



**‘Code of Practice for suppliers of upholstered furniture components and finished articles’**

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## DFS Code of Practice

### FOREWORD:

This document has been produced by Paul Vaughan (Quality Manager), confirmed and signed off by Robin Scott (Senior Quality Manager) and approved by Karl Thomas (Commercial Director), on behalf of DFS Trading Limited.

The Code of Practice has also received the input and feedback from the quality team and other senior leaders in the business.

This Code of Practice and related audit documentation may also be used by sister companies under the DFS Group, including Dwell, Sofology and Sofa Workshop.

All efforts have been made to ensure this document is correct at the time of producing it. The opinions and advice expressed are given in good faith. However, the authors and approval panel cannot be held responsible for any action resulting from the contents of this document as the ultimate interpretation of the relevant regulations rests with the UK and European Courts.

This document is a Code of Practice and a standard where DFS Trading Limited would expect suppliers to adhere to. Where serious doubt occurs, a professional legal opinion should be sought and concerns raised via the complaints process detailed in clause 9.0 of this document.

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## DFS Code of Practice

### 1.0 INTRODUCTION:

The Code of Practice for suppliers of upholstered furniture components and finished articles sets out our criteria for assessing quality and compliance policies, processes and procedures that all DFS suppliers and component suppliers of upholstered furniture, must have in place to demonstrate compliance to relevant UK and European Regulations and our expectation of best practice.

There will be an annual audit which will demonstrate that the supplier company will have robust processes and procedures in place that provide a suitable due diligence system to sufficiently address the requirements of the relevant industry regulations and our best practice expectations.

Suppliers who are compliant to the Code of Practice will only have one annual audit, however, failure to meet audit requirements will result in follow up audits as detailed in this Code of Practice.

The Code of Practice has been developed to demonstrate compliance for domestic upholstered seating. The principles of the Code of Practice will also be used to demonstrate compliance with the UK's standards for bedding and other extended consumer products.

This Code of Practice is not limited to suppliers solely based in the UK or those supplying just domestic upholstered seating. It should be noted that suppliers based outside the UK and those who supply our extended ranges will also be required to comply with this Code of Practice.

It should be noted that approval to the DFS Trading Limited Code of Practice itself does not imply that a particular product or supplier is fully compliant with any relevant UK or European regulation.

## DFS Code of Practice

### 1.1 THE MAIN OBJECTIVES OF THE DFS CODE OF PRACTICE ARE:

- a) To ensure consistency of quality control, compliance to relevant UK and European regulations and DFS Trading Limited's best practice expectation for all suppliers of finished articles and component suppliers.
- b) To reassure DFS customers and stakeholders that all DFS suppliers of finished articles and components have been subject to an audit by an approved DFS representative and can demonstrate an acceptable due diligence system that complies with relevant UK and European Regulations and level of control according DFS Trading Limited's expected best practice.
- c) To offer all DFS suppliers a final report and certificate to celebrate being an 'Approved DFS Supplier'.
- d) To give all suppliers assistance when required to help them achieve the expected level of requirements in this Code of Practice.
- e) To encourage good practice within the industry to help DFS Trading Limited meet its responsibility with a wide range of stakeholders.
- f) To discourage and remove poor practice. If our supply base is operating poor practice in any respect, or refuse to take part in this Code of Practice supplier auditing system, then DFS Trading Limited is failing to meet its responsibilities and obligations to our customers and other key stakeholders such as the governing bodies in the UK and Europe.
- g) To ensure that DFS Trading Limited only uses suppliers whose policies, processes and procedures meet our Code of Practice which will support and enhance DFS position as UK furniture market leader , which in turn will result in continued, growing business across our supplier base.

## DFS Code of Practice

### 1.2 BENEFITS OF THE CODE OF PRACTICE FOR DFS AND DFS SUPPLIERS

This DFS Code of Practice aims to provide clear identification of those suppliers of finished articles and component suppliers who, by choosing to fully support DFS Trading Limited in this due diligence system, are able to demonstrate to any stakeholder that they have the specified competency and controls in place to ensure their ongoing ability to meet the requirements of the DFS Code of Practice and remain a supportive, and highly valued business partner.

This Code of Practice will enable DFS to monitor the on-going quality and compliance of our suppliers of finished articles and component suppliers whilst understanding that the approach to due diligence and best practice systems used will be consistent across all DFS approved suppliers.

Once a supplier has successfully met the requirements of this Code of Practice, it will then be possible to use this as evidence of due diligence and recognition as a DFS approved supplier.

If for any reason the business relationship comes to an end, the DFS approved status although no longer active, is still proof of key compliance areas that any potential customer would see as a positive measure.

It is understood that many retailers will have the technical capacity to carry out quality audits on their suppliers, however, it can become both time consuming and costly to conduct an audit on each site that encompasses the level of detail required to show due diligence. DFS will have the Code of Practice audit running every year to show our commitment to all our valued stakeholders.

When considering new suppliers for selection, compliance with this Code of Practice will assist the buyer in determining whether or not a supplier would meet our expectations for the supply of upholstered furniture and home ranges.

All suppliers must evidence compliance with this Code of Practice or they will be removed from our approved supplier list.

