

Dreams Group

Modern Slavery and Human Trafficking Statement

Year ending 24 December 2022

About this statement

This statement is made by the Board of Directors of Dreams Group on behalf of itself and its subsidiary companies (together “the Dreams Group”) pursuant to Section 54, part 6 of the Modern Slavery Act 2015 (“the Act”). It covers the activities and actions undertaken by the Dreams Group during the financial year ending 24 December 2022, to ensure that slavery and human trafficking is not taking place in any of our supply chains or in any part of our business. The Dreams Group includes Dreams Group and its subsidiary companies, being:

The Bed People Limited

Introduction

Dreams is the UK’s most loved bed retailer; manufacturing, selling and delivering beds across the UK. Since opening the first Dreams store in 1985, the business has expanded to over 200 stores nationwide including an online presence. In total, Dreams Group delivers around 550,000 customer orders a year and has over 2,300 colleagues.

The company trades under three brands: Dreams, Sleep and Snooze and Feather & Black.

Dreams opened its own manufacturing operation in Oldbury in 2006, which makes up to 12,000 mattresses, bases and headboards per week and operates its own 2-man home delivery network.

Dreams Group is in the business of ‘Serving the nation with beds they love. For life. In life’. We believe bed is the most important place in any home and as such, we’re committed to giving customers so much more than just a great night’s sleep. We are there for people through every stage and key milestone in life.

It is important to us that our customers know that we are opposed to modern slavery and human trafficking in all its forms and trust that we and our suppliers treat our employees with fairness, dignity and respect. Furthermore, Dreams Group will not work with any business that has been found to be knowingly involved with either modern slavery or human trafficking. There have been no known modern slavery or human trafficking cases highlighted within the business or the supply chain.

On 2nd August 2021 Dreams Group was acquired by Tempur Sealy International, Inc.

This statement is made pursuant to section 54 of the Modern Slavery Act 2015 (the “Act”) and constitutes the slavery and trafficking statement for the last financial year ending 24 December 2022 for Dreams Group.

Governance

Modern slavery is a relevant consideration for the whole of the Dreams Group. The Executive Leadership Team, led by the Chief Executive Officer, Jonathan Hirst, set the

strategic direction for responsible sourcing and ethics. The agreed strategy is overseen by the Chief Commercial Officer, Paul Solly, who has accountability for human rights and responsible sourcing performance across the group, for the provision of adequate resources to ensure that we comply fully with our obligations.

Beneath the Executive Team we have established a cross-functional Human Rights working party, consisting of senior managers from across the business who are responsible for implementing strategy and ensuring human rights are core to the future of the business and which reports to the Board. Our approach to addressing modern slavery sits within our wider Environment, Social and Governance (“ESG”) agenda.

Company Structure

Dreams Group is a bed, mattress and furniture retailer based in High Wycombe, UK. To support our business, we have:

- Bedquarters (Head Office) in High Wycombe with over 220 colleagues, including the Customer Services team of approximately 60 colleagues.
- A manufacturing centre for mattresses, divan bases and headboards, based in Oldbury, with an estimated 230 colleagues.
- Four warehouses in the West Midlands.
- 12 home delivery centres located around the UK with around 150 delivery vans and crew. There are approximately 750 colleagues in our supply chain network.

Our Supply Chain

Summary of Actions and Key performance Indicators (“KPI’s”)

We acknowledge that there is a risk of exposure to modern slavery in our supply chains. On review of Dreams Group’ existing social due diligence measures, Dreams Group have partnered with independent third-party service provider, Verisio, who are ethical audit specialists. Verisio are a trusted and well-established social compliance organisation with significant expertise in this area. More information can be found about Verisio here: <https://www.verisio.com/#modern>.

Verisio have undertaken ethical audit assessments and will continue to assess all Dreams Group supplier factories against the Dreams Group ethical requirements as part of its supplier due diligence process and audit programme, helping Dreams Group to de-risk its supply chain operations. Suppliers are now required to commission ethical audits through an APSCA Member firm using registered auditors, as stipulated in the Dreams Group preferred audit company list.

