THE WAREHOUSE GROUP CLIMATE-RELATED DISCLOSURES REPORT FOR THE REPORTING PERIOD 31 JULY 2023 TO 28 JULY 2024

THE WAREHOUSE GROUP

thewarehouse

warehouse stationery

noel leeming

2024

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Cover image: Lodestone Energy. Located in the far north near Kaitaia, Kohirā is Aotearoa's first utility-scale solar farm to supply the national grid. The electricity supply for 26 of our stores and sites across Northland, Auckland and Waikato was switched to this solar farm in February 2024.

1.1 Message from the Chair & CEO

"We have seen firsthand the disruption extreme weather causes for our customers, our communities, and our own business and as one of New Zealand's largest companies we acknowledge we have an important part to play in tackling this challenge."

Dame Joan Withers
DNZM, MBA, CFinstD
Chair – Independent Non-Executive Director

John Journee
BCom, CFinstD, MAICD
Interim CEO – Executive Director

Tēnā koutou katoa

We are pleased to present The Warehouse Group's inaugural Climate-related Disclosures Report in accordance with the External Reporting Board's (XRB) Aotearoa New Zealand Climate Standards (NZ CS). This report lays out our company's climate risks and opportunities, the impact of these, and our commitment to transition to become a lower-carbon, more resilient business.

The last couple of years have been a real wake-up call about climate change here in Aotearoa New Zealand. From the terrible floods in Auckland to the wild weather Cyclone Gabrielle brought to our East Coast, it is clear that a warming planet is not something far off in the future – it is affecting us right now.

We have seen firsthand the disruption extreme weather causes for our customers, our communities, and our own business and as one of New Zealand's largest companies we acknowledge we have an important part to play in tackling this challenge.

In 2021 we set a bold goal to reduce our Scope 1 and 2 emissions by 42% by 2030 (compared with our 2020 base year) and reach zero emissions by 2040. We are making progress.

In FY24 our Scope 1 and 2 emissions[1] for our New Zealand sites decreased 30.4% compared with FY23 and decreased 29.8% compared with our 2020 base year.

Switching to renewable energy is a major part of our climate plan. In September 2023, we signed a historic long-term agreement with Lodestone Energy that will see all our sites across Aotearoa New Zealand become powered by Lodestone Energy's new solar farms as early as 2026. As at the date of this report, 63 of our stores and sites have converted to being powered by solar energy. We are on track to convert all our sites to solar, and achieve zero Scope 2 emissions by 2026.

While we have made strides in reducing our direct emissions, we estimate that over 90% of our climate impact comes from our Scope 3 emissions – those outside our own operations and within our value chain.

We have made some headway to better understand, and measure, our full Scope 3 emissions. This year we have started the process of measuring our full Scope 3 emissions (including those from our supply chain) and will share all the details in FY25 in accordance with NZ CS1.

We are committed to working closely with our suppliers to help them lower their carbon footprint and build a more sustainable supply chain to make a difference for our business and the planet.

This report is another step in our climate journey. We would like to thank and acknowledge our New Zealand retail peers for their participation in the New Zealand retail sector's scenario-setting process in 2023 which formed the start of this journey.

We look forward to the next 12 months as we make further progress on our assessment and reporting of our own climate-related risks and opportunities, the quantification of these, and drafting our transition plan to tackle what's next.

This Climate-related Disclosures Report was authorised for issue for and on behalf of our Directors on 25 September 2024.

Ngā mihi nui

Dame Joan Withers – Chair

John Journee – Interim CEO

1. Absolute market-based Scope 1 and 2 emissions; 2020 emissions have been restated to market-based emissions.

1.2 About this report

Reporting entity

This is The Warehouse Group's ("the Group") first Climate-related Disclosures (CRD) report, in accordance with the standards published by the External Reporting Board Aotearoa New Zealand for the period of 31 July 2023 to 28 July 2024.

The scope of the reporting entities in this report aligns with the Group's accompanying 2024 Annual Report for the same period which can be found at https://www.thewarehousegroup.co.nz/investor-centre/company-reports.

Basis of preparation

These climate statements have been prepared in compliance with the Aotearoa New Zealand Climate Standards NZ CS 1, NZ CS 2 and NZ CS 3, published by the External Reporting Board. We have applied the first reporting period adoption provisions as permitted by the Adoption of Aotearoa New Zealand Climate Standards (NZ CS 2). For more details, refer to Appendix 1.

Date published

This report was published on 26 September 2024, and is available on The Warehouse Group website at https://www.thewarehousegroup.co.nz/investor-centre/company-reports.

Disclaimer

This report contains disclosures that rely on early and evolving assessments of current and forward-looking information, incomplete and estimated data, and the Group's judgements, opinions and assumptions. As such, this report reflects the Group's present understanding and/or best estimates of current and future climate-related events, risks, opportunities, impacts and strategies as at the date of publication of this report. However, the Group cautions reliance on aspects of this Report which is necessarily subject to significant risks, uncertainties and/or assumptions.

In particular, this report contains forward-looking statements, including climate-related goals, targets, scenarios, ambitions, risks and opportunities, as well as statements of the Group's intentions, estimates and judgements. Forward-looking statements are not facts and require us to make assumptions, forecasts and projections about the Group's present and future strategies and the environment in which the Group will operate in the future, which are inherently uncertain and subject to limitations. For example, there are limitations associated with the available data, and some information on which the statements in this report are based is likely to change over time. The Group has sought to provide a reasonable basis for forward-looking statements and is committed to improving the quality and completeness of its data and methodologies, but is currently constrained by the novel and developing nature of this subject matter.

Forward-looking statements, including risks and opportunities described in this report, and the Group's strategies to achieve its targets, might not eventuate or might be more or less significant than anticipated. New risks and/or opportunites may also arise over time. Many factors can affect the Group's actual results, performance or achievement of climate-related targets or metrics, and these may differ materially from what is described in this Report, including economic and technological viability, governmental, consumer, and market-related factors which are outside of the Group's control.

Accordingly, the Group gives no representation, guarantee, warranty or assurance about the future business performance of the Group, or that the outcomes or impacts expressed or implied in any forward-looking statement made in this report will occur.

The Group expects that some statements made in this document might be amended, updated, recalculated and restated in future climate-related disclosures as the quality and completeness of its data and methodologies continue to evolve and improve. However, the Group gives no undertaking to update, revise or correct any statements or opinions in this report if events or circumstances change or unanticipated events happen after publishing this report (subject to relevant legal requirements).

This disclaimer notice should be read together with the limitations identified elsewhere in this report, including as described in the metrics and targets scope, limitations, and methodology sections on pages 20–26 of this report.

This report is not an offer document and does not constitute an offer or invitation or investment recommendation to distribute or purchase securities, shares or other interests. Nothing in this report should be interpreted as capital growth, earnings or other legal, financial, tax or other advice or guidance.

Enquiries

If you have any questions or comments regarding this report, please contact investors@thewarehouse.co.nz

1.3 About The Warehouse Group

The Warehouse Group was founded by Sir Stephen Tindall in 1982, and has evolved from a single The Warehouse store, to become one of the largest retailing groups in New Zealand. Our brands include The Warehouse, Warehouse Stationery and Noel Leeming, with currently 218 stores and $3 billion in sales.

We have 218 retail stores across New Zealand, as well as online stores and apps, and our own distribution centres. We also have three overseas sourcing offices located in China, Bangladesh and India. We are a people-centred business with more than 10,000 team members across our locations, serving more than one million Kiwis in our stores each week.

Our aspirational purpose is helping Kiwis live better every day. Our vision guides our aspiration to make sustainable living easy and affordable for everyone, while our values guide our behaviours and rituals.

We're focused on delivering the best products at the best price with outstanding customer experiences to achieve our objectives and to deliver on our long-term strategy and growth for our shareholders and all stakeholders.

OUR PURPOSE

Helping Kiwis live better every day

Ia tangata, ia rā

OUR VISION

To make sustainable living easy and affordable for everyone

Kia ngāwari, kia utu māmā hoki te noho tiaki taiao a te katoa

OUR VALUES

DO GOOD

Mahi i nga mahi pai

We are one team, standing up for our people, our planet and our communities.

THINK CUSTOMER

Whakaarohia te kaiutu

We put the customer first in everything we do.

OWN IT

Kia haepapa

We walk the talk and make things happen.

1.4 Our value chain

A high-level view of key processes across the business

Strategy → Planning → Buying → Sourcing → Moving → Selling

2. Governance

This section describes the role of the Board in overseeing the Group's climate related risks and opportunities, and management's role in assessing and managing climate-related risks and opportunities.

Our approach to climate governance

The Group recognises that robust corporate governance, including the governance and management of climate-related risks and opportunities, is essential for protecting and growing the operations of the Group in the interests of our customers, team members and stakeholders and to create long-term, sustainable returns for our shareholders.

The role of our Board

The central role of the Board of Directors ("the Board") is to set the strategic direction of the Group, to select and appoint the Group Chief Executive Officer (CEO) and to oversee the Group's management and business activities on behalf of our shareholders and stakeholders.

This requires consideration of and engagement with all stakeholders that are critical to our success, including shareholders, employees, customers, suppliers and communities, as determined by the Group and the Board.

The Board has overall responsibility for oversight of risks and opportunities, including those related to climate change. Through the Environmental and Social Sustainability Committee (ESS), the Board sets objectives and targets for climate-related issues and holds management accountable for implementing these through:

- Embedding climate-related risk management within its risk management framework;
- Setting policies by which the Group must comply and report against and
- Setting strategic objectives and sustainability targets with management.

The Audit and Risk Committee supports the Board in its oversight of climate-related risks and opportunites in conjunction with the ESS Committee.

The Board comprises Directors with a mix of qualifications, skills and experience appropriate to the Group's industry, operations and strategic direction, including 'Environment and Corporate Social responsibility experience'. A list of our Directors, the Committees they attend and a comprehensive matrix of skills can be found in the Annual Report on page 79. Ongoing training includes external courses, briefings by senior management and guest speakers on relevant industry and competitive issues, occasional overseas study tours and site visits.

In April 2024, members of our Board and ELT attended Advanced Climate Governance training, designed in collaboration with The Warehouse Group, Chapter Zero and the Sustainable Business Council, specifically for the needs of New Zealand company directors.

The Board meets at least nine times a year. In February 2024, the Board was updated on the Group's climate disclosure workplan.

Environmental and Social Sustainability Committee (ESS Committee)

The role of the ESS Committee is to assist the Board in governing the Group's environmental and social sustainability responsibilities, including setting long-term climate-related objectives and monitoring the implementation and performance of these objectives.

The ESS Committee reviews and approves the Sustainable Living Plan, and Transition and Emissions Reduction Plans which are in development. This covers setting, monitoring and overseeing the achievement of sustainability metrics and targets including management of climate-related risks and opportunities. The ESS Committee also ensures that organisation design and resources are aligned with aspirations. The ESS Committee reviews the Group's annual climate-related disclosures and recommends these for approval to the Audit and Risk Committee.

The ESS Committee meets on a quarterly basis. During FY24, the ESS Committee considered the Group's approach to climate-related governance, climate-related scenarios, including parameters such as scope and timeframes, and the risks and opportunities that had been prioritised. The ESS Committee also had an initial discussion on how the Group's strategy may need to adapt to respond to these prioritised climate-related risks and opportunities.

Audit and Risk Committee (ARC)

The role of the ARC is to assist the Board in fulfilling its risk management and audit responsibilities, and to ensure that appropriate risk management systems are in place and are operating effectively. The ARC supports the Board in its oversight of climate-related risks and opportunities, in conjunction with the ESS Committee.

