

DFS Furniture PLC

# Modern Slavery and Human Trafficking Statement

Year Ending 30 June 2024





## About this Statement

Modern slavery is a consideration for the whole of the DFS Group: We have a zero-tolerance approach to all forms of modern slavery and forced labour. We proactively work to identify and eliminate to the fullest extent practicable all modern slavery and human rights abuses anywhere in our business or supply chain. For this reason, our approach to modern slavery is managed by the Group Company Secretary, in conjunction with the Group Legal function and the DFS Quality team with further input from across the Group as required.

The Group Company Secretary reports to the Group Chief Executive Officer and the DFS Group Board on modern slavery issues. The DFS Group Board has approved this statement and formally reviews policy and performance on ethical trading and modern slavery annually.

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.

We continually review and develop our policies and procedures which are designed to prevent any form of modern slavery with input from in-house experts, suppliers, and external stakeholders. All our policies are available at our Corporate Website at: <https://www.dfscorporate.co.uk/governance/policies-statements>.

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# Introduction

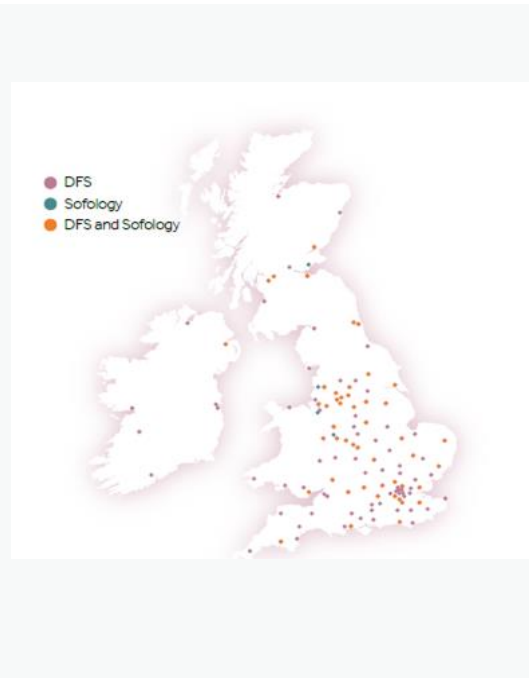
Our Purpose is to bring great design and comfort into every home, in an affordable, responsible, and sustainable manner but it's important to us that our business is built on the right ethical foundations. It is a priority for the DFS Group to ensure that we trade ethically, source responsibly and work to prevent modern slavery and any form of forced labour or human trafficking throughout our organisation and our supply chain.

There is no single international definition of modern slavery. It is a term used in policy and law where one person takes away the freedom of another person, exploiting others for personal and commercial gain. Modern slavery is a serious crime that violates human rights. 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.

Over the last few years we have developed our policies and procedures, systems and controls, to minimise the risk of modern slavery occurring in our business. We audit our key suppliers in the UK and overseas and make it a contractual obligation of all our suppliers that they have in place the policies and procedures to prevent modern slavery taking place anywhere in their supply chain. We recognise that no supply chain is without the 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.

# 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.



DFS is the leading retailer of sofas in the UK with over 50 years' heritage.

Headquartered in Doncaster, we operate 115 showrooms in the UK and Republic of Ireland, under our DFS brand and a leading web platform.

Our Sofology brand has 57 showrooms across the UK.

The majority of our sofa orders are fulfilled on a made-to-order basis manufactured either in our own factories or by our long-standing partners.

- As well as in our nationwide showrooms, our people are employed at DFS' Group support centre in Doncaster, Sofology's head office in Golborne, our nationwide customer distribution centres ('CDCs'), and in our factories and mill in the Midlands and South Yorkshire – where a substantial proportion of handmade to order, upholstered products are manufactured.



# Our Commitment

As a company with over 50 years' expertise in the manufacturing and retailing of furniture in the UK, we are proud that our culture has been built on making good decisions and doing the right thing. Our Group companies manage the risk of modern slavery by conducting its 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 an elevated 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, raw materials such as timber, textiles, and leather are commonly used in the manufacture of our products and made to be supplied up the supply chain by Tier 2 and Tier 3 suppliers' (our Tier 1 and Tier 2 suppliers' suppliers). We therefore recognise that there is an enhanced risk of modern slavery, associated with the desire of suppliers to produce cost effective materials, products and services.

The risk of modern slavery is a key consideration for the whole of the DFS Group. Our approach to addressing the risk 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 2024 (a copy of which can be found here: <https://www.dfscorporate.co.uk/investors/annual-report-2024>)

# Ethical Supply Chain

As well as the furniture we manufacture in our own factories, using raw materials sourced directly from our Tier 1 suppliers, we currently work with 11 other large upholstery suppliers across the UK, Europe, and the Far East. Our top five highly regarded upholstery 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.

We expect all of our Tier 1 suppliers and business partners to 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 right to terminate their contract, in accordance with our mandatory clauses supporting our ESG agenda.

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 internal procurement team oversee the procurement process of all goods and services not for resale to customers. The DFS Procurement Policy includes ethical evaluation criteria. Suppliers must provide a copy of their modern slavery statement and policy as part of the procurement process.

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

Having worked with our suppliers for many years to help them understand their obligations, all our external supplier partners have signed up to SMETA “SEDEX Members Ethical Trade Audits”. To get here, our Quality team have worked hard to engage with all of our suppliers in our global supply chain, developing the ability to conduct truly effective onsite audits.

