



MODERN SLAVERY STATEMENT

Financial Year: 2024–2025

Introduction

This statement is made pursuant to Section 54 of the UK Modern Slavery Act 2015. It constitutes our modern slavery and human trafficking statement for the financial year ending December 31, 2024, and outlines the steps L-Fashion Group Ltd (“Luhta”) has taken and continues to take to ensure modern slavery and human trafficking are not taking place within our business operations and supply chains.

Luhta is a family-owned business from Finland, which manufactures, sells and distributes including but not limited to clothing, footwear and accessories. Luhta has subsidiaries in Europe, Asia and in the US and Luhta’s supply chain is mostly located in China. Luhta recognizes its responsibility to be alert to the risk of modern slavery and human trafficking. We are committed to acting ethically and with integrity in all our business relationships and to implementing effective systems and controls to ensure slavery and human trafficking are not taking place in our supply chains.

Our Supply Chains

Our supply chain primarily consists of:

- Raw material suppliers (predominantly cotton, synthetics, and blended fabrics)
- Manufacturing facilities (cutting, sewing, finishing)
- Packaging suppliers
- Logistics and distribution partners

Approximately 90 % of our manufacturing takes place in China, with additional suppliers in Vietnam, Bangladesh, and Turkey, for example. We recognize that our industry and these geographical regions present elevated risks of modern slavery and labor rights violations.

Our Policies

We are committed to ensuring there is no modern slavery or human trafficking in our supply chains or any part of our business. Our Anti-Slavery and Human Trafficking Policy reflects our commitment to acting ethically and with integrity in all our business relationships and to implementing effective systems and controls to ensure slavery and human trafficking are not taking place anywhere in our supply chains.

Additional relevant policies include:

- Supplier Code of Conduct
- Human Rights Commitment
- Labour Rights Policy
- Animal Welfare Policy
- Environmental Policy



Due Diligence Processes

Our due diligence processes include:

Supplier Onboarding

- Risk assessment based on country, industry, and supplier profile
- Mandatory completion of supplier questionnaire covering labor practices
- Review of supplier's own policies and procedures
- Initial audit before approval as a supplier

Ongoing Monitoring

- Luhta requires suppliers to present audit reports
- Regular audits conducted by Luhta according to its North Star process
- Annual risk reassessment of all existing suppliers

Contractual Controls

- Code of Conduct and related policies in supplier contracts
- Right to terminate relationships for continuous non-compliance

Risk Assessment and Management

We have conducted a comprehensive risk mapping of our supply chain, with particular focus on:

- Geographical risk factors (particularly in China and Southeast Asia)
- Product risk factors (labor-intensive manufacturing processes)
- Business model risk factors (seasonal production peaks)

Areas identified as highest risk include:

- Labor recruitment practices at manufacturing facilities
- Use of subcontractors by our primary suppliers

In response to these identified risks, we have:

- Prioritized audits and monitoring in high-risk areas
- Required direct suppliers to disclose all subcontractors, which Luhta is able to pre-approve

Effectiveness and Performance Indicators

To measure the effectiveness of our actions, we track:

- Number of supplier audits conducted annually
- Number and nature of violations identified

Luhta is currently in the process of improving its North Star process and will implement more performance indicators in the financial year 2025.

Training and Capacity Building

We have provided an extensive Code of Conduct training to our entire staff and also to our supply chain (tier 1). Our leadership team has been given human rights training by an external specialist. Luhta's annual training will focus in the upcoming financial year on the improved North Star process and how to:

- Identifying signs of modern slavery and human trafficking
- Understanding high-risk areas in our industry
- Following appropriate reporting procedures
- Engaging with suppliers on improvement initiatives

Future Steps

In the coming financial year, we commit to:

1. Exploring different industry initiatives in order to collaborate on systemic issues
2. Enhancing our grievance mechanisms to ensure they are accessible to workers throughout our supply chain
3. Focusing on the mitigating actions to tackle the risks identified in our human rights risk assessment
4. Improving internal North Star process

Approval and updates

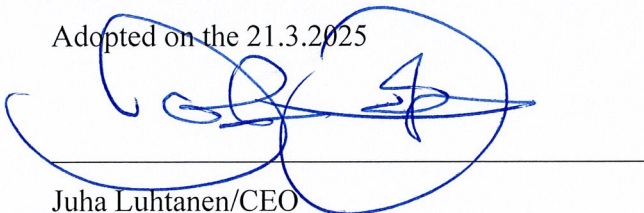
This statement has been approved by Luhta's Board of Directors and CEO. This statement is reviewed and updated annually.

Version history:

001 New statement (12.12.2023)

002 Updated statement (21.3.2025)

Adopted on the 21.3.2025



Juha Luhtanen/CEO
L-Fashion Group Ltd