The ARC meets at least three times each year.

The Warehouse Group Board

Overall governance and constructive challenge

Environmental and Social Sustainability Committee (ESS Committee)

The role of the ESS Committee is to assist the Board in governing the Group's environmental and social sustainability responsibilities, including setting long-term climate-related objectives and monitoring the implementation and performance of these objectives.

Audit and Risk Committee (ARC)

The role of the ARC is to assist the Board in fulfilling its risk management and audit responsibilities, and to ensure that appropriate risk management systems are in place and are operating effectively. The ARC supports the Board in its oversight of climate-related risks and opportunities, in conjunction with the ESS Committee.

Executive Leadership Team

Overall delivery support and preparation of disclosures/reporting

Operational Sustainablility Committee (established September 2024)

Responsible for progressing the Sustainable Living Plan, Transition and Emissions Reduction Plan and sustainability and climate-related metrics and targets across the business and supporting the preparation of associated reporting and disclosures.

Enterprise Risk Management Committee

Responsible for assessing material risks and opportunities including sustainability and climate-related risks and opportunities affecting the Group and monitoring the mitigation of risks and opportunities.

Supporting business workstreams

Team Member Engagement | Supplier Engagement and Innovation | Public Policy Horizon Scanning | Data and External Insights and Foresights

The role of our Management team

Executive Leadership Team (ELT)

The CEO is accountable for the delivery of the company's environmental and social sustainability programme as set out in the Group's Sustainable Living Plan and associated initiatives.

The CEO is supported on the ELT by nominated sponsors, being the Chief Financial Officer (CFO) and Executive General Manager (EGM) Supply Chain and Sourcing (who also acts as the Group's Chief Sustainability Officer). These two individuals are responsible for embedding the sustainability and climate transition and physical risk framework across the business, and sustainability reporting, including the preparation of this Climate-related Disclosures Report.

The ELT is tasked with embedding more sustainable business practices (including management of climate-related risks and opportunities) into everything we do – business strategy, risk management, planning and budgeting.

Operational Sustainability Committee (OSC)

The Group is focused on improvements in its sustainability performance through implementation of more responsible business practices and dedicated initiatives.

In September 2024, we introduced a new Operational Sustainability Committee (OSC) to further embed sustainability into the day-to-day management and operations of the business. The OSC will be responsible for progressing the Group's sustainability strategy (as currently set out in the Sustainable Living Plan), including transition and emissions reduction plans and climate-related targets across the business.

The OSC will be chaired by the EGM Supply Chain and Sourcing and will include members of the ELT, other senior managers and key team members with sustainability and climate-related responsibilities. This will ensure greater ownership of sustainability issues and goals, identify ways in which sustainability initiatives can create greater value, better manage associated risks, and support teams as they advance sustainability and manage climate-related issues in their respective areas of the business.

The OSC will meet quarterly and will report to the Board's ESS Committee, supporting its activities as appropriate and providing updates on the Sustainable Living Plan, emissions reduction and climate-related risks and opportunities, and metrics and targets.

Enterprise Risk Management Committee (ERMC)

The ERMC manages risk identification, assessment, management and mitigation across the business on behalf of the ELT, including climate-related risks and opportunities.

The Group has a risk management framework approved by the ERMC which it applies to all enterprise risks, including climate-related risks. In FY24, the Group's standard risk register tool was updated to allow relevant risks to be highlighted as climate-related risks and to capture information related to transition and physical risks, the risk emissions trajectory, and the risk time horizons. This will help ensure climate risks and opportunities are considered across the business and across short, medium and long-term time horizons.

The ERMC meets quarterly, is currently chaired by the CFO and includes members of the ELT and other senior managers with functional risk and operational responsibilities.

Day-to-day management

Individual business areas and functions are responsible for day-to-day management of climate-related risks and opportunities and progressing sustainability initiatives which are aligned with the Group's Sustainable Living Plan and associated goals.

The Group's Sustainability and Ethical Sourcing team shapes the Group's sustainability strategy, policy development and longer-term planning. The team is led by the GM Sustainability and Ethical Sourcing who reports to the EGM Supply Chain and Sourcing. The team plays a critical role in creating awareness, educating and partnering with the business on sustainability initiatives, including identifying risks and opportunities. The team acts as secretariat to both the OSC and the ESS Committee and is responsible for the day-to-day management of the Group's climate-related disclosures and sustainability reporting obligations, including the Toitū Envirocare carbonreduce programme.

The team in collaboration with key internal stakeholders, such as Internal Audit & Risk and Strategy & Corporate Development supports the ERMC in identifying, assessing and managing climate-related risks and opportunities.

Management remuneration is not currently linked to sustainability performance or management of climate-related risks and opportunities.

3. Strategy

This section describes the scenario analysis that the Group has undertaken, the climate-related risks and opportunities identified to date, our current and anticipated impacts of climate change, and how we plan to position our business towards a low-emissions, climate-resilient future.

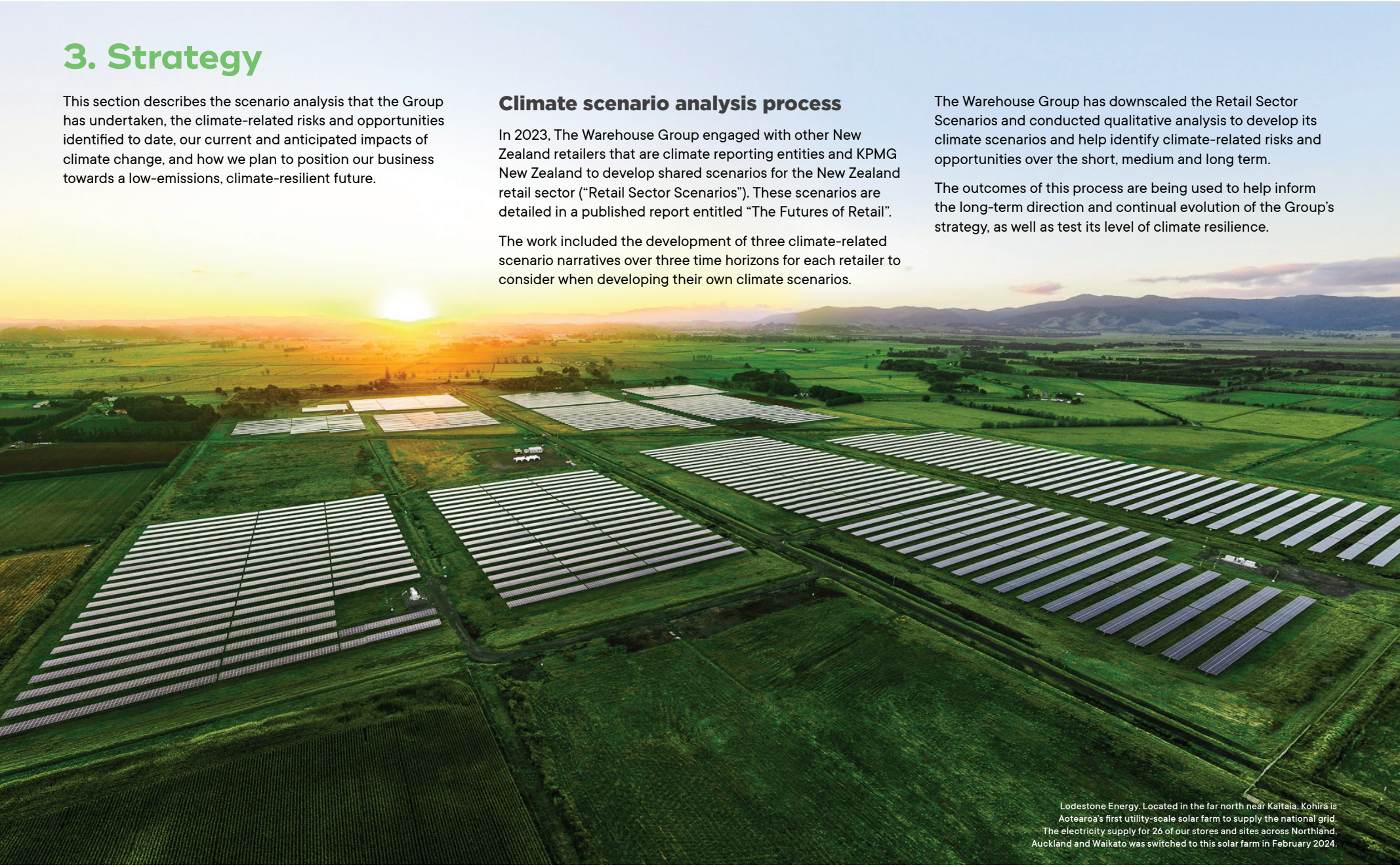
Climate scenario analysis process

In 2023, The Warehouse Group engaged with other New Zealand retailers that are climate reporting entities and KPMG New Zealand to develop shared scenarios for the New Zealand retail sector ("Retail Sector Scenarios"). These scenarios are detailed in a published report entitled "The Futures of Retail".

The work included the development of three climate-related scenario narratives over three time horizons for each retailer to consider when developing their own climate scenarios.

The Warehouse Group has downscaled the Retail Sector Scenarios and conducted qualitative analysis to develop its climate scenarios and help identify climate-related risks and opportunities over the short, medium and long term.

The outcomes of this process are being used to help inform the long-term direction and continual evolution of the Group's strategy, as well as test its level of climate resilience.



Lodestone Energy. Located in the far north near Kaitaia, Kohīrā is Aotearoa's first utility-scale solar farm to supply the national grid. The electricity supply for 26 of our stores and sites across Northland, Auckland and Waikato was switched to this solar farm in February 2024.

Scenario development process

To downscale and assess the Group's climate scenarios, we held a series of workshops that were based on the XRB's Entity-Level Six-Step Scenario Analysis process. These workshops involved key internal stakeholders across the Group's value chain who set the the focal question, scope, time-frame and identified the material risks and opportunities for our three scenarios.

The process was a stand-alone analysis, no modelling was undertaken, and it was not integrated into our usual strategy processes. Looking ahead, these scenario outcomes will be considered to inform our long-term strategy planning.

The scenario development process was primarily managed internally to ensure ownership of both the process and its outcomes. KPMG was engaged to provide an external perspective during one of our workshops, where we identified and defined key driving forces.

Governance process

The governance process used to oversee and manage the scenario development process included having key ELT members participate in our climate scenario workshops (see above). The ELT's role was to ensure our most material climate-related risks and opportunities were considered.

On two separate occasions in FY24 the ERMC reviewed the likelihood and impact of our most material climate-related risks and opportunities, as well as the management of these risks.

The ESS Committee maintained continuous engagement with management throughout the scenario analysis process. This ongoing dialogue was instrumental in identifying and sense checking our climate-related risks and opportunities, including establishing strategies to mitigate these risks.

Steps 1 and 2 **Engaged internal stakeholders and defined the problem**	We engaged internal key stakeholders who play a critical role in governing and managing our value chain.
Step 3 **Identified and prioritised driving forces**	Driving forces (also known as 'drivers') are typically broad-scale factors that influence the direction of future change. These were discussed across Political, Economic, Social, Technological, Legal and Environmental ("PESTLE") driving forces.
Step 4 **Selected outcomes and pathways and drafted narratives**	We used publicly available Scenarios, including the Network for Greening Financial System (NGFS), Intergovernmental Panel on Climate Change (IPCC), and the New Zealand Climate Change Commission (CCC) Scenarios.
Step 5 **Drafted Narratives**	Our narratives follow a clear internal logic consistent with the Retail Sector Scenarios, and applied to the Group's drivers, outcomes, and pathways.
Step 6 **Reviewed and finalised the scenarios**	Checked the scenarios are consistent and fit for purpose, then documented our process and methodology in a full report.