Through its independent audit programme, Dreams Group categorises supplier factories into three separate risk categories: low, medium and high risk. The data enables Dreams Group to apply a risk-based approach to de-risking its supply chain and focus on the specific non-conformance issues identified within individual factories. Any specific issues identified are classed as (i) Minor (ii) Major (iii) critical and (iv) Zero tolerance. These KPI’s are reviewed and actioned as part of our commitment to maintaining required standards.

Additionally, this year Dreams Group has implemented increased scrutiny for onboarding of new factories and suppliers through the adoption of a Dreams Group Code of Conduct. All new and existing suppliers are required to agree to and formally acknowledge the requirements set out within the Code of Conduct before commencement of business. As

stated, these policies and the audit programme form part of the Dreams Group supplier onboarding process, along with initial Self-Assessment Questionnaires (SAQ) and Supplier Agreement.

Summary of Findings

The ethical audit programme has highlighted no zero tolerance non-compliances within the Dreams Group current supply chain.

High risk and medium risk rated suppliers present the highest human rights and slavery risks. Focussing efforts on these suppliers and factories is a key part of targeting our modern slavery programme effectively. Sites graded as high risk require more immediate action and focus, as these suppliers will have the greatest potential risk associated.

Following every ethical audit, a corrective action plan is created and agreed to address any non-conformance issues identified. The factory management are obliged to address the non-conformances through root cause analysis and implementation of corrective actions to an agreed timeline. Dreams Group' Technical & Ethical teams subsequently monitor the progress and successful remediation.

Our Internal Risk

Within our own operations we have robust processes in place to ensure our direct colleagues have been recruited legally. We also require the flexibility of temporary workers in some areas depending on fluctuations in demand, for example at distribution centres and at our Bed Factory.

We have designed a checklist scoring system for our recruitment partners to adhere to for us to continue working with them. The modern slavery checklist was then integrated into our process for setting up any new recruitment agencies to ensure they meet the required standards prior to them becoming a partner.

For existing recruitment partners, we have created a process to conduct annual reviews with them.

All scores are at a good level with our appointed recruitment partners, and we are now working alongside our partners on any required improvements until we commence another annual check at the beginning of 2024.

Goods Not for Resale (“GNFR”) & Services Providers

The business has approximately 600 suppliers, around 60% are for materials and goods for use within the company “GNFR” or Services. These suppliers sit across many areas such as Marketing, Media, Finance, Logistics, Property etc. Many are well-known large companies and organisations, whilst others are more local to our locations and specific needs.

Over the last twelve months we have engaged with our higher risk rated providers (Risk based on the type of services they provide, labour market they operate in and countries and regions they serve) using a Self-Assessment Questionnaire (SAQ) which is designed to understand and validate their commitment to managing the modern-day slavery risk within their operations.

Where suppliers do not have sufficient controls or processes in place, remedial action plans are agreed, and Dreams Group will support the supplier to meet the requirement within an agreed timescale. If following that timescale and review the supplier cannot meet Dreams Group' requirements, any business with that supplier will be suspended until the requirements are met and validated.

Suppliers with a medium risk rating based on industry, services provided, size and location of operations have started to receive their initial SAQ and guidance during June 2023 with an aim of completing this by the end of September 2023.

Suppliers with a low-risk rating will be contacted during Q1 2024 to provide their MDS compliance evidence. Further work including SAQ's will be issued if required.

Awareness and Training

It is important for everyone within our business to understand the risk of modern slavery and how to recognise potential flags.

Our Whistle Blowing programme "Speak Up" is managed by our Risk & Human Resources teams. We have posters in key locations encouraging colleagues to report anything they are concerned about (including potential Modern Day Slavery concerns), which can then be investigated internally or passed to the relevant authorities if necessary.