## DFS Code of Practice

### 2.0 DEFINITIONS

#### For the purposes of this Code of Practice:

##### **Manufacturer:**

May be considered as companies or individual(s) considered to have treated, assembled, constructed or purpose built a finished article (product) or part of a finished article like a component (E.g. Fillings and Covers) including any sub-contracting companies too.

##### **Supplier:**

May be considered as companies or individual(s) who have either manufactured themselves or purchased finished articles (products) for resale.

##### **Importer:**

May be considered as companies or individual(s) who to have purchased any kind of product from outside the UK for resale inside the UK or overseas.

##### **Wholesaler:**

May be considered as companies or individual(s) who have purchased any kind of product from outside or inside the UK for sale inside the UK or overseas.

##### **Retailer:**

May be considered as a business who offers any form of product or finished article which may or may not be unique to them.

In some cases the retailer may also be a manufacturer or first importer.

##### **Upholsterer:**

May be considered as an individual or company who manufactures, reworks or repairs upholstered furniture for themselves or as part of a company production line.

##### **Upholstered Furniture:**

An article or finished product that comprises of a cover material covering a filling material and either stitched or staple to enclose the filling inside.

##### **Due Diligence:**

This is defined as “reasonable steps taken by a business or person to avoid committing an offence”

##### **UKAS:**

An accreditation body based in the UK, who accredits test houses to international standard ISO17025.

##### **BS:**

British Standard or test method (E.g. BS5852 or BS7177).

##### **EN:**

European Standard or test method (E.g. EN1021).

Note: Some British Standards may use European test methods.

## DFS Code of Practice

**ISO:**

International Standards Organisation (E.g ISO9001).

**Legislation:**

Laws or the making of laws.

**Regulations:**

A rule or directive upheld by the government.

**Declarations:**

A formal statement, E.g. REACH - a statement signed that one complies.

**DFS Approved Supplier:**

A company that has been audited and meets the requirements of this Code of Practice.

**DFS:**

For the purpose of this Code of Practice, in short DFS, is in meaning to DFS Trading Limited.



## DFS Code of Practice

### 3.0 BACKGROUND

As an International manufacturer, importer and retailer, DFS is seen as a market leader and therefore, must exercise a comprehensive due diligence audit to ensure that the volumes DFS produce are fit for purpose and compliant to all relevant UK and European Regulations.

In addition to our supplier quality testing policy, DFS will also perform annual supplier audits in line with this Code of Practice. The supplier audit is a structured analysis to document the relationship between global suppliers in order to verify quality and compliance, and best practice of a supplier's products, processes and procedures.

Investigations by consumer organisations, enforcement bodies and the media have shown that some manufacturers, importers, retailers and similar organisations that are subject to the relevant regulations all take very different approaches to demonstrate due diligence which can result in different levels of compliance and business practice.

This Code of Practice and auditing programme aims to address variations in the global market and ensure that DFS Trading Limited is setting high standards and expectations for our customer's protection.

Our approach is by the identification of critical control points, supported by good process control, and use of clearly defined procedures to demonstrate due diligence systems that should enable ongoing good business practice, continuous improvement and compliance.

All DFS suppliers and potential suppliers of finished articles and components will be required to fully comply and complete this auditing programme once a year.

## DFS Code of Practice

### 4.0 THE DFS SUPPLIER AUDITING PROGRAMME

The supplier audit is to ensure that all upholstered furniture, finished articles and components are compliant to relevant UK and European Regulations and fit for purpose, therefore, DFS would encourage all suppliers to maintain effective due diligence covering the following:

- a) Liability Insurances.
- b) Ethical certifications (SEDEX, SMETA).
- c) Health & Safety, machinery, PPE and training.
- d) Regulatory Compliance.
- e) Trade descriptions, checking product measurements and components against specified technical data sheet, lay sheet or bill of materials.
- f) Evidence of full traceability of raw materials to a finished article label.
- g) Demonstration of how the final batch number relates to materials used in production.
- h) Evidence of a testing programme in place to monitor and measure compliance of DFS products placed on the market.
- i) Evidence of test reports to show compliance of the raw materials with all relevant UK and EU Regulations.
- j) Evidence of a Business Continuity Plan (BCP).
- k) Evidence of a Loading Policy.
- l) Evidence of a Pre-delivery/Shipment Inspection (PDI/PSI).
- m) Evidence of a Needles and Sharps Procedure.
- n) Evidence of a Recall Procedure.
- o) Evidence of a Corrective Action Plan covering identification, resolving, root cause analysis and corrective action.

This Code of Practice is not just based on a single initial audit, a programme of annual audits must be maintained for every supplier.

It is the responsibility of the supplier to ensure that all relevant products on offer to or supplied to DFS Trading Limited for sale and placed on the market within the UK are fully compliant with the relevant regulations and this Code of Practice.

## DFS Code of Practice

### 5.0 NUMBER OF AUDITS

All current and potential suppliers must undergo an audit for each manufacturing site. In the case of multi-site global manufacturers, every site must be audited by an appointed DFS representative.

Once the initial audit is successfully passed, a DFS approved supplier certificate will be issued.

The certificate will be valid for a period of 12 months and is subject to the supplier successfully satisfying all requirements on an annual basis.

All new suppliers must be approved prior to any further business with DFS Trading Ltd.

