Engagement

We are a #LovesacFamily. We take pride in attracting a diverse workforce and celebrate the unique interests and backgrounds of each of our Associates from the moment they join us. We value diversity, authenticity, and grit. Because, at Lovesac, everyone is encouraged to be themselves.

Across the country, our teams are made up of truly talented and dedicated people. As our aspirational values state, we hire only A players, who take an active role in building a workplace we all enjoy coming to every day.

Each year we survey all our Associates to understand what makes them feel engaged and inspired. Their feedback is analyzed by our People Team and used to continually make Lovesac a great place to work.

In FY22 our employee engagement scores were up from the previous year. We define engagement as the state of emotional and intellectual involvement that motivates Associates to do their best work. We set a target to continuously grow engagement programs and opportunities. After listening to what Associates said in the Engagement Survey, we pursued a strategy to make changes at a corporate level and trained leaders to make positive changes in their individual teams.

Engaged Workforce

In FY22 our overall employee engagement score was 65%.

INCREASE FROM FY21

ASK ME ANYTHING

At Lovesac we encourage a respectful culture of open inquiry and feedback. The company holds a weekly rally for all HUB Associates. The rally is a virtual gathering of 250+ HUB associates and field leaders. Ask Me Anything is a regular part of these rallies where Associates have the opportunity to submit anonymous questions to the executive team. Ask Me Anything questions are read aloud and responded to by the company leadership during the meeting.

OPEN DOOR POLICY

Maintaining a culture of transparency and openness includes giving our Associates the means to share their voice. It's important to us that every Associate should feel comfortable and confident that their concerns will be heard. We promote an Open-Door Policy enabling Associates to seek answers to questions concerning company policies, procedures, or actions, to voice concerns, and to offer suggestions. Lovesac takes all concerns seriously and commits to review them promptly and thoroughly.

RAISING CONCERNS

Some concerns require additional sensitivity. We have procedures in place to provide several avenues for these more sensitive matters to be heard with due attention and empathy.

Associates are encouraged to raise concerns with their supervisor, our People Team, Legal Team, or any member of Senior Leadership.

Lovesac also offers an anonymous third-party hotline called EthicsPoint. It is a confidential, 24-hour hotline for Associates to report concerns of ethical misconduct or other serious and sensitive matters. (See Reporting Ethical Concerns)

Associate Development

When our Associates excel, so does our business.

Our #LovesacFamily is full of *Insatiable Learners* with a desire to discover, improve, and grow no matter their tenure or experience with us. We develop our Associates by providing educational resources related to their role and desired development path.

For example, we offered a training in Emotional Intelligence for individual Associates to build their skills in working effectively with others. We also provided a separate course on Leading with Psychological Safety for teams and leaders. More recently, courses were offered to People Managers to develop more effective coaching skills.

Every new Lovesac HUB Associate is provided a unique opportunity to expand their range of knowledge through a series of required readings. Three foundational books are assigned to all HUB Associates and a fourth for all managers.

We also offer a year-round associate book club for continued learning.

These are just a few examples of how we cultivate a culture of insatiable learners, with more to come in FY23.

FOUNDATIONAL BOOKS

Conscious Capitalism
by John Mackey and Raj Sisodia

Emotional Intelligence
by Daniel Goleman

The Circular Economy
by Walter R. Stahel

FOR DIRECTORS AND ABOVE

Love as a Business Strategy
By Mohammad F. Anwar, Frank E. Danna, Jeffrey F. Ma, and Christopher J. Pitre

INVESTING IN OUR PEOPLE

We strongly believe that empowering our Associates to be their best selves allows Lovesac to succeed. It is imperative that Associates can continuously learn and grow with us. Achieving this means that our people are one of our most important investments.

New hires participate in our New Hire Onboarding Program to learn about our core values, history, and culture. Our Onboarding Program offers structured learning across numerous teams.

Through their onboarding, Associates complete courses and workshops via our Learning Management System that are relevant to their role. They also complete mandated compliance training as applicable to state and federal laws (see Code of Business Conduct and Ethics). Participation in Lovesac's training initiatives is a very important piece of onboarding and acclimating to life as a Sac'r.

PERFORMANCE & COACHING

At Lovesac, we utilize Quarterly Coaching Sessions as a valuable tool to support each Associate's development. Four times a year, Associates formally review their performance together with their supervisor and receive coaching specific to their role. Associates are encouraged to discuss opportunities for continued growth and development in order to chart a path for their future development with us.

8 DECENT WORK AND ECONOMIC GROWTH

Pay & Benefits

"Lovesac cares about their Associates and wants us to have a healthy work life balance. Summer Fridays are an awesome benefit that allows me to get my work done, just in a more condensed work week. Then I get to take time away on Fridays to recharge and enjoy some extra downtime! My family also loves this since it has allowed us to spend some great quality time together! Our culture is very family focused and Summer Fridays proves that commitment to family is real!" – LOVESAC ASSOCIATE

COMPETITIVE & EQUITABLE PAY

Equitable means dealing fairly and equally with all concerned (Merriam Webster, 2022). Fair treatment of our Associates is a base necessity for them to be their best selves at work. We offer transparent and equitable compensation and attractive #LovesacFamily benefits, and we routinely work to enhance our compensation and benefit programs. You can find the average hourly wage information for our in-store Associates in the SASB Table Appendix.

Equal Employment Opportunity has been, and will always continue to be, a fundamental principle at Lovesac, where employment is based upon personal capabilities and qualifications without discrimination.

WORK-LIFE BALANCE

Our Associates come to work motivated and energized when they can achieve a healthy balance between working life and life at home. That is why Lovesac prioritizes and promotes work-life balance as a strategic business decision and a valuable pathway to improve the lives of our Associates. In 2021 we rolled out Core Working hours of 10am-3pm at our headquarter locations or "HUBs". Associates are expected to be available for meetings and collaboration during Core Working Hours. Non-core hours, provide flexibility to focus on projects, complete trainings, or attend to family and personal commitments when needed.

Today, all Associates at Lovesac HUBs are designated as either hybrid or remote. We do not have any solely "in office" roles at Lovesac HUBs. This is a long-term policy that evolved during the height of COVID-19. The remote preferences of our HUB Associates came to light through a series of surveys. We listened to their wishes and have created a comprehensive program to support a blended workforce of remote and hybrid workers.

SUMMER FLEX HOURS

Beginning in 2018, we started offering a summer flextime schedules for HUB Associates. We call it Summer Fridays! Associates work a compressed work week in the summer with the ability to take Friday or part of Friday off. The Summer Fridays Policy is reviewed and distributed annually.

REWARDING OUR ASSOCIATES

In addition to the programs previously discussed, comprehensive medical, dental, and vision plan options, 401(k) retirement program, employee assistance program (EAP), and many other resources are available to enhance the lives of our Associates.

All regular full-time Associates are eligible for these benefits, with select benefits offered to part-time Associates depending on their length and hours of employment.

MILESTONE PROGRAM

Oftentimes our Associates choose to go the extra mile. Many of them stick with us for a lot of miles, so we created the Lovesac Milestone Program for those long-time members of our #LovesacFamily.

Lovesac values its Associates and wants to reward and recognize hard work and retain top talent. The Milestone Program is designed to award and acknowledge all current Full-Time and Part-Time Lovesac Associates reaching significant work anniversary milestones. This practice of rewarding long-term dedication to the company encourages our most committed associates to stay with us longer.

Under this Program, eligible Associates receive a variety of gifts which may be in the form of Lovesac Branded Gifts, Gifted Cash, Lovesac Product, and Sabbatical Time.

Well-being & Mental Health

Amid the challenges of 2020 and 2021, we recognized the importance of dedicating time for rest, regeneration, and offering resources for support through difficult times. We continue to make our Associate's well-being and mental health a priority.

Lovesac offers a free Employee Assistance Program (EAP) to all Associates, available 24/7. Through this program, professional counselors can support our Associates with:

- Stress
- Anxiety
- Depression
- Anger
- Grief
- Family concerns
- and more

COVID-19

The health and well-being of our Associates has always and will always come first. From the beginning of COVID-19 we have provided and continue to provide COVID-19 sick pay. Policies will be assessed on an ongoing basis with regular review of local and national guidance.

Health & Safety

TARGET
ZERO ACCIDENTS AND INJURIES

At Lovesac, we believe that safety is everyone's responsibility. Being concerned for one's safety and the safety of others is paramount to creating a positive working and shopping environment.

Safety is first in everything we do. Every day our goal is zero accidents and zero injuries. Our values and expectations support this commitment; adherence is required from all Associates and vendors.

The company takes proactive steps to achieve this goal by creating and implementing safety procedures, actively identifying unsafe practices and situations, and immediately correcting them.

The success of our Environmental, Health, and Safety (EHS) Program depends upon the cooperation and active participation of everyone in the company, from the newest Associate to the seasoned veteran. District and Regional Managers are responsible for periodically auditing the EHS performance of all the showroom locations that they supervise. This includes audits to determine that the Safety Program is appropriately maintained and that all aspects of the EHS Program are effectively implemented.

