

Dunelm Group plc

Slavery and Human Trafficking Statement for the Financial Year to 1 July 2023

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
Dunelm (Soft Furnishings) Londonderry Limited

“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 that we sell and use, and the services that we outsource. For this reason, our approach to modern slavery is overseen by a steering group comprising the Group General Counsel and Company Secretary, the Head of Procurement, the Head of People Business Partnering, the Head of Product Quality and Sustainability and the Ethical Manager, with valuable input from departments around the business.

The Group General Counsel and Company Secretary reports to the Executive Team 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 180 stores in total, which are all located in the UK aside from one in Jersey, and the majority of which have a Pausa coffee shop facility. We also sell products via Dunelm.com for home delivery to UK customers or for collection from our stores. To support our business, we also have:

- 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 blind manufacturing centre and a mock shop in Leicester;
- a customer service centre in Radcliffe, Manchester;
- a home delivery operation (Dunelm Home Delivery Network); and
- Sunflex, a blind and curtain pole manufacturing business, acquired in 2022, which has one site in Cannock.

All of our operations are situated in the UK, save for our one store in Jersey.

Supply Chain Overview

Except for our made to measure curtains and blinds and our Sunflex blind and curtain poles, we do not manufacture any of our own products. We source the majority of the products that we sell from UK suppliers, although most of them are manufactured overseas, and in particular in the Far East. Food products in our coffee shop are manufactured in the UK but 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.

What have we done so far?

We continue to assess the risk of modern slavery across our own operations and our supply chain for products and services. We consider that modern slavery is more likely in the following circumstances: the role is low skilled; communication isn't essential; less interaction with other groups is needed; positions are needed on a temporary/flexible basis.

Our Executive Team approved a plan in January 2016 based upon an assessment of risk within our supply chain and business, with the assumptions set out above. This is reviewed at least annually and forms the basis of the work undertaken by the steering group.

➤ 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 modern slavery policy, which is attached, 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. 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. Our Ethical Code of Conduct is available at corporate.dunelm.com.

We have created an online training module that has been successfully completed by our senior management and management teams in stores and at other locations. This training offers insights into modern slavery, shedding light on its potential impact on the Group, ways to identify warning signs, and the procedures for reporting concerns if any colleague suspects the occurrence of modern slavery at our stores, sites, or at our suppliers.

We direct 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 contacts 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 at our customer service centre and manufacturing centres, and to limit usage at our warehouse and distribution centres and in Dunelm Home Delivery Network as far as possible. We ask any providers of agency labour to sign our Ethical Code of Conduct and in FY23 we developed new terms for all agency labour suppliers.

➤ **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)
- Picking and packing of products for some of our home delivery operations
- Agency labour in our warehouses, distribution centres and drivers on the Dunelm Home Delivery Network
- Refitting stores
- 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 require all of our partners to commit to comply with our Ethical Code of Conduct. In addition, during this year we selected 20 of these suppliers to complete a modern slavery risk assessment. We also involved partners operating at or from our Stoke distribution centres in our 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.

➤ 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 considers the product, the materials, and the country of origin.

- The largest 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 371 suppliers with 873 manufacturing sites in 28 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 “medium risk”, dependent on the nature of the goods or services supplied and the identity of the supplier.

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 90 days. Critical non-conformance 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 to address the issues. Where progress is inadequate, we will firstly pause new product development with a factory, and ultimately terminate our relationship if our standards will not be met.

In addition to scheduled audits, we carry out fully unannounced spot check audits to verify standards and compliance and to ensure products are made at the declared site. We aim to complete unannounced spot checks for at least 10% of our Tier 1 sites each year.

We recognise that working conditions are not improved as a result of undertaking audits, but from changes to procedure, training and monitoring. Our Quality team works closely with our audit

partner Verisio to improve standards and address non-conformities and ensure that factories provide us with robust root cause analysis.

Suppliers of third party branded products are required to sign our Ethical Code of Conduct (or provide evidence of an equivalent commitment). Last year we strengthened our process: suppliers are required to undertake an online assessment where they need to demonstrate they understand and comply with all legal obligations relating to product quality, safety, compliance and ethical trading. This is graded, non-conformities must be addressed, and a satisfactory standard achieved before a supplier is onboarded.

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

We require 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). We also require our Tier 1 food and drink suppliers and certain suppliers of non-stocked products to submit an Ethical Audit or complete an ethical self-assessment questionnaire.

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.

Progress in the year to 1 July 2023

- Extended our audit programme as follows:
 - 35 fully unannounced audits were carried out across Tier 1 and identified Tier 2 factory sites for stocked products in the Far East.
 - Compliance checks identified a number of areas of improvement (no modern slavery was identified), corrective action plans have been agreed and completion verified through follow up spot checks.
 - Completed Tier 2 mapping for 75% of supply chain for our own brand stock products – process is ongoing with an aim to achieve 100%.
- Further developed and refined our escalation process for sites graded as high-risk.
- Made further improvements to our supplier scorecard to aid engagement. This is issued quarterly and is used to support sourcing decisions.
- Continued to work with Verisio Ltd to manage and risk assess all audits that are carried out.
- Supplier portal continually updated with Technical & Ethical requirements and expectations; suppliers are required to acknowledge receipt of new documents.
- Held a supplier seminar in the year with a focus on raising standards and awareness of the risk of modern slavery and to enforce our policy.
- Developed new terms for all agency labour suppliers.

What's next?

- Continue to map beyond Tier 1 sites for our own brand stocked products to confirm who makes our products and where at every stage of the supply chain.
- Implement a 3rd party assessment programme on higher risk Tier 2 manufacturers of own brand product.
- Extend the unannounced audit programme into other high-risk regions using our data to identify potential areas of risk including subcontracting.
- Carry out refresher training for our colleagues and partners, including an in-depth awareness presentation to our warehouse and distribution colleagues and supplier partners.
- Improve supplier checks through horizon scanning to manage corporate risk – i.e., negative media, company director checks.
- 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

Approved by the Board of Dunelm Group plc on 6 September 2023.

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 Team 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

Adopted October 2016