## DFS Code of Practice

### 5.1 THE AUDIT PROCESS

- a) A non-current supplier wishing to supply DFS Trading Limited or approached by a DFS buyer, must take an initial DFS audit to gain an approved supplier status.
- b) All current suppliers must take part in this auditing programme and have their audit performed around 6 months of the programme launch.
- c) The DFS representative will contact the supplier or potential supplier to arrange an audit date.
- d) Once a date is confirmed, the auditor will send the Audit Plan, Code of Practice and guidance documentation by email.
- e) The audit process will be one location in one day, and would typically be complete in ample time in the same day.
- f) All audit evidence is required for our records, this can be either hard or electronic copies.
- g) The DFS audit plan sets out the plan for the day.
- h) The auditor will perform the audit to an approved audit checklist, developed by the DFS Quality Team and signed off by DFS Senior Management.
- i) Once the audit is complete, the auditor will complete the audit documentation which will be submitted to DFS and the supplier.
- j) If any non-conformities are identified, these will be classified as either major or minor. The supplier will normally have two weeks in which to resolve any non-conformities raised.
- k) Allowances may be made for delays beyond the control of the supplier e.g. testing.
- l) The auditor will require the supplier to sign the NCRs, stating that they accept the reasons for the NCRs raised.
- m) On completion of the process and once NCRs are fully closed, the final audit report and certificate will be sent to confirm the DFS approved supplier status,

Although suppliers may have a DFS approved supplier status, it remains the responsibility of the supplier, and **not** DFS Trading Ltd, to ensure that all relevant products offered or supplied for sale on the market within the UK are fully compliant with the relevant regulations and this Code of Practice.

## DFS Code of Practice

### 5.2 NON-CONFORMITY REPORTS

All non-conformities must be closed out and supporting evidence in two working weeks of the non-conformity report date. Exceptions will be approved on a case by case basis with a justifiable reason.

These reports need to be complete for every non-conformity and returned to the auditor with supporting evidence of corrective actions.

Non-conformances found during any audit will be classed as either:

- **Major**  
A lack of ability to demonstrate robust due diligence systems, control of raw materials or not being able to provide evidence of compliance to relevant regulations for the UK and Europe.
- **Minor**  
Significant practices identified as being present in some form, however, where improvements are required to meet the Code of Practice specified requirements.
- **Comment for Action / Continuous Improvement**

Suggestions made by the auditor for consideration. This is not a non-conformity, however, suppliers should discuss comments with the auditor to satisfy the concern or comment raised.

## DFS Code of Practice

### 5.3 AUDIT RESULTS & CORRECTIVE ACTIONS

The audit result is based on the number and severity of non-conformities. DFS will have a league table internally of all supplier results. An award will be presented to DFS Trading Limited's top supplier under this auditing programme every year.

The result of an audit will be rated: A, B or C.

<b>Audit Quality Rating System</b> (Potential suppliers first audit must be at least a B-rating):
<p><b>A rating</b> – 0 Major NCs and up to 5 Minor NCs. Supplier fully satisfies the DFS Code of Practice and continues with an annual audit.</p>
<p><b>B rating</b> – 1 Major NC and up to 5 Minor NCs. NCRs must be fully closed with evidence supplied in the specified time frame to satisfy the DFS Code of Practice. Suppliers must receive an A-rated audit the following year. Failure to do so, will result in an unannounced audit 3 months after.</p>
<p><b>C rating</b> – 2 Major NCs. Not acceptable and an unannounced audit will be performed in 6 months where an A-rating must be achieved. All C-rating audits will be a major cause for concern and DFS Senior Management will be advised of the situation.</p>
<p><b>Note</b>, if an existing supplier receives a C rating and fails to achieve an A-rating the following month, senior management may wish to take action  <b>Note</b>, if a new supplier does not reach a B-rating, reapplying will be no sooner than 6 months and an A-rating must be achieved.  <b>Note</b>, comments for action / continuous improvement suggestion may be escalated to a Minor NC if not justified and agreed on the next audit.</p>

Records of all information required to close NCRs must be recorded and all related evidence included.

**ALL** non-conformities **MUST** be closed within the timescale agreed with DFS Trading Limited (no longer than 2 working weeks).

Failure to close out within the timescale will result in C rating and the supplier status will not be approved. Existing suppliers failing to meet the requirements will be reported to the Senior Management Team.

All audits and re-audits must be satisfied in order to remain a valued DFS supplier.

## DFS Code of Practice

### 6.0 DFS AUDIT CRITERIA

The DFS Code of Practice is applicable to all suppliers of consumer products, the only difference will be test reports and testing requirements, detailed in this Code of Practice and on the auditor checklists.

Each section of the audit criteria will require evidence of compliance to this Code of Practice.

#### 6.1 LIABILITY INSURANCE

All suppliers and potential suppliers must have an in-date Liability Insurance certificate. This will be required to view and a copy for evidence annually.

Public liability insurance protects your business against compensation claims and their legal costs if you cause injury (including death) to a third party or damage to their property. Public liability insurance covers you on your premises and working off-site.

#### 6.2 ETHICAL AUDIT CERTIFICATION

All suppliers of DFS Trading Limited are expected to be ethical and responsible, therefore, a minimum expectation of a 3<sup>rd</sup> party audit from a recognised service provider is required on an annual basis. The 3<sup>rd</sup> party final report will be required by DFS as evidence.

