Our approach to Environmental, Social, Governance

OUR PLANET AND OUR PEOPLE

As an online retailer of apparel, footwear, and home goods, we prioritise our relationships with stakeholders, guiding our strategies and commitments towards responsible business practices.

We are pleased to share we received a management-level B Grade across all three modules for our responses to the Carbon Disclosure Project ('CDP') in 2023, demonstrating the good environmental practices we have in place across climate change, water security and forests.

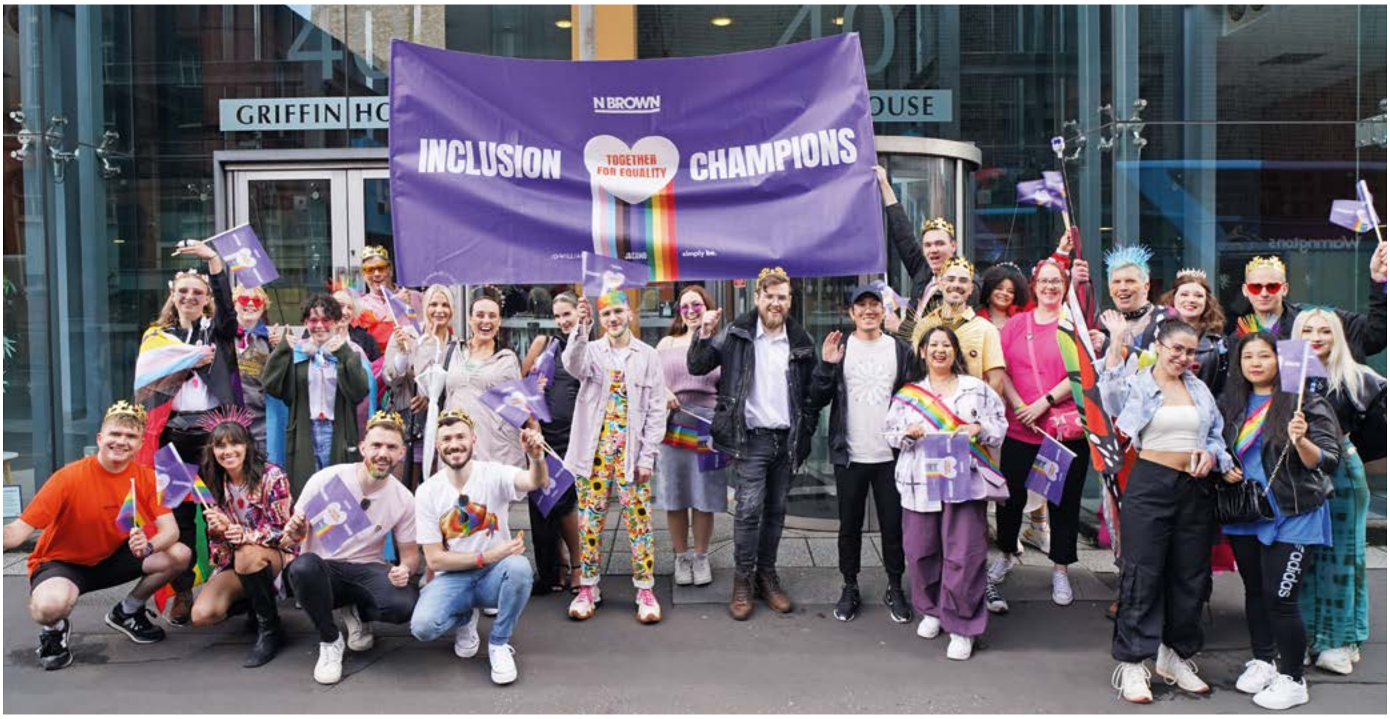
In our journey to continually improve our approach to Environmental, Social, Governance ('ESG'), FY24 is our first-year reporting under the Climate-related Financial Disclosures ('CRFD') framework, which has enhanced our approach to managing environmental risks across the value chain and within our business strategy. As we continue to develop our approach under the CRFD framework, the focus over the past year has been on establishing a foundation for a realistic transition to net zero emissions, tackling our impact areas across climate change, natural resource, and waste and pollution. Our impact is most significant in our product journey, and this is where much of our attention has been focused.

Through SUSTAIN, we focus on the following impact areas:

- Progress made towards our goal of 100% sustainable products by 2030, focusing on the use of responsible materials.
- Setting our science-based targets to cut greenhouse gas emissions by 2031, encompassing Scope 1, 2, and 3 emissions.
- Collaborating with Canopy to phase out materials sourced from endangered forests in our viscose and packaging by 2025. Thereby enhancing our supply chain transparency and environmental stewardship.
- Celebrating one year of our Equality, Diversity, Inclusion & Belonging ('EDI&B') strategy, EMBRACE, winning the "Diversity and Inclusion" award at the Drapers Awards 2023 for fostering a diverse, inclusive workplace.
- Prioritising wellbeing through new initiatives such as colleague fertility benefits, alongside continued support for charity partners.

As we continue to deliver on our 'SUSTAIN' strategy, we aim to broaden stakeholder engagement and work closely with our supply partners. Our commitments are aligned with the relevant United Nations Sustainable Development Goals which consider our operational practises and business initiatives. This strategic alignment underlines our commitment to responsible and impactful progress.

This report presents our strategies and initiatives, reflecting our progress in fulfilling our commitments and addressing social and environmental risks inherent in our business operations.



Our ESG strategy

OUR PLANET	OUR PEOPLE

IMPACT AREAS

Our Planet:
- CLIMATE CHANGE
- NATURAL RESOURCES
- WASTE & POLLUTION
- PRODUCT SOURCING

Our People:
- HUMAN CAPITAL
- PRODUCT LIABILITY
- STAKEHOLDER LIABILITY

KEY TARGETS

Our Planet:
- Achieve Net Zero by 2040
- All own brand products sustainably sourced by 2030

Our People:
- Bring positive benefits to our people and our communities

COMMITMENTS

Our Planet:

Reducing Emissions	Decreasing our carbon footprint across operations and the supply chain in line with our SBTI and BRC targets
Nature & Conservation	Implementing measures that conserve natural resources, protect wildlife habitats, minimise waste to landfill and promote biodiversity within our operational footprint
Circularity & Traceability	Developing products and infrastructure for requirements in responsible business practice, in a world where resources become limited, and waste becomes an opportunity

Our People:

Charity & Community	Give back to our communities through working with collaborative charity partners who align with our values, colleagues and customers
Wellbeing	Curating a culture centred on our colleagues wellbeing
Emerging Talent	Giving young people the best possible start to their careers by offering an inclusive programme with opportunities for all
Ethical Workplaces	Full visibility of all our Own Brand Suppliers to Tier 3 by end of 2025
Diversity, Equity & Inclusion	Building a diverse workforce and creating an inclusive environment which values equality for all

GOVERNANCE SUSTAIN aligns our ethical policies with our commercial activities, achieving tangible results and benefits for our stakeholders.

UNITED-NATIONS SUSTAINABLE DEVELOPMENT GOALS ALIGNED TO OUR STRATEGY:

SUSTAINABLE DEVELOPMENT GOALS

1 NO POVERTY · 3 GOOD HEALTH AND WELL-BEING · 5 GENDER EQUALITY · 6 CLEAN WATER AND SANITATION · 8 DECENT WORK AND ECONOMIC GROWTH · 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE · 10 REDUCED INEQUALITIES · 12 RESPONSIBLE CONSUMPTION AND PRODUCTION · 13 CLIMATE ACTION · 15 LIFE ON LAND · 17 PARTNERSHIPS FOR THE GOALS

KEY INITIATIVES:

CDP · Textiles 2030 · canopy · International ACCORD · TRANSPARENCY PLEDGE · BRC CLIMATE ACTION ROADMAP · Higg Index · SCIENCE BASED TARGETS (DRIVING AMBITIOUS CORPORATE CLIMATE ACTION) · Ethical Trading Initiative · TCFD

Climate-related Financial Disclosures

OUR PLANET

We recognise that climate change is one of the greatest challenges facing our planet today. We have aligned our strategy with the Climate-related Financial Disclosures ('CRFD') recommendations, enabling us to identify, assess and manage our principal climate-related risks and opportunities.

