



Lovehoney Modern Slavery Transparency Statement for the Financial Year 2020-2021

This Modern Slavery Statement (“the Statement”) is written for the Lovehoney group of companies in compliance with the relevant laws within the countries that the below companies are registered:

- Lovehoney Group Limited (06016233) a company registered in England and Wales with its registered address at 100 Locksbrook Road, Bath, BA1 3EN UK;
- Lovehoney Limited (04637868) a company registered in England and Wales with its registered address at 100 Locksbrook Road, Bath, BA1 3EN UK;
- Lovehoney Australia Pty Ltd (ACN610 588 426) a company registered in Queensland Australia with its registered address at JudsonKoman, Level 5, 11 Finchley Street, Milton QLD 4064;
- Lovehoney Canada Incorporated (780081741) a company registered in Nova Scotia, Canada with its registered office at 1741 Lower Water Street, Suite 600, Halifax, NS B3J 0J2;
- Ma Ai Shanghai Trading Company Ltd (91310000MA1FY1625Y) a Chinese registered company with its registered address at Room 421, No. 8\9, Lane 1218, Wanrong Road, Jingan District, Shanghai;
- Lovehoney Inc (50542480) a company registered in the state of Delaware with its registered address at The Corporation Trust Company, Corp. Trust Centre, 1209 Orange Street, Wilmington, New Castle, DE 19801;
- Lovehoney LLC (16103694) a company registered in the state of Texas with its registered office at 5156 Southridge Parkway, Suite 110, College Park, Atlanta, GA, 30349, USA;
- Bluebox Shop AG (CH-020.3.040.274-3) a company registered in Switzerland with its registered address at Neue Winterthurerstrasse 99, 8304 Wallisellen, Switzerland; and
- Blue Internet GmbH (F1103R_HRB175869) a company registered in Germany with its registered address at Turmstr. 11, 78467 Konstanz, Germany.

Collectively the above companies shall be referred to as “Lovehoney,” “our” and/or “we” throughout this Statement.

Introduction

Lovehoney is committed to improving our practices to combat the hidden, but very real issue of modern slavery and human trafficking. No slavery or human trafficking within our business and supply chain will be tolerated. We will take the necessary steps to ensure that our supply chain and business is free from slavery and human trafficking by implementing and enforcing policies and procedures.



Within this statement Lovehoney will disclose our actions to address and combat such matters within our business and business relationships whilst outlining our plan for the next year to improve on our commitment to tackling modern slavery and human trafficking.

Our Business and Supply Chains

Lovehoney is a global e-commerce business selling sexual happiness to all. We are the UK's biggest online adult retailer with a global turnover in the financial year 2020/2021 in excess of £220m. We were founded in the United Kingdom and currently have offices and warehouses in the UK, United States of America and Australia. Our business is continually expanding and we currently have 428 employees across the UK, USA and Australia.

We sell both our own Lovehoney branded products and third party products alongside a number of licensed brands such as Fifty Shades of Grey. We source our product supply from 4 key regions: UK, USA, Europe and China. Although the Global Slavery Index rating for China is relatively low, China is deemed our highest risk area and commands our greatest attention. China is the source country for more than 95% of our own-brand products, and has therefore been included in our risk prioritisation and monitoring programme. Potential risks are linked to worker exploitation through long working hours, forced overtime and the retention of identity documents.

Compliance

In 2020/2021 we completed a project which reviewed our compliance policies and procedures including for modern slavery and human trafficking. This project identified our need to expand our current auditing procedures within both ethical and environmental areas which is something that Lovehoney will be tackling in 2021/2022.

During the last financial year we performed factory audits on all new suppliers by working with an expert independent third party auditor who specialises in consumer testing and quality assurance. The audits focused on manufacturing, product quality and safety. The factories we use must follow our questionnaire and audit process to be able to work with us and we will not source any of our own brand products from factories that do not follow our procedures. Lovehoney's audit procedures ensure that our product's do not contribute to modern slavery and human trafficking. Further in this last year we created and started to implement own brand contracts for manufacturing which cover our audit requirements and standards whilst also including an obligation of legal compliance. These contracts will continue to be rolled out during 2021/2022.

The third party products that we sell are now under contractual obligations to be compliant. There was a roll out of third party supplier contracts during 2020/2021 which is an ongoing project within which suppliers are required to comply with the relevant legislation and our processes/guides. These contracts will continue to be rolled out during 2021/2022 and will be further reviewed to ensure that third parties understand their need to comply with our



commitment to tackling modern slavery and human trafficking and that we are provided access to their factories on request to carry out audits and checks.

Due Diligence in Our Supply Chains

During 2021/2022 we will be expanding our audit procedures as some of our supply chain is now split across multiple factories and we will be auditing each one separately even if they fall under one supplier. This means that we will now be auditing over 70 factories to ensure their compliance with modern slavery and human trafficking legislation. Due to the volume of factories we are now going to be auditing we will be rolling the audits out on a month by month basis.

We aim, for 2021/2022, to create a quality assurance team based in China as this is where the majority of our products are manufactured. This team will carry out factory audits and assist with ensuring that factories are compliant with our commitment to prevent modern slavery and human trafficking.

Further we will be appointing a Supply Chain and Logistics Director who will take on the responsibility of managing our supply chain including the setting of KPI's and conducting of audits to ensure that our supply chain is as committed as we are as a company in combatting modern slavery and human trafficking.

Training on Modern Slavery and Trafficking

The compliance review project carried out during 2020/2021 found that our training procedures on modern slavery and human trafficking were inconsistent and insufficient. Lovehoney was disappointed with this outcome and has since set up a training program which was starting its roll out during 2021 and will continue over the next financial year. This training will be for new and existing employees and also provide for refresher training. In 2021/2022 Lovehoney is aiming for the completion of training by all employees to allow the business to progress its commitment to preventing modern slavery and human trafficking.

Key Performance Indicators ("KPIs")

The review project further found that Lovehoney had no KPIs set for its effectiveness in combatting modern slavery and human trafficking for 2020/2021 and this is something that we are implementing for 2021/2022. The KPIs will measure the number of colleagues who have carried out training, the number of audits carried out on our supply chain against the number of suppliers in our supply chain, and the nature and number of breaches found during such audits including the time frame in which they were reported and/or further investigations were carried out.

These KPIs will be continually monitored and reviewed to understand how Lovehoney can do better as a company to tackle modern slavery and human trafficking. We are willing to



take the necessary steps to monitor the risks and make the changes needed to address any instances of modern slavery and human trafficking.

Lovehoney is aware that combatting modern slavery and human trafficking is about more than having a policy and performing due diligence checks on our supply chain, it is also about developing a culture within the business that has a zero tolerance policy when it comes to these matters. We believe that through our good business practice and by educating our employees we can strengthen and embed this culture and commitment.

This Modern Slavery Statement is made pursuant to Section 54(1) Modern Slavery Act 2015 for the financial year ending March 2021. This statement has been approved by the Lovehoney Board of Director's on 1 September 2021.


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Stephen Moore

Director

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