

Built to last.
Designed to evolve.



FY21 ESG REPORT





ABOUT THIS REPORT

The Lovesac Company FY21 ESG Report covers our environmental, social, and governance (ESG) strategies, activities, progress, metrics, and performance for the fiscal period February 1, 2020 to January 31, 2021 (FY21), unless otherwise noted. This report aligns with the Sustainability Accounting Standards Board's (SASB) **Building Products & Furnishings** sector standard.

The Lovesac Company is committed to building a conscious business and a culture that is purpose-driven and transparent. All stakeholders are considered—customers, associates, suppliers, partners, and investors—and contribute to the many opportunities we see for the future of Lovesac. We listen to and learn from them, seeking to address their concerns and interests in this inaugural FY21 ESG Report. We intend to continue providing updates about our ESG journey annually.

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Letter from our Chief Executive Officer

“I feel confident that we can change what’s possible as a company and community—and transform our teams, companies, living rooms, and even the world, for the better.”

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

Our success hinges on our unwavering commitment to true sustainability—the kind that can only be achieved through thoughtful design and thoughtful consumption. That requires us to do business differently and to hopefully play a role in inspiring consumers to reconsider their buying and consumption habits.

Just as our furniture is built to last and designed to evolve, so is our business.

Lovesac has weathered this challenging year with strength and flexibility, emerging stronger and more resilient in the process. The events of the last few years—the COVID-19 pandemic, the social equity movement, the California wildfires—have reinforced our belief that it’s not enough to be a disruptor. We must be ready and able to withstand disruptive forces, too, in both the short- and long-term. Business models should be created with resiliency in mind. In many respects, we have done this at Lovesac, and will continue to build on this strength.

Leaning into our strengths in this area is more important than ever, so we’re “getting off the couch” and putting everything on the table to find innovative, adaptable solutions—not only in our products, but also within our own organization. In this, our first ESG Report, we describe our most notable achievements to date, including:

- Establishing a Diversity, Equity, and Inclusion (DEI) Steering Committee and Action Council
- Launching our Circle to Consumer™ (CTC) framework to advance a circular economy model
- Committing to achieving a one-hundred percent circular and sustainable business model, reaching targets of zero waste and zero emissions by 2040

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“Lovesac has weathered this challenging year with strength and flexibility, emerging stronger and more resilient in the process.”

- Achieving the milestone of recycling more than 100 million bottles in our products to date through our partnership with **Repreve®**

It's my sincerest belief that our sustainability efforts support Lovesac on its stated discipline of inventing and innovating on Designed For Life™ (DFL) product platforms while also operating in a Circle to Consumer™ way. Everything we do supports our vision of becoming the most beloved furniture brand in the world someday.

Our adaptability and resilience were highlighted in FY21, as we experienced tremendous growth led by online sales in the face of closing all showrooms through the pandemic. Our net sales increased \$87.4 million, or 37.4%, to \$320.7 million for FY21, compared to \$233.4 million for FY20 building on a 3 year CAGR of 37% growth. Lovesac's continued growth and profits is perhaps the most compelling evidence that our DFL and CTC approach to business is endearing to consumers—and may hopefully someday be the impetus for other organizations' adoption of this more sustainable approach to capitalism.

As we issue our inaugural FY21 ESG Report hopes for an end to the COVID-19 pandemic are rising. Though this is a challenging and uncertain time, I feel confident that we can change what's possible as a company and community—and transform our teams, companies, living rooms, and even the world, for the better. My confidence is rooted in the commitment and capabilities of the Lovesac team, our #LovesacFamily, who share this commitment to our purpose, and the pursuit of true sustainability.

I hope you'll join us on this journey.

Love always,



Shawn Nelson
Chief Executive Officer, The Lovesac Company



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We are Lovesac

COMPANY HIGHLIGHTS*

Founded in 1995

Headquartered in
Stamford, CT

413 full-time and
407 part-time associates

2 core product lines
and their associated home
decor accessories

108 branded showrooms
in 36 U.S. states

105,000 new customers
in FY21

\$320.7 million in net sales
in FY21

*As of April 2021

Love matters. It always has. It always will.

