

# Direct Online Services

## Materialising Sustainability

# 2022 SUSTAINABILITY POSITION PAPER

# Executive Summary

## Direct Online Services: The path toward a more sustainable future

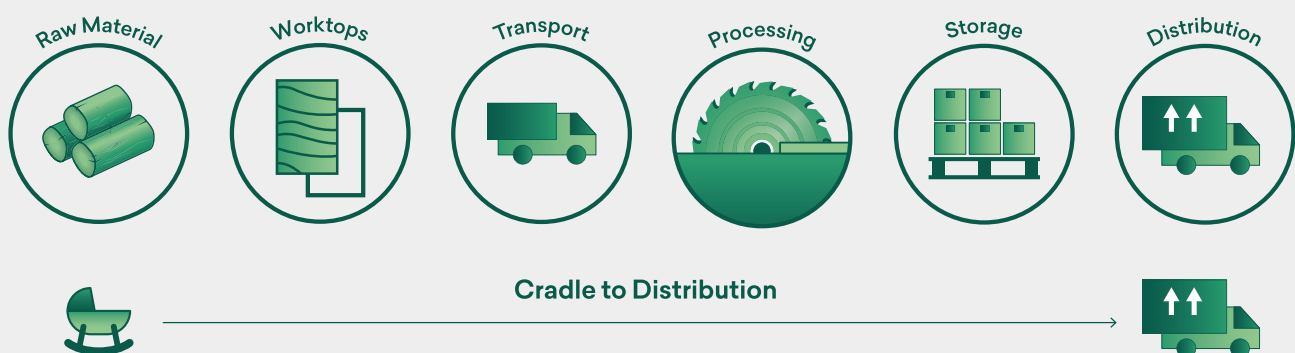
Direct Online Services (DOS) was established in 2008, supplying surface materials – primarily kitchen worktops – to UK ecommerce retail customers. Since then, DOS has expanded to also sell kitchens both online and through its seven showrooms, and has also been operating a similar model in Germany from its operation in Viernheim since 2014.

In 2020, DOS was acquired by Broadview, a curated group of material manufacturers, and a leader in sustainability within the materials market. The combination of DOS' strong business culture to "do the right thing" and the acquisition by Broadview has put sustainability firmly on the agenda for DOS. Utilising the expertise and tools already established within the group, DOS will be able to analyse the current position and identify and prioritise focus areas to ensure sustainability is at the heart of future strategy and direction.

### A straightforward approach to sustainability

Reducing our carbon footprint is based on our core belief that it is the right thing to do. We are also convinced that reducing our overall environmental footprint is essential to the long-term success of our business and the environment around us. That is why sustainability is embedded in our business philosophy with the credo 'do no harm, do good, do better'.

At the core of our sustainability strategy is the principle that we should start with ourselves when we seek to improve the world: 'do no harm'. Our approach is straightforward: we measure our impact, select targets to reduce this impact and monitor and report on progress. To measure our impact, we use the Life Cycle Assessment (LCA) methodology. LCA captures the details of the entire environmental footprint of our business, from the extraction of raw materials required to produce the products we sell up to the delivery at our customers.



The second element of our strategy is to look for opportunities that support the environment beyond the direct scope of our own distribution footprint: 'do good'. This includes selling and manufacturing highly durable products that have a long lifespan, thus limiting the need for replacement.

We believe that addressing sustainability challenges will allow our company to continue to grow and 'do better' in the future. Investing in sustainability should – in the end – ensure that these efforts continue beyond the horizon of current regulatory changes and ethical/moral considerations.

### Facts on our footprint

We believe you cannot manage what you do not measure. With Broadview, DOS was able to leverage leading sustainability tools to fast track the effort to create a Life Cycle Assessment (LCA). This methodology is the most reliable tool available to measure a product or process' footprint.

For this first Life Cycle Assessment, it has been decided to focus on the activities of the companies Direct Online

Services UK and Worktop Express. Kitchen cabinets and accessories are currently not included in the analysis and will be assessed in the coming year (see next paragraph for more details).