An example of this requirement is SMETA by SEDEX.

### 6.3 HEALTH AND SAFETY, MACHINERY, PERSONAL PROTECTIVE EQUIPMENT AND TRAINING

#### a) Health and Safety

Health and safety is a keen interest of DFS for all suppliers. There are key areas that the auditor will look for including:

1. Fire risk assessments performed annually by a 3<sup>rd</sup> party.
2. Firefighting equipment regularly checked and updated.
3. A fire evacuation procedure is documented and reviewed.
4. Evidence of fire drills.
5. Work areas are clean and tidy.
6. Fire escapes are not obstructed.
7. Products are stored off the floor.
8. First Aiders and communication of who these are should be visible for all to see.
9. Accident and emergency records documented.
10. Chemical storage and documented record keeping.
11. Needles and sharp tool storage and documented record keeping.

## DFS Code of Practice

### **b) Machinery**

The machinery used to produce DFS products must be fit for purpose and danger assessed, therefore, the expectation is that machinery is serviced and calibrated periodically. Evidence of this will be required for the auditor to view and receive a copy of.

### **c) PPE (Personal Protective Equipment)**

DFS expect suppliers to provide the correct PPE and safety process for all their employees. It is vital to perform a risk assessment of the work area and job duty in order to provide the correct PPE.

Example 1 – Woodmill – Hearing and Eye Protection.

Example 2 – Cut and Sew – Correct posture, seating and lighting.

Example 3 – Delivery areas – High Visible Garments and safety footwear.

Example 4 – Spraying booths – Overalls, face mask, eye and hand protection.

### **d) Training**

The auditor will be looking for evidence and records of training for new employees and a continuous training plan. It is expected that employees operating specialist machinery are trained and monitored accordingly.

Employees who operate Heavy Goods Vehicles (HGV) or Fork Lift Trucks (FLT) are expected to have their records and expiry dates on company records.



## DFS Code of Practice

### 6.4 REGULATORY COMPLIANCE

DFS Trading Limited is classed as the first importer for all overseas components and finished articles coming into the UK and is therefore responsible for proving and ensuring that all products are compliant to all relevant UK and European Regulations, such as:

#### a) Furniture and furnishings (Fire Safety) Regulations

By UK law and parliamentary bodies, DFS is required to ensure all products manufactured and supplied in the UK and overseas for sale via our retail outlets, are fully compliant to this regulation.

This regulation is for the UK only and covers the testing and labelling of domestic furniture. The main schedules cover the following:

- Schedule 1 – The testing requirements of slab, crumb and latex foam
- Schedule 2 – The testing requirements of non-foam
- Schedule 3 – The testing requirements of interliners
- Schedule 4 – Cigarette testing requirements of covers
- Schedule 5 – Match testing requirements of covers
- Schedule 6 – Display labelling
- Schedule 7 – Permanent labelling

#### b) REACH Regulations

REACH is a European Regulations; therefore, all EU suppliers must be compliant with this regulation. This is a chemical regulation to ensure the registration of harmful substances and that they are not present in products and restricted chemicals are in their correct approved tolerances.

There are two main lists under this regulation, and they are Annex VII and the Substances of Very High Concern (SVHC) lists. All components of DFS products must be proven and declared that the products supplied meet the regulations.

In the event the UK leaves the European Union, there will be a UK REACH in line with the EU REACH and further details on this can be found at the Health & Safety executive website:

<https://www.hse.gov.uk/reach/>

DFS expect suppliers to have an understanding of our responsibilities to REACH and that DFS require 6 monthly detailed declarations from all UK suppliers and the same from non-UK suppliers with the addition of test report evidence.

As part of DFS Trading Limited's due diligence, all supplier products will be tested by DFS to ensure our responsibilities as a responsible importer and retailer are satisfied.

DFS will provide all suppliers with our formal declarations which meet our stakeholder's expectations.

## DFS Code of Practice

### c) Biocides Regulations

The Biocides Product Regulations is also a European regulation. A Biocidal product is either:

1. A product that is inheritably able to what it is designed to do, for example, 'Kills Bacteria'.
2. A product that has an added substance in order to deliver what it's supposed to do, for example, 'kills 99.9% of all Bacteria'.

If a product has an added substance, DFS require the following information:

1. Is it an approved Biocide, stated on the Biocide list
2. DFS require the technical data sheets for the Biocide before product is approved for our retail outlets.

In the event the UK leaves the European Union, there will be a UK Biocides Regulations in line with the EU Biocides Regulations and further details on this can be found at the Health & Safety executive website:

<http://www.hse.gov.uk/biocides/index.htm>

DFS expect suppliers to have an understanding of our responsibilities to Biocides and that DFS require 6 monthly detailed declarations from all UK suppliers and the same from non-UK suppliers with the addition of test report evidence.

As part of DFS Trading Limited's due diligence, all supplier products will be tested by DFS to ensure our responsibilities as a responsible importer and retailer are satisfied.

DFS will provide all suppliers with our formal declarations which meet our stakeholder's expectations.

### d) EU Timber Regulations

The EU Timber Regulations (EUTR) is a European Regulation to prevent illegal logging and to ensure all European users of wood are sourcing wood from legal and certified forests.

In order to be compliant to this regulation, traders and operators need to perform a chain of custody scheme which is a paper trail to show that their timber is certified and comes from a certified forest.

