

Where are we in 2020?

FOUNDATION ACTIVITIES

Our Foundation activities include tackling the major environmental and supply chain issues we face in our day-to-day business. This year we set agreed targets across the Group for Phase 1 of our ESG strategy, showing what we need to do over the next five years. Some of our brands may achieve these targets earlier than shown here. We will monitor, adjust and report against our targets annually, with the aim of always improving.

E: Environmental - reducing the impact we have on the planet

Wood sourcing

Wood sourcing - by 2025, we will build all our sofas using 100% FSC-certified wood.



Leather sourcing

By December 2021, the leather we use will not cause deforestation in the Amazon or anywhere else.



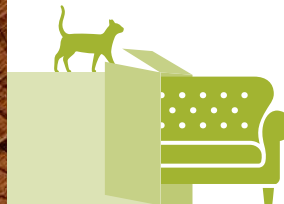
Plastic packaging

By December 2020, we'll ensure all the plastic packaging we use is recyclable.



Sofa packaging

By December 2020, we will recycle 85% of our sofa packaging.
By December 2022, we will recycle all our sofa packaging.



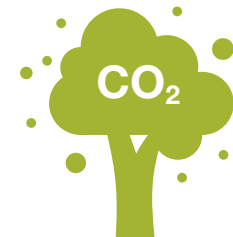
CO₂ reduction

By 2023, we will reduce the CO₂ emissions from our sofa delivery company by at least 10%.



CO₂ mitigation

By December 2020 we will offset all our scope 1 and 2 emissions for our UK operation.



Where are we in 2020?

FOUNDATION ACTIVITIES (CONTINUED)

S: Social - our colleagues and our communities

Diversity

50%

minimum female representation for all Group apprenticeship programmes from 2020.

Diversity

50%

minimum female representation for all Group management development programmes by the end of 2020.

Diversity

50%

of store managers will be female by December 2024.

Charity and community

1,150

minimum paid days of volunteering for local communities across the Group by 2021.

G: Governance - how we manage what we do

Health and safety

**ISO
45001**

certified from December 2021.

**Environmental
management**

**ISO
14001**

certified from December 2021.

Modern slavery

**DEC
2021**

onwards we will have independent ethical audits of our supply chain.

THE PROGRESS WE ARE MAKING

Sustainable resources

WOOD AND LEATHER

We have for many years worked closely with our suppliers to ensure they use sustainable wood in our sofa frames, and responsibly sourced leather on our sofas, asking our suppliers annually to self-certify. We recognise that the world now requires a higher standard of certification and therefore we have agreed with our suppliers that our sofa frames will be made from 100% FSC certified wood by 2025. We will have conducted an independent audit on our leather sourcing by December 2021, this will provide further rigour on our existing policy that no leather used in our sofas will cause Amazonian deforestation. You can find these **here: 1,2**

All our timber suppliers need to certify that the timber used in our products, or supplied to us, complies with the European Timber Regulations. We keep records of all timber products supplied to us, for a minimum of five years.

100% 2021

of our sofas will be built using 100% FSC-certified wood by 2025.

Leather sourcing will not cause deforestation.



Here's what we will not accept in our furniture:

1. Illegally harvested wood
2. Timber harvested in violation of traditional and human rights
3. Timber from forests where high conservation values are threatened by forest management activities
4. Timber from forests converted to plantations and non-forest use since 1994
5. Timber from forests where genetically modified trees are planted
6. Timber from unknown sources
7. Leather from animal skins that are not a by-product of the meat-packing industry
8. Animal skins obtained from aborted or live animals, or from endangered species
9. Products containing leather where the supplying partner has not declared the species of animal and country of slaughter

SOFA PACKAGING

When we deliver a sofa, we remove and recycle as much of the packaging as possible. We have continued to increase the amount we recycle, and by next year will be recycling all packaging. That means working with our suppliers to remove from our packaging any materials that are difficult to recycle or are damaging to the environment.

Through these efforts, we have decided to get rid of polystyrene packaging as it is so hard to recycle - with the added bonus that we discovered our drivers detested it anyway, due to the work it caused them in cleaning up customers' houses afterwards.

