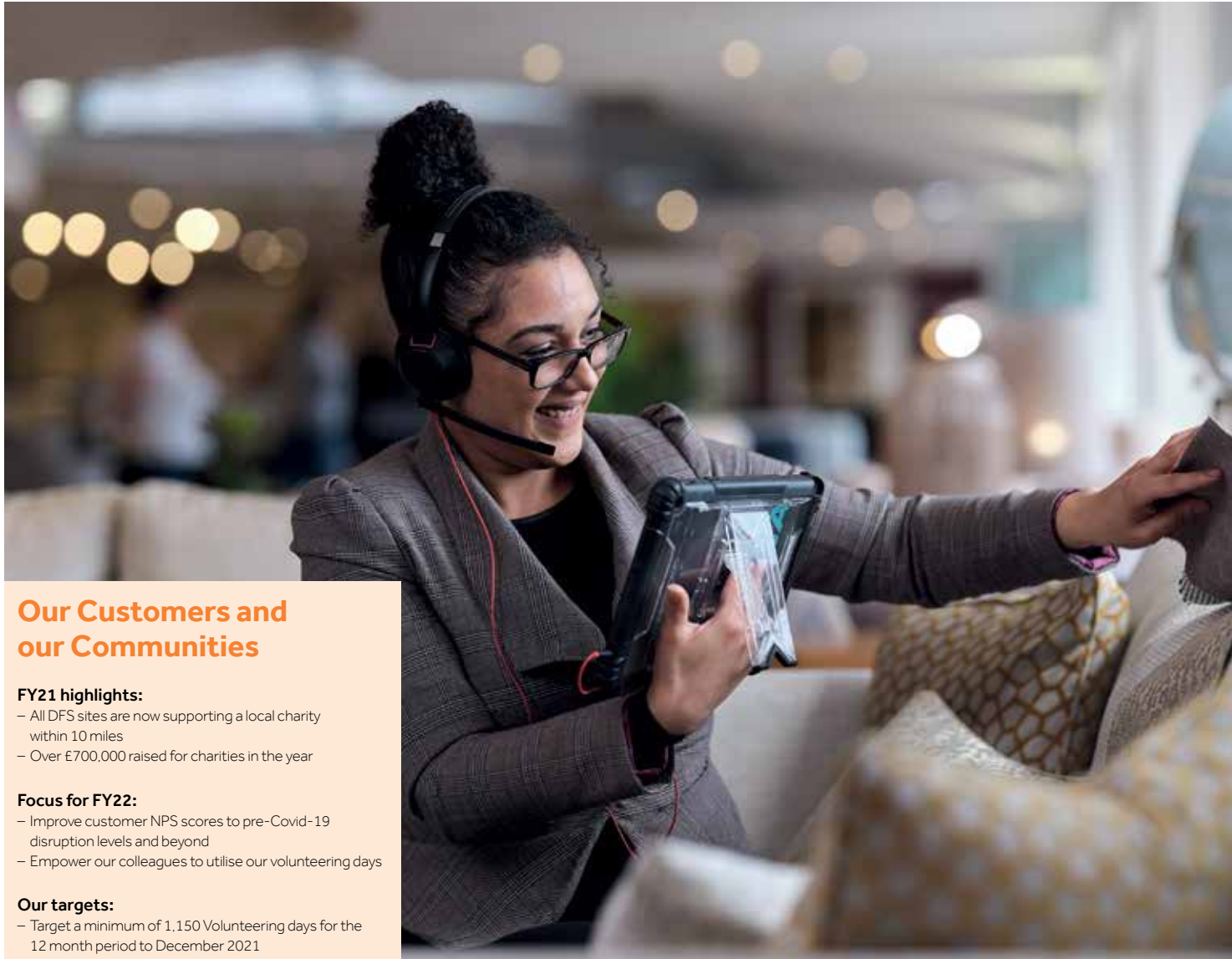


Responsibility & sustainability report continued



Our Customers and our Communities

FY21 highlights:

- All DFS sites are now supporting a local charity within 10 miles
- Over £700,000 raised for charities in the year

Focus for FY22:

- Improve customer NPS scores to pre-Covid-19 disruption levels and beyond
- Empower our colleagues to utilise our volunteering days

Our targets:

- Target a minimum of 1,150 Volunteering days for the 12 month period to December 2021

Our customers

BACKGROUND

We sell sofas to approximately 800,000 customers per year across the UK, Ireland, Spain and the Netherlands.

We deem the key risk associated with our customers as the loss of reputation driven by poor quality products or service levels which has the potential to negatively impact our market share and future sales.

CUSTOMER SERVICE AND NPS

To ensure we deliver the highest levels of customer service we make significant investment in training and developing our colleagues. Colleague performance and customer satisfaction are monitored through regular inspections, customer surveys and, for some of our brands, mystery shoppers which are carried out through an independent consumer research group.

