

## **Dreams Modern Slavery and Human Trafficking Statement 2023**

### **About this statement**

This statement is made by the Board of Directors of Dreams Ltd (Dreams) pursuant to Section 54, part 6 of the Modern Slavery Act 2015 (“the Act”). It covers the activities and actions undertaken by Dreams during the financial year ending 24 December 2023, to ensure that slavery and human trafficking is not taking place in any of our supply chains or in any part of our business.

### **Hello from Jonathan**

“Dreams was officially born in Uxbridge in 1987, when the company’s founder evolved their sofa bed shop and started to specialise in mattresses.

Since then, our business has continued to grow, with over 200 stores nationwide, our very own Bed Factory in the Midlands, and 18 distribution centres across the UK. We employ over 2,300 colleagues and are the UK’s most loved bed retailer. That’s why it’s crucial we keep ourselves accountable to our mission - ‘delivering the best journey to your perfect quality bed’ - and the values we live by: putting our customers first, celebrating success and always being authentic.

An integral part of this is recognising the ever-present threat of modern slavery and human trafficking. As our business, partnerships, and supply chains become more complex, it’s vital we and our suppliers treat every colleague with fairness, dignity, and respect. We want everyone in the Dreams family to be aware of the risks of modern slavery and feel empowered to speak out if they identify any issues, knowing that we’ll respond with meaningful action.

This year, we’ve improved transparency, visibility, and engagement with different parts of our supply chain. Leveraging existing partnerships, we’ve deepened our mutual understanding of complex ethical issues and implemented resources and actions to reduce identified risks. We’ve also commissioned an independent third party to undertake new site and maintenance ethical audit assessments. As part of our ongoing commitment, they will continue to assess all Dreams suppliers’ factories against our ethical requirements.

These are just a few examples of the work we’ve done over the past year. However, we understand that as our business grows, so do the risks. That’s why we will continue to invest in areas such as year-on-year bringing more and more of our supply base closer to home and building on our ethical-audit programme.

Most importantly, I'm proud to say our colleagues across the Dreams network are committed to doing the right thing. Together, we strive to create an environment where we can work together to address this complex issue."

*Chief Executive Officer, Jonathan Hirst*

## **Our business**

We make, sell, buy, and deliver beds and mattresses to UK households through our network of shops and online channels.

Our operations are spread across many sites:

- Our head office, fondly referred to as 'Bedquarters', is based in High Wycombe and holds over 220 colleagues, including our Customer Services team of approximately 60 colleagues.
- As a proudly British business, over half of the mattresses we sell are made at our Bed Factory in Oldbury by our expert craftspeople, and we are committed to making more and more of our products right here in the UK. Opened in 2004, more than 290,000 mattresses and more than 200,000 divans and headboards are handcrafted at our Bed Factory each year.
- 18 distribution sites are located around the UK, of which 12 home delivery centres deliver more than 520,000 customer orders each year through 150 delivery vans and crew. There are approximately 750 colleagues in our supply chain network.
- We have six warehouses in the West Midlands including our largest, state-of-the-art warehousing facility in Willenhall, opened in March 2023.

Dreams trades under two brands: Dreams and Feather & Black and we are owned by the world's largest bedding company, TEMPUR SEALY International, Inc.

In April 2023, we celebrated becoming the most recommended bed retailer in the UK, when our Trustpilot score increased to 4.8, giving us the coveted 5-star accolade.

In September 2023, we were also publicly recognised when we won the industry's National Bed Retailer of the Year award for the third consecutive year, following previous wins in 2019, 2021 and 2022.

## **Our supply chain and distribution**

Dreams operates its own warehousing and distribution service. In 2023, we opened our state-of-the-art warehousing facility in Willenhall. This is the largest property in the Dreams estate and its construction and fitting out was the major single project completed by the distribution team in Dreams' history. It's a 12,000-pallet holding facility with the same footprint as five football pitches. The new building offers its 60 workers modern amenities and equipment, including a new canteen, restrooms and break-out areas.

Our fleet of trailers distributes our beds and mattresses to our country-wide network of 12 delivery service centres, where more than 520 full-time colleagues support the deployment of 155 3.5 tonne vans, each with two-person delivery crews. Every week, our home delivery teams fulfil around 10,000 customer orders, increasing to more than 12,000 a week during our peak season.