**Operators:** Businesses or person(s) purchasing timber for resale, usually purchasing in bulk.

**Traders:** Businesses or person(s) purchasing wood to for resale in smaller quantities and businesses or person(s) using timber for manufacture of a product like furniture.

**Agents:** Businesses who just source and make the relevant introductions and possibly facilitate movement without it entering the country where they're based. It is important for a non-UK or EU Agent to be identified as they're not the importer and therefore, have no responsibility to be compliant.

The two most recognisable chain of custody schemes are with the following 3<sup>rd</sup> parties:

1. PEFC – the Programme for the Endorsement of Forest Certification
2. FSC – the Forestry Stewardship Council

Both schemes cover chain of custody of timber, however, the EUTR also expects responsible users to perform their own due diligence.

DFS expect all suppliers to hold a professional chain of custody certificate that's in date and a list of suppliers that can be presented as evidence to the auditor.

If the UK leave the European Union, all operator importers must hold a certification and also traders if purchasing timber from outside the United Kingdom.

## DFS Code of Practice

### e) General Product Safety Regulations

This is a UK regulation which covers the general safety of consumer products. The regulation states that:

"No producer shall [supply or] place a [consumer] product on the market unless the product is a safe product" and provides broad enforcement powers.

In the furniture industry, chemical and flammability testing is mandatory to ensure the domestic products meet the relevant regulations.

Structural testing is not mandatory for domestic upholstered furniture, however, without testing against a current standard by a UKAS accredited testing house, it would be very difficult to stand up in a court of law and verbally convince a judge and jury that a product is safe and 'fit for purpose'.

Physical testing on components and finished articles in the domestic furniture market is also evidence that quality components are used and the product is manufactured well. The more testing and quality procedure evidence a business has, is also useful for premium pricing and marketing purposes.

Product risk assessments are also covered under this regulation to show that a company has assessed the product for potential risk of harm and injury.

DFS require that all products supplied and for sale in the retail outlets are proven fit for purpose with test report evidence from a recognised 3<sup>rd</sup> party testing laboratory.

For example: UKAS accredited laboratories accredited to ISO17025.

## DFS Code of Practice

### f) Textile Products (Labelling and Fibre Composition) Regulations

This is a European Regulations to ensure that manufacturers and suppliers are labelling textiles and apparel correctly with the correct fibre names, content and construction.

The EU Regulation requires textile products which are made available on the market, to be labelled, marked or accompanied with commercial documents, in compliance with the EU Regulation.

Products that are treated as textile products are:

- a. Products containing at least 80% by weight of textile fibres.
- b. Furniture, umbrella, and sunshade coverings containing at least 80% by weight of textile fibres.
- c. The textile components (provided such textile components constitute at least 80% by weight of such upper layers or coverings) of:
  1. The upper layer of multi-layer floor coverings.
  2. Mattress coverings.
  3. Coverings of camping goods.
- d. Products incorporating textile components and which form an integral part of the product, where the compositions should be specified.

DFS expect all suppliers to meet the labelling requirements of textile products which include upholstered furniture and mattresses. All products must be labelled with the correct textile composition on the products supplied.

For further details please visit <https://www.gov.uk>

### g) Machinery Directive 2006/42/EC and CE Marking

This is a European Directive for the safe inclusion of motorised parts in electrically actuated motorized domestic furniture falls within the scope of this Directive, meaning electrical furniture must now carry the CE mark.

To comply with the requirements of the Machinery Directive, the manufacturer must prepare the TCF (Technical Construction file) according to ANNEX VII of 2006/42/EC.

This mainly includes the following files:

1. A construction file including a general description of the machinery.
2. The overall drawing of the machinery and drawings of the control circuits, as well as the pertinent descriptions and explanations necessary for understanding the operation of the machinery.
3. Full detailed drawings, accompanied by any calculation notes, test results, certificates, etc., required to check the conformity of the machinery with the essential health and safety requirements.
4. The documentation on risk assessment demonstrating the procedure followed the standards and other technical specifications used, indicating the essential health and safety requirements covered by these standards.
5. Any technical report giving the results of the tests carried out either by the manufacturer or by a notified body.
6. A copy of the instructions for the machinery.
7. A copy of the EC declaration of conformity.
8. For series manufacture, the internal measures that will be implemented to ensure that the machinery remains in conformity with the provisions of this Directive.

Furniture manufacturers have traditionally only considered the scope of the General Product Safety Directive (GPSD), which does not require CE marking.

With the inclusion of furniture with an electrical function in the new guidance for the Machinery Directive, this form of furniture does now require CE marking. Stakeholders should be aware that furniture without an electrical function is still exempt from CE marking.

DFS expect suppliers to produce the documented evidence of CE marking that meets this Directive.

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### **6.5 TRADE DESCRIPTIONS, CHECKING PRODUCT MEASUREMENTS AND COMPONENTS AGAINST SPECIFIED TECHNICAL DATA SHEETS, LAY SHEET OR BILL OF MATERIALS (BOMs)**

In this section of the audit, the auditor will request the approved specification of a minimum of 3 products. The 3 products will be checked against the agreed specification for components and measurements to ensure that they are as specified.

It is important that what DFS advertise and sell via retail and online point of sale is exactly what the supplier delivers.

