



The Home of Homes: Slavery and Human Trafficking statement

for the Financial Year to 29 June 2024

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Introduction

This statement covers the activities of Dunelm Group plc and the following companies which are its subsidiary undertakings: Dunelm Limited, Dunelm (Soft Furnishings) Limited, Dunelm Estates Limited, Zoncolan Limited, Fogarty Holdings Limited, Globe Online Limited and Dunelm (Soft Furnishings) Londonderry Limited ("Dunelm").

Dunelm strongly opposes the use of slave or trafficked labour and will never knowingly enter into a business relationship with any organisation involved in slavery, servitude, or human trafficking.

Modern slavery is often a hidden crime involving the severe exploitation of people for personal or commercial gain, through the use of threats, violence, coercion, deception or abuse of power. In today's globalised world, the fight against modern slavery and human trafficking is more critical than ever and it is a matter that we take very seriously. We are committed to acting ethically, with integrity and transparency in all our business dealings and to putting in place effective systems and controls to safeguard against any form of modern slavery within our business or supply chain. We actively work to foster a culture of respect, ethical conduct, and integrity in all that we do.

This statement is made pursuant to Section 54 of the Modern Slavery Act 2015 and sets out the steps that Dunelm has taken and will continue to take to identify, prevent and mitigate the risk of modern slavery and human trafficking in our operations.

Nick Wilkinson

Chief Executive

Approved by the Board of Dunelm Group plc on 6 September 2024.



Our progress in the year

In FY24, we:

Carried out

217

unannounced factory spot checks on our Tier 1 manufacturing sites.

Our risk-based methodology focuses on sites and geographic regions with the highest risks. Our programme initially focused on China and the UK but during FY24 extended to India, Turkey, and Pakistan.



Accelerated our mapping of Tier 2 suppliers, which is now

92%

complete.

These suppliers include subcontractors to our Tier 1 factories and are split within three categories of sites: manufacturers or processors, Dunelm own-brand packaging sites and componentry sites.

Commenced

a risk assessment of our Tier 2 suppliers to focus on identifying our most salient risks.

Held our

annual supplier webinar

in June 2024, which this year included the launch of our Gold ethical supplier programme.



Refreshed our free

whistleblowing

service to make it available in seven languages across our Tier 1 supply chain.



Reviewed our approach to

risk assessing

non-stock suppliers, and as a result increased our requirements for further information and comfort in areas identified as medium to high risk.

What's next

In FY25 we aim to:

Recognise suppliers who are meeting the requirements under our new

Gold ethical supplier programme.



Complete Tier 2

mapping and risk assessments

for our Dunelm own-brand products supply chain and determine appropriate due diligence requirements to manage risk levels.

Implement a

new requirement

for all Dunelm own-brand label and packaging sites to submit a semi-announced third-party audit for grading in line with Tier 1 requirements.

Introduce a

homeworker policy

to specifically recognise and seek to further mitigate this supply chain risk.

Continue

to review the approach taken to prevent modern slavery adopted by our medium to high-risk non-stock suppliers.

Develop

further training

for our Commercial Team on Responsible Purchasing Practices and the impact on supply chain workers.

This reflects research and our own experience which shows that our buying behaviours and standards can influence conditions and practices at our suppliers.

Our business structure

We are a specialist retailer of homewares and furniture, with a broad offer of thousands of quality products at a range of price points sold across our 184 stores and on Dunelm.com. All our stores are located in the UK, aside from one in Jersey, and the majority include a Pausa coffee shop. Our website offers home delivery to UK customers and collection from our stores. We operate from the following other locations:

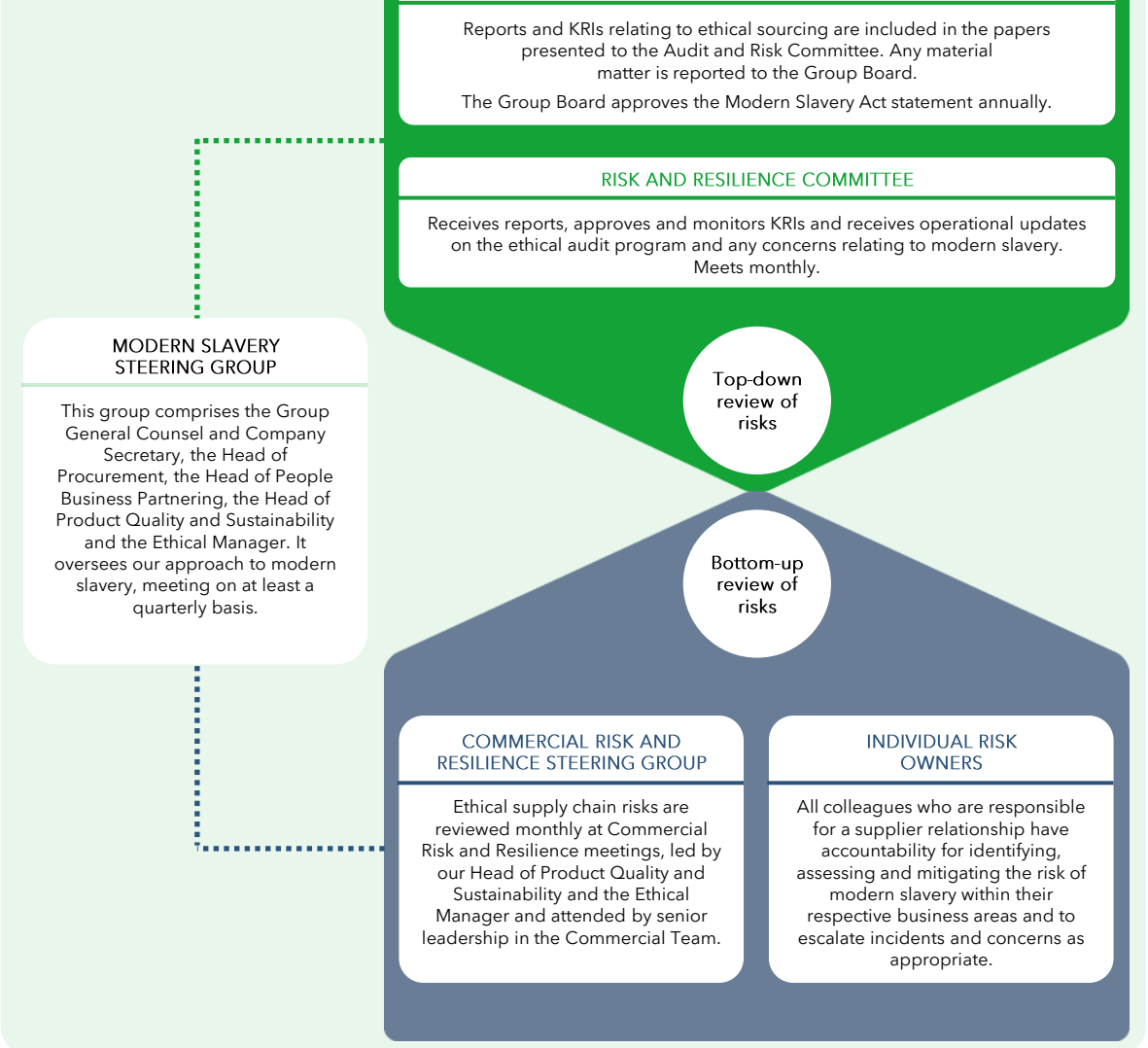
- a Store Support Centre (head office) in Leicester and a London satellite office;
- three warehouses in Stoke and one in Daventry and distribution centres in Stoke, Dartford, Bristol, Barnsley and Northampton;
- a curtain and blinds manufacturing centre and a mock shop in Leicester;
- a customer service centre in Radcliffe, Manchester;
- a home delivery operation (Dunelm Home Delivery Network); and
- a blinds and curtain pole and tracks manufacturing centre in Cannock.

Our business is supported by more than 11,500 employees across the UK and Jersey.

Our governance

Modern slavery risk is a consideration for all of Dunelm's operations and activities, particularly in respect of the premises from which we operate, the supply chain for the products that we sell, and the services that we outsource. We have a clear governance and risk management framework (as illustrated on the right) to safeguard against any form of modern slavery taking place within the business or our supply chain, adopting a top-down, bottom-up approach.

