



Dunelm Group PLC

Responsible Timber Sourcing Policy

Why Dunelm cares about Timber and how its sourced

Timber is a wonderful raw material. We use it in so many ways because of its abundant, easy to work, looks great and has many robust engineering properties. It can be manufactured into furniture, paper, sheet materials and a wide range of construction uses. That's why we see it everywhere. Added to that its a renewable resource that captures carbon by using an external energy resource - the sun.

Climate change, however, is a sign that human activity has stretched the world's natural resources beyond their elastic limit. Protecting forests is at the center of international efforts to slow climate change. These negative outcomes affect us all, right now, and will have an increasingly negative impact on generations to come. We need to increase our efforts to manage forest resources responsibly.

Our approach is designed to work in parallel with the existing efforts of governments, communities and businesses in support of national laws, and law-abiding producers. Our commitments, set out in this Policy, are part of a broader initiative covering raw materials used in our products.

Scope

This policy applies to all Dunelm's own brand products including those that are currently out of scope of the European Timber Regulations. It applies to all solid timbers as well as manufactured boards.

We require 3rd party branded suppliers to complete a timber due diligence assessment and make available, on request, evidence of compliance with our Responsible Timber Policy and all regulatory requirements.

Our Commitment

Our aim is for atleast 50% of all timber in our own-brand products to be 'Responsibly Sourced' by 2025.

Protecting forests is at the center of our Policy and all the beneficial environmental and social goods and services that they deliver. All timber used in our own brand products is assessed annually against this Policy which covers Environmental, Social and Governance (ESG) impacts. Each year we will review this Policy and the requirements for our 'Responsibly Sourced' programme as part of our commitment to continuous

improvement. Only timber supply chains which meet our minimum requirements and our preferred conditions (as set out below) will be eligible for inclusion in our 'Responsibly Sourced' programme and labelled as such.

We will provide training and guidance to all our suppliers on the implementation of this policy and how to reduce the risk of non-compliance. We will measure and report on supplier performance and compliance against our policy annually.

Process

We work with an independent team of experts to collect, review and risk-assess all our suppliers of own-brand products containing timber. We require each supply chain to be assessed at least once a year or more frequently if the structure of the supply chain changes. The risk of harm to people's health, safety and wellbeing, to the environment, and the risk of illegal deforestation in our supply chains will be risk rated.

Our Timber Sourcing Policy

We expect all suppliers to meet the minimum requirements of this policy

Minimum Requirement:

- To provide a full supply chain diagram showing all supply chain actors from forest to Dunelm, plus copies of the specified supporting 2nd and 3rd party documentation to demonstrate legal harvest and legal commercial transactions between each supply chain actor. These must satisfy the requirements of EUTR (UKTR from 1st January 2020). Where possible, this information will cross checked on databases available for public access.
- To provide a current FLEGT Certificate (or UK specified equivalent from 1st Jan 2021)
- Species categorized on IUCN's Red List as Vulnerable (VU), or Endangered (EN) or Critically Endangered (CR) cannot be used. All timber products will be subject to periodic physical species analysis by specialist laboratories.
- Species that are listed in CITES Appendix II or III cannot be used.
- Each supply chain must be classed as 'negligible risk' when assessed in accordance with the Timber Regulations.

Responsibly Sourced Requirements:

Outlined below are our requirements for Responsibly Sourced Timber, these are in addition to the minimum requirements stated above.

Certified Sources

- Suppliers can demonstrate that the timber or paper sources come from credible Third-Party Certification Scheme such as FSC (Forest Stewardship Council) or PEFC (Programme for Endorsement of Forest Certification) with an intact Chain of Custody.
- When products are approved by FSC and Dunelm as FSC certified then the Tier 1* supplier must provide an invoice carrying relevant FSC or PEFC chain of custody details for the products advertised as FSC.
- Where products are using material that are FSC or PEFC certified, but not from an FSC certified factory of manufacture or Tier 1 supplier then the raw material FSC certificate must be provided.
- If an FSC or PEFC forest management certificate is suspended or terminated, then from the date of suspension, all products in the supply chain will not qualify as Responsibly Sourced. Additionally, with expired certificates, the supply chain will not qualify as Responsibly Sourced.