The team, which includes a colleague who is fluent in Chinese, regularly visit Tier 1 and Tier 2 suppliers’ factories to conduct audits and address any “live” issues at the time of the visit. The advantage of having a Chinese speaking colleague is the team can also review and check relevant documentation relating to any particular worker, in both English and Chinese on the day.

Over the course of the year, the Quality team conducted supplier audits on forty-eight (40 Tier 1 suppliers and eight (8) Tier 2 suppliers in the UK, China, Poland, Lithuania and Vietnam.

## Our Due Diligence processes and Risk Assessments

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.

As part of the Procurement process, all new suppliers are required to complete a questionnaire and provide copies of the Modern Slavery Statements and policies.

In relation to lower risk suppliers of GNFR, we have continued to conduct desktop audits. This included reviewing suppliers’ own modern slavery statements as well as requiring them to self-certify compliance with their legislation and requiring them to agree to our mandatory clauses.







# 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 constantly review our policies to ensure they are up to date and compliant with legislation.

**Anti-Slavery and Human Trafficking Policy:** Available on our Corporate, DFS and Sofology's websites. 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:** Approved by the Responsible and Sustainable Business Committee, the policy 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. The policy explicitly states our commitment to respecting the human rights of vulnerable groups and to the International Labour Organization's (ILO) (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:** 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 may encounter in the UK, vulnerable people forced to work for little or no wages. This guide helps our managers to understand the key indicators of modern slavery, and how to respond in a situation where an 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. An independent whistleblowing hotline allows any concerns to be raised anonymously by employees, contractors, or by any of our suppliers.

**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 with recruitment agencies which share our commitment towards anti-slavery and the prevention of human trafficking.

## 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 are committed to always act in the event of any continuing non-conformity by any of our suppliers, the outcome of which could result in the termination of their contract.

## 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 in our business, we provide training to raise awareness of the risks of modern slavery.

### Our training initiatives include:

- An e-learning course on modern slavery. over 1100 colleagues have taken the course on labour rights and modern slavery. Whilst mandatory for all colleagues in management functions it is available to any other colleague who wishes to undertake it. **Additionally**, it is required learning for colleagues who work for Ascensos, our customer services partner;
- A pilot scheme for our Quality managers for SMETA 7 – the updated auditing and reporting process by SEDEX was rolled out;
- Online training on the Group Code of conduct is mandatory for all DFS Group colleagues. This flags the risk indicators for modern slavery and both at work and out in the wider community;
- Bespoke face to face training for the The Sofa Delivery Company leadership team tailored around modern slavery in the logistics industry.





# Highlights

In 2024 we

- Audited 48 Tier 1 and Tier 2 suppliers, with over 250 days spent auditing suppliers' factories in the UK, Europe, and the Far East with no instances of unethical practices identified;
- Reviewed the Group Code of Conduct and the Supplier Code of Practice to ensure compliance with international legislation and best practice standards;
- Updated the Group Whistleblowing procedures to make reporting concerns easier for our colleagues.
- Rolled out further face to face training to senior individuals working in our logistic operations to help them in identifying individuals who could be victims of forced labour;
- Refreshed our online training on our Group Code of Conduct, raising awareness of modern slavery;
- Mandated that every supplier obtains SMETA-certification, which evaluates labour standards, health and safety, environmental performance, and ethics at the supplier site;
- Updated our contractual requirements so that all third parties with whom we contract are required to confirm they have processes in place to prevent modern slavery.
- 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 before we place orders with new suppliers.
- Continued to monitor developments of best practice in the tackling of modern slavery.

# Looking Forward

- Following the UK Government's response to the House of Lords' Modern Slavery Act 2015 Committee report, published on 16 December 2024, the DFS Group will review the response and design a strategy to implement the relevant changes proposed by the Government;
- All the Group Quality Managers will undertake SEDEX's SMETA 7 qualification. SMETA's social audit methodology uses both the ETI ( Ethical Trading Initiative ) base code and the ILO and brings them together to ensure that the labour, health and safety and ethical standards are upheld to the highest of the two standards;
- Following the recent cases in the media on the existence of modern slavery in some UK food retailers and restaurants, guidance has been sent out across the business as a reminder of how modern slavery can occur even in the largest businesses. To mitigate this risk in our business, our finance team is introducing an additional safeguarding measures to regularly check our records to identify bank account/detail duplications and take action to investigate any anomalies which are discovered;
- We will further extend our online training for colleagues, on how to spot the signs of modern slavery and how to report it;
- We will introduce a new method for reporting concerns via QR codes, making it easier for colleagues and suppliers to report any concerns they may have;
- A review will be conducted of our Group Human Rights and Anti-Slavery and Human Trafficking policies in light of proposed changes to EU law around Forced Labour;
- In relation to recruitment / agency worker we'll review our procedures to ensure that we only work with reputable employment agencies to source labour and always verify the practices of any new agency before accepting workers from that agency;
- We will continue to require all our suppliers have robust policies and processes to combat modern slavery;
- We will continue to conduct 'horizon-scanning' meaning we will continue to monitor world events including political instability and armed conflict as we recognise this 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.

# Board of Directors' Approval

This statement has been approved 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 30 June 2024, 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

This 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 Group Company Secretary.

Tim Stacey



Group CEO  
DFS Furniture PLC  
Date: 16 January 2025

