

DFS Group

Basis For Reporting FY23

Our Approach to ESG Disclosure

As we consider ESG to be integral to our strategy and business model, our most material ESG disclosures and data are covered primarily in our Annual Report and Accounts 2023, and this should be the starting point for ESG information gathering. Additional detail, which we did not have space to include in AR23, is set out below.

For transparency, we indicate the limited information which we choose not to disclose owing to commercial sensitivity or legal reasons and explain where our data or definitions differ slightly to suggested disclosures.

Where data is shared by supplier partners, which is difficult to verify, it is reported in good faith.

All information provided represents end-of-financial-year figures (FY23 - 30 June 2023) unless otherwise stated.



Our Planet : Timber - FSC /PEFC Certification



Target	Performance	Scope and Definition	Data Source and Unit	Calculation
<p>Sustainably sourced timber (certified FSC or PEFC) used in all upholstery and home products by Dec 2025</p>	<p>FY23 Home - 53% Upholstery -27%</p>	<p><u>Scope</u> This metric includes all upholstery and home product ranges across DFS, Sofology brands.</p> <p><u>Definitions</u> Sustainably sourced timber refers to wood that has been grown and harvested using sustainable methods.</p> <p>FSC (Forest Stewardship Council) and PEFC (Programme for the Endorsement of Forest Certification) are both international non-profit, multi stakeholder organisations, established to promote responsible management of the world's forests via timber certification.</p> <p>Product range is a series of products which all have the same name, but come in multiple variations</p> <p>Upholstery product refers to furniture products with fabric or leather coverings.</p> <p>Home products refers to any products that do not belong to the upholstery</p>	<p><u>Unit</u> % of FSC/PEFC certified timber</p> <p><u>Data source</u> Upholstery The supplier confirms the certification status of each new range as it comes to market. Home Category The commercial team confirm the certification status of each new sku as it comes to market.</p> <p>There are master data files which track all of our Home category and Upholstery product and we use these to provide the total number of ranges/sku's live at any given time</p> <p>We validate the timber sourcing status through our timber assessment partner Track record Globals (TRG) live platform (Track Vision Timber), and cross check the status of supplier certification against the relevant FSC/PEFC websites.</p>	<p><u>Upholstery products</u> Number of product ranges with FSC/PEFC certified timber / Total number of ranges containing timber</p> <p><u>Home Category</u> Number of SKUs with FSC/PEFC certified timber / Total number of SKUs containing timber</p>

Our Planet : Leather - LWG Certification



Target	Performance	Scope and Definition	Data Source and Unit	Calculation
<p>Leather used on upholstery will be sourced from supply chains with LWG certification by Dec 2024</p>	<p>FY23: 72%</p>	<p><u>Scope</u> This metric includes all upholstery ranges across DFS, Sofology brands.</p> <p><u>Definition</u> Leather Working Group (LWG) is a not-for-profit membership organisation, working to create meaningful change across the global leather supply chain.</p>	<p><u>Unit</u> % leather sourced from supply chains with Leather Working Group (LWG) certification.</p> <p><u>Data Source</u> TRG carries out our leather supply chain assessments, gathering evidence at each tier of the supply chain right back to slaughterhouse/farm level. They corroborate claims of LWG certification for each of our suppliers' at wet blue and tannery tier against the LWG website</p>	<p>Total number of tanneries and wet blues with LWG certificate / Total number of tanneries and wet blues in our supply chain</p>