As an AIM-listed company with over 500 employees we are required to comply with the UK Government's climate-related financial disclosure requirements under the Companies (Strategic Report) (Climate-related financial disclosures) Regulations 2022.

Our disclosures are set out under the four pillars of the CRFD recommendations; Governance, Strategy, Risk Management and Metrics and Targets.

GOVERNANCE

BOARD LEVEL

At the start of the year, we concluded a review of our governance structure in relation to the management of ESG requirements. A major focus of the review was to ensure that climate-related matters are embedded within our governance structure to improve visibility and accountability across the organisation and drive progress towards our net zero commitment.

The Board has delegated responsibility ESG matters, including climate-related matters, to the ESG Committee. The Committee has responsibility for the oversight of the strategies, policies, and performance of the company, in relation to ESG matters. The committee also drives improvement in these areas, in line with the standards and values of the Company.

The Committee is chaired by the Company Secretary who attends the Board and Executive Leadership Team meetings. The ESG Committee also includes the Chief Executive Officer, Chief Financial Officer, Chief Executive of Retail, CEO of Financial Services, and the Chief People Officer. Since June, the Committee has held meetings at least quarterly to help establish the new format and build momentum. The Committee chair provides an update to the Group Board at each meeting on the nature and content of discussions held along with recommendations and actions being taken. The Committee report to the Board on progress made against our climate-related targets such as our responsible sourcing commitment and near-term emission reduction targets on an annual basis.

MANAGEMENT LEVEL

Senior management from across the business form an integral part of the ESG Committee and are invited to each meeting. The management level is responsible for the identification, assessment and management of climate-related risks and the implementation and execution of the Group's ESG strategy within each respective area of the business. The management group includes the Group Sourcing and Sustainability Director, Head of Workplace, Facilities and Engineering, Corporate Communications Manager, Director of Data, Emerging Talent Lead, and Head of Investor Relations. Senior management report regularly to the Committee on climate-related matters, such as actions being taken to achieve our commitments.

During the year, we worked with external experts to host a series of workshops to help us embed the CRFD framework, focusing on the integration of climate-related risks into our Risk Management Framework and scenario analysis. The senior management group was supplemented with the Head of Group Finance, Director of Risk, Head of Group Strategy, and the Sustainability Lead to help build internal capabilities and improve our management of climate-related matters.

STRATEGY

We recognise that climate-related risks and opportunities have the potential to impact our business. In FY24 we completed a detailed climate-related risk assessment and qualitative scenario analysis of our key climate-related risks and opportunities.

We have used the following definitions of time horizons for the purposes of identifying and managing our climate-related risks and opportunities:

TIME HORIZONS:

SHORT: <3 YEARS

- Aligns with our business strategy and financial planning.

MEDIUM: 3–10 YEARS

- Encompasses our near-term science-based target and emerging climate-related risks.

LONG: 10+ YEARS

- Considerate of the long-term nature of climate-related risks and our net zero commitment.

OUR PRINCIPAL CLIMATE-RELATED RISK AND OPPORTUNITIES

To determine the materiality of climate-related risks we have considered the likelihood of the risk materialising and the potential impact on the business across financial, customer, regulatory, business interruption and reputational impact measures. In line with the CRFD recommendations we have considered climate-related risks relating to policy and legal (including emerging regulations), technology, market, reputation as well as chronic and acute physical impacts. When considering climate-related opportunities we have considered resource efficiency, energy source, products and services, markets, and resilience. We have determined that we have five principal risks and one opportunity.

Climate-related Financial Disclosures continued

CLIMATE-RELATED RISKS

RISK TREND KEY: Increased Unchanged Decreased

CARBON PRICING MECHANISMS AND INCREASED REGULATIONS

The introduction of climate regulations such as carbon pricing mechanisms, enhanced reporting obligations and product mandates could increase our operating costs and reduce profitability.

Any failure to comply with increased regulatory requirements, could harm the Group's reputation.

RISK TREND

Increased

TIME HORIZON

Medium / Long

KEY CONTROLS AND MITIGATING FACTORS

- Established near-term emission reduction target approved by the SBTi, formalising our commitment to reduce our GHG emissions.
- Investment in energy efficiency and the rationalisation of our estate to reduce Scope 1 & 2 emissions.
- Developed our Textile 2030 roadmap to reduce emissions across own brand textile products and using our Supplier Sustainability Questionnaire ('SSQ') to drive further Scope 3 reductions.
- Working with external consultants to comply with existing regulations and keep up to date on emerging regulations.

TRANSITIONING TO A LOW CARBON ECONOMY

To meet our net zero commitment, we will need to decarbonise our operations which could require capital expenditure, reducing the availability of capital to invest in other strategic priorities.

As our suppliers invest in new technologies to reduce GHG emissions, suppliers could pass on the associated cost of their investments which could increase our costs and reduce profitability.

RISK TREND

Increased

TIME HORIZON

Medium / Long

KEY CONTROLS AND MITIGATING FACTORS

- Established near-term emission reduction target approved by the SBTi, formalising our commitment to reduce our GHG emissions.
- Investment in energy efficiency and the rationalisation of our estate to reduce Scope 1 & 2 emissions.
- Developed our Textile 2030 roadmap to reduce emissions across own brand textile products and using our Supplier Sustainability Questionnaire ('SSQ') to drive further Scope 3 reductions.
- Identifying and working with like-minded suppliers of goods not for resale to drive decarbonisation of our business model.

INCREASED COST OF RAW MATERIALS

Greater competition for more sustainable materials could increase costs where demand exceeds supply. This could become a greater risk in the future as circular materials evolve.

Physical climate risks such as drought and extreme weather events could impact the supply of natural raw materials which could reduce the availability and or quality of key materials.

Increased raw material costs could reduce profit margins or reduce competitiveness if we are unable to source sustainable materials.

RISK TREND

Increased

TIME HORIZON

Medium / Long

KEY CONTROLS AND MITIGATING FACTORS

- We can change our fibre compositions in response to issues around availability or cost.
- Our buyers are provided with market intelligence on raw material costs to give them the information needed to secure value for the Group.
- Our sourcing team is working closely with buyers to raise awareness.

CLIMATE-RELATED RISKS

RISK TREND KEY: Increased Unchanged Decreased

INCREASED STAKEHOLDER CONCERN OR NEGATIVE STAKEHOLDER FEEDBACK

Key stakeholders, such as customers, colleagues, creditors and investors, are becoming increasingly conscious of climate change and environmental impacts. As expectations in this area become more demanding, failure to address these concerns could lead to reputational damage.

From a customer aspect, this could reduce demand for our products, reducing our revenue. It could make attracting and retaining high calibre colleagues more challenging and finally it could create barriers to accessing capital through lenders or harm investor sentiment.

RISK TREND

Increased

TIME HORIZON

Medium / Long

KEY CONTROLS AND MITIGATING FACTORS

- Established near-term emission reduction target approved by the SBTi, formalising our commitment to reduce our GHG emissions.
- Signatories of the BRC Climate Action Roadmap, committing to achieve net zero emissions by 2040.
- Investment in energy efficiency and the rationalisation of our estate to reduce Scope 1 & 2 emissions.
- Responsible Sourcing Commitment and Textile 2030 Roadmap to improve the sustainability of our products.
- Respond to investor requests for information such as responding to the Carbon Disclosure Project ('CDP').

INCREASED SEVERITY OF EXTREME WEATHER EVENTS

Extreme weather events such as storms and precipitation could cause damage to our facilities, disrupting our operations and interrupting our ability to ship orders to customers.

Our supply chain is exposed to a higher level of physical risk compared to our direct operations. Disruption to suppliers could reduce the availability of product for sale which could impact our revenue.

The supply of key raw materials such as cotton is likely to be impacted by extreme weather events as well as chronic changes in the climate such as higher temperatures and changes to precipitation patterns.

RISK TREND

Increased

TIME HORIZON

Medium / Long

KEY CONTROLS AND MITIGATING FACTORS

- Annually refreshed business resilience plans and objectives.
- Incident management and contingency planning processes are used to assess and mitigate the impacts of supply chain disruption.
- A robust category planning process is in place to reduce concentration risk.
- The business continues to improve our capability to recover key systems and processes.

