



Dunelm Group plc

Slavery and Human Trafficking Statement for the Financial Year to 27 June 2020

Any use of slave or trafficked labour is absolutely abhorrent to Dunelm. We take the issue very seriously, and we are fully supportive of any measures to eradicate this criminal activity.

This statement is made pursuant to Section 54, Part 6 of the Modern Slavery Act 2015 and sets out the steps that Dunelm Group plc and the companies in its corporate group listed below* (the "Company") has taken to ensure that slavery and human trafficking is not taking place in our supply chain or in any part of our business.

*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
Achica Brand Management Limited (incorporated in Cyprus).

"Modern slavery" encompasses slavery, servitude, human trafficking and forced labour. Dunelm has a zero-tolerance approach to any form of modern slavery. We are committed to acting ethically, with integrity and transparency in all business dealings and to putting effective systems and controls in place to safeguard against any form of modern slavery taking place within the business or our supply chain.

Governance

Modern slavery is a consideration for the whole of Dunelm's business: the premises from which we operate, the supply chain for the products which we sell and which we use, and the services which we outsource.

For this reason, our approach to modern slavery is managed by a working party consisting of the Company Secretary, the Head of Procurement, a People Business Partner and the Head of Quality, with valuable input from departments around the business.

The Company Secretary reports to the Executive Board and the Dunelm Group Board on modern slavery issues.

The Dunelm Group Board has approved this statement and formally reviews policy and performance on ethical trading and modern slavery annually.

Company Structure

Dunelm is a homewares retailer based in Leicester, UK. We have more than 170 stores, the majority with a Pausa coffee shop facility. To support our business, we also have:

- A Store Support Centre (head office) in Leicester and a London satellite office
- Two warehouses in Stoke and distribution centres in Stoke, Dartford, Bristol, Barnsley and Northampton
- A curtain and blind manufacturing centre in Leicester
- A customer service centre in Radcliffe, Manchester
- A home delivery operation (Dunelm Home Delivery Network).

All of our operations are situated in the UK, plus we have one store in Jersey.

Supply Chain Overview

Except for our made to measure curtains and blinds we do not manufacture any of our own products. We source the majority of the products which we sell from UK suppliers, although most of them are manufactured in the Far East. Food products in our coffee shop are manufactured in the UK but sourced worldwide. We outsource some of our support services, including delivery of stock to stores, deliveries to customers, and some service activities such as IT services, store refits, maintenance and cleaning.

What have we done so far?

We have assessed the risk of modern day slavery across our own operations and our supply chain for products and services.

During the risk assessment process, it has been assumed that modern day slavery is more likely if: the role is low skilled; communication isn't essential; less interaction with other groups is needed; positions are needed on a temporary/flexible basis.

Following the risk assessment our Executive Board approved an action plan in January 2016, which is reviewed annually, and we have taken the actions described below.

➤ Policy and raising awareness

We are committed to ensuring that there is no modern slavery or human trafficking in our supply chain or in any part of our business. Our Anti-Slavery policy reflects our commitment to acting ethically and with integrity in all our business relationships and to implement and enforce effective systems and controls to ensure slavery and human trafficking does not take place anywhere within our supply chain.

We have adopted a specific policy on modern slavery, which is attached. This policy supplements our Ethical Code of Conduct, which has been in place for some years, and is based on the Ethical Trading Initiative ('ETI') base code, but with a strengthened section on modern slavery.

We have developed an on-line training module which has been rolled out to our Senior Management Team and also to our management teams in store and at our other locations.

We provided a half day training session to management colleagues at our distribution centres and those of our distribution partners operating from that site.

Posters containing contact phone numbers have been designed and distributed to all of our stores and operating sites.

We have directed any colleague or worker who suspects that modern slavery is occurring to contact our whistleblowing helpline, and have implemented a process to follow on receipt of calls of this nature.

➤ Within Dunelm's own operations

Our risk assessment highlighted that Dunelm's biggest internal risk is the use of agency workers at our own premises, as we do not have direct control over the recruitment process. As a result we took the decision to limit, and so far as possible eliminate, the use of agency workers from our customer service centre and manufacturing centre, and to limit usage at our warehouse and distribution centres and in Dunelm Home Delivery Network as far as possible.

At our warehouses in Stoke we carried out an audit of own colleagues and use of agency workers. In addition provided a half day training session to our management colleagues and those of our distribution partners to raise awareness, and this was repeated in the year being reported in. Our interview process now also includes some additional questions to ensure no-one has paid for a job..

➤ Outsourced service providers

We outsource the following activities in the UK:

- Delivery of stock to stores
- Delivery of products to customers (one man and some of our "two man" product)
- Agency labour in our warehouses, distribution centres and drivers on the Dunelm Home Delivery Network
- Refit and maintenance
- Cleaning
- Security.

