



# DFS Furniture PLC

## Modern Slavery and Human Trafficking Statement

### Year Ending 25 June 2023

#### ABOUT THIS STATEMENT

This statement is made by the Board of Directors of DFS Furniture PLC on behalf of itself and its subsidiary companies (together “the DFS Group”) pursuant to Section 54, Part 6 of the Modern Slavery Act 2015 (“the Act”). It covers the activities and actions undertaken by the DFS Group during the financial year ending 25 June 2023, to ensure that slavery and human trafficking is not taking place in our supply chain or in any part of our business.

This statement covers the activities of DFS Furniture PLC and the following companies which are its subsidiary undertakings

DFS Trading Limited  
Sofology Limited  
The Sofa Delivery Company Limited

Read our Human Rights Policy, Anti-Slavery and Human Trafficking Policy, Group Code of Conduct, Supplier Code of Practice, and the Whistleblowing Policy at <https://www.dfscorporate.co.uk/governance/policies-statements>



## INTRODUCTION

The DFS Group’s purpose is to bring great design and comfort into every home in an affordable, responsible, and sustainable manner, making sure that our business is built on the right ethical foundations to ensure that with our sofas, our customers can be comfortable in every way. We have a zero tolerance approach to all forms of modern slavery and fully support work to eliminate all slavery and human rights abuses. Modern slavery is a term used in policy and law to describe the exploitation of individuals for personal or commercial gain and that results in their loss of freedom – carrying out work for which they did not offer themselves voluntarily, and not being free to leave. It constitutes a serious violation of human rights and may include slavery, servitude, human trafficking and forced labour. This type of exploitation is contrary to our values and our commitment to respecting the rights of our workforce and all those employed in our supply chain.

We recognise that no supply chain is without risk of modern slavery and whilst we know that there is still a journey ahead of us to further develop our resilience to the risk of modern slavery, we know that it is our responsibility to work proactively to identify and mitigate this risk. We are committed to putting effective systems and controls in place to prevent the abuse of human rights and to stop any form of modern slavery taking place anywhere in our Group or our supply chain. DFS Furniture PLC’s Board of Directors (“the Board”), our Responsible and Sustainable Business Committee and our Governance and Risk Committee oversee work throughout the Group to prevent modern slavery.

## GOVERNANCE

Modern slavery is a relevant consideration for the whole of the DFS Group. Our approach to addressing modern slavery sits within our wider Environmental, Social and Governance (“ESG”) agenda and our commitment to independent ethical audits of our suppliers of Goods Not for Resale (“GNFR”) (which are the goods and services which we purchase to support our operations and activities (rather than Goods for Resale (“GFR”) which are those being sold directly to our customers)) in high risk sectors is set out in our [Annual Report 2023](https://www.dfscorporate.co.uk/investors/annual-report-2023) (a copy of which can be found here: <https://www.dfscorporate.co.uk/investors/annual-report-2023>). The Board has delegated its authority for our ESG agenda to our Responsible and Sustainable Business Committee which is chaired by Alison Hutchinson CBE, our Senior Independent Non-Executive Director.



## OUR COMMITMENT

As a UK company with over 50 years' expertise in the manufacturing and retailing of furniture in the UK, our culture has been built on making good decisions and doing the right thing. We are committed to acting ethically. Our Group companies manage the risk of modern slavery by conducting business activities in line with our high expectations including through compliance with our Group Code of Conduct, Human Rights Policy, Anti-Slavery and Human Trafficking Policy and Supplier Code of Practice.

We acknowledge that the manufacturing sector as a whole is considered high risk in terms of the production of imported commodities being linked to forced or child labour, particularly in areas where there:

- are migrant workers (country to country or within a country);
- is a high presence of refugees;
- are minority groups;
- are young workers and a risk of child labour; and/or
- are contract, agency, and temporary workers.

This risk is heightened in the case of global supply chains, as we may have less visibility of suppliers beyond Tier 1 (being our direct suppliers). Furthermore, as raw materials, timber, textiles, and leather are commonly used in manufacture of our products and may be supplied up the supply chain by Tier 2 (our Tier 1 suppliers' suppliers) or Tier 3 (the Tier 2 suppliers' suppliers) suppliers, there is an enhanced risk.