Climate-related Financial Disclosures continued

CLIMATE-RELATED OPPORTUNITIES

RISK TREND KEY: Increased Unchanged Decreased

CIRCULAR BUSINESS MODELS

We recognise the important role that circularity can play in reducing Scope 3 emissions as well as presenting new ways in which the Group can generate a financial return and increase brand loyalty.

Circular business models such as resale markets, repairs and alterations, repurpose and rental could help the Group develop alternative revenue streams in the future as the circular economy develops.

OPPORTUNITY TREND

Increased

TIME HORIZON

Medium / Long

STRATEGY TO REALISE OPPORTUNITY

- Partnership with Hirestreet, the UK's leading accessible fashion rental platform to gain valuable insight into rental models.
- Exploring opportunities to integrate circularity practices into the business, particularly through resale and repair models.
- Held circular design workshops to facilitate a shift in the design mindset to deliver great fashion, fit and longevity within our products.
- Developing new operational approaches to close the loop on products and materials through initiatives to prolong the lifespan of our products, rework and repair options, and investigating responsible disposal channels.

TRANSITIONING TO A LOW CARBON ECONOMY

We recognise the UK Government's net zero target for 2050 and, as signatories of the BRC Climate Action Roadmap, we have committed to achieving net zero by 2040.

To deliver on our net zero commitment, we are developing a transition plan as part of our SUSTAIN strategy. Within the 'Our Planet' section of the strategy, we have established our priority areas across emission reductions, nature and conservation, and circularity and traceability to enhance sustainability throughout our organisation and reduce our GHG emissions.

FINANCIAL PLANNING

During FY24, we have focused on strengthening our governance and management around climate-related risks and opportunities. As a result, we are in the early stages of integrating climate-related considerations into our financial planning processes. At present, we consider the impact that projects will have on reducing energy costs and GHG emissions as part of the capital investment approval process.

In terms of access to capital, we have held positive discussions with suppliers around our management of ESG-related matters, including climate change. We are exploring options of offering better payment terms through our supplier finance facility to those suppliers who are investing in efforts to reduce their environmental impacts, but this remains in its infancy at this stage.

We will look to further integrating the management of climate-related risks and opportunities into our financial planning process as our transition plan begins to mature.

OUR PLANET PRIORITIES

	COMMITMENTS & PRIORITIES	WHAT WE'VE DONE
EMISSION REDUCTIONS	**SCOPE 1 & 2** Running our operations as efficiently as possible and investing in LED lighting and efficient heating and cooling systems. Operating our sites with 100% renewable electricity. Transitioning our company vehicles to low carbon and electric alternatives.	This year we have continued our efforts to rationalise our warehousing and distribution centres to align the business to a more agile way of working. We are moving our home and furniture distribution centre to a modern, energy efficient distribution centre that is fully electrified, reducing our Scope 1 and 2 emissions. We have focused on the effective use of heating systems, where better management has enabled us to deliver a reduction of 11% in gas consumption compared to last year.
EMISSION REDUCTIONS	**SCOPE 3** Collaborating with industry stakeholders, suppliers, and partners to identify solutions to drive emission reductions throughout the value chain, from the sourcing of raw materials right through to end-of-life treatment.	We have focused on working with our suppliers on our net zero commitment through the development of our Supplier Sustainability Questionnaire ('SSQ'). This year, we've worked on identifying and implementing programmes to address decarbonization challenges. This includes the development of innovative solutions to meet our emissions reduction targets and closer collaboration with strategic suppliers to set clear net-zero objectives.
NATURE & CONSERVATION	**ANIMAL WELFARE & BIODIVERSITY** Ensuring animal welfare standards are met for protein-based products, incorporating responsible sourcing, humane treatment, and ethical practices. Identifying and supporting areas of concern related to biodiversity that are influenced by our industry and supply chain, collaborating with initiatives to protect and restore ecosystems.	Our policy reflects a strong commitment to animal welfare and the preservation of natural environments, including prohibiting specific materials and sourcing wool from non-mulesed sources. We are actively exploring opportunities to increase the use of responsible or recycled wool and integrating biodiversity considerations into our ESG strategy to support ecosystem variability.
NATURE & CONSERVATION	**WATER & CHEMICAL MANAGEMENT** We strive to reduce water consumption during our production processes by evaluating materials used in our fibre matrix and identifying alternatives that are less water intensive. Ensuring that our chemical usage adheres to industry standards and guidelines for safety, environmental protection, and health.	We've developed a comprehensive chemical policy aligned with REACH and OEKO-TEX standards to ensure product safety and environmental protection. Our efforts extend to water risk assessments and investments in technologies to reduce water consumption and improve water quality, demonstrating our commitment to water stewardship.
NATURE & CONSERVATION	**NATURAL RESOURCES & WASTE** Committing to zero use of endangered and ancient forests within our supply chain. Aim to reduce packaging waste by promoting innovation and promoting the use of reusable and recyclable materials.	In partnership with Canopy, we are committed to removing ancient and endangered forests from our viscose and packaging by 2025. Aligned with our FSC certification and our forestry policy, we have developed a strategic approach to timber use both for product and packaging.
CIRCULARITY & TRACEABILITY	**BUILDING FOR CIRCULARITY** Adopting circular business models that align with our unique selling proposition, focusing on extending product lifecycles, promoting repairability, and enabling end-of-life recycling.	As signatories of WRAP's Textiles 2030 initiative, we are focused on reducing the environmental impact of our business through the adoption of circular fashion systems. This year, we explored integrating circularity practices, such as resale and repair for future modelling, whilst continuing our rental partnerships with Hirestreet.
CIRCULARITY & TRACEABILITY	**DESIGN FOR CIRCULARITY** Providing training and workshops for designers and product development teams to enhance their understanding of circular design principles.	We have facilitated Circular Design workshops to shift towards sustainable product development, leveraging 3D technology to enhance product fit and reduce waste. We participated in Textiles 2030 Durability sprint group in partnership with Leeds University. This group is designed to improve standards of durability for greater product quality and longevity.
CIRCULARITY & TRACEABILITY	**CLOSING THE LOOP** Identifying suitable materials and systems that enable the closing of the loop on fibres and material use.	Developing new operational approaches to close the loop on products and materials is a key focus area. We are researching initiatives to prolong the lifespan of our products, focusing on rework, repair, and responsible disposal channels.
CIRCULARITY & TRACEABILITY	**RESPONSIBLE PRODUCT SOURCING** Extending our supply chain mapping beyond tier 3 to enhance visibility. Increasing the use of recycled and sustainable materials by working closely with suppliers to foster innovation and access a broader range of eco-friendly materials.	Our efforts over the past year have been dedicated to transforming our sourcing practices to reduce our environmental impact, with a specific focus on cotton, polyester, and MMCFs. Reaching 47.1% of the product mix, we are on track to reach our 2030 target. We are working towards utilising more responsible materials, improving processing techniques, and adhering to industry standards for traceability. A key aspect of our strategy involves gaining a comprehensive understanding of the origins of our products.

Climate-related Financial Disclosures continued

SCENARIO ANALYSIS

The CRFD recommends that organisations consider a range of different climate-related scenarios, including a '2°C or lower scenario'. We have carried out a detailed assessment of how our main transitional climate-related risks and opportunities could evolve under three different scenarios based upon the Network for Greening the Financial Systems ('NGFS') reference scenarios:

TRANSITIONAL CLIMATE SCENARIOS

NET ZERO ('NZ') 2050 (1.5°C) – an ambitious scenario that limits global warming to 1.5°C through stringent climate policies and innovation, reaching net zero CO_2 emissions no later than 2050.

FRAGMENTED WORLD ('FG') (2.5°C) – assumes a delayed and divergent climate policy response among countries globally, leading to high physical and transition risks. Countries with net zero targets achieve them only partially (80% of the target), while the other countries follow current policies.

CURRENT POLICIES ('CP') (3.1°C) – Assumes that only currently implemented policies are preserved, leading to a 'hot-house world', a higher degree of physical risk and lower impact of transitional risk.

The risks and opportunities and their materiality were considered across short-term ('ST') (2025), medium-term ('MT') (2030) and long-term ('LT') (2040) time horizons before mitigation measures are considered. The medium-term time horizon aligns with our science-based targets and our long-term horizon aligns with our net zero commitment.