Our assessment centred around key focal questions

How could climate change plausibly affect our business performance and financial results?
What should we do, and when?

THE WAREHOUSE GROUP CLIMATE SCENARIOS

CATEGORY	SCENARIO 1: ORDERLY	SCENARIO 2: DISORDERLY	SCENARIO 3: HOT HOUSE
Scenario	Net Zero 2050	Delayed Transition	Current Policies
Intergovernmental Panel on Climate Change (IPCC) - Shared Socio-economic Pathways (SSP)	SSP1–1.9	SSP 1–2.6	SSP 3–7.0
New Zealand Climate Change Commission (CCC) scenarios	Tailwinds	Headwinds	Current policy reference
Policy Reaction to Climate Change	Immediate and smooth	Delayed to fast uncoordinated change	Slow change
Technology Change	Fast change	Slow to fast change	Slow change
Consumer Sentiment	Rapid reorientation towards sustainable lifestyles, as characterised by a focus on wellbeing and conscious consumption	Current trends continue to 2030, then abruptly transition towards sustainable lifestyles as the physical impacts of climate change (and biodiversity loss) hit home	Current consumption trends continue, including the adoption of more sustainable lifestyles by successive generations
Physical Risk	Moderate	Moderate	Extreme
Transition Risk	Low to moderate	High	Low
Summary	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 1.4°C by 2100.	Ambitious action is delayed to 2030, followed by sudden and uncoordinated economic transformation. Extensive, stringent and punitive government intervention, but late government intervention, in combination with some deployment of carbon removal solutions, limits global warming to 1.7°C in 2050 and 1.67°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.

Scenario narratives

Orderly Scenario – Net Zero 2050

Overview:

New Zealand's retail sector is nearly unrecognisable. Traditional retail business models based on the rapid churn of consumer goods are no longer business as usual. Retailers have transformed their business models to purposefully promote and support conscious consumption.

Structural forces:

Data is omni-present throughout retail value chains, from sourcing, to point of sharing and/or sale, to end-of-life. This enables retailers, their partners and customers to make informed decisions about what they buy, how they buy and from whom in order to minimise their carbon footprint.

Society:

As generations that have grown up within the context of an interwoven climate and biodiversity crisis gain political, economic and cultural power – the world undergoes a seismic shift. A long-term, interconnected view of the world that considers the wider social, cultural and environmental impacts of all we do has become the norm.

Key trends:

- International and domestic policy settings aim to limit total warming by the end of the century to less than 1.5 degrees Celsius.
- Consumption is oriented towards products that use less resources and energy. Consumers are increasingly committed to sustainable lifestyles.
- Society is driven by an increasing commitment to sustainable development goals; inequality is reduced both between and within countries.
- The uptake of sustainable technologies [e.g. renewable energies and carbon capture and storage], as well as technologies to better manage climate-related risks, is fast.

Disorderly Scenario – Delayed Transition

Overview:

The world shifts late and abruptly to a more inclusive and sustainable development pathway that respects environmental boundaries. Management of the shared natural resources eventually improves but needs to make up for decades of lost action. Large New Zealand based retailers that have adapted to the rapid changing forces have transformed their role in the economy from pushing conspicuous consumption to purposefully promoting and enabling conscious consumption.

Structural forces:

To compensate for yet another lost decade, government regulation is far more extensive, invasive and punitive than under a Net Zero 2050 scenario. Materials and energy are increasingly expensive worldwide, but particularly in New Zealand and other small countries, driving up the cost of goods and services.

Society:

A long-term, interconnected view of the world that considers the wider social, cultural and environmental impacts of all we do has become the norm. However, New Zealand's delayed, abrupt and highly disruptive transformation has taken a heavy toll on consumers' mental wellbeing.

Key trends:

- National and domestic policy settings fail to halve greenhouse gas emissions by 2030 but succeed in reaching net zero emissions by 2050.
- Consumption reorients belatedly and suddenly towards products that use less resources and energy.
- Society is driven by an increasing commitment to achieving overdue development goals; inequality is eventually reduced across and within countries.
- The uptake of sustainable technologies is slow until 2030 and then extremely fast.

Hot House Scenario – Current Policies

Overview:

This is a divided world that refuses to cooperate and confront the non-negotiable realities of environmental boundaries. Instead, countries focus on their short-term domestic best interests, resulting in persistent and worsening inequality and environmental degradation. New Zealand's retail sector has made steady but only incremental improvements in its environmental and social sustainability. Consumers can access detailed information about products' environmental and social footprint, but most don't. Instead, price, social status, and point of origin are primary purchase considerations.

Structural forces:

Worldwide degraded soils, limited investment and chaotic weather are placing significant strain on production and affordability. As global supply chains become brittle, the complexity and cost of importing retail goods has risen – posing particularly significant challenges to importing products.

Society:

Amidst all the evidence of accelerating environmental and societal decay, the majority of consumers do little to demand any substantive change from government and industry to address the climate issues.

Key trends:

- International and domestic policy settings fail to halve greenhouse gas emissions by 2030 or reach net zero emissions by 2050.
- New Zealand consistently fails to meet its emissions budgets, instead relying on international offsets.
- The Government of New Zealand increasingly focuses on adaptation to the physical impacts of climate change rather than action to reduce emissions.
- While an increasing number of consumers are concerned about sustainability, purchase patterns and consumer surveys indicate that most remain wed to resource and energy-intensive lifestyles.

Rationale for these scenarios

The framework architectures of the Orderly, Disorderly and Hot House scenarios developed by the retail sector are based on an internally coherent set of socio-economic assumptions, decarbonisation pathways, and climate change projections. Following the NZ CS guidance, this architecture combines distinctive and diverse higher-level, publicly available scenarios and projections to provide broad guidelines.

The Group's first scenario, Orderly decarbonisation, and third scenario, Hot House, align with the mandated NZ CS scenarios. We selected our second scenario, Disorderly, to represent a challenging future for our business and industry as it is designed to explore a disrupted climate transition. These scenarios are consistent with the retail sector scenarios (but downscaled for TWG's own business), and therefore support comparability with the disclosures of other retailers. No further scenarios have been explored.

Scenario boundaries and time horizons

The climate-related scenarios have been limited to the following boundaries when assessing the scope and materiality of climate-related risks and opportunities.

For easy comparability for primary users, we have applied the same time horizons as was agreed with the New Zealand retail sector, as documented in The Futures of Retail Report. The Group has used these time horizons for both undertaking its scenario analysis and characterising the climate-related risks and opportunities it has identified as short, medium or long-term.

PARAMETERS	BOUNDARIES	RATIONALE
Geography	New Zealand China Bangladesh Australia	New Zealand is where our 221+ sites are located for the Group and comprise 10,000 team members. Together, New Zealand, Australia, China and Bangladesh make up more than 80% of our sourced products.
Retail categories	Fast-moving consumer goods Slow-moving consumer goods	We have kept the same category as the Retail Sector Scenarios of FMCG and SMCG to allow for valuable sector-wide insights without requiring overly detailed sub-sector analysis.
Value chain elements	Tier 1 and Tier 2 Manufacturing New Zealand Distribution Retail International Supply-chain Logistics	We have kept the elements from the retail sector scenarios with the addition of International Supply Chain Logistics to account for the impacts from the different countries from which the Group sources products.
Time horizons	**Short-term: 2024-2030**	While the retail sector operates on a one to three year time horizon, 2024-2030 aligns with the New Zealand retail sector scenario setting, as well as the Group's own five-year strategic planning process.
	Medium-term: 2031-2040	We have aligned with the New Zealand retail sector scenario setting, and encompassed the 10-year period between short-term and allowing for a 10-year long-term period up to 2050.
	Long-term: 2041-2050	We have aligned with both international and New Zealand commitments to limit the global temperature increase to 1.5 degrees Celsius above pre-industrial levels, and global ambitions for net zero emissions to be attained by 2050.

Current Transitional and Physical Impacts

The Group understands that climate change is already having an impact on our communities, partners, team members and sites in New Zealand, Australia, China and Bangladesh.

The following key physical and transitional risks have been identified as having an impact on our Group in FY24 reporting period. This list is not exhaustive and excludes impacts we consider to be immaterial.

Transitional Impacts

- Internal resource requirements to meet increasing climate-related reporting obligations.
- Increasing support to our suppliers to meet our Scope 3 emissions reduction targets and transition to a low-carbon future.
- Greater expectations from customers and broader stakeholders to reduce Scope 3 emissions.

Physical Impacts

- Several floods struck China in 2023 and 2024, most because of heavy seasonal rainfall in different areas across the country but did not have a significant impact on our operations (e.g. orders were not seriously disrupted).
- New Zealand weather events in Northland, Auckland, Hawke's Bay and the East Coast have not had any significant long term physical impacts to our sites or operations.

Climate-related risks and opportunities

The table shown on the following pages sets out the key climate-related risks and opportunities the Group has identified against the three climate-related scenarios. To determine the potential impact, these risks and opportunities were assessed against an internal materiality matrix for each scenario and time horizon, evaluating each risk's likelihood and impact on the Group. Other risks and opportunities not meeting the materiality threshold have not been disclosed. However, the Group will continue to monitor the materiality of those risks and opportunities and adjust its disclosures in the future to reflect changes in materiality as required.

Transitional Risks

RISKS AND ANTICIPATED IMPACTS	CURRENT STRATEGIES TO MITIGATE RISK	POTENTIAL FUTURE STRATEGIES TO MITIGATE RISK	TIME HORIZON	ORDERLY	DISORDERLY	HOT HOUSE
Carbon Taxes To meet Nationally Determined Contributions (NDCs) targets (i.e. the Paris Agreement), the New Zealand Government could impose various climate taxes increasing our cost of doing business. In addition, there is a risk that other countries do not impose the same restrictions and the Group's carbon-adjusted products cannot compete.	Lodestone Renewable Energy contract. Assessing and measuring our suppliers' current carbon footprints. Investing in recycled materials in our products. Electrifying our fleet. Post consumer waste recycling programmes in our stores.	Incorporating carbon pricing considerations into long-term strategic planning processes. Working with branded suppliers, and third-party providers to reduce their emissions. Advocating for policy changes that support an orderly transition.	Short-term			
			Medium-term			
			Long-term			
Insurance Premiums Insurance rates surge leading to increased indirect (operating) costs and impact on margin and potentially putting the business in a compromised position where it may have to self-finance situations not covered by insurance.	Diversifying sites across multiple locations throughout New Zealand to spread risk. Regular asset portfolio review is part of our strategic planning. Continuous insurance cost optimisation.	Incorporating climate change considerations into long-term strategic planning.	Short-term			
			Medium-term			
			Long-term			
Climate Regulations Increased complexity, cost and resources needed to meet increasing climate regulatory needs, leading to increased indirect (operating) costs and impact on margin.	Engaging experts where necessary to support compliance. Allocating appropriately skilled internal resource.	Ensuring adequate resource is available to comply with the policies and capital allocated to support environmental initiatives. Advocating for policy changes that support an orderly transition.	Short-term			
			Medium-term			
			Long-term			
Brand Reputation There is a risk that extreme and quick changes in consumer expectations could lead to the Group getting left behind and losing market share if it does not adapt to new, sustainable business practices before our competitors. If this risk eventuates it could negatively impact revenue potential.	A major focus of our sustainability plan is striving to make sustainable living easy and affordable to everyone. Moving all light passenger fleet to electric and in partnership with Lodestone Energy switching all stores and offices to solar power. Improving sustainability performance of products and packaging and engaging suppliers on reducing their GHG emissions. Since 1982 the Group has raised more than $83 million for New Zealand charities and communities.	Adapting The Group's business model to changing consumer expectations. Significant investment is required to adapt.	Short-term			
			Medium-term			
			Long-term			