If suppliers change components of finished articles or supply product not specified and approved by DFS Trading Limited, the supplier will be held financially accountable.

If suppliers provide a product not to approved specification and DFS are found to be supplying none compliant products to relevant UK and European Regulations. The supplier will immediately be investigated by DFS and would hold the supplier financially accountable which could result in the business relationship being terminated.

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### 6.6 EVIDENCE OF FULL TRACEABILITY OF RAW MATERIALS TO A FINISHED ARTICLE LABEL

The supplier or potential supplier must demonstrate full control of the upholstery materials used to construct the finished article and to ensure that no raw materials are used that do not meet requirements of the relevant regulations.

If supplying to UK and non-UK markets, the supplier must demonstrate sufficient control of raw materials to ensure that non-UK compliant materials cannot enter production lines of UK market products.

DFS class the following as Critical Control Points:

- a) Control of incoming goods and storage.
- b) Checks in place to ensure raw materials have batch identification.
- c) Evidence of a system of allocation to production (i.e. first in, first out).
- d) Quarantine area for faulty materials/ non-compliant materials.

The supplier must demonstrate that the batches of materials used throughout the production process are traceable, from the goods in stage to the finished product, and delivery to DFS CDCs.

DFS class the following as Critical Control Points for this requirement:

1. Evidence of record of batch number of raw materials being recorded from goods inwards into the production process.
2. High risk areas such as pattern cutting and sorting.
3. Demonstration of records to show that batches of materials can be traced to a final batch number on the finished product.



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### 6.7 DEMONSTRATION OF HOW THE FINAL BATCH NUMBER RELATES TO ALL MATERIALS USED IN PRODUCTION

The supplier must be able to demonstrate that the final batch number given on the permanent label of the finished articles can be traced back to the materials used in production.

DFS class the following as Critical Control Points for this requirement:

- a. Documentation to show the final batch number on the product and the batches of materials used for that final finished product.
- b. Controlled batch sizes in order to reduce the level of products to be recalled should there ever be a full product recall.

### 6.8 EVIDENCE OF A TESTING PROGRAMME IN PLACE TO MONITOR COMPLIANCE OF DFS PRODUCTS PLACED ON THE MARKET

The supplier must have a documented programme of testing based upon volume of sales or per batch to show that the component or finished articles have been tested in accordance with test frequency requirements.

As the relevant regulations do not provide any requirements for test frequency, it is the responsibility of DFS Trading Limited to assess the frequency of re-testing when considering the number of units that are produced and the size and scope of the business.

DFS consider it reasonable that in low volume production, test certificates should be no older than 6 months of the date of manufacture or one report per batch of raw material.

If the supplier is a medium to high volume producer, then this requirement should be increased accordingly.

Reference is also made to current British Standards for similar products, where a testing frequency is defined:

- BS 7177:2008+A1:2011 - Specification for resistance to ignition of mattresses, mattress pads, divans and bed bases.

Testing composites has a test frequency requirement of 1 in every 2400 units produced or once per month the lower end is up to 400 units produced or once every 6 months.

For all DFS testing and compliance documents, please refer to the DFS Quality Testing Policy.

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### 6.9 EVIDENCE OF TEST REPORTS TO SHOW COMPLIANCE OF RAW MATERIALS WITH ALL RELEVANT UK AND EUROPEAN REGULATIONS

All suppliers must provide specified test reports requested by DFS Trading Limited for all components and finished article composites if applicable.

Furniture and Furnishings (Fire Safety) and REACH Regulations require specific and mandatory test reports.

DFS expect all covers and fillings to have a test report every batch of material. Testing should be performed at a UKAS accredited laboratory, or if tested outside the UK, a recognised testing laboratory with a similar accreditation.

For all DFS testing and compliance documents, please refer to the DFS Quality Testing Policy.

### 6.10 EVIDENCE OF A BUSINESS CONTINUITY PLAN (BCP)

It is significantly important to DFS Trading Limited to ensure that all current and potential suppliers can fulfil increasing order demands.

If there were to be a crisis of any kind, for example, a factory fire and production had to shut down, what would the process be and the impact of this to DFS Trading Limited.

If a supplier who produces 12,000 units a month is not in operation for two weeks, what would be done to immediately resolve the issue and forward plan decreasing waiting times?

A Crisis Management Procedure should be in place for non-product related issues that would have an impact on delivering product to DFS in the agreed time frame.

A risk assessment of the impact of a crisis should be in place, this would bring up areas that could be addressed and in place if a crisis ever does happen.

DFS would expect a BCP is in place, documented and version controlled.

### 6.11 EVIDENCE OF A LOADING POLICY

Whether finished articles are travelling 8-12 weeks on the water from overseas, or from a local UK supplier, containers and heavy goods vehicles need to be loading in such a way that products do not get damaged in any way from factory to DFS CDC.

The loading policy should include best practice loading where the maximum amount of furniture can be loaded without damage to product or causing any health and safety risks unloading at DFS CDCs.

The expected policy should include methods of protection, how specific pieces of furniture should be loaded and stacking lighter product on top of heavy product. These policies need to take into account movement and the potential of damaging products. Policies should be reviewed periodically and version controlled.

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### 6.12 EVIDENCE OF A PRE-DELIVERY/SHIPMENT INSPECTION (PDI/PSI)

All suppliers of DFS should provide pre-shipment inspection reports including all products on the shipment and the quality checks performed before loading.

