

Climate-Related Disclosures

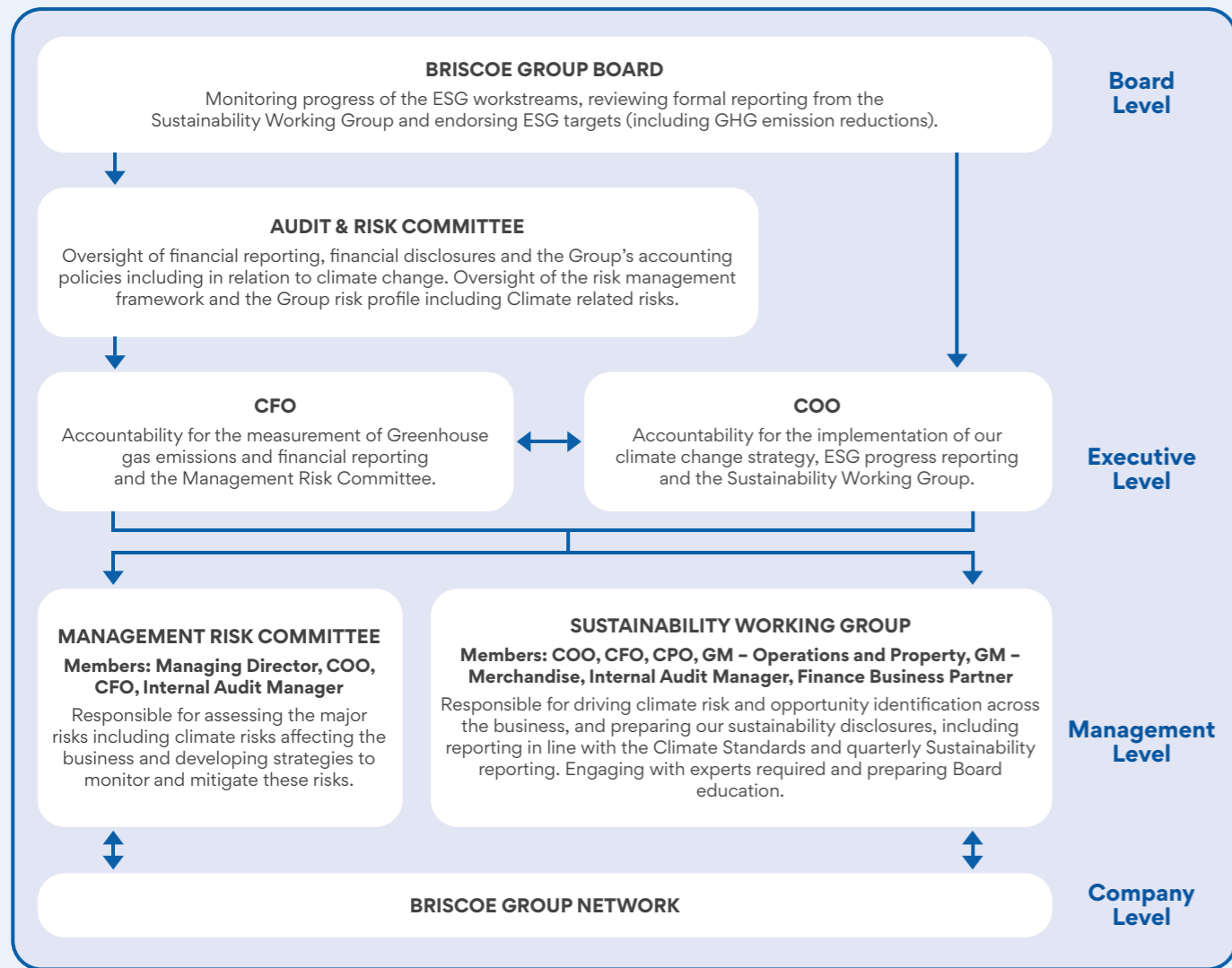
Our inaugural Climate-Related Disclosures on pages 23 to 29 cover our progress between 30 January 2023 and 28 January 2024 and comply with the Aotearoa New Zealand Climate Standards issued by the External Reporting Board. All figures and commentary relate to the full year ended 28 January 2024, unless otherwise indicated.