Lovesac's policy is that all reasonably foreseeable emergencies be identified and evaluated pre-incident so that effective planning and preparatory measures can be taken. This includes planning and response to both human-made and natural disasters via a written Emergency Preparedness Plan.

EMERGENCY RESPONSE AND CRISIS MANAGEMENT

Ensuring a safe working environment includes being prepared for a variety of emergency and crisis situations. We want our Associates to feel safe and informed at all times, but especially during an emergency. For all our Lovesac locations, it is the local District Manager's responsibility to ensure that an Emergency Preparedness Plan has been implemented. The planning process must include proper response procedures, evacuation plans, Associate training, and regular practice drills. These procedures are outlined in our Injury and Illness Prevention Program.

HAZARDOUS MATERIALS MANAGEMENT

A successful environmental, health, and safety program requires effective, ongoing communication involving everyone in the organization. The EHS Program includes guidance and policies regarding Hazardous Materials Inventory, Safety Data Sheets, Labeling of Hazardous Materials, and Housekeeping. The Lovesac Hazardous Material Policy includes job specific training procedures on the labeling, handling, and use of hazardous substances.

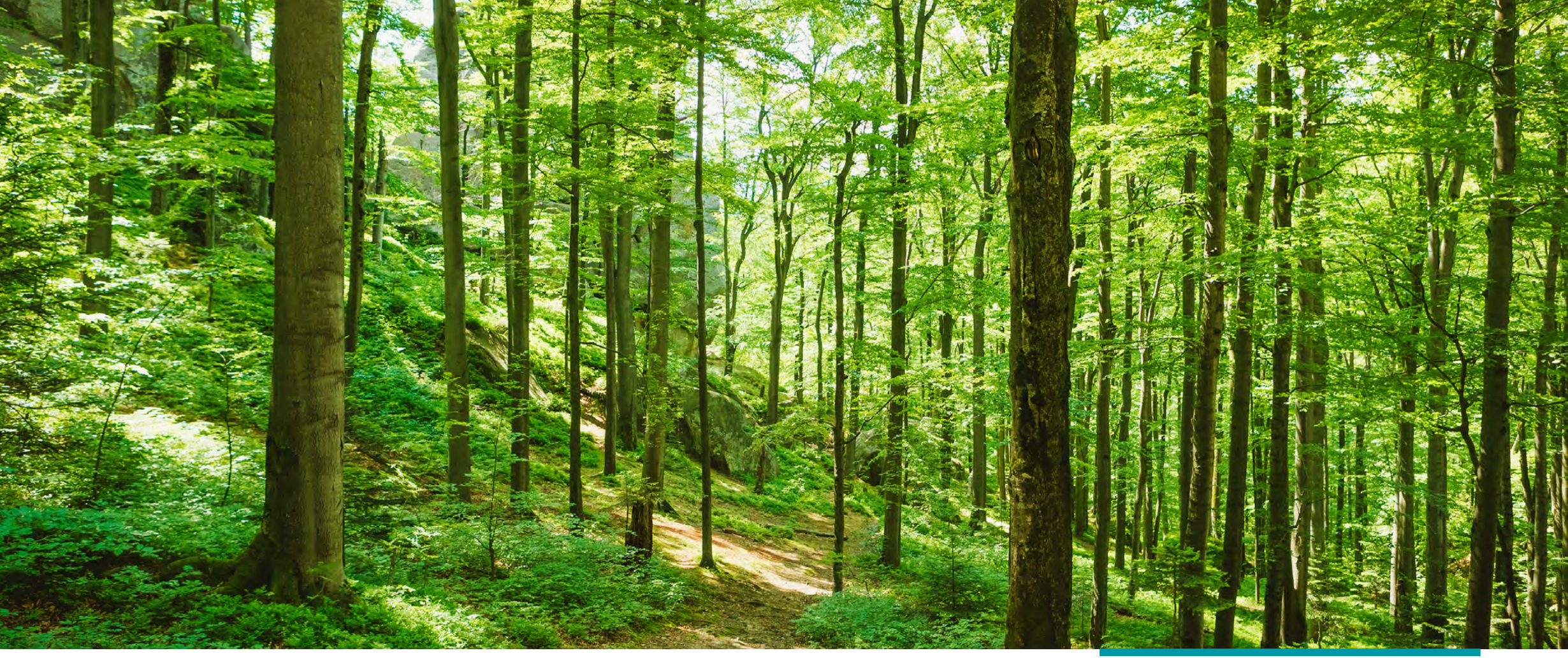
Safety is first in everything we do

Every day our goal is zero accidents and zero injuries.

OSHA recordable incident rate

1.61 TRIR

FY22



Earth

"True sustainability can only be achieved through thoughtful design and thoughtful consumption."

24 Sustain-able
24 Circle to Consumer
25 Material Selection & Design
25 Chemicals
26 Sustainable Sourcing
28 Waste
30 Climate & Emissions
33 Energy
34 Transport Efficiency
34 Sustainable Supply Chain

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Sustain-able

A product is sustain-able when its useful life has been extended because of thoughtful design choices. It can include eco-friendly components, but it also sustains its utility for longer. This sustained use slows the pace of waste and reduces overall consumption of raw materials. Sustain-able products are the outcome of applying the Designed for Life (DFL) approach to product development. We believe thoughtful design leads to thoughtful consumption. Being transparent and accountable for the whole life of a product from the outset of its development is taking true environmental responsibility.

Sadly, 80% of all furniture waste finds its way to landfills. Approximately 9.7 million tons of furniture are sent to landfills each year (US Environmental Protection Agency, 2021). That's more than 6% of all landfill waste by weight (US Environmental Protection Agency, 2018) and consider that bulky furniture can take up a lot of space by volume. We have a plan to change that. By designing modular couches that can transform with the needs of our customer, easily changing styles or maintaining parts, we extend the life of our product and minimize the contribution to growing furniture waste.

Our B.H.A.G. ("Big Hairy Audacious Goal") is to Inspire Humankind to Buy Less, and Buy Better

DFL is one of the business philosophies that will lead us to this B.H.A.G. Making products that are built to last a lifetime and designed to evolve is the concept behind the DFL framework. When our customers buy from us, they are investing in a durable product (buying better) that can grow and change with them without replacement (buying less). But the DFL process can be followed by anyone. We hope other creators see the sustain-able benefits of DFL and are inspired to lead with us.

We aspire to develop products that will meet these six DFL tenets and we continuously work to improve our performance in each of these areas:

Loveable
Timeless, thoughtful design

Durable
Deliberate quality you can count on

Maintainable
Parts you can repair and replace

DESIGNED FOR LIFE
DFL
SUSTAIN-ABLE PRODUCT

Designed for Life (DFL) is a designation created by The Lovesac Company. To learn more about what DFL means, please visit lovesac.com/designedforlife.

Adaptable
Upgrades and changes as your life unfolds

Sustainable
Designed with the planet in mind

Reclaimable
Intentional plan for repurposing and recycling

Circle to Consumer

Circle to Consumer (CTC) is the way we do business, enabling Sactionals and Sacs to live on to second, and third lives. You need to look no further than online secondhand social communities of over 25k participants to see CTC in action every day, with our products thriving in new homes across the country.

In FY22, we solidified our long-term vision of fully integrated, systematized circularity and established key leadership, metrics, and investment around the focused effort. Together, we have imagined a world where 100% of our customers participate in circular programs and services.

This is the way we will close the loop.

As the manufacturers of these high quality, durable goods, we know best how to care for our designs to ensure they withstand the test of time. We offer lifetime guarantees on Sac inserts and Sactionals hard pieces for this very reason. In FY22, we sent out more than 2800 boxes of upcycled Durafoam to keep the Sacs fluffed and over 1700 spare feet and shoes to keep Sactionals looking their best, for longer. We added new services such as virtual appointments for those customers needing a safe and comfortable way to get support. Many customers took advantage of this opportunity to learn how to care for their Sactionals and Sacs now that they were spending a greater amount of time in their homes. Not wanting to exclude our associates in our circular efforts, we launched an associate Warehouse Sale giving over 9400 returned and floor model units a second life. Plans are in the works to expand the reach with associates and customers alike in coming years as part of our first circular secondhand efforts.

And we are just getting started.

Materials Selection & Design

Customers know that Lovesac products are different because they live differently with them. They live without worry because our products can be washed, changed, rearranged, repaired, and upgraded. This heightened utility reduces stress, freeing families to live the life they love, real life, not something staged or perfected.

Lovesac material and design choices are guided by the DFL tenets and our CTC way of working. We avoid fast fading trends. Our focus is on shaping our core line of Sacs and Sactionals with changeable style elements. We design with maintenance in mind, including removable and washable parts, selling parts individually so they can be changed, replaced, or even upgraded. We hold high standards for the durability of our products and think about true sustainability in all that we create. Our team of expert designers work with total life-cycle, recycled components, ability to repurpose parts, and even peer-to-peer trading in mind.

Chemicals

Our products are built for real life, meaning they are used by real people and real families. We take that responsibility seriously.