Modern slavery governance framework



Our assessment and management of risk

Overview

- We consider that modern slavery is more likely in the following circumstances: the role is low skilled; communication is not essential; less interaction with other groups is needed; positions are needed on a temporary/flexible basis.
- We do not manufacture any of our own products apart from our made to measure curtains, blinds, tracks and curtain poles.
- We source most of our goods for resale from suppliers based in the UK, although these suppliers typically source from overseas manufacturers, particularly in the Far East.
- Food products in our coffee shops are manufactured in the UK but with ingredients sourced worldwide.
- We partner with third-party providers for stock distribution, including deliveries to stores and customers. We also outsource various service activities such as certain IT services, store refit work, maintenance, and cleaning.



Our policies

We abide by, and require our suppliers to commit to, clear and effective policies that underline our commitment to acting ethically and with integrity, including in relation to reducing the risk of modern slavery within our business and supply chain. These include the following:

Ethical Code of Conduct for Suppliers and Partners:

We require our suppliers to provide safe and legal working conditions for the people who work for them, and do not accept any form of exploitation. Our Ethical Code of Conduct for Suppliers and Partners requires them to follow a set of good labour practices based on the Ethical Trading Initiative ('ETI') base code to drive improvements in working conditions throughout the supply chain.

Whistleblowing policy:

The aim of our whistleblowing policy is to provide a safe, confidential, and accessible way for colleagues and other workers in our supply chain to report concerns. Whether it is a breach of our ethical policies, human rights abuses, or any other issue that is or may be unlawful, we encourage individuals to speak up. All our Dunelm sites, together with our Tier 1 factories (who have different language versions) are expected to display posters with details of how to contact the whistleblowing hotline. Each reported incident is investigated in accordance with a procedure that has been approved by our Audit and Risk Committee. Updates are provided to the Risk and Resilience Committee and the Audit and Risk Committee.

Responsible cotton policy:

All suppliers of Dunelm own-brand cotton products are required to commit to this policy, which includes ensuring that cotton products are not being sourced from banned or high-risk regions (e.g. Xinjiang, China) where there are higher risks of slave labour or human rights violations. To meet our 'more responsibly sourced' standards, suppliers must, in addition, adhere to an industry recognised cotton programme that promotes lower-impact and ethically sound cotton sourcing (e.g. Better Cotton, recycled and organic cotton).

Standard terms and conditions for non-stock suppliers:

Non-stock suppliers and service providers are expected to provide a clear understanding to us of how they address modern slavery risks within their own businesses (as appropriate). We also seek to include a modern slavery clause in any contract that we enter, and such a clause is included in our standard terms and conditions.



Our approach

We segment our suppliers and partners into three main categories for the purposes of assessing and managing modern slavery risk:

Dunelm own-brand products

The most significant supply chain and factory base to our business relates to Dunelm own-brand products. We consider all products sold under our own brands as 'high risk' because most of them are manufactured in countries with a low human rights score according to the Global Human Rights Index; in total we source from c.340 suppliers with 859 Tier 1 manufacturing sites in 28 countries.

Effective management of human rights risks within our supply chain is built into our stock procurement procedures, both in relation to the onboarding of new suppliers and ongoing monitoring by means of our ethical audit programme.

We manage our ethical programme and compliance with our Ethical Code of Conduct (and other relevant policies) internally by way of a dedicated team, which has extensive experience working with factories to assess and improve their practices regarding human rights issues. The team is supported by Verisio, a specialist audit services provider. In addition, monitoring and working to improve conditions is part of the factory management role carried out by our overseas sourcing partners. We also actively encourage our suppliers to further develop their own internal risk management processes. More detailed information on our approach to risk management in the Dunelm own-brand supply chain is found on pages 8 to 9.

Third-party branded products

Products manufactured by third-party brands (non-Dunelm) are also sold in our stores and online. These products are not designed, produced, stored, or labelled as or by Dunelm. Third-party branded stock suppliers are generally assessed as 'medium risk', because we choose our partners carefully and require that, as the brand owner, they conduct their own checks and provide appropriate confirmations to us, as referenced below. We assess suppliers of food and drink products as generally 'medium risk' because we source from a small number of large UK or EU-based suppliers who are required to confirm to us that they operate controls and checks in relation to their supply chain.

