

Sustainability

Our Steps to a Better Tomorrow.

We are proud of the progress we have made over the past year in advancing our sustainability initiatives, with our Sustainability Working Group continuing to drive the business to deliver on our goals and targets.

Driven by the four key pillars of our Sustainability Strategy: Governance, Environment, Our People and Community, this year has focused on solidifying the key processes, frameworks, and responsibilities that will continue to guide us as a company that works to care for our communities, our people, and our environment. As we reflect on the year's achievements, we recognise that our understanding of how best to improve outcomes for both people and the planet is deepening.

Our sustainability journey remains dynamic, shaped by continuous learning and adaptation. While the following sustainability updates showcase the strides we have made against our Sustainability Strategy, it is important to acknowledge that much work remains. We are actively addressing a number of complex sustainability challenges facing the retail industry, that will require sustained focus.

We are grateful to our dedicated teams who have made substantial contributions to advancing our sustainability agenda. Their commitment has been instrumental in ensuring that we continue to make measurable progress toward a *Better Tomorrow*.

The following updates are presented for each key pillar of our Sustainability Strategy, this year's *Steps to a Better Tomorrow*.



\$1+ million
raised for CureKids



19,040 balls
through the Pass-it-forward program



<1% Difference
in rates of pay on basis
of gender



Diverted 75.74%
of our operational waste
from landfill



5.41% decrease
in Scope 1 and 2 emissions



Governance

Our Goal

To ensure board and management's awareness of key Sustainability issues, implementing effective measures and controls.

Sharing our Sustainability Journey

In response to the growing demand from stakeholders for easy access to our sustainability-related information and reporting, this year we launched a dedicated Sustainability Webpage on our Corporate Website. This new webpage provides stakeholders with our key sustainability information, ensuring they stay informed about our ongoing sustainability journey. The webpage can be accessed at: www.briscoegroup.co.nz/sustainability/

Climate-Related Disclosures

We are proud to present our second year of mandatory Climate-Related Disclosures on page 28-40 of the Annual Report. Improvements to this year's disclosure include elements of the first iteration of our climate transition plan developed with thinkstep-anz and a reasonable assurance opinion over our Scope 1 and 2 emissions.

Enabling Our Team

This year, we have focused on educating and upskilling team members in sustainability by offering in-person training sessions, online learning modules, releasing an internal Sustainability Newsletter and providing regular sustainability updates. We believe improving team engagement is key to strengthening our sustainability efforts and maximising our impact.

Materiality Assessment

At the end of 2024 we began our second Materiality Assessment, with the aim of evaluating and validating our Sustainability strategy and direction. This assessment will ensure that we have an up to date understanding of what our stakeholders view as the most pertinent Sustainability topics to our business. We aim to have this process completed in the first half of the year.

Environment

Climate, Waste & Supply Chain

Our Goal

To take action on climate change and waste across our supply chain. Implement a credible plan to achieve net zero emissions and to reduce waste.

Emissions Reductions

During the year we reduced our overall Scope 1 and 2 emissions by 5.41% and are on track for our 2030 target of an overall reduction of 50% from our FY23 base year. Further details on our emissions and our initiatives to reduce them can be found in the Metrics & Targets section of our Climate-related Disclosures on page 38 of the Annual Report.



This year we utilised Verisio, our chosen ethical supply chain platform, to send an emissions survey to all our trade suppliers to allow us to gain a high-level understanding of where they are at on their emissions reduction journeys. Based on this initial screening, we will be sending more targeted surveys to each supplier to identify exactly what targets have been set and which key groups of suppliers will require more targeted support. Following this, we feel we will be in a position to set an informed Scope 3 Supplier engagement target.

Waste



In FY25 we diverted **75.74%** of our operational waste from landfill



257.2 tonne decrease in operational waste to landfill (FY24: 1,114.6 tonnes)



4.05% increase in our diversion rate (FY24: 71.69%)



Committed to diverting **90%** of operational waste from landfill by **2030**

Working towards a Circular Economy

As waste continues to be a pressing issue for the retail industry, it is clear that embedding circular economy principles into our business is critical to tackling our waste. Our Circular Economy Roadmap is well progressed and focuses on three key areas: Eliminating Waste, Supplier Collaboration, and Customer Engagement. We are still working through exactly what the appropriate targets and milestones are in this program given the complexities faced in the New Zealand market, however, this year we have set a target to divert 90% of our operational waste from landfill by 2030.

Over the next 12 months we will focus on:

- Expanding waste reduction initiatives.
- Strengthening waste tracking and reporting to measure progress and drive continuous improvement.
- Developing and trialing circular initiatives in select stores.
- Collaborating with suppliers to better understand circular capabilities, explore future innovations, and identify partnership opportunities for sustainable solutions.