ABOUT US

Based in Stamford, Connecticut, **The Lovesac Company** is a technology-driven company that designs, manufactures and sells unique, high-quality furniture derived through its proprietary Designed For Life™ approach, which results in products 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** with Durafoam-blend filling, modular couches called **Sactionals**, and their 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 direct-to-consumer touch-feel points in the form of our own showrooms as well as through shop-in-shops and pop-up-shops with third-party retailers.

WHAT WE BELIEVE

We are 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.

Home is where
life happens



Love matters



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Enabling humankind to consume less by inspiring companies to design better.

OUR SUSTAINABILITY JOURNEY

From humble beginnings, Lovesac has always been determined to do things differently. Since the first Sac was built in 1995, sustainability has been ingrained into everything we do.



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

OUR VISION FOR A BETTER FUTURE

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—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.

Designed For Life means so much more than building a product strong enough to withstand the test of time. Our products must be Built to Last and Designed to Evolve so that they never go out of style and never become obsolete. Because more than **nine million tons** of furniture end up in landfills each year in the U.S., Lovesac wants to offer an alternative concept to home furnishings, making furniture that is truly designed for life.

With Designed For Life cemented as our product design philosophy and Circle to Consumer (CTC) (an evolution on the Direct-to-Consumer model) as our burgeoning operational framework ultimately designed to build and maintain long-term relationships with our customers, we are supporting a new way to do business. Better.

By 2040, we are committed to achieving a one-hundred percent circular and sustainable business model, reaching targets of zero waste and zero emissions.

We're all in on this long-term journey to create greater value for all our stakeholders. Join us for the fun.

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Home is where life happens

We believe products should be “Built to Last” and “Designed to Evolve” so they never go out of style and never become obsolete. This is true sustainability.

Our products are at the heart of every home on the planet. From the mundane to the memorable—we become part of each household’s story in an intimate way, often being the stage where these fun, meaningful, and unforgettable moments happen.

OUR DESIGN PHILOSOPHY

Products should be designed for life. They should be built to last a lifetime and designed to evolve with us. Even consumable parts can be built for replacement, recycling, or easy repair so the product need not be thrown out. When a product is designed for life, it becomes adaptive and flexible. You don’t just buy a Designed For Life product. You invest in it.

What makes the DFL framework even more unique is that we make it available for other companies to follow. Visiting www.DFLgroup.org gives an overview of the framework to everyone and invites companies to adopt it. 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.



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Through the CTC framework, we aim to realize our newly stated goal: to operate a 100% circular and sustainable business model, reaching targets of zero waste and zero emissions by 2040.

Through a set of holistic design principles, the DFL philosophy is meant to help, guide, and inform business leaders, product designers, and consumers. Our hope is that our DFL philosophy is so successful that other companies emulate the way we do things. But most importantly, we aim to inspire consumers to think differently about the other stuff in their lives. Ultimately, we aspire to inspire people everywhere to buy less by buying better.

A CIRCULAR ADVANTAGE

If you think of DFL as our product design philosophy, Circle to Consumer (CTC) is our operational design philosophy. Although still a nascent idea, we hope CTC will inspire businesses to think and operate more in a circular economy way. Through this framework, we will not only create long lifespan products, but we will also commit to the policies and programs that will allow us to build long-term relationships with our customers.

For example, CTC could take the shape of home consulting programs, stylings, maintenance services, customer-to-customer trading for Sactionals pieces, and resale, refurbishing, and remanufacturing programs to allow these already sustainable products to sustain.

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Love matters

“I feel like there are lots of growth opportunities at Lovesac. Since I’ve started, I’ve seen plenty of people being promoted and moving into new roles across departments if they are interested in it.”

“Lovesac is an innovative brand that is always thinking ahead and identifying new ways to grow and evolve for our customers, both internal and external.”

Love is the name we live up to. We champion building meaningful relationships with friends, family, co-workers, and community by removing the ambient stress caused by poorly designed products allowing full focus on the things that matter. We seek to promote love and happiness in all we do... any other outcome is just not worth it.

