



DFS Furniture PLC

Modern Slavery and Human Trafficking Statement

Year Ending 27 June 2021

This statement is made by the Board of Directors of DFS Furniture PLC on behalf of itself and its subsidiary companies (“the Group”) (pursuant to Section 54, Part 6 of the Modern Slavery Act 2015). It covers the activities and action of the Group during the financial year ending 27 June 2021, 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 DFS Group, including DFS Furniture PLC and its subsidiaries, specifically:

DFS Trading Limited;
Sofology Limited;
Coin Furniture Limited,(trading as Dwell);
and The Sofa Delivery Company Limited.

Our Group has a zero-tolerance approach to any form of modern slavery and fully support measures by global law enforcement agencies and NGOs to eradicate this criminal activity. We are committed to putting effective systems and controls in place to prevent human rights abuses, protect vulnerable and exploited workers, and safeguard against any form of modern slavery taking place in any part of our business or our supply chain. “Modern slavery” encompasses slavery, servitude, human trafficking and forced labour. The Board and the Responsible and Sustainable Business Committee regularly reviews the actions we take to prevent any form of modern slavery.

GOVERNANCE

Modern slavery is a relevant consideration for the whole of the DFS Group. The DFS Board of Directors has overall responsibility for corporate governance, including any anti-slavery initiatives the Board has



delegated that authority to the Responsible and Sustainable Business Committee, chaired by our Senior Non-Independent Director to ensure sufficient focus is given to all aspect of our ESG Strategy. The Group Leadership Team accepts responsibility for the implementation of any policy in relation to this matter and for ensuring the provision of adequate resources to ensure that we comply fully with our obligations.

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 manufacturing supply chain is a key target in our Phase 1 Group ESG Targets, as set out in our [Annual Report 2021](#).

The new Phase 2 Group ESG Target, will see the Group audit its top 250 non- manufacturing suppliers by December 2022. The focus will be on those suppliers working in areas where there is the greatest potential risk of modern slavery occurring.

OUR COMMITMENT

The culture and ethos across the DFS Group is all about doing the right thing. We set clear standards for conduct, which we expect colleagues and suppliers to adhere to, including a zero-tolerance approach to bribery, corruption, and infringement of human rights, including any form of slavery, servitude, forced labour or human trafficking, whether within our own business or within our wider supply chain, and whether in the UK or overseas. We maintain long-standing relationships with our suppliers, ensuring the high quality and rigorous safety standards of all the materials and components that we use.

We are committed to acting ethically and will continue to take steps to assess the risk of modern slavery taking place in our operations and supply chain. Furthermore, we expect our suppliers and business partners to comply with our Supplier Code of Practice and to take their own pro-active steps to ensure compliance with the MSA within their own businesses and supply chains. Suppliers of goods and services to the DFS Group must comply with all relevant legislation and international standards as relevant to 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.

COVID-19 IMPACT

Similarly, to other retail businesses with suppliers throughout Asia and Europe, our Group continued to have been impacted by COVID-19 through the year. The Group also had to continue to adapt its working practices in its operations to meet COVID-19 health and safety requirements and to protect its workforce.

Our usual approach is that in addition to desktop audits of suppliers, members of the DFS Group Leadership team, the quality teams, and the buying and merchandising teams, visit our suppliers throughout the year in order to carry out inspections of their facilities. However, we were once again prevented from doing so due to the ongoing restrictions in place as a result of the pandemic.



The most significant impact that the pandemic had on tackling modern slavery risk was the ongoing impact of travel restrictions, which prevented any physical audits or unannounced site visits.

OUR BUSINESS

The DFS Group is the UK's leading retailer of living room and 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 and Dwell brands. Most of our upholstered products are handmade to order, a large proportion of which are manufactured in our three DFS upholstery factories and two wood mills here in the UK.

The business operates a network of upholstered furniture showrooms throughout the UK, the Republic of Ireland, Spain, and the Netherlands, together with an online channel. These have been established and developed gradually over 50 years of operating history. DFS Group employs over 5000 people across our 2 retail brands in the UK, the Republic of Ireland, Spain, and the Netherlands. Our people are employed in our showrooms, group support centre, and manufacturing and distribution sites.