Another positive move is in using reusable corner protectors, which can be used up to eight times on the sofas we deliver, before being completely recycled.

100%

of sofa packaging will be recycled by 2022.



THE PROGRESS WE ARE MAKING (CONTINUED)

ENERGY AND WATER USE

We have been working hard to minimise our operational impact on the environment, with a continued focus on energy efficiency. We have an Energy Management Policy in place and using the latest energy technology and management systems, we can monitor consumption and look at ways to reduce this across the Group.

As from October 2020, we have secured 100% renewable electricity for 92% of our UK sites, with the target of having all our locations supplied with renewable energy by 2023.

Electricity use is a key component of our CO₂ emissions, and we have continued to introduce low-energy lighting schemes across our stores and offices (achieving significant reductions in electricity use). We also use automated meters to monitor our use of both gas and electricity. We will continue to work with The Carbon Trust and other advisors to reduce the amount of energy we use.

We are also working to understand our impact on the environment through water and waste management, and will continue to develop our wider environmental targets during 2021. We will be working closely with our chosen water supplier to reduce water consumption and waste through leakage, and will use their expertise to introduce water reduction measures where we can.

100%

renewable energy will be used by all our UK sites by 2023.



TRANSPORT

Our transport fleet drives over nine million miles a year delivering to customers' homes, so it needs to be efficient and safe. We replace each truck every six years to ensure we continuously modernise the fleet and move towards the highest European emission standards.

We combine this with in-cab telemetry where we assess our drivers for efficient driving and safety targets. We reward drivers who reach the highest standards, and help others improve. We continue to work with industry bodies and truck manufacturers to try out new technology. Within DFS, we also launched a #DriveWise Workplace initiative, which promotes techniques for safer and fuel-efficient driving. This included a WiseDriver driver of the year competition, to reward our best drivers.

With our company car fleet, we encourage the use of electric or hybrid cars, and provide charging points at key sites across the UK. So far, 9.8% of our company car fleet is electric or hybrid. The CO₂ performance of our company car fleet has improved to 99.6 g/km, 22% below the UK national average for new registrations.

We are always looking for ways to improve our CO₂ performance, and now provide our DFS customers with the opportunity to select 'eco' delivery slots, where our route planning software helps us minimise emissions.

22%

of our car fleet CO₂ emission are below the national average for new registrations.

9 MILLION

miles a year are driven by our fleet as they deliver to customers homes.



The best drivers are recognised and celebrated through our WiseDriver competition.



THE PROGRESS WE ARE MAKING (CONTINUED)

REDUCING OUR CARBON FOOTPRINT

As a Group, we've continued to minimise the impact our operations have on the environment. With a focus on energy efficiency, we have implemented a series of energy initiatives to reduce the amount of energy we use and eliminate our energy waste.

We're using the latest in energy technology, and have partnered with The Carbon Trust to help us develop our new energy management platform, launched in July 2020. Through this we're able to monitor all sites, to help manage and reduce our energy waste towards our agreed targets. To establish targets, we are currently entering data for all sites for Scope 1 and Scope 2 emissions, going back to 2018 to calculate an accurate baseline.

From October 2020, we will be using completely renewable electricity, backed by REGOs, across the whole UK portfolio. For our European operations, our target for using 100% renewably sourced energy is 2022.

We have ambitious plans for reducing the energy we use for lighting. After a review of store lighting that stays on after closing, or comes on before opening, in February we started to adjust the timers in all stores. Through this we are saving over 50,000 hours of lighting across our store portfolio. We are also continuing to introduce LED lighting throughout our stores. In addition, we have now moved on to adjusting timers for heating, ventilation and air conditioning.

We also have an ongoing project to remove all gas from our UK portfolio. With our water supplier, we are working to reduce the amount of water we use, as well as aiming to detect water leaks as early as possible.

100%

renewable electricity will be used by our UK property portfolio by October 2020.

