

Modern Slavery Statement 2021

Statement

Lovehoney Group supports and respects the protection of internationally proclaimed human rights and is committed to ensuring that through its own operations, its products and its supply chain it avoids complicity in human right abuses. We have zero tolerance for slavery and human trafficking in our supply chain.

This statement is published on behalf of Lovehoney Group Limited, Lovehoney Limited and Lovehoney Australia Pty Limited, and is developed in accordance with Section 54 (1) of the UK Modern Slavery Act (2015). It sets out how Lovehoney Group approaches business and human rights and describes the steps that the organisation has taken between April-December 2021 to ensure that slavery and human trafficking is not taking place, either in Lovehoney Group's own business or in its supply chain. In addition, objectives for the Lovehoney Group have been put forward, against which performance indicators which will be tracked and monitored in the coming years.

There were no reports of slavery or human trafficking in Lovehoney Group's operations or in its supply chain during the reporting period.

Background

Structure

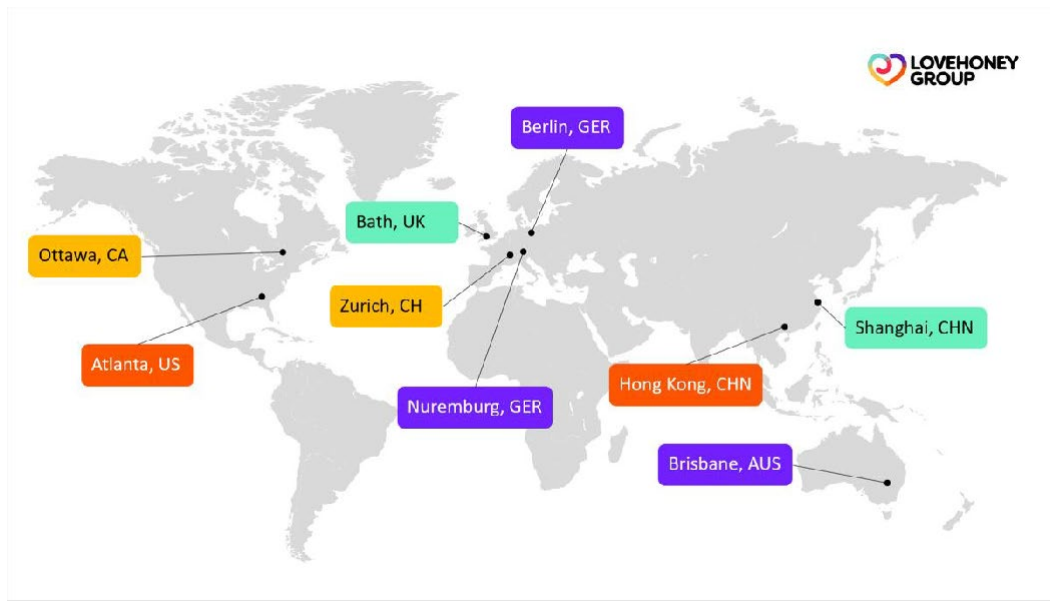
Founded in August 2021, Lovehoney Group is a newly merged business that brings together established, market-leading sexual wellness brands Lovehoney (UK) and WOW Tech (Germany), along with Swiss brand Amorana.

Business

Lovehoney Group's principal business activity is the design, manufacture and retail of lingerie, adult toys and associated accessories. Our mission is to be the world's leading sexual well-being company, delivering quality pleasure products that we design, manufacture and sell via our consumer websites and trusted retail partners.

Lovehoney Group counts around 2.4 million customers, along with 400 business to business customers. The company has more than 900,000 followers on social media.

Lovehoney Group is based in Bath, UK, and Berlin, Germany, and has 830 employees across 9 international locations.



Some key Lovehoney Group brands:



Supply Chain

Lovehoney Group brand products are designed in-house and manufactured at our own facilities in China or produced on our behalf by third party manufacturers. We work both via agents and directly with factories.

Lovehoney has 41 own brand suppliers, 15 of which are agents and 26 are direct factory relationships. Lovehoney is engaged in a project to map its supply chain and has, thus far, identified 40 factories directly below the agent relationships.

WOW Tech's supplier base is comprised of 6 factories: our own manufacturing operations WOW Tech Shanghai plus 5 key partner facilities, all based in China. WOW Tech operates directly with factories, not via agents.

Amorana has 13 own brand suppliers (of which 3 are shared with Lovehoney). Amorana operates directly with factories, not via agents. 5 of Amorana's suppliers are in China, with the others based in Hong Kong, Vietnam, Bulgaria, Germany, France and the Netherlands.

Lovehoney Group also sells products manufactured by third-party brands. There are around 162 brands sold on Lovehoney platforms, which make up approximately 37% of Lovehoney Group business.