Our Planet : Textiles - OEKO-TEX STeP Certification



Target	Performance	Scope and Definition	Data Source and Unit	Calculation
<p>OEKO-TEX STeP certification for upholstery ranges</p> <p>Cotton - July 2022</p> <p>Viscose - July 2023</p> <p>Polyester - July 2024</p>	<p>FY23</p> <p>Cotton - 90%</p> <p>Viscose - 80%</p> <p>Polyester - 82%</p>	<p><u>Scope</u> This metric includes all upholstery ranges across DFS and Sofology.</p> <p><u>Definition</u> OEKO-TEX® STeP stands for Sustainable Textile & Leather Production and is a modular certification system for production facilities in the textile and leather industry. The goal of STeP is to implement environmentally friendly production processes in the long term, to improve health and safety and to promote socially responsible working conditions at production sites.</p>	<p><u>Unit</u> % of cotton, viscose, and polyester textiles with OEKO-TEX STeP certification.</p> <p><u>Data source</u> We collect data on OEKO-TEX STeP certification directly from our suppliers.</p> <p>Every quarter, we request suppliers to complete a textile information form which provides us with up-to-date information on every textile used in DFS Group product ranges (excluding scatters).</p> <p>On this sheet they confirm the composition of the fabric and whether it holds OEKO-TEX STeP certification. The certification is required for the mill that produces the textile, not our supplier. If the mill is certified, we request a copy of the certificate as evidence.</p> <p>We then validate the certificate using the label checker on the OEKO-TEX website</p> <p>The supplier responses are then correlated into a master tracking sheet which is used to calculate our results.</p>	<p>Total number of textiles sourced from mills with OEKO-TEX STeP certification / Total number of textiles in our product ranges.</p> <p>We calculate this metric both in aggregate and by textile type (cotton, viscose and polyester).</p> <p>As we are constantly changing our product mix this result is prone to regular fluctuations and is not linear</p>

Our Planet : Textiles - Better Cotton Initiative



Target	Performance	Scope and Definition	Data Source and Unit	Calculation
<p>Cotton textiles sourced through suppliers with Better Cotton membership (BCI) by July 2024</p>	<p>FY23 43%</p>	<p><u>Scope</u> Metric applies to all upholstery ranges across DFS and Sofology.</p> <p><u>Definitions</u> The Better Cotton Initiative (BCI) is a non-profit, multi stakeholder governance group that promotes better standards in cotton farming and practices across twenty-one countries.</p>	<p><u>Unit</u> % BCI certification on all cotton used in upholstery body fabric</p> <p><u>Data source</u> We collect data on Better Cotton directly from our suppliers. Every quarter we request suppliers to complete a textile information form which provides us up to date information on every textile used in DFS Group product ranges (excluding scatters). On this sheet they confirm the composition of the fabric and whether it contains Better Cotton. If so, we request the BCI Membership number. We then validate the membership number on the BCI database.</p> <p>The supplier responses are then compiled into a master tracking sheet which is used to calculate our results.</p>	<p>Total number of cotton textiles sourced with BCI membership / Total number of cotton textiles in our product ranges</p> <p>As we are constantly changing our product mix this result is prone to regular fluctuations and is not linear.</p>

Our Planet : Textiles - Bromide Free FR



Target	Performance	Scope and Definition	Data Source and Unit	Calculation
<p>Bromide free Fire Retardant (FR) treatment across all fabrics by December 2025.</p>	<p>FY23 39%</p>	<p><u>Scope</u> This metric includes all upholstery ranges across DFS and Sofology.</p> <p><u>Definitions</u> Fire retardant is a legal requirement of all domestic upholstery in the UK and has historically used intensive chemicals, including Deca BDE, a persistent organic pollutant (POP) which was banned in 2019. The bromide-free target is aimed to enable recycling of upholstery fabrics which will not be possible with bromide-treated material.</p>	<p><u>Unit</u> % of Bromide-free FR treated textile across all ranges.</p> <p><u>Data source</u> We collect data on Bromide free FR directly from our suppliers.</p> <p>Every quarter we request suppliers complete a textile information form which provides us up to date information on every textile used in DSF group product ranges (excluding scatters). On this sheet they confirm the composition of the fabric and whether it is treated with Bromide Free FR. If it is, we request evidence either as a certificate/test sheet or declaration.</p> <p>The supplier responses are then correlated into a master tracking sheet which is used to calculate our results</p>	<p>Number of textiles treated with bromide-free FR / Total number of textiles in our supply chain</p> <p>As we are constantly changing our product mix this result is prone to regular fluctuations and is not linear</p>