### **Our policy on modern slavery and human trafficking**

We make this uncompromising promise to our stakeholders, value chain and the public:

*Dreams will not work with any business discovered to be knowingly involved with modern slavery or human trafficking.*

We expect our suppliers to agree and align to Dreams values and treat all colleagues with fairness, dignity and respect.

In essence, modern slavery is where a person is exploited through threats of violence, coercion, deception, or abuse of power. It can include forced and child labour. Human trafficking refers to facilitating the travel of a person for the purpose of exploitation. The offences are set out in Part 1 of the Modern Day Slavery Act.

We know that there is an ever-present risk of exposure to modern slavery in our complex and dynamic global supply chains, and that risk is heightened where we have less direct visibility.

Dreams has a zero-tolerance view of modern slavery in all its forms. We are committed to meeting this complex challenge through vigilance, rigorous oversight, ethical engagement with suppliers, and training.

We also recognise that there will be occasions when it is more appropriate for us to work with and support our suppliers in eradicating any instances of non-conformity identified during our ethical review process. Where this is feasible, it allows us to be a force for good in driving and managing change that positively benefits supplier workers.

We require our suppliers to:

- (1) Sign and comply with our Supplier Codes of Conduct (SCOC).
- (2) Agree to and comply with our modern-day slavery and human trafficking provisions set out in our supplier contracts.

## **Our due diligence process**

Modern slavery and human trafficking in all its forms is a significant consideration for all areas of our business.

The executive leadership team set the overall strategic direction for our wider Environmental, Social and Governance (ESG) obligations. Our ESG agenda is underpinned by our Force for Good business enabler which sets out the key program of initiatives focussed on doing right by our colleagues, the communities we touch and the planet. Overseeing our modern slavery commitments forms part of our ESG responsibilities. Strategic implementation for modern slavery is delegated to our Modern Slavery Steering Group, chaired and supported by an industry-recognised independent consultancy on supply chain ethics and sustainability. Senior managers from across the business are represented on the Steering Group so human rights issues and modern slavery awareness are integrated across all functions.

At an operational level, human rights and ethical auditing of Tier 1 suppliers (direct suppliers of Dreams product or services) sits with our Chief Commercial Officer, supported by the technical and ethical team. Ethical management of our Goods Not For Resale (GNFR) suppliers (goods and services that support our operations rather than our sales to customers) and colleague safety sits with our Head of Risk. Colleague welfare, training and our whistleblower programme is overseen by our Head of People.

Our ways of working:

### **CEO and executive leadership team**

Responsible for reviewing, appraising, and approving the sustainable plans which includes human rights and modern slavery statement approval and setting the strategic direction for responsible sourcing and ethics.

### **ESG steering committee**

Reviews and monitors human rights initiatives and due diligence as part of wider sustainability plans. Quarterly meetings.

### **Chief Commercial Officer**

Accountable for implementation of responsible sourcing programs and managing human rights risks.

## **Modern slavery steering group**

Accountable for human rights programme progress. Progress reported to CEO and executive leadership team quarterly.

### **Senior managers from key departments**

### **Supported by external modern slavery consultant**

## **Our risks and mitigations**

### Finished products

This year, independent ethical audit specialist, Verisio, has undertaken assessments for all new supplier sites and continues to assess our established supplier factories against our ethical requirements, as set out in our SCOC.

The SCOC outlines our principles and requires all suppliers to commission ethical audits using a Dreams preferred partner certified by the Association of Professional Social Compliance Auditors (APSCA).

Through its independent audit programme, Dreams rates supplier factories as low, medium or high-risk.

The audit data enables us to apply a risk-based approach to de-risking our supply chain and focus on any specific issues identified within individual factories. These issues are classed as (i) Minor, (ii) Major, (iii) Critical, and (iv) Zero Tolerance. Sites are scored across a range of assessment criteria, including the working conditions and treatment of employees, and the overall site score will determine whether it is categorised as a low-, medium- or high-risk site.

It's acknowledged within the industry that high-risk suppliers present the greatest human rights and slavery challenges. Focusing efforts on these suppliers and factories is a key part of deploying our modern slavery programme effectively. Our approach should any sites be graded as high-risk or identified as having zero-tolerance non-conformance, would be to introduce immediate actions and arrange subsequent audits on an unannounced basis.

Dreams identifies and manages at-risk suppliers through its third-party service partnership with Verisio. Our ongoing relationship with Verisio means we continue to benefit from their expertise as a well-established and trusted social compliance organisation, with significant expertise in de-risking modern slavery and forced labour risks in the supply chain.