Briscoe Group is a climate-reporting entity under the Financial Markets Conduct Act 2013.

In preparing its climate-related disclosures, Briscoe Group has elected to use the following first year adoption provisions:

| Adoption Provision | Description |
|---|--|
| Adoption provision 1: Current financial impacts | This adoption provision provides an exemption from disclosing the current financial impacts of the physical and transition impacts identified and from disclosing an explanation of why we are unable to disclose this information. |
| Adoption provision 2: Anticipated financial impacts | This adoption provision provides an exemption from disclosing the anticipated financial impacts of climate-related risks and opportunities reasonably expected by the entity and from disclosing an explanation of why we are unable to disclose this information. It also provides an exemption from disclosing a description of the time horizons over which the anticipated financial impacts of climate related risks and opportunities could reasonably be expected to occur. |
| Adoption provision 3: Transition planning | This adoption provision provides an exemption from disclosing the transition plan aspects of our strategy, including how our business model and strategy might change to address its climate-related risks and opportunities; and the extent to which transition plan aspects of our strategy are aligned with our internal capital deployment and funding decision-making processes. |
| Adoption provision 4: Scope 3 GHG emissions | This adoption provision provides an exemption from disclosing greenhouse gas (GHG) emissions: gross emissions in metric tonnes of carbon dioxide equivalent (CO ₂ e) classified as scope 3. |
| Adoption provision 5: Comparatives for metrics | This adoption provision provides an exemption from disclosing comparative information for each metric disclosed for the immediately preceding two reporting periods. |
| Adoption provision 6: Comparatives for metrics | This adoption provision provides an exemption from disclosing an analysis of the main trends evident from a comparison of each metric from previous reporting periods to the current reporting period. |

Governance



Board Oversight

The Board of Directors has ultimate responsibility for oversight of climate-related reporting and the identification of climate-related risks and opportunities. The Board meets regularly, at least monthly, and during the year ended January 2024 Sustainability became a standing Board agenda item. The Board is updated on a regular basis during these meetings on the management of, and progress against, goals and targets for addressing climate-related issues. In the last year these monthly Board meetings were complemented by three supplementary meetings that were focused on climate-related issues. The Board is supported in this function by the Audit and Risk Committee, to perform a review of Briscoe’s primary business risks and its Risk Management Policy.

Directors hold responsibility for their own continuous education and to keep themselves up to date on relevant climate-related issues. The Board accesses climate-related expertise from within Briscoe Group, and externally where required. The Board requires the Sustainability Working Group (SWG) to provide all relevant information to them and to engage experts where required knowledge is not available within the organisation.

Management’s Role

Briscoe Group Chief Operating Officer (COO) and Chief Financial Officer (CFO) take responsibility for assessing and managing climate related risks and opportunities at a corporate level, supported by the Management risk committee and the SWG.

The Management risk committee meets at least quarterly to identify and assess the major risks including climate risks affecting the business by maintaining a risk matrix which is used to develop strategies to monitor and mitigate these risks. The risk matrix is provided to the Board via the Audit & Risk Committee.

The SWG is responsible for developing, refining, reviewing, and driving the implementation of the Group’s sustainability initiatives and policies, including climate specific risk assessment. The SWG meets monthly or more often if required. Also, as part of the climate-risk assessment process, it meets annually with other members of management to monitor the climate-related risk and opportunities identified. Management report directly to the Board monthly on behalf of the SWG.

Strategy

Although we have started to feel the transitional impacts of climate change on our business relating to increased legislation (specifically the newly introduced NZ Climate related disclosures) and have seen an increase in insurance premiums off the back of climate-related events occurring in NZ, we have been fortunate that the physical impacts experienced by our business have not significantly impacted operations.