A TEAM BUILT TO LAST

When our associates excel, so does our business. This link has never been more evident than during 2020 when we faced a global pandemic followed by a national crisis over racial justice and social equity. How we navigated these challenges sparked positive changes on multiple fronts. For example, we:

- Encouraged insatiable learning to continue inspiring curiosity, seeing a **25 percent** increase in our average training hours since FY20. We support professional development by curating annual training programs on topics relevant to our business and functional areas so everyone can have fun and achieve personal growth. For example, we added required reading to the onboarding process for new associates and sponsored a monthly book club with relevant topics to promote business and personal development, as well as environmental and social awareness.
- Recruited top talent that embodies all of the Lovesac values. We offer transparent and equitable compensation and attractive #LovesacFamily benefits, and we routinely work to enhance our compensation and benefit programs. We are passionate about supporting our Associates’ career development at Lovesac and have intentionally created pathways for internal associates to grow. We intend to continuously develop our associates to achieve new heights at every level! The opportunity to learn from our associates who directly service our customers has positively impacted our business tremendously.

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“I absolutely love the team environment and all the love that is shared by everyone! I love that I work for such a caring company that thinks of a good future for everyone!”

“The word LOVE could not be a better fit. The people can not be nicer. The efforts of everyone working together, striving in such hard times. I am extremely grateful to be working here and thank god everyday for it.”

- Reimagined performance reviews through a coach-to-success mentality. We've simplified the quarterly coaching process and offered more robust training sessions on the importance of consistent feedback and alignment between managers and associates. In FY23, we aim to put career development plans in place. In FY22, we have started this process by instituting a 360 Degree Feedback process for all senior leaders as well as Emotional Intelligence and Psychological Safety workshops for all associates.
- Re-envisioned a highly engaged workplace, even as we became more remote due to challenges faced around the world by the COVID-19 pandemic. To ensure our strategies align with the needs of our associates, we surveyed them to understand the working models where everyone feels engaged and inspired each day. We've realized some of the benefits of this strong focus on our culture through our low turnover rate of seven percent for our HUB (headquarters) associates.



FY21 ENGAGEMENT SURVEY.

Associate engagement increased by 6% since FY20. Most notably, our associates reported an increase in their autonomy and empowerment, work-life balance, and connection to our brand.

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“No matter the situation, your opinions are always taken into consideration, and you will always feel as though you are part of the family. Deciding to work for Lovesac was one of the best decisions I’ve ever made.”



DIVERSITY, EQUITY AND INCLUSION (DEI) IN ACTION

In FY21, the urgency to advance DEI principles throughout the company only grew. To deliver on promises made to advance DEI, we established two committees:

- **DEI Steering Committee** comprised of seven leadership members who set the direction for DEI at Lovesac and report to the board of directors biannually to provide updates on progress.
- **DEI Action Council** made up of 30 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 very diverse group of people living in different communities and regions across the United States. We value the diversity in this group and management is benefitting from their guidance already. Change driven by this body is rapid and unceasing.

Our DEI strategic framework is built upon the idea of the employee voice. In June of 2020, at the height of the racial justice movement, we held four listening forums wherein we provided a space for executive leaders and associates to speak, listen, and learn from one another. The following are examples of some of the DEI milestones completed. In FY21, we:

- **Partnered with DEI Consultant, The Butler Consulting Group—BC Innovations**
 - We wanted to hire an expert in this field to help support us. We knew we wanted to approach our work with consciousness and caring, yet knew we needed some guidance.
- **Offered a Mental Health Day to all associates**
 - The world and our associates had faced a great deal of stress due to the pandemic and to the social unrest in our country. Providing a paid mental health day was an additional act of love and care for our associates.
- **Conducted a strategic diversity overview with the executive team**
 - We worked with The Butler Group to complete this as part of our holistic approach to DEI.
- **Executed a planning meeting with the Diversity Action Council**
 - An integral part of the strategy we prepared with the guidance and support of The Butler Consulting Group.
- **Added inclusivity to Lovesac’s Strategic Table Stake Values**
 - Aligned with our values and a critical time to turn thoughts into action for us all to follow.