RISK PROFILE TO THE WAREHOUSE GROUP — Very High | High | Medium | Low

TIME HORIZONS — Short-term 2024 – 2030 | Medium-term 2031 – 2040 | Long-term 2041 – 2050

Transitional Risks (continued)

				ORDERLY	DISORDERLY	HOT HOUSE
Product Affordability Growing economic and social inequalities means many of customers struggle to afford items that are not essential or sustainable. The challenge of the Group's ability to generate sales, paired with continued high inflation impacting Cost of Goods Sold (COGS) and Cost of doing Business (CODB) will impact the Group's margin.	Offering everyday low-price items at competitive prices. Actively reducing operating costs.	Identifying opportunities to reduce operating costs and improve efficiency without compromising product quality. Optimising inventory levels to minimise excess stock and reduce carrying costs.	Short-term			
			Medium-term			
			Long-term			

Physical Risks

RISKS AND ANTICIPATED IMPACTS	CURRENT STRATEGIES TO MITIGATE RISK	POTENTIAL FUTURE STRATEGIES TO MITIGATE RISK	TIME HORIZON	ORDERLY	DISORDERLY	HOT HOUSE
Freight Disruption Disruption to supply chain freight in extreme weather events. Some Group shipments may not arrive in New Zealand for key trading periods, impacting revenue potential.	Monitoring supply channels and working with freight suppliers to find alternative routes for all critical categories.	Continuing to work with freight suppliers on alternative transportation solutions and routes.	Short-term			
			Medium-term			
			Long-term			
Factory Disruption China and Bangladesh are expected to be hit harder than New Zealand by the physical impacts of climate change, making it increasingly difficult to source from these countries. This may lead to a loss and decrease in profit, increased cost of goods and increased supply chain costs.	Diversified supply chain to reduce reliance on single-source suppliers. Increased geographic spread of suppliers to reduce over reliance on one sourcing location. The Group provides training and resources to help suppliers improve their resilience to climate impacts.	Conducting a thorough risk assessment to identify factories that are susceptible to weather-related risks. Working with most material suppliers to create adaptation plans.	Short-term			
			Medium-term			
			Long-term			
Availability of Resources Volatility in the supply of raw materials caused by the impact of climate change. This would negatively impact the availability of sourced goods for the Group, increasing the landed cost price of our products.	Diversifying the sources of raw materials. Investing in products made from recycled materials. Working with suppliers to improve their raw material sourcing and usage.	Monitoring global commodity markets; having action or backup plans for all critical categories. Exit/design out products with a high carbon footprint.	Short-term			
			Medium-term			
			Long-term			

RISK PROFILE TO THE WAREHOUSE GROUP — Very High | High | Medium | Low

TIME HORIZONS — Short-term 2024 – 2030 | Medium-term 2031 – 2040 | Long-term 2041 – 2050

Physical Risks (continued)

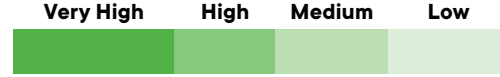
RISKS AND ANTICIPATED IMPACTS	CURRENT STRATEGIES TO MITIGATE RISK	POTENTIAL FUTURE STRATEGIES TO MITIGATE RISK	TIME HORIZON	ORDERLY	DISORDERLY	HOT HOUSE
Geopolitical Instability Localised climate-related conflicts begin to impact the Group's manufacturing and supply chains in China and Bangladesh. Such events could significantly disrupt our ability to supply our customers. This would negatively impact revenue (reduced sales), employment (store/Distribution Centre closures) and reputation (inability to fulfil customer orders).	Participating in industry groups and alliances that promote climate resilience and sustainability e.g. active members of the New Zealand Business Roundtable in China (NZBRiC) which develops thought leadership and advocates for NZ-China matters, including on sustainability and climate-related issues.	Mapping out the entire supply chain to identify critical points that could be disrupted by climate-related issues . Avoiding over-reliance on any single supplier or region that may be prone to climate risks.	Short-term			
			Medium-term			
			Long-term			
Trading Disruption New Zealand experiences more frequent, severe, and less predictable weather systems, leading to some parts of the country being uneconomical to live in. In the short term this may impact our ability to trade and our logistics might not be able to access sites. In the long term some stores may become untradeable.	Starlink Satellite internet communication and generators to stores when required. While disruptive, relocating our stores as we mostly lease our sites.	Maintaining a robust financial planning process and risk management framework to anticipate and mitigate potential economic challenges.	Short-term			
			Medium-term			
			Long-term			

Opportunities

The table below describes the key climate opportunities for the Group, as well as the scenario and time period in which they are most likely to appear.

CLIMATE OPPORTUNITY	SCENARIO	TIME PERIOD
The Group could become a market leader by leading the shift to low-cost energy-efficient/more sustainably sourced products	Orderly	Short – long term
Increased availability of technological solutions and infrastructure to support low-carbon activities, e.g. zero carbon freight to meet our climate commitments	Orderly	Short – long term
Opportunity to help our customers live a more sustainable lifestyle, including solar-generators, air-conditioning/heating units and low-energy-intensive products	Hot House	Medium – long term
New Zealand is seen as a comparatively climate-resilient location and access to capital and immigration leads to more prosperous economic conditions for trading in the long term	Disorderly/Hot House	Long term

RISK PROFILE TO THE WAREHOUSE GROUP



TIME HORIZONS

Short-term	Medium-term	Long-term
2024 – 2030	2031 – 2040	2041 – 2050

Internal capital deployment and funding decision-making processes

The Group has not to date fully integrated all of the climate-related risks and opportunities it has identified into its internal capital deployment and funding decision-making processes. However, certain climate and sustainability factors are relevant to our capital expenditure, financing and/or investment, as described more fully on page 26.

Strategic positioning and transition plan

A brief overview of the Group's current business model and strategy is provided on pages 5 and 6 of this report.

The Group's business strategy is complemented by our Sustainable Living Plan, launched in FY22 and built around four pillars – or 'building blocks':

1. Product and packaging sustainability leadership
2. Sustainable living solutions
3. Circularity solutions for customers
4. Running a sustainable operation.

A review of the Group's Sustainable Living Plan, including the climate-related initiatives within it, commenced during FY24. This aims to ensure the plan remains aligned with the Group's business model and strategy, while also considering and being informed by NZ CS requirements and associated scenario timelines.

The Group has not set out transition plan aspects of its strategy to an extent that would fully meet the requirements of NZ CS and has applied Adoption Provision 4 (see Appendix 2).

That said, several actions have been completed or are in progress with regards to developing the transition plan aspects of our strategy, including:

- We have worked with other organisations to develop key climate scenarios at a retail sector level.
- We have identified our material climate-related risks and opportunities as set out in this report, including by identifying the top 10 climate-related risks and the high-level impact across the key scenarios. In addition, we have identified both current strategies that we are adopting to mitigate our climate-related risks, and potential future strategies that could be adopted as set out on pages 15 to 17.
- We commenced integrating climate-related risks into enterprise risk management processes, as described on page 19; and
- We have initiated several actions related to metrics and targets, particularly those related to Scope 3 GHG emissions, such as improving data collection from suppliers.

During FY24, KPMG was engaged to support the Group Finance team's readiness to quantify climate-related financial impacts.

4. Risk Management

This section describes the Group's processes for identifying, assessing and managing climate-related risks and how they are integrated into the Group's overall risk management framework.

Risk management framework

The Group's risk management framework has been designed to identify, assess, control and monitor key risks. The identification and ongoing management of these key risks assists the business in achieving its objectives and goals. It applies to all risks, including those related to sustainability and climate, without explicitly prioritising one type over another. More detail on the Group's risk management framework is available in our Annual Report.

The Group's Sustainability and Ethical Sourcing team is responsible for making the initial risk appetite determination for sustainability, including climate-related risks, across risk appetite profiles. This is undertaken with due consultation and engagement with key internal stakeholders.

The Groups ERMC monitors management of the Groups risks against its risk appetite and ensures operational risk management practices and procedures are prudent. (see also page 9).

Prioritising climate-related risks and opportunities

In FY24, the Group's risk management framework was adapted and extended to enable transition and physical climate-related risks and opportunities to be identified using the same short, medium, and long-term time horizons used in the Group's climate scenario analysis. Scope and potential materiality of climate-related risks and opportunities were assessed giving due regard to boundaries established for four key parameters namely geography, retail categories, value chain, and time horizons (see page 14 for more detail).

During FY24, potential climate-related risks and opportunities were identified via a series of cross-functional workshops, assessing the potential impacts of internal and external drivers on the business using a PESTLE assessment framework, considering:

- Direct or indirect climate change issues
- Climate risk category, i.e. Transition or Physical risk impact
- Associated climate scenario (i.e. Orderly, Disorderly, Hot House)
- Time horizon by which the drivers and risk are expected to have an impact.

These risks and opportunities were then further prioritised through various internal reviews with key internal stakeholders, the ERMC and ELT. They were then reviewed and acknowledged by the ESS Committee, before being presented to the ARC and recommended by the ARC for approval by the Board, as part of the overall process of approving this climate-related disclosure.

Key climate-related risks and opportunities are entered onto a risk register which is maintained by the Group's Sustainability and Ethical Sourcing team.

The Group acknowledges that arrangements for managing risks are more established than those for managing opportunities. We anticipate that these will mature over the next few years, as the Group's approach to climate-related opportunities is enhanced and formalised.

Frequency of assessment

The Group undertook scenario analysis and an associated assessment of climate-related risks and opportunities for the first time in FY24. Going forward prioritised climate-related risks and opportunities will be reviewed quarterly, in consultation with the ERMC, with updates on this process provided to the OSC and in turn to the ESS Committee.

In addition, the Sustainability and Ethical Sourcing team, under the sponsorship of the OSC, will facilitate an annual review and update of climate-related risks and opportunities which will run concurrently with our annual scenario analysis process.

Risk assessments may also be updated in light of new information or changing circumstances. Any material changes to climate-related risks or opportunities outside of regular processes will be reported to the OSC and ERMC, and the risk register updated accordingly.

During FY25, we will continue to integrate key climate-related risks and opportunities into existing risk management processes by assigning operational ownership of risks and controls, considering strategies for horizon scanning, assessing anticipated financial impacts and determining criteria for refreshing and reviewing scenario analysis.

5. Metrics and Targets

This section set out information relating to our climate-related metrics, and targets used to manage climate-related risks and opportunities.

GHG emissions inventory

The Group is a Toitū carbonreduce certified organisation.
The Toitū carbon certification is a voluntary programme that we participate in as part of our commitment to climate action. This carbon certification programme requires adherence to a set of standards and rules on an annual basis, focusing on measuring and reducing GHG emissions according to ISO 14064-1:2018 standards.

We have also reported to CDP – the global climate disclosure initiative – each year since 2011. In 2023, we achieved a CDP climate score of B.