Our Planet : Packaging - Zero Polystyrene



Target	Performance	Scope and Definition	Data Source and Unit	Calculation
<p>Zero polystyrene in product packaging by December 2024.</p>	<p>FY23 Home - 3% Upholstery - 100%</p>	<p><u>Scope</u> This metric includes all product within the DFS Group, Upholstery has already achieved target so our focus is now on Home Category</p> <p><u>Definitions</u> Polystyrene is a high-impact plastic that is durable and strong. It is made of petroleum and natural gas, which are non-renewable resources. When used in packaging or other objects, it is not easily recycled because it does not easily break down into its original components.</p>	<p><u>Unit</u> % of product with zero polystyrene in its packaging</p> <p><u>Data source</u> Home The commercial team confirms whether there is polystyrene used in the packaging of each new SKU as it comes to market.</p> <p>There is a master data file which tracks all of our Home category product and we use this to provide the total number of SKUs live at any given time</p>	<p>Number of polystyrene-free SKUs / Total live SKUs within the DFS Home Category.</p>

Our Planet : Carbon Reduction

Scope 1



Target	Performance	Scope and Definition	Data Source and Unit	Calculation
<p>Reduce Scope 1 CO2 emissions by a minimum of 10% (baseline FY18/19 - 16,873 t CO2e</p>	<p>Baseline FY19: 16,873 (tCO2e)</p> <p>FY22 16215 (tCO2e)</p> <p>FY23 15,297 (tCO2e)</p> <p>Baseline reduction: 9%</p> <p>Year-on-year reduction: 5.7%</p>	<p>Scope 1 GHG emissions refers to emissions from gas heating across our buildings, fleet, biomass, and stationary combustion (e.g., HVO, diesel and kerosene). It also includes any fugitive emissions in our operation (refrigerants within HVAC systems R410A).</p>	<p><u>Stationary Combustion</u> Businesswise, our energy consultants, compile the gas usage (based on invoice) across all of our UK sites by month and share the data in a spreadsheet with sustainability team in the required format for uploading directly into the platform</p> <p><u>Mobile Combustion</u> All fuel consumed within commercial vehicles and company own vehicles is tracked using the fuel card system, which is managed by Chris Bamford and his team, it includes separate fuel data for BP (main source for all UK) and DCI (Ireland). The listing shows the consumption by vehicle type (cars and delivery fleet) and fuel type (petrol and diesel) and is detailed on a monthly basis. Electricity consumption data for hybrids and electric vehicles are captured in scope 2, hence out of this scope. Additionally, any fleet emissions not captured within the fuel card system is extracted from our expenses portal and included in the Normative upload</p> <p><u>Fugitive Emissions</u> Data on our HVAC installations is gathered by our facilities maintenance partner Mitie. It is added to a template and uploaded to the platform</p>	<p>The data is uploaded into the Normative portal and based on the emission factors in their database the emission figure (CO2e) is automatically calculated.</p> <p><u>Emission factors</u></p> <p>Location based:</p> <p>UK Government emission conversion factors for greenhouse gas company reporting 2022</p>