Our customers depend on us to make products that are safe for their families and their homes. Lovesac requires that all merchandise meet or exceed chemical safety performance requirements, and conducts testing via a third-party to assure product safety. Our testing manual lays out responsibilities for ourselves, our vendors, and third-party auditors for testing our products for hazardous chemicals.

All materials under consideration for use in the manufacture of products for Lovesac must comply with all physical, chemical, performance, and color requirements as specified by Lovesac's Testing Manual. Our vendors are required to inform us of any exception to these requirements.

Confirmation of any material to be used for production is contingent on meeting all testing and color requirements as specified by The Lovesac Company. Lovesac may request additional third-party testing as a basis for quality confirmation and/or verification for any specific performance requirement.

Minimum testing requirements are established based on the materials end-use and are categorized by the following:

1. ASTM Fabric Durability Standards
2. AATCC—American Association of Textile Chemists and Colorists
3. FTC—Federal Trade Commission Regulations and Rules
4. CPSC—Consumer Products Safety Commission Standards
5. USA EPA TSCA-Title 6 Certification
6. PROP 65 Compliance
7. Repreve Certification (Unifi)
8. Flammability Standards
9. California Technical Bulletin 117-2013

Sustainable Sourcing

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Wood Sourcing

TARGET
100% CERTIFIED SUSTAINABLE WOOD
in Sactional Seats and Sides

Our Sactionals are durable because they are designed to withstand vigorous testing and to hold up through all the stages of our customers' full and active lives (Upholding Product Quality and Safety). To that end, our Sactional frames have always been built from solid wood, not particle board or plastics. This design choice also minimizes the use of glues and other chemicals in our products.

It is important to us that the wood we source is from ethical, sustainable, and reliable supply.

We have asked our suppliers involved in wood sourcing and production to report the traceability of their forestry materials. We can report that at least 50% of the wood in our Sactional frames carries an FSC certification, with a goal of achieving 100% Certified Sustainable Wood in our Sactional Seats and Sides.

The Forest Stewardship Council's (FSC) mission is to promote environmentally appropriate, socially beneficial, and economically viable management of the world's forests. FSC chain of custody certification provides a credible assurance that products which are sold with an FSC claim originate from well-managed forests, controlled sources, or reclaimed materials.

In addition to our goals for wood sourcing, we continue to pursue more sustain-able material sourcing solutions across our range of products, exploring new options that are durable, maintainable, and reclaimable.

DuraFoam

Sacs are made with our proprietary fill we call Durafoam, made of a three-density blend of postindustrial foam remnants, which we upcycle into our Sacs. We estimate we have repurposed 21+ million pounds of foam as of 2021, diverting it from landfills and saving raw materials.

21M+
pounds of foam repurposed

as of 2021

14 LIFE BELOW WATER

REPREVE®

TARGET
REPURPOSE 1 BILLION PLASTIC BOTTLES in our products

Annual plastic generation in the US is around 35 million tons, with 26 million tons of that plastic ending up in landfills (US Environmental Protection Agency, 2018). Of the total plastic generation, about 14 million tons of it is plastic containers and packaging (US Environmental Protection Agency, 2018). Much of this plastic waste makes its way from land and into waterways, then moves along on a journey to our oceans. That's bad news for marine animals who can consume and become sick from all that plastic. It's estimated that plastic kills around 100,000 marine mammals each year (World Wildlife Foundation, 2021).

When you enter a Lovesac showroom or view our catalogues, you will see symbols on or around our products, indicating the approximate number of recycled plastic bottles used in the making of that product. These symbols are markers for the use of REPREVE® certified recycled yarns in the fabric cover and/or liner of the product. As a recipient of Repreve's 5th Annual Champions of Sustainability award, we aim to continue reducing plastic waste pollution through thoughtful material and design decisions.

Through our partnership with REPREVE®, we make the base liner fabric of every Sac and Sactional insert from 100% repurposed plastic bottles (except for down inserts which are made with 65% for improved breathability). In FY22 alone, by using REPREVE®, Lovesac diverted about 56,980,000 bottles from landfills.

REPREVE

In FY22 alone, Lovesac diverted approximately 56,980,000 bottles from landfills by using REPREVE®
That's equivalent to:

539 homes
powered for 1 year
based on energy saved = burning 422,074 gallons of gas

6,645 people
provided with daily drinking water
based on water saved = over 1,281,456 gallons of water

1.47M kgs
of CO_2 emissions avoided
based on energy saved = CO_2 emissions from the consumption of 3,423 barrels of oil

Since using REPREVE®
100M+ plastic bottles diverted from landfills

Our Commitment
To further our commitment to waste-less, we've set a goal of repurposing **1 billion plastic bottles in our products by 2040**

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Waste

TARGET
ZERO WASTE

OUR ZERO WASTE STRATEGY

The global trend toward a take-make-waste view of product consumption has led to unnecessary depletion of the Earth's resources, and landfills which are increasingly stressed for capacity. These fast-to-produce, fast-to-trash products pressure companies and their suppliers to draw more raw materials from already fragile eco-systems. We believe that this is an outdated way of doing business. Mounting expectations from customers, investors, NGOs,[19] and governments echo that the brands they know and love should become part of the solution.

How are we making a commitment to be part of the waste solution?

We are going Zero Waste!

Circularity is how we will get there.[20]

A circular and sustainable future means that we are designing products and manufacturing processes for optimal efficiency from the start. Our CTC concept will embody the framework for this business direction. Circularity means carefully evaluating the materials we use and how their useful life can be extended, through a durable and long life in our customer's homes, and on to be recovered, repurposed, and reused in new applications after their time with our customers comes to an end. Achieving the CTC vision will require a holistic and coordinated effort between all our internal departments and suppliers, working together to build a waste free future.

[19] See Glossary for NGO definition
[20] See Glossary for Circularity definition

TOUCHPOINTS & HUBS

Our touchpoints include all Lovesac showrooms, kiosks, and our mobile concierges. HUBs are the name we give to our corporate offices. We have two HUBs, one in Stamford, Connecticut and one in Saint George, Utah. These touchpoint and HUB locations are leased spaces, run by our incredible Lovesac Associates. Due to the nature of our tenant status in these spaces, waste collection and disposal is typically handled by the lessor or their property management company. Efforts to track our waste and increase recycling need to be developed through collaborative partnerships with these groups.

To begin understanding our impact, we've surveyed all our showroom teams to identify any known or perceived barriers to recycling at their location. The survey results will be used as a starting point to map these coordinated efforts with our property owners.

MANUFACTURING

Through our Sustainable Supply Chain program we are training all manufacturers on waste reduction best practices. We also ask our manufacturing suppliers to report their total waste and recycling through annual audits and develop a sustainability plan.

We are also continuously exploring product design and process improvements to enhance the material efficiency of our products.

PACKAGING

We try to optimize the materials in our packaging and look for more sustainable options whenever possible. Sactionals were designed and packaged to maximize shipping efficiency. Our cardboard packaging contains 80% recycled content and is 100% recyclable. Kraft cardboard is used to lessen the use of bleaches and dyes, further reducing our total environmental impact.

Changes we've made...

We replaced the majority of Styrofoam in our packaging with paper pulp forms of fill material. These pulp fill options are a recyclable alternative to the more traditional Styrofoam options.

We added messaging to all our boxes encouraging customers to reuse or recycle their Lovesac packaging. Wooden rods, once used in our packaging to separate and support the product, are now replaced with recyclable aluminum rods. After collecting data on how customers handle our packaging post-purchase, we realized that most customers were throwing the wooden rods in the trash. A majority of the hangtags on our products have been eliminated, as we also found this was an unnecessary use of materials.

Our customers will no longer see paper instruction inserts in their Sac or Sactional purchase. Instead, Lovesac build instructions are printed right on the flaps of the box. This step eliminated wasteful paper printouts and improved the customer experience.

PROGRESSIVE SCOPE OF WASTE DATA COLLECTION

	PHASE 1	PHASE 2	PHASE 3	PHASE 4	PHASE 5
Packaging	✓	✓	✓	✓	✓
Manufacturing (Direct Supply)		✓	✓	✓	✓
Touchpoints			✓	✓	✓
HUBs			✓	✓	✓
Logistics (DCs + Returns)			✓	✓	✓
End-of-Life				✓	✓
Materials Manufacturing (Indirect Supply)					✓

ZERO WASTE STRATEGY: PROGRAM PROGRESSION

2025

DIVERSION
Manufacturing

REDUCTION
Packaging

2030

DIVERSION
Manufacturing
Packaging

REDUCTION
Manufacturing
Packaging
Touchpoints
Hubs

CTC
End-of-Life

2035

DIVERSION
Manufacturing
Packaging
Touchpoints
Hubs

REDUCTION
Manufacturing
Packaging
Touchpoints
Hubs

CTC
End-of-Life
Manufacturing

2040

DIVERSION
Manufacturing (Direct & Indirect)
Packaging
Touchpoints
Hubs
Logistics

REDUCTION
Manufacturing
Packaging
Touchpoints
Hubs

CTC
End-of-Life
Manufacturing (Direct & Indirect)

NEXT STEPS

Future waste data collection and progressive program implementation will include additional data collection from our Logistics suppliers. We also plan to map the end-of-life waste of our products through product lifecycle mapping. The following diagrams show our targeted progressive approach to data collection and program implementation to achieve zero waste.