Emission categories

The Group currently assesses operational impact on the climate by measuring our absolute Scope 1, 2 and certain Scope 3 emissions against a 2020 base year.

Scope 1 includes GHG emissions from sources that we own or control. This includes the fuel used in vehicles we own or lease, natural gas and emissions generated through the use of refrigerants. Our scope 2 emissions include indirect GHG emissions from the generation of electricity that we purchase. These scope 2 emissions are different depending on whether they are calculated using a location-based or a market-based methodology, and we disclose both in this report.

Scope 3 includes GHG emissions generated by our own suppliers and customers. The most significant Scope 3 GHG emissions which contribute to our carbon footprint include:

- GHG Protocol Category 1: Emissions from purchased goods and services, primarily the production of the products that we source (not currently measured);
- GHG Protocol Category 11: Emissions associated with the use of our products; including the electricity used to power or wash our products (not currently measured); and
- GHG Protocol Category 4 & 6: Emissions generated from transportation, including freight and business travel (partially excluded).

Methodology for estimating GHG emissions

In measuring GHG emissions, we employ an operational control and consolidation approach for The Warehouse Limited, Warehouse Stationery, Noel Leeming, Torpedo7 (until 31st March 2024) and our New Zealand Store Support Office. Current reported GHG emissions sources adhere to the requirements for Toitū carbonreduce certification and the measurement requirements of the GHG Protocol.

Concerning Scope 3 emissions, as of the date of this report, we measure and report on a selected subset of these emissions. These GHG Protocol Scope 3 categories are:

- Category 3: Fuel and Energy-Related Activities
- Category 4: Upstream Transportation and Distribution
- Category 5: Waste Generated in Operations
- Category 6: Business Travel
- Category 9: Downstream Transportation and Distribution

Appendix 2 of this report outlines:

- All standards, methodologies, assumptions, calculation tools, and exclusions.
- Source of emission factors and the global warming potential (GWP) rates used.
- Emissions data for all six GHGs separately for Scope 1 and 2 emissions.
- Exclusion of biogenic emissions.

We are relying on NZCS Adoption Provision 2 (see Appendix 1, number 4) regarding those categories and sources of Scope 3 emissions that we do not presently measure and report.

Specific Methodology for Category 4: Upstream Transportation and Distribution

The Group currently measures Upstream Transportation from the moment we take ownership of products either at the port or at one of our sites. We measure international freight emissions for products where a supplier pays and is responsible for their supplied product until it's on a ship or plane and on its way to NZ (known as Free On Board - FOB). We then also measure the domestic freight emissions for these products to our Distribution Centres (DC) and our stores.

We do not currently measure freight emissions for products transported directly to store which is funded by our suppliers (known as Free into Store - FIS). Our suppliers are responsible for all costs, including duty, landing, and all transport charges up to this point.

We also do not currently measure freight emissions for products delivered in our Distribution Centres at our supplier's cost (known as Free into Distribution Centre—FID). Suppliers are responsible for costs, including duty, landing, and all transport charges up to this point. The Group takes ownership of the stock on delivery to the DC. We then measure the freight movements for these products from the DC to our stores.

We estimate the split of stock sold, that is FOB, FID or FIS by the number of products sold for FY24 is:

- The Warehouse and The Warehouse Stationery (combined): 40.5% FOB, 42.5% FID, 16.9% FIS. These brands represent 97.5% of the number of products sold.
- Noel Leeming: 91% of stock sold is estimated to be FIS. Noel Leeming represents 1.9% of the number of products sold.
- Torpedo7: FOB, FID & FIS data not available. Torpedo7 represents <1% of the number of products sold.

Other notable exclusions from our Upstream Transportation include:

- Reverse logistics of empty containers and trucks once the product has been delivered to one of our sites.
- Inter-store transfers for The Warehouse, Warehouse Stationery, and Torpedo7.
- Emissions from unloading containers at the Ports of Auckland.

- We are aware that some of our stores and Store Support Office organise their own couriers from time to time and we have limited visibility over this. Work is underway to quantify these emissions.
- Immaterial international freight that is outside of our main freight forwarding supplier. This freight exclusion is considered immaterial.

Work is underway with our suppliers and internal teams to further improve freight data quality and completeness.

Recalculation policy

We are currently refining our recalculation policy. However, methodology changes that impact our base year GHG emissions 5% or greater are considered material and have triggered the adjustment of our base year emissions. This includes updated emission factors, improved data access, and updated calculation methods or protocols. There have been no recalculations to the FY20 base year in FY24.

Emission reduction targets

As a founding signatory of the Climate Leaders Coalition, we support the goals of the Paris Agreement and are committed to contributing to New Zealand's goal of reducing GHG emissions to net zero by 2050. Setting near-term targets helps to put us on this trajectory.

In 2022, we set a target to reduce absolute Scope 1 and 2 emissions, aligned to a trajectory of 1.5°C, by 42% by 2030 compared with our 2020 base year and with the pathway to zero emissions by 2040. This target does not rely on the use of voluntary offsets, but in the context of Scope 2 emissions it does rely on our partnership with renewable energy generator Lodestone Energy. All electricity that Lodestone Energy generates under its arrangements with the Group is certified 100% renewable and zero emissions through the NZ Energy Certificate (NZEC) System maintained by Brave Trace and as described on page 29 of this report, this energy is matched and verified against electricity purchased by the Group.

11,878 NZEC certificates, the equivalent of 11,878 megawatt-hours (MWh) of electricity, were redeemed against the Group over FY24 from solar generation at Lodestone's Kaitaia and Rangitaiki farms. These NZECs were applied to The Group's Market Based Scope 2 emissions, representing 14% of our total electricity generation for the reporting period.

Our Scope 1 and 2 target has been set in line with the requirements of the Toitū Envirocare carbonreduce certification and developed using the Science Based Targets Initiative (SBTi) target-setting tool (version 2.2). SBTi offers a globally recognised framework for companies to set GHG emissions reduction targets that are consistent with the level of decarbonisation required to keep global temperature increase within 1.5°C above pre-industrial levels. While we believe our Scope 1 and 2 emissions reduction target is aligned with SBTi's requirements it has not been validated by them.

Our long-term partnership with Lodestone Energy is expected to see us achieve zero market-based Scope 2 emissions by the start of 2026, which sets us well on the path to achieving our overall Scope 1 and 2 emissions target. This partnership supports 'additional' renewable generation in New Zealand, contributing towards New Zealand's goal to achieve 100% renewable electricity generation by 2030.

During FY24, we commenced work to measure our full value chain Scope 3 footprint as defined by the GHG Protocol Scope 3 Emissions categories, which makes up the majority of our overall GHG emissions profile. In previous years, we have measured some, but not all, of these emissions. This work will extend into FY25, and we will report on the outputs in our next year's climate-related disclosures report.

In FY22, we set the following scope 3 targets, which apply to a subset of our scope 3 emissions as explained below:

- to reduce emissions from suppliers[1] by 30% by 2030, 50% by 2035 and 80% by 2040 against a baseline to be established ("Supplier Target"); and
- reduce absolute domestic and international freight emissions by 40% by 2030 compared to 2020 and only use sustainable transportation fuel by 2040 for our private label products[2] ("Freight Target")

These targets only apply to a portion of our scope 3 emissions. In particular, there are several categories of scope 3 emissions under the GHG Protocol that fall outside of these targets, and they also only apply to a sub-set of our products. Our focus has been on private label products for sale at The Warehouse and Warehouse Stationery, which make up approximately 50% of our total products across the Group. Private label products are products with brands that are directly owned by the Group (e.g. our Market Kitchen and Living & Co brands). With regards our Freight Target efforts to date have focussed on emissions generated from the moment we take ownership of products into one of our sites (see Appendix 2 for more detail).

Our scope 3 targets were set prior to the work now underway to measure our scope 3 emissions on a more fulsome basis and, while very ambitious, do not cover all of our Scope 3 emissions. The Group has not undertaken a detailed assessment of the extent to which the Supplier Target and the Freight Target contribute to limiting global warming to 1.5°C. These absolute targets do not rely on voluntary offsets. However, our Freight Target has made use of a lower emission fuel guarantee of origin mass-balance mechanism (see Performance against Freight Target below).

We have therefore taken the decision to supersede these targets with a revised Scope 3 reduction target which we will set and publish in FY25. This new target will be more reflective of our overall carbon footprint, and we anticipate that it will align at least with the SBTi's well below 2°C ambition level which contributes to a 1.5°C pathway, although the precise details of our target remain to be determined.

Regardless, supplier engagement remains crucial. The largest proportion of our Scope 3 emissions is likely linked to the production of goods in our supply chains and their use by our customers. This is why our suppliers play a critical role; we need them on board to actively reduce emissions and support our overall sustainability goals.

In anticipation of this, we updated our Group Ethical Sourcing Policy in FY23 to outline our supplier expectations for GHG management, including encouraging suppliers to set science-based emissions reduction targets. We are initially targeting a sub-set of key suppliers, being suppliers that collectively represent 80% of private label purchases. During FY24, we ran GHG emissions training sessions for suppliers in Bangladesh, China and India representing approximately 40% of our private label products supplied

from offshore. In collaboration with our primary ethical sourcing assurance partner, we also began collecting primary emissions data through the development and pilot of a GHG Self-Assessment Questionnaire with 65 suppliers in the above countries. This was additionally intended to assess suppliers' GHG emissions governance maturity and gain insight into their Scope 1 and 2 emissions, energy profiles, and existence of targets.

Performance against the Supplier Target

Because we are still working on measuring our scope 3 emissions, we do not currently have detailed information tracking the extent to which emissions from suppliers covered by the scope 3 target have changed since the target was set. However, we have been working on supplier engagement on emissions as outlined above.

Performance against the Freight Target

We have continued to engage domestic and international freight suppliers and partners. Our measured domestic and international freight emissions reduced by 1733.5 tCO_2e (9.7%) compared to FY23 and 5422.7 tCO_2e (25.2%) compared to FY20 (Scope 3, category 4 & 9). We also continued to work with our sea freight partners to purchase a fossil-based LNG and biomethane mix, with a guarantee of origin shipping fuel. This is a mass-balance mechanism which allows purchase of a lower emission fuel mix, even though the physical fuel used for our actual shipments may not be the same fuel or mix. This fuel can reduce the emissions generated by the transport of sea shipping containers by up to 25% of well-to-wake emissions[3]. The guarantee of origin declaration meets the requirements of the Clean Cargo Working Group and ISO standards 14020/14021/14067 and allow the relevant CO_2e reductions to be associated with our shipments. This fuel purchase in FY24 resulted in over 1,600 tonnes tCO_2e reduction in emissions.

1. Includes private label products at The Warehouse and The Warehouse Stationery with planned expansion to other brands. 2. Private label products are brands that are directly owned by The Group and sold through our retail network for The Warehouse, The Warehouse Stationery and Noel Leeming. These targets exclude other brands sold at The Warehouse, Warehouse Stationery and Noel Leeming. 3 Well-to-wake emissions include all marine fuel upstream and downstream emissions, including fuel production, delivery and use on board ships.

Performance Against Scope 1 and 2 Targets

The table below summarises our operational GHG emissions data for the reporting period (31 July 2023 to 28 July 2024) and our baseline data from 2020 for our Scope 1 and 2 targets. Our base year is FY20 in accordance with our SLL agreement, which aligns our Scope 1 & 2 emissions reduction targets to 1.5°C SBTi criteria.