Our Planet : Carbon Reduction

Scope 2



Target	Performance	Scope and Definition	Data Source and Unit	Calculation
Scope 2 -net zero by 2024	<p>Market based: FY22 223 (tCO2e)</p> <p>FY23 104 (tCO2e)</p> <p>Location based: FY22 5,858 (tCO2e)</p> <p>FY23 5,684 (tCO2e)</p>	<p>Scope 2 GHG emissions refers to emissions from indirect emissions from the consumption of grid electricity that we use across the sites within our operational boundaries.</p>	<p><u>Electricity</u> Businesswise compiles the electricity usage (based on invoice) across our locations by month. This includes the electricity consumption from our on-site EV charging stations. The data is added into the required template provided by our carbon partner and then shared with DFS' Sustainability Team who upload the data into the Normative platform. The platform calculates the emission based on the agreed emission factor (see above). Electricity used to charge company electric vehicles remotely from sites is captured through the company fuel card programme and uploaded to the platform separately, charging done at home is considered as falling into 3.07 employee commuting.</p>	<p>The data is uploaded into the Normative portal and based on the emission factors in their database the emission figure (CO2e) is automatically calculated.</p> <p><u>Emission factors</u> Location based: UK Government emission conversion factors for greenhouse gas company reporting 2022</p> <p>Market based:AIB residual mix</p>

Our Planet : Carbon Reduction

Scope 3



Target	Performance	Scope and Definition	Data Source and Unit	Calculation
<p>FY23 - Supplier commitment to calculate their own footprint and set science-based targets within the next 5 years = 20% of scope 3 emissions (FY22/23 baseline)</p>	<p>FY23 371,900 tCO₂e</p>	<p>Scope 3 GHG emissions refers to emissions from our supply chain. We track our emissions across 10 scope 3 categories as defined by GHG Protocol</p> <ul style="list-style-type: none"> 3.01-Purchased goods and services 3.02-Capital goods 3.03-Fuel and energy related activities 3.04-Upstream transportation and distribution 3.05-Waste generate in operation 3.06-Business travel 3.07-Employee commuting 3.08-Upstream leased assets 3.11-Use of sold products 3.12-End of life treatment of sold products 	<p>The data used for this scope was a mixture of activity and spend based data. We are working with our suppliers to progressively improve the quality of the activity data collected so we can continue to refine our results</p>	<p>The data is uploaded into the Normative portal and based on the emission factors in their database the emission figure (CO₂e) is automatically calculated.</p> <p><u>Emission factors</u> Chosen by the normative platform as the most relevant to the material information provided</p>

Carbon Accounting - Scope 3



Our Approach	Scope	Methodology
<p>DFS conducts greenhouse gas accounting and reporting in accordance with the Greenhouse Gas Protocol (GHGP). To refine our data for this financial reporting year, we engaged Normative, who employed a different carbon calculation methodologies and emission factor databases to Planetly (FY19 - FY22).</p>	3.01	<p><u>Manufacturing Partners</u>: Activity data (materials, energy, waste and logistics) was used as possible in order to improve the accuracy of our calculations. Some assumptions were made to achieve data uniformity and where not possible we reverted to the spend based approach.</p> <p><u>Good Not For Resale Suppliers and service partners</u>: These were all calculated using Spend based data</p>
<p>We improved the accuracy of our calculations through increased supplier data, including material, waste and energy consumption and utilised a hybrid methodology of spend and activity data which resulted in a net decrease of 15% on our overall footprint. We will continue to adjust our methodologies as per the requirements of the Greenhouse Gas Protocol and The Science Based Targets Initiative and work with our suppliers to improve data quality.</p>	3.02	<p><u>Capital Goods</u> was calculated using spend data</p>
	3.04	<p><u>Upstream transport and distribution</u> has been calculated using activity data sourced from key areas within the business including fully mapped data for all of our Far East and Euro air, sea and rail shipments as well as trunking and deliveries carried out by third party logistics partners</p>
	3.05	<p><u>Waste Generated in Operations</u> calculated in full using activity data from our multiple commercial waste and recycling contractors</p>