The results of our scenario analysis highlighted how our main transition risks relate to carbon pricing mechanisms and increased regulation, how we transition towards a low carbon economy and deliver our net zero commitment and finally how stakeholder expectations around climate action could increase.

The net zero scenario would present our best chance at implementing a successful transition. This would however likely involve increased regulations and higher expectations from stakeholders which could increase pressure on the Group to deliver on its targets and commitments.

The Fragmented World scenario would make the transition more challenging as the rate of decarbonisation in sourcing regions is lacking. Regulations would be expected in some but not all regions which may lower the potential regulatory burden and associated costs, but this likely makes the transition harder.

Under the Current Policies scenario, transition risks are lower as no new regulations or policies are introduced. It would be extremely challenging to transition to a low carbon economy, however, the likelihood is that stakeholder expectations would be lower in this scenario, reducing the materiality of this risk.

The scenario analysis underlines the importance of driving GHG emission reductions and progress against our near-term targets, addressing our stakeholder expectations on climate action, and reducing our potential exposure to future climate-related regulations. We will continue to review the outcomes of our scenario analysis during FY25 and integrate the insights into our strategic and financial planning processes.

		NZ			FW			CP		
Risks	**Description**	S	M	L	S	M	L	S	M	L
CR1 Carbon pricing mechanisms and increased regulations	Carbon prices are anticipated to be highest and regulations the strongest under the NZ scenario and start to increase towards the long-term under the FW scenario. New climate regulations and pricing mechanisms are not introduced in the CP scenario.	2	4	6	2	2	4	1	1	1
CR2 Transition to a low carbon economy	The transition to a low carbon economy is going to be a challenge even under the best case NZ scenario. The rate of decarbonisation in the FW scenario, particularly in key sourcing regions is lacking, making the transition extremely challenging within the 2040 timeframe. It would be almost impossible for us to meet our net zero commitment under the CP scenario, however the expectation is that stakeholder concern would be lower which reduces the materiality of this risk.	3	3	5	4	5	6	3	3	3
CR3 Increased cost of raw materials	Underlying risk across all scenarios from the impact of climate change of key raw materials such as cotton which could increase costs. Anticipate high demand for sustainable materials over the short and medium term under the NZ scenario and late demand under the fragmented world as there are delays for widescale adoption of sustainable materials.	3	3	2	2	2	4	2	2	2
CR4 Increased stakeholder concern (Customer, Colleague, Investor, Creditor)	Stakeholder expectations are likely to be highest and increase under the NZ scenario and immaterial under the CP scenario. They would likely increase over the long-term under the FW scenario, expectations begin to increase towards the long-term.	2	3	4	2	2	4	1	1	1
Opportunities										
CO1 Circularity and development of low emission products and services	Opportunities for circular business models and materials are highest under the NZ scenario. Whilst there are still opportunities within the CP and FW scenarios, these are driven more by economic factors rather than sustainability and the development of circular materials is thought to be less likely to materialise as the policy landscape and consumer demand required for this is less likely to materialise.	2	3	4	2	2	3	2	2	2

	Low Materiality			High Materiality		
Risk	1	2	3	4	5	6
Opportunities	1	2	3	4	5	6

PHYSICAL SCENARIO ANALYSIS

DIRECT OPERATIONS

To better understand our exposure to the physical impacts of climate change, we have conducted detailed scenario analysis across our operational site and begun to assess our strategic suppliers.

EarthScan allows us to evaluate physical risk exposures on operational locations critical to our business for a range of different hazards across different timescales and climate scenarios. We used EarthScan's data and insights and asset-level climate risks assessments for the following climate hazards: flooding, heat stress, precipitation, extreme wind, drought and wildfire. A combined physical risk score is provided which is a synthesis of all individual risk categories outlined above. Three IPCC scenarios have been used to assess physical climate risks:

PHYSICAL CLIMATE SCENARIOS

BUSINESS AS USUAL (SSP5/RCP8.5) Emissions continue to rise over the 21st century, in the worst-case scenario.

EMISSIONS PEAK IN 2040 (SSP2/RCP4.5) Emissions do not increase beyond 2040. With current commitments, this is the climate scenario that most closely resembles current policy commitments.

PARIS ALIGNED (SSP1/RCP2.6) Emissions are aligned with Paris agreement targets. This is the best-case scenario.

We have included our distribution centres, head office (located in Greater Manchester), regional offices (Ireland & Bangladesh) and call centres (South Africa). The results from the business-as-usual (BAU) scenario are shown below over the historical short-, medium- and long-term time horizons.

	Average Risk Level			
Risk Driver	ST (2025)	MT (2030)	LT (2050)	**Exposure and Potential Impact**
Combined Physical Risk	4	4	4	The combined physical risk rating is a synthesis of the specific risk exposures.
Flooding	1	1	1	Flooding risk refers to both coastal and riverline flooding. All of our sites are considered to have a very low risk exposure to flooding.
Wind risk	2	2	2	Extreme wind events can occur during weather events such as storms, typhoons and tornadoes. These events could cause damage and disruption to our operations and the surrounding area. The overall risk exposure is low, however sites in Bangladesh and South Africa are exposed to a medium risk level.
Heat Stress	2	2	3	Our operations are exposed to an increasing threat from heat stress over the long-term. By 2050, our operations in Greater Manchester and Bangladesh are exposed to a high risk level. Increased temperatures over a prolonged period could lead to a loss of productivity and increase operating costs due to higher energy demand for cooling.
Precipitation Risk	2	2	2	Precipitation risk refers to the risk caused by exposure to extreme precipitation. Most sites have a very low or low risk exposure, however our site in Bangladesh has an extremely high risk rating. This site could be affected by flooding and disruption to our operations.
Drought	1	1	2	Droughts are expected to increase under the BAU scenario across the UK but the risk level remains low. Our site in Bangladesh is exposed to a high level of drought risk, however this would have an immaterial impact on our direct operations.
Wild Fire	1	1	1	Wildfire danger refers to the potential intensity of an unplanned fire under certain conditions. A higher rating indicates that meteorological conditions are more favourable for triggering wildfires in areas with flammable vegetation coverage. One site in South Africa has an extremely high risk rating for wildfire whereas all other locations are rated low risk.

Low climate-related risk High climate-related risk

1	2	3	4	5	6

Climate-related Financial Disclosures continued

INDIRECT OPERATIONS

We have extended our analysis to include a screening assessment of 100 of our strategic and significant suppliers of own brand goods for resale ('GFRS') and critical goods not for resale ('GNFRS') suppliers, including delivery companies, facilities management, and engineering supplies.

The screening assessment used the Business-as-Usual scenario outlined and summarises the combined risk rating, top two physical hazards at the short-term and long-term time horizon for GFRS and GNFRS suppliers.

SUPPLIER PHYSICAL RISK SCREENING

		2025	2050
GFRS	**Combined Risk Rating**	**Very High**	**Very High**
GFRS	Main Risk Driver	Precipitation Risk	Precipitation Risk
GFRS	Second Risk Driver	Drought	Drought
GNFRS	**Combined Risk Rating**	**Medium**	**High**
GNFRS	Main Risk Driver	Heat Stress	Heat Stress
GNFRS	Second Risk Driver	Precipitation Risk	Drought

The majority of our suppliers of GFRS are based in southern and southeast Asia which is vulnerable to the physical impacts of climate change. Our GFRS sample received a very high climate risk rating at both the short and long-term. Extreme precipitation is the main risk driver which could damage and disrupt our suppliers' operations and their ability to fulfil orders. Our GNFRS suppliers are mainly located in the UK and have ratings comparable to our direct operations, with the main risk driver being heat stress. We will continue to monitor how physical risks could impact these suppliers.

ADAPTATION AND MITIGATION MEASURES

We have in place a Board approved, Business Continuity Framework, that defines the requirements for implementing, validating, and governing business continuity in order for the Group to achieve its strategic imperatives.

Each business unit must complete a Business Impact Assessment annually and a Crisis Management plan is in place to deal with varying levels of incidents, including disruptions caused by climate change. These plans are reviewed and tested annually to continually improve our processes and procedures.