Where we're going...

We've set a target to achieve 100% post-consumer recycled and recyclable materials in our packaging.

Sactional Packaging[21]: FY22

80%
RECYCLED CARDBOARD CONTENT IN PACKAGING

100%
RECYCLABLE CARDBOARD CONTENT IN PACKAGING

[21] Includes Sactional inserts only

13 CLIMATE ACTION

Climate & Emissions

TARGET
NET ZERO EMISSIONS
across our entire value chain

"We're borrowing this Earth from our children."

This sentiment is one of the five guiding principles of our business, so as you can tell—we care a lot about the future of our planet!

But our mission is to do more than state our concern for Earth's changing climate. We intend to demonstrate our commitment through measurable actions. This is why we've announced that Lovesac is going Zero Emissions by 2040. We've also made this zero emissions goal an integral part of our highest business priorities and strategy planning, anchoring it through the top levels of our leadership.

It is clear that eliminating the footprint within our own operations is not enough to meet the planetary needs identified by the Paris Climate Agreement, limiting the global temperature increase to well below 2 degrees Celsius. Instead, our zero emissions target includes all areas of our operations and supply chain, meaning we will achieve net zero emissions across all of scope 1, 2, and 3.[22]

We take responsibility, not only for our own climate impacts, but look to partner with suppliers who aim to mitigate their own climate related risks (see Sustainable Supply Chain). The long-term reliability of energy and infrastructure in the areas where we do business is a priority. We recognize that climate related events and their potential impacts to critical infrastructure may disrupt our business, the businesses of our suppliers, and the lives of our customers.

OUR ZERO EMISSIONS STRATEGY

In order to achieve our goal, we know that we will need a clearly defined roadmap and the partnership of all our suppliers. We are at the beginning stages of this journey and recognize that it will not be an easy path. Our goal is not to do what is easy, but to make the changes necessary to ensure the long-term growth, material supply, and stability of our business in a changing world.

ROADMAP TO ZERO

Following is an overview of steps we have planned to reach our zero emissions goal. These are not necessarily in chronological order, as many of these programs may need to take place concurrently to achieve planned target timelines.

- **Understand our footprint, identify baseline emissions, and set interim targets**

  Status: We have collected baseline data for our scope 1 & 2 emissions, which have been released in this report. Milestone goals have been identified for scope 1 & 2, released here as well. Collection of scope 3 data has begun through development of the Sustainable Supply Chain program.

[22] See Glossary for definition

- **Develop our Sustainable Supply Chain Program through partnerships with our suppliers**

  Status: Our manufacturing suppliers have been made aware of our zero emissions goal through our Sustainable Supply Chain program. A sustainability reporting webinar and resources were developed in partnership with our third-party supply chain auditors. The webinar and resources were rolled out to our manufacturing suppliers and auditing was planned to capture emissions, energy, water, and waste intensity measures across our manufacturing. Each manufacturer was asked to assign an Environmental Impact Leader from their team to take responsibility for understanding and reporting their impacts.

- **Increase renewable energy share in manufacturing**

  Status: After collection of energy intensity and scope 3 emissions from our manufactures we can better identify renewable energy goals for this step. The Sustainable Supply Chain webinar included education to all our suppliers on how to increase renewable energy in their operations and the benefits of implementing such a program.

- **Reduce manufacturing waste through more efficient production, design, and materials**

  Status: This step will be achieved through progressive implementation of our DFL and CTC principles. Also see Sustainable Supply Chain.

- **Reduce transportation and shipping emissions through more efficient routing and partnerships with our suppliers.**

  Status: See Transport Efficiency. We are building partnerships with our logistics and transportation suppliers to gather scope 3 data.

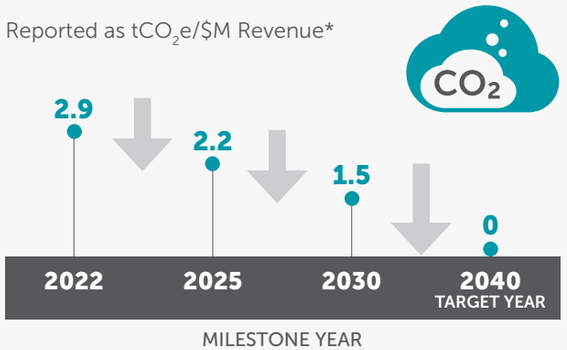
- **Reduce energy consumption in our own operations through energy efficient fixtures and operations**

  Status: See Energy & LED.

Additional actions toward our zero emissions roadmap will be developed as we continue to build our ESG framework.

SCOPE 1 & 2 INTERIM MILESTONES

Reported as tCO_2e/$M Revenue*



TOTAL SCOPE 1 & 2 EMISSIONS FOR FY22

SCOPE 1
142.51 tCO_2e

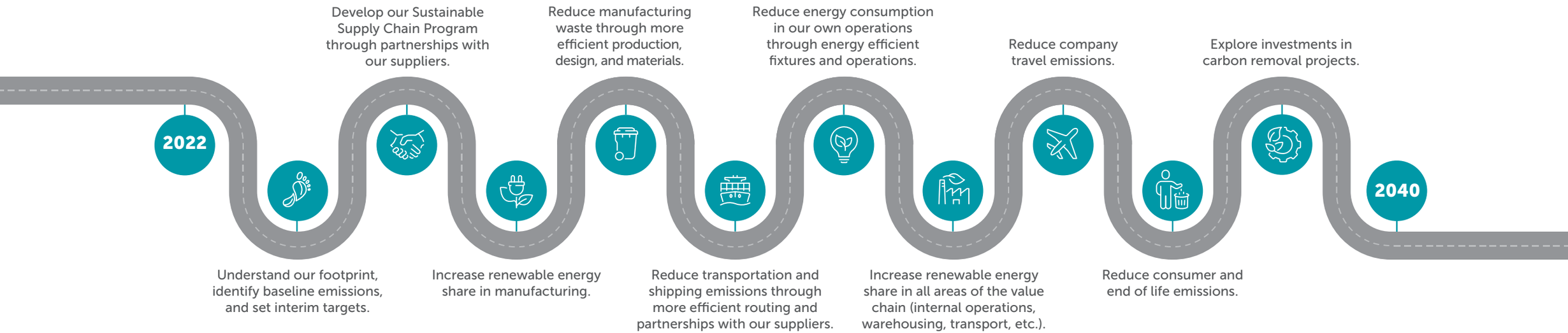
Direct emissions from sources owned or controlled by company

SCOPE 2
1319.54 tCO_2e

Indirect emissions from purchased electricity

*For further details on our emissions calculation methods and determination of organizational boundaries please refer to Appendix, p. 45.

LOVESAC ZERO EMISSIONS ROADMAP



Energy

TARGET
25% REDUCTION in energy use per square foot across all touchpoints

We are in the early stages of strategizing energy reduction plans within our internal operations. Initial steps have been taken to set the foundation of this strategy through the development of data collection systems, establishing baseline consumption, setting reduction targets, assignment of leadership responsibilities, and mapping plans to reach those targets.

OPERATIONAL ENERGY CONSUMPTION

The primary source of our internal energy consumption is the daily operation of our showrooms and HUB offices. Energy reduction projects and pilots have been identified by our Construction Team and Touchpoint Experience Operations.

We've identified LED lighting upgrades for our showrooms as part of this ongoing energy reduction strategy. In FY22, 55% of our touchpoints including showrooms and kiosks are operating with 100% LED light fixtures throughout. Based on our existing progress and construction plans, we are aiming to achieve 100% LED across all showrooms and kiosks by 2030.

In addition to our LED lighting projects we are exploring efficiency improvements for other areas of our showroom operations, such as more efficient heating and cooling.

TOTAL TOUCHPOINT ENERGY CONSUMPTION FY22[23]

Purchased Electricity
3,516,000 kWh
81.86%
of touchpoint energy

Natural Gas
760,000 kWh
17.7%
of touchpoint energy

Diesel[24]
18,000 kWh
0.43%
of touchpoint energy

ENERGY CONSUMPTION IN MANUFACTURING

We manage a global supply chain of third-party manufacturing partners to produce our products. We do not own or operate any manufacturing facilities. As such, 100% of energy consumed during the manufacturing phase occurs upstream at our suppliers' facilities and exists outside of Lovesac's operational control.

Lovesac aims to increase its engagement with suppliers on environmental topics, including energy consumption. We have added questions to our audit reports to request electricity consumption data (among other environmental metrics) so that we may have a better understanding of the energy embedded in our products and work with our suppliers to reduce that impact over time. (See Sustainable Supply Chain)

[23] kWh rounded to the nearest thousand
[24] Diesel from mobile concierge showrooms

LED LIGHTING UPGRADES

55% LED in FY22
with a goal to achieve
100% LED by 2030

2022
2030

Transport Efficiency

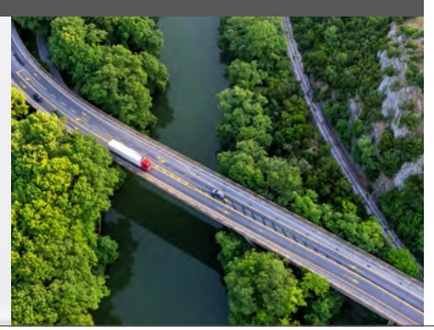
All Lovesac products are optimized for efficient and condensed shipping.

