



Dunelm Group plc

Slavery and Human Trafficking Statement for the Financial Year to 2 July 2016

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 (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.

Governance

Modern day 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 day slavery is managed by a working party consisting of the Company Secretary, the Product Director, a People Business Partner and the Technology Manager, with valuable input from departments around the business.

The Company Secretary reports to the Executive Board and the Dunelm Group Board on modern day 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 150 stores, the majority with a Pausa coffee shop facility. To support our business we also have:

- A Store Support Centre (head office) in Leicester
- Two warehouses in Stoke
- A curtain and blind manufacturing centre in Leicester
- A customer service centre in Radcliffe, Manchester,

All of our operations are situated in the UK.

Supply Chain Overview

With the exception of 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 and some service activities such as store refits, maintenance and cleaning.

What have we done so far?

We started by assessing 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 and we have taken the actions described below.

➤ Policy and raising awareness

We have adopted a specific policy on modern day 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 asked Stronger2gether to provide 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 call 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 eliminate the use of agency workers from our customer service centre and manufacturing centre, and to limit usage at our distribution centres as far as possible.



At our distribution centres in Stoke we carried out an audit of own colleagues and use of agency workers. In addition we asked Stronger2gether to provide a half day training session to our management colleagues and those of our distribution partners to raise awareness. 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
- Agency labour in our distribution centre
- 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 and reputable 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 distribution centres in our Stronger2gether training session and have provided details of the Stronger2gether.org website, which has useful toolkits and training courses to help businesses to understand and act on human trafficking and modern day slavery risks. We also checked that the companies providing security and cleaning services are paying at least the living wage to their workers.

➤ Stock supply chain

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

- Stocked products, which are sold in our stores and online
- Pausa food and drink, sold in our coffee shops
- Non-stocked 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 stocked products. We assess all stocked 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 1300 factories situated in 38 countries.

- Stocked 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?

➤ Stocked products

Effective management of human rights throughout our supply chain is built into our stocked product procurement procedures. We have an in-house technology 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 are required to sign up to our Ethical Code of Conduct. 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, within a reasonable timeframe. Critical non-conformances such as use of child labour, slavery / working against choice or absence of valid Building or Fire Certificate are escalated immediately, and supplies cease until the issue has been resolved. Ultimately if progress is inadequate we will cease to trade with the supplier.

We delivered specific presentations to highlight the risk of modern slavery to our stocked product suppliers during the year as follows:

- Supplier Seminar in UK, February 2016
- Supplier Seminar in China, India, Bangladesh, May 2016

➤ 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).

Effectiveness of Policies

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. However 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, as illustrated by our experience in 2014.

We were made aware of allegations of people trafficking in the supply chain of one of our UK suppliers in May 2014 and immediately commissioned an independent SMETA audit by Intertek which did not uncover any evidence of this. This was followed up by our own visit to the factory in June 2014. Although we did not find any evidence of slavery or forced labour we decided to cease sourcing products from this supplier as we felt that their management did not demonstrate the commercial standards that we expect from our suppliers. Subsequently the supplier's directors were convicted of criminal slavery and human trafficking offences.

In response to this we have tightened our audit regime so that all suppliers are audited by an external recognised expert firm before they can start supplying to us. We have strengthened the modern slavery sections of our Ethical Code of Conduct and are widening our audit to cover business practices (see "what is next" below). We also have programmes in place to raise awareness of the issue throughout the business and our supplier base.

What is next?

In the next financial year we plan to:

- Require all manufacturers of stocked product to be subject to a semi-announced, 4 Pillar SMETA audit; this covers the traditional topics of labour standards and health and safety, with additional questions on environmental standards and business practices. This is to gain a more realistic view of the manufacturer and learn more about the ethical stance of the company.
- Introduce a factory profile questionnaire to be completed by potential new factories to learn more about their technical and ethical position before placing business with them.
- Gather ethical audits for the high risk food and drink and non-stock suppliers.
- Begin a supply chain mapping trial with a third party.
- Continue to monitor developments in best practice.

A handwritten signature in blue ink, appearing to read "John Browett".

John Browett
Chief Executive

Approved by the Board of Dunelm Group plc on 11 October 2016



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.

A handwritten signature in blue ink, appearing to read "John Browett", is written over a light blue circular stamp.

John Browett
Chief Executive
October 2016