We are cognisant some of our team members particularly in Hastings, Napier, Gisborne and parts of Auckland felt the impacts of the severe weather events earlier in the year and we are proud of how our Management team responded to provide support to those impacted, and the way in which our team members worked to ensure our impacted stores could remain open. This year our priority has been on ensuring our business continues to develop an understanding of the risks and opportunities climate change presents.

In the first half of the year, we collaborated with other retail industry participants to co-design a set of integrated climate change scenarios for New Zealand’s retail sector. The sector group chose the following three Network for Greening the Financial System (NGFS) scenarios as the basis for the sector-level scenarios:

| Scenario | Net Zero 2050 (Orderly Category) | Delayed Transition (Disorderly Category) | Current Policies (Hot House World Category) |
|---|--|---|--|
| Description | An ambitious and coordinated transition to a low-emissions, climate resilient future. Stringent climate policies, innovation, ambitious investment, and medium-to-high deployment of carbon removal solutions limit global warming to 1.6°C in 2050 and reducing to 1.4°C by 2100. | Ambitious action is delayed to 2030, followed by sudden and uncoordinated economic transformation. Extensive, stringent and punitive but late government intervention, in combination with some deployment of carbon removal solutions limit global warming to 1.7°C in 2050 and reducing to 1.6°C by 2100. | Current emissions reduction policies are implemented. Current socio-economic trends continue, resulting in 2°C global warming by 2050 and more than 3°C by 2100. |
| Severity of Physical Impacts | Lowest | Low to moderate | Highest |
| Severity of Transition-Related Impacts | Moderate (greatest in short term) | Highest (greatest in medium term) | Lowest (steadily increasing, but also giving businesses more time to adapt) |
| Financial Impact of Supply Chain Distributions | Lowest | Low to moderate | Highest |
| Policy Reaction to Climate Change | Immediate and smooth | Delayed | Current policies only |

A retail sector narrative was formed for each scenario identifying the critical interactions and key outcomes and indicators. These scenarios considered three different time horizons: short (2023-2030), medium (2031-2040) and long (2041-2050) and explored the political, environmental, societal, technological, legal and economic impacts across each potential pathway.

We then engaged external experts to assist us in interrogating these scenarios and performing a Briscoe Group specific risk assessment. This process involved running a number of workshops with the SWG and other key management and had three stages: an initial risk screening of a master list of over 30 risks and opportunities, a baseline risk assessment representing 1.1°C of global warming helping us to identify the current physical and transition impacts we have incurred, and two further scenarios representing 1.5°C and 3.0°C of global warming.

The sector-based time horizons which look out to 2050 were used in the workshops to provide guidance however an important outcome of the workshops was to align risks and opportunities to entity level business planning and investment timeframes of:

- Short-term: one to three years
- Medium-term: three to 10 years
- Long term: > 10years

For the ranking of risks and opportunities at 1.5°C of global warming, the narrative considered was a mixture of the Retail Sector Scenarios for both an Orderly and a Disorderly Transition. Both these scenarios lead to warming being limited to between 1.6°C and 1.7°C by 2050, so physical impacts are similar and seen as being low to moderate.

With the Disorderly scenario, having a delayed transition (i.e., beyond 2030) this meant that transitional impacts are moderate to high, depending on the timing of regulatory and legal interventions. The financial impacts are seen to be low to moderate, and both consumer sentiment and macro-economic conditions are uncertain.

or the ranking of risks and opportunities at a 3.0°C of global warming, the narrative considered is the Hothouse World depicted by the Retail Sector Scenarios. In this scenario, physical impacts are the most severe, as is the financial impact of supply chain disruptions. Transitional impacts are limited as regulation is either not developed or severely delayed.

Using a combination of scenarios was intended to add resilience to the risk assessment process and the resultant strategy as we prepare for inevitable uncertainty in the short to medium-term.