Our Lovesac Sacs shrink down to 1/3rd of their volume for maximum shipping efficiency. They then fit neatly into our custom duffle bags. With this packaging method, a customer can order The BigOne, our largest Sac option available at 6' wide and 4'1" high and have it delivered in a package that takes up significantly less space.

Sactionals are also designed with shipping efficiency in mind. We can fit 450 Sactional pieces on a truck that typically fits 45 conventional 3 seat sofas, this is another way we make our shipping more efficient.

By reducing shipping volume, we allow our carriers to fit more products on fewer trips, cutting out extra road and ocean cargo emissions that contribute to global climate change.

450 SACTIONAL PIECES ON A TRUCK THAT TYPICALLY FITS 45 CONVENTIONAL 3 SEAT SOFAS



Sustainable Supply Chain

TARGET
100% Sustainable Supply Chain Training Participation

In FY22 we began the launch of our **Supply Chain Sustainability Program** to reflect our internal values and the expectations of external stakeholders, such as customers, investors, communities, and global regulators. Relationships with our vendors are built on respect and shared trust. Their partnerships with us in building a more sustainable supply chain exemplify the strength of those relationships.

Reaching our Zero Emission and Zero Waste goals is fundamental to maintain our high operational standards and will support our long-term success. Our sustainability strategy is also a critical part of our **Designed for Life (DFL)** and **Circle to Consumer (CTC)** promise. We recognize that our supplier partnerships are imperative to deliver on these goals.

To help us get there, we are asking our manufacturing suppliers for a pledge to develop their own sustainability goals in all operations provided for The Lovesac Company. We require greater transparency into environmental impacts across our operations and a commitment to collectively reduce our environmental footprint. We are anchoring new environmental commitments in our Vendor Manual and asking all manufacturers to participate in a new environmental audit program.

To support our supplier partners in environmental and sustainability excellence, we worked with our third-party auditors to create an educational webinar and resource guide. All primary manufacturers were asked to participate in the trainings in 2022.[25]

Lovesac Sustainable Supply Chain webinar topics include:

- **The importance of managing environmental impact for business**
- **Lovesac's Zero Waste and Zero Emissions goals**
- **Requirements for annual environmental auditing**
- **How to calculate energy, water, and emissions impacts**
- **How to develop a sustainability strategy**

Environmental impact audits of our manufacturers will be conducted each year in conjunction with ethical performance audits. The purpose of collecting this information is to create procedures for data collection of the environmental targets outlined in this report, such as future reporting of our scope 3[26] emissions inventory.

Environmental impact audits include annual consumption reporting in the areas of:

ENERGY | FUEL | GHG EMISSIONS | WATER | WASTE

This portion of the audit also includes a request for evidence of an environmental management system.

Existing annual ethical auditing of our manufacturers includes other topics related to environmental compliance and operational standards, such as: hazardous materials management, hazardous waste management, waste inventory and recycling, wastewater, air emissions, noise, energy reduction, and water reduction.

Procedures for non-compliance with all manufacturing audits and policies are outlined in the Vendor Manual.

[25] Our primary manufacturers are those that collectively produced more than 95% of our product volume in FY22
[26] See Glossary for definition. Also see Emissions Inventory and Calculations in the Appendix

Purpose

"We make daily decisions to build a conscious business and a culture that is purpose driven and transparent."

36 Community Engagement
36 Upholding Product Quality & Safety
37 Customer Care
37 Code of Business Conduct & Ethics
38 Supplier Relationships
39 ESG Program Oversight
39 Corporate Governance

10 REDUCED INEQUALITIES

Community Engagement

TARGET
Achieve OUR COMMUNITY IMPACT mission by extending Total Comfort to communities, people, and the planet

OUR COMMUNITY ENGAGEMENT MISSION STATEMENT

Everyone deserves to feel Total Comfort at home, whether home means the roof above your head, the community you live in, a broader community of friends, or the planet we all share. Our mission is to deliver Total Comfort to humankind, making home a place of safety, compassion, belonging, and equality for current and future generations.

How we define the impact of comfort to a community, people, and the planet is carefully considered by our Community Engagement Committee. This committee was newly formed in FY22 by passionate members of our HUB and field teams.

In FY22 donations were made to support insatiable learning in sponsorship of the Atwood Innovation Plaza at Utah Tech University, and in early FY23 a donation was made to support the Boys & Girls Club of America. Other donations were made to causes that exemplify our values in the form of product throughout the year.

Upholding Product Quality & Safety

Products manufactured for The Lovesac Company must comply with all applicable Federal and State product safety laws and regulations. Under the Consumer Product Safety Improvement Act (CPSIA), all manufacturers are required to have a "Reasonable Testing Program" in place for products that require certification.

RESPONSIBILITIES

A reasonable testing program provides a high degree of assurance that products comply with all applicable consumer product safety standards and rules. Testing failure must be investigated, and steps taken to promptly address those reasons for failure.

Further descriptions of these testing requirements, verification, and corrective action procedures can be found in our Vendor Manual.

BIFMA TESTING

Sactional Seats and Sides are put through rigorous durability testing by an accredited third party lab. Testing is conducted in accordance with the Business and Institutional Furniture Manufacturers Association (BIFMA) standards for public and lounge seating (5.4-2012). While our products are designed as household furnishings, not commercial products, we raise the bar to meet these more stringent standards. We test for strength, durability, and aged use. The BIFMA test typically demonstrates the ability of lounge seating to withstand 10 years in a commercial environment, and so we run the aging test three times over to replicate 30 years of commercial high traffic use. This 30-year cyclical proof of endurance is what we hold our Sactional durability standards to. When we say that our products are built to last, we really mean it, allowing you to love your Sactional through the tests of time.

Customer Care

We offer a variety of ways for our customers and the public to contact us with concerns and feedback. By visiting lovesac.com/email-us, customers can contact us via text, chat, email, or phone seven days a week. We aim to respond to all inquiries within 24 hours.

Our returns process is also centered around customer experience. While we hope that everyone is satisfied with their Lovesac purchase, we try to make our returns process as smooth as possible. Our Customer Love team and our showrooms are available to help with the return of eligible items. Our full returns policy can be found here: Return Process.

Continuously exploring more sustainable solutions for our returned product is another opportunity for us to enact our CTC philosophy and our Zero Waste Strategy.

Code of Business Conduct & Ethics

At Lovesac, ethics, transparency, and compliance are top of mind. All Associates are expected to hold themselves to these ethical standards and to conduct business relationships with the same integrity. Our Company Code of Business Conduct and Ethics is the policy behind this position.

Companies who earn the trust of their customers, shareholders, employees, partners, and communities are built on a commitment to integrity. When everyone at Lovesac follows strong policies, trust in our brand is reinforced.

Our Code of Conduct applies to all our 1,000+ Associates across the United States and our Board of Directors

The Code seeks to deter wrongdoing and to promote:

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- Full, fair, accurate, timely and understandable disclosure in reports and documents that Lovesac files with, or submits to, the Securities and Exchange Commission and in other public communications made by Lovesac;
- Compliance with applicable governmental laws, rules, and regulations; and
- The prompt internal reporting to an appropriate person or persons identified in the Code of violations of the Code and accountability for adherence to the Code

Compliance with the Code of Business Conduct and Ethics is Overseen by our Board of Directors, our Chief Financial Officer, and our General Counsel. All Lovesac Associates and members of the Board of Directors are responsible for following the Code, including promptly reporting any suspected violations. Annually, all Company Associates and Board members certify that they have read and will abide by the Code of Business Conduct and Ethics.

COMPLIANCE TRAINING AND EDUCATION

Lovesac offers a comprehensive compliance training program through our Associate learning center. Training modules are assigned to our Associates based on their role within the Company. The compliance training modules are updated each year based on priority topics and business changes.

Examples of recent training modules include:

- **Global Workplace Harassment Prevention**
- **Anonymous Complaint Reporting**
- **Insider Trading**

REPORTING CONCERNS

All Associates are encouraged to report illegal or unethical behavior, and concerns to their direct supervisor, Lovesac's Chief Financial Officer, General Counsel, the Chair of the Nominating and Governance Committee, and/or Chair of the Audit Committee, or our third-party reporting hotline, EthicsPoint. The availability of these channels for reporting are intended to empower Associates to speak-up about concerns and make ethical choices every day.

EthicsPoint, an anonymous reporting service, is a 24-hour hotline that Associates can use to report concerns on an anonymous or confidential basis. This reporting tool assists the Company in identifying and addressing misconduct in the workplace. Lovesac is committed to open communication, providing EthicsPoint as an avenue for Associates to raise concerns with reassurance that they will be protected from reprisals or victimization for reporting concerns in good faith.

