

# DFS Furniture plc Modern Slavery Statement

## Financial Year 2016

This statement is written in accordance with the Modern Slavery Act 2015 following the financial year ending 31 July 2016. DFS Furniture plc (“DFS” or the “Group”) is not willing to tolerate or condone modern slavery in any part of our operations or supply chain and will take all the appropriate actions to assist the abolition of modern slavery. We have developed a series of steps to mitigate risks of slavery or human trafficking within the business.

### **Our Business**

DFS is the UK’s leading retailer of upholstered furniture with a significant share of the furniture market in the UK. With annual gross sales of over £980 million we design, manufacture, sell, deliver and install an extensive range of upholstered and other furniture products for our customers under our DFS, 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. Since 1969 DFS has developed a national footprint of over 100 stores in the UK, four stores in the republic of Ireland, three stores in the Netherlands and one in Spain. We employ over 4,000 people across our head office, manufacturing, fleet and distribution and retail sites.

### **Our supply chains**

Compared to many retailers we generally have close and stable relationships with a small number of tier 1 suppliers. All external upholstery suppliers are bound by service level agreements.

- With regards to upholstered products, and aside from our own UK-based internal manufacturing operations, approximately 85% of DFS’s 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, Dwell and Sofa Workshop also sell a proportionately small amount (in Group terms) of extended range of furniture, including bedroom, dining room furniture and accessories which we source from a small number of trusted wholesalers.

- For raw materials for the use in internal manufacturing of upholstered furniture including foam, fabric and wood we source directly from well-regarded suppliers.

### **Our supply chains (cont'd)**

- Our distribution is primarily in-house managed and operated. We directly employ over 700 delivery drivers, crew and warehouse operatives who work out of our own UK based distribution centres and warehouses. Our shipping is outsourced to between two and six longstanding and highly regarded multinational shipping companies.
- At busy periods, we use well respected contracted delivery teams and warehouse operatives sourced locally and we monitor their performance using a number of criteria including our NPS customer satisfaction measure.

### **Relevant policies**

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 including: service level agreements with suppliers, health and safety policy, purchasing policy, anti-bribery policy, harassment policy and procedure, equal opportunity policy statement and our environmental policy.

Along with our own employees, all of DFS's upholstered furniture manufacturing suppliers are measured by Net Promoter Score. This management tool insists on meeting high standards in order to reach maximum consumer satisfaction.

We also have a whistleblowing policy which encourages staff to report any unethical practices. All reports are taken extremely seriously and fully investigated.

### **Risk assessment and due diligence**

The DFS board of directors has overall responsibility for corporate governance, including any anti-slavery initiatives. We have a reputational risk committee made up of senior managers and directors which is chaired by the Group HR Director who reports directly into our Chief Executive Officer.

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.

## **Risk assessment and due diligence (cont'd)**

As part of our commitment to mitigating any risks we have increased our focus within the business by:

- 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.
- Continuing to audit our supply chain with specific emphasis and regular visitations, 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.

## **Employee Training**

We are currently auditing levels of competency within the business and will refresh our training programme accordingly.

Key managers and directors, from relevant departments including merchandising; buying; production; quality control; health and safety; corporate affairs; communications; warehouse and distribution; HR and audit, will take part in modern slavery act training to be independently delivered by a leading independent organisation.

We will also deliver internal awareness programmes through internal communication, induction programmes and employee handbooks, highlighting the responsibility of being alert to modern slavery and the collaboration required by all employees to mitigate any risks.

## **Assessment of Effectiveness:**

We recognise that the commitment to a no-tolerance policy to human rights abuse is a continual journey and we will continue to assess the effectiveness of our programme through our already established reputational risk committee. As within all areas of our business we will work towards continued improvement and we will regularly review our progress at our monthly risk assessment meetings.

This statement is approved, on behalf of the Board, by Group Chairman Richard Baker

2 December 2016