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Our Diversity Metrics

WOMEN IN WORKFORCE



RACIAL OR ETHNIC MINORITIES IN WORKFORCE



Women
Other

Minorities
Other



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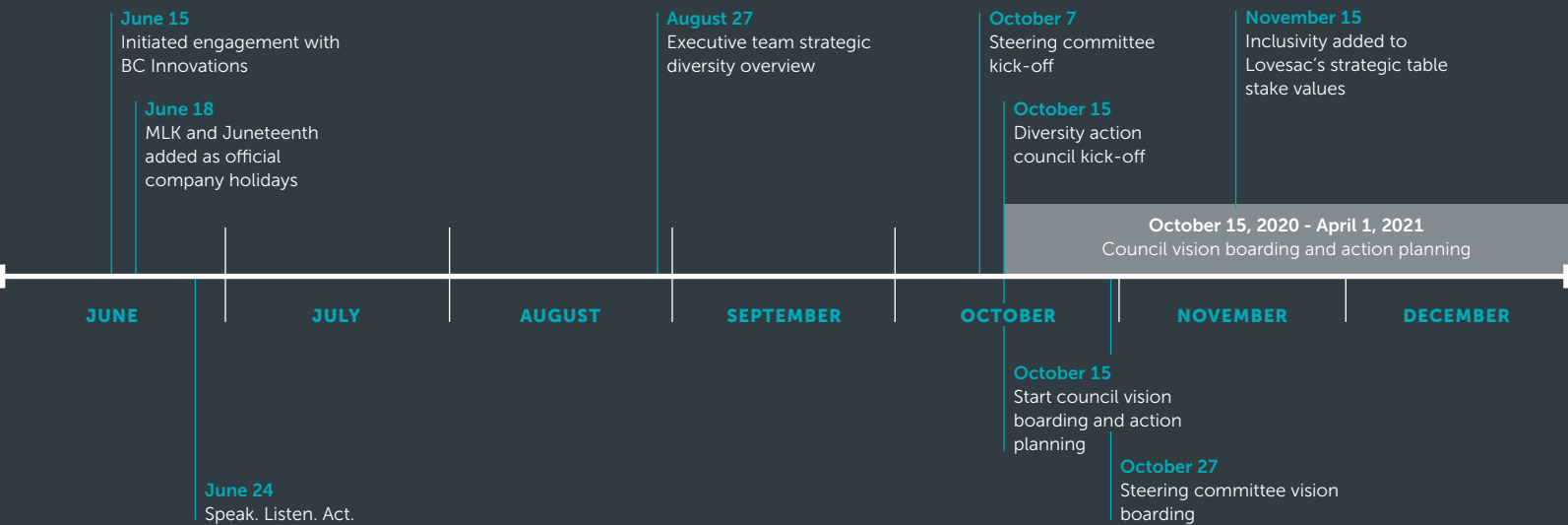
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Lovesac Diversity, Equity and Inclusion Timeline (June-December 2020)





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WASTE-LESS

Through our partnership with [Repreve](#), we make the base liner fabric of every Sac and Sactionals Insert from 100% repurposed plastic bottles. In 2020 alone, this partnership resulted in 41 million recycled water bottles, up from 28 million in 2019. We are now the largest repurposer of plastic water bottles in the U.S. for our industry, recycling more than **100 million plastic bottles** to date.

There is only one Earth, and it contains finite resources. True sustainability can only be achieved through thoughtful design and thoughtful consumption.

SAC-STAINABILITY

Imagine a couch with limitless possibilities that could last forever. Enter Sactionals. Launched in 2006, we designed Sactionals to be a sustainable alternative to conventional couches. They are changeable, rearrangeable, expandable, moveable, maintainable, and upgradable. And they continue to adapt with you, which is why our Sactionals might be allowed to stay in your home and not end up in a landfill.



We view design as our most powerful tool to support and contribute to a circular economy model. A movement focused on total system efficiency and long-term value. It is through this lens that we aim to realize our goal of a 100 percent circular and sustainable business model, reaching targets of zero waste and zero emissions by 2040.

In the coming years we plan to focus on measuring emissions across our value chain. Future reporting will align with the [Green House Gas Protocol Corporate Accounting and Reporting Standard](#), which provides requirements and guidance for companies and other organizations on their corporate GHG emissions inventory.

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In FY23, we aim to develop a more comprehensive third-party audit to expand the scope of environmental information we collect from suppliers, including more robust data around pollutant discharge, hazardous waste generation, waste consumption, water withdrawal, energy consumption, and air emissions.