### Goods Not For Resale (GNFR) and service providers

Sixty percent of Dreams' 600 suppliers provide materials and goods to support our business operations. These suppliers sit across many areas such as Marketing, Media, Finance, Logistics, Property and more. Many are long established and reputable companies meeting our business-wide needs, whilst others are closer to our individual sites and fulfil their specific local requirements.

Within our MDS programme we have identified the inherent risks posed by our GNFR supplier base that historically employs a more transient, multicultural workforce. Typically, GNFR suppliers are smaller businesses providing services for building and property maintenance, vehicle maintenance and agency workers.

This year we:

During 2024, we plan to:

- Having successfully engaged with all our higher risk suppliers in 2022, have assessed and approved our medium-risk providers (assessed on the type of services they provide, labour market they operate in and countries and regions they serve) using a Self-Assessment Questionnaire (SAQ), designed to understand and validate their commitment to managing the modern-day slavery risk within their operations.
- Agreed remedial action plans where suppliers did not have sufficient controls or processes in place.
- Supported suppliers to meet Dreams' requirements within an agreed timescale. If following that timescale and review the supplier cannot meet Dreams' requirements, any business with that supplier will be suspended until the requirements are met and validated.

### **Summary of our progress in 2023**

Our actions have improved transparency, visibility, and engagement within different parts of our supply chain.

This year we:

- Leveraged existing partnerships and accelerated the mapping out of Dreams' Tier 1 suppliers ethical supply chain.
- Unlocked resources and actions to reduce identified risks within the supply chain.
- Commissioned an independent third party, Verisio, to undertake new site and maintenance assessments on supplier factory ethical audits.
- Categorised all our supplier factories into three separate risk categories: low, medium, and high risk.

- De risked our supply base by increasing the proportion of our low and medium risk suppliers.
- Continued our SCOC and ethical audit programme that allows us to dynamically map out our Tier 1 supply chain, benefiting us with improved transparency, visibility, and engagement with each factory site.

## **Our awareness training**

We believe education is key to the prevention of modern slavery throughout our network. We want each of our Dreams colleagues and anyone in our supply chain to be aware of the risks of modern slavery and feel empowered to speak out if they identify any issues.

This year we:

- Updated our whistleblowing programme and introduced an ethics line operated by an independent third-party company, Stronger2gether, to promote accountability, fairness, and transparency. The ethics line is open 24 hours a day, 7 days a week via telephone, text, or email, and is available to all Dreams colleagues. Everyone who raises a concern has the option to remain anonymous. It is available in all global languages and provides the option to either speak to a person directly or write a report; whichever our colleagues prefer.
- Launched an awareness campaign through posters and video content to ensure all Dreams colleagues were aware of the ethics line process and how to report any concerns.
- Achieved 100% Dreams colleague completion rate of the annual business code of conduct training.
- Sourced and designed a new Dreams colleague training programme to raise awareness of the risk of modern slavery and human trafficking, including how to recognise potential flags both in work and in the wider community.
- Embedded modern slavery and human trafficking training into our induction programme, so all new Dreams colleagues are made aware of the risks and how to address potential cases.
- Hosted an extensive negotiation training course for our commercial team and senior leadership team. This included being aware of not pushing suppliers to behave in an unethical manner when it comes to pricing and lead times.
- Recognised International Day for the Abolition of Slavery (2<sup>nd</sup> December) internally, highlighting the cause and the impact this has. We signposted colleagues to our annual statement highlighting the important work we do as a business, directed them to our internal modern slavery and human trafficking training modules, and our ethics line.

## **Our continuous improvement**

At Dreams, we recognise that managing the risk of modern slavery is a work in progress and there will always be more we can do.

We will remain committed to doing the right thing and strive to create an environment where we can continually improve and take appropriate steps to tackle identified non-compliances and mitigate risks.

During 2024, we plan to:

- De-risk our supply base even further by moving more suppliers from high to medium/low risk categories.
- Expand our ethical audit programme to include our GNFR Tier 1 suppliers.
- Complete our assessment and approval of lower risk GNFR suppliers.
- Commence ethical and social mapping of domestic Tier 2 (our suppliers' suppliers) raw material suppliers.
- Refine our modern slavery response plan and roll out across Dreams through awareness, training, and scenario planning.
- Continue our awareness training and education programme for all our Dreams colleagues

## **Board of Directors Approval**

Dreams 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, by the Chief Executive Officer.