TARGET	FY24 PERFORMANCE
Reduce absolute (market-based) Scope 1 and 2 emissions, aligned to a 1.5-degree trajectory, by 42% by 2030 compared to our 2020 base year and with the pathway to zero emissions by 2040.	In FY24, our absolute Scope 1 and 2 emissions (market-based) for our NZ sites decreased 30.4% compared to FY23 and 29.8% compared to our 2020 market-based equivalent base year. Our reduction was primarily due to a consolidation of our sites and our partnership with Lodestone. Scope 1 emissions increased by 18.4% this year and 3.6% compared to our 2020 base year. Some of our refrigerants have a high Global Warming Potential relative to the impact of the same quantity of carbon dioxide and required servicing during this financial year, causing this increase.

TARGET

↓ 42%

REDUCE ABSOLUTE (MARKET-BASED) SCOPE 1 AND 2 EMISSIONS,
by 2030 compared to our 2020 base year

FY24 PERFORMANCE

↓ 29.8%

SCOPE 1 & 2 EMISSIONS
compared to FY20 base year and decreased 30.4% compared to FY23

1 Our base year is FY20 in accordance with our SLL agreement, which aligns our Scope 1 & 2 emissions reduction targets to 1.5°C SBTi criteria.
2 Private label products are brands that are directly owned by The Group and sold through our retail network for The Warehouse,The Warehouse Stationery and Noel Leeming. These targets exclude other brands sold at The Warehouse, Warehouse Stationery and Noel Leeming.
3 Well-to-wake emissions include all marine fuel upstream and downstream emissions, including fuel production, delivery and use on board ships.

Emissions Inventory

The table below summarises our operational GHG emissions data for the reporting period (31 July 2023 to 28 July 2024) and comparisons have been provided against FY23 and our base year data from FY20[1].

GHG EMISSIONS (tCO_2e)	This year FY24	Last year FY23	Base Year FY20	% Change since last year	% Change since base year
Scope 1	2,773.9	2,342.42	2,678.3	18.4%	3.6%
Scope 2 (Location-based)	6,011.3	5,314.7	10,161.8	13.1%	-40.8%
Scope 2 (Market-based)[2]	5,548.1	9,622.1	9,174.7	-42.3%	-39.5%
Sub-total: Scope 1 and 2 (Location-based)	**8,785.2**	**7,657.2**	**12,840.2**	**14.7%**	**-31.6%**
Sub-total: Scope 1 and 2 (Market-based)	**8,322.0**	**11,964.5**	**11,853.0**	**-30.4%**	**-29.8%**
Scope 3					
Category 3: Fuel and Energy Related Activites	446.2	754.1	Not reported	-40.8%	n/a
Category 4: Upstream transportation and distribution. (See Appendix 2 for inclusions and exclusions).	15,212.9	15,844.6	16,849.1	-4.0%	-9.7%
Category 5: Waste Generated in Operations	467.3	653.7	1,117.7	-28.5%	-58.2%
Category 6: Business Travel	1,109.3	1,814.4	1,707.8	-38.9%	-35.0%
Category 9: Downstream transportation and distribution	864.7	1,966.4	4,651.1	-56.0%	-81.4%
Sub-total: Scope 3	**18,100.4**	**21,033.3**	**24,325.7**	**-13.9%**	**-25.6%**
Total: Scope 1, Scope 2 (Location-based) & Scope 3 emissions	**26,885.5**	**28,690.4**	**37,165.9**	**-6.3%**	**-27.7%**
Total: Scope 1, Scope 2 (Market-based) & Scope 3 emissions	**26,422.3**	**32,997.8**	**36,178.7**	**-19.9%**	**-27.0%**
Emissions intensity ratio (tCO_2e / $million of Revenue)[3]	**8.6**	**8.4**		**1.7%**	

1. FY23 (Scope 3) and FY20 (Scope 1,2 &3) were not subject to assurance by EY.
2. The Warehouse Group has historically only presented performance using location-based method for calculating Scope 2 emissions. Now with our partnership with Lodestone we have switched to dual reporting. The market-based method is shown in accordance with the Greenhouse Gas Protocol Scope 2 Guidance. FY23 and base year data has been provided for comparative purposes.
3. GHG emission intensity has been calculated using Scope 1, Scope 2 (Market-based) & Scope 3 total measured emissions . We have also included revenue for our discontinued operations (Torpedo7) as their emissions are included in our inventory up until March 31 2024.

Assurance of GHG emissions

We receive advisory services from Toitū Envirocare. For our FY23 and FY20 GHG emissions, a Limited level of assurance was achieved for Scope 1 and Scope 2 emissions and selected Scope 3 emissions (see above) as part of our Toitū carbon reduce and CarboNZero certifications; this assurance was obtained externally by Toitū.

The assurance for our FY24 GHG emissions inventory has been obtained externally by Ernst & Young (EY). Limited assurance has been achieved for Scope 1 and Scope 2 emissions and selected Scope 3 emissions (see above). This assurance engagement was undertaken in line with the International Standard on Assurance Engagements (New Zealand) 3410: Assurance Engagements on Greenhouse Gas Statements, issued by the New Zealand Auditing and Assurance Standards Board. See Appendix 4 for a copy of the EY independent limited assurance report.

Other metrics

We have identified several metrics and targets that are used to manage climate-related risks and opportunities, as detailed earlier in this report and below. We consider these to be largely relevant to any entity or business model. We currently do not use any industry-based metrics in addition to the metrics outlined in this report.

As we continue to integrate climate-related risks and opportunities into our day-to-day operations and further evolve our carbon reporting, we will explore and consider what additional metrics and key performance indicators (KPI's) are required.

Business activities vulnerable to transition and physical risks

Estimates of our business activites that are exposed to Transitional and Physical risks across our value chain

70%

70% of our finished goods are sourced from China and Bangladesh and are potentially at a high risk from both physical and transitonal risks

10%

10% of products are sourced from Australia and New Zealand and we expect a medium level of phyical risk to these products

<10%

Less than 10% of our sites are located in flood management areas, and we see these sites as a key risk in the long term, however a low risk in the short term

Our work to assess the extent of business activities vulnerable to climate-related risks (and aligned to opportunities), including the methodology and metrics to quantify, is ongoing. We see this assessment of business exposure as linked to the financial modelling of current and reasonably anticipated financial impacts (we have applied Adoption Provision 2 in the case of the latter).

TOITŪ CARBON REDUCE ISO 14064-1 ORGANISATION

Capital expenditure, financing or investment

Capital expenditure or investment within the Group is prioritised according to business needs and expected returns. This also applies to capital or investment required for addressing climate-related risks or initiatives.

The Group has structured $145 million of its committed bank credit facilities as Sustainability Linked Loans (SLLs) which met the requirements of the Loan Market Association's Sustainability Linked Loan Principles (2021) when they began in October 2021. The facility fee pricing for the SLLs is linked to the achievement of five mutually agreed sustainability targets that span a four year period. This includes a climate-related target to reduce annual Scope 1 and Scope 2 GHG emissions by at least 20% by 31 July 2025. The facility pricing can be reduced by a maximum of eight basis points if all the sustainability targets are achieved and increased by the same if the targets are not met. We remain on track to achieve our climate related SLL targets. (Refer to our Annual Report for more detail).

In FY24, we also amended our project reporting to include a dedicated field for identifying projects with primary benefits for climate and sustainability. This is currently for all investment requests within the business regardless of value. In FY24, the Group invested $496,000 in upgrading lighting to LED across several of its sites.

Internal emissions price

We do not currently have a methodology to calculate or apply an internal emissions price to incentivise lower-carbon practices or guide investment decisions. This is something that has been explored as part of the development of our emissions reduction initiatives, although discussions have not yet been concluded.

Remuneration

Management remuneration is not currently linked to sustainability performance or management of climate-related risks and opportunities.

Appendix 1 – First-time adoption provisions

In recognition that it may take time to develop the capability to produce climate-related disclosures that fully meet the requirements of the NZ CS, and that some disclosure requirements, by their nature, may require an exemption, NZ CS 2 provides a limited number of adoption provisions from the disclosure requirements in the Aotearoa New Zealand Climate Standards.

The Warehouse Group has adopted the following adoption provisions provided within NZ CS 2 in the 2024 financial reporting period.

No.	NZ CS 2 ADOPTION PROVISIONS	OTHERWISE REQUIRED BY
1	Current financial impacts – of physical and transition impacts	NZ CS 1
2	• Anticipated financial impacts – of climate-related risks and opportunities. • Description of the time horizons over which the anticipated financial impacts of climate-related risks and opportunities could reasonably be expected by the organisation	NZ CS 1
3	• Transition plan aspects of organisational strategy, including how its business model and strategy might change to address its climate-related risks and opportunities • Extent to which transition plan aspects of organisational strategy are aligned with its internal capital deployment and funding decision-making processes	NZ CS 1
4	Greenhouse gas (GHG) emissions: gross emissions in metric tonnes of carbon dioxide equivalent (CO_2e) classified as Scope 3. The Group has disclosed a selected subset of its scope 3 GHG emissions sources, as set out in the table on page 24. A description of those sources and categories of scope 3 emissions that it is not disclosing in this reporting period is set out In Appendix 2	NZ CS 1
5	Comparatives for Scope 3 metrics – comparative information for the immediately preceding two reporting periods	NZ CS 3
6	Comparatives for other metrics – comparative information for the immediately preceding two reporting periods	NZ CS 3
7	Analysis of trends from other metrics – analysis of the main trends evident from a comparison of each metric from the immediately preceding two reporting periods	NZ CS 3

Appendix 2 – Criteria used to prepare our GHG Emissions

TABLE 1 : GHG AND GWP EMISSIONS SOURCES INCLUDED

The Group has sourced emissions from Toitū Envirocare using the relevant MfE 2024 emission factors. The table below describes our methodology, estimates, limitations, and instances where we have relied on other emission factors. These factors include Brave Trace's Residual Supply mix factor, LNG and biomethane mix shipping fuel, supplier emission factors, or 2023 MfE emissions factors. Table 3 details the exclusions to our methodology and Inventory.

GHG PROTOCOL CATEGORY	EMISSION SOURCE	METHODOLOGY, ESTIMATES, EXCLUSIONS AND LIMITATIONS
Scope 1	Mobile Combustion - Fleet Fuel (Petrol and Diesel) Stationary Combustion, LPG Fugitive Emissions - Refrigerant Gas	**Mobile Combustion** Monthly invoices and reports from our fleet management supplier using used fuel. The Group has a mixture of light passenger vehicles that our store support and regional managers use, light commercial vehicles, primarily for our tech solutions for Noel Leeming, and group fleet vehicles for the delivery of Noel Leeming whiteware. We have a high level of confidence in this data. 2024 MfE Mobile Combustion Emission factors for petrol premium, diesel and petrol regular have been been applied to these emissions. **Stationary Combustion** Monthly Diesel and LPG exchange cylinder reports, conversion made from litres for relevant fuel type to tCO_2e. The assumption that supplier reports are complete and accurate. Medium level of confidence in this data from our supplier. 2024 MfE Stationary Combustion Emission factors for LPG and Diesel have been been applied to these emissions. **Refrigerants** The HVAC systems in our stores and sites are regularly maintained by external contractors, who report the refrigerant top-ups. There is some level of uncertainty as the kilograms of refrigerant added is measured. Refrigerants used include HCFC-22 (R-22, Genetron 22 or Freon 22), HFC- 32, R-407C, R-410A, R-438A. AR5 GWP100 factors sourced from 2024 MfE have been applied. We have a medium level of confidence in this data.
Scope 2	Purchased electricity	Third-party energy management company carries out invoice verification checks for our monthly electricity bills and raises billing, charge, and consumption alerts as part of the import process. Our supplier also provides a consolidated summary with total consumption and cost to help reconcile the entry with the supplier's PDF invoice. We have three stores, where landlords manage electricity consumption, and our finance team manages billing and verification on a monthly basis. Some of our sites are on Non-Time of use meters;; assumptions have been made for months where the bills have not come in time for reporting on their consumption. There have been some challenges with the data this FY24 caused by the consolidation of many of our sites across the country, the roll-off of different energy contracts, the sale of Torpedo7 and the transfer of those sites to a new owner, and the transition of our energy over to Lodestone Energy. Overall we have a medium level of confidence in this data. **Location Based Emissions** The Warehouse Group has historically only presented performance using a location-based method for calculating Scope 2 emissions. The monthly electricity invoicing and reports provided to the Group are used to derive full-year consumption and converted to tCO_2e. The emission factor applied to the location-based emissions for The Warehouse Group was sourced from Toitū Envirocare using the MfE 2024 purchased grid-average electricity – calendar quarters. If a quarterly electricity emissions factors are not available for a specific quarter, the quarterly emissions factor for the same quarter in the previous year is used as a proxy.

