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# Dyson Modern Slavery Statement 2021

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## 1.0 Introduction

Modern slavery is used to describe situations where coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom. Modern slavery includes eight types of serious exploitation: trafficking in persons; slavery; servitude; forced marriage; forced labour; debt bondage; deceptive recruiting for labour or services; and the worst forms of child labour<sup>1</sup>.

Dyson recognises that identifying and mitigating the risks of modern slavery in global companies with complex supply chains requires on-going commitment and continual improvement. Dyson therefore remains dedicated to tackling this issue through strong policies, internal and external audits, training, and input from external experts.

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## 2.0 Message from our Chief Supply Chain Officer

“Dyson is driven by a desire to innovate and solve problems. Core to this principle is continuous improvement and working collaboratively. We are committed to the safety, health and wellbeing of people who work for us and with us; upholding a culture where people are valued and respected.

Alongside this, we are also committed to the protection of the environment. We explore ways to do more with less – creating high performing, efficient machines, whilst evolving manufacturing and operational infrastructures to take advantage of technology developments.

Underpinning these commitments are robust management systems, which we proactively review and update on a regular basis, with input from external experts. We are dedicated to the prevention of modern slavery throughout our operations and supply chains. We will continue to set and uphold robust standards on worker welfare and protection and ensure that our operations and supply chain adhere to them effectively, supporting them wherever we can.”

Michelle Shi

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## 3.0 Dyson business, operations and supply chain

Dyson Home Technologies Pte Ltd (Dyson) is a global group of technology companies committed to conducting business in an ethical and environmentally responsible way. This statement is made on behalf of the entire Dyson Home Technologies Pte Ltd group, in particular the following group companies that meet the criteria for publishing an annual statement under the UK Modern Slavery Act 2015 or the Australian Modern Slavery Act 2018: Dyson Ltd, Dyson Technology Limited, Dyson Appliances (Aust.) Pty Ltd.\*

Dyson is a global research and technology company with engineering, research, development, manufacturing and testing operations in Singapore, the UK, Malaysia, Mexico, China and the Philippines. Dyson remains family-owned and employs over 13,000 people globally including a 5,000 strong engineering team. It sells products in 84 markets in over 300 Dyson Demo stores, 50 of which opened around the world in 2021 including a new Dyson Virtual Reality Demo store.

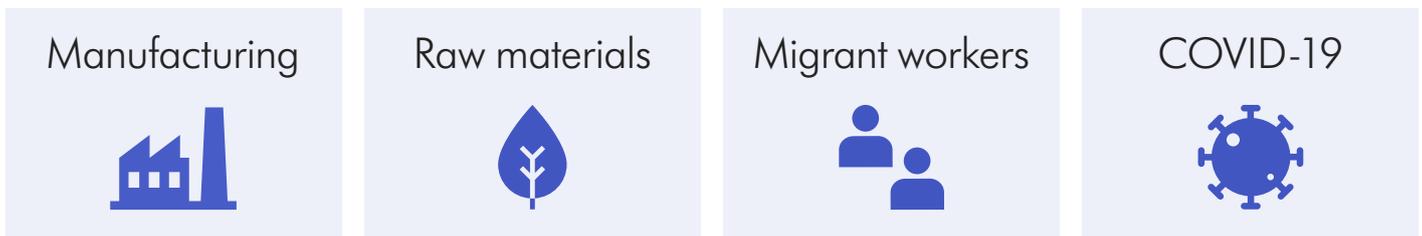
Dyson’s own manufacturing operations are based in Singapore, Malaysia and the Philippines, and are subject to the same policies, standards and governance as our supply chain. Dyson’s supply chain includes contract manufacturers in Malaysia, the Philippines, Mexico and China, with tier two and three manufacturing suppliers primarily based in Asia. It also includes suppliers of other goods and services to support its operations, such as cleaning, maintenance, catering and security providers.

