



Environmental Policy

November 2024

Scope

The N Brown Group's (NBGs) Environmental policy strives to align our supply chain with our ESG strategy and environmental commitments. This policy applies to all NBG suppliers and the environmental impacts that may be associated within their respective operations. This policy defines the requirements of our suppliers to comply with NBG and international standards. Suppliers are encouraged to go beyond these standards and work towards best practices within the industry as outlined in our expectations.

Background

NBG strives to ensure the safety of our people and our environment within our supply chain. Our ESG (Environmental, Social, and Governance) strategy, 'SUSTAIN' has been developed considering the Planetary Boundaries (Stockholm Resilience Centre). These boundaries identify the limits humanity can safely operate within to maintain the Earth's stability and resilience, including climate change, biodiversity loss, water use, chemical pollution, and others.

SUSTAIN is designed to guarantee that we work collaboratively with our partners and suppliers, aligning them with our commitments and targets.

This policy sits within our suppliers' terms and conditions outlined within our Environmental Protocol which is referenced throughout this policy. Our suppliers must familiarise themselves with all NBG policies and we request that we can work collaboratively to reduce negative environmental impacts of all our operations for the planet.

Transparency Pledge

As part of our Transparency Pledge, we are contractually committed to openness, accountability, and disclosure of information related to all our ESG commitments. Upon request, NBG suppliers must disclose all relevant information regarding the sustainability and impact of products and processes, including material sourcing, environmental impacts of facilities, resource usage over a given period, as well as an overview of the supplier's entire supply chain. We may request relevant evidence for data, such as invoices, meter readings, and financial statements.

Should false or misleading information be provided to us by our suppliers or information indicates specific environmental damages that impacts NBG financially or reputationally, this will lead to further investigation and potentially liquidated damages, dependent on the severity of the misrepresentation and damages. NBG reserves the right to verify the accuracy of disclosed information.

Suppliers should have identified and addressed environmental risks in the production process associated with their operations and demonstrate a commitment to continuous improvement in the reduction of negative environmental impacts.

SUSTAIN 'OUR PLANET' COMMITMENTS

Reducing Emissions - We are dedicated to reducing greenhouse gas emissions across our operations and supply chain.

Nature & Conservation - To actively participate in water, chemical and waste management, supporting initiatives aimed at protecting natural ecosystems, conserving biodiversity, and restoring natural habitats.

Circularity & Traceability - Supporting the transition towards circular economies by prioritising the reuse, recycling, and traceability of materials, ensuring that our products have a minimal environmental footprint.

Key Targets

Mid Term Key Targets

- Achieve a 46.2% reduction in emissions by the end of FY31 (February 2031) against our FY22 baseline.
- 100% Sustainable Product by 2030*

*Sustainable Product currently defined by our responsible materials guidelines. These guidelines are reviewed, updated, and reviewed annually to incorporate the latest innovations and materials that have less environmental impact.

Long Term Key Target

- Net zero emissions by 2040

Emission targets are aligned with the Paris Agreement and global effort to limit temperature rise to 1.5°C.

1.0 CLIMATE CHANGE

NBG is striving to minimise greenhouse gas (GHG) emissions and carbon footprint across our internal operations and supply chain by improving energy efficiency and promoting renewable energy use. We recognise the pressing issue of Climate Change and the urgent need for mitigation against the harmful impacts our planet is currently facing and will face if we do not limit global warming to 1.5°C by the end of the century. Looking ahead alongside our suppliers and implementing sustainable alternatives to current operations, we can prepare ourselves for potential global legislative shifts, and evolving customer expectations.

1.1 GHG & AIR EMISSIONS

Our suppliers must fully comply with all local and national air emission regulations, providing NBG documentation and certification of compliance upon request. GHG emissions and all air emissions points at our supplier's facilities must be measured, recorded, and tracked. We reserve the right to check the legitimacy of reported GHG emissions, which may include the involvement of third parties. Any falsified or inadequate disclosures of information may lead to liquidated damages.

We expect our suppliers to be implementing targets and a strategy for increased energy efficiency and reduced emissions within their own operations. Reduced emissions goals will also assist with N Brown's own aspiration of net-zero emissions by 2040.