Lovesac does not permit retaliation of any kind against Associates for good-faith reports of Code violations.

Supplier Relationships

We celebrate the longevity of our supplier partnerships and the level of trust we have established with those partners. Because we approach our relationships in the same way we approach our products—as a long-term investment—our suppliers are committed to making products of enduring quality that uphold the high-performance standards we set for them. It is through these relationships with our supplier partners that we will grow and thrive together.

8 DECENT WORK AND ECONOMIC GROWTH

SUPPLIER CODE OF CONDUCT

We expect our suppliers to abide by and comply with the laws regulating business practices including, without limitation, wages, hours, and working conditions of the people who produce the products we sell, the import and export of our products and raw materials, the impact of our manufacturing, storage and disposal processes on the environment, and the ethical and fair treatment of workers and individuals in our supply chain.

To hold ourselves and our suppliers accountable to these standards, we will require that all manufacturing suppliers agree to abide by our Vendor Manual, beginning in FY23.

The vendor manual outlines policies regarding:

- **Illegal and Forced Labor**
- **Child Labor**
- **Harassment**
- **Health, Safety, and Working Conditions**
- **Hiring, Employment, and Disciplinary Practices**
- **Wages and Benefits**
- **Working Hours**
- **Freedom of Association**
- **Ethical Business Practices**
- **Anti-Bribery and Anti-Corruption**
- **Conflict Minerals**
- **Environment**

You can read the condensed Vendor Manual here.

Our vendor compliance polices will include audit procedures, as well as noncompliance and corrective measures. Every audit is to be concluded with a Corrective Action Plan (CAP) to address any findings of non-compliance.

Lovesac has been auditing its manufacturing suppliers through what we call, ethical audits, since 2017. This is a third-party audit of ethical business practices and compliance with applicable laws and regulations.

Ethical audits cover the following key topics, however this is not an exhaustive list of all questions reviewed:

- **Health & Safety**
- **Hygiene**
- **Building Safety**
- **Fire Safety**
- **Equipment Safety Training and Signage**
- **Hazardous Materials Management**
- **Environmental Impact**
- **Hazardous Waste**
- **Wastewater, Emissions, and Noise**
- **Young Workers**
- **Child Labor**
- **Working Hours**
- **Wages and Benefits**
- **Collective Bargaining Polices**
- **Forced Labor**
- **Discrimination**
- **Disciplinary Practices**

In FY22 100% of our primary manufacturing suppliers were audited and 100% of those audited primary manufacturing suppliers had passing ethical audit scores.[27]

8 DECENT WORK AND ECONOMIC GROWTH

FORCED LABOR, CHILD LABOR, & HUMAN TRAFFICKING

Lovesac has a zero-tolerance policy for any evidence of bribery and corruption, forced labor, human trafficking, and child labor. These practices are all unacceptable in our supply chain.

Lovesac will not accept products or services from vendors that use forced or child labor. Vendors are expected to comply with applicable local child labor laws and employ workers who meet the minimum legal age requirements.

Human rights atrocities, such as forced labor, human trafficking, and modern slavery have no place in the life cycle of our products, as outlined in the Vendor Manual.

[27] We count our primary manufacturing suppliers as the suppliers that produced more than 95% of our product volume in FY22

ESG Program Oversight

Lovesac's commitment to Purpose begins at the highest levels of leadership, with our Board of Directors. As described in the introduction to this report, the company is in the early stages of building its comprehensive ESG framework. Progress on our reporting and goals has been encouraged and supported by the Board, our executive management, and our leadership teams since its beginning.

This strong anchor has allowed us to quickly identify the direction of our ESG framework and ensure the cross functional progress of program development. With Zero Waste and Zero Emissions secured in the very mission of our business, the targets and frameworks set forth in this report are a priority for every Associate and leader.

- Starting in calendar year 2022, the Board will receive regular updates from management regarding significant ESG framework developments and progress on the targets from each of the three pillars.

An ESG Committee comprised of members of our leadership team meet regularly to oversee the evolution of ESG targets and framework development.

The ESG Leadership Team was formed in FY23 to oversee the progress of programs leading to our ESG KPI targets. Project plans and roadmaps will be reviewed by the ESG Committee.

In addition to the leaders listed above who will anchor our ESG initiatives for years to come, the ethos that guide Lovesac's progress demonstrate a broader commitment to purpose and planet.

Corporate Governance

Sound corporate governance practices not only strengthen our Company but also serve to protect our stockholders' interests and reinforce public trust.

Our Corporate Governance Guidelines establish a set of principles to assist the Board and its Committees in performing their responsibilities to the Company and its stockholders. These Guidelines define, among others, the roles and responsibilities of the Board, including Director Qualifications, Board Composition and Structure, Director Compensation and Performance, and Succession Planning.

DIVERSITY OF THE BOARD

Our Board of Directors values diversity in achieving our objectives and maintaining sound governance practices as it brings together individuals with different perspectives and ideas, from varying backgrounds and experiences, to create balanced and thoughtful decision-making that best serves our stockholders. Candidates for Board membership are considered based on factors outlined in our Board Membership Criteria to promote diverse perspectives and experiences among members. Diversity refers to a broad array of individual characteristics that collectively enable the Board to operate effectively and fulfill its responsibilities and include, among others, professional qualifications, business experience, age, gender, race and ethnicity.

BOARD REPRESENTATION

	FY21	FY22
FEMALE	29%	43%
MINORITY	14%	14%

INDEPENDENCE OF THE BOARD

The Board is comprised of a majority of independent Directors that satisfy the independence requirements set forth under the NASDAQ Stock Market LLC listing rules, and members of the Audit Committee, Compensation Committee, and the Nominating and Corporate Governance Committee each satisfy the applicable independence requirements of NASDAQ.

Four out of 7 of our directors and 100% of our Audit, Compensation, and Nominating Committees are independent.

BOARD MEMBERSHIP CRITERIA

The Board requires all Directors and Director candidates to be of high character and integrity and have the ability to guide the Company based on experience gained in positions as leaders with a high degree of responsibility. In seeking qualified candidates for Board membership, the Nominating and Governance Committee consider a variety of factors including professional experience and other individual qualities and characteristics that contribute to a diverse mix of viewpoints and experience represented on the Board.

RISK MANAGEMENT

A key function of our Board is oversight of our risk management processes and procedures, with a special focus on the most significant risks facing the Company such as those relating to supply chain, competition, and technology. The Board seeks to ensure that all actions taken by Lovesac consider relevant risks and are appropriate based on Lovesac's business objectives and strategy.

On the following page are corporate governance highlights demonstrating our Board's commitment to operating transparently, fairly and with accountability to all stakeholders.

GOVERNANCE HIGHLIGHTS

BOARD INDEPENDENCE

- 4 out of 7 of our Directors and 100% of Audit Compensation, and Nominating Committees are independent
- There are no related party transactions with our Directors and officers
- Independent Board members meet regularly in Executive Session without management present
- A separate Chair of the Board leads board activities allowing our CEO to focus on our business

STOCKHOLDER RIGHTS

- We annually seek stockholder ratification of our independent registered public accountants
- Stockholders have the same voting rights—one vote per share
- We do not maintain a stockholder rights plan or "poison pill"
- All of our Directors are elected annually by our stockholders as opposed to a classified board

POLICIES & PROCEDURES

- We have robust stock ownership guidelines for our Directors and named executive officers to further align with the interests of our stockholders
- We have a Board Diversity Statement which supports the identification and appointment of diverse candidates to our Board
- Our Board and management are subject to a global Code of Business Conduct and Ethics
- Our Insider Trading Policy restricts stock trading to quarterly windows and requires mandatory preclearance for Directors and named executive officers

ENGAGEMENT & REFRESHMENT

- Our average Board tenure is 3 years, and out average Board age is 54, with 6 of our 7 Directors below the age of 60
- Director compensation is reviewed annually by our Compensation and nominating Committees to ensure competitiveness relative to our peers
- Our Board and each committee conduct an annual self-evaluation of performance
- In fiscal 2022, all Directors attended our Annual Stockholder Meeting and meetings of the committees on which they serve

For additional information, see our Corporate Governance Guidelines.

Appendix

42 Sustainability Accounting Standards Board (SASB) Index
44 UN Sustainable Development Goals (SDG) Matrix
45 Emissions Inventory & Calculations
46 Glossary
47 Scope of Report
47 Forward-Looking Statements
48 Resources & References

SASB Index

SUSTAINABILITY ACCOUNTING STANDARDS BOARD

Our operations cannot be accurately represented by a single SASB industry standard classification. We design our furniture in house, but our manufacturing, warehousing, and distribution are outsourced to our trusted supplier partners. We offer our products through an omni-channel platform which includes physical showrooms, our ecommerce channel, and other touchpoints including online and in-store pop-up-shops, shop-in-shops and barter inventory transactions. Our Lovesac sales touchpoints are operated by Lovesac, but these physical spaces are leased assets. Due to the complexity of our business, we have chosen to report against both the Building Products & Furnishings standard and the Multiline and Specialty Retailers & Distributors standard. We have also conducted an internal materiality assessment to help prioritize the most important focus areas for our business.