<sup>1</sup> [Australian Modern Slavery Act 2018](#)

In 2021, Dyson welcomed 9 new contract manufacturers, who were audited by independent third-party auditors before being onboarded. There is close collaboration with Supply Chain, Legal and Operations teams to ensure new contract manufacturers understand and strive to exceed and maintain both relevant international and Dyson's own standards.

## 4.0 Risks of modern slavery practices

Risks of modern slavery are identified through a combination of risk assessments, audits and grievance mechanisms, across both Dyson owned operations and the supply chain – these are detailed further in section 5. Within the calendar year of 2021, the areas of on-going risk identified include:



### 4.1 Manufacturing

The risk of forced labour practices is higher in manufacturing industries, especially the electronics sector and in Asian manufacturing hubs in which Dyson operates. As part of ongoing efforts to address this risk, Dyson took the following actions throughout 2021:

- Moved the majority of audits to an external partner, Intertek, to enable an increase in volume and geographic coverage of audits, whilst also ensuring independent risk assessment.
- Reviewed and strengthened a number of supplier-facing policies and standards, with advice from external experts.
- Conducted a number of investigations in response to allegations of poor practice in the supply chain, contributing to our understanding of risk.
- Produced a short, animated film in five of the core worker languages ready for roll out to 15,000 workers in the contract manufacturers to further inform workers of their rights and grievance mechanisms.

Dyson takes its responsibilities towards workers employed in our own operations and our supply chain extremely seriously. Our governance model (see section 5) allows us to take immediate action if we discover that our standards are not being met. Our preference is always to continue to work with supply chain partners to achieve long term continuous improvement, however, where this becomes infeasible, we are prepared to withdraw our business.

In 2021, Dyson received reports of potential forced labour practices by a key contract manufacturer in Malaysia. Dyson responded to these allegations by thoroughly investigating the claims, engaging with the management and shareholders, while also engaging the Responsible Business Alliance to conduct a special investigatory audit in addition to Dyson's own audit programme. Dyson observed a significant lack of transparency by the contract manufacturer during the investigation and external audit. In November 2021, Dyson terminated its contract with the contract manufacturer due to insufficient progress to remediate the issues. Dyson takes all allegations extremely seriously and is committed to the prevention of all forms of modern slavery in our operations and our supply chains.

## 4.2 Raw materials

The sourcing of raw materials for use in electronic components also presents modern slavery risks. Building on conflict minerals due diligence work conducted over the last few years, in 2021 Dyson became a member of the Responsible Minerals Initiative, enabling Dyson to keep abreast of industry practice on responsible minerals sourcing. We also worked with a raw minerals expert to create a pilot risk framework and tool to prioritise and compare materials in Dyson components that may have increased sustainability risks such as forced labour, child labour or environmental risks. Use of the tool will help Dyson identify materials that require increased due diligence.

## 4.3 Migrant Workers

Manufacturing in Asia, particularly Malaysia, involves a high proportion of migrant workers. This presents a risk of workers being charged recruitment fees, a practice which has been commonplace in some countries and may lead to debt bondage. In 2016, Dyson introduced a zero fees policy for migrant workers amongst its contract manufacturers. The introduction of the policy means that employers bear the cost of recruiting a migrant worker (e.g. recruitment agent fee, flights and visas) rather than the worker. However, it was identified that some workers who were employed before the implementation of the 2016 policy were reported to have paid recruitment fees and as a result, a reimbursement programme was initiated. In 2021, the affected contract manufacturers concluded all reimbursements to workers who had been recruited prior to 2016 and our Supply Chain team has performed payment verification on those reimbursements.

### Case study

As part of our effort to ensure the recruitment of migrant workers conforms to Dyson's zero fees policy, we worked with one of our contract manufacturers to engage an NGO (Issara Institute) in Myanmar, to monitor the recruitment process and to give workers an opportunity to get clarification during the interview process. This helped us to further understand potential risks, and also to communicate our expectations of recruitment practices in source countries by the recruitment agencies. This is just one example of the work our Supply Chain Sustainability Team does to thoroughly understand risks of modern slavery, involving different stakeholder perspectives to inform our continuous improvement program.