All of our Tier 1 suppliers and business partners must comply with our Supplier Code of Practice, our policies, all relevant legislation and international standards for their industry, including those relating to child labour, forced labour, health and safety of workers, non-discrimination, employment law, human rights, fraud, anti-bribery, and corruption; failure to do so would provide us with the legal right to terminate their contract, in accordance with our mandatory clauses supporting our ESG agenda.



## OUR BUSINESS

The DFS Group is the UK's leading retailer of living room and upholstered furniture, accordingly, we have the opportunity and privilege to lead in many areas including designing, manufacturing, selling, delivering, and installing an extensive range of furniture for our customers under our market leading DFS and Sofology brands.

Most of our upholstered products are handmade to order; a large proportion are manufactured in our three DFS upholstery factories and two wood mills here in the UK.

We operate a network of showrooms throughout the UK and the Republic of Ireland under the DFS and Sofology brands, together with online channels. We employ over 5000 people across the UK and the Republic of Ireland. Our people are employed at our group support centre, in our showrooms, our factories and mills and at our customer distribution centres ('CDCs').

## OUR SUPPLY CHAIN

Some 90% of our Group sales currently relate to upholstery products. As well as the furniture we manufacture at our own factories, we currently work with 11 other large upholstery suppliers across the UK, Europe, and the Far East. Our top five, highly regarded suppliers, with whom we have deep and long-standing relationships, supply 80% of our upholstered products. Additionally, DFS and Sofology sell an extended range of furniture, including bedroom furniture, dining room furniture and accessories which we source from a small number of trusted wholesalers. The raw materials we use to manufacture upholstered furniture here in the UK are sourced directly from our Tier 1 suppliers.

Our distribution is primarily managed and operated in-house by The Sofa Delivery Company Limited. We directly employ delivery drivers, crew and warehouse operatives who work out of our own UK-based distribution centres. Our shipping is outsourced to a small number of highly regarded multinational shipping companies.



Our GNFR are procured through our internal procurement team; a process governed by the DFS Procurement Policy which sets out high-level principles that must be adhered to for all GNFR, including integrating ethical evaluation criteria into our procurement processes. Suppliers are required to provide a copy of their modern slavery statement and policy as part of the procurement process, providing us with the opportunity to report any concerns to our commercial team who will work with the supplier to ensure they can satisfy our ethical requirements before they may be appointed.

Once a contract is awarded, oversight of labour rights and modern slavery risks may include risk assessment, ongoing monitoring activities, ethical audits, contractor performance management and, as necessary, working with our business partners to resolve any issues, should they arise.

#### **OUR STANDARDS**

During the year we continued our work to audit our supply chain, as well as continuing to carry out desktop audits of all new suppliers. Our comprehensive modern slavery questionnaire is supplied to all prospective Tier 1 suppliers as standard and part of the due diligence process which also saw the DFS Group audit its Top 250 suppliers of GNFR identified as those suppliers working in areas where there is the greatest potential risk of modern slavery occurring. This audit was completed in December 2022 and aims to show transparency in our supply chain.

The desktop audit process is overseen by the Group Sustainability Director in conjunction with Track Record Global (“TRG”) and the Quality team’s onsite Supplier Code of Practice audits, where the team engage directly with suppliers and asking detailed questions around employees’ working conditions and treatment. When the team visit suppliers commercially to view products they also engage around the topic of modern day slavery as part of the Group’s continuing due diligence alongside our onboarding program where the teams asks a series of in-depth questions of the suppliers, regarding their employment practices and the practices of their suppliers (the Tier 2 suppliers) cascading the obligations further down the overall supply chain.

