

Company introduction

Sinful

A playful sex life for everyone



Sustainability statement

At Sinful we want to contribute to a safe and playful sex life for everyone. Our customers and our employees are our passion – we have a unique and diverse culture. As the leading e-commerce company selling sex toys in Scandinavia, our ambition is to be the best at what we do - this also applies to sustainability.

This means that Sinful continuously works on product development to always be able to accommodate the needs of our customers in regards to safety and quality. We recognise that our products are not sustainable by nature – we, therefore, work to ensure sustainable operations around our products and work closely with our suppliers to ensure quality and sustainability are a constant focus. Sustainability in Sinful means ongoing development and focus on material selection in packaging and products. This entails reducing single-use batteries, working on sustainable certifications, and replacing virgin- and high-emission materials in packaging.

We want to create transparency and awareness for our customers and enable end-users to make informed choices on sustainability when purchasing products from us. We are implementing environmental awareness and options for a more sustainable purchase and delivery. We are committed to define green principles for our product development and product selection.

We care about people - meaning both our customers and our employees. Our vision is to be the most trusted sex toy shop in Europe by ensuring that our customers' personal data is kept safe via a variety of security measures and internal procedures. To Sinful, sustainability is also about ensuring that our employees have healthy and safe working conditions, and we are demanding the same from our supply chain. Our expectations are addressed in our Code of Conduct for our business relations.

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Key statistics

CEO
Tonny Andersen

Chairman
Mie Krog

Headquarter
Højbjerg, Aarhus

of FTEs
150

Year acquired
2021

Polaris Fund
Polaris V

Polaris ownership
57,5%

Revenue (DKKm)
Not disclosed

Revenue (EURm)
Not disclosed

Management summary



“With every initiative, we consider the welfare of our employees, our collaborators and our planet to be the best we can be in our quest to help everyone achieve a playful sex life.”

In early 2021, Sinful took the first steps towards a more sustainable approach, and to understand our impact on the environment and the people in our supply chain. Our approach is based on the OECD Guidelines and the UN Guiding Principles. We have assessed Sinful’s impact and potential risks, and intensified our effort to mitigate or remove these.

Since the very beginning, we at Sinful have taken great pride in providing Scandinavians with the tools and knowledge to lead a healthy and playful sex life by being market leaders in sex toy products and awareness. At Sinful we are aware that our product materials, batteries, and usage of sex toys have an adverse impact on the environment. Therefore, we have begun the implementation of a health and environmental specific plan to work towards becoming a more sustainable company.

A unique and healthy work environment

Being at Sinful means making a great effort and taking great pride in your work while being given the opportunity to perform in an informal and inclusive working environment. At Sinful we strive for diversity regarding gender, nationality, ethnicity, and age, and we have a zero tolerance policy concerning discrimination and harassment.

In 2021 Sinful invested significantly in pre- and on-boarding of new employees as well as staff retention by developing our HR department to include a whole function focusing on Recruitment and Development. The department shall continuously gain insights and secure improvement. We advocate for a strong social culture and family-feeling amongst our employees.

Enabling our business relations

In Sinful we acknowledge that our industry lacks certifications and standards, and might have a reputation of not taking responsibility in regards to people and products. We want to enable our business partners to engage in our vision to be trustworthy and responsible. In 2021 we introduced our business relations to our product safety agreement and in 2022, we will implement our Business Relations Code of Conduct. We have commenced several initiatives with our suppliers in order to move towards more sustainable material use and less use of disposable batteries. We are determined to implement a sustainable procurement policy to ensure that our products meet the initiatives set out in our strategy. Our suppliers’ commitment is motivated through third party audits and inhouse quality and compliance assurance.

Our commitment to reduce our environmental footprint

We recognise the impact of our business and have made it a daily aspiration to equip ourselves with the information required to leave as minimal an environmental footprint as possible. In late 2021 we calculated our first CO2e baseline which has created transparency concerning our environmental impact. The data used and the calculation principles will be assessed and improved in the years to come. The CO2e baseline will serve as a starting point when prioritizing emission reduction efforts. We have highlighted a number of beneficial areas with potential to reduce our environmental impact. We are looking into how to transform conventional material selection into low emitting materials.