DFS both manufactures upholstered furniture in the UK and imports furniture directly from manufacturers based in Europe and the Far East. We acknowledge that the manufacturing sector as a whole is high risk in terms of the number of imported commodities linked to forced or child labour. This risk is heightened in the case of global supply chains, as we may have less visibility of suppliers beyond the first tier. Furthermore, as natural materials including leather and timber are commonly used in manufacture of DFS products, there is an enhanced risk. As an organisation, we recognise that there is a risk of modern slavery in any area of our business where there:

- Is migrant labour (country to country or within a country);
- Is a high presence of refugees;
- Are young workers and a risk of child labour;
- Are contract and agency workers.

It is with these points in mind that the DFS Group approaches risk identification and management in a targeted manner to ensure that risks are mitigated to the greatest extent possible. Further detail on the steps that we intend to take in this regard are set out in the next steps section below.

OUR SUPPLY CHAIN

The DFS Group has long term relationships with the majority of its suppliers of both finished products and raw materials both in the UK and overseas. With regard to upholstered products, and aside from our own UK-based internal manufacturing operations, the vast majority of the DFS Group externally



sourced upholstered products come from our top five manufacturing partners in continental Europe and Asia. We have long-standing relationships with these highly regarded suppliers.

DFS, Sofology and Dwell also sell an extended range of furniture, including bedroom furniture, dining room furniture and accessories which we source from a small number of trusted wholesalers. Raw materials for use in internal manufacturing of upholstered furniture, including foam, fabric, and wood, are sourced directly from our suppliers.

Our distribution is primarily managed and operated in-house by The Sofa Delivery Company Limited, a DFS Group company. 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 that are not for resale are procured through our internal procurement team. This is governed by the DFS Procurement Policy which sets out high-level principles that must be adhered to for all goods and services not for resale, including integrating ethical evaluation criteria into the procurement processes.

OUR POLICIES IN RELATION TO SLAVERY AND HUMAN TRAFFICKING

The DFS Group 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 and practices already 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:

- **Group Anti-Slavery and Human Trafficking Policy** : The policy approved by the Board of DFS Furniture PLC reiterates our stance against all forms of modern slavery and outlines our procedures and processes which are designed to guard against the occurrence of modern slavery or human trafficking in our business operations and supply chains.
- **Group Code of Conduct**: This reflects our commitment to acting ethically and with integrity in all our business relationships, and implementing and enforcing effective systems and controls to ensure that slavery and human trafficking is not taking place anywhere in our supply chains. Updated during the year the Code of Conduct also forms the basis of a mandatory online training model for all employees.
- **Modern Slavery Guidance for Managers**: In our work context, the most likely type of modern slavery would be forced labour. This guide helps managers to understand the signs which may indicate whether a person is a victim of modern slavery and how to respond if a potential victim is identified.
- **Whistleblowing Policy** : Updated during the year our policy encourages our employees to report any concerns relating to the direct activities or the supply chains of the DFS Group. This includes any circumstances that may give rise to a risk of slavery or human trafficking. Our



independently provided whistleblowing hotline provides an easy and confidential means for concerns and allegations to be raised. We investigate every whistleblowing case and seek to achieve resolution within the shortest possible timescales.

- **Employee Assistance Programme:** This provides an external and confidential telephone support service through which advice and information are imparted to employees on a wide range of topics.
- **Supplier Code of Practice:** DFS Group insists on ethical standards from all of our suppliers. Suppliers are required to confirm that they provide safe working conditions where necessary, treat workers with dignity and respect, and act ethically and within the law in their use of labour.
- **Recruitment policy and procedure:** DFS Group operates a preferred supplier list and works only with recruitment agencies which share our commitment towards anti- slavery and the prevention of human trafficking.
- **Sustainability Strategy: Resourceful Responsible:** This outlines our ambitious approach to sustainability, embodying our commitment to helping to solve the UK's waste challenge and ensuring our business is fit for purpose over the critical years ahead.

DUE DILIGENCE PROCESSES AND RISK ASSESSMENT FOR SLAVERY AND HUMAN TRAFFICKING

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

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

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

We expect all of our employees, suppliers, customers, business partners, the general public and any relevant third party to raise any concerns or suspicions that they have about any of our procurement processes in complete confidence. Concerns can be reported confidentially to the Human Resources Department by phone, pursuant to the DFS Whistleblowing Policy.

As part of managing the risk of modern slavery, we have a supply chain compliance programme in place. We are also strengthening our approach to managing the risk of modern slavery by introducing further risk assessment and due diligence during 2021, as explained in our next steps below.



