

Lovehoney Group Limited disclosure under the Modern Slavery Act 2015 and California Transparency in Supply Chains Act 2010 for the financial year April 2020 to March 2021 (“Statement”)

Modern Slavery Statement

Introduction

This Statement sets out Lovehoney Group Limited’s and its subsidiaries’ (collectively “Lovehoney”, “our” or “we”) actions to address all modern slavery risks in its business and to put in place steps that are aimed at ensuring that there is no slavery or human trafficking in our own business as well as in our supply chains. This Statement relates to actions and activities during the financial year 1 April 2020 to 31 March 2021. We have created one Statement to cover the Group of companies as we apply the same policies and compliance requirements across the world.

As the UK’s biggest online adult retailer, Lovehoney recognises that we have a responsibility to take a robust approach to tackling slavery and human trafficking. We are absolutely committed to ensuring there is no slavery and human trafficking in our corporate activities, and supply chains.

Lovehoney Structure

Lovehoney are the sexual happiness people, and we make a fun, fulfilling sex life available to everyone. We’re the UK’s biggest online adult retailer and 1 in 3 sex toys sold online in the UK comes from our warehouses in Bath, but we are a global company and continually expanding. Our Bath HQ with a team of 268 (and growing) staff members opens 7 days a week and provides 42 different countries with sexual happiness. We have 18 years’ experience in delivering high quality, great value products to your door in the fastest and most discreet way possible. Lovehoney had a turnover in excess of £105m for the 2018/19 financial year. Our business is organised into groups that deal with specific global regions - these sell a wide variety of ‘third party’ items and our own Lovehoney branded products along with a number of licensed brands such as Fifty Shades of Grey. The head office is in Bath, with fulfillment centers and offices in Brisbane, Australia with 39 members of staff and Atlanta, GA, USA with 32 members of staff.

Our Supply Chain

Lovehoney sources products through 4 key supplier regions:

- UK
- USA
- Europe
- China

China is deemed the highest risk area and commands the greatest attention. Although the Global Slavery Index rating for China is relatively low, it 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.

Our Policies

We are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business. It is our commitment to act ethically and with integrity in all our business relationships and to implement and enforce effective systems and controls to ensure slavery and human trafficking is not taking place anywhere in our supply chains which include:

- Our supplier code of conduct which is a part of the supplier verification process, ensuring Lovehoney’s suppliers are aware

of and adhere to the highest standards of ethics. The initial supplier audit highlights issues and problems which require a detailed CAP (Corrective Action Plan) that has an implementation time frame.

- Our Whistleblowing Policy which encourages all individuals to report any concerns related to the direct activities, or supply chains of the organisation. This includes any circumstances that may give rise to an enhanced risk of slavery or human trafficking. Our whistleblowing procedure is designed to make it easy for individuals to make disclosures without fear of retaliation.

Due Diligence and Risk Assessments

Our approach to managing the risk of modern slavery forms part of our broader efforts to respect human rights. Lovehoney has always considered itself a great company to work for and to work with. As part of this we undertake due diligence when considering taking on new suppliers which is focused around documentation and audits including:

- We have a documented supply chain verification process (this covers all aspects of the products and manufacturing), which ensures potential suppliers are screened and verified prior to addition to the approved supplier list.
- We visit each manufacturing site that produces own-brand or licensed brand products for us. These are subjected to a pre-visit questionnaire and an on-site audit to review the production facility, including sub-assembly and part production - for example plastic injection moulding. These facilities will be visited twice a year. Due to the ongoing pandemic, we are currently using third parties to audit new suppliers and visit existing suppliers, when required.
- We conduct a series of outgoing quality control activities to ensure that both the product is as specified and to periodically review the manufacturing site.
- We evaluate the modern slavery and human trafficking risks of each new supplier, as part of our general human rights and labour rights assessment.
- We conduct detailed supplier audits through Lovehoney's own employees or via a third party audit organisation, for example QIMA, which have a greater focus on ethical, health and safety and human trafficking issues.
- Where possible, we build long standing relationships with suppliers and make clear our expectations of business behaviour.
- With regards to third party suppliers, we expect these entities to have suitable anti-slavery and human trafficking policies and processes. We ensure that each supplier is aware of this Statement.
- We expect each entity in the supply chain to, at least, adopt 'one-up' due diligence on the next link in the chain. It is not practical for us (and every other participant in the chain) to have a direct relationship with all links, ultimately to the raw material (steel and plastic) suppliers.

Supplier Adherence to our Values

We have zero tolerance to slavery and human trafficking. We expect all those in our supply chain and contractors to comply with our values. The Trade, Buying and Quality and Technical managers are responsible for compliance in their respective departments and for their supplier relationships.

Training

To ensure a high level of understanding of the risks of modern slavery and human trafficking in our supply chains and our business, we provide training to relevant members of staff. All Directors have been briefed on the subject and understand their responsibilities and the implications. We plan to enhance our training so we cover:

- Our business purchase practices, which influence supply chain conditions and which should therefore be designed to prevent purchases at unrealistically low prices, the use of labour engaged on unrealistically low wages or wages below a country's national minimum wage, or the provision of products by an unrealistic deadline.
- How to assess the risk of slavery and human trafficking in relation to various aspects of the business, including resources and support available.
- How to identify the signs of slavery and human trafficking.
- What initial steps should be taken if slavery or human trafficking is suspected

Our Effectiveness in Combating Slavery and Human Trafficking

We use the following key performance indicators (KPIs) to measure how effective we have been to ensure that slavery and human trafficking is not taking place in any part of our business or supply chains:

- Completion of audits are coordinated by the Quality and Technical Manager, and cover labour rights alongside health and safety, ethics, environment and quality processes. Where we identify areas that require improvement, we engage with the relevant third parties to develop correction plans and track their progress. If significant issues are identified and remain unresolved, we may choose to suspend or terminate work with a third party.
- We are actively working with a reputable third party and look to have SMETA (Sedex Members Ethical Trade Audits) in place, for all key suppliers, in China - during 2019.
- Written acknowledgement from our own brand suppliers that they have received and understood our policy on slavery and human trafficking.
- Written acknowledgement from our third party suppliers that they have received and understood our policy on slavery and human trafficking.
- Spot checking - unannounced audits by either Lovehoney employees or a third party, accredited, auditor.

Approval

The Company Directors and senior management shall take responsibility for implementing this Statement and its objectives and shall provide adequate resources (training, etc) and investment to ensure that slavery and human trafficking is not taking place within the organisation and its supply chains. This Statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our slavery and human trafficking Statement for the current financial year. It has been approved by the Organisation's Board of Directors who will review and update it annually. Signed on behalf of Lovehoney Group Limited:

Debbie Bond

Debbie Bond

Chief Commercial Officer

23-Sep-2020

Stephen Moore

Stephen Moore

Chief Financial Officer

23-Sep-2020