Keeping data safe

We have already established mandatory information security and GDPR awareness training, audited IT-accesses, performed penetration tests and comply with standards, legislation, and best practices. These initiatives serve to ensure personal data is kept safe.

With every initiative, we consider the welfare of our employees, our collaborators and our planet to be the best we can be in our quest to help everyone achieve a playful sex life.

With kind regards,

Tonny Corydon Andersen

Sustainability metrics

Polaris cross-portfolio KPIs



Climate action

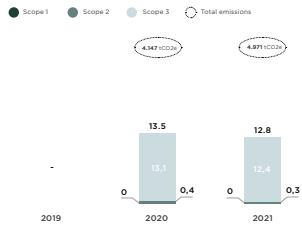


Gender equality



Employee turnover

CO2e intensity gram/DKK revenue



Sinful changed ownership in 2021. Calculations of our baseline have been made for 2020 and 2021. Scope 3 emissions are our biggest impact and there has been an increase in Scope 3 due to higher demand in purchased goods and market expansion. Some initiatives are in progress to reduce Scope 3 emissions.

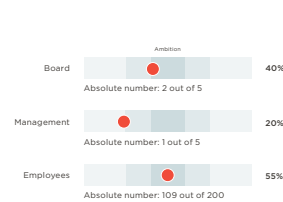
GRI: 305-1a, 305-2a, 305-3a, 305-4a

Climate Action Management

- Scope 1 & 2**
Calculations based on activity-based data.
- Scope 3**
Combination of spend-based and activity-based calculations.
- Strategy & targets**
Targets have been set and approved by BoD.
- Initiatives**
Initiatives defined and approved by BoD.

TCFD
TCFD aligned analysis has been conducted and initiatives related to risks and opportunities launched.

% of women in the company



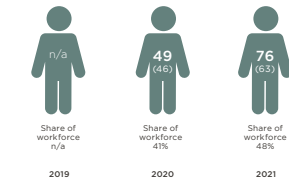
Sinful's board was established in 2021 with a female chairperson of the board. Female representation in management have decreased from 50% to 20% due to a restructuring in the C-level team. Our mid-management consisted of 55% women in 2021 compared to 50% in 2020. Sinful is highly well-versed within equitable gender representation.

GRI: 405-1(i)

Gender Equality Management

- Tracking**
Tracking in place on gender across the organization, at different tenures.
- Strategy & targets**
Overall targets have been defined.
- Initiatives**
Initiatives defined and approved by the BoD.

Employee-initiated turnover (total attrition) (x) of which related to part-time employees



Due to Covid-19 lock-downs Sinful experienced an increase in sales. Polaris investment in Sinful in 2021 also raised demand for further employees and functions in 2021. Sinful's turnover is partly attributed by hourly employees in our warehouse, which mainly consists of student workers. A significant share of our part time employees has this job during their education.

SASB: Adapted from HC-DY-330a.1

Employee Turnover Management

- Tracking**
Tracking in place on employee-initiated turnover.
- Strategy & targets**
Overall targets have been defined.
- Initiatives**
Initiatives defined.

Portfolio company-specific KPIs and initiatives



Data Security



Supply chain management



Product shipment emissions

Approach to identifying and addressing data security risks

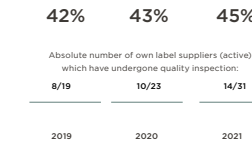
Our vision is to become the most trusted sex toy shop in Europe. Therefore, it is crucial for us that our customers and employees have confidence in and trust our safeguarding of their personal data. We work continuously to strengthen our approach to information security and data protection internally by mandatory awareness training for existing and new employees. All employees are responsible to comply with policies and procedures on data privacy and data security. We perform regular penetration tests and continuously assess any vulnerabilities and potential risks to our information systems. Based on the recognised potential risks, we implement technical and organizational measures to mitigate these and future risks. For example, we have removed all personal data from our delivery note to mitigate the risk of unauthorized disclosure of personal data based on a human mistake.

SASB: #CG-EC-230a.1

Product material

The material origin, quality, durability, and recyclability plays a crucial role to the total footprint of the product lifecycle, and therefore an essential focus in our development proces. We challenge the state-of-art in order to develop more innovative and sustainable sex toys, where materials and their manufacturing, and minizing the use of ressourcecs is primary. We continuously educate and prepare tools to key employees to secure a thorough knowledge and focus on trustworthy, reliable and environmentally causius solutions. Central to this is documentation, traceability and therefore a focus on increasing the application of certified materials, processes and suppliers, through international recognized certification schemes within social business ethics, environment, and chemicals. In 2022 we will develop green principles in our product portfolio.