We consider all of these to be medium risk because they all operate within the UK and the majority of our partners are large companies.

We have asked all of our partners to commit to comply with our Ethical Code of Conduct.

We also involved partners operating at or from our Stoke distribution centres in our half day training sessions, and have provided access to useful toolkits and training courses to help businesses to understand and act on human trafficking and modern slavery risks. We also checked that the companies providing security and cleaning services are paying at least the national minimum / living wage to their workers.

➤ Supply chain

Dunelm has three core routes with complex supply chains, namely:

- Stock products, which are sold in our stores and online
- Pausa food and drink, sold in our coffee shops
- Non-stock products, to be used by the Company.

The risk assessment for each route considered the product, the materials and the country of origin.

- The largest non-UK factory base is for stock products. We assess all stock products sold under our own brands as “high risk” because the majority of them are manufactured in the Far East; in total we source from 281 suppliers with 783 manufacturing sites in 31 countries.
- Stock products supplied by a third party brand owner are generally assessed as “medium risk”, because the brand owners conduct their own checks.
- We assess suppliers of food and drink products as generally “medium risk” because we source them from a small number of large UK or EU based suppliers who operate controls and checks down the supply chain.
- We assess non stock products as generally “low” or “medium risk”.

What do we do?

➤ Stock products

Effective management of human rights throughout our supply chain is built into our stock product procurement procedures. We have an in-house quality and sourcing team with extensive experience of working with factories to assess and improve adherence to quality and ethical standards. Monitoring and working to improve human rights issues forms part of the factory management role carried out by our Far East sourcing partners on our behalf.

All suppliers and manufacturers with whom we trade directly and who supply us with products sold under our brands (including Dunelm, Dorma, and Fogarty) are required to sign up to our Ethical Code of Conduct. In addition, no new factory source is taken on without a satisfactory ethical audit being in place, and audits are repeated at least every two years.

Where non-compliance is discovered we have a formal procedure for working with a supplier to help them achieve compliance, usually within a 6 month timeframe. Critical non-conformances such as

use of child labour, slavery / working against choice or serious health and safety risks are escalated immediately. We will always look to support a manufacturing site and address the issues, where progress is inadequate we will cease to source from the non-compliant factory.

We recognise that working conditions are not improved as a result of audits, but as a result of changes to procedure, training and monitoring and the Quality team works closely with our audit partner Verisio to improve standards and address non-conformities

Suppliers of third party branded products are required to sign our Ethical Code of Conduct (or provide evidence of an equivalent commitment).

➤ Suppliers of food and drink products and non-stocked product

We have asked all of our suppliers of food and drink, and non-stocked products with whom we spend £50,000 or more per annum to sign our Ethical Code of Conduct (or provide evidence of an equivalent commitment) and complete a desktop risk assessment.

Effectiveness of Policies

Despite everyone's best efforts – retailers, suppliers, specialist auditors, the police, government, NGOs and others – determined and organised criminal activity can be very hard to detect, even in the UK.

We believe that we have clear policies and audit procedures in place that are in line with best practice and support our values and business principles, and our commitment to do what we can to eradicate slavery in our supply chain.

We have been made aware of the following incidents of modern slavery in our supply chain:

- In 2014, one of our former suppliers was convicted of criminal slavery and human trafficking offences.
- Prior to our acquisition of the Worldstores business in November 2016, one of their suppliers became aware of modern slavery offences committed against agency workers at its facility. This supplier was unable to disclose this to Worldstores, and subsequently Dunelm, until 2019 when the related criminal proceedings were complete. We are satisfied that this supplier now has robust anti-slavery measures in place.

Achievements in the year to 27 June 2020

- Continued to work with Verisio Ltd to manage and risk assess all audits that are carried out by any of our approved audit companies.
- Launched a supplier portal which includes easy access to details of our standards for working conditions in all our production sites.

- Started a programme of unannounced audits, focussing on right to work, health & safety and contracts of employment, initially assessing suppliers in the Leicestershire area.
- Supplier conference held to raise awareness of our ethical standards and suppliers responsibilities.
- Modern slavery risk assessment of all UK warehouse sites of suppliers of Dunelm branded products for resale, including suppliers of our Pausa coffee shops; and to suppliers of secondary branded products. This consists of an online risk assessment audit that covers the known Modern Slavery indicators.

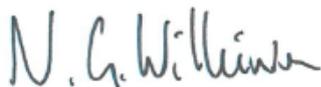
What's next?