The cradle-to-gate (including distribution) LCA results are shown below for the three key environmental factors (global warming , primary energy demand and water footprint ). The results are expressed for the year 2021.

Impact Category	Unit	2021 Impact
Global Warming <sup>1</sup>	ton CO <sub>2</sub>	-12,324
Primary Energy Demand	GJ	530.947.163
Water Footprint <sup>2</sup>	m <sup>3</sup>	3.373.440

The result from the LCA shows that DOS is already CO<sub>2</sub> negative after distribution due to the CO<sub>2</sub> uptake and storage of the wood and wood fibres contained in the products. However, DOS has plans to address all three environmental factors. In particular, the urgency of global warming requires the reduction of CO<sub>2</sub> emissions to be its absolute priority for the years to come. Therefore, DOS will commit to improving it further.

#### A clear action plan for the coming years

Due to the diversified activities DOS offers and to better understand the differences and improvement potentials of the products sold and their distribution, each of the latter needs to be evaluated separately. This entails the creation of one LCA model per product category. In 2021 DOS was able to perform the sustainability analysis on the distribution of solid wood worktops, bonded laminates and solid laminates, FENIX® bonded and compact, bathroom worktops and acrylics. The two types of products currently missing from the assessment (kitchen cabinets and accessories) will be analysed in 2023 and the German activities will be added in 2024.

Once all product lines are assessed, a clear action plan towards decreasing the impact will be defined and reduction targets will be set.

#### We will be transparent about progress

The goal of our sustainability approach is to provide transparency to our stakeholders about our sustainability efforts and to update for each year onwards in order to show progress against our commitments. DOS will present the LCA results of the activities not present in the current report together with the improvement actions and set targets. Afterwards, DOS will provide updates on its performance against the targets we committed to.

For those interested in further details of our sustainability programme, a long-form version of this paper is available with additional information and data. The DOS team is also more than happy to answer questions – feel free to contact the local DOS team member for more information.

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1 The uptake of CO<sub>2</sub> is taken into consideration when performing the LCAs for the paper and wood based products.

2 The water footprint indicator shall be used with care due to high uncertainties and limited experience as mentioned in the EN15804-A2 standard.

# Paper

## Introduction

From its premises in Gloucestershire, England, DOS sources and supplies a large volume of wooden and laminate products domestically, as well as in Europe and further afield.

DOS is aware of its responsibility to protect eco-systems and forests for the future, and ensure that its sourcing policies and practices are compliant with regulatory standards and well-known environmental labels. DOS has already taken decisive action to ensure timber sourcing is carried out in a transparently sustainable way, whilst educating its customers about the importance of investing in product sourced in a sustainable and ethical manner.

In the processing and disposal of waste, DOS has taken a common sense, entrepreneurial approach to date. Recycling waste, by re-processing substandard or damaged product materials, ensures products supplied into the market are of the highest quality to increase longevity. In addition, DOS is committed to give new life and reuse product material waste. DOS will continue to investigate a closed loop approach to waste, whereby it can bring an additional benefit to its customers in parallel with moving further towards its sustainability goals.

The next step on the path towards sustainability is to create a higher level of transparency. To do this, DOS will publish an annual Sustainability Position Paper, detailing its impact, progress and improvement plans, moving the company towards its goal of reducing carbon emissions as its highest priority.

## Overall Philosophy

DOS' sustainability policy is built upon a basic motivation to shift from "being less bad" for the environment to being "good" and having a positive impact on the world around us. This approach has three stages:

### Do no harm

DOS will comply with safety, product and sustainability regulations and guidelines set by the countries in which it operates. Beyond that, DOS will seek opportunities to minimise the environmental impact in all of its operations and products.

### Do good

DOS will support its suppliers and customers in realising their sustainability challenges. It will continue to look for opportunities and initiatives to support and promote longer-term sustainability beyond the direct scope of its current operations.

### Do better

DOS believes that investing in sustainability is beneficial to the overall environment and to the long-term health of our business. Many sustainability challenges constitute good business opportunities that support customers while continuing to allow the company to thrive.