Having worked with our suppliers for many years to help them understand their obligations, a significant step forward this year is that all of our external supplier partners have signed up to SMETA “Sedex Members Ethical Trade Audits”. To get here our teams have worked hard to engage with all of our suppliers in our global supply chain. The ability of the Quality team to carry out truly effective onsite audits has been further strengthened by having a Chinese speaking member who can accompany other team members on visits, enabling the team to address any “live” issues at the time and allowing



them to review and check relevant documentation relating to any particular worker, in both English and Chinese on the day. An example of the benefits of onsite audits for new suppliers was seen when the Quality team, carrying out a visit to a potential supplier in Vietnam, found concerns about the standard of the accommodation being supplied for the supplier's workers, and after an internal review, the Group choose not to not to work with that supplier. Over the course of the year the Quality team carried out supplier audits on 36 suppliers in the UK, China, Poland, and Lithuania.

In relation to lower risk suppliers of GNFR, we continued to carry out desktop audits. This included reviewing suppliers' own modern slavery statements as well as requiring them to self-certify compliance with the legislation.

#### **OUR POLICIES IN RELATION TO MODERN SLAVERY AND HUMAN TRAFFICKING**

The DFS Group takes seriously any allegations that human rights are not being respected within the business or in our supply chain. We strive to act with integrity at all times. We have a range of policies and procedures in place that set out our approach to the identification of modern slavery risks and steps to be taken to prevent slavery and human trafficking in our operations:

- **Anti-Slavery and Human Trafficking Policy:** During the year the Group updated and strengthened this policy. The Board adopted the updated policy on the 19 January 2023, and it is publicly available on the corporate website. The policy reiterates our stance against all forms of modern slavery and outlines our procedures and processes which have been designed to guard against the occurrence of modern slavery or human trafficking anywhere within our business operations and our supply chain.
- **Human Rights Policy:** The policy, approved by the Responsible and Sustainable Business Committee, reiterates our support for the UN Guiding Principles on Business and Human Rights to recognise and manage the risk of harm associated with human rights violations. We developed our Human Rights Policy by assessing our human rights commitments against evolving expectations and industry good practice. The Human Rights Policy and explicitly states our commitment to respecting the human rights of vulnerable groups and to the International Labour Organization's (the UN agency responsible for setting labour standards and developing policies and programmes promoting decent work for all women and men) core labour standards, concerning the right of our workers to join trade unions, and supporting the elimination of child and forced labour.



- **Group Code of Conduct:** This reflects our commitment to acting ethically and with integrity in all our business relationships, making good decisions and implementing and enforcing effective systems and controls to ensure that slavery and human trafficking is not taking place anywhere in our supply chain.
- **Modern Slavery Guidance for Managers:** In our work context, forced labour is the type of modern slavery we are most likely to encounter on a day-to-day basis. This guide helps our managers to understand the key indicators of modern slavery, and how to respond in a situation where employee believes they have identified a potential victim of modern slavery.
- **Whistleblowing Policy :** The policy, which is available on our corporate website, encourages our employees to report any concerns relating to the direct activities or the supply chain of the DFS Group. This includes any circumstances that may give rise to a risk of slavery or human trafficking. Our Group-wide, independently provided whistleblowing hotline allows concerns and allegations to be raised anonymously by employees, contractors or by any of our suppliers and report will be kept confidential to the fullest extent possible, consistent with law and good business practices. We investigate every whistleblowing case and seek to achieve resolution within the shortest possible timescales.
- **Supplier Code of Practice:** We insist on ethical standards from all of our suppliers and we expect them to adhere to our Supplier Code of Practice. Suppliers are required to confirm that they provide safe working conditions, treat workers with dignity and respect, and act ethically and within the law in their use of labour.
- **Recruitment Policy and procedure:** We operate a preferred supplier list and work only with recruitment agencies which share our commitment towards anti-slavery and the prevention of human trafficking.
- **Contractual Terms:** Our standard contract terms require contractors and suppliers to comply with the Act and to act consistently with our Supplier Code of Practice .

#### **DUE DILIGENCE PROCESSES AND RISK ASSESSMENT FOR SLAVERY AND HUMAN TRAFFICKING**

We maintain awareness of risks common to our industry which can be contributing factors to modern slavery such as: short lead times, prices that do not meet ethical standards, delayed payments, and unapproved subcontractors.