Carbon Accounting - Scope 3



Our Approach	Scope	Methodology
<p>Exclusions</p> <p>We have excluded five categories from our GHGP calculations as they do not apply to the operational or financial structure of DFS Group</p> <p>3.09 - All deliveries are completed by The Sofa Delivery Company or an upstream transportation partner</p> <p>3.10 - DFS only sells finished products</p> <p>3.13 - DFS Group is not a lessor of any assets to third parties.</p> <p>3.14 - DFS Group does not own any franchises.</p> <p>3.15 - DFS Group does not does not possess any investments for profit or otherwise.</p>	3.06	<p><u>Business Travel</u> is all booked through contracts with third parties which allowed for accurate activity data covering all hotels stays and air, sea and rail travel</p>
	3.07	<p><u>Employee Commuting</u> data was captured through our Employee Survey ‘Your Say’ we had a specific questions included to gather as much commuter information as possible, this survey will be run annually</p>
	3.08	<p><u>Upstream Leased Assets</u> data was a mixture of spend and activity data on a small number of leased sites with landlord provided energy</p>
	3.11	<p><u>Use of Sold Products</u> was calculated using activity data collected from our various website providers on the number and location of views</p>
	3.12	<p><u>End-of-life Emissions</u> have been calculated using activity data provided by Clearabee who take customers old sofas for incineration at the customer's request</p>

Our People : Protected Characteristics



Target	Performance	Scope and Definition	Data Source and Unit	Calculation
<p>50% of employees engaged in data collection of protected characteristics in order to set more specific diversity targets by December 2023</p>	<p>FY23 63%</p>	<p><u>Scope</u> All colleagues across DFS Group.</p> <p><u>Definition</u> Protected characteristics are personal characteristics that are protected by law against discrimination. In the UK, there are nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.</p>	<p><u>Unit</u> % of colleagues who completed YourSay survey</p> <p><u>Data source</u> In March 2023, we conducted our first in-house colleague engagement survey called Your Say, which included capturing colleague’s demographic data.</p> <p>The total number of colleagues is calculated as the total headcount of colleagues recorded in our HR system as of 30 June 2023.</p>	<p>Colleagues who completed YourSay survey and shared their protected characteristics / Total colleagues across DFS group</p>

Our People : Gender Equality



Target	Performance	Scope and Definition	Data Source and Unit	Calculation
<p>A minimum 50% of showroom management will be female by Dec 2024</p>	<p>FY21 24:76</p> <p>FY22 29:71</p> <p>FY23 33:67</p>	<p>All colleagues across DFS Group.</p> <p><u>Store Managers</u> We define showroom management as colleagues who work in our stores within Grade D and above.</p>	<p><u>Data source</u> Gender information is collected from the colleague's information within our HR system.</p> <p>The total number of colleagues is calculated as the total headcount of colleagues recorded in our HR system as of 30 June 2023.</p>	<p>Number of female showroom managers / Total number of showroom managers across DFS group</p>

Our Community : Volunteering / Charity



Target	Performance	Scope and Definition	Data Source and Calculation
<p>15% of our non-operational colleagues will support community-based organisations through paid volunteering by June 2023.</p>	<p>FY23 7% of our non-operational colleagues have supported community-based organisations through paid volunteering, which equates to 40 days</p>	<p><u>Scope</u> Non-operational colleagues across DFS Group.</p> <p><u>Definitions</u> Non-operational colleagues are made up of colleagues in the Group Functions and Supporting Teams in our brands.</p> <p>Paid volunteering days refers to the number of working days contributed by employees to a community organisation or activity, as recorded via our HR system</p>	<p>The total number of non-operational colleagues within the group and the paid volunteering days taken within FY23 are taken from our HR system.</p> <p><u>Calculation</u> Number of non-operational colleagues who had registered volunteering day within our HR system / total number of non-operational colleagues</p>
<p>Gift £650,000 to charities through fundraising and donations by June 2023.</p>	<p>FY22 £750,000 FY23 £660,000</p>	<p><u>Scope</u> Includes any donations to charities or community groups by DFS Group.</p>	<p>Centrally managed collation of donation data from sources including our finance systems and confirmations from our charity and community partners.</p>



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THE SOFA DELIVERY CO.