Own label suppliers undergone quality inspection % of own label suppliers



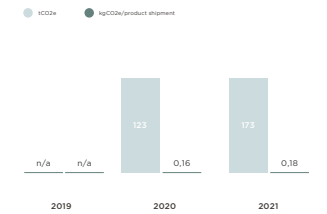
All current and future suppliers are audited before first order placement. In line product quality inspection is mandatory for all suppliers. Our goal is to expand the Scope of our quality inspection to include further areas to improve the political and legal framework for trade in a sustainable way.

SASB: Adapted from #CG-TS-430a.1

Use of batteries in products

We have prioritized to phase out single-use batteries, e.g. by minimizing products containing single-use batteries and when redesigning and developing new private label products, prioritizing recyclable batteries only. This is done in close collaboration with our suppliers. Furthermore, we have initiated a data improvement project to work proactively with replacing single-use batteries with rechargeable technology. To track the use of single-use batteries in our products we need to improve our data and establish a baseline for improvement. Reporting should be initiated in 2023.

CO2e emissions from product shipments Absolute emissions, emissions per shipment



Sinful continuously experience growth as we expand into new markets in 2022. To reduce emissions from our outbound product delivery, we need to investigate possibilities for improvement on all our markets. Our first step is to initiate dialogue with our current and future logistic partners throughout Europe. Our goal is to reduce the average (kgCO2e) per parcel. Target will be defined.