# Sustainability Approach

Enhancing sustainability requires a realistic vision, specific actions and integrated approach across the entire company. DOS' sustainability path is defined by three key principles that shape our thinking and action plans.

## Common Sense

DOS takes a common sense approach to sustainability. This requires the acknowledgment that, by definition, a product requires resources and energy in its creation and, as a result, some level of environmental impact will occur. That said, we have adopted the relentless pursuit of customer satisfaction while minimising the environmental impact of our activities.

## Fact-based approach

At DOS, we believe you cannot manage what you do not measure. In order to address sustainability in a bigger way, we needed to quantify our current impact on the environment. To do this, we have implemented the Life Cycle Assessment (LCA) methodology because it represents the most reliable and data-driven tool available to help companies, institutions and governments systematically incorporate sustainability into their decision-making process. LCA is a process to evaluate the environmental burdens associated with the entire life cycle of a product, process, or activity. For our business, this assessment is done through the identification and quantification of the products we purchase, their transport to our facilities, the energy used at our facilities and any additional materials required, the resulting wastes and emissions, as well as the distribution of the products to our customers.

By using a product life-cycle approach, DOS gets a clear understanding of the actual impact we have on the environment. We can then identify the drivers of sustainability and prioritise initiatives across the entire value chain – from the raw materials through the consumer's use of the product.

The environmental burden of a product or an activity can be expressed through a number of impacts, such as global warming, acidification, eutrophication, ozone depletion, primary energy demand, photochemical oxidant formation, water footprint, abiotic depletion and many others. In DOS' LCA assessment, we show results tied to three key environmental factors: global warming (CO2 emissions), primary energy demand and water footprint.

Among these three environmental impacts, global warming represents DOS' absolute priority. This impact poses a serious threat to our planet, one that demands urgent action on a global scale. Beginning with the Rio Earth Summit, then the Kyoto Protocol and the Paris Agreement, action to tackle this global challenge is speeding up. With the Paris agreement, 191 countries committed to limit global warming to well below 2° Celsius compared to pre-industrial levels. This means aiming to reach global peaking of greenhouse gas emissions as soon as possible to achieve a climate neutral world by mid-century.

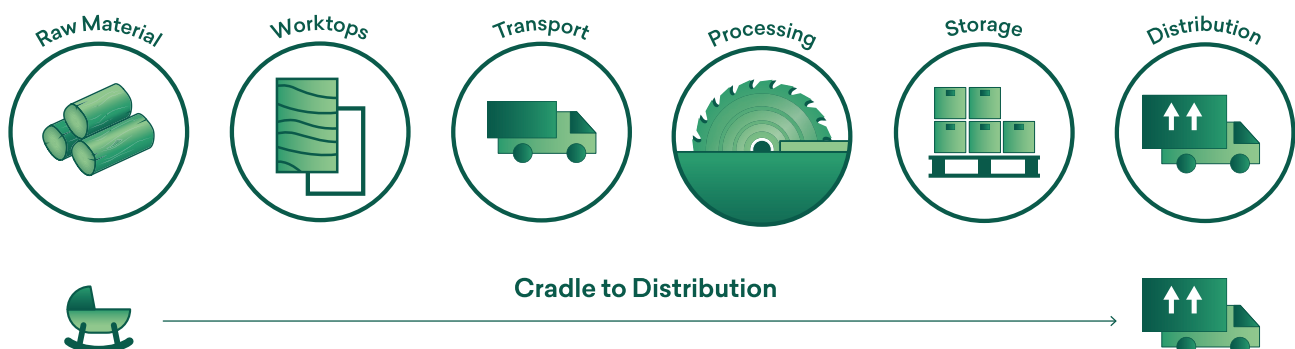
## Part of how we run the business

All sustainability initiatives are part of DOS' rolling business planning and review cycle. Our sustainability priorities stem from the results of our LCA studies and what we believe are realistic but challenging targets for achieving meaningful progress. The review cycle comprises annual target setting in the budgeting process and a monthly management review of progress measured in key performance indicators. Each year, new sustainability targets are set and formalised in a detailed sustainability target agreement. Progress is closely monitored and discussed by the leadership team of DOS on a quarterly basis during regularly-held sustainability meetings, which are our tool for tracking activities and progresses, and brainstorming on new sustainability initiatives.