We recommend that both domestic and industrial energy use within facilities is used efficiently and opportunities to transition to renewable energy are explored to reduce facility's carbon footprint. To help make a greater impact, we advise our suppliers to encourage their own supply chain to similarly measure and disclose GHG and emissions data, as well as provide this information to N Brown.

We are striving for regular engaging and collaborative discussions with all our suppliers concerning energy use and emissions.

1.1.1 Measuring GHG Emissions

Scope 3 emissions represent the largest proportion of NBG's emissions, thereby accurate supplier GHG emissions data is important to assess our impact across the entire supply chain.

We require our suppliers to align with the [GHG Protocol standards](#) in reporting GHG emissions and advise the following steps to report on emissions in a standardised way. These standards include the [Product Life Cycle Accounting and Reporting Standard](#), [Corporate Value Chain \(Scope 3\) Standard](#) and the [Technical Guidance for Calculating Scope 3 Emissions](#).

1. Identify Emission Sources

Emission sources can be identified within the facility's operations and categorised into Direct Emissions (Scope 1), Indirect Emissions (Scope 2), and Other Direct Emissions (Scope 3).

- **Direct Emissions (Scope 1)**

Emissions from the sources owned by the supplier e.g. production processes and vehicles

- **Indirect Emissions (Scope 2)**

Emissions from the generation of purchased electricity, steam, heating, and cooling consumed by the supplier

- **Other Indirect Emissions (Scope 3)**

Emissions from activities not directly controlled by the supplier but related to the operations such as upstream and downstream transportation, waste disposal and material sources.

2. Energy Usage Data

Trained staff must handle and record GHG emission data to ensure validity and accuracy in reporting.

Data on the amount and type of energy consumed should be collected. Data collection processes may include:

- Electricity and natural gas (kWh) used from electricity and gas bills
- Water usage and water treatment (m³) from water bill and metre readings
- Fuel use in litres from company owned vehicles obtained from receipts for details of travel
- Tonnes of waste treated by waste type

GHG emissions can be calculated from both Industrial and Domestic energy usage, and categorised into Purchased Energy, Renewable Energy, Non-Renewable Energy and Biomass. Energy use values must be converted into greenhouse gas emissions measured in tonnes of CO_{2e}

$$\text{Emissions} = \text{Activity Data} \times \text{Emission Factor}$$

Activity Data = kWh of electricity

Emission factors allow GHG emissions to be estimated from a unit of available activity data (e.g. tonnes of fuel consumed, tonnes of product produced) and absolute GHG emissions.

3. Calculate Emissions

- GHG Protocol Calculation Tools

Utilise GHG Protocol calculation tools and software to assist with calculations of N Brown Group product-specific emissions.

<https://ghgprotocol.org/calculation-tools-and-guidance>

4. Record and Document Data

Maintain records of all data sources, calculations and methodologies used.

5. Monitor and Report

Establish a schedule for regular monitoring and data collection (e.g. monthly/quarterly)

6. Implement Continuous Improvement

Establish and track progress against GHG reduction targets.

To summarise, N Brown Group requires the following information as outlined within the GHG Protocol:

- Description of emission sources and scope
- Boundary details
- Reporting period
- Activity data and GHG emissions in CO_{2e}
- Comparability with previous years GHG calculation methodologies
- Details of emission factors and data sources
- Discussion of uncertainties

We may request product life cycle GHG emissions following the *GHG Protocol Product Standard* or the Scope 1 & Scope 2 emissions data for the reporting year following the *GHG Protocol Corporate Standard*.

2.0 NATURAL RESOURCES

NBG has a preference towards responsible land stewardship and sustainable sourcing practices within both our own operations and by our suppliers. This approach aims to protect ecosystems, support community well-being, and maintain biodiversity.