We are a leading New Zealand retailer with a blend of bricks and mortar and online shopping channels, offering our customers the best range of brands at great prices. We pride ourselves on our ability to adapt quickly to the ever-changing retail environment and continue to differentiate ourselves from others in the sector. Our most recent strategy programme has been focused on three key areas – enhancing the customer experience, improving our supply chain and developing new revenue streams. We acknowledge there is still work to be done to ensure we position ourselves to succeed as the global and domestic economy transitions towards a low emission, climate resilient future.

As part of the scenario analysis and risk assessment process we have already begun discussing how we will manage our climate-related risks and realise the opportunities identified. We will engage our external experts again to assist us in formalising a transition plan and ensuring we follow a robust process. As we prepare to extend our strategic plan for another three years, we will ensure that transition planning plays a part in determining our next strategic initiatives.

The top climate-related risks and opportunities we identified below:

| Category | Description | Potential Impact | Potential Financial Impact | Business Response |
|---|--|---|---|---|
| KEY PHYSICAL RISKS | | | | |
| Sustainable Sourcing | With climate-related events increasing globally, this is a significant risk to those who want to source sustainable products. Impact of a changing climate on the availability of raw materials for our suppliers. | Availability of products offered to us from our suppliers. Decreased ability to purchase required levels of inventory. Diversification of product range. | Increased cost of inventory. Decrease in margin/profit. | Working with suppliers to ensure diversity in product ranges and that products are sourced sustainably. |
| Increased storminess/ extreme winds River and pluvial flooding | Increase in storminess (frequency, intensity) including tropical cyclones. Changes in extreme wind speed. Increase in convective weather events (tornadoes, lightning). Changes in extremes: high intensity and persistence of rainfall. Increase in hail severity or frequency. | There will be an increasing incidence of storm events with increasing severity impacting supply chains and operations. Potential store closures. Delays in supply chain. Team and customers unable to get to our stores. | Loss of sales and decrease in profit. Cost of repairs/maintenance to buildings. Increased lease costs. Increased supply chain costs. | Transition planning to ensure resilience to extreme weather events. |
| Global supply chain risk | A main international port is affected (e.g. by storms/or floods). | Unable to get goods to New Zealand. Need to source goods from alternative location. Delays in supply chain. | Loss of sales and decrease in profit. Increased supply chain costs. | Transition planning to build resilience into supply chain. |