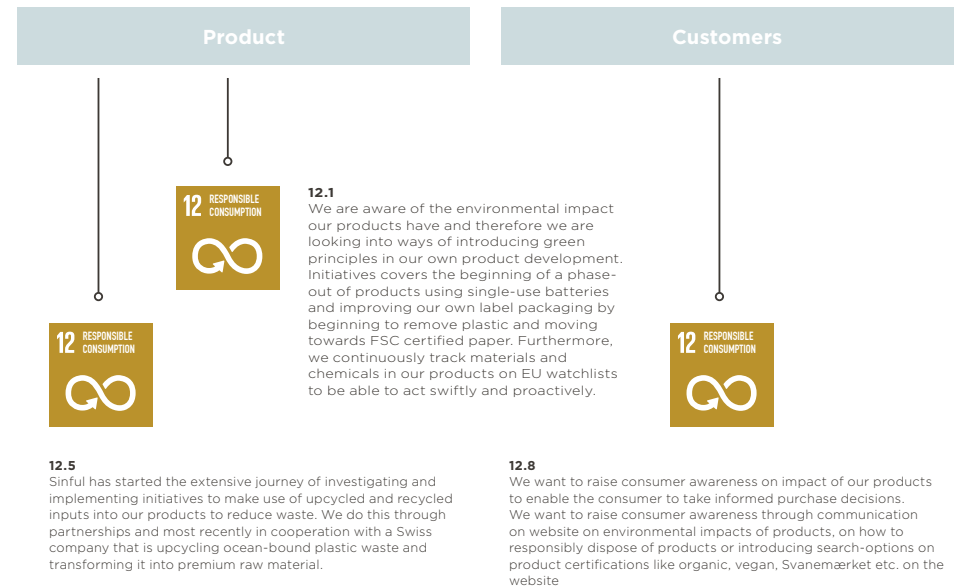
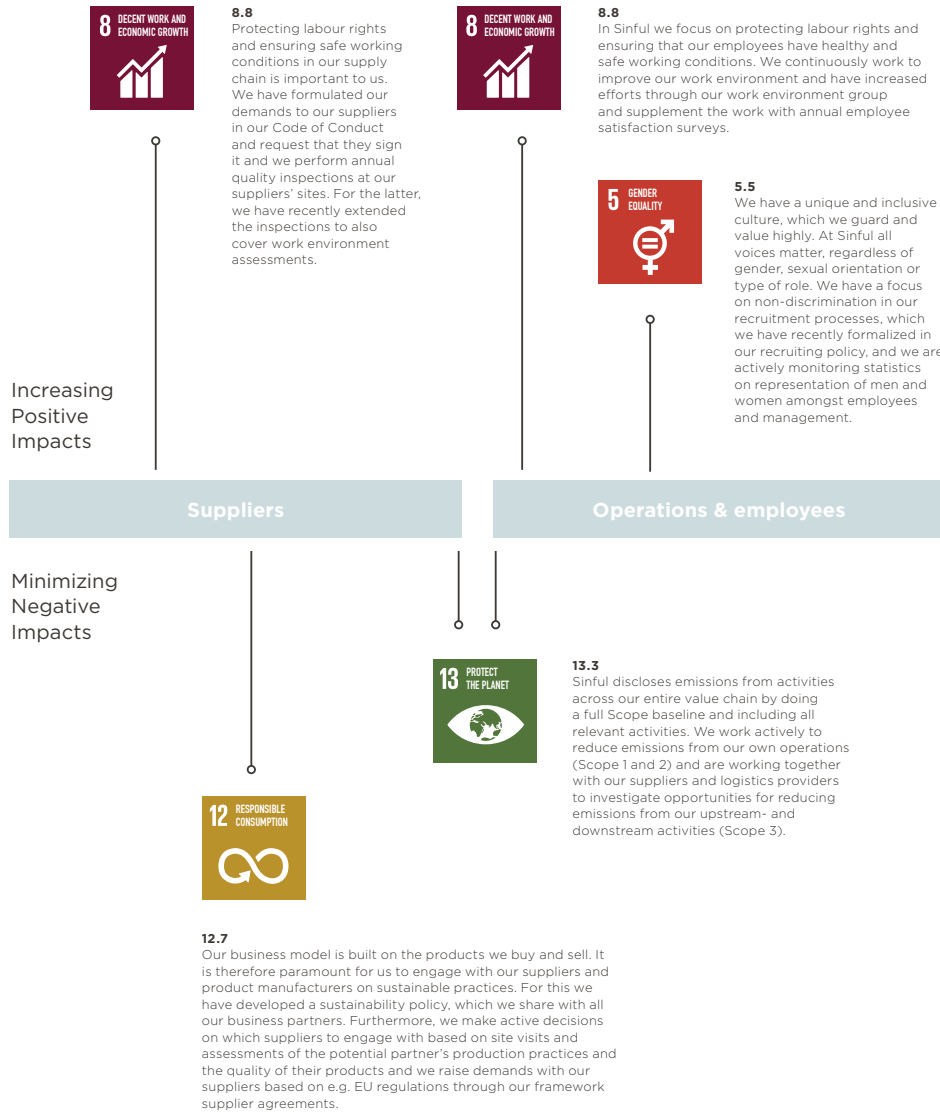
SASB: Adapted from CG-EC-410a.1

Packaging

We are in proces of phasing out plastic (e.g. product trays) to paper/cardboard with the aim of converting our private label products to non-plastic packaging. We have an ambition to phase out plastic in all of our private label products before end 2024. Furthermore, we have assessed the opportunities to obtain green certifications for our packaging in 2022. Our Business Relations Code of Conduct set forth our expectations for future collaboration on sustainable business development.

The Sustainable Development Goals

Sinful's contribution to the SDGs



The Sustainable Development Goals

Sinfuls' contribution to the SDGs

INCREASING POSITIVE IMPACTS

Concrete initiatives in progress



- Ensure photos used in communication are representative and non-discriminating
- Examine if salary differences occur between genders



- Develop Business Relationships Code of Conduct and share with suppliers for signature
- Review of inspection standard to assess further areas to include, i.e., working conditions
- Conduct Quality Control at suppliers
- Assessment of cases of absence and long-term sick leaves related to stress and mental health and launch improvement initiatives
- Establish working environment group to ensure a structured follow-up on initiatives and progress
- Conduct an annual employee survey to assess employee satisfaction and well-being and develop action plans for improvement
- Review and update Code of Conduct for employees