We work every day to ensure we're taking meaningful steps toward achieving the **DFL philosophy**. From the raw materials we use to our packaging and shipping practices, we're committed to the responsible consumption of resources and working with partners that share our same vision. For example, in our:

- **Packaging:** We use 100 percent non-coated cardboard for our packaging, and the vast majority of our packaging is recycled. The kraft cardboard we source also allows us to reduce bleaches and dyes, further reducing environmental impact.
- **Shipping:** We fit 450 Sactionals pieces on one truck that typically fits 45 conventional couches, which reduces emissions, further contributing to our zero emissions goal.

EVALUATING THE ENVIRONMENTAL IMPACT OF OUR SUPPLIERS

When we evaluate our suppliers to determine if they will be good partners, we look for evidence that they manage their environmental impacts and work to reduce them over time. Once we've established a relationship, we work with QIMA, a global third-party auditor, to evaluate our suppliers' compliance with local environmental laws and the environmental management controls they have in place as part of the "ethical audits" we conduct. The travel restrictions and global safety measures from the Covid-19 pandemic limited the number of locations that could be audited in FY21. Of the factories we audited in FY21, all received passing scores.



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Doing less and doing better

As part of the BIFMA standards, Sactionals are subjected to a series of 14 strength, durability, and stability tests, which simulate the wear and tear caused by regular use in a commercial setting over time. Sactionals regularly pass each of the tests they are subjected to, achieving results that signify that Sactionals are durable enough to withstand 30 years of commercial use.

Doing fewer things allows us to execute things better, do better things with our time and resources, and uphold the highest quality standards in all we produce and communicate, reflecting the aspirational aesthetics of our most discerning fans.

UPHOLDING PRODUCT QUALITY AND SAFETY

We believe selling is a promise. To deliver on this promise, it is critical we establish and cultivate long-lasting relationships with our suppliers based on quality and trust. To accomplish this, we set a high bar for manufacturing and quality control.

To meet that standard, we ensure all our products meet or exceed strict performance requirements for product durability, safety, and consumer satisfaction. Our teams conduct random on-site facility inspections to evaluate quality and safety. During inspections, we use a fully manufactured, finished product as a starting point, working backward to determine the areas needing further evaluation.

Our products are made with high-quality materials and expert construction. But exactly how you determine what “high-quality” means can vary widely across products and categories. In the furniture industry, there currently isn’t a durability standard referencing couches for home use.

The standard we aspire to incorporate in the near future is the **Level certification for furniture** developed by **BIFMA** (Business and Institutional Furniture Manufacturer’s Association). Level is an evaluation and certification system for environmentally preferable and socially responsible office and domestic furniture. We develop our Sactionals to conform to BIFMA standards even though our products were originally designed for consumer use in the home—not as an industrial product. But by adhering to the standards set for industrial and commercial-use products, we are able stand behind our Lifetime Guarantee and our quality promise to consumers.

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In FY21, over half of our suppliers were audited on social and human rights issues by QIMA, a third-party auditor. One hundred percent of audited suppliers had passing scores, up from 80% in FY20.

MANAGING SUPPLIER RELATIONSHIPS DURING THE PANDEMIC

We celebrate the longevity of our supplier partnerships—some of which have lasted upwards of ten years—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. The uncertainty of the COVID-19 pandemic presented new challenges that our suppliers were quick to meet.

At the start of the pandemic, we, like all other businesses, anticipated a reduction in sales. But not long into the pandemic, we realized demand was increasing. We dug deep. And like a swinging pendulum, we sprang into action. Grounded in our strong relationships, we worked with our suppliers to quickly build back capacity. Our business partners pulled through for us.



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Board snapshot

DIVERSITY



- **2 of 7** female
- **1** ethnically diverse
- **2** females hold board leadership positions as Committee Chairs

INDEPENDENCE



- **5 of 7** independent director nominees
- All **3** Board committees are independent

MIX OF AGES



Average age: **52**

We make daily decisions to build a conscious business and a culture that is purpose driven and transparent. All stakeholders are considered: customers, associates, suppliers, partners, investors, and all affected by the business.