Suppliers of third-party branded products are required to sign our Ethical Code of Conduct (and commit to other relevant policies, as applicable) and undertake an online assessment where they need to demonstrate that they understand and comply with all legal obligations relating to product quality, responsible sourcing, safety, compliance and ethical trading. This assessment is graded, and a satisfactory standard must be achieved before a supplier is onboarded. This is reviewed on a periodic basis, which may be brought forwards in the event of a product category change.

Non-stock and services used by Dunelm

We have a dedicated non-stock procurement function that engages with all suppliers and service providers with whom Dunelm has a contractual relationship but who do not supply us with goods for re-sale. They consider the risk of modern slavery on a case-by-case basis depending on the sector, partner and nature of services being provided.

Our biggest risk within non-stock is the use of agency workers at our warehouses and distribution centres and drivers within the Dunelm Home Delivery Network, as we do not have direct control over the recruitment process. We seek to minimise our use of agency workers wherever possible, and regularly review our approach.

Other services, which we generally consider 'medium risk', are carriers, store refit and maintenance providers, cleaning and security. The majority of our partners in these areas are large companies and they all operate in the UK. Other non-stock products and services provided to us are generally determined to be 'low risk'.

We seek commitment from all such partners that they will comply with our Ethical Code of Conduct (and other relevant policies, as applicable) or provide us with an equivalent commitment. As a result of risk assessment work conducted on our non-stock supply chain in FY24, we have increased our requirements for further information and comfort in areas that we have identified as medium to high risk.



Training

Effective training is an important component of our approach to raising awareness and mitigating risk. We have created bespoke, online modern slavery training modules that are completed on a mandatory basis annually by our senior management and management teams at all locations, including stores, and colleagues working in our commercial, recruitment and procurement teams. This training provides insights into modern slavery, shedding light on what it is, how it can occur and its potential impact on the Group, ways to identify warning signs, and the procedures for reporting concerns if any colleague suspects that it is happening at any of our stores, sites, or within our supply chain.

Training attendance is tracked, and our Ethical Manager reviews the content regularly, refreshing as appropriate to ensure it remains up-to-date, engaging and resonates with colleagues.

We often include partners operating at or from our Stoke distribution centres in training sessions. We also provide access to useful toolkits and training courses to help our partners and suppliers, as appropriate, build their knowledge and understanding, with a view to driving continuous improvement in their own assessment and management of human trafficking and modern slavery risks.

We direct any colleague or worker who suspects that modern slavery is occurring to contact our whistleblowing hotline.

Focus Area - Dunelm own-brand product supply chain

We consider assurance of high ethical standards – in particular, human rights – to be the foundation of any commercial supplier relationship. Knowing where, how and by whom our products are made is a key part of ensuring that our quality, ethical and environmental standards can be monitored and continuously improved.



Ethical audit programme

We have implemented controls to identify and eradicate modern slavery and any other form of exploitation such as excessive working hours, child labour and poor safety standards, through our requirement for compliance with our Ethical Code of Conduct and our ethical audit programme. The programme currently covers all Tier 1 own-brand suppliers, all warehouses that hold stock of own-brand product and selected Tier 2 sites. We use an independent, expert third-party auditor, Verisio, to assess, grade and monitor the performance of our suppliers against our Ethical Code of Conduct utilising audit grading methodology.

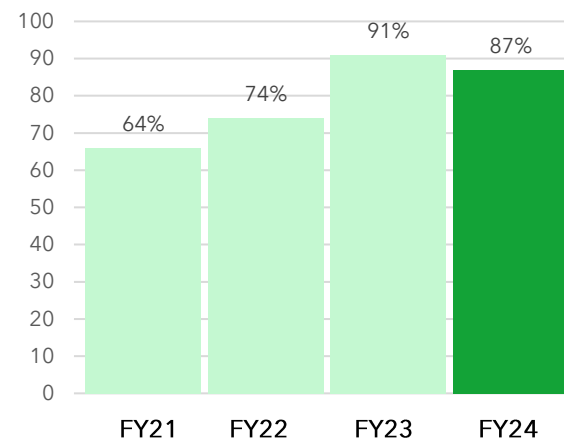
Verisio also work closely with us to provide root cause analysis of issues and drive improvements in standards. All Dunelm Tier 1 stock suppliers must provide on an ongoing basis a third-party ethical audit report that is less than two years old (from an APSCA registered auditor and conducted on a semi-announced basis within a minimum two-week window) and a valid building and fire safety report in respect of each site. Failure to provide an audit that meets these requirements (within a grace period) is considered a breach of our policy. The audits are benchmarked and graded. All new sites must be graded low or medium-low risk before being used in connection with our products.