We also have Business Continuity plans to provide for the continuance of key processes and these plans are maintained and tested annually.

To improve our assessment and management of the physical impacts of climate change we are considering how we can make the best use of the physical risk ratings to engage with high-risk suppliers as well as integrating into our supplier onboarding processes. We will continue to monitor our key suppliers and their exposure to climate-related risks.

RISK MANAGEMENT

The identification, assessment and management of climate-related risks has been integrated into our Risk Management Framework ('RMF') described on page 22. To support the integration, we have carried out two detailed climate-related risk and opportunities assessments during the year with external experts with each session attended by key senior managers and the Risk Team. The assessments consider risks associated with current and emerging regulations, legal technology, market, reputational as well as physical impacts from both acute and chronic impacts of climate change. In addition to these assessments, each risk owner within the business was asked to consider climate-related risks within their area as part of our formal risk assessment which is completed every six months.

To determine the materiality of climate-related risks we use the impact and likelihood matrix within the RMF which is used to assess all risk types across the business. The impact matrix considers the potential impact on the Group across financial performance, customer satisfaction, legal and regulatory, service disruption and reputation.

Given the longer-term nature of climate-related risks, the time horizon that the risk could manifest over is also considered and used to help prioritise our climate-related risk exposures.

Each climate-related risk is mapped to our existing risks categories which are all supported by policies, appetite metrics and key risk indicators. This helps inform the decisions taken to manage our climate risks effectively in line with our risk appetite.

Going forward, ESG and CRFD risks and controls will be embedded within the RCSA process with risks formally reviewed on at least a six-monthly basis and included in N Brown's bi-annual risk assessment process which reviews the risk environment from a risk policy and business area perspective.

METRICS & TARGETS

The main metrics we used to assess and manage our climate-related risks are set out in the table below and focus on GHG emission reductions, responsible product sourcing and the mapping and auditing of our supply chain. We are delighted to announce that our near-term emissions reduction targets have been formally approved by the Science-Based Targets Initiative ('SBTi'). The SBTi defines and promotes best practice in science-based target setting and establishes how quickly organisations need to reduce their GHG emissions to try and prevent the worst impacts of climate change.

TARGETS & COMMITMENTS	PROGRESS UPDATE	
SBTi: Increase active annual sourcing of renewable electricity to 100% by FY30	Off track: 56% (FY23: 100%)	We have sourced 100% renewable electricity for many years. During the course of this year, Scottish Power removed the ability for N Brown to procure green REGO-backed electricity and have reverted us back to their standard tariff. We are committed to sourcing 100% renewable electricity for our operations and will return to a REGO-backed contract partway through FY25 and return to 100% renewable electricity in FY26.
SBTi: Reduce absolute Scope 1 & 2 emissions by 46.2% by the end of FY31 against FY22 base year	Off Track: 26% (FY23: -17%)	We are currently off track for our Scope 1 and 2 target as market-based Scope 2 emissions have increased from zero to 1,323.4 tCO_2e as our supplier has reverted us from a zero-emission electricity tariff to a standard tariff. We have made good progress reducing our Scope 1 emissions (reduced 28% against the FY22 base year) and expect to get back on track with our target in FY26 once we are able to source 100% renewable electricity once again.
SBTi: Reduce absolute Scope 3 emissions by 46.2% by the end of FY31 against FY22 base year	On Track: -35% (FY23: -14%)	We are on track against our Scope 3 target, with emissions 35% lower compared to FY22 base year. Whilst we have taken action to reduce our emissions such as reducing the use of airfreight and progressing on our responsible sourcing commitment; the main driver of this has been a large reduction in our spend on goods for resale. We have also sold and shipped less product to customers which has further reduced our GHG emissions across transportation and distribution, use of sold products and end of life treatment. As we look towards FY25, we anticipate that stock purchases will increase to support higher sales which will likely lead to an increase in our GHG emissions.
100% of own brand textile products to have sustainable properties by end of FY30	On track: 47.1% (FY23: 41.2%)	Cotton, polyester, and manmade cellulosic fibres ('MMCFs') are the primary materials we use. This year, we've continued to advance toward our goal of transitioning to improved and recycled fibres supporting our teams and suppliers with our Responsible Materials Guide on soft and hard goods. We regularly reassess our preferred fibres list as we gain more research and insights into the best available materials and sourcing directions.
Increase our use of responsibly sourced cotton to 100%	On track: 70.1% (FY23: 62%)	Our focus is on transitioning to 100% responsibly sourced cotton (Better Cotton, organic, or recycled) by FY26. To date, 70% of our cotton already meets the criteria. We're actively working with suppliers to convert the remaining conventional cotton to better practice whilst exploring opportunities for regenerative and recycled solutions.
Audit Status of Tier One Factories	On track: 94% (FY23: 96%)	We constantly monitor our factory audits on our supplier platform. Through our RAG system, we can support our suppliers with renewing their audits and are within our threshold of outstanding audits. We continue to find ways to make this process as streamlined as possible for our suppliers.
High Risk Tier 1 Factory Audits	On track: 11% (FY23: 15%)	Our grading system aligns with the framework of multiple auditing bodies to ensure we have consistency within our risk evaluation. We have worked extensively on building relationships with suppliers and understanding regional challenges associated with local legislation, whilst ensuring compliance on human rights in line with international law. With improved communication to our suppliers, we are on track to lowering the number of high-risk factories, reducing the risks associated with human rights and building safety.
Mapping of supply chain Tier 2 & 3	T2 – On track: 68% (FY23: 66%) T3 – On track: 68% (FY23:<5%)	We have worked to significantly improve our mapping systems for our goods for resale suppliers in tier two and three. This has meant we have increased the number of facilities declared by our suppliers and built visibility to our tier three for the first time. We aim to gain full transparency on our tier two and three suppliers by FY26, whilst continuing to map suppliers further downstream to material origin.

Our Greenhouse Gas inventory

Our Greenhouse Gas ('GHG') inventory for the FY24 reporting period is detailed below, compared against the previous year and our FY22 base year. Our inventory has been independently calculated in accordance with the GHG Protocol[1], using the operational control approach.

		Total GHG tCO_2e				
Scope	**Source**	**FY24**	FY23	FY22	FY24 vs FY23	FY24 vs FY22
Scope 1	Natural Gas	**1,460.2**	1,640.3	1,876.2	-11%	-22%
	Diesel	**153.6**	193.7	227.8	-21%	-33%
	HFCs	**0.7**	37.0	151.7	-98%	-100%
	Gas Oil	**43.7**	46.6	47.4	-6%	-8%
	Company Vehicles	**4.3**	11.7	12.8	-63%	-66%
	Scope 1 Total	**1,662.6**	**1,929.3**	**2,315.7**	**-14%**	**-28%**
Scope 2	Electricity (Location-based)	**2,045.8**	2,052.3	2,680.2	0%	-24%
	Electricity (Market-based)	**1,323.4**	–	–	100%	–
	Scope 2 Total (Market-based)	**1,323.4**	**–**	**–**	**100%**	**–**
Total Scope 1 + 2 (MB)		**2,986.0**	**1,929.3**	**2,315.7**	**55%**	**29%**
Scope 3	Purchased Goods & Services	**135,394.0**	180,648.7	216,397.8	-25%	-37%
	Capital Goods	**938.1**	1,986.3	1,006.1	-53%	-7%
	Fuel- & Energy-Related Activities	**1,314.1**	1,352.4	1,401.1	-3%	-6%
	Upstream Transportation & Distribution	**8,759.2**	17,652.0	22,929.2	-50%	-62%
	Waste Generated in Operations	**31.8**	39.4	79.4	-19%	-60%
	Business Travel	**599.0**	51.7	7.3	1059%	8105%
	Employee Commuting	**1,156.7**	1,115.1	1,549.3	4%	-25%
	Upstream Leased Assets	**12.2**	10.2	44.2	20%	-72%
	Downstream Transportation & Distribution	**97.7**	2.5	49.5	3765%	97%
	Use of Sold Products	**67,840.6**	86,219.1	92,284.0	-21%	-26%
	End-of-Life Treatment of Sold Products	**7,048.3**	7,703.3	10,150.1	-9%	-31%
	Scope 3 Total	**223,191.8**	**296,780.7**	**345,898.0**	**-25%**	**-35%**
Total Scope 1, 2 (MB) and 3		**226,177.8**	**298,710.0**	**348,213.7**	**-24%**	**-35%**
	Out of Scope – Biogenic	**52.5**	69.0	92.6	-24%	-43%

