



Slavery and Human Trafficking Statement for 31 October 2016

The Donnelly Group of companies takes its social responsibilities very seriously and conducts its business in accordance with its core values of integrity, respect and commitment. Donnelly Group is fully committed to preventing acts of modern slavery and human trafficking from occurring within both its business and supply chain, and requires the same standards from its suppliers.

Business practices and responsibilities can continually be improved and Donnelly Group are committed to understanding more about modern slavery and human trafficking. We are committed to improving our practices where possible to ensure that neither slavery nor human trafficking occur in our own business or in our supply chain.

Group Organisational Structure

Donnelly Group is a group of nine companies with Donnelly Bros. Garages (Dungannon) Limited being the parent company. The Group are currently ranked 57th in the UK's largest 100 automotive companies for 2016.

The Group's head office is in Dungannon with trading companies located across Northern Ireland.

The Group retails new cars from over 18 car manufacturer franchises as well as the following functions:

- Retail of used vehicles.
- Arranging finance & leasing of vehicles.
- Providing vehicle aftercare including servicing and repair.
- Retailing of parts and accessories.
- Vehicle conversions to special purpose vehicles.

Our Supply Chains

The supply chain in the automotive industry is one of the most complex business sector supply chains. There could be up to 10 levels of suppliers between a car dealership and the source of raw materials that make up all the various parts of the vehicle. The breadth, depth and interconnectedness of the supply chain can make it challenging to manage business and sustainability issues.

The Group procures a wide range of vehicles, parts for vehicles and other accessories as well as other goods and services from a wide variety of suppliers. Our supply chains currently support the following activities:

- Vehicle manufacturing.
- Vehicle retail.
- Product manufacturing & import.
- Retail services.

- Recruitment and training.
- Advertising & marketing.
- IT services.
- Operations & infrastructure support.
- Business process outsourcing.

We have adopted a risk based approach to the assessment of our business and supply chain, which has involved taking industry and market factors into consideration in order to identify categories of supply that may present a higher risk of modern slavery being present. We are focusing our attention on suppliers in these categories in the next period.

Supply Chain Standards and Actions to Address Risk

Donnelly Group prohibits all areas of its business and supply chains from engaging in slavery and human trafficking. The main protection against slavery is to ensure that all business activity complies with minimum wage and national living wage legislation. Donnelly Group also requires this of all of its contractors. Donnelly Group ensures that human trafficking is not occurring by ensuring that all Donnelly Group employees have a right to work in the UK. Donnelly Group also requires that all contractors only employ staff with a right to work in the UK.

Donnelly Group are working on an approved supplier listing to ensure that only suppliers on this list can be used to supply goods and services throughout the Group. To become an approved supplier for the Donnelly Group, the supplier will have to be able to demonstrate what actions and safeguards they have implemented to ensure that they are adhering to the Modern Slavery Act 2015. Respecting human rights and environmental issues in the supply chain is ultimately the responsibility of our suppliers. As customers in that supply chain we will also play an active role in supplier development and we will adopt various means to clearly communicate our expectations to our suppliers. We will reserve the right to terminate any relationships with suppliers if there are any issues of non-compliance with our policies. Due diligence checks will be preformed.

We also intend undertaking the following actions;

1. Introducing contractual obligations that reflect modern slavery legislation in our employee manual by inserting a Code of Conduct surrounding the following:
 - Prohibition of child labour.
 - Prohibition of forced labour & human trafficking.
 - Prohibition of physical disciplinary abuse.
 - Prohibition of any infraction of the law.
 - Non discrimination.
 - Basic working conditions.
 - Working hours.
 - Environment.
 - Freedom of association; and
 - Health & safety.

Donnelly Group policy on the above will ensure that it clearly states that we will not tolerate forced labour (including human trafficking) or child labour in our operations and we will conduct regular checks to ensure compliance.

2. Reviewing and assessing existing suppliers and in particular their sourcing policies in key risk areas.
3. Assessing whether a formal supplier code of conduct and supplier terms and conditions similar to those for our sales process, would be effective tools for areas of the business where a modern slavery risk is identified.

Donnelly Group have historically favoured suppliers that operate with ethical codes of conduct that include regular compliance audits and we only work with companies that contractually commit to complying with applicable laws and regulations.

The aforementioned policy and code of conduct will be owned and administered by the Director of Human Resources at Donnelly Group.

Our Approach

Primary responsibility for identifying risks and implementing process around prevention of modern slavery in our supply chain will lie with all personnel in the Donnelly Group who have a procurement responsibility. In addition, Donnelly Group will have a compliance oversight group that is a board committee independent of the operation of the business and a dedicated compliance team which will consist of representatives from legal advisors, HR team, procurement and operations teams.

We expect all who have, or seek to have, a business relationship with the Donnelly Group to familiarise themselves with our policies on anti slavery and human trafficking and to act at all times in a manner compliant with these.

Further Steps and Training

During the next phase of our programme we intend to take the following steps in addition to those highlighted above:

1. Dissemination of an anti-slavery and human trafficking policy throughout the Group.
2. Implementation of processes for identifying, assessing, mitigating and reporting specifically on modern slavery risks in the business.
3. Development and implementation of staff training.

This statement is made in line with Section 54(1) of the Modern Slavery Act 2015 and constitutes our Group's slavery and human trafficking statement for the year ended 31 October 2016.

The Board of Directors of the Group delegated approval of this statement on its behalf to the Managing Director of the Group at its Board meeting on 22nd day of March 2017.



..... **On Behalf of the Board of Directors of Donnelly Group**