2.1 LAND USE, RESOURCES & BIODIVERSITY

NBG recognises the importance of preventing further harm as well as restoring and effectively managing forests, land and agriculture used to produce its products. Within the textile industry, the intensive farming of cotton and sources of other natural fibres contribute to soil degradation and salinisation from fertiliser or pesticide use and extensive irrigation. Clearing land for plantations can also lead to habitat change, reduced biodiversity from monoculture, species extinction, forest degradation and deforestation. These practices are contributing to the destabilisation of the balance of the Earth's systems in which we depend, as outlined by the Planetary Boundaries, and reduces the planet's resilience to climate change.

Materials within our own brand products must not be sourced from illegally used land, endangered species habitats, or from countries or regions that are sanctioned by the UK and the EU. Evidence of compliance must be disclosed by our suppliers upon request.

Indigenous communities' rights over their territories, lands and resources must be recognised and acknowledged as well as their right to grant or withhold their Free, Prior and Informed Consent (FPIC) before new plantations are developed.

For specific materials NBG's Responsible Sourcing Policy outlines the requirements of sourcing renewable materials such as cotton, wool, leather, bamboo, and viscose.

We expect that the environmental impacts of a facility's operations are recognised, and efforts are made to minimise the impact through responsible sourcing practices that protect biodiversity and reduce the harm caused to ecosystems by habitat change, monoculture and pesticide or fertiliser use. NBG is considering more sustainable alternatives that reduce negative impacts environment from land use change and reduced biodiversity, we therefore expect our partners and suppliers to align with similar goals.

2.2 WATER USE

The increased demand for water is synonymous with increasing water scarcity in countries and communities most vulnerable to climate change. Limiting water consumption within operations protects against the increasing costs associated with water scarcity and regulations. NBG is engaged with stakeholders and partners to encourage the innovation in water stewardship in line with the Sustainable Development Goals (SDGs).

We require suppliers for NBG to engage in full compliance with all legal regulations and acquire relevant permits and licenses required by local and national legislation. Our suppliers must measure, record, and track all water consumption within the facility's operations, both industrial and domestic. Upon request, suppliers must disclose all water sources, management and disposal practices for water used within production.

We recommend the implementation of targets and strategies to reduce water consumption and improve water efficiency such as integrating water recycling processes and preventing leakage within operations at facilities.

2.2.1 Measuring Water Usage and Impact

Both Industrial and Domestic water use by facilities should be measured and reported for a comprehensive overview of a facility's water usage. We recommend the below steps to measure water usage and impact. Only trained members of staff should be undertaking water use measurement, and third parties should be used to verify the accuracy of collected data.

1. Identify Water Sources and Usage Points

Water Sources: Identify where the water is sourced from

Usage Points: Identify all points where water is used within the facility

2. Collection Methods

Water use can be collected from both water metre readings and water bills from a facility.

3. Gather Data

Record the volume of water used from each source regularly (e.g. monthly) in volume of water used (m³).

4. Analyse Water Use

Measuring water use can be helpful in identifying the facility's highest water consuming processes and areas for improvement.

5. Record and Document Data

Maintain records of all data sources, calculations and methodologies used.

6. Implement Continuous Improvement

Establish and track progress against water usage reduction targets

3.0 WASTE & POLLUTION

NBG recognises that waste pollution has a detrimental effect on the planet's biosphere by the disposal of waste and wastewater to landfill and water systems. If waste is left untreated, it can pollute local ecosystems and have the potential to harm human health.

3.1 WASTE & WASTEWATER

There must be full compliance with all local and national legislation and relevant permits and licenses must be acquired. We require our suppliers to measure, record and track waste and wastewater generation and disposal. The safe handling, storage and disposal of waste and operation and treatment of wastewater within a working effluent treatment plan (ETP) by trained staff must be guaranteed.

We encourage our suppliers to capture and reintroduce waste and water into own operations through reuse and recycling. Facilities should be using the most efficient and robust models for wastewater treatment. To reduce waste in facilities, we advise optimising material usage by using techniques such as pattern nesting and utilising technical software that minimises scrap material.

NBG agree that collaborating with industry partners and investing within innovative solutions that reduce the generation of waste is of importance. Exploring low impact dyes, dry dyeing techniques and more sustainable finishing processes will lead to a reduction in waste and therefore minimising the negative environmental impact.