Emission Intensity Ratios						
Turnover £m		**600.9**	**677.5**	**715.5**	**-11%**	**-16%**
	Scope 1 & 2 TCO_2e / Turnover (£m)	**5.0**	2.8	3.2	74%	54%
	Scope 1, 2 & 3 TCO_2e / Turnover (£m)	**376.4**	440.9	486.7	-15%	-23%
Items Shipped		**17.4**	**21.3**	**25.3**	**-18%**	**-31%**
	Scope 1 & 2 TCO_2e / Item Shipped (m)	**171.6**	90.6	91.5	89%	87%
	Scope 1, 2 & 3 TCO_2e / Item Shipped (m)	**12,998.7**	14,023.9	13,763.4	-7%	-6%

1 GHG Protocol: A Corporate Accounting and Reporting Standard and the Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Total emissions from our direct operation (Scope 1 and 2) have increased by 55% compared to last year and 29% against our FY22 base year. This is driven entirely by the increase in our market-based Scope 2 emissions as our energy supplier removed the ability for the Group to procure REGO-backed electricity. We were reverted to their standard tariff partway through the year, which increased our emissions by 1,323.4 tCO_2e. We will move back to a REGO-backed contract at the earliest opportunity, partway through FY25. By FY26 we will be back on track against our Scope 1 and 2 target as we resume the sourcing of 100% REGO-backed electricity.

We have made good progress in reducing our Scope 1 emissions, which have fallen by 14% compared to last year and 28% against our base year. Much of this reduction has come from natural gas, where we have focused on optimising heating systems and schedules to reduce energy consumption. There have been significantly fewer refrigerant gas leaks on our air conditioning systems, which has also contributed to reducing our emissions.

Our internal haulage fleet has seen less activity this year because of lower import volumes. We have also continued to focus on driver training to improve fuel efficiency, further reducing our emissions. The impact of company vehicles continues to decrease as we have transitioned our pool cars to electric vehicles and have increased the number of EVs in our van fleet, with two out of three being electric.

We have also taken the strategic decision to streamline our distribution operations and move from our Hadfield Distribution Centre to a modern, energy efficient unit in Heywood which will help drive further reductions in our operational GHG emissions once fully operational in FY25.

The majority of our Scope 3 emissions (98%) arise from the products and services we purchase, the associated transportation and distribution of products to our customers, the use of products that directly consume energy and the end-of-life treatment of all sold products. All other Scope 3 are associated with operational emissions, such as business travel, waste generated in operation and employee commuting emissions. These emissions account for the remaining 2% of our GHG inventory.

Our largest Scope 3 emission source, Purchased Goods and Services has fallen by 25% against last year and 37% against the base year. We have reduced our spend on GFRS this year as we have focused on selling from existing stock which has resulted in lower emissions. Emissions associated with the use of sold products have fallen by 21% compared to last year (26% lower compared to FY22) as we have sold less products that directly consume energy. As we have sold less product, our end-of-life treatment emissions have also fallen year-on year.

Our upstream transportation and distribution emissions have fallen by 50% compared to last year (62% against the base year). We have purchased less product year-on-year as well as experiencing a shift in product mix, as we seen a reduction in the volume of products purchased across categories such as home and furniture. We have seen a significant reduction in emissions from airfreight due to changes we introduced to reduce costs and emissions. Airfreight is used as a last resort and, in cases where it is necessary, buyers will split shipments to just deliver what we need via air with the remainder to follow on later as sea freight.

Downstream transportation and distribution emissions have increased significantly compared to last year but remain immaterial overall. We have increased our use of partnerships where other retailers sell our product through their retail outlets and channels, and we account for a portion of their Scope 1 and 2 emissions.

In terms of our operational Scope 3 emission sources, business travel has increased significantly compared to previous years as Covid-19 travel restrictions have been lifted. Air travel has also increased this year but remains much lower compared to the pre-Covid-19 period.

INDIRECT USE OF SOLD PRODUCTS

We have estimated the indirect emissions associated with the use of our products, such as the washing and drying of textile and apparel products and the use of cookware such as pots and pans over their useful life. Under the GHG protocol, the reporting of indirect-use phase emissions is optional, and they are excluded from our proposed science-based target.

We have not included these emissions within our overall inventory or within our emission reduction targets as there are limitations on what we can do to drive emissions reductions in this area.

We do, however, plan to engage with our customers on how they can use and care for our products more effectively so we can reduce the in-use emissions and increase the lifespan of our products.

	FY24	FY23	FY22	FY24 vs FY23	FY24 vs FY22
Indirect Use Emissions (tCO_2e)	**82,013.0**	98,346.9	124,333.3	-17%	-34%

CARBON DISCLOSURE PROJECT

We continue to disclose annually to the CDP, a global environmental disclosure system. At the request of our investors, we are asked to respond to the climate change, water securities and forests modules. We received a management-level score (B Grade) across all three modules for our responses in 2023, demonstrating that we are addressing our environmental impacts by ensuring good environmental management practices.

STREAMLINED ENERGY & CARBON REPORTING STATEMENT

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 requires N Brown Group plc to disclose annual energy and greenhouse gas emissions from SECR-regulated sources. We have disclosed our total GHG emissions for the Group on page 40, including the emission intensity ratios for emissions per item shipped and emissions per unit of revenue.

Our total energy consumption has fallen by 9% compared to last year and 23% compared to FY22. We are committed to reducing our energy consumption to control costs and to reduce our GHG emissions.

Energy Consumption (kWh)	FY24	FY23	FY22
Electricity	9,862,047	10,585,100	12,796,452
Natural Gas	7,982,600	8,986,154	10,243,413
Other Fuels	170,403	181,613	184,417
Transportation[1]	659,973	835,064	1,036,306
Total	**18,675,023**	**20,587,931**	**24,260,587**

1 Transportation includes company owned vehicles and grey fleet.

Our Greenhouse Gas inventory continued

ENERGY EFFICIENCY ACTIONS

We have implemented the following actions to reduce our energy consumption.

- Optimisation of heating systems through reducing temperature set points and ensuring heating is turned off outside of working hours has helped reduce our gas consumption by 11% compared to last year.
- Continued the rollout of electric vehicles across our pool car and van fleet.
- Training of our drivers to improve the fuel efficiency across our fleet vehicles.
- Upgraded lighting to LED as part of the refurbishment works at Griffin House.

NOTED CHANGE IN EMISSIONS FOR PREVIOUS REPORTING PERIODS

During FY24, we have restated aspects of our SBTi baseline FY22 inventory to improve the robustness of our GHG emissions inventory. As a result, the methodology for subsequent years (FY23 and FY24) has also changed to reflect this. These adjustments include a change in emissions factors for Purchased Goods and Services and Capital Goods to UK-specific emission factors published by the Department for Environment, Food & Rural Affairs ('DEFRA'), as well as refinements in the energy consumption values for our Use of Sold Products. In addition, changes were made to this year's logistics (Upstream Transportation & Distribution) calculation methodology to account for the extended route around the Cape of Good Hope as a result of ongoing geopolitical tensions in the Suez Canal. As part of our commitment to reduce our emissions, we will continue to review and improve our GHG calculation methodologies over time.

EXCLUSIONS

We took ownership of the Heywood Distribution Centre in January 2024; however, the site is not yet operational and energy consumption is minimal during the fit-out stage. We have excluded these emissions from our FY24 inventory and will include in the FY25 inventory as the site becomes operational.

