

LHF DUE DILIGENCE POLICY – LOVE HOME FABRICS

1. PURPOSE AND SCOPE

In this context, "due diligence" refers to the ongoing and risk-based process through which the Love Home Fabrics Group identifies, prevents, mitigates, and accounts for negative impacts on human rights, the environment, and ethical business conduct – both within our own operations and across our value chain.

This due diligence policy applies globally to all Love Home Fabrics Group operations, entities, and partners, regardless of location. It is binding for own operations and the extended supply chain, and is shared with all new stakeholders upon onboarding. It is in line with ESG principles, the Corporate Sustainability Due Diligence Directive (CSDDD), and auditing requirements.

This policy is also aligned with the public statements and commitments made by the LHF Group on its corporate website, including the whistleblower policy, human rights, and anti-corruption guidelines. These statements are considered covered under the LHF-DDP-2025-policy framework and are integrated into our operational and supplier due diligence structure, AS A PART OF Love Home Fabrics' commitment to responsible business conduct.

This policy reflects Love Home Fabrics' voluntary commitment to responsible business conduct. It is designed to demonstrate our efforts toward transparency and stakeholder engagement. We review and improve our due diligence processes in line with evolving laws and international best practices.

2. LEGAL FRAMEWORK AND REFERENCES

LHF aligns its policy with internationally recognized frameworks, including:

- The OECD Guidelines for Responsible Business Conduct (Organisation for Economic Co-operation and Development);
- The UN Guiding Principles on Business and Human Rights (UNGPs);
- The core labor standards of the International Labor Organization (ILO);
- The national laws of all the countries we operate in;
- REACH Regulation (EC No 1907/2006).

We aim to gradually strengthen our due diligence processes in line with these principles, based on the scale and risk profile of our operations.

3. DOCUMENT STRUCTURE

This policy incorporates:

- S1 I internal workforce due diligence
- S2 I value chain expectations
- S3 I affected stakeholders; Local communities, workers in subcontracted production environments, and other non-contractual but impacted parties
- Environmental traceability (including EUDR compliancy)
- Supporting annexes on demand:
 - *Annex I: Supplier Code of Conduct*
 - *Annex II: Supplier Legal Cover Statement*
 - *Annex III: Supplier Hazardous Substances Compliance Certificate*

4. S1 I INTERNAL WORKFORCE DUE DILIGENCE

This section covers our responsibilities toward the own workforce and integrates key elements of our Code of Conduct. It addresses:

- Equal opportunity and non-discrimination
- Social balance reporting
- Training targets and skills tracking
- Internal complaint handling
- Integration of expectations for respectful behavior, integrity & non-discriminatory practices
- Confidentiality, General Data Protection (GDPR), and responsible use of company property
- Compliance with applicable laws, internal policies, and anti-corruption measures
- Conflict of interest disclosure and transparency in decision-making
- Access to whistleblowing and grievance mechanisms with protection against retaliation
- Promotion of ESG values and sustainability commitments throughout the organization
- The right of employees to organize, join trade unions, and engage in collective bargaining. We ensure compliance with legal minimum wage standards and working hours as defined by national law and the EU Working Time Directive.

For our detailed legal and ethical commitments, including remediation protocols – Reference to *Annex V: Modern Slavery, Child Labour & Ethics Statement*

The Group's Health & Safety Policies apply to both own employees and third parties (such as contractors) performing work on LHF premises. This is an integral part of the Group's internal safety framework under *Annexes IV* and supports our S1 due diligence responsibilities, to be known by all employees, who are expected to act responsibly, follow safety procedures, and report unsafe situations immediately.

Supporting annexes on demand:

- *Annex IVa: Health & Safety policy GTA employees*
- *Annex IVb: Health & Safety policy GTA workers*
- *Annex IVc: 3.1.01: Health& Safety policy GTA Contractors*

5. S2 & S3 I VALUE CHAIN DUE DILIGENCE

INCLUDES ANNEXES I – II – III – V

- Supplier onboarding and yearly re-confirmation
- Contractual obligation to comply with REACH



- Approval and registration of subcontractors
- Product traceability and grievance mechanism

LHF prohibits all forms of child labour and forced labour. We do not source cotton or any other cellulose fiber from regions linked to state-imposed or forced labour, including the Xinjiang Uyghur Autonomous Region. We require suppliers to demonstrate full traceability of fiber & yarn origin and to ensure compliance with EU, UK and U.S. regulations on forced labor.

Where applicable, LHF also expects its partners to conduct due diligence on the use of potential conflict minerals (such as tin, tantalum, tungsten, and gold), and to ensure that any such materials are sourced responsibly and are not linked to armed conflict or human rights abuses, in line with international ethical sourcing standards.

LHF Group also considers the rights and interests of affected stakeholders, such as local communities and non-contractual workers indirectly impacted by operations in the value chain. Where relevant, LHF expects suppliers to assess and disclose risks to these groups and integrate them into their own due diligence practices.

6. EUDR AND ENVIRONMENTAL RESPONSIBILITY

LHF performs upstream material mapping, traceability registration, and origin verification where relevant. For commodities subject to the EU Deforestation Regulation for LATEX, we require **geographic plot-level traceability** (via geolocation data) from our suppliers. This information is registered in our systems, stored for at least five years, and is auditable on request. LHF does not source materials linked to deforestation after 31 December 2020.

We are gradually building our product and process data in line with the expected requirements of the **Ecodesign for Sustainable Products Regulation (ESPR) and the Digital Product Passport (DPP)**.

7. GRIEVANCE MECHANISM

LHF ensures access to confidential grievance mechanisms for S1–S2–S3 stakeholders. Internally, this includes HR (Human Resources) and ESG reporting channels. Suppliers must provide equivalent local systems. All grievances are documented, assessed within 30 days, and resolved with appropriate corrective actions. LHF ensures access to safe, confidential grievance mechanisms for its workforce and supply chain. External concerns may also be raised via our whistleblower channel or ombudsman system, as described in **Annex V**.

8. STAKEHOLDER ENGAGEMENT

LHF consults relevant stakeholders to identify and assess ESG risks. Engagements may include audits, surveys and interviews. Inputs are used to inform risk mapping, materiality assessments, and policy updates in line with ESG requirements.

This policy complements the publicly available Human Rights, Whistleblower, and Anti-Corruption statements published on our website, which reflect our ESG commitments to all stakeholders.



9. GOVERNANCE

This policy is managed by the **ESG Coordination Team**, reviewed annually, and made available to all stakeholders.

10. CONTACT & COMMUNICATION

This policy, including its annexes, is shared with new stakeholders upon onboarding and is available on the website. It is part of contractual frameworks and must be acknowledged and understood before any collaboration begins. It also fulfills our legal obligations under the UK Modern Slavery Act and aligns with ESG expectations.

We support the objectives of the European Green Deal. We are ready and anticipate future legal requirements to align our sustainability ambitions with evolving targets such as climate neutrality (net-zero), biodiversity protection, and circular design. We continuously monitor regulatory developments to adapt our actions accordingly.

Updates to safety systems or legal obligations are communicated through the internal communication channels and must be acknowledged.

THIS POLICY IS SUPPORTED BY THE ENTIRE LOVE HOME FABRICS GROUP

Disclaimer: Where the Supplier or partner operates under its own established due diligence system, LHF may accept it as equivalent, provided it aligns with the legal, environmental, and social standards defined in this policy. This equivalence must be evaluated by LHF on case-by-case basis and confirmed in writing as part of the supplier's - stakeholders onboarding file.



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