Moreover, we are incorporating sustainability training into our onboarding process and updates into our employee communications.

DOS is committed to informing the entire team about its sustainability initiatives and including them in its efforts to protect the environment.

At the heart of DOS' sustainability vision and approach, there is the reduction of the impacts generated from the cradle-to-gate and distribution portion of our materials life cycle. DOS' guiding principle is two-fold: increasing efficiency or "do more with less" and replacing the most impactful energy of its process and distribution steps.



## Energy

There are many opportunities to improve industrial equipment's energy efficiency through modern technology and intelligent system design. Another core element of our strategy is to actively pursue opportunities to replace traditional energy sources for electricity and fuel with renewable options not only in our facilities but also for our distribution fleet.

## Waste

A key opportunity is to minimise material waste. We are focusing on product and process optimisation to ensure that the least amount of waste is created.

# DOS Baseline LCA Data:

## Our learnings and progress to date

In recent years, at DOS we have put additional effort toward strengthening our sustainability approach. As a starting point, we have conducted a preliminary life cycle analysis of our worktop, laminate (including FENIX®) and acrylic activities located in the UK. DOS' recent LCA study has enabled us to:

- Better understand our products and energy flows/balances, as well as our distribution
- Identify the major environmental impact contributors in our process in order to set priorities for action

## Environmental impacts

In this section, the results of the LCA study for the assessed impact categories are specified. These values are expressed as total. Currently, the assessment includes the worktop, laminates and acrylic activities taking place in the UK. The environmental impact linked to kitchen cabinets, accessories, will be included in the analysis in the coming year, and the German activities will be added the year after.

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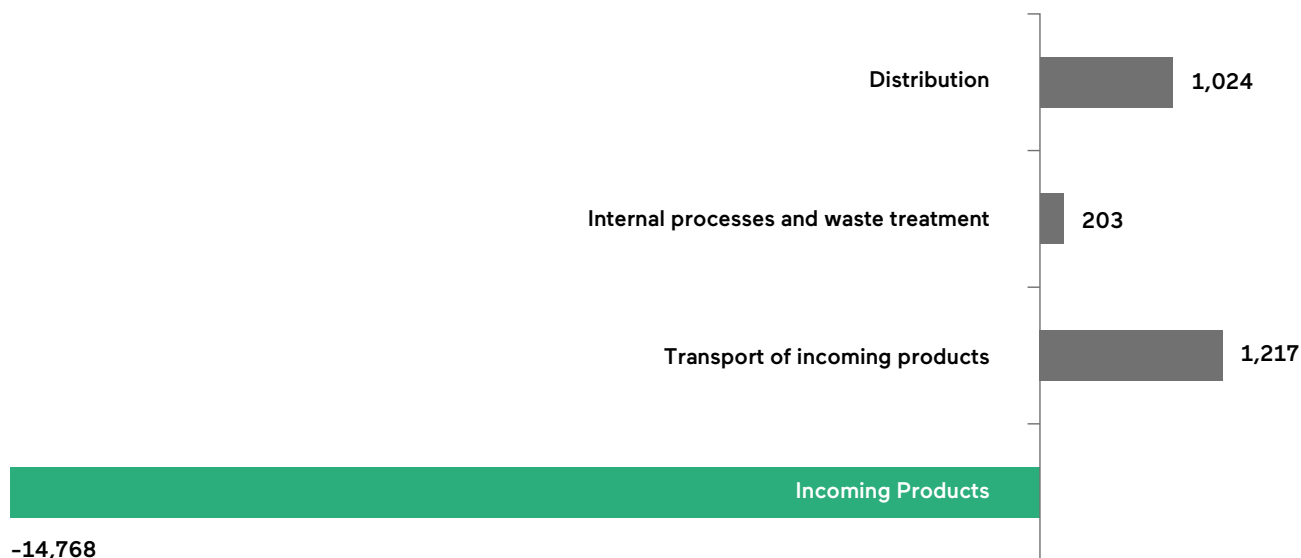
## Contribution analysis

Each of the activity steps described in the cradle to gate with distribution cycle contributes to a different extent to the total environmental impact of our company. Such impact originates from the purchased products, their manufacturing and their transport to us, our internal processes and the distribution of our products. The chart below shows the contribution of each step to the global warming impact category.