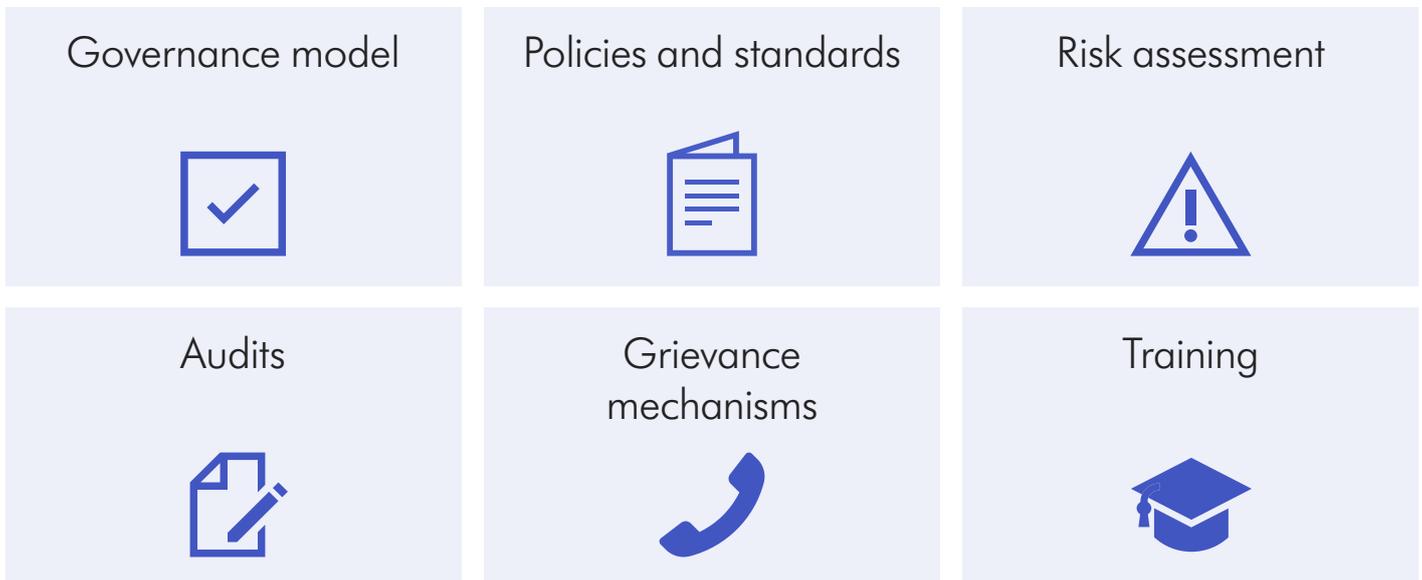
We will continue to engage directly with migrant workers, contract manufacturers and NGOs to monitor and evaluate our approach regarding recruitment fees and ensure it is relevant.

A high proportion of migrant workers also means that manufacturing facilities tend to provide accommodation for workers. In order to mitigate the risk of poor living conditions, Dyson has an Accommodation Standard, which was reviewed in 2021 in partnership with Elevate. All accommodation units are audited at least once per year, and in 2021 two Dyson contract manufacturers built new accommodation for ~4,800 workers.

## 4.3 COVID-19

The global pandemic continued throughout 2021, and there remained an increased risk of worker vulnerability, both in labour standards and health and safety. During the pandemic, enhanced safety measures and monitoring were introduced for manufacturing sites and worker accommodation. This work continued and evolved in 2021 including a vaccination programme for workers, the publication of guidelines for contract manufacturers, regular monitoring and reporting.

## 5.0 Actions to assess and address modern slavery risks



### 5.1 Governance model

Oversight of modern slavery risk management is provided by Dyson's sustainability governance model. This model, which was reviewed and updated in 2021 incorporates sustainability council reviews, quarterly business reviews and monthly performance reviews, alongside daily resolution of critical issues.