| Category | Description | Potential Impact | Potential Financial Impact | Business Response |
|--|---|--|---|--|
| KEY PHYSICAL RISKS (CONTINUED) | | | | |
| Sea-level rise leading to coastal and estuarine flooding | Relative sea-level rise (including land movement). Change in tidal range or increased water depth. Permanent increase in spring high-tide inundation. Rising groundwater from sea-level rise. | Sea level rise of 0.32m could impact specific locations and increase losses due to flooding. Potential store closures. Delays in supply chain. Team and customers unable to get to our stores. | Loss of sales and decrease in profit. Cost of repairs/maintenance to buildings. Increased lease costs. Increased supply chain costs. | Work under way to identify at risk catchments. Transition planning to mitigate risk. |
| KEY PHYSICAL OPPORTUNITY | | | | |
| International influences from climate change and greenhouse gas mitigation preferences | Immigration from Pacific and other Island countries (disaster responses, development). Migration will increase and New Zealand will increasingly be seen as a safer destination, increasing staff availability and product demand. | | Increase in sales and increase in profit. Greater access to labour due to growing population. | |
| KEY TRANSITION RISKS | | | | |
| Regulatory & Legal | With a global focus on decarbonisation, the increase of additional regulation and/or ratcheting of current requirements could have a significant impact on global supply chains and domestic regulation. Increased legal activity and costs due to climate activism and/or sector positioning. | Increasing complexity requiring allocation of time and resources. Increased demand on resources to ensure compliance. Increased demand on resources to dispute any claims made against company. | Increased indirect (operating) costs and impact on margin. Increased cost of corporate compliance. Cost of potential fine, sanction or claim. | Allocated appropriately skilled internal resource. Engaging experts where necessary to ensure compliance. |
| Insurance | Maintaining existing or gaining new or additional insurance cover may become harder due to increased climate risk. | Potential inability to gain insurance. May be unable to achieve the level of cover desired. | Increased cost of insurance. Increase in cost of Directors & Officers Liability insurance. | Working closely with insurers to maintain cover. |
| Changing consumer preferences | Consumers are increasingly aware of their role in decarbonisation, and this is reflected in shopping habits and demand for low-carbon products. | Reduction in sales due to customer preference diverted to low carbon products not stocked. Need to diversify product offering to include low carbon products. Need to transition to supply of lower carbon products. | Decrease in sales. Increase cost of goods. Reduction in profit. | Working with suppliers to ensure carbon reduction targets set. Ensuring product offering reflects current market demands. |
| Business Reputation | Potential for reputational damage due to slow or perceived lack of response to climate change risks. | Reduction in investor confidence. Portrayed poorly in the media. Customers choosing to shop with competitors. | Increase cost of capital. Decrease in sales. Reduction in profit. | We have set carbon reduction targets. Transition planning underway. |
| Global supply chain | Decline in NZ Exports causes a decrease in shipping availability for imports. | Unable to get goods to New Zealand. Need to source goods locally. Delays in supply chain. | Loss of sales and decrease in profit. Increased cost of goods. Increased supply chain costs. | Transition planning to build resilience into supply chain. |
| Metrics & Targets | Completeness of emissions profile. Commitment to emissions reductions or NetZero targets. Emissions intensity of the organisation and achievement of reductions. Ability to decarbonise, cost of decarbonisation. Highly reliant on suppliers to meet scope 3 reduction targets. | There will be increasing scrutiny on organisational disclosures and performance in decarbonisation. Completeness of scope 3 data and inherent limitations. Difficult supplier relationships if they are not doing their bit to reduce emissions. Inability to meet emissions reduction targets. | Increased cost of compliance. Additional cost of carbon reduction/mitigation. | Carbon reduction road map developed. Program of work to improve quality of scope 3 data. |

| Category | Description | Potential Impact | Potential Financial Impact | Business Response |
|-----------------------------------|---|--|----------------------------|-------------------|
| KEY TRANSITION OPPORTUNITY | | | | |
| Markets and Products & Services | New market opportunities (diversification). Opportunity to develop/source and market low-carbon products and services. | Completeness of emissions profile. Commitment to emissions reductions or NetZero targets. Emissions intensity of the organisation and achievement of reductions. Ability to decarbonise, cost of decarbonisation. Highly reliant on suppliers to meet scope 3 reduction targets. | | |

Risk Management

This year the SWG performed their first climate-related risk assessment based on the process described in the strategy section above. This process will be repeated on at least an annual basis to ensure the identified risks, opportunities and management responses stay relevant and complete, and to help us build resilience in our response to climate change.

The scope of the climate-risk assessment was Briscoe Group Support Office, our Briscoes Homeware and Rebel Sport store networks across Aotearoa New Zealand and our distribution centres. Consideration was also given to the wider value chain (our suppliers and distribution networks) as they have been, and will continue to be, affected by physical changes to the climate.

The time horizons utilised in the climate-risk assessment process were:

- Short-term: one to three years
- Medium-term: three to 10 years
- Long term: > 10years

Our existing Briscoe Group risk assessment framework was used to determine risk ratings for the identified climate related risks. Using our existing framework facilitates the inclusion of climate-related risks into our existing risk management process and for comparability of climate-related risks with other types of risks within our business.