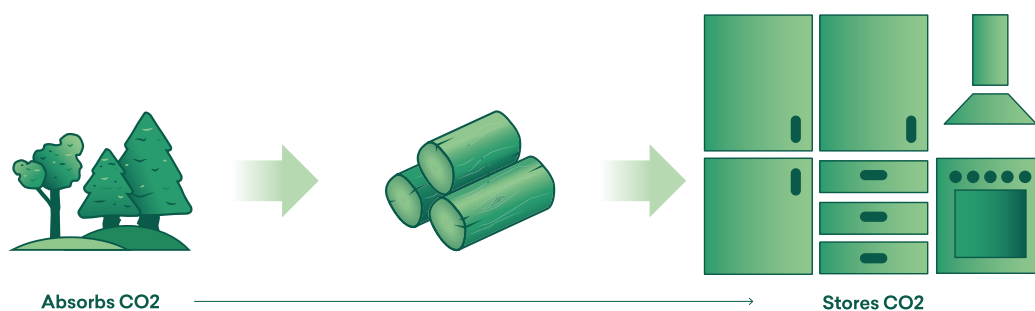
<sup>1</sup> The uptake of CO<sub>2</sub> is taken into consideration when performing the LCAs for the paper and wood based products.

<sup>2</sup> The water footprint indicator shall be used with care due to high uncertainties and limited experience as mentioned in the EN15804-A2 standard.

GWP negative; -12,324 total tCO<sub>2</sub>eq



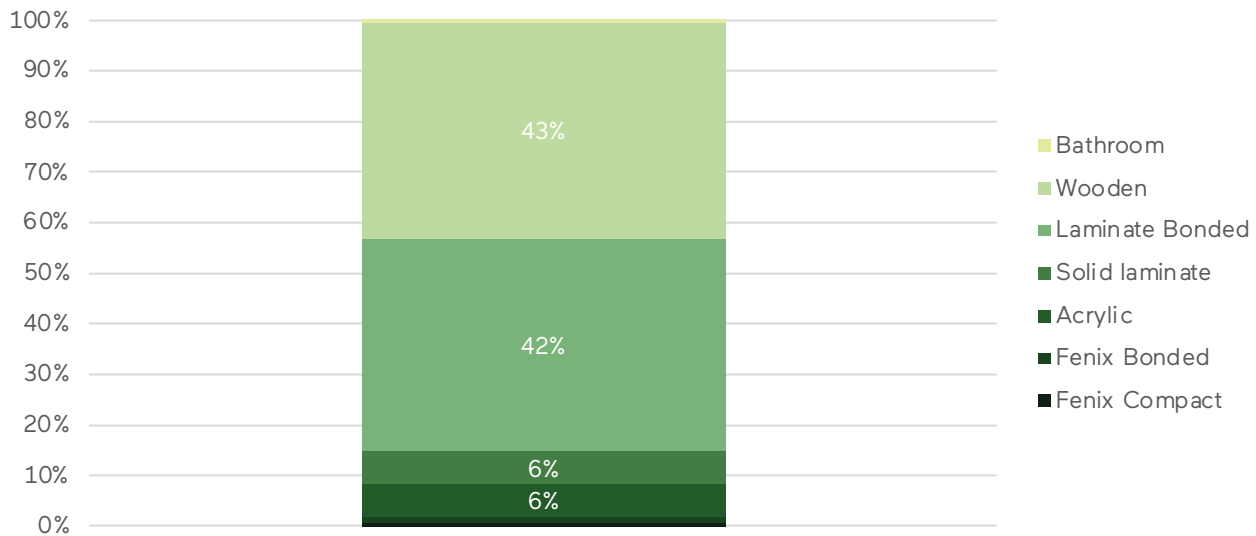
Most of our products (wood worktops, bonded laminates) are made primarily of renewable materials (wood and wood fibres), granting us an excellent performance from a global warming standpoint. In fact, forest and crops absorb CO<sub>2</sub> from the atmosphere during their growth and continue storing it once harvested. Trees absorb CO<sub>2</sub> and solar energy through photosynthesis in their wood creation and release oxygen in return. The CO<sub>2</sub> absorbed is kept in the products for their whole lifetime. This ability to store CO<sub>2</sub> in the wood and wood fibres is the reason why the GWP of DOS is negative and, notably, why the impact attributed to the products we purchase is negative.