TOPIC	ACCOUNTING METRIC	SASB	DESCRIPTION	REFERENCE
ENERGY MANAGEMENT IN MANUFACTURING	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	CG-BF-130a.1	Lovesac does not own any manufacturing facilities but is working to collect this information from third-party suppliers as part of our Zero Emissions and Sustainable Supply Chain Programs	Energy, p. 33 Climate & Emissions, p. 30 Sustainable Supply Chain, p.34
ENERGY MANAGEMENT IN RETAIL & DISTRIBUTION	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	CG-BF-130a.1	Total touchpoint energy consumed: Total energy: 4,295,000 kWh Touchpoint grid electricity: 81.86% Touchpoint natural gas: 17.7% All electricity is grid purchased electricity Lovesac does not own distribution centers	Energy, p. 33
MANAGEMENT OF CHEMICALS IN PRODUCTS	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	CG-BF-250a.1	See referenced sections for discussion	Chemicals, p. 25 Upholding Product Quality & Safety, p. 36
	Percentage of eligible products meeting volatile organic compound (VOC) emissions and content standards	CG-BF-250a.2	Lovesac's products are not eligible for the VOC emissions and content standards referenced by this indicator. Some of our products undergo VOC testing as part of regular product tests, including CARB testing for wood components	Chemicals, p. 25 Upholding Product Quality & Safety, p. 36
PRODUCT LIFECYCLE ENVIRONMENTAL IMPACTS	Description of efforts to manage product lifecycle impacts and meet demand for sustainable products	CG-BF-410a.1	See referenced sections for description	Sustain-able, p. 24 Circle-to-Consumer, p. 24
	(1) Weight of end-of-life material recovered, (2) percentage of recovered materials recycled	CG-BF-410a.2	See referenced sections for plans to measure end-of-life and recovered materials	Waste, p. 28 Circle-to-Consumer, p. 24
WOOD SUPPLY CHAIN MANAGEMENT	(1) Total weight of wood fiber materials purchased, (2) percentage from third-party certified forestlands, (3) percentage by standard, and (4) percentage certified to other wood fiber standards, (5) percentage by standard	CG-BF-430a.1	Greater than 50% of wood in Lovesac Sactional seats and sides is FSC certified. See referenced section for details	Sustainable Wood Sourcing, p. 26

TOPIC	ACCOUNTING METRIC	SASB	DESCRIPTION	REFERENCE
DATA SECURITY	Description of approach to identifying and addressing data security risks	CG-MR-230a.1	Cybersecurity is an ongoing focus for Lovesac and protecting the data and maintaining the trust of our customers, associates and business partners is a priority for us Lovesac adopts physical, technological, and administrative controls on data privacy and security. We leverage the National Institute of Standards (NIST) security and privacy frameworks and industry best practices to drive our strategic direction and make continuous improvements We comply with a range of applicable industry standards, such as the Payment Card Industry Data Security Standard (PCI DSS). Our data privacy and security policies and procedures incorporate industry best practices and applicable laws and regulations. Lovesac regularly reviews and updates these policies IT General Controls are independently tested and findings are reported to the Audit Committee. Additionally, Lovesac invests in training and education to prevent cyber-attacks	Code of Business Conduct & Ethics, p. 37
	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected	CG-MR-230a.2		Code of Business Conduct & Ethics, p. 37
LABOR PRACTICES	(1) Average hourly wage and (2) percentage of in-store employees earning minimum wage, by region	CG-MR-310a.1	The average hourly wage of in-store associates is $15.63/hr 1.8% of in-store associates earn minimum wage No in-store associate earns less than $15.00/hr Lovesac provides equal opportunity for all employees and bans discrimination practices of any kind. We actively track and internally report on labor related data and practices, including involuntary and voluntary turnover	Pay & Benefits, p. 21
	(1) Voluntary and (2) involuntary turnover rate for in-store employees	CG-MR-310a.2		Culture & Engagement, p. 19
	Total amount of monetary losses as a result of legal proceedings associated with labor law violations	CG-MR-310a.3		Code of Business Conduct & Ethics, p. 37
WORKFORCE DIVERSITY & INCLUSION	Percentage of gender and racial/ethnic group representation for: (1) management and (2) all other employees	CG-MR-330a.1	Women—Director and above: 34% BIPOC—Director and above: 14%% Women—All workforce: 58% BIPOC—All workforce: 61%	Diversity Equity & Inclusion, p. 18
	Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	CG-MR-330a.2	Lovesac provides equal opportunity for all employees and bans discrimination practices of any kind. We track this metric internally and disclose relevant information in accordance with the law and applicable guidelines	Code of Business Conduct & Ethics, p. 37
PRODUCT SOURCING, PACKAGING & MARKETING	Revenue from products third-party certified to environmental and/or social sustainability standards	CG-MR-410a.1	50% of the wood in our Sactional seats and sides is FSC certified. In FY22, Sactionals represented approximately 87.6% of total revenue	Wood Sourcing, p. 26
	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	CG-MR-410a.2	See referenced sections for discussion	Chemicals, p. 25 Upholding Product Quality & Safety, p. 36
	Discussion of strategies to reduce the environmental impact of packaging	CG-MR-410a.3	See referenced sections for discussion	Packaging, p. 29 Safety, p. 22
ACTIVITY METRICS	Annual production	CG-BF-000.A	Total core product pieces: Sacs, Sactionals, Outdoor Sactionals, and their covers (excluding accessories and non-core products): FY22 3,456,144	
	Number of: (1) retail locations and (2) distribution centers	CG-MR-000.A	146 showrooms, 8 kiosks, and 2 mobile concierges. Lovesac does not own distribution centers	
	Total area of: (1) retail space and (2) distribution centers	CG-MR-000.B	Area of all touchpoint locations in FY22: 191,000 sqft.	
	Area of manufacturing facilities	CG-BF-000.B	Lovesac does not currently own or operate any manufacturing facilities	

UN Sustainable Development Goals

SDG IMPACT MATRIX

PILLAR	OUR ACTIONS	OUR TARGETS AND GOALS	REFERENCE	RELATED SDG	NUMBER
LOVE	Diversity, Equity, and Inclusion are a priority for our business. We are continuously developing a comprehensive strategy with measurable actions and targets	50% women in leadership roles 30% BIPOC representation in leadership role	Diversity Equity & Inclusion, p. 18	10 REDUCED INEQUALITIES	10.2 10.3
	We offer transparent and equitable compensation and attractive #LovesacFamily benefits, and we routinely work to enhance our compensation and benefit programs	Continuous development of equal compensation programs and policies	Pay & Benefits, p. 21	8 DECENT WORK AND ECONOMIC GROWTH	8.5
EARTH	We live by our design and operational philosophies of DFL and CTC. Being transparent and accountable for the whole life of a product from the outset of its development is taking true environmental responsibility	Complete integration of DFL and CTC as design and production philosophies	Our Design Philosophy, p. 7 Our Operational Philosophy, p. 7 Sustain-able, p. 24 Circle to Consumer (CTC), p. 24	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	9.4
	We are going Zero Waste! Circularity is how we will get there A circular and sustainable future means that we are designing products and manufacturing processes for optimal efficiency from the start. Our CTC concept will embody the framework for this business direction	Zero Waste	Waste, p. 28 Circle to Consumer (CTC), p. 24	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.5 12.6
	We've announced that Lovesac is going Zero Emissions by 2040. We've also made this zero emissions goal an integral part of our highest business priorities and strategy planning, anchoring it through the top levels of our leadership	Zero Emissions	Climate & Emissions, p. 30	13 CLIMATE ACTION	13.1
	Through our partnership with Repreve®, we make the base liner fabric of every Sac and Sactional insert from 100% repurposed plastic bottles (except for down inserts which are 65% repurposed	Repurpose 1 billion plastic bottles in our products	Materials Selection & Design, p. 25	14 LIFE BELOW WATER	14.1
PURPOSE	Our engagement mission is to deliver Total Comfort to humankind, making home a place of safety, compassion, belonging, and equality for current and future generations	Achieve our community impact mission by extending total comfort to communities, people, and the plane	Community Engagement, p.36	10 REDUCED INEQUALITIES	10.3
	Through annual audits, we aim to hold ourselves and our suppliers accountable to our standard of ethics. We will require that all manufacturing suppliers agree to abide by our Vendor Manual	100% passing ethical audit scores from all our manufacturers	Supplier Relationships, p. 38	8 DECENT WORK AND ECONOMIC GROWTH	8.5
	Lovesac has a zero-tolerance policy for any evidence of bribery and corruption, forced labor, human trafficking, and child labor. These practices are all unacceptable in our supply chain	100% passing ethical audit scores from all our manufacturers	Forced Labor, Child Labor, & Human Trafficking, p. 38	8 DECENT WORK AND ECONOMIC GROWTH	8.7

Emissions Inventory & Calculations

We've calculated our scope 1 & 2 emissions for FY22 in alignment with the guidance provided in the GHG Protocol Corporate Accounting and Reporting Standard[28]. As this is our first year of data collection, it will serve as the baseline for our future reporting.

