

Ashley Furniture Industries, Inc.
Disclosure Pursuant to the California Transparency in Supply Chains Act of 2010

The California Transparency in Supply Chains Act of 2010 is effective on January 1, 2012, in the State of California. By requiring manufacturers and retailers disclose their efforts to address the issue of slavery and human trafficking, this law hopes to increase the amount of information made available to consumers to allow them to make better, more informed choices regarding the products they buy and the companies they choose to support. The following is Ashley Furniture Industries, Inc.'s disclosure under the Act:

Ashley Furniture Industries, Inc. ("Ashley") follows, and requires its suppliers to follow, industry guidelines for the loading and sealing of shipping containers with the aim of ensuring the condition, contents, and security of containers carrying our goods into the US and that the containers are not used to conduct illegal transport of people.

Ashley seeks to use only suppliers which Ashley believes act in a responsible manner, including having no involvement with slavery, human trafficking, forced labor or child labor in violation of international standards. Although price is an important criteria in selecting vendors, Ashley evaluates our vendors on many other criteria, such as business history, financial stability, quality, timeliness of delivery, working conditions, and compliance with laws.

Ashley is currently in the process of developing a Vendor Code of Conduct that will, among other things, prohibit our vendors from using child labor or involuntary labor. Our Vendor Code of Conduct will also require that vendors conduct their operations in accordance with all laws applicable to their businesses and require the same standards of their suppliers in turn. Beginning in January 2012, Ashley also will begin requiring that vendors certify on their invoices they do not and will not knowingly engage in any forced labor, slavery or human trafficking.

In addition, key leaders from Ashley's quality, engineering and training teams work closely with the factories of the global network of suppliers who manufacture components and goods for our business. We make frequent visits to the majority of those factories, allowing us to inspect facilities, observe conditions and influence the people and practices that improve our products, as well as protect our supply chain integrity. We work diligently to negotiate this level of access into every business relationship in our system, ensuring that partners in our supply chain receive multiple audits and unannounced visits throughout the year.

Ashley provides periodic training to its employees involved directly with our suppliers to familiarize them with identifying and, to the extent possible, mitigating, slavery and human trafficking issues. Employees who ignore any signs of child or forced labor are subject to disciplinary action up to and including termination of employment.

No system of auditing and inspection is truly effective without designed consequences. For this reason, if vendors are unable or unwilling to address concerns we identify, we may sever our business relationships with supply chain partners. We will continue to use this effective market-driven remedy as resolution when we cannot ensure that the principles and conditions of our organization are met.