During the year in addition to our existing supplier due diligence and human rights risk assessment processes, we continued to work with Ardea International (“Ardea”) who, in addition to providing training, guide the Group with sector expertise in auditing high risk suppliers of GNFR, and TRG who worked alongside Ardea to support our manufacturing audits.

As part of our initiatives to identify and mitigate risk, we have processes in place to:

- identify and assess potential risk areas in our supply chain;
- mitigate the risk of slavery and human trafficking occurring in our supply chain;
- monitor potential risk areas in our supply chain;
- protect whistleblowers.

All of our employees, suppliers, customers, business partners and any relevant third party may raise any concerns or suspicions that they have about any of our procurement processes in complete confidence. Concerns can be reported confidentially to the Whistleblowing hotline, details of which can be found in the Whistleblowing Policy <https://www.dfscorporate.co.uk/media/63591/whistleblower-policy-06072023.pdf>

### **SUPPLIER ADHERENCE TO OUR VALUES AND ETHICS**

We have a zero-tolerance approach to all aspects of modern slavery, but we recognise that there may be circumstances where it will be appropriate to support our suppliers to rectify any non-conformity identified in accordance with our Supplier Code of Practice and audits. This consists of requiring suppliers to confirm in writing that they:

- Sign up to our Anti-Slavery and Human Trafficking Policy;
- Comply with our Supplier Code of Practice;
- Accept our standard contract terms including their obligation to ensure compliance with the Modern Slavery Act and our right to audit their factories to ensure compliance;
- Review their own supply chains to ensure that they comply with modern slavery legislation.





We will act in the event of any continuing non-conformity by any of our suppliers, the outcome of which may result in the termination of their contract.

Across every level of the business from the Group Leadership Team down we continuously engage with our suppliers to help them to understand their obligations. We have continued to work with Colleen Theron, the CEO of Ardea, who is a lawyer who specialises in working with businesses and Non-Government Organisations, providing training programmes on modern slavery and sustainability issues and advises the Group on modern slavery. Colleen is a fellow at the Centre for the Study of Modern Slavery, at St Mary's University. More information can be found about Ardea here: <https://www.ardeainternational.com/>

### **TRAINING AND RAISING AWARENESS**

We believe that education is key to the prevention of modern slavery in our supply chain. To ensure everyone has a good understanding of the risks of modern slavery and human trafficking in our supply chain and our business, we provide training to our employees in the form of an internal online training module. Our commitment to addressing any instances or risks of modern slavery is communicated to all suppliers and other business partners when entering into new or renewed contracts with them. Training has been prioritised in the areas of our business operations where the risk of modern slavery practices has been assessed to be the greatest.

Our training initiatives include:

- General training and raising awareness of modern slavery for line managers, team leaders and supervisors;
- An e-learning module on modern slavery. During the year 1408 employees undertook the online learning on the My Learning platform raising training on labour rights and modern slavery risk management during the year. The training is open to any DFS Group employee, although it is primarily aimed at people who work in operational roles and is mandatory for all colleagues in management functions. The course includes a formal assessment all colleagues are required to undertake;



- A team comprising colleagues from the legal, quality and compliance and sustainability functions completed an in-depth six-week training programme with Ardea, to ensure we have resources internally to support our wider value chain;
- The programme provided by Ardea covers awareness of labour rights, modern slavery and labour practices associated with increased worker vulnerability; how modern slavery risk indicators may occur in our industry or supply chain; and how to identify warning signs. It also provides information on how employees can help identify and manage the risks of modern slavery and guidance on what action should be taken if an individual believes that our policies or procedures have been breached;
- Our Group Code of Conduct on-line training which complements our policy is mandatory for all colleagues this covers modern slavery and whistleblowing and ensures that all colleagues who have any concerns understand the correct procedure to follow to notify the business. During the year a total of 5119 individuals undertook the on-line learning programme.
- Providing bespoke face to face training for the Leadership Team (over 60 people) of The Sofa Delivery Company (which is deemed to be higher risk, with freelance logistics and warehouse staff) tailored around modern slavery in the logistics industry. Follow up collateral was distributed to all CDCs.