Status on initiatives

- Conducted assessment of corporate photo library to ensure that it is representative and non-discriminating.
- Conducted annual salary reviews to ensure we pay our employees solely based on experience and performance and we did not identify a general gender pay gap or unreasonable differences.
- Developed and medio 2022 we will disclose our Business Relations Code of Conduct
- Our quality inspections are conducted by external suppliers based on the BSCI standard and annually revised. With our current suppliers Expansion of our audits to include the BEPI standard in progress
- On-line inspections have been conducted for all private label products. We will investigate which further areas should become a part of our inline inspections throughout 2022 to ensure that we comply with the ISO 3533:2021 Design and safety requirements for sex toys.
- We offer our full time employees extensive health insurance covering both work time and private life and, in most cases, their children. Monthly meetings are held between employee and manager to continuously ensure that time and resources are in accordance with tasks given to prevent stress. Work from home and flexible hours leveraged to ensure a healthy work-life balance
- A plan for improving our working environment group has been developed. For each initiative a responsible person has been assigned to follow-up on initiatives and progress.
- An employee survey is performed every year. The results are reviewed and handled to determine further improvements and actions
- Our internal Code of conduct will be updated in 2022

MINIMIZING NEGATIVE IMPACTS

Concrete initiatives in progress



- Disclose CO2e baseline emissions across Scope 1, 2 and 3 according to the GHG Protocol, to ensure transparency
- Use results from the CO2e baseline to prioritize efforts to reduce emissions to the largest extent possible
- Implement measures to minimize emissions from business travel, incl. reducing air travel



- Set target for phasing out single-use batteries
- Investigate how to increase portfolio of products made with green principles
- Identify further measures to phase out of plastics in packaging
- Engage with our suppliers on sustainable practices
- Investigate opportunities for using recycled materials in products and packaging
- Raise consumer awareness on environmental impact of products
- Continuously monitor EU-defined watchlists of products, materials and chemicals (e.g., REACH) and respond accordingly by i.e. phasing out products
- Develop sustainability policy and share with suppliers and other stakeholders

Status on initiatives

- Our first CO2e baseline was calculated during 2021 and published in this report. The results shall be assessed by a working group to to minimize emissions where possible.
- We have identified three focus areas in our reduction efforts: 1) downstream transportation, 2) business travel, and 3) products. During 2022 we will detail out the initiatives.
- Our travel policy will be revised in 2022 with focus on areas to improve our emission footprint when traveling.
- Project initiated to create transparency of products with single-use batteries. Our next steps is to implement a new PIM system.
- In 2021 we developed our first private label brand made with upcycled materials. We are investigating opportunities to increase the portfolio of products with green principles.
- Two of our ten private label brands have phased out plastic in its packaging and four additional private label brands are in process. the goal is to phase out plastic in all private label brands by the end of 2024.
- Medio 2022 we will disclose our Business Relations Code of Conduct and Sustainability Policy to all business partners of Sinful
- Recycling project initiated by 2022 to obtain recycling standards and certifications for private label products
- Initiative in progress to redesign product information to raise awareness for our customers on correct disposal of products and guide our customers to make informed choices on green principles when developed.
- We have developed internal processes for real time surveillance and actions to be taken when relevant legislation updates occur and a product is marked unsafe for consumers.
- Developed and medio 2022 we will disclose our Sustainability Policy to all business partners of Sinful