Appendix 2 – continued

GHG PROTOCOL CATEGORY	EMISSION SOURCE	METHODOLOGY, ESTIMATES, EXCLUSIONS AND LIMITATIONS
Scope 2	Purchased electricity (continued)	**Market-Based Emissions** The emission factor applied to the market-based emissions for The Warehouse Group base year was sourced from Toitū Envirocare and aligns to the Residual Supply Factor (kg CO_2-e/MWh) sourced from Brave Trace, released in August 2024 (version 20). 11,878 NZEC's Renewable energy certificates, which are maintained by Brave Trace, have been applied to our FY24 Market-Based Emissions. The NZEC's reduced our Scope 2 market-based emissions by 929 tCO_2e.This was calculated using an annual average of the Residual Supply Factor sourced from Brave Trace. We were not able to calculate reductions using the monthly equivalent emission factor. Therefore, our emission reductions are estimated to be overstated by approximately 100tCO_2e. We could not amend this calculation due to functionality limitations in our inventory management system. This overstatement is immaterial and impacts our Scope 2 market-based emissions by <1%. **Base Year, Market-Based Emissions** Based on The Group's verified Inventory by Toitu Envirocare, the equivalent yearly market-based emission factor sourced from Brave Trace for 2019/20 has been applied to the inventory. This calculation was done this year and is estimated to be 9,174.65 tCO_2e. The Market-based base year was calculated to show comparatives, now that The Group has switched to dual reporting.
Scope 3: Category 3	Fuel and Energy Related Activities	**Fleet** Monthly invoices and reports from our fleet management supplier using used fuel for our electric and hybrid passenger fleet. We apply the location-based emission factor for purchased electricity using the MfE 2024 purchased grid-average electricity – calendar quarters. If a quarterly electricity emissions factors are not available for a specific quarter, the quarterly emissions factor for the same quarter in the previous year is used as a proxy. Our supplier is highly confident in this data. **Transmission and distribution losses** This is the same methodology as Scope 2 emissions, however, the equivalent T&D loss emission factor is applied using MfE's 2024 emission factors.

Appendix 2 – continued

Scope 3: Category 4	Upstream freight	As outlined on page 20, the Group currently tracks Upstream Transportation starting from when we take ownership of products at the port or one of our sites. We calculate international freight emissions for products where the supplier is responsible for the goods until they are loaded onto a ship or plane bound for New Zealand (under Free On Board - FOB terms). Additionally, we measure domestic freight emissions for these products as they move to our Distribution Centres (DC) and stores. For products where the Group takes ownership upon delivery to the DC, we track the freight emissions from the DC to our stores. Suppliers provide us with freight reports monthly. Our freight reporting has significant uncertainties and limitations. These are primarily due to the bespoke methodologies between suppliers and the limited visibility on all freight movements within our value chain. It's important that we continue to work with our suppliers to understand and address these issues. Each supplier's data and emissions calculations rely on various assumptions, methods, and limitations. They also use different approaches to determining the underlying quantity/activity data, which can vary in availability, support, and quality. **International Sea and Air Freight Suppliers** Our International Freight forwarder suppliers send us monthly tonne/km reports, which we use to derive full-year consumption and convert to tCO_2e. We have a high level of confidence in this data. 2024 MfE emission factors for Freight Air travel short and long haul and Freight Shipping bulk carrier have been applied to the inventory depending on the mode of transport. This excludes shipping containers that have used the fossil-based LNG and biomethane mix factor, as described below. We also continued to work with our sea freight partners to purchase a fossil-based LNG and biomethane mix, with a guarantee of origin shipping fuel. This is a mass-balance mechanism which allows purchase of a lower emission fuel mix, even though the physical fuel used for our actual shipments may not be the same fuel or mix. This fuel can reduce the emissions generated by the transport of sea shipping containers by up to 25% of well-to-wake emissions. Well-to-wake emissions include all marine fuel upstream and downstream emissions, including fuel production, delivery, and use on board ships. The guarantee of origin declarations meets the requirements of the Clean Cargo Working Group and ISO standards 14020/14021/14067 and allow the relevant CO_2e reductions to be associated with our shipments. This fuel purchase in FY24 resulted in 1,187 tCO_2e reduction in emissions. These documents are sent to us on a quarterly basis and are verified against our International Sea Freight movements. **NZ Ports** We rely on the monthly emission calculations from our South Island port using both road and rail freight. This calculation includes container movements at the terminal, traveling to the midland port, unloading the stock at the midland port, reverse traveling to our South Island distribution centre, unloading of stock at the South Island distribution centre, and reverse logistics back to the midland port. This calculation is based on generally accepted practices and standards when it was prepared. It relies on third-party data and assumptions. Key assumptions include that road transport distances are based on the shortest possible routes and do not include deviations, and assume full container weight of 16t and empty container weights of 2.5t. We have a high level of confidence in these calculations. **Domestic Road, Rail, and Sea Freight:** We work with four different Road, Rail, and Sea Freight suppliers to transport our freight from the holding park in Auckland, and Midland Port in Christchurch to our distribution centres and stores. Two of these suppliers provide us with monthly reports using tonne/kms per trip, which we convert into tCO_2e. When the trip involves travel over the cook straight, and the supplier has not calculated this, an additional 97.6km is assumed. We have a medium confidence level in this data as we have limited information on the exact stock in each trip and the suppliers' own assumptions in preparing these reports. 2023 MfE emission factors for Long-haul heavy trucks, urban heavy trucks, all trucks and inter-island ferries have been applied. One supplier provides us with monthly emission calculations. They assume crossing the Cook Strait is equivalent to 96.304 km. Emission sources include long haul heavy trucks, urban delivery heavy trucks, and all truck tonnes/km converted to tCO_2e. Emission factors are sourced from 2024 MfE emission factors. They have provided us with a clear methodology, we have a medium level of confidence in this data. One supplier uses fuel usage for each route/mode and divides the usage by emission factor sourced from the the 2024 MFE Emission guide to get the total carbon emission. The total carbon emission is then divided by its capacity to get the carbon per tonne. This figure is then used by the monthly km for that route to get the tonnes of carbon emissions per month. We have a medium level of confidence in this data as we have limited information on suppliers' assumptions in preparing these reports.

Appendix 2 – continued

Scope 3: Category 4	Upstream freight (continued)	**Noel Leeming inter-store Freight** Monthly inter-store freight tonne/km's when the trip involves travel over the Cook Straight, and the supplier has not calculated this, an additional 97.6km is assumed. We have a medium level of confidence in this data. 2024 MfE emission factors for, freight road all trucks and inter-island ferries have been applied. **Last Mile Road Freight** We receive reports from one of our suppliers about bulk item deliveries to our customers. Our supplier provides us with monthly reports using Tonne/kms per trip we convert this into tCO_2e. We have a medium level of confidence in this data. 2024 MfE emission factors for Freight Road all trucks have been applied. **Product Samples Air and Road Freight** Our product samples are mostly sent to our Store Support Office in Auckland. The supplier provides us with monthly reports that include the airports the samples have been sent to and from, as well as the weight of the sample. The supplier does not provide the distances travelled. These have been calculated by us using the latitude and longitude of the airport cities and assumed an additional 100km per trip of road freight, based on most packages being to the support office, which is 33km from Auckland Airport and allowing for additional travel.. Have assumed the trip to the departing country would be a similar trip. We have a medium level of confidence in this data. 2024 MfE emission factors for freight short and long haul air travel and freight road all trucks have been applied.
Scope 3: Category 5	Waste Generated in Operations	The data is reported monthly by waste collection providers who weigh the bins as they are collected and then provide monthly reports with the weight of collections stated in kilograms or tonnes, this is converted to tCO_2e. Some assumptions have been based on store waste profiles from sites where it has yet to be possible to get supplier reports. Construction waste is currently included in this Inventory. We use emission factors specific to the landfill site our waste is sent to. Five of these emission factors have been sourced from the 2023 MfE Gazette Notice of Approval of Unique Emissions Factors. The remaining use the 2024 MfE emission factors. Our methodology has some limitations as we have had to make assumptions about the exact landfill site our waste is sent to in a few of our regions. We have a medium level of confidence in this data.
Scope 3 Category 6	Business Travel	**Flights** The Group uses a flight booking agency to book all travel. A monthly report is provided that includes flight information, including distance travelled, flight type (short/long haul), and cabin class. These are used to calculate the emissions. The data sources are considered reliable. We have a high level of confidence in this data. 2024 MfE emission factors for domestic, long haul and short haul business air travel have been applied. Specific cabin class factors were also applied for long and short haul travel. **Private vehicles** When our team members travel in their private vehicles, their km travelled is converted into tco_2e. This assumes accurate record-keeping by team members. We have a high level of confidence in this data. 2024 MfE emission factors for car average, unknown fuel type have been applied.
Scope 3 Category 9	Downstream Freight	We use a supplier calculation for products couriered to our customers from online sales. We are provided a monthly breakdown of carbon emissions across parcels, pickup, processing, transportation, and delivery, and the total emission is divided by the volume of parcels to calculate average emissions per parcel. This report produces a customer profile emissions report associated with GHG's and is verified by Toitū Envirocare. The report is produced with an independently verified data methodology for a transport measurement of delivery services' environmental impact, and the data is suitable for auditing an ISO 14064-1:2018 and GHG Protocol inventory. We have a high level of confidence in this data.