#### THIS YEAR WE

- Reviewed and updated the Group Code of Conduct and the Supplier Code of Practice to ensure compliance with international legislation and best practice standards;
- Updated our Whistleblower policy and procedures and launched an awareness campaign to ensure all colleagues are aware of the process and how to report any concerns, including concerns about modern slavery anywhere in our supply chain;
- Continued to address the opportunities that were identified by Ardea's analysis of our policies and procedures. Including the development of our face to face training to identify individuals working in our logistic operations who could be victims of forced labour;
- Refreshed our online mandatory training for all employees on our Group Code of Conduct, raising awareness of modern slavery and encouraging all employees to report any concerns;
- Ensured that all of our suppliers have signed up to SMETA;



- Continued to roll out our new onboarding supplier process ensuring all suppliers complete a Supplier Code of Practice audit and have SMETA/Sedex audits in place or booked before the DFS Group agrees to proceed with orders;
- Continued to work with our partners Ardea and TRG to audit all of our suppliers and manufacturers of goods for resale and our Top 250 suppliers of GNFR by value and risk, to ensure compliance with our policies in relation to human rights. TRG's expert team have helped the DFS Group to understand and mitigate the risks of modern slavery in our global supply chain. Any supplier who is not compliant has been given a 3-6-month window to comply with the corrective action plan. Corrective actions related to suppliers not having the correct policies and procedures in place in relation to their workforce. There were no cases of modern slavery identified in any of our suppliers;
- Continued to monitor developments in best practice in the tackling of modern slavery.

### LOOKING FORWARD

We expect our approach to managing the risk of modern slavery to continue to evolve as we learn from our risk reviews, refine our practices, and continue to build capability in the DFS Group. We know that there is more work to do; where we encounter challenges we will do our best to resolve them, working collaboratively with others.

Over the coming year we intend to:

- Continue to develop our ESG agenda;
- Following a review of our governance around ESG we have instigated a new Group ESG Committee led by the CFO. The Committee will report to the RSC Committee, the ESG Committee will be responsible for ensuring compliance with our policy and reviewing our strategic approach to modern slavery.
- Carry out a review of our Group Human Rights and Anti-Slavery and Human Trafficking policies;
- Continue to map our supply chain suppliers to ensure all tiers within our supply chain have robust policies and processes to combat modern slavery. We are committed to the gaining transparency throughout our supply chain and will continue our work with our suppliers and manufacturers to ensure compliance with our policies in relation to human rights;



- Monitor world events including political instability and armed conflict which we recognise can drive migration and cause disruption in employment and access to education, creating an increased risk of modern slavery in impacted areas and further develop our audit approach to ensure that we identify and understand human rights risks in key geographic sourcing regions;
- Continue to raise awareness amongst our employees, suppliers and business partners and assess our training requirements to ensure that they are 'fit for purpose' as required by the Act, delivering appropriate training, based on this assessment;
- Continue to create and upskill our team of Modern Day Slavery Champions who will have in depth knowledge of the risks posed by modern slavery and forced labour. These champions will provide support to every area of our business;
- Continue to collaborate with our partners to review our assurance compliance programme and ensure continuous improvement.

#### **BOARD OF DIRECTORS' APPROVAL**

The DFS Group will never knowingly enter into a business relationship with any organisation involved with slavery, servitude, human trafficking or forced labour. The senior leadership team accepts responsibility for the implementation of any policy in relation to this matter and for the provision of adequate resources to ensure that slavery, servitude, or human trafficking is not taking place in the Company or its supply chain.

Tim Stacey

Group CEO

DFS Furniture PLC

Date: 18 January 2024

This statement has been approved by the board of directors of DFS Furniture PLC and of each of its relevant subsidiaries, in compliance with the Modern Slavery Act 2015. It was approved by the board on 18 January 2024 and signed by the Group Chief Executive Officer of DFS Furniture PLC. Our Modern Slavery Statement will be published on the UK Government's online modern slavery statement registry and will be available on all DFS Group websites. A hard copy is also available from the Company Secretary.