It is everyone's responsibility across the supply chain to be aware of modern slavery risks, and the appropriate options to mitigate and address those risks. Dyson's specialist Supply Chain Sustainability team, based in Malaysia, the Philippines, China and the UK, is responsible for setting and monitoring Dyson's modern slavery requirements in the supply base. The team works with suppliers to support them to meet Dyson's standards, through a combination of training, audits and assessments.

2021 has seen the focus of the team shift from conducting audits to leveraging independent auditors, which enables both the future increase in volume and geographic coverage of audits, whilst also ensuring independent risk assessment. This strategic change also enables the Dyson team to focus on programmes that tackle the most common issues and risks identified during audits.

### 5.2 Policies and standards

Dyson's Ethical and Environmental Code of Conduct (the 'Code of Conduct') is an internal standard based on the International Labour Organisation's standards and national laws. The Code of Conduct sets out Dyson's requirements for its own operations and its suppliers in relation to labour practices, business ethics, health and safety, responsible sourcing and environmental standards.

It is communicated to direct manufacturing suppliers during the on-boarding process, integrated into contracts, and explained in training sessions. Manufacturing suppliers are required to acknowledge, sign, and return the Code of Conduct, which also outlines the obligation to comply with all relevant legal requirements. If a supplier declines, Dyson will review the supplier's own code of conduct, to assess whether it is comparable and therefore acceptable. If the supplier's code of conduct does not sufficiently meet international and Dyson standards, Dyson will choose not to work with that supplier.

The Code of Conduct is supplemented by additional policies and standards outlining Dyson's specific requirements relating to ensuring fair and ethical employment. Policies are updated at regular intervals to ensure they remain in line with industry best practice. In 2021, a review of Dyson's supply chain policies was carried out with input from external experts.

## 5.3 Risk assessment

Supplier risk assessments are carried out on an individual basis for each supplier using the Sedex platform. During registration, suppliers are required to complete a detailed self-assessment questionnaire, covering labour, ethics, health and safety and management systems. Risk assessments are repeated based on results of the previous assessment, combined with audit results.

Sedex uses a tool called RADAR, which combines inherent (country and sector) risk information with the self-assessment data from suppliers, and helps identify suppliers operating in high-risk environments, or with workers who are more vulnerable to labour exploitation. The results of these risk assessments are then used to help prioritise supplier audit selection and frequency.

Dyson aims to create a similar risk assessment tool for Dyson owned operations in 2022.

## 5.4 Audits

Dyson conducts regular audits (at least once a year) of all its contract manufacturers and Dyson owned operations using our own specialist Supply Chain Sustainability team and external audit partners. These are usually conducted on a semi-announced or unannounced basis. In the lower tiers of the supply chain, we use Sedex, an industry recognised risk assessment platform to evaluate our wider supply base. Those suppliers flagged as highest risk are included in our supply chain audit programme.

Audits assess adherence to Dyson's Ethical and Environmental Code of Conduct, and associated policies and standards, and auditors also interview a cross-section of the workforce without management present (with translators if required). If suppliers do not meet Dyson's requirements, Dyson prioritises working in collaboration with the supplier to resolve the identified issues. A Corrective Action Plan is then agreed, detailing the next steps expected from the supplier. Dyson then arranges a re-audit of the supplier within an appropriate timeframe. In an effort to prioritise improvement for workers, suppliers that fail 2 consecutive audits have sanctions imposed and may resume business only after a satisfactory Corrective Action Plan is completed and a fresh audit passed.

## 5.5 Grievance mechanisms

All workers in Dyson operations and contract manufacturer facilities have access to an independent confidential helpline provided by our third-party vendor, Safecall, where they are free to raise concerns anonymously. The helpline is available in all local languages, and all reports are investigated by Dyson and resolved with remedial actions where required. Dyson also has a non-retaliation policy.