Scope 1 is our direct GHG emissions, these emissions "occur from sources that are owned or controlled by our company."[28] Examples of this source of emissions include the natural gas from heating units in our showrooms and combustion from company owned vehicles.

Scope 2 "accounts for GHG emissions from the generation of purchased electricity consumed by the company."[28] Examples include the electricity purchased to power our showrooms and kiosks.

Scope 3 includes the treatment of "all other indirect emissions throughout our value chain."[28] Examples include product production and transport activities by our suppliers.

Due to the nature of our business operations, we have chosen to use operational control as the basis for our organizational boundary setting. Lovesac does not own any of its sales touchpoints, offices, or manufacturing facilities. It does operate the 146+ showrooms, kiosks, and mobile concierge locations around the country. Therefore, these touchpoints are within its operational boundary for scope 1 & 2 emissions. Other third party externally operated points of physical sale are not within the operational scope boundaries.

All operations outside of the organizational boundary are to be reported in Scope 3. We are in the process of developing internal processes for collecting and quality checking this data for future reporting. See Sustainable Supply Chain and Scope 3 Management Plan.

Scope 1 & 2 sources of emissions were calculated using data from available showroom utility bills. Where electricity and natural gas consumption totals could not be read directly from utility bills, consumption was estimated based on showroom area. Kiosk energy consumption was calculated using the maximum load capacity for these 200 square foot spaces in select shopping centers and malls. As all of our kiosks are outfitted with energy efficient LED lighting, actual total emissions are likely to be lower than estimated. Finally, Scope 1 emissions will also include the emissions from our mobile concierges. Mobile concierge included just two company owned custom vans which were tested in FY22.

Our calculations were supported by the ENVIZI ESG and Sustainability reporting software for GHG accounting and utilized the most current emissions factors for calculations, as provided by the EPA Center for Corporate Climate Leadership.

Our calculation methodology will be reviewed on an annual basis for alignment with the most current reporting trends and guidelines.

SCOPE 3 MANAGEMENT PLAN

High Effort | Medium Effort | Low Effort

	Purchased Goods and Services	Transportation and Distribution	Waste Generated in Operations (owned and operated)	Employee Travel and Commuting	Use of Solid Products	End-of-Life Treatment of Product
GAME CHANGING (High GHG Reduction)	Work with Suppliers to Reduce Carbon Footprint	Work with Transport Providers to Reduce Carbon Footprint			Conduct Product LCAs	
	Reduce Impact of Raw Materials					
INCREMENTAL CHANGE (Low GHG Reduction)	Collect Energy and Raw Data Material from Suppliers	Collect Ocean and Long-Haul Transport Data	Reduce Showroom and Office Waste	Develop Low-Emissions Travel Strategy	Reduce Use Phase Impacts of Products	Develop Programs to Reduce End-of-Life Impact
		Collect Final-Mile Transport Data	Collect Waste Generation Data from Touchpoints and Suppliers	Collect Employee Travel and Commuting Data		
		Collect Warehousing Data				

[28] GHG Protocol Corporate Accounting and Reporting Standard

Glossary

Circular Economy
A systems solution framework that tackles global challenges like climate change, biodiversity loss, waste, and pollution. It is based on three principles, driven by design: eliminate waste and pollution, circulate products and materials (at their highest value), and regenerate nature.

It is underpinned by a transition to renewable energy and materials. Transitioning to a circular economy entails decoupling economic activity from the consumption of finite resources. This represents a systemic shift that builds long-term resilience, generates business and economic opportunities, and provides environmental and societal benefits. (Ellen MacArthur Foundation, 2022)

Circularity
Refers to the outcomes of a circular economy model.

Circular Supply Chain
A supply chain is an entire system of producing and delivering a product or service, from the very beginning stage of sourcing the raw materials to the final delivery of the product or service to end-users. (Corporate Finance Institute, 2022)

A circular supply chain is a supply chain in which circular economy principles have been integrated throughout the entire system.

CTC (Circle to Consumer)
It is an operational philosophy in which business processes, including the design of products, are optimized for looped (circular) and/or local operations.

DEI (Diversity Equity and Inclusion)
Diversity is the presence of difference that may include race, gender, religion, sexual orientation, ethnicity, nationality, socioeconomic status, language, (dis)ability, age, religious commitment, or political perspective.

Equity is the process of fairness. The policy that one would implement to ensure processes and procedures promote justness and impartiality.

Inclusion is an outcome to ensure those that are diverse actually feel and/or are welcomed. (Diversity Equity and Inclusion Extension, 2022)

DFL (Designed for Life)
It is a product design philosophy in which Products must be Built to Last and Designed to Evolve so that they never go out of style and avoid obsolescence.

ESG (Environmental Social and Governance)
It is best characterized as a framework that helps stakeholders understand how an organization is managing risks and opportunities related to environmental, social, and governance criteria.
(Corporate Finance Institute, 2022)

GHG (Green House Gas)
Gases that trap heat in the atmosphere. Examples include carbon dioxide, methane, nitrous oxide, and fluorinated gases.
(U.S. Environmental Protection Agency, 2022)

NGO (Nongovernmental Organization)
It is a voluntary group of individuals or organizations, usually not affiliated with any government, that is formed to provide services or to advocate a public policy. (Encyclopedia Britannica, 2022)

SASB (Sustainable Accounting Standards Board)
SASB standards guide the disclosure of financially material sustainability information by companies to their investors. The standards are under the oversight of the International Sustainability Standards Board (ISSB).
(International Sustainability Standards Board, 2022)

Scope 1, 2 and 3 Emissions
To help delineate direct and indirect emissions sources, improve transparency, and provide utility for different types of organizations and different types of climate policies and business goals, the Green House Gas Protocol defines three scopes for GHG accounting and reporting purposes.

Scope 1 occur from sources that are owned or controlled by a reporting company.

Scope 2 accounts for GHG emissions form the generation of purchased electricity consumed by the reporting company.

Scope 3 includes the treatment of all other indirect emissions throughout the reporting company's value chain.
(World Resources Institute and World Business Council for Sustainable Development)

SDGs (Sustainable Development Goals)
The 17 Sustainable Development goals are an urgent call for action by all countries – developed and developing – in a global partnership. The SDGs build on decades of work by countries and the UN, including the UN Department of Economic and Social Affairs. (UN Department of Economic and Social Affairs, 2022)

Value Chain
All the activities and processes within a company that help add value to the final product. (Corporate Finance Institute, 2022)

Scope of Report

Although our data has been internally vetted using accepted and relevant methodologies, historical performance data may be revised due to availability of new information; industry-driven changes to methodologies; improvement in data collection and measuring practices; or structural and operational changes to the company; among other such reasons. At times, we may revisit our historical data to ensure its accuracy and make any necessary corrections to our public reporting. In cases where historical information is revised, we will footnote the change with a clear explanation. Any use of the terms "material," "materiality," "immaterial," "significant," "risk" and other similar terminology in this report refers to topics that reflect important environmental, social, and economic impacts of The Lovesac Company or to topics or standards designated as "material" or "substantive" under the SASB standards, or the GHG Protocol. These terms as used in this report are not intended or to be construed, as they have been defined by or construed in accordance with the securities laws or any other laws of the United States or any other jurisdiction, or as these terms are used in the context of financial statements and financial reporting. Statements about future strategy, program developments, and past occurrences are based on information and assumptions available as of the date of publication. While we are committed to providing regular and timely updates, the company holds no obligation to update reported information or statements. Certain information in this report comes from third-party sources and operations outside of our control. We believe such information has been accurately collected and reported, and that the underlying methodology is sound. As with our own internally vetted data, data from third-party sources may be revised due to availability of new information.

Forward-Looking Statements

This ESG Report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other legal authority. Forward-looking statements can be identified by such words as "may," "believe," "anticipate," "could," "should," "intend," "plan," "will," "goal,", "strategy," "target," "expect," "strive," "vision," and "can" or variations of these terms and other similar expressions. Forward-looking statements inherently involve risks and uncertainties. For information on certain factors that could cause actual events or results to differ materially from our expectations, please see our filings with the Securities and Exchange Commission (SEC), including our most recently filed Form 10-K and our Form 10-Qs and similar disclosures in subsequent reports filed with the SEC. Any forward-looking statements speak only as of the date on which we make it. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

LOVESAC, DESIGNED FOR LIFE, DFL, SAC, SACTIONALS, and DURAFOAM are trademarks of The Lovesac Company and are Registered in U.S. Patent and Trademark Office.

Resources & References

RESOURCES

- The Lovesac Company Form 10-K for the fiscal year ended in January 30, 2022
- The Lovesac Company 2022 Proxy Statement
- Code of Business Conduct and Ethics
- Governance at a Glance
- The Lovesac Company's Guiding Principles
- Designed for Life Webpage
- Greenhouse Gas Protocol
- United Nations Sustainable Development Goals

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