- Continue to work with our tier 1 suppliers to close out outstanding corrective actions.
- Extend the unannounced audit programme using our data to identify potential areas of risk.
- Introduce supplier ethical scorecards.
- Implement a 3rd party assessment programme on higher risk tier 2 manufacturers of own brand product.
- Continue to review risk assessments of UK sites and Pausa suppliers and follow up any high risk indicators with onsite audits.
- Repeat the in-house desktop audit of our warehouse and manufacturing facilities, and ask our partners to whom we outsource logistics, returns processing, cleaning and security to complete this.
- Carry out refresher training for our colleagues and partners, including an in depth awareness presentation to our warehouse and distribution colleagues and supplier partners.
- Continue to monitor developments in best practice.

Board of Directors Approval

Dunelm will never knowingly enter into a business relationship with any organisation involved with slavery, servitude or human trafficking. The senior management of the Company accepts responsibility for the implementation of any policy in relation to this matter and for the provision of adequate resources to ensure that slavery, servitude or human trafficking is not taking place in the Company or its supply chain.

This statement has been approved by the Board of Directors of Dunelm Group plc and signed by the Chief Executive of Dunelm.



Nick Wilkinson
Chief Executive

First statement published October 2016

Last reviewed and approved by the Board of Dunelm Group plc on 13 October 2020

Dunelm Group plc
Prevention of Modern Slavery Policy

Policy Statement

Any use of slave or trafficked labour is absolutely abhorrent to Dunelm. We take the issue very seriously, and we are fully supportive of any measures to eradicate this criminal activity.

We acknowledge our responsibility under the Modern Slavery Act 2015 and will ensure transparency within our organisation and with suppliers of goods and services. We will take proactive steps to ensure that there is no modern slavery in our business or in our supply chain.

“Modern slavery” includes:

Hidden labour exploitation, defined as all offences of human trafficking, slavery, forced labour and domestic servitude by a third party individual or gangs other than the employer or labour provider including rogue individuals working within these businesses but without the knowledge of management. This can include payment for work-finding services and work-related exploitation such as forced use of accommodation.

Human trafficking, defined as the recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation.

Purpose

The purpose of this policy is to provide clarity to all colleagues, agency workers, agency labour providers and suppliers to Dunelm on the Company’s standards, processes and actions that it commits to take in order to protect workers from the threat of modern slavery.

Responsibilities

The Dunelm Group Board and the Executive Board have responsibility for implementing this policy statement and its objectives, and will provide adequate resources and investment to ensure that modern slavery is not taking place within the organisation or within its supply chains.

All colleagues responsible for recruiting workers either directly or via agency providers are responsible for the application of this policy and accompanying procedures by line managers and colleagues.

All colleagues responsible for purchasing services at Dunelm sites (including agency labour), products for resale and from other major suppliers are responsible for ensuring that the supplier commits to adhere to these principles.

Our Policy Commitments

Dunelm commits to:

1. Conduct risk assessments to determine which parts of our business and which of our suppliers are most at risk of modern slavery so that efforts can be focused on those areas.
2. Phase out the use of agency labour at our sites wherever practicable, to ensure that we have direct control over the conditions under which our workers are engaged.
3. Ensure that labour sourcing, recruitment and colleague placement processes are under the control of trusted and competent colleagues.
4. Ensure that all colleagues responsible for directly recruiting are aware of issues around modern slavery and signs to look for. Provide training to colleagues as appropriate.
5. Accept that job finding fees are a business cost, and must not be paid by job applicants. The Company will not use any individual or organisation to source and supply workers without confirming that workers are not being charged a work finding fee.
6. Raise awareness by providing information on tackling modern slavery to our colleagues through a variety of formats including training and workplace posters.
7. Encourage colleagues to report any suspected cases of modern slavery, and provide a confidential means to do so. Information on how to report such cases will be displayed clearly on the colleague notice board.
8. Ensure that all reports of suspected modern slavery are dealt with properly and with sensitivity, and where appropriate are reported to the relevant authorities.
9. As informed by our supplier risk assessment, promote awareness of modern slavery to suppliers of agency labour, products for resale and other suppliers; and include due diligence on the controls adopted by these suppliers to address modern slavery in our existing supplier approval procedures.
10. Terminate our contract with any supplier found to have knowingly been involved in modern slavery.
11. Continue to develop this policy and our processes and procedures in line with good industry practice.

We will require labour providers and other providers of services to Dunelm sites to adopt policies and procedures consistent with the above.

We will also require suppliers of Dunelm products for resale and other major suppliers to sign our Ethical Code of Conduct which prohibit modern slavery.



Nick Wilkinson
Chief Executive

First adopted October 2016
Last reviewed October 2020.