DATA RECORDS AND CALCULATION METHODOLOGY

- **Natural gas and electricity:** Emissions are primarily calculated based on actual or estimated metered consumption from invoices, meter readings or half hourly consumption data. Where actual metered data is not available, energy consumption has been estimated using historic consumption as a proxy.
- **Gas oil:** Fuel is used in stand-by generators and onsite transport such as forklifts and shunter trucks. Data for onsite transport is calculated using actual fuel usage from invoices and internal records of gas oil deliveries. Generator fuel usage has been estimated using generator fuel demand per hour and activation information.
- **Diesel:** Data is calculated based on actual fuel consumption taken from fuel card invoices.
- **Company cars/vans:** Company car mileage is recorded using a Concur system which records distance travelled, and vehicle information (engine size and fuel type). Pool cars and pool vans (used to transport items between logistics sites) emissions are calculated based on the annual mileage recorded for the vehicles.
- **HFCs:** Refrigeration emissions have been calculated from the F-Gas register or services records where the volume of refrigerant gas lost to the atmosphere during the reporting period is known. Where service records were not available, emissions have been estimated using the screening methodology and an assumed average leakage rate.
- **Waste:** Most of the Group's waste (Head Office and logistics sites) is managed by Biffa. Biffa provide a breakdown of weight of waste disposed by N Brown split by waste type and disposal method. For the sites which are not managed by Biffa, waste audits are completed over a week as a sample and figures are annualised.
- **Employee commuting:** Employee commuting habits are captured using an annual staff survey. The results are taken as a sample of all employees and the results are uplifted by the total number of employees to approximate total emissions.
- **Home working:** Some colleagues work from home as per our Hybrid Working model. The emissions associated with home working (e.g., because of lighting, heating and I.T. equipment) have been captured using a staff survey and the results are uplifted by the total number of employees to approximate total emissions.
- **Supply chain logistics:** Internal data and data provided by logistics partners has been used to calculate the supply chain emissions associated with the movement of goods from the factory door through to deliveries to our customers. High level estimates have been used where primary or secondary data was unavailable. UK Government emission factors and supplier specific emission factors, where available, have been utilised. In addition, several sea freight journeys were extended to account for the longer routes around the Cape of Good Hope.
- **Business travel (air, rail):** There are two types of air travel carried out by N Brown: traditional business travel and travel for photoshoots. These were both calculated using activity data and 2023 government emission factors. Rail figures are provided by Clarity who provide a breakdown by journey, including distance travelled and journey type (underground / national rail).
- **Business travel (private cars):** Data is calculated for the Group using data logged in our internal Concur system which records distance travelled, and vehicle information (engine size and fuel type) for each business travel expense claimed.
- **Water:** Emissions are primarily calculated based on invoiced water consumption and volume sent for treatment. Where invoices are not available, water consumption and treatment are estimated based on a standard benchmark against full time staff equivalent.
- **Purchased goods and services:** Emissions relating to N Brown's purchased goods and services were calculated using financial spend data and UK-specific emission factors published by DEFRA. Own-brand textile products emissions for FY24 are based on our Textiles 2030 emissions dataset which covers the period January 22 to December 22. The Textile 2030 dataset for 2023 is not available yet, therefore emissions relating to own-brand textile products for FY24 have been calculated using the 2022 dataset and FY24 spend as a proxy.
- **Capital goods:** Emissions relating to the financial spend information for N Brown's capital goods was calculated using the UK-specific DEFRA spend-based emission factors.

- **Use of sold products:** Direct use phase emissions for the use of sold products were calculated from emissions associated with the fuel/energy used from each of these products. Lifetime energy consumption profiles were derived from a UK government survey of household consumption profiles, wattage of equipment, likely usage patterns and lifespan. When calculating the direct emissions of refrigerant items, fugitive emissions were also included in the inventory. A lifetime fugitive emission profile was developed for each type based on emissions from installation and disposal, typical leakage rates and refrigerant type. Indirect use phase emissions were calculated for N Brown's textile-based and cookware products. Estimated weight of products, annual profiles – washing and drying for textiles, and energy consumption for cookware – and product lifespan were developed for each item. As part of the estate rationalisation, we disposed of items from stock as job lots. Where we sold items with a direct use phase, we have included these emissions using the same methodology.
- **End-of-life treatment:** Weight data from N Brown's demand dataset was categorised into different product material groups and later used with the World Input-Output Database ('WIOD') emission factors to estimate emissions associated with each of the products sold. We have accounted for end-of-life treatment for stock items sold as job lots during the current reporting period.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

This section of the Strategic report is in accordance with section 414CA and 414CB of the Companies Act 2006, the following table summarises where you can find further non-financial and sustainability information in our Annual Report and Accounts:

Reporting requirement	Relevant policies and documents which govern our approach	Section within the Annual Report to understand more about our business and commitments
Anti-bribery and corruption	Anti-Bribery and Corruption Policy Anti-Money Laundering Whistleblowing Policy Gift and Hospitality Policy	Governance report, Leadership and purpose (see page 52)
Business model	N/A	Strategic report, Business model (see page 13)
Environmental matters	'SUSTAIN' Strategy Supplier Charter Animal Welfare Policy Responsible Product Sourcing Strategy	Strategic report, Our approach to ESG (see page 29) Strategic report, Our people (see page 44)
Human rights	Human Rights Policy Modern Slavery Statement Supplier Code of Conduct	Strategic report, Metrics and targets (see page 39) Strategic report, Our people (see page 45)
Our people	Culture Playbook People Risk Policy Gender Pay Gap report Equal Opportunities Policy Health and Safety Policy 'EMBRACE' Strategy	Strategic report, Our business (see page 2) Strategic report, Our people (see page 44) Strategic report, Board engagement with the workforce (see page 27)
Non-financial KPIs	'SUSTAIN' Strategy	Strategic report, Climate-related disclosures (see page 31) Strategic report, Non-financial KPIs (see page 10)
Social matters	'EMBRACE' Strategy	Strategic report, Our people (see page 44)

For more information on our Group policies, visit www.nbrown.co.uk

Our people

EQUITY, DIVERSITY, INCLUSION AND BELONGING

We celebrated the one-year anniversary of our EDI&B strategy, EMBRACE, which sets out our ambition to build a truly diverse workforce, where our colleagues have equal opportunity to succeed, fulfil their potential at work and feel empowered by a true sense of belonging. We were proud to have been awarded the Drapers "Diversity and Inclusion" Award 2023, with the judging panel praising our rounded and compelling plan towards diversity and inclusion, saying "they are a retailer that shows they care". We continued leveraging our partnership with the British Retail Consortium ('BRC') D&I Charter, supporting the aspiration for retail to be a leader in diversity, equity, and inclusion. We also signed up to the All-Equals Charter in partnership with Manchester Pride, a programme to help businesses understand, recognise, and challenge any form of discrimination in the workplace.

Our five communities: LGBTQ+ & Allies, Multicultural & Allies, Intergenerational & Allies, Women & Allies and Accessibility & Allies have steadily increased in colleague membership throughout the year and have expanded to include our Logistics colleagues. In collaboration with all our communities we held our first EMBRACE Fair during National Inclusion Week celebrating all things EDI&B, learning what it means to be part of our communities and the impact they are making in contributing to our culture.

Notable highlights include our Intergenerational & Allies community launching an internal mentoring programme with 18 colleagues, which includes two of our Executive Leadership Team as mentors, and our Women & Allies Community launching a 'Parent Playbook' for leaders to support colleagues in having a positive experience when embarking on family leave. Led by our LGBTQ+ & Allies community, we proudly took part in Manchester Pride 2023 with up to 50 colleagues, family members and friends representing the organisation. We have also partnered with Scope, the disability equality charity aligned to our Accessibility & Allies community, with our job vacancies featuring on their job board and receiving up to 26-weeks support for anyone hired through the charity.

53% of our colleagues are women and 38% of our Executive Team being female, with our new Director of Supply Chain and Chief People Officer joining us at the beginning of 2024. Our 2023 gender pay gap report reveals that our mean pay gap has reduced from 18.9% to 18.3%. Our pay gap can be, in part, attributed to the ratio of men to women in senior roles and the gender make-up of some of our teams.

For FY25 we are focusing on several initiatives to address the gender pay gap within our recruitment, retention, and progression whilst engaging with our Women & Allies community. We'll continue working with the BRC, Manchester Pride and our five communities to ensure an EDI&B lens is applied to our people processes and policies. This will mean further additions to our overall strategy, affect future improvements, and ensure that our actions remain relevant, impactful and aligned to the vision of our business.

WELLBEING

Wellbeing is a core pillar of our colleague engagement strategy and we are focused on ensuring that colleagues feel able to bring their whole and best selves to work.

