

Supply Chain Disclosure

Klaussner Furniture Industries, Inc.

Comfort Design Furniture

Enso Sleep Systems

Klaussner Outdoor

Prestige Fabricators, Inc.

Disclosure Pursuant to the California Transparency in Supply Chains Act of 2010

The California Transparency in Supply Chains Act of 2010 became 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 was designed 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 Klaussner Furniture Industries, Inc.'s ("Klaussner's") disclosure under the Act:

Slave Labor and Human Trafficking

Klaussner's suppliers will not use forced or involuntary labor of any type and will not engage in human trafficking.

Verification and Audits

Key leaders from Klaussner's quality and merchandising 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 overseas 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 visits throughout the year. Visits are not formal audits, are not independent, and are not typically unannounced.

Certifications

Klaussner requires annual certification by overseas factories of their compliance with Klaussner's Supplier Code of Conduct, which includes these provisions.

Accountability

Suppliers must strictly comply with all laws, regulations, and Klaussner policies on bribery, corruption and prohibited business practices. Violations of this paragraph will be immediate grounds for Klaussner to terminate any supplier relationship. Employees who ignore any signs of human trafficking, slavery, or other prohibited business practices will be subject to disciplinary action up to and including termination of employment.

Training

All employees are expected to follow Klaussner's policies. Klaussner does not currently conduct training with respect to mitigating risks within its supply chains, but key employees involved in overseas sourcing are aware of Klaussner's policies and the consequences of violation.

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