Sinful

Scope/Category	Description	Calculation method & key assumptions	Data source, supplier engagement & data quality	Emission factor source(s) and publication(s)	Next steps in coming years
Scp. 1	CO2e emissions from driving in (leased) company vehicles	Fuel from company-owned van converted to L based on fuel-spend (DKK) and average fuel price (DKK/L)	General ledger	DEFRA, UK government GHG conversion factors for company reporting 2021	-
Scp. 2	CO2e emissions from purchased power for facilities	Location-based: Electricity and heating based on actual consumption; Market-based: Supplier-specific emission factor for electricity applied	Power consumption per location (kWh) from suppliers and landlord	Energinet, Foreløbig miljødeklaration 2021; AffaldVarme Aarhus, Miljødeklaration 2021; Aura A/S, Generel miljødeklaration 2020	-
Scp. 2	CO2e emissions from electricity for EV (leased) vehicles	Not relevant given Sinful does not have any company owned or leased electric vehicles	-	-	-
Scp. 3, Cat. 1	CO2e emissions from purchased goods & services	Number, weight and material for all purchased goods; For products without listed materials, average material composition based on other products was used; Spend for all purchased services	Overview of products purchased, by name, categories, quantity, weight, price and material; General ledger	Ecolnvent v.3.8; DEFRA, UK government GHG conversion factors for company reporting 2021; DEFRA, Indirect emissions from the supply chain1 2011	Initiate efforts to include all materials for each product item as well as percentage of each material
Scp. 3, Cat. 2	CO2e emissions from capital goods	Spend of van	General ledger	DEFRA, Indirect emissions from the supply chain1 2011	-
Scp. 3, Cat. 3	CO2e emissions from fuel- and energy related activities	Fuel and power consumption based on Scope 1 and 2	Same as Scope 1 and Scope 2	DEFRA, UK government GHG conversion factors for company reporting 2021; Energinet, Foreløbig Miljødeklaration 2021; AffaldVarme Aarhus, Miljødeklaration 2021	-
Scp. 3, Cat. 4	CO2e emissions from upstream distribution & transportation	Supplier-specific emissions data where available; Otherwise based on weight, distance and type of transportation mode	Emissions from transportation suppliers; Overview of products	DEFRA, UK government GHG conversion factors for company reporting 2021	-
Scp. 3, Cat. 5	CO2e emissions from waste from operations	Spend for waste collection, treatment and disposal	General ledger	DEFRA, Indirect emissions from the supply chain1 2011	-
Scp. 3, Cat. 6	CO2e emissions from business travel	Spend for business travel split on mode of transportation and hotels	General ledger	DEFRA, Indirect emissions from the supply chain1 2011	Initiate efforts to collect activity-based data for business travel
Scp. 3, Cat. 7	CO2e emissions from employee commuting	Based on number of FTEs and zip codes with assumptions made on transport mode taking distance into account and assumptions made on average number of working days	HR system	DEFRA, UK government GHG conversion factors for company reporting 2021	Employee commuting to be integrated survey-based
Scp. 3, Cat. 8	CO2e emissions from upstream leased assets	Not relevant given that Sinful did not lease assets	-	-	-
Scp. 3, Cat. 9	CO2e emissions from downstream distribution & transportation	Supplier-specific data where available; Otherwise based on weight, distance and type of transportation mode	Suppliers; Overview of products sold	DEFRA, UK government GHG conversion factors for company reporting 2021	-
Scp. 3, Cat. 10	CO2e emissions from processing of sold products	Not relevant as Sinful does not sell any intermediary goods	-	-	-
Scp. 3, Cat. 11	CO2e emissions from use of sold products	Based on quantity of sold products, assumptions of use patterns and average consumption	Overview of products sold, by name, categories and quantity	IEA 2021; Energinet, Foreløbig miljødeklaration 2021	-
Scp. 3, Cat. 12	CO2e emissions from end-of-life treatment of sold products	Based on weight of sold products	Overview of products sold, by name, categories, quantity, weight, price and material	DEFRA, UK government GHG conversion factors for company reporting 2021	-
Scp. 3, Cat. 13	CO2e emissions from downstream leased assets	Sinful does not lease out assets	-	-	-
Scp. 3, Cat. 14	CO2e emissions from franchises	Not relevant as Sinful has no franchises	-	-	-
Scp. 3, Cat. 15	CO2e emissions from investments	Not relevant given Sinful's business model	-	-	-

KPI/Initiative	Calculation metric used in sustainability report	SASB Code	SASB definition	Comment on adoptions from standard SASB definition
Data security	Qualitative description of approach to identifying and addressing data security risks	CG-EC-230a.1	Qualitative description of approach to identifying and addressing data security risks	n/a
Supply chain management	Number of own label suppliers (active) which has undergone quality inspection	CG-TS-430a.1	Number of facilities audited to a social responsibility code of conduct	Adapted to align with existing KPI and our business operations
Product shipment emissions	Total greenhouse gas (GHG) footprint of product shipments (absolute and average per product shipment)	CG-EC-410a.1	Total greenhouse gas (GHG) footprint of product shipments	Addition of calculation metric to track GHG emissions per product shipment
Product material	Qualitative description of initiative to define green principles and define meaningful KPI	CG-HP-250a.4	Revenue from products designed with green chemistry principles	Adapted to align with current maturity level
Use of batteries in products	Percentage of electrical products that uses batteries (alkaline etc.)	n/a	n/a	n/a
Packaging	Qualitative description of efforts to reduce plastic packaging	n/a	n/a	n/a