In FY24 we continued to embed our colleague wellbeing strategy, Bloom, which supports financial, physical, mental and nutritional wellbeing with an online wellbeing centre bursting with tools and resources to help colleagues put their wellbeing first, along with a programme of events held throughout the year. This has included everything from yoga classes, Reiki taster sessions, massages and mindfulness activities, along with coaching webinars, walking groups and more to support colleagues' physical and mental wellbeing.

In view of the continued impact of the cost-of-living crisis throughout the year, this programme has also included a series of financial health workshops, in partnership with HSBC, around topics such as making the most of your money and debt management, as well as pension planning. We've also worked in partnership with the Retail Trust to provide colleagues with the option of a free session with a Financial Advisor.

We have invested in training for our colleague Wellbeing Champions to continually equip them with the tools and knowledge to best support employees. This has included running three sessions throughout the year focusing on: Understanding Menopause; Suicide Response and Prevention; and Understanding Domestic Abuse.

We are proud to have launched a new colleague fertility benefit in FY24 through our partner, Apricity. Work with our Women & Allies Community has led to the introduction of a Menopause Cafe, which launched on Menopause Awareness Day and takes place regularly with external speakers and healthcare professionals focused on providing an opportunity to provide information and support, as well as a safe space for colleagues to chat and share experiences.

Another focus of the Women & Allies community has been in supporting parents in returning from family leave. A Parent Playbook for Leaders was launched to help leaders in supporting their teams and in providing the most positive family leave experience possible.

In FY25 we will continue to build on our wellbeing strategy and offering to continue to be a business that supports colleagues in all areas of their wellbeing.

Our wellbeing offering includes:

- Employee Assistance Programme
- Colleague Support Fund
- Retail Trust financial aid and advice programme
- We Care 24/7 GP access, mental health
- Counselling and financial guidance
- AXA Occupational Health
- Discounted gym membership
- Make a Difference ('MAD') days
- Cycle to Work scheme
- Financial planning tools
- Wellbeing hours
- Walking meetings
- The Menopause Café
- Pilates
- Yoga
- Massage sessions
- Free fruit drops
- Free breakfasts

EMERGING TALENT

We have four pipelines that support growing our talent and investing in the next generation to kickstart their careers: Graduates, Apprenticeships, Industrial Placements, and Work Experience.

In FY24, two Graduates in Digital Technology successfully completed their two-year programme and have since been promoted to permanent colleagues. We now have 12 Graduates who are fully immersed in our business and contributing to the work we do to continue to delight our customers within Digital Technology, Finance, Financial Services and Procurement. We were also proud to have recruited 13 Industrial Placement students for 12-month opportunities across Retail, equipping them with practical experience that will complement the theory and knowledge they are learning at university.

We offer apprenticeships from Level 3 up to Level 7 for those who have left school or college entering the world of work, and for existing colleagues who wish to specialise or progress further within their careers. As debt-free, quality routes into careers, they remain a strategic enabler to enhancing social mobility within the organisation, helping close opportunity gaps, and providing the skills our business needs to succeed. In partnership with Salford City College, we introduced the Level 3 Business Administration apprenticeship across Retail and Logistics establishing ten positions in the organisational structure. This year we have supported 56 colleagues in total across 17 programmes and 20% successfully achieved their qualifications in FY24; the remainder are still in study.

Two of our programmes relate to our Data Academy; unique opportunities for colleagues to become Level 3 Data Technicians and Level 4 Data Analysts, enabling us to drive a data culture and support our ambition of establishing data as an asset to win. In FY24 five colleagues successfully completed the Level 4 Data Analyst programme, 11 colleagues are currently in study, and six colleagues continue their Level 3 Data Technician journey.

We also hosted 34 work experience students in FY24, partnering with local schools and colleges to bridge the gap between education and employment.

We will continue to deliver across all emerging talent streams, with focus on completing and celebrating our Graduates that are due to finish the scheme in October. Reviewing and elevating our apprenticeship offering across key business areas will be a priority, as well as introducing more work experience opportunities in partnership with The Prince's Trust.

ETHICAL WORKPLACE

Our commitment to enabling a fair and safe work environment is at the core of our organisational values. We understand the importance of building trust with our stakeholders, which is why we prioritise the well-being of both the individuals and communities we serve. To ensure this, we adhere strictly to a zero-tolerance policy against discrimination and any form of unacceptable behaviour. This ensures that human rights, labour, environmental, ethical, and legal standards are upheld throughout our operations and supply chains.

As part of our due diligence with suppliers, we have established minimum requirements and expectations aligned with our Supplier Charter and transparency commitment. Last year, we undertook a comprehensive re-onboarding of our supply base to ensure alignment with our terms and conditions, reinstating their commitments and responsibilities.

Through this alignment we also redeveloped our tier mapping system, expanding our visibility of tier two and three suppliers. We aim to have full visibility of our tier two and three suppliers by FY26, better understanding our processing and land use impacts. Through our supplier auditing programme, 94% of our supply base has been successfully graded, and we have reduced our high-risk gradings to 11% while increasing low-risk audit gradings to 39%. This was done through continuous collaborative work with our strategic and significant suppliers as part of our responsible sourcing strategy to ensure their commitment to responsible practises within factories.

Moving forward, we aim to enhance our knowledge and framework within salient risks, reviewing our procedures and guidance, allowing us to minimise risks associated with Modern Slavery and health & safety within the supply chain and internal operations.

Our Whistleblowing Policy serves as a vital reminder to all employees about their rights and responsibilities in identifying and reporting any perceived misconduct within our supply base. Moving forward, our focus is on deepening our grasp of salient risks and enhancing our reporting framework to effectively mitigate exposures related to Modern Slavery and uphold health & safety standards in our supply chain and operations.

For further information on our policies, please see visit our corporate website www.nbrown.co.uk

Our people continued

CHARITY AND OUR COMMUNITY

Our focus in FY24 has been to drive engagement with our colleague-led charity partners – the Retail Trust and FareShare Greater Manchester. Through a variety of fundraising activities, including a Tough Mudder, bungee jump, half marathon and several sample sales, we reached the fundraising milestone of £50,000 just over one year into the partnership.

Our colleagues gave over 500 hours of their time to our charity partners through our Make a Difference ('MAD') day volunteering scheme. Taking part in activities such as gardening and creating an on-site shop at the Retail Trust's residential home in Salford, and supporting FareShare Greater Manchester to provide surplus food to charities and community groups at their distribution centre in Manchester, our MAD day scheme offers colleagues the opportunity to give back to their local community.

As a business with a focus on serving the under-served, we continue to proudly support Smart Works Greater Manchester – a charity helping unemployed women in Greater Manchester to return to work through interview coaching and providing interview and workwear outfits. We provide Smart Works Greater Manchester with the workwear items that they are most in need of for their clients across our inclusive range of products from our JD Williams and Simply Be brands.

As part of Simply Be's patronage to The Prince's Trust, the brand once again marked International Women's Day 2023 by supporting The Prince's Trust's 'Change a Girl's Life' campaign, donating £1 from every item sold within a curated collection. In total £19,069 was raised and donated to The Prince's Trust. We also hosted 12 young people for a week for a 'Get Started in Digital Retail' work experience programme, as part of our partnership with The Prince's Trust. Our Simply Be teams gave the young people a glimpse into all things buying, design and brand – from a deep dive into the brand strategy and writing briefs for our creative team, to designing their own outfits and curating a Simply Be range for AW24 – and allowing us to support the next generation into retail.

In FY25, we'll continue to raise funds for the Retail Trust and FareShare Greater Manchester through a number of key fundraising activities, including the Manchester Marathon, the Peak District 25km Ultra walking challenge and the Manchester Half Marathon. Simply Be will once again support The Prince's Trust's 'Change a Girl's Life' campaign for the third year running, and we'll continue to be a wardrobe partner for Smart Works Greater Manchester.

APPROVAL OF THE DIRECTORS' STRATEGIC REPORT

The Directors' Strategic Report was approved by the Board on 5 June 2024.

Signed on behalf of the Board on 5 June 2024.

Steve Johnson
Interim Executive Chair and Chief Executive Officer