Product Returns Recovery

Following the initial implementation of our Product Returns Program in Christchurch in late 2023, the program, in partnership with EcoCentral and All Heart NZ, is now active in Christchurch, Auckland, and Wellington. It currently covers 32 out of our 90 stores, with plans to expand to the outer regions.

Through this program, we have diverted over 78,000 kilograms of product returns from landfills, with a portion of these goods being donated to communities in need.

Other Initiatives

In the background we continue to make small changes for a better, more sustainable future including:

- Reusable name badges for our instore team members.
- Phase one of our Re-uniform program: Sending selected old uniforms back to the supplier to be given a second life and offering second-hand uniform options to our team.
- Switching our larger web fulfillment satchels from 100% virgin plastic to 80% recycled plastic, meaning an additional 200,000 satchels per year are made from 80% recycled plastic.
- Removing black film wrap from our web fulfillment process, preventing approximately 90 kilometres of plastic going into the landfill per year.
- Piloting the Nespresso Capsule Recycling program: offering our customers a circular option for Nespresso coffee capsule disposal.
- Refining and streamlining store reporting processes to reduce printing quantities, eliminating approximately 600,000 printed pages per year.
- Kicking off the process to digitise all Employee Files, further reducing our paper printing quantities.
- Engaging in Recycling Week. Releasing x5 Recycling Learning Modules to help upskill our team on crucial recycling practices.





Addressing Modern Slavery Risks: Our Ethical Supply Chain Program

Our Ethical Supply Chain Program, in partnership with Verisio, represents our commitment to upholding Human Rights, preventing Modern Slavery and fostering ethical and sustainable practices throughout our supply chain. Launched in 2023, the program is designed to enforce and uphold rigorous ethical and environmental standards, increase compliance and ensure that the products we stock are produced under fair conditions.

Over the course of this program, we have made significant progress, collaborating closely with suppliers to conduct comprehensive factory audits, address identified risks, and elevate ethical and environmental standards across our supply chain.

Our Ethical Supply Chain program segments our suppliers into three key supplier groups:

1. **Overseas Trade Suppliers** – Where we import products directly to NZ.
2. **Local Trade Suppliers** – Where suppliers supply products to us in NZ.
3. **Non-Trade Suppliers** – Service providers operating locally and internationally.

We have tailored our approach to each supplier group based on a high-level risk screening and feasibility assessment. We have phased our efforts to ensure our programs are comprehensive and adequately mitigate the nuanced issues and risks associated with each group. We endeavour to strengthen each program as our understanding of our supply chain risks evolves.



1. Overseas Trade Supplier

Our initial focus has been on Overseas Trade Suppliers, as this is where we see our key risk lie due to the nature of these trading relationships (often involving direct dealings with factories). For these suppliers, the program requires their declaration of all factories used to manufacture products sold to us, and their provision of a current approved audit (e.g. BSCI, SMETA, Amfori) for each factory. We have made significant progress with these suppliers. Highlights include:

- All active supplier factories (over 200 factories as of year-end) have undergone third-party ethical audits.
- 34% of factories are graded at our lowest risk level, low risk.
- Through the program we have reduced the number of factories graded high risk to 16%. High risk factories will continue to receive support to address identified issues and achieve a lower risk grading, ensuring they meet our compliance standards.

In 2024, we ceased trading with six factories because they either failed to provide an audit report or refused to make necessary improvements to meet our compliance standards. Terminating a trading relationship is considered a last resort, and in cases of non-compliance, we follow a clear process that prioritises engagement and remediation efforts.

2. Local Trade Suppliers

This is the largest supplier group within our program, encompassing a diverse range of trading relationships, including agents, large brands, licensees, and small New Zealand businesses. Given the complexity and varied structures within this group, we identified a Code of Conduct (COC) as the most effective first step to engaging with these suppliers. Unlike our overseas trade suppliers, many of the factories used by these suppliers already fall under established brand audit and due diligence programs.

- Currently, 95% of Local Trade Suppliers have signed our COC, which covers the Ethical Trading Initiative (ETI) base code.
- We are currently engaging the remaining 5%, who have not signed primarily because they have their own brand COC.

As we continue strengthening our Ethical Supply Chain program, we are exploring ways to enhance our due diligence for local suppliers. This includes performing a more detailed risk-assessment to identify the most suitable audit type for each supplier sub-category within this group.

3. Non-Trade Suppliers

Throughout 2024, we engaged our top 50 non-trade suppliers (making up approximately 70% of non-trade spend). These suppliers were asked to complete a comprehensive survey to allow us to evaluate their environmental and ethical risks. Association of Professional Social Compliance Auditors (APSCA)-accredited auditors were then used to assess the responses against our compliance criteria and an initial risk grading was given to each supplier. Following this, these suppliers have been given the opportunity to collaborate with us, to address and improve the identified issues and risk areas. We have been encouraged by the steady progress we have seen in reducing these risk gradings.

