

DFS Timber Policy

DFS Trading Limited (DFS) - Timber Policy

This Policy was issued on 20th December 2019 and will be reviewed at least annually for accuracy, completeness and relevance.

This Policy applies to all timber-based Products purchased by DFS Trading Limited containing any amount of timber, whether for sale to our customers, or for use in our business.

This Policy forms part of DFS Trading Limited's Environmental, Social and Governance Programme, whereby we report our performance annually. This Programme is subject to annual third-party audits.

Timber supply chains

Forests are essential to tackle climate change, provide crucial habitat for biodiversity and enhance water security. These are key ingredients for a sustainable world. We are keenly aware of the value that forests add to all our lives, the critical role they will play in our future and that of generations to come. DFS Trading Limited recognises that as users of timber and timber products, it is our responsibility to ensure that we help maintain the world's forest cover.

Our commitment

We commit to sourcing all our timber from supply chains which meet our Timber Minimum Performance Requirements (see below) and to continuously improve and report our sourcing performance – year on year – via our Environmental Social Governance (ESG) Programme.

Minimum Performance Requirements

- ✓ All timber used in DFS Trading Limited products **must** come from sources that do not contribute to deforestation in any part of the supply chain involving our products
- ✓ Timber used in timber manufactured products for DFS Trading Limited products must come from sources that are proven (via appropriate due diligence) legal sources
- ✓ Timber used in timber manufactured components or products for DFS Trading Limited products **must not come from:**
 - Any species listed on the three CITES Appendices
 - Forests managed or harvested in violation of traditional or human rights
 - Forests with high conservation values where harvesting negatively impacts on those values
 - Natural tropical rainforests or dry zone forests unless they are FSC or PEFC certified
- ✓ The Supplier **must** declare the species, and country of harvest for all products containing timber - prior to production of products supplied to DFS Trading Limited
- ✓ All timber-containing products will be subject to DFS Trading Limited's Risk Management Procedure

DFS Trading Limited – Risk Management Procedure

All Suppliers of products containing timber are subject to our Risk Management Procedure:

- ✓ We seek to develop and maintain mutually beneficial and longstanding relationships with all our supplying partners, supporting trusted and efficient communication between all parties in the Assessment of Risk

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- ✓ We regularly visit our supplying partners. During these visits, we will clearly communicate the requirements of this Policy, and make it clear that it applies to every link in each timber supply chain
- ✓ It is the Suppliers responsibility to ensure the requirements of this Policy are effectively communicated to their Suppliers, and to obtain information requested by us as part of our risk management procedures
- ✓ DFS Trading Limited conducts an annual (at a minimum but it may be more frequent) Risk Assessment process to establish and review Risk indicators for timber Products and the associated supply chains (e.g. species, country of harvest, purchase volume, Supplier). From this DFS Trading Limited will calculate Product/supply chain Risk Ratings (Specified, Negligible) based on the Assessed levels of Risk and the extent to which those Risks are Mitigated by requested Documentary Evidence (that demonstrates compliance with DFS Trading Limited 's Timber Policy).
- ✓ DFS Trading Limited has a robust Risk Monitoring system for all timber Products. For supply chains that are rated as Specified Risk, we may assess Policy compliance for each shipment. We will only continue to buy timber products from Specified Risk supply chains for a specified period which will be set by DFS Trading Limited and agreed by all parties. At the end of that period if the Supplier's supply chains and products are still rated as Specified Risk, we will cease trade with that Supplier. For Negligible Risk supply chains, we will undertake due diligence annually. Risk monitoring includes:
 - working with Suppliers to create Supply Chain Diagrams which will include the identification of all the links in the supply chain from the forest of harvest to DFS Trading Limited
 - collecting mitigating Documentary Evidence of Policy compliance (proportionate to the Risk of non-compliance) from the businesses shown in the Supply Chain Diagram
- ✓ We have a clear Risk Mitigation plan for timber Products:
 - We will insist that our Suppliers source from FSC or PEFC certified forests and ensure timber components are delivered to DFS Trading Limited via FSC or PEFC certified Chains of Custody
 - We will not accept production from Suppliers where information required to assess the Risk Rating is not provided with the agreed timetable.



Karl Thomas
DFS Group Sourcing & Quality Director
Date: 20th December 2019