



MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT

YEAR ENDING 31 JULY 2018

PURPOSE

This statement is made pursuant to section 54 of the Modern Slavery Act 2015 (“the MSA”) and sets out the steps that DFS Furniture PLC (“The Group”) has taken to continue our work to assess the risk of modern slavery occurring in our business and to consider further what steps can be taken and procedures implemented to mitigate the risk of modern slavery occurring in our supply chain.

COMMITMENT

We are committed to improving our practices to combat slavery and human trafficking. The Group does not tolerate any form of slavery, forced labour or human trafficking, whether within our own business or within our wider Supply Chain, here in the UK or overseas. We will take steps to assess the risk of slavery, forced labour and human trafficking take place in our supply chain and we expect our supplier and business partners to take their own pro-active steps to ensure compliance with the MSA within their own businesses and supply chains.

OUR BUSINESS

DFS is the UK’s leading retailer of upholstered furniture, we design, manufacture, sell, deliver and install an extensive range of upholstered and other furniture products for our customers under our DFS, Sofology, Dwell and Sofa Workshop brands. Almost all of our upholstered products are handmade to order, many of them in our three DFS upholstery factories and two wood mills right here in the UK. The business operates a retail network of upholstered furniture stores in the United Kingdom and Europe, together with an online channel. These have been established and developed gradually through nearly 50 years of operating history.

We employ nearly 4,000 people within DFS across our group support centre, manufacturing, fleet and distribution and retail sites. Overall the DFS Group employees over 5500 people in the UK, the ROI, the Netherlands and Spain. For the financial year ending 31st July 2018 the Group announced annual turnover of £870.5m and pre-tax profits of £25.8m.

OUR SUPPLY CHAINS

The DFS Group has long term relationships with its suppliers of both finished goods and raw materials both in the UK and overseas. With regards to upholstered products, and aside from our own UK-based internal manufacturing operations, the vast majority of the DFS Group externally sourced upholstered products come from our top five manufacturing partners in continental Europe and Asia. We have long standing relationships with these highly regarded suppliers and senior experts of the buying and merchandising teams visit the suppliers on a regular basis.

- DFS, Sofology, Dwell and Sofa Workshop also sell an extended range of furniture, including bedroom, dining room furniture and accessories which we source from a small number of trusted wholesalers.



- Raw materials for the use in internal manufacturing of upholstered furniture including foam, fabric and wood are sourced directly from our suppliers.
- Our distribution is primarily in-house managed and operated. We directly employ delivery drivers, crew and warehouse operatives who work out of our own UK based distribution centres and warehouses.
- Our shipping is outsourced to a small number of highly regarded multinational shipping companies.
- Our goods not for re-sale are procured through a formal tender process with the assistance of our procurement advisors.

OUR POLICIES ON SLAVERY AND HUMAN TRAFFICKING

DFS takes seriously any allegations that human rights are not being respected within the business or the supply chain. We strive to act with integrity at all times and there are several internal policies already in place which help safeguard against human rights infringements. We are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business.

Our Anti-slavery Policy reflects our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to ensure slavery and human trafficking is not taking place anywhere in our supply chains.

DUE DILIGENCE PROCESSES FOR SLAVERY AND HUMAN TRAFFICKING

The DFS Board of Directors has overall responsibility for corporate governance, including any antislavery initiatives. We have a Governance Committee made up of our Senior Leadership team, General Counsel and Company Secretary and other senior managers which is chaired by the Chief People Officer, the Governance Committee reports regularly to the Board on the management of risks.

We acknowledge there is a risk of exposure to modern slavery in our supply chain. We have a number of external suppliers who supply DFS with both upholstered and non-upholstered furniture, raw materials and a small number of home accessories.

As part of our initiative to identify and mitigate risk we have in place systems to:

- Identify and assess potential risk areas in our supply chains.
- Mitigate the risk of slavery and human trafficking occurring in our supply chains.
- Monitor potential risk areas in our supply chains.
- Protect whistle blowers.

We expect all of our employees, suppliers, customers and business partners, the general public and any relevant third party to raise any concerns or suspicions they have about any of our procurement processes in complete confidence.



SUPPLIER ADHERENCE TO OUR VALUES AND ETHICS

We have zero tolerance to slavery and human trafficking. To ensure all those in our supply chain and contractors comply with our values we have in place a supply chain compliance programme. This consists of requiring of suppliers to confirm that they:

- Sign up to our Anti-Slavery and Human Trafficking Policy;
- Accept our standards and our right to audit their factories to ensure compliance; and
- Review their own supply chains to ensure that they comply with the with Modern Slavery Act.

TRAINING

To ensure a high level of understanding of the risks of modern slavery and human trafficking in our supply chains and our business, we provide training to our key staff. In September 2018 Anti-Slavery International provided training to members of our management team and the senior members of our buying team. The intention is in the coming year that we will roll this out to a wider group of our employees and supplement it with online training for all of our employees.

FURTHER STEPS

Following a review of the effectiveness of the steps we have taken this year to ensure that there is no slavery or human trafficking in our supply chains we intend to take the following further steps to combat slavery and human trafficking:

- Writing to all our established and new suppliers to remind them of our commitment to the Modern Slavery Act and that DFS will not tolerate any breaches of the act by suppliers.
- Auditing our supply chain with specific emphasis and regular visits, both announced and unannounced, to our largest suppliers.
- Establishing a Code of Conduct which we expect all suppliers to sign up to that recognises our standards and is audited regularly.
- Increasing standards of reporting both internally and externally by suppliers to encourage collaboration in following the guidelines of the Modern Slavery Act.
- Putting in place measures to increase the awareness of all Group employees to the risks of Modern Slavery.

Tim Stacey

Group CEO