Appendix 2 – continued

TABLE 2: LOCATION BASED SCOPE 1 & 2 GHG GASES BREAKDOWN

	Total	GHG CO_2 EQUIVALENTS						GHG Mass					
Emmisions	**t CO_2-e**	**CO_2 (t CO_2-e)**	**CH_4 (t CO_2-e)**	**N_2O (t CO_2-e)**	**SF6 (t CO_2-e)**	**HFCs (t CO_2-e)**	**PFCs (t CO_2-e)**	**CO_2 (t)**	**CH_4 (t)**	**N_2O (t)**	**SF6 (t)**	**HFCs (t)**	**PFCs (t)**
Scope 1: Direct emissions and removals													
Diesel	1,326.5	1,306.0	2.0	18.5	-	-	-	1,306.0	0.1	0.1	-	-	-
Petrol premium	26.1	25.0	0.3	0.8	-	-	-	25.0	0.0	0.0	-	-	-
Petrol regular	116.9	111.9	1.5	3.4	-	-	-	111.9	0.1	0.0	-	-	-
LPG	514.7	500.4	13.9	0.4	-	-	-	500.4	0.5	0.0	-	-	-
R-407C	174.1	-	-	-	-	174.1	-	-	-	-	-	0.1	-
R-410A	363.2	-	-	-	-	363.2	-	-	-	-	-	0.2	-
HCFC-22	169.4	-	-	-	-	169.4	-	-	-	-	-	0.1	-
HFC-32	1.0	-	-	-	-	1.0	-	-	-	-	-	0.0	
R-438A	82.0	-	-	-	-	82.0	-	-	-	-	-	0.0	-
Total	**2,773.9**	**1,943.3**	**17.7**	**23.1**	**-**	**789.7**	**-**	**1,943.3**	**0.6**	**0.1**	**-**	**0.4**	**-**
Scope 2: Indirect emissions from imported energy													
Purchased Electricity	6,011.3	5,789.1	215.9	6.3	**-**	-	**-**	5,789.1	7.7	**0.0**	**-**	-	**-**
Total	**6,011.3**	**5,789.1**	**215.9**	**6.3**	**-**	**-**	**-**	**5,789.1**	**7.7**	**0.0**	**-**	**-**	**-**
Total	**8,785.2**	**7,732.4**	**233.6**	**29.4**	**-**	**789.7**	**-**	**7,732.4**	**8.3**	**0.1**	**-**	**0.4**	**-**

TABLE 3: GHG AND GWP EMISSIONS SOURCES EXCLUDED

GHG PROTOCOL CATEGORY NUMBER	GHG PROTOCOL CATEGORY NAME	FULL OR PARTIAL EXCLUSIONS OF GHG EMISSIONS AND RATIONALE
Scope 1	Direct emissions	Due to limited data availability, our overseas sourcing office in China, India, and Bangladesh is excluded. Work is underway to determine these emissions. This is likely to be immaterial. There were no HVAC servicing requirements for FY24 for Torpedo7 while we still had ownership of the business. We estimate that these emissions are likely to be immaterial. **Biogenic Emissions** The Group does not produce any biogenic emissions of CO_2 from the combustion or biodegradation of biomass.
Scope 2	Indirect emissions associated with the purchase of electricity	Our overseas sourcing office In China, India, and Bangladesh is excluded, due to limited data availability. Work is underway to determine these emissions.
Scope 3 Upstream Emissions		
1	Purchased goods & services	Full exclusion from Inventory. Reliable calculation of emissions not available. In FY24, we held GHG emissions training and engagement sessions with suppliers in Bangladesh, China, and India, which represent around 40% of our overseas private label spend. We have also piloted a newly developed GHG Self-Assessment Questionnaire with 65 suppliers in the same countries in collaboration with our primary ethical sourcing assurance partner.
2	Capital goods (e.g. plant, property & equipment).	Reliable calculation of emissions not available. Work is underway to determine these emissions.
3	fuel- and energy-related activities	No notable exclusions from this year's Inventory.
4	Upstream freight	We do not currently measure freight emissions for products transported directly to store which is funded by our suppliers (known as Free into Store - FIS). Our suppliers are responsible for all costs, including duty, landing, and all transport charges up to this point. We also do not currently measure freight emissions for products delivered in our Distribution Centres at our supplier's cost (known as Free into Distribution Centre—FID). Suppliers are responsible for costs, including duty, landing, and all transport charges up to this point. The Group takes ownership of the stock on delivery to the DC. We then measure the freight movements for these products from the DC to our stores. **Other noteable exclusions** • Reverse logistics of empty containers and trucks once the product has been delivered to one of our sites. • Inter-store transfers for The Warehouse, Warehouse Stationery, and Torpedo7. • Emissions from unloading containers at the Ports of Auckland. • We are aware that some of our stores and Store Support Office organise their own couriers from time to time and we have limited visibility over this. Work is underway to quantify these emissions. • Immaterial international freight that is outside of our main freight forwarding supplier. This freight exclusion is considered immaterial. Work is underway with our suppliers and internal teams to further improve freight data quality and completeness.

TABLE 3 (continued)

GHG PROTOCOL CATEGORY NUMBER	GHG PROTOCOL CATEGORY NAME	FULL OR PARTIAL EXCLUSIONS OF GHG EMISSIONS AND RATIONALE
5	Waste Generated in Operations	Recycling waste is not included in our GHG inventory and is excluded from our boundary of measurement.
6	Business Travel	The Group currently does not measure emissions from hotel stays or taxis as part of business travel. Work has started to determine these emissions.
7	Employee commuting	Full exclusion from Inventory. Reliable calculation of emissions not available. Work has started to determine these emissions.
8	Upstream leased Assets	Assumed that some of our sites, where landlords manage the HVAC and other power sources for facilities, are excluded from our Inventory. Work has started to determine these emissions
Downstream Emissions		
9	Downstream freight	We do not measure home delivery paid for by customers for large bulky products for Noel Leeming. We do not measure courier emissions from sales by third party merchants through our online platforms. This is likely to be immaterial.
10	Processing of sold products	Full exclusion from Inventory. Reliable calculation of emissions not available. Work has not started yet to determine these emissions.
11	Use of sold products	Full exclusion from Inventory. Reliable calculation of emissions not available. Work has started to determine these emissions.
12	End-of-life of sold products	Full exclusion from Inventory. Reliable calculation of emissions not available. Work has started to determine these emissions.
13	Downstream leased assets	Not applicable
14	Franchises	Not applicable
15	Investments	Full exclusion from Inventory. A reliable calculation of investment in ChocolateWorks NZ Limited is not available. Work has not started yet to determine these emissions.

Appendix 3 – Definitions

TERM	DEFINITION
PESTLE	Political, Economic, Social, Technological, Legal and Environmental factors. The PESTLE framework is a tool to analyse and monitor the macro-environmental factors that have an impact on a company and the industry environment in which it operates.
NZ CS 1	Aotearoa New Zealand Climate Standard 1: Climate-related Disclosures
NZ CS 2	Aotearoa New Zealand Climate Standard 2: Adoption of Aotearoa New Zealand Climate Standards
NZ CS 3	Aotearoa New Zealand Climate Standard 3: General requirements for Climate-related Disclosures
XRB	New Zealand External Reporting Board
The Group	The Warehouse Group Limited and its subsidiaries.
ESS Committee	Environmental and Social Sustainability Committee
ARC	Audit and Risk Committee
ELT	Executive Leadership Team
OSC	Operational Sustainability Committee
ERMC	Enterprise Risk Management Committee
IPCC	Intergovernmental Panel on Climate Change
SSP	Shared Socio-economic Pathway
NZ CCC	New Zealand Climate Change Commission
GHG	Greenhouse Gas (emissions)
CDP	Carbon Disclosure Project, an international nonprofit organisation that provides an environmental impact disclosure system for use by both the private and public sectors

References

Climate Change 2023 Synthesis Report (also known as the Sixth Assessment Report or AR6) on the IPCC website – ipcc.ch/assessment-report/ar6/

The Future of Retail Report – kpmg.com/nz/en/home/services/kpmg-impact/climate-change-and-decarbonisation/the-futures-of-retail.html

Climate Analytics – Climate impact explorer: climate-impact-explorer.climateanalytics.org

World Bank – Climate change knowledge portal: climateknowledgeportal.worldbank.org

Appendix 4 – EY Independent Limited Assurance Report

INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS AND MANAGEMENT OF THE WAREHOUSE GROUP LIMITED

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ASSURANCE CONCLUSION
Based on our limited assurance procedures performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that The Warehouse Group Limited's ('TWG') Scope 1, Scope 2 and certain Scope 3 emissions for the 52 weeks ended 28 July 2024 have not been prepared, in all material respects, in accordance with the Criteria defined below.

EMPHASIS OF MATTER – UPSTREAM TRANSPORTATION AND DISTRIBUTION (FREIGHT)

We draw attention to table 1 in appendix 2 on page 30 of the Climate Related Disclosure in which TWG describes the material uncertainty associated with the calculation methodologies of Upstream Transportation and Distribution (Freight).
Our conclusion is not modified in respect of this matter.

SCOPE

Ernst & Young Limited ("EY") has undertaken a limited assurance engagement, as defined by International Standards on Assurance Engagements (New Zealand) 3000 (Revised), to report on TWG's Scope 1, Scope 2 and certain Scope 3 emissions (Category 3: Fuel and energy related activities, Category 4: Upstream transportation and distribution, Category 5: Waste, Category 6: Business Travel and Category 9: Downstream transportation and distribution) within pages 20 to 34 of the Climate Related Disclosure for the 52 weeks ended 28 July 2024 (the "Report").

Other than as described in the preceding paragraphs, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

CRITERIA APPLIED BY TWG

In preparing the Report, TWG applied the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised version) (2004), Corporate Value Chain (Scope 3) Accounting (the "Criteria"). The methods, assumptions and emissions factors adopted by TWG in applying the Criteria are described on pages 28 to 31 of the Report.

TWG'S RESPONSIBILITY

The Directors are responsible, on behalf of TWG for selecting the Criteria and preparation of the Report in accordance with the Criteria. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Report, such that it is free from material misstatement, whether due to fraud or error.

EY'S RESPONSIBILITY

Our responsibility is to express a limited assurance conclusion on the Report based on the procedures we have performed and the evidence we have obtained.

Our engagement was conducted in accordance with the International Standard for Assurance Engagements (New Zealand): Assurance Engagements Other than Audits or Reviews of Historical Financial Information ('ISAE (NZ) 3000') and International Standard for Assurance Engagements (New Zealand): Assurance Engagements on Greenhouse Gas Statements ('ISAE (NZ) 3410'). Those standards require that we plan and perform this engagement to obtain limited assurance about whether the Report has been prepared, in all material respects, in accordance with the Criteria. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Ernst & Young provides assurance over GRI disclosures, Sustainability-Linked Loan, internal audit and advisory services to TWG. Partners and employees of our firm may deal with the TWG on normal terms within the ordinary course of trading activities of the business. We have no other relationship with, or interest in, the TWG.

OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have complied with the independence and other ethical requirements of the Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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Appendix 4 – continued

Building a better working world

INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS AND MANAGEMENT OF THE WAREHOUSE GROUP LIMITED

The firm applies Professional and Ethical Standard 3 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

DESCRIPTION OF PROCEDURES PERFORMED

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Report and related information and applying analytical and other relevant procedures.

Our procedures included:

- Conducting interviews with personnel to understand the business and relevant reporting process.
- Checking that emissions factors and methodologies have been correctly applied as per the Criteria.
- Checking organisational and operational boundaries to test completeness of GHG emissions sources.
- Comparing year on year activity-based greenhouse gas and energy data where possible.
- Considering sources of GHG emissions and the measurement methodology.
- Confirming the sources of data used in calculating the GHG emissions.
- Identifying and testing assumptions supporting the calculations.
- Testing mathematical accuracy of calculations and aggregation of data.
- Reviewing the appropriateness of the presentation of disclosures.
- Obtaining management representations.

We also performed such other procedures as we considered necessary in the circumstances.

INHERENT UNCERTAINTIES

The GHG quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

USE OF OUR ASSURANCE REPORT

We disclaim any assumption of responsibility for any reliance on this assurance report to any persons other than the Directors and management of TWG, or for any purpose other than that for which it was prepared.

Ernst & Young Limited

Ernst & Young Limited
Auckland, New Zealand
25 September 2024

A member firm of Ernst & Young Global Limited