Non-certified sources

- If the forest and each step of the supply chain is located in a country (or countries) with a Low Inherent Risk Rating the supply chain will be classed as Responsibly sourced. This addresses issues of poor governance, unreliability of 'assurances' and risks related to corrupt practices.
- Plantation grown material established on former pasture or arable land will be classed as Responsibly sourced.
- Plantation grown material if planted on former forest land can only qualify as Responsibly Sourced if the plantation was established prior to 1994.
- Where products are claimed as recycled, full supporting 2nd and 3rd party documentation, as specified, must be supplied to qualify as Responsibly Sourced

*Tier 1 supplier being the supplier that invoices Dunelm for the product

Monitoring

To demonstrate compliance, suppliers are required to provide information and supporting 2nd and 3rd party documentation for each material regarding:

- Timber species
- Country of harvest
- Countries manufacture
- Forest level documents e.g. a harvesting permit, a valid FSC Forest Management Certificate
- Transport documents where relevant and where available e.g. a timber transport permission certificate

In addition suppliers may be required to provide the necessary information to enable the preparation of supply chain diagrams mapping all the relevant supply chain factors. The product due diligence risk status will be assessed on the information provided.

Consequences for non-compliance

Products will be delisted and resourced where evidence of known and legal sources cannot be verified. Where the due diligence assessment indicates a high risk, suppliers are expected to resource materials immediately.

Guidance for suppliers

Our assessment team will advise suppliers on the documentary evidence required. This is primarily based on the inherent risk levels in the country of harvest, the lower the inherent risk then the less mitigating documentary evidence is required to mitigate the risk.

The key mitigating documentary evidence that's needed to offset the risks are harvesting and transport related documents, these documents demonstrate to authorities that the timber was harvested legally and transported legally.

It is a requirement that suppliers can present copies of these documents when requested to do so as part of the timber due diligence process. These documents should be available within 48 hours of request.

Documentation checks

<p>Forest level documents must contain:</p> <p>File name (top right number) Date Felling period Update before Species Location Volume: merchantable volume: stock volume Felling type Issued to / Issued by Stamped by</p>	<p>Transport documents must contain:</p> <p>File name (top right number) Date Species/Product information Buyer Seller Volume (m3) Stamped by Supplied as: FSC, PEFC, Non certified</p>
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Examples of high-risk Country and Species combinations

Country	Species	Reasoning
China	Oak	Felling ban since 2017
Burma	Teak	High likelihood of illegality
Cote d'Ivoire	All	Recent civil war
DRC (Congo)	All	Ongoing civil war
Brazil - Amazon Basin states	All	High likelihood of illegality

Definitions

CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora) is an international agreement which governs the trade in species threatened with extinction.

You can visit their website at <https://www.cites.org/> for further details.

The CITES list can be searched on this website: <https://speciesplus.net/>

EU Timber Regulation Guidance can be found at <https://www.gov.uk/guidance/eu-timber-regulation-guidance-for-business-and-industry>

EU Timber Regulation Commission Guidance can be found at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/508342/EUTR_Commission_guidance.pdf

Information about FSC and PEFC forestry schemes can be found at <http://www.fsc-uk.org/en-uk>
<https://www.pefc.org>

V- legal schemes do not automatically confer compliance with EUTR and separate EUTR documentation must also be provided when using timber derived from these schemes to show compliance with regulations.

<http://www.euflegt.efi.int/home>

The EU FLEGT Facility supports the implementation of the EU FLEGT Action Plan with a focus on Voluntary Partnership Agreements (VPAs). The Facility contributes to combating illegal logging and strengthening forest governance while encouraging responsible economic development in countries that produce or process timber and export to the EU.

Certified forest: A forest of harvest that is within scope of a valid FSC Forest Management Certificate or valid PEFC Forest Management Certificate.

Non-certified forest: A forest of harvest that is outside the scope of a valid FSC or PEFC Forest Management certificate.

Chain of Custody certification is a mechanism for tracking certified material from the forest to the final product to ensure that the wood, wood fibre or non-wood forest produce contained in the product or product line can be traced back to certified forests

Plantation forests are a type of managed forest in which the trees are planted (as opposed to naturally regenerated), of the same age and generally of the same species, and are intended to maximize the production of wood fibre.