50k+

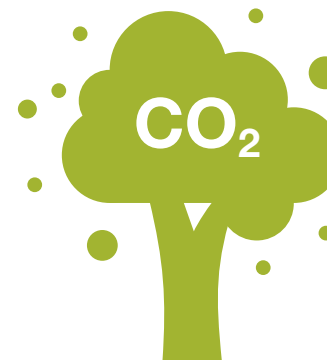
hours of lighting saved over our store portfolio to date.



CO₂ MITIGATION

DFS Group mitigates its Scope 1 and Scope 2 CO₂ emissions by planting trees through the Woodland Trust's Woodland Carbon scheme. The trees remove CO₂ from the atmosphere, in effect compensating for the unavoidable gases the company emits in its day-to-day business. In addition, the new woodland will provide new habitats for nature, and places for people and families to visit. DFS Group is the Woodland Trust's largest carbon mitigation partner.

In year 1, DFS, Dwell and Sofa Workshop (no longer part of the Group) will plant 94,572 native trees, creating 59.11 hectares of native woodland. This will help mitigate 23,643 tonnes of CO₂ emissions from the businesses. All this is in addition to Sofology's PlanTree initiative with the Woodland Trust, which will add 100,000 trees in 2020.



194k

native trees will be planted in partnership with the Woodland Trust, this includes all Group businesses and our PlanTree initiative.

23k

tonnes of CO₂ mitigated by the Group tree planting initiatives. This is in addition to those offset by PlanTree.

146

acres of native woodland will be planted in year 1 across the UK. This is in addition to those planted by PlanTree.

ESG PHASE 1 FOUNDATION TARGETS

	Section	KPI	Target	DFS	Sofology	Dwell
Environmental	Wood sourcing	All aspects of timber sourcing for sofa manufacture from FSC Certified sources. Publish timber sourcing policy for sofa by brands	100% FSC certified wood by Dec 2025	Dec 2025	Dec 2025	Dec 2025
	Leather sourcing	Leather sourcing does not cause deforestation in the Amazon or elsewhere. Publish leather sourcing policy by brand	Leather sourcing does not cause deforestation in the Amazon or elsewhere say by Dec 2021	Dec 2021	Dec 2021	Dec 2021
	Packaging	100% sofa packaging recycleable by Dec 2020. Policy statement published	100% sofa plastic packaging recyclable by Dec 2020	Dec 2020	Dec 2020	Dec 2020
	Sofa packaging	85% sofa packaging collected by delivery teams recycled by Dec 2022	85% sofa packaging recycled by Dec 2020, 100% by 2022	Dec 2020	Dec 2020	Dec 2020
	CO ₂ reduction	Agree staged carbon reduction target from mid 2021, publish review of transport options for SDC* annually	TBD post Carbon Trust data by Jan 2021	Dec 2025	Dec 2025	Dec 2025
	CO ₂ reduction	SDC* - fuel saving contribution to CO ₂ reduction	10% CO ₂ reduction from SDC* by Dec 2023	Dec 2023	Dec 2023	Dec 2023
	CO ₂ offset	100% carbon offset	100% carbon offset by Dec 2020	Dec 2020	Dec 2020	Dec 2020
	Water & waste management	Measure, monitor & conserve, agree improvement targets for 2021	TBD	TBD	TBD	TBD
Social	Gender mix	Diversity, gender mix	All Group Apprenticeship programmes 50% female by Jan 2020	Jan 2020	Jan 2020	Jan 2020
	Gender mix	Diversity, gender mix	All internal management development programme 50% minimum intake from Jan 2020	2020	2020	2020
	Diversity	Diversity, gender mix	Minimum 50% female store managers by Dec 2024	Dec 2024	Jul 2023	Jul 2021
	Modern slavery	Ethical audit to cover modern slavery	All suppliers audited annually by independent company by Dec 21	Dec 2021	Dec 2021	Dec 2021
	Charity community	Volunteering number of days	All colleagues entitled to paid time off to give back to the community	500 colleague days from 2021	500 colleague days from 2020	150 colleague days from 2020
Govern	ISO	ISO45001 - H&S	By end 2021	Dec 2020	Apr 2019	Dec 2021
	ISO	ISO14001 - Environmental management	By end 2021	Dec 2020	Dec 2019	Dec 2020

*Sofa Delivery Company