3.1.1 Measuring Waste

1. Identify Waste Sources and Types

Sources: Identify where waste is generated within the facility

Types: Classify types e.g. hazardous, non-hazardous, recyclable

2. Collection Methods

Different types of waste can be measured by using weighing scales and waste invoices. The waste weight can be measured within a sealed container or bin bag dependent on how contents should be stored.

The weight can then be multiplied by the number of sealed containers or bin bags disposed over a specific period.

3. Gather Data

Record the amount of waste generated by source and type on a regular basis (e.g. daily, weekly, or monthly)

4. Analyse Waste Generation

Determine sources of waste and type of waste are most common within the facility to focus efforts on reducing waste generation or implementing a circular model for increased efficiency.

5. Record and Document Data

Maintain records of all data sources, calculation and methodologies used

6. Implement Continuous Improvement

Establish and track progress against waste reduction targets

3.1.2 Measuring Wastewater

1. Identify Wastewater Sources and Types

Sources: Identify where wastewater is generated within the facility

Type: Classify types e.g. greywater, blackwater, sewage or industrial wastewater

2. Collection Methods

Install flow meters to measure volume of wastewater generated, as well tools to monitor the water quality e.g. pH, contaminants etc.

3. Gather Data

Record the volume of wastewater generated, but also the percentage of wastewater treated by volume and returned to the environment on a regular basis

4. Analyse Wastewater

Compare against regulatory standards to ensure compliance, as well as identify trends and concerns regarding contaminants

5. Record and Document Data

Maintain records of all data sources, calculations and methodologies used

6. Implement Continuous Improvement

Establish and track progress against wastewater reduction and treatment efficiency targets

3.2 CHEMICAL MANAGEMENT

Many chemicals used within the textile industry, such as from dyeing, washing, and printing pose a threat to both human health and the environment if not correctly disposed, recycled, or managed. The leakage of harmful chemicals into the environment, can both pollute water leading to eutrophication and nutrient balance within soil.

The Chemical Management Module goal under the Responsible Sourcing Policy is to ensure the adherence to strict legal requirements and minimise the presence of harmful chemicals within all our supply operations. As a company, we closely follow current legislation as well as consider possible upcoming legislation for chemicals of concern flagged by NGOs, pressure groups, and scientists to stay ahead of compliance regarding hazardous chemical use and safety.

Monitoring and preventing the use of hazardous chemicals is essential not only to avoid polluting land and water systems but to also avoid harm to people who are in contact with them. We aim to protect ecosystems and risks caused to people by implementing effective chemical management systems, conducting supplier audits, and promoting environmentally friendly practices.

We require our suppliers to be aligned to the standards set in our Responsible Sourcing Policy as well as adhere to all EU and REACH regulations within all stages of production. We request that our suppliers source from wet processing facilities that operate under OEKO-Tex certification. On occasion, NBG may request evidence of a supplier chemical management policy and practices.

We encourage our suppliers to actively seek safer alternatives to harmful chemicals used within operations as well as establish and implement robust and effective chemical management procedures at facilities to prevent adverse effects on health, biodiversity, climate, and the environment.

3.3 CIRCULAR ECONOMY

A circular economy increases the use and longevity of materials and product, reducing the dependency on new materials which contribute to the impacts outlined in the Planetary Boundaries. This circulation reduces the dependence on virgin materials as well as addressing the negative impacts of both waste generation and pollution from wastewater and poor chemical management on our environment.

Circularity is becoming increasingly important, and enforceable. Upcoming legislation is steering circular practise and material use to achieve improved energy efficiency. Legislation may lead to Digital Product Passports to store relevant information regarding a product's sustainability, promote circularity and ensure legal compliance. Therefore, materials used will need to have increased traceability across their supply chain.

As a business, we view circular economy as a valuable model to minimise waste and therefore we request our suppliers to collaborate and cooperate with NBG to fulfil requirements within circular design.

4.0 TRACEABILITY

NBG is striving for the increased traceability of materials present in our supplied products. This includes visibility over our products such as the source of origin and processes involved within production alongside a comprehensive overview of the chain of custody. Enhanced traceability is essential for providing clear and transparent information to stakeholders.