LEADING A DISRUPTION

Lovesac is led by people who embrace our purpose, our status as a modern disruptor, and the highest standards of business integrity and ethical conduct. Adherence to uncompromising principles of corporate governance through a system of checks, balances, and personal accountability is vital to protecting our reputation, assets, investor confidence, and customer loyalty.

OUR GOVERNANCE PRACTICES

Our business is managed under the direction of our board of directors, all of whom are elected annually by our stockholders. Our board is comprised of seven members, five of whom are independent. Varying backgrounds and characteristics among the directors blend to form a well-rounded group of individuals with deep knowledge of our business and industry, offering both seasoned and fresh perspectives.

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. 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, and ethnicity.

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Lovesac is led by people who embrace our purpose, our status as a modern disruptor, and the highest standards of business integrity and ethical conduct.

Our board also maintains sound governance practices that serve as a framework within which the Board can fulfil its responsibilities and effectively govern the Company. For example:

- 5 out of 7 of our directors and 100% of our Audit, Compensation, and Nominating Committees are independent.
- A separate Chairman of the Board leads board activities allowing our CEO to focus on the business.
- Our Insider Trading Policy restricts stock trading to quarterly windows and requires mandatory pre-clearance.
- Stockholders all have the same voting rights – one vote per share.
- We annually seek stockholder ratification of our independent registered public accounting firm.
- We do not maintain a stockholder rights plan or “poison pill”.
- Our Board and each committee conduct an annual self-evaluation of performance.
- Our Board meets separately in Executive Sessions without management present. Our board is subject to stock ownership guidelines to ensure their interests are aligned with the interests of our stockholders.

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 appropriate based on Lovesac’s business objectives and strategy.

ENSURING ETHICAL CONDUCT

We promote a culture of rigorous ethics and integrity in all that we do, including **corporate governance**, oversight, accountability, and transparency. Our commitment to conducting business with honesty and integrity is captured in Lovesac’s **Code of Business Conduct and Ethics**. The Code complements our **guiding principles** and applies to our entire workforce, including our board and management team. The Code also details resources for reporting ethical concerns. All Lovesac associates and directors are required to acknowledge and certify compliance with the Code and Lovesac routinely offers training on topics discussed in the Code to reinforce its principles.

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Our commitment for the future



We strive to inspire humankind to buy less and buy better. True sustainability requires us to constantly be learning, innovating, and to be the example of a company doing better with less impact to the planet.

We are pleased to share with you our first ESG Report. Just as our business has evolved to meet new demands, so too will our sustainability strategy evolve to meet new global challenges.

Looking forward to our next report: we will continue to gather new insights into our operations, mature our ESG data collection across our value chain, and set goals that will guide us to build a more conscious business.

Our purpose driven culture will drive future goal setting. The Designed For Life and Circle to Consumer philosophies are at the heart of our vision to be good stewards of our planet. **We Can All Win Together** is our guide to conduct business responsibly, ethically, and as a good neighbor in the communities where we operate. In addition to our zero emissions and zero waste targets, operations across our entire value chain will be evaluated for opportunities to do good business with greater love. Because **Love Matters** – we seek to promote love and happiness in all we do... any other outcome is just not worth it.

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Just as our business has evolved to meet new demands, so too will our sustainability strategy evolve to meet new global challenges.

IN THE COMING YEAR, WE PLAN TO:

- Report scope 1 and 2 emissions in alignment with Green House Gas Protocol Corporate Accounting and Reporting Standard
- Develop strategies to meet our 2040 zero emissions and zero waste goals
- Align our future ESG initiatives to the UN Sustainable Development Goals
- Ensure consistent quarterly coaching for every associate.
- Create a strategic plan to address concerns that our associates identified through the engagement survey process.
- Staff all of our open HUB positions with a high touch recruitment and onboarding process

We will continue leading the way in our industry based on our DFL approach to business. This also includes inviting any other companies to be part of this journey by sharing and collaborating on best practices so that we all make an impact. We see this collaboration as critical to accelerate achieving our goals of zero waste and zero emissions by 2040 or earlier.

#wecanallwinttogether



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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.