We have sourced and designed a full training programme for all colleagues to understand the risk of modern slavery, and how to recognise potential flags both in work and in their wider community. This training includes an additional module for managers in the areas of our business that require temporary workers, to ensure they are confident in how to escalate should they have any concerns. The training also included a video, produced by the Gangmasters and Labour Abuse Authority (GLAA), which shows three different ways of addressing a potential case of modern slavery and the consequences of each course of action. The training was hosted online and tracked at an individual level to ensure 100% completion. The training has also been embedded into our induction programme to ensure all new colleagues receive a consistent level of training on an ongoing basis.

We have also enhanced our internal auditing process of personal details that may identify potential exploitation which therefore helps us to raise potential issues to the relevant authorities. A clear process has been defined and documented to ensure consistency of the process as well as an escalation channel through the Modern Slavery Committee.

We realise that some companies within our supply chain may not have considered the risk of modern slavery within their own business and subsequent supply chains. We are committed to helping them understand and reduce modern day slavery in their own supply chain which in turn helps us. Therefore, looking ahead, we will provide specialist training for our teams who source product and work closely with our suppliers to reduce the risk further in our supply chain.

In 2023 we have completed specialist training for our teams who source product and work with our suppliers. This training was delivered by Stronger2gether, a not-for-profit organisation who specialise in this area and have a vision of a world where all workers are recruited responsibly and have fair work, free from exploitation. Following this, we will create an online training module of the key points and practices we should be adopting, with a view to rolling this out to our Senior Leadership Team. This will also act as an important refresher for those who attended to keep the momentum going.

It has been recognised that there is a specific risk of modern slavery being used by companies when put under pressure with regards to price and lead times. Therefore, later this year we have also arranged for negotiation training for our commercial team and leaders across different departments to ensure they are not pushing our suppliers to behave in an unethical manner. We are also planning an internal campaign on 2nd December 2023, the International Day for the Abolition of Slavery, to continue to raise awareness and educate our people on this concern.

Our internal auditing process continues to work well for us and whilst it hasn't highlighted any risks, it has identified internal action that we have taken.

Later this year we will start to use the Tempur Whistleblower number, which anonymises all feedback but still gives information to any concerned colleagues. It will allow data analysis which will help to develop policies and contracts in the future. We will also complete a review of our contracts, terms & conditions, policies and colleague packages.

Effectiveness

The complexity and insidious nature of modern slavery makes it very difficult to know if the actions being taken are effective. There have been no known cases highlighted within the business or the supply chain.

By learning more about our supply chains, further risks of modern slavery will be identified. We furthermore recognise that our policies and processes will have to continually evolve to minimise any negative human rights impacts on vulnerable people within our supply chain.

Future Actions

Dreams Group recognises the importance of measuring and tracking supplier ethical indicators and ensuring progressive actions are taken by suppliers to tackle identified non-compliances and mitigate risks. Dreams Group aims to improve working conditions at production sites that make Dreams Group products, particularly those in high-risk countries or product categories.

We expect our approach to managing the risk of modern slavery to continue to evolve as we learn from our risk reviews, refine our practices and continue to build capability in the Dreams Group. We know that there is more work to do; where we encounter challenges, we will do our best to resolve them, working collaboratively with others.

Dreams Group regularly evaluates its plans to strengthen its approach in mitigating modern slavery risks, these plans will include:

- Consider the increased risk of modern slavery in certain raw material supply chains and the due diligence plans Dreams Group will need to introduce for those materials.
- During 2023, investigate auditing supply chains of our import factories, focusing on factories that use third parties to manufacture finished componentry.
- Roll out the Goods for Sale system to the GNFR suppliers.
- Develop supplier KPIs with commercial teams to monitor supplier progress and areas of focus. Conducting unannounced production site visits for certain high-risk supplier and factories/ product groups
- Continued training of colleagues and Dreams Group colleagues.

Board of Directors Approval

Dreams Group will never knowingly enter into business with any organisation involved in slavery, forced labour or human trafficking.

This statement is approved, on behalf of the Board of Directors of Dreams Group, by the Chief Financial Officer.

A handwritten signature in black ink, consisting of the letters 'K' and 'Z' followed by a long, sweeping horizontal line that curves upwards at the end.

Kim Zaheer
Chief Financial Officer

Statement published 30 June 2023