Policies

In 2021, Lovehoney Group engaged a consultancy to review environmental and social policy and practice. The Lovehoney Group Supplier Code of Conduct was revised as a result and will be published in H2 2022. A new Supplier Manual will also be launched in 2022, outlining the main ways we interact with suppliers and what suppliers can expect from their relationship with Lovehoney Group.

Lovehoney Group has published an integrity procedure for raising an alert or questions regarding appropriate behaviour. Employees can access the procedure through the company’s internal communications or view posters located at our sites.

A company-wide Code of Conduct will be developed in 2022.

The CEO and Leadership Team are accountable for ensuring that the company meets its human rights responsibilities. Everyone at Lovehoney Group has a responsibility to support the business in respecting human rights, whilst the following departments have responsibility for the day-to-day implementation of policies and procedures:

ESG	<ul style="list-style-type: none"> • Responsible business strategy and programs • Monitoring and reporting
Human Resources	<ul style="list-style-type: none"> • Group Code of Conduct • Recruitment and employment policies • Integrity Procedure
Legal	<ul style="list-style-type: none"> • Manufacturing Framework Agreement • Legal compliance in all jurisdictions
Operations, Product, Supply Chain & Sourcing	<ul style="list-style-type: none"> • Product supply chain management • Supplier Code of Conduct
Finance	<ul style="list-style-type: none"> • Logistics providers • Non-stock procurement
Quality & Compliance	<ul style="list-style-type: none"> • Product-related legal compliance • Supplier ethical audits

Due Diligence

Supply Chain Mapping

During the reporting period, Lovehoney Group has been undertaking a review of our supplier base, and mapping Tier 1 of all our own brand factories. This work is still in progress and will be continued through the following year. The remaining factories to be mapped are those outside of China. Our goal is to map 100% of our Tier 1 own brand factories.

We will also include a consolidation process to ensure the most efficient use of the Tier 1 supply chain.

- 66 Lovehoney brand factories mapped (95%),
- 5 WOW Tech factories mapped (100%),

- 13 Amorana factories mapped (100%),
- Total 81 factories mapped in Tier 1 across all Lovehoney Group brands (4 factories are used by multiple Lovehoney Group entities),
- 75% of Lovehoney Group Tier 1 mapped factories are in China,
- 25% of factories are in UK, USA, Taiwan, India, Poland, Italy, Ireland, Belgium.

Local Team

Lovehoney Group's WOW Tech Team has 76 dedicated local personnel based in China, in Shenzhen and Shanghai, including a team responsible for conducting product inspections and factory audits, and staff members with the capability to perform ethical audits for the group.

The team is embarking on supporting quality inspections in Lovehoney Group own brand factories. We recognise that this is a valuable resource which can be utilised, in addition to our existing audit processes, to spot signs of labour exploitation for further investigation. The local team has attended Lovehoney Group's modern slavery training.

Audit

Lovehoney Group's approach to ethical audits of the factory base in China working with two third party providers, [QIMA](#) and [The Reassurance Network](#).

QIMA provides Lovehoney Group with a quality and assurance audit. In order to take a high-level overview of social standards in our factories, the QIMA audit methodology also includes Social Accountability parameters against the following Supplier Code of Conduct areas: Regular Employment, Child Labour and Young Workers, Forced Labour, Working Hours, Fair Remuneration, No Discrimination, Humane Treatment and Health and Safety.

We have conducted 50 QIMA audits in our supply base. All new Lovehoney factories are required to undertake this QIMA audit before production can commence. 1 new factory, audited by QIMA, did not pass the onboarding process due to findings on Social Accountability parameters.

Additionally, a series of ethical audits with The Reassurance Network will be conducted on existing suppliers in 2022.

We are committed to performing an ethical audit at 100% of our Tier 1 own brand factories. In alignment with Global Reporting Initiative indicators GRI408-1 (child labour) and GRI409-1 (forced labour), we are seeking to identify any operations or suppliers at risk of child labour or forced labour by tracking the number of ethical audits conducted per year, along with the number of corrective actions identified and resolved. We are tracking the number of factories audited before production begins.

Furthermore, we are integrating a requirement for 100% of Tier 1 own brand factories to submit an annual Social Responsibility Alliance Slavery & Trafficking Risk Template (STRT) to Lovehoney Group. We will also target relevant suppliers of electronic components to complete an annual Responsible Minerals Initiative Conflict Minerals

Reporting Template (CMRT) and/or Cobalt Reporting Template (CRT), to help us avoid complicity in human rights abuses in this part of our supply chain.

Gauging the industry position

The sexual wellness sector is growing fast but at present, brands do not typically work collaboratively to address challenging supply chain issues, in the way that those in other industries (such as fashion and food) have done in recent years. In 2021, we engaged a third-party consultancy to survey and interview Lovehoney Group's key brand partners to identify and discuss their priorities in relation to social and environmental challenges. Whilst the industry is not as advanced as others in driving forward sustainability and corporate responsibility programs, some key brand partners are beginning to proactively work on initiatives in this domain. Lovehoney Group's intention is to be a leader in good practice as our programme develops.