SUPPLIER ADHERENCE TO OUR VALUES AND ETHICS

To ensure that all those in our supply chain and all contractors adhere to our values, we have a supply chain compliance programme in place. As a principle, we have a zero-tolerance approach to slavery and human trafficking, but we recognise that there are circumstances where it will be appropriate to support our suppliers to rectify any non-conformity with our Supplier Code of Practice. 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 standards and our right to audit their factories to ensure compliance.
- Review their own supply chains to ensure that they comply with the MSA.

We maintain long-standing, trusted relationships with our suppliers, and we intend to bring our suppliers with us on our sustainability journey. Some 95% of Group sales currently relate to upholstery products. We currently work with a total of 29 upholstery suppliers across the UK, Europe, and China. Our top five suppliers, with whom we have deep and long-standing relationships, supply 82% of our upholstered products.

In March 2021 we hosted our inaugural ESG Supplier Conference, which was attended by 96% of our finished goods supplier base, to set out our vision, mission, and initial requirements with our suppliers. This was a great opportunity to engage our suppliers in why ethical trading and sustainability is so important to our business and our stakeholders and shared with them our commitments and strategy going forward. Colleen Theron the CEO of Ardea International who advises the Group on modern slavery spoke at the Supplier conference to help raise awareness of the issue of modern slavery. Colleen is a lawyer who specialises in working with businesses and NGOs providing training programmes on modern slavery and sustainability issues, Colleen is a fellow at the Centre for the Study of Modern Slavery, at St Mary's University. <https://www.ardeainternational.com/>

TRAINING AND RAISING AWARENESS

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 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 deployed to senior and middle managers across the DFS Group. The training provides guidance on spotting the signs of different types of modern slavery and how to report concerns. The training also includes an assessment that needs to be passed in order to successfully complete the training.

DURING THE YEAR WE:

- Held our first ESG Supplier conference which included a session facilitated by Ardea International to raise the focus and awareness of the risk of Modern Slavery in global supply chains.
- Reviewed and updated the Group Code of Conduct and the Supplier Code of Practice to ensure compliance with international legislation and best practice standards.
- Started addressing the opportunities that were identified by Ardea International's analysis of our policies and procedures.
- 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.
- Rolled out our new on-boarding supplier process ensuring all suppliers complete a Supplier Code of Practice audit and has SMETA/SEDEX audits in place or booked before the DFS Group agrees to proceed with shop floor display orders.
- Continued to work with **Track Record Global** ("TRG") to audit all our Tier 1 suppliers and manufacturers of goods for resale across the globe to ensure compliance with our policies in relation to human rights. This included auditing our own manufacturing business based here in the UK. Their due diligence methodology has been developed over 15 years. Their expert team have helped DFS understand and mitigate the risks of Modern Slavery in our global supply chain.

The results of those audits showed:

Audit assessment outcomes:

- 30% no corrective actions were required
- 44% minor corrective actions required
- 26% significant corrective actions required

Those upholstery suppliers with significant corrective actions required have been treated as the priority and a corrective action plan has been provided to all suppliers with their assessments. Suppliers have 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.



- Published our Modern Slavery statement on the UK Governments online modern slavery statement registry.
- Continued to monitor developments in best practice.

NEXT STEPS:

In the next 12 months we will:

- Start to map beyond goods for resale tier 1 sites to provide support and training to our suppliers to ensure all tiers within supply chains have robust policies and processes to combat modern slavery to better understand who makes our products and where at every stage of the supply chain.
- We will further develop beyond audit approach, identify, and understand specific salient human rights risks in key geographic sourcing regions.
- We intend to launch new dedicated supplier whistleblowing helpline for our supply chain
- Carry out refresher training for our colleagues and partners, including an in-depth awareness presentation to our warehouse and distribution colleagues and supplier partners.
- Continue to work with our Tier 1 suppliers and manufacturers to ensure compliance with our policies in relation to human rights.
- Continue to assess our training requirements to ensure that they are 'fit for purpose' as required by the Modern Slavery Act and deliver training based on this assessment.
- Continue to monitor developments in best practice

BOARD OF DIRECTORS APPROVAL

DFS Group companies will never knowingly enter into a business relationship with any organisation involved with slavery, servitude, or human trafficking.

This statement has been approved by the Board of Directors of DFS Furniture PLC on the 20 of January 2022 and signed by the Group Chief Executive Officer of DFS.

Tim Stacey
Group CEO

Date: 20 January 2022