As part of the ethical audit programme, we also undertake unannounced spot checks. This provides additional assurance that standards are being maintained during the two-year audit cycle. Spot checks are undertaken on a risk-based approach and are focused on verifying standards of compliance and ensuring that products are made at declared and approved sites. This is explained in more detail on page 9.

If concerns are identified from an audit or spot check, the supplier is required to address them under a corrective action plan and the relevant site will be subject to more frequent reviews and/or audits until the actions have been completed and sufficient assurance is given that the identified issues have been addressed. We may pause new product development during this time. We facilitate remote follow-up audits and assist suppliers in booking their own spot checks to accelerate the closure of non-compliance actions. Where the issues amount to a policy breach, we apply financial penalties and review the business relationship.

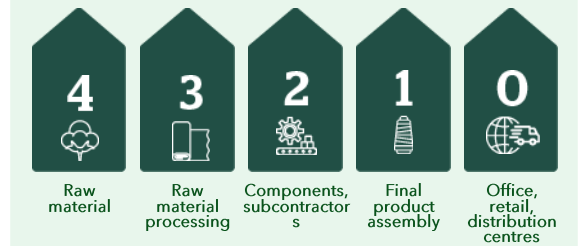
We endeavour to work with suppliers in a responsible way to resolve issues before we stop placing orders, recognising that working conditions are not improved as a result of undertaking audits, but from changes to procedures, training and monitoring. However, we are not prepared to compromise supply chain integrity and so, if appropriate and timely action is not taken to address non-compliance (or if the findings are sufficiently serious), we will formally implement our responsible disengagement strategy and terminate the relationship.

In FY24 99% (FY23:97%) of our Tier 1 supply base had an in-date third-party ethical audit against a target of 100%. Since FY21 we have seen a year-on-year increase in the percentage of such audits that are graded low to medium risk, with there being a slight drop in FY24, as shown in the chart below.



Year-on-year percentage of Tier 1 third-party ethical audits graded low to medium

Supply chain tiers



Developing the programme

We continue to seek greater transparency in our Dunelm own-brand supply chain. We are also committed to driving continuous improvement both within our own programme and from our suppliers. Some of our ongoing initiatives are described below.

Tier 2 mapping

We continue to increase visibility of our Tier 2 supply chain through our mapping exercise. This is a complex and challenging process as we have over 2,000 Tier 2 sites, with many Tier 1 stock suppliers using multiple Tier 2 locations. At the end of FY24 we had mapped, via inquiry, 92% of our Tier 2 supplier sites, which includes Dunelm own-brand label and packaging suppliers, componentry suppliers and product processors. Concurrently, we started to conduct risk assessments to determine the appropriate level of due diligence for each area, commencing with Dunelm branded label and packaging sites. In 2025, there will be a requirement for all these sites to submit a semi-announced third-party audit for grading in line with Tier 1 requirements.

Gold Supplier Programme

In June 2024 we launched our Gold ethical supplier programme. Our goal is to empower suppliers to embed ethical standards in their supply chains. This programme will enable our suppliers to progress from being 'Developing' to 'Performing' to ultimately achieve 'Gold' supplier status. The criteria to become a Gold supplier includes an ethical scorecard report of over 90%, satisfactory spot checks being conducted, a management systems audit of internal processes and demonstration of managing ethical compliance.

Upon achieving Gold status, a supplier is subject to less onerous reviews based on the assurance that they are self-managing the risks, although we still retain the requirement for an audit every two years, the supplier is required to notify us of any policy breaches, and we retain the ability to conduct unannounced spot checks and investigate any concerns as we see fit.

Training and Engagement

We continue to raise awareness of the importance of anti-slavery and ethical practices with our suppliers. In June 2024, we held our annual ethical webinar, engaging 50 key stock suppliers and reinforcing key messages, including the importance of transparency throughout the supply chain, the requirement for accountability and the launch of our Gold supplier programme.