Manufacturing Framework Agreement

Our contractual agreement with suppliers sets out specific ethical standards and principles that suppliers must abide by, such as those related to health & safety, living wages, working hours, child labour, no discrimination, etc. and stipulates that there must be no use of forced labour.

In 2022, we will review the standard Manufacturing Framework Agreement to ensure that we adequately address ethical, social and environmental conduct expectations, and we commit to sharing this with our Tier 1 own brand suppliers, as well as seeking to capture 100% of our Category 1 suppliers (spend >€10 million/annum). In addition, all Tier 1 own brand suppliers and 100% of Category 1 suppliers will be targeted, in the first step, to receive and acknowledge the fundamental conduct principles laid out in our new Supplier Code of Conduct.

Risk

Lower supply chain tiers

We recognise that the risk of slavery increases in lower tiers of the supply chain. We will continue to focus on mapping our Tier 1 supply chain and identifying suppliers in lower tiers wherever possible to increase our visibility of modern slavery risks. As we build out our environmental, social and governance strategy, we intend to identify and address the social and environmental impacts of our key raw materials.

Our objective is to push our ethical conduct expectations further into the supply chain, and, initially, we will integrate a process for Tier 1 own brand suppliers to provide declarations on behalf of their suppliers (Tier 2 and 3).

Procurement – Lovehoney Business and Operations

Our responsibility to protect against instances of modern slavery extends beyond products to include non-stock goods and services. There can be a risk of slavery in logistics and warehousing and as an initial step, we have provided modern slavery

training to our warehouse managers and teams responsible for labour procurement, highlighting the risks that may be present in the recruitment of labour to our warehouses.

We have set a target for 100% of our recruitment agents to acknowledge our Supplier Code of Conduct.

Third party brands

Our initial focus, post-merger, is on identifying risk in our own brand supply chain. However, we acknowledge that there can be risks in the supply chain of the third-party brands we sell through our platforms. As a next step, we will develop an appropriate risk assessment program for this group of suppliers.

Performance

Lovehoney Group is bringing together numerous manufacturing and retail businesses across the world, all of which are at different stages in their ethical trading programmes. We have prioritised laying out a systematic approach to supply chain management and implementing due diligence processes and policies.

The table below outlines our objectives at supplier and employee level. We will continue to work on these initiatives, track our progress and report our performance.

Objective
Gain clarity of our Tier 1 supply chain across the Group
Screen all Tier 1 suppliers for ethical risks
Share fundamental conduct expectations with Tier 1 own brand and Category 1 suppliers through the Supplier Code of Conduct
Place contractual obligations on Tier 1 own brand and Category 1 suppliers towards environmental, social and governance practices through the Manufacturing Framework Agreement
Integrate a requirement for Tier 1 own brand suppliers to complete an annual Social Responsibility Alliance Slavery & Trafficking Risk Template (STRT)
Push ethical conduct expectations further into the supply chain
Avoid the risk of modern slavery in the recruitment of temporary labour
Integrate a requirement for suppliers of electronic components to complete an annual Responsible Minerals Initiative Conflict Minerals Reporting Template (CMRT) and Cobalt Reporting Template (CRT)
Raise awareness of modern slavery and empower our people to identify the signs
Integrate modern slavery training into new starter induction for specific functions

Employee Training

In 2021, Lovehoney Group commissioned new modern slavery training for employees, tailored to a range of different job roles. The training was developed in partnership with a responsible business consultancy whose personnel have significant experience in preventing and mitigating modern slavery in retail supply chains. At time of publication (June 2022), 48% of Lovehoney Group targeted employees have been trained, focussing on those identified as having the most likelihood of exposure to modern slavery risk: product teams (buying, designing, supply chain management, sourcing), operations (logistics, warehousing, facilities, human resources, quality and finance) and senior leadership.

The training includes:

- Modern slavery definition and prevalence in society,
- Supply chain structures and risks of slavery and labour exploitation,
- Indicators of modern slavery to be embedded in supply chain and operational processes,
- Purchasing practices and related impacts on supply chain,
- Escalation process.


We will provide modern slavery refresher training on a regular basis. Furthermore, our target is for 100% of targeted new starters to complete modern slavery awareness training through their induction program, to ensure that people joining the business are informed of their responsibilities and the company's commitment to acting on modern slavery.

"I now clearly understand how modern slavery impacts my role and what steps to take if needed."
Hannah Boakes, Human Resources.

"Through the training, I've been equipped with better tools for reaction and prevention of modern slavery. My key takeaways are to increase awareness and audits, understand the potential impacts of imposing high demands on our suppliers, and realize that our responsibility extends to helping exploited children return to their education frameworks." **Eyal Bar-Or, Quality & Compliance**

Approval

This statement was approved by the Leadership Team on 30 June 2022.

DocuSigned by:

6B021E1D7F5A46A...
Johannes Graf von Plettenberg
CEO
30 June 2022