REFERENCES AND RESOURCES

- [The Lovesac Company Form 10-K for the fiscal year ended January 31, 2021](#)
- [The Lovesac Company 2021 Proxy Statement](#)
- [Code of Business Conduct and Ethics](#)
- [Governance at a Glance](#)
- [The Lovesac Company’s Guiding Principles](#)
- [Designed for Life Guiding Principles](#)
- [Designed For Life Webpage](#)

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LOVESAC 2020 SASB INDEX

Sustainability Accounting Standards Board Sector Standard 2018*

2020 SASB INDEX		
SASB Code	Accounting Metric	Answer, Cross-Reference, Omissions, and Explanations
Building Products & Furnishings		
Energy Management in Manufacturing		
CG-MR-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	<p>We manage a global supply chain of highly vetted and qualified, third-party manufacturing partners to produce our products. We do not own or operate any manufacturing facilities as we believe our partners' facilities are sufficient to meet our current demand. As such, 100% of energy consumed during the manufacturing phase occurs upstream at our suppliers' facilities and exists outside of Lovesac's operational control.</p> <p>Lovesac aims to increase its engagement with suppliers on environmental topics, including energy consumption. We have added questions to our audit reports to requests 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.</p>
Management of Chemicals in Products		
CG-BF-250a.1	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	<p>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. Through third-party audits, we make sure any hazardous materials and chemicals used in the production process are properly stored and handled, and only accessible to trained employees.</p> <p>Upholding Product Quality and Safety, page 16</p>

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CG-BF-250a.2	Percentage of eligible products meeting volatile organic compound (VOC) emissions and content standards what chemical on VOC list have we tested for	<p>Lovesac's products are not eligible for the VOC emissions and content standards referenced by this indicator, based on SASB's definitions. We go beyond what is required by working with a third-party to conduct regular product testing to ensure that our products meet strict quality and safety standards. Some of our products undergo VOC testing as part of regular product tests, including CARB testing for wood components.</p> <p>Upholding Product Quality and Safety, page 16</p>
Product Lifecycle Environmental Impacts		
CG-BF-410a.1	Description of efforts to manage product lifecycle impacts and meet demand for sustainable products	<p>Our Design Philosophy, page 8 A Circular Advantage, page 9 Sac-Sustainability, pages 14-15</p>
CG-BF-410a.2	(1) Weight of end-of-life material recovered, (2) percentage of recovered materials recycled	<p>Lovesac does not collect any materials at end-of-life. However, our Designed for Life philosophy is based around extending the useful life of furniture and reducing the amount of furniture that ends up in landfills. Our products must be Built to Last and Designed to Evolve so that they never go out of style and never become obsolete. We do this by designing our products to be modular, changable, and durable. We estimate that for every Sactional sofa sold, we save four couches from entering a landfill, based on the average purchase rate of couches and their expected lifespan.</p> <p>Lovesac is in the early stages of implementing its new operational design framework, called Circle to Consumer (CTC). Through the CTC framework, we aim to realize our goal of a 100% circular and sustainable business model, reaching targets of zero waste and zero emissions by 2040. We plan to offer and facilitate programs that will extend the useful life of our products, including home consulting programs; maintenance services; customer-to-customer trading; and resale, refurbishing, and remanufacturing programs.</p> <p>Our Design Philosophy, page 8</p>

2020 SASB INDEX		
Wood Supply Chain Management		
CG-BF-430a.1	(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	Lovesac does not currently track the total weight of wood fiber materials purchased for our products. In our future reporting, we plan to improve wood fiber tracking and implement programs to quantify percentages from third-party certified forestlands.
SASB Code	Activity Metric	Answer, Cross-Reference, Omissions, and Explanations
CG-BF-000.A	Annual production	In FY21, Lovesac produced 1,545,473 of our core product pieces: Sacs, Sactionals, Outdoor Sactionals, and their covers (excluding accessories and non core products).
CG-BF-000.B	Area of manufacturing facilities	Lovesac does not currently own or operate any manufacturing facilities as we believe our partners' facilities are sufficient to meet our current demand. As such, 100% of the area of manufacturing facilities is owned and operated by our suppliers.

*Lovesac’s FY21 ESG Report applies the 2018 version of the Building Products & Furnishings Sustainability Accounting Standards; “2018” refers to the Standards issue date, not the date of information presented in this report.

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