We also support our suppliers by giving access to shared resources and knowledge, such as factory standards guidance, key checklists from recent audits and direct engagement with our internal team and Verisio.

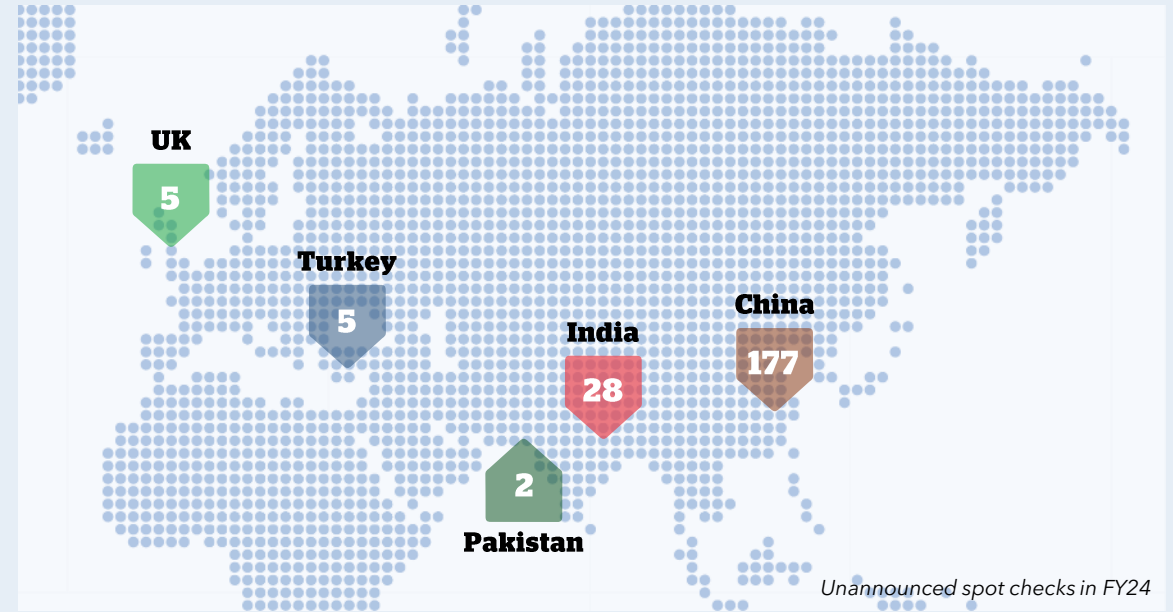
CASE STUDY: Spot check audit programme in action

Our key product sourcing regions and Tier 1 stock supplier base are in China, India, Pakistan, Turkey, Vietnam and the United Kingdom.

We commenced our new structured spot check audit programme on Tier 1 stock suppliers in January 2023 and focused on China, considered to be higher risk as pandemic-related travel restrictions in FY21 and FY22 had resulted in reduced factory visits and visibility in this region. We invested in a series of unannounced checks to assess standards against our Ethical Code of Conduct. The checks focused on ethical compliance and labour standards and control of production processes to establish whether any unauthorised subcontracting of Tier 1 manufacturing was taking place. In FY24, the programme was extended into our other high risk regions India, Pakistan, and Turkey.

In FY24 we completed 217 unannounced spot check visits which equates to 25% of our Tier 1 sites. The programme uncovered 14 policy breaches to our Ethical Code of Conduct. The majority of the breaches were unauthorised subcontracting in the supply chain, but others related to wage retention for over 30 days, and high-risk health and safety concerns.

In accordance with our policy where such cases are identified, we require immediate rectification under an action plan.



In addition, where a spot check identifies critical findings which, whilst not a policy breach, have been identified as high risk under our grading methodology, we require implementation of a remediation plan with timely completion of actions as appropriate. We work with the supplier and factory to ensure that they fully understand our requirements.

Sites are subject to more frequent reviews and/or audits until actions have been completed and sufficient assurance is given that the risk has been reduced.

We apply financial penalties and review the business relationship for all policy breaches.

The unannounced spot check programme is an important and established part of our supply chain due diligence work to manage modern slavery risk, and we aim to continue to conduct spot checks on at least 20% of Tier 1 sites each year.



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