Increased visibility of our supply chain beyond tier three will enable us to identify potential risks and improvements we can make to source responsibly. We aim to increase the use of recycled and sustainable materials by working closely with our suppliers to promote innovation and increase further access to improved fibre alternatives. We hope by engaging closely with stakeholders, we can build stronger relationships with our suppliers and help contribute to a positive change within the textile industry.

We expect that our suppliers openly engage sustainable material alternatives with NBG's Buying, Sourcing or Sustainability teams. We look to incentivise and support those suppliers who engage in our efforts to reduce identified environmental impacts with the aim of developing aligned environmental partnerships.

We are required to provide sufficient and accurate evidence of materials that are responsibly sourced by law. The evidence required by NBG may differ dependent on the certification or material. Falsified documents or lack of certifications will result in liquidated damages.

Appendix

1. *GHG Protocol. Standards & Guidance.* Available at: <https://ghgprotocol.org/standards-guidance>
2. *GHG Protocol. Tools & Resources.* Available at: <https://ghgprotocol.org/tools-resources>
3. *N Brown Group. ESG Sustain Strategy.* Available at: <https://www.nbrown.co.uk/sustainability>
4. *Stockholm Resilience Centre. Planetary Boundaries.* Available at: <https://www.stockholmresilience.org/research/planetary-boundaries.html>
5. *United Nations. Sustainable Development Goals.* Available at: <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

Key Terms & Definitions

Activity Data – data on the level of the activity that affects GHG emissions, e.g., kWh of electricity used.

Biodiversity - The variety of plant and animal life in a particular location.

Carbon Footprint – Measure of the amount of carbon dioxide released into the atmosphere due to the activities of a particular individual, organisation or community.

Circularity - Involves practices which minimise waste from a product's manufacturing to end of life through more sustainable and efficient processes.

Climate Change - Climate change is the shifts in temperature and weather patterns over a long period of times. These shifts can be natural, but human activities such as burning fossil fuels have exacerbated climate change.

Domestic Energy/Water Use – the energy or water that is consumer from non-production related processes such as employee washrooms, canteens, kitchens, office lighting etc.

Efficiency – the process of reducing the amount of energy or water required for, or waste produced from the same processes.

Emission Factor – coefficients that specify the quantity of GHG emitted per unit of GHG-producing activity.

Greenhouse Gas Emissions (GHG) - the emissions from human activities which trap heat within the atmosphere and contribute to Climate Change.

Industrial Energy/Water Use – the energy or water directly or indirectly consumed in production related activities such as equipment operations, energy generation for production operations, industrial wastewater treatment plant and the lighting, heating, cooling and ventilation used within the production area.

Liquidated Damages – also referred to as ascertained damages are a fixed or agreed monetary sum that must be paid as damages for a breach of contract.

Net-zero – the balance between the amount of GHG emissions produced and the amount that is removed from the atmosphere.

Non-Renewable Energy – energy that comes from a source that does not replenish quicker than it is used, such as fossil fuels including coal, natural gas, and oil. Once these fossil fuels are burnt to produce energy, they release GHG emissions contributing to Climate Change.

Planetary Boundaries – this concept is a framework which describes the nine key systems that human activities influence, threatening global stability. These nine boundaries include: climate change, biosphere integrity, land-system change, freshwater use, biogeochemical flows, ocean acidification, atmospheric aerosol pollution, stratospheric ozone depletion and release of novel chemicals (heavy metals, radioactive materials, plastics, and more).

Renewable Energy – energy that comes from a source that will not run out, such as solar, wind, biomass and hydroelectric. These sources produce energy with much less GHG emissions than those released from non-renewable sources.

Responsible Sourcing – incorporates ethical and sustainable considerations into sourcing and procurement practices within the supply chain.

Sustainable Development Goals (SDGs) – adopted by the United Nations Member States in 2015, the 17 SDGs are integrated goals to address global poverty, climate change and ensuring peace and prosperity for all people by 2030.

Traceability – this is the ability to track the product along the supply chain from the source of origin to the finished product.

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