The positive impact on global warming is associated to the transport of the products, coming in to our facilities and exiting them, as well as the internal processes and waste.

In addition, each of the production lines contributes to a different extent to the total environmental impact. The effect originates from the manufacturing process and the production of the raw materials from which the products we purchased are made of. Transportation and distribution, as well as our own internal processes and waste treatment, add to the positive GWP impact. The chart below shows the contribution of the products to the total GWP excluding carbon uptake.

### GWP distribution between the different product types;no CO2 uptake considered



The most significant contribution to the GWP comes from the wooden worktop and laminate product categories as they represent the highest volumes. In 2021, total GWP excluding carbon uptake was 14,055 t CO<sub>2</sub>.

#### A clear action plan for the coming year

Due to the diversified activities DOS offers and to better understand the differences and improvement potentials of the products sold and their distribution, each of the latter needs to be evaluated separately. This entails the creation of one LCA model per product category. In 2022 we were able to perform the sustainability analysis on the distribution of solid wood worktops, bonded laminates and solid laminates, FENIX® bonded and compact, bathroom worktops and acrylics. The two types of products currently missing from the assessment (kitchen cabinets and accessories) will be analysed and added in the 2022 Position paper and the German activities will be added in the 2023 one. Once all product lines are assessed, a clear action plan towards impacts' decreasing will be defined. Based on this plan, reduction targets will be set and disclosed in future position papers as soon as available.

#### Improving our LCA model

Another key component of our sustainability effort is reliable and transparent data embedded in our Life Cycle Analysis model. The accuracy of an LCA model is entirely dependent on the data available; ensuring this data quality is at the forefront of our priorities. During the next years, we will put forth a continuous effort toward increasing the breadth and accuracy of data collected in our plants. In LCA, there is a clear distinction between data collected on site (primary data) and data sourced from third parties (secondary data), with the former preferred over the latter. Given the significant role that raw materials play in our products' LCA, we plan to continue to refine our data and collect inputs directly from our paper and chemical suppliers to further improve the specificity and accuracy of that data once every three years. The updates of the database (e.g. Ecoinvent) are unavoidable and are likely to reflect the difference in values published between the consecutive three years of our refinement period. Combined, the end goal is to develop and maintain a highly accurate and actionable LCA model for our products.



# What do global warming, primary energy demand and water footprint mean?

## Global warming

This indicator expresses how much heat greenhouse gases trap in the atmosphere. Greenhouse gases are a group of compounds that are able to absorb the infrared radiation released by the Earth surface heated up by the sun. The more greenhouse gases in the atmosphere, the more heat stays on Earth. The main greenhouse gases are carbon dioxide (which is also the most abundant greenhouse gas), methane, nitrous oxide and fluorinate gases. The global warming indicator is calculated in terms of carbon dioxide equivalents.

## Primary energy demand

Primary energy is energy found in nature that has not been subjected to any conversion or transformation process (such as primary energy content in crude oil, natural gas, and biomass). Energy that is already converted will require primary energy to provide this “delivered energy” (e.g. steam, electricity or other thermal energy derived from any technical process). Primary energy demand indicates the amount of energy that a system under assessment has extracted from the natural environment.

## Water footprint<sup>3</sup>

In this paper the water scarcity footprint has been evaluated. This indicator assesses the amount of water consumed weighted by a scarcity indicator, hence accounting for differences in potential environmental impact of water use based on given regional differences in water scarcity.

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