This report should also include photographic evidence of the loaders loading the containers until complete.

Other photographic evidence required in the report would include labels, packaging and feet of at least 25 percent of the units loaded on each container.

These reports should be sent to the relevant Quality Manager and keep for at least 5 years.

### 6.13 EVIDENCE OF A NEEDLE AND SHARPS POLICY

Suppliers must demonstrate control of processes that could affect the safety of DFS components and finished articles, and control of tools used during manufacture that could pose a safety risk if found in the product - such as sharp objects, broken needles and loose staples.

DFS would expect this procedure to be documented and include reference to the following:

- a. How needles are stored and distributed.
- b. How broken needles are retained and recorded.
- c. How knives, sharps and staples are accounted for and stored before and after a shift.

This process should include record keeping and detailed information.

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### 6.14 EVIDENCE OF A PRODUCT RECALL PROCEDURE

In the event DFS find a non-compliant product and a full product recall is required, DFS require a Recall Procedure from all suppliers which cover the following key areas:

- a) Internal contact list and communication strategy.
- b) Who is responsible for decision making in the event of product crisis and recall.
- c) Actions which may be taken depending on the issue.
- d) Verification of the product issue by batch re-testing.
- e) If the issue is related to a batch, whether this can be identified by a unique code or identity number.
- f) Traceability system relating to the finished product batch number and to raw materials used.
- g) Sales data – products sold and duration of time on sale.
- h) Guidance on when to notify enforcement bodies where relevant.
- i) Identification and quarantine of any affected unsold materials or products in stock.
- j) Quantifying the success of a recall and when further action may be required.
- k) Quarantine of affected stock or raw materials returned as part of a recall to ensure this does not re-enter the supply chain.
- l) Review of the process itself to ensure it remains relevant and up to date

## DFS Code of Practice

### 6.15 EVIDENCE OF A CORRECTIVE ACTION PLAN, INCLUDING IDENTIFICATION, RESOLVING, ROOT CAUSE ANALYSIS AND CORRECTIVE ACTIONS

If DFS find a product issue or an issue is brought to our attention such as failure in use or quality related failure, it must be fully investigated how and why this happened and to determine if any further action is needed such as a product recall or corrective action.

Suppliers will be expected to work with DFS to identify what needs to take place to ensure that this does not happen again.

A corrective action procedure should be in place to set out the action plans and who is responsible to deliver the action plan at every stage.

DFS expect that a corrective action procedure would cover the following:

- a) Contact list and communication plan including those authorised or responsible for the corrective action, including when stakeholders are advised.
- b) Full details of the issue raised.
- c) Risk assessment of the product, analysis and conclusions overview.
- d) Sufficient product traceability and identification of affected units.
- e) Action planning of how to correct or mitigate the issue.
- f) Plan detailing steps in place to ensure the issue does not occur again.
- g) Controlled review of the corrective action plan to ensure it remains relevant and up to date.

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### 7.0 OBLIGATIONS

By participating in the DFS auditing programme, all companies are committed to ensure the sale or supply of safe, legal and fit for purpose products in accordance with the relevant regulations and DFS code of practice.

Any DFS manufacturer and supplier of finished articles and components are required to take part in the supplier audits.

As a DFS supplier or potential supplier, DFS Trading Limited will work with suppliers to achieve the standards required within the remit of the audit programme.

Failure to participate in the DFS supplier audits on an annual basis could result in the matter being brought to the attention of DFS Senior Management who may decide to take further action regarding the business partnership.

## DFS Code of Practice

### 8.0 TERMS AND CONDITIONS OF THE DFS AUDITING PROGRAMME

All DFS current and potential suppliers are obliged to conform to the code of practice and audit requirements as defined in the most current versions of the following documents:

- DFS Code of Practice.
- DFS Audit Plan.
- DFS Non-conformity Report.
- DFS Final Report.
- Audit Guidance Document.

All audits will be undertaken by an appointed DFS representative of DFS Trading Limited.

### 9.0 COMPLAINT AND APPEAL PROCESS

Issues raised by individual suppliers will be dealt with initially by the auditor. If the issue cannot be resolved, then the company shall formally log the complaint or appeal with the Commercial Director on the details below within one working week of receiving the final audit report.

All disputes and appeals received by DFS Trading Limited will be acknowledged, investigated and actioned by the Senior Quality Manager.

To appeal the outcome of your supplier audit, qualifying evidence must be received within one working week in order for DFS to review your appeal.

The decision of DFS will remain in force pending the outcome of the appeal, which the supplier and DFS each agree shall be final.

At the end of the investigation, DFS will advise the outcome and the final communication will be a summary of the investigation, conclusion and any actions taken as a result.

Disputes and appeals shall be sent in writing to the Commercial Director at the following address:-

#### **DFS Trading Limited**

DFS Head Office (Group Support Centre)  
1 Rockingham Way  
Redhouse Interchange  
Adwick-Le-Street  
Doncaster  
DN6 7NA

**Telephone:** +44 (0) 1302 573 200

**Senior Quality Manager: Robin Scott**

**Email:** [Robin.scott@dfs.co.uk](mailto:Robin.scott@dfs.co.uk)

**Commercial Director: Karl Thomas**

**Email:** [Karl.thomas@dfs.co.uk](mailto:Karl.thomas@dfs.co.uk)



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### 10.0 DECLARATION:

As a valued supplying partner to DFS Trading Limited, we adhere and fully support the DFS Code of Practice, and understand that failure to meet the requirements we would be held accountable and financially accountable where applicable. We also understand DFS Trading Limited policies in the Appendix below.