Risks are prioritised using a 5x5 Risk Matrix consisting of two main dimensions: likelihood and Impact. Likelihood refers to the probability or chance of a risk occurring, while Impact relates to the potential severity or consequences of that risk. Principal risks identified from our climate-risk assessment process have now been incorporated into our corporate risk register. We define principal risks as those with a substantive financial or strategic impact on the business, medium/high likelihood of occurrence and medium/high potential impact on our performance. Our risk register tracks:

- Description of the risk
- Inherent risk and residual risk
- Risk profile (evaluation enabling prioritisation)
- Mitigations
- Board Oversight (monitoring)

The Management Risk Committee, comprising the Managing Director, Chief Financial Officer, Chief Operating Officer, and Internal Audit Manager review the risk register at least quarterly and risk reporting is presented to the Audit & Risk Committee at least six-monthly.

Metrics and Targets

Greenhouse Gas (GHG) Emissions

Briscoe Group’s GHG emissions inventory has been prepared in accordance with the Greenhouse Gas Protocol’s Corporate Accounting and Reporting Standard and ISO 14064-1:2018 - Greenhouse gases Part 1. We have used the operational control consolidation approach. Ministry for the Environment (Mfe) 2023 emissions factors have been used in our calculations.

| | FY23 (Base year) Emissions (tCO ₂ e) | FY24 Emissions (tCO ₂ e) |
|---|---|-------------------------------------|
| Scope 1 | 212 | 174 |
| Scope 2 | 2,531 | 1,470 |
| Total Reported Emissions | 2,743 | 1,644 |
| tCO₂e per \$1m of Sales revenue | 3.49 | 2.08 |

The Group’s Scope 1 & 2 emissions decreased by 40.08% compared to our 2023 base year. Most of the reduction in scope 1 emissions is attributable to a reduction in use of LPG fuels with the gradual transition of our LPG forklift fleet to electric. Although work is underway to reduce our electricity consumption, we note the majority of the reduction in our scope 2 emissions is attributable to the fact the 2023 Mfe emission factors were significantly lower than historical years due to lower use of fossil fuels and an increase in renewable energy generation on the national grid.

This year we have set the following Greenhouse gas reduction target: Briscoe Group commits to reduce absolute scope 1 and 2 GHG emissions by 50% by 2030 from a 2023 base year and will work to net zero emissions by 2050.

Our target was developed by a third party and approved by the Board in November 2023, based on the Science Based Target initiative (SBTi) guidance at the time.

Scope 3 Emissions

Consistent with retailers globally we have identified that scope 3 emissions make up the majority of our overall emissions profile. These emissions are difficult to measure and influence as they are outside our direct control and span complex interconnected supplier networks and geographies.

We have already made significant progress working with appropriately qualified experts to determine what makes up these emissions and how we can engage with our suppliers to reduce them.

We have identified that the categories for which we have the most work to do are **Category 1: Purchased goods and services and Category 11: use of sold products**. Until we can uncouple the growth of our business and emissions, a challenge faced by many companies and economies globally, we can expect these emissions to continue to increase overall in the short term.

Given the complexity of the scope 3 calculations there is considerable work ahead of us. In the coming year, we aim to deepen our understanding of our Scope 3 emissions profile and improve the quality of the data and assumptions used in our calculations, as well as set an appropriate Science based reduction target for scope 3 emissions. We will disclose our Scope 3 footprint along with our reduction target in next year’s climate-related disclosure.

Other Metrics and Targets

We do not currently use an internal emissions price.

As we gain a deeper understanding of our climate related risks and opportunities, this understanding will drive further consideration of the metrics we use to both measure and monitor climate-related risks across our business. These metrics will focus on evaluating the proportion of assets and operations vulnerable to transitional and physical climate risks and aligning business activities with climate-related opportunities.

Management remuneration has not yet been linked directly to climate-related risks and opportunities. As our understanding of our climate-related risks and opportunities evolves and we have developed a clear road map and transition plan, we will look to explore the appropriate weighting this should have on overall management remuneration.