## 5.6 Training

Ensuring that the requirements of the Dyson Code of Conduct are actively communicated to Dyson suppliers, in 2021 we carried out:

- Forced labour risk assessment training for all Dyson contract manufacturers and Dyson site service providers provided by Verité, a civil society labour rights organisation. Verité also provided follow-up support on related issues such as the implementation of an Employer Pays recruitment model.

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- Responsible Labour Initiative (RLI) training on forced labour prevention for over 100 suppliers, focused on identifying key forced labour risks and remediation.
  - Online training sessions for over 100 suppliers based in Malaysia, China, Philippines, Singapore and Indonesia on forced labour and the Dyson Code of Conduct, provided by Dyson's Supply Chain Sustainability team.

In addition to training suppliers, we recognise that our people also need to be aware of modern slavery risks, how to identify them and how to respond. Over 1,000 supplier facing Dyson people globally have completed Dyson Code of Conduct and modern slavery awareness training. For those teams who work most closely with suppliers, we ran deep-dive Code of Conduct sessions.

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## 6.0 Effectiveness in addressing modern slavery risks

Dyson understands that addressing the risks of modern slavery in our operations and supply chain requires on-going commitment and continuous improvement. In order to continue to improve its due diligence processes and management systems, in 2021, Dyson completed the following actions:

### 6.1 Governance

- Conducted an internal audit of the Dyson Supply Chain function to review the governance toolkit and approach.
- Reviewed several supply chain policies and standards with input from industry experts and drafted new policies for identified risk areas.
- Revised the governance model to ensure it is fit for purpose.

### 6.2 Risk assessment

- Developed and tested new tools to support risk assessment.
- Chaired cross functional meetings to review and address supply chain risks.

### 6.3 Audit

- Continued with internal and/or external audits of its manufacturing partners, suppliers and own manufacturing operations to assess compliance with Dyson's policies.
- Bolstered internal audit capability with external audit partners.
- Conducted re-audits to check progress against corrective action plans.
- Continue to monitor all audit findings until all corrective actions are resolved: Over 75% of 2021 corrective actions have been closed. The remaining corrective actions are in progress within agreed time-frames, with close monitoring from the Supply Chain Sustainability team.

### 6.4 External expertise

- Monitored industry best practice, supported by memberships/relationships with Responsible Labour Initiative, Responsible Minerals Initiative, Sedex, Elevate and The Dragonfly Initiative.

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In 2022, Dyson will continue to prioritise the prevention of modern slavery across our operations and our supply chains. Actions we have already committed to include:

- Increasing the scope of our standard audits with additional focus on forced labour indicators.
- Membership of the Responsible Business Alliance (RBA) to further strengthen our collaboration with independent NGOs.
- Expansion of the team managing social compliance to further strengthen our governance.

Dyson remains dedicated to continuing efforts to assess and address modern slavery risks in its operations and supply chain.

Signed by:



Martin Bowen, Chief Legal Officer

On behalf of the Dyson Board, 27 June 2022

\*This statement is made pursuant to the requirements of section 54 (1) of the UK Modern Slavery Act 2015, sections 13 to 16 of the Australian Modern Slavery Act 2018, and the California Transparency in Supply Chains Act 2012 (SB657). This statement constitutes the Dyson group's modern slavery statement for the financial year ending 31st December 2021, and is made on behalf of the entire Dyson Home Technologies Pte Ltd group, in particular the following group companies that meet the criteria for publishing an annual statement under the UK Modern Slavery Act 2015 or the Australian Modern Slavery Act 2018: Dyson Ltd, Dyson Technology Limited, Dyson Appliances (Aust.) Pty Ltd. This statement was approved by the Dyson board on behalf of the above listed entities.

Dyson's global sustainability governance model covers all entities within the Dyson Home Technologies Pte Ltd. group. This statement was developed by Dyson's sustainability team, through a process of consultation and collaboration with stakeholders across Dyson's reporting and non-reporting entities, including the Legal Compliance and Ethics team, regional legal teams, and Dyson's Global Policy Steering Committee. Advisory consultation with external stakeholders was also sought where appropriate.