#### Supplying Partner:

Name:

Position:

Date:

Signature:

Company stamp (Asia):

#### On behalf of DFS Trading Limited:

DFS Quality Manager:

Date Received:

Signature:

#### On behalf of DFS Trading Limited:

Senior Quality Manager:

Sign off Date:

Signature:



## APPENDIX:

### **ANTI-BRIBERY POLICY**

DFS is committed to carrying out its business fairly, honestly and openly and has a zero tolerance of bribery and corruption. We do not make or accept bribes, or condone the offering or acceptance of bribes on our behalf. This policy extends to all of the company's business dealings and transactions in all countries in which the company and its associates operates.

All directors and employees are required to comply with this policy and we avoid working with organisations who do not also commit to doing business without bribery.

Bribes may take the form of gifts (money, goods, services), hospitality (meals, entertaining, tickets to events, travel expenses), political or charitable donations, sponsorship or favours.

#### **Gifts & Entertainment**

As gifts and entertainment can sometimes disguise bribes, or be misinterpreted as bribes, we have established the following guidelines which clearly define what we consider to be genuine and acceptable and what is not:

- We may accept gifts of small items of limited value (less than £200). We may not accept valuable items.
- Valuable items received as gifts will be returned, or disposed of as agreed by management.
- Although we may accept a gift on occasion, we may not accept gifts which are given regularly or often.
- Gifts we give must be of moderate value, legal under local law and agreed by management.
- We may give and accept reasonable, hosted entertainment which is in the legitimate interests of the business.
- We will not give or accept lavish or frequent entertainment, or entertainment which is not hosted.

The company recognises that gifts and hospitality may form an acceptable part of building relationships. However the offer or acceptance of gifts which could affect or be perceived to affect the outcome of business transactions, or which are not reasonable and in good faith, is prohibited.

#### **Facilitation payments**

Facilitation payments are small amounts demanded by providers of services to secure or 'facilitate' services to which the payer is already entitled, such as obtaining a visa. Equally they can be inducements offered to or demanded by customs, immigration and other officials to speed up the granting of services and permits. In either case, they are illegal and must not be offered or paid.

It is DFS policy that our agents and other intermediaries, contractors and suppliers do not make facilitation payments on our behalf.

#### **Donations and sponsorship**

Charitable donations (to registered charities only) may be made with the approval of the Human Resources Director (for amounts below £10,000) or the Board. No donations are made to charities connected to business partners while any bid/contract process is ongoing.

## DFS Code of Practice

Political contributions may only be made with the full consent of the Board. Donations may only be made to registered political parties; no donations may be made to individuals.

Sponsorship payments are made for business promotional purposes and are distinct from charitable donations. All sponsorship arrangements must be clearly documented and terms agreed in writing with the sponsee as to the amount to be paid and the promotional benefits to be received in return.

### **Employees**

Employees must not solicit, arrange or accept bribes intended for their benefit or that of their family, friends, associates or acquaintances.

Employees must not offer, promise or give a bribe to anyone in connection with their work for the company.

Employees should consult their manager if in any doubt about whether a gift or hospitality may be accepted.

Where an employee been offered a bribe, or suspects that others may have offered or accepted a bribe, they should in the first instance report it to their line manager if possible.

Where this is not possible or appropriate (for example if the line manager is suspected of being involved), the matter should be reported to another manager or director.

Alternatively, employees can raise concerns through the Company's Whistle Blowing Procedure.

Employees will not be penalised for the loss of contracts or other impact on the business arising from refusing to pay or accept a bribe

### **EQUAL OPPORTUNITIES POLICY**

DFS is committed to the principle of equal opportunity in employment.

Accordingly, we have designed our policies for recruitment, selection, training and promotion to ensure that no job applicant or employee receives less favourable treatment on the grounds of race, colour, nationality, ethnic or national origin, age, disability, religion or belief, sex, marital status sexual orientation, gender reassignment, pregnancy or maternity. Our overall aim is to ensure that individuals are selected, promoted and generally treated on the basis of their relevant aptitude, skills and abilities.

It is fully acknowledged that management has the responsibility for ensuring the implementation of this policy by:

- Not discriminating in the course of employment against existing employees or applicants.
- Not inducing or seeking to induce others to practice discrimination.
- Advising employees that any discrimination on their part may lead to disciplinary action.

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We also believe that employees have a responsibility to assist in the achievement of our aims by:

- Not discriminating in the course of employment against fellow employees, customers, suppliers or members of the public with whom they come into contact.
- Not inducing or attempting to induce others to practice discrimination.
- Reporting any discriminatory action to the Human Resources Director.

Any employee who feels he or she is a victim of discrimination may raise the issue through the Company's Grievance Procedure.

If any evidence comes to light that an employee or a member of the management team has acted in breach of this policy then they may be subject to disciplinary action under the Company's Disciplinary Procedure.

### **MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT**

#### **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

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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 for 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.

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- 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.