Looking Ahead

In FY26 we are working to expand and strengthen our Ethical Supply Chain Program to improve compliance through;

- A rewards and recognition scheme for our overseas trade suppliers.
- Strengthening due diligence of our local ethical supplier program.
- Adding increased ethical and environmental considerations into the non-trade onboarding process.
- Policy implementation.
- Increased training and communication to our internal team and suppliers.



Our People

Our Goal

Ensure we are an employer of choice and a safe place to work where our people can thrive.

Investing in our Team

Investment in our team takes place in many ways, both directly and indirectly. Our Management & Leadership Development Programme continues to be recognised and well received as a valuable aid in building organisational capability in both operational and support roles. FY25 saw a further four cohorts through the programme with a blend of participants from stores and support functions.

We reflect on our financial performance as compared to pre-covid sales and profits, and against which we achieved 20% sales growth alongside an 8% improvement in profit. What isn't obvious is the steady investment which has occurred through a 39% increase in wage rates over this same period. Alongside this, we have maintained stable employment with our team, earning both their understanding and trust that we don't make promises of wage increases that are funded through reductions in headcount or contracted days and hours of work.

Job security means a lot to our team, and we strive to provide certainty in an industry or sector that often leaves workers feeling that their incomes are precarious. This sits at the core of our relationship with our team members, contributing to the strong sense of trust and confidence in our future and is reflected in a further 0.3 growth in our employee engagement score.

Our Retail Management Teams lead over 2,300 of our people throughout our stores. We continue to see an increasing proportion of women in our store leadership roles, along with our commitment to pay equity, resulting in there being less than 1% variation in pay when assessed on the basis of gender across different roles and tiers.

Overall, a broad range of investments in our people, systems and processes are contributing to team member capabilities, competence and confidence. Our team is well placed to drive the business forward and we are excited about the further opportunities that lie ahead with the role our people play in our flagship stores and new Distribution Centre.

VR Manual Handling Training contributing to enhanced Safety Performance

We are incredibly proud of our Virtual Reality Manual Handling programme. This innovative training was piloted in selected sites early in 2024, with further sites added as the year progressed. Our team were a rich source of feedback enabling us to rapidly enhance the programme. The introduction of virtual reality as a toolkit to complement our face to face, online and on demand training has been well received by our team. We are also seeing excellent results demonstrating the impact this technology can have in terms of workplace learning alongside delivering knowledge and skills that are transferable well beyond the workplace. Most importantly we are excited about the potential reductions in the likelihood of injury through manual handling activities, something that has long been an issue across retail and many other industries. This is a terrific example of work that builds both the frontline and the bottom line.

This relentless focus on avoiding injury at work saw further reductions in our Total Recordable Injury Frequency Rate (-61%) and our Lost Time Injury Frequency Rate (-68%).





First Foundation

Our commitment to funding scholarships to support Briscoe Group employees or direct family members continues with an additional four students being awarded scholarships in 2024. Our partnership with this impressive organization has resulted in over 40 scholarships being awarded since 2013 – that's more than 40 individuals having an opportunity to engage in tertiary education and take their steps towards a high wage economy.

We are particularly delighted that the paths our scholars have chosen, reflect a diverse set of future careers including law, commerce, teaching and early childhood education, healthcare, architecture and agriculture. The four-year programme sees Briscoe Group recipients work within the company during their scholarship alongside financial and mentor support.

Our partnership with First Foundation has also seen more of our managers put themselves forward to provide mentoring support to scholars in the wider programme, meaning our reach extends beyond that provided by Briscoe Group. Those providing mentoring support often refer to the learning and growth they experience, not just the satisfaction of helping someone make their way in the world.

These scholarships are proudly co-funded by the RA Duke Family Trust.

Sonder (Employee Wellbeing App)

Over 100 team members have actively used Sonder, a 24/7 holistic care app that provides access to mental health, medical, and personal safety support with an average response time of 10 seconds. Six months after go-live, we achieved a 25% adoption rate across the company.

Mental wellbeing support has been the most utilised feature by our team. Additionally, over 30 team members have received medical care from the Sonder nurses.

Wellbeing scores on our team engagement platform Peakon increased by 0.2 within the first quarter of Sonder being introduced and over 60 team members provided comments praising the app, noting its positive influence on their daily lives.

Introducing Sonder represented a significant additional investment in support of the physical and mental wellbeing of our team and we are delighted that the team are both making use of it and appreciate its value.

Aston Moss
Chief People Officer