Customer referral is a great indicator of customer satisfaction and we use Net Promoter Score ("NPS") as a measure of recommendation, which provides us with an internationally recognised predictor with proven links to business success. NPS forms a component of remuneration for colleagues throughout the business, including salespeople, management, head office teams and Executive Directors.

DFS post-purchase NPS score has increased to 86.4% (FY20 85.7%). DFS established customer NPS score in the current year has been heavily impacted by the pandemic and uncontrollable issues within the supply chain resulting in longer than envisaged lead times and has decreased to 30.7% (FY20 42.9%).

Responsibility & sustainability report continued

Our Communities

BACKGROUND

We operate showrooms, manufacturing operations, distribution centres and head offices across c.200 locations in the UK and Ireland as well as six in the Netherlands and two in Spain providing local employment to many communities.

Our Commitment

We are proud to be part of hundreds of communities across the UK and we are committed to helping each community thrive.

GIVING BACK

It has been over a year since we launched Giving Back at DFS, an innovative new way for colleagues and the Company to make a difference to the communities where we live and work.

Through Giving Back, we have committed to raise and donate up to 1% of our Profit Before Tax every year, give every colleague one day's paid volunteering and donate up to 1% of our products (by volume) each year to charitable causes. From planting trees to helping at local homeless shelters, every one of our colleagues is encouraged to get out into their community and support a cause close to their heart.

We have seen significant interest from our colleagues around volunteering initiatives however the pandemic has severely limited the opportunities available during the year meaning we are likely to fall short of our target. However, appetite remains strong and volunteering levels have increased since lockdown restrictions were eased.

DFS and BBC Children in Need;

We renewed our partnership with BBC Children in Need last year after engaging with our colleagues, and over the next two years the money we raise will go towards providing one-to-one counselling and specialist support for 7,500 children and young people with mental health issues.



CASE STUDY

The 'Big Night In' in support of BBC Children in Need.

In November we hosted The 'Big Night In', a night full of laughter and bad jokes all put together to help raise money for our charity partner: BBC Children in Need.

Streamed to all colleagues across our Workplace platform it was hosted by Justin Moorhouse and included stand-up routines from a range of comedians.

Employees from all areas did their bit to raise funds such as jumping in ice baths, getting dunked in baked beans and culminating in a dip in the North Sea.

In FY21 the Group raised over £637,000 for BBC Children in Need. Together with our customers we have now raised over £5,500,000 since 2013. We would like to thank all of our employees and customers for their efforts this year as we managed to exceed our pledge target despite showrooms being closed for 21 weeks of the year through Give me Five, Appeal week and our first 'Big Night In' in support of BBC Children in Need.

All our manufacturing and warehouse locations, offices and showrooms have partnered with a BBC Children in Need funded project within 10 miles of their location to ensure a connection is established and to help drive local involvement.

The Pennies Foundation

Sofology is now in the second year of its partnership with the registered charity "The Pennies Foundation". Pennies works with Sofology to allow customers to support local charities nominated by Sofology colleagues for each retail region. The charities selected predominantly work with children and young adults across the UK in a range of challenging situations.

As well as supporting these charities through customer donations, Sofology colleagues have completed individual fundraising activities to raise extra funds, including four members of the leadership team taking part in a skydive for PAPYRUS, the UK Charity for the prevention of young suicide. We held a talent competition for Children's Hospices Across Scotland ("CHAS"), and colleagues took part in a 28 day challenge in February to raise money for Grace House, a UK Charity supporting the lives of disabled children, young people and their families. During lockdown, Cancer Awareness for Teens & Twenties ("CATT's") ran workshops for colleagues that they could use their volunteering days for. We have also had colleagues help to paint the new offices for Teens Unite as well as undertaking a garden project.

Duke of Edinburgh's Award

The Group continues to benefit from our long-standing partnership with The Duke of Edinburgh's Award Scheme. DFS remains a Silver Partner of The Duke of Edinburgh's Award, with the focus of our partnership being to support young colleagues to develop new skills and gain valuable experience through our apprenticeship programme.

CASE STUDY

Sofology Enterprise Advisors.

At Sofology we have three colleagues who are supporting the Greater Manchester Combined Authority in one of the Mayor for Greater Manchester's key pledges to invest in young people by bridging the gap between education and employment. These colleagues work with selected SMEs in schools and colleges to strategically guide and influence the development and implementation of an effective and innovative careers and employer engagement plan to ensure schools and young people are well networked and informed to achieve their full potential.

We have supported schools by running Science Technology English Maths ("STEM") sessions in which we have provided interactive workshops that link our business to the school curriculum. For example, we tasked pupils to design and create their own sofas using crib sheets with sizes, dimensions and prices on leathers, fabrics and interiors within a certain budget.