

Sustainable business

Climate action continued

Investing in reducing operational emissions

Energy

We continue to take action to reduce our use of energy, which leads to cost efficiencies and emissions reductions. Our energy consumption across the Group (including discontinued operations but excluding transport) has reduced by 4.7% year-on-year. See more data on pages 48–49.

We have continued certification of our Energy Management standard with ISO 50001:2018 for our UK & Ireland estate and fleet. Elkjøp Nordic, and our UK Customer Repair Centre in Newark are all ISO 14001 certified, and we use the Environmental Management system to continuously improve our environmental performance.

We continue to optimise our Building Management system control for Heating, Ventilation and Air conditioning ('HVAC') systems, increase the use of LEDs and optimise lighting levels, and improve our reporting and monitoring of energy consumption. This year we have:

- Removed the demand for natural gas at five retail sites by replacing HVAC systems and utilising new heat pump installations.
- Undertaken Building Management System optimisation of HVAC systems to reduce the energy used in a further 16 stores with an electricity saving of 338,458kWh.
- Reduced energy consumption at night in 16 stores saving 244,699kWh.
- Held a competition between stores in Norway and Sweden to promote awareness and engagement of all employees.

To further reduce the impact of our energy usage, we continue to have 100% of our properties in the UK, Ireland, Sweden, Finland and Denmark powered with renewable electricity either through supplier contracts or backed by purchased REGOs. We have 15 sites across the Group with Solar PV installed and continue to explore opportunities to introduce Solar PV onto more buildings.

Transport

Our transport related energy consumption across the Group (including discontinued operations) has reduced by 3.7%, reducing our transport related emissions by 5.8%. We continue to target reductions through efficient routing, improved driver training, the use of telematics and our 'in-cab' driver alert system and – in the UK & Ireland – implementing ISO 50001. See more data on pages 48–49.

We are a signatory to the Climate Group's EV100 initiative which brings together companies committed to accelerating the transition to EVs. We are fully committed to transitioning 100% of our company cars and small van fleet and 50% of our medium to heavy fleet to electric or alternative fuel by 2030.

Moving to electric or alternative fuelled vehicles continues to present a number of challenges including the lead times for the supply of vehicles, the high cost of hydrotreated vegetable oil ('HVO') fuel and the fact that 7.5 tonne EV options are still limited at present with demonstrators hard to obtain for trials. Charging infrastructure is also still relatively immature in the UK for commercial vehicles and this presents a significant challenge based on current range predictions for 4.25 tonne and 7.5 tonne EVs currently being marketed.

We have 16 EVs and one vehicle running on alternative fuels in service across the Group. Whilst this represents a small proportion of the total vehicles in our owned fleet, we plan to invest over £3m in the next three years to progress our transition away from diesel vehicles.

In the UK & Ireland we introduced three fully electric 4.05 tonne vans into our home delivery and installation services operations in 2023/24 and our 7.2 tonne delivery van powered by compressed natural gas ('CNG') continues to operate successfully. Solar panels are now operating on 307 of our 7.2 tonne Iveco Daily vans used for home delivery in the UK. In 2023/24 these vans avoided 178 tonnes of CO₂e and generated 34,820kWh of solar energy and saved 69,500 litres of diesel. Elkjøp Nordic has worked hard to optimise transport routes and increase vehicle utilisation, reducing the number of deliveries to stores and in May 2024, we opened a new warehouse extension in Jönköping, which is expected to reduce emissions by consolidating all warehousing operations for our Epoq kitchen range to a single location.

We are also committed to working with our third party logistics partners. By working with Freightliner and utilising biodiesel we reduced the emissions from transporting products from UK ports to our warehouses by over 50% this year. And in May 2024 we worked with Maersk to introduce an electric truck for the 'final mile' of the journey between the Port of Gothenburg and the Elgiganten NDC in Jönköping – making this route now fully electric – a journey that can be made up to eight times a day. This change has reduced emissions and operational waiting times, and has been cost neutral.



Working with suppliers to reduce value chain emissions

Our Scope 3 emissions include the indirect emissions from across our value chain which account for 99% of our total emissions. The most material impacts are within purchased goods and services and the use of sold products. We will achieve reductions in these emissions through a programme of activities involving our suppliers, our manufacturers and through colleague and customer engagement.

We are committed to reducing our absolute Scope 3 GHG emissions from purchased goods and services and use of sold products by 50% by 2029/30 from a 2019/20 base year. Including discontinued operations, we have achieved a 51.9% reduction to date with an in-year reduction of 15.0%. This in-year reduction is a result of continuing to increase granularity and use of more primary data to calculate our Scope 3 emissions as well as changes in our product mix towards more energy efficient products and away from more carbon intensive products. See more data on page 48.

There are high levels of complexity within our Scope 3 emissions and it requires working closely with suppliers and manufacturers to help them decarbonise their own businesses and their supply chains, where we have varying degrees of influence. Further, due to the nature of our activity many of our suppliers are spread across the globe and at different stages of their individual emission reduction

journeys. Each country has different legislative environments with governmental net zero dates that differ from the UK and EU and there is no overarching global standard or requirement or ambition. But whilst challenging, this increases the imperative to act.

Our cross functional, Group-wide working group continues to drive our approach and is led by our UK & Ireland Commercial team. We have made progress this year on a number of fronts including implementing a supplier engagement trial, improving primary data mapping, introducing climate related questions into our Goods Not for Resale ('GNFR') tender process and developing a Scope 3 scorecard to measure our progress internally.

We continue to use EcoVadis, one of the leading providers of business sustainability ratings. Using the EcoVadis platform helps us to measure supplier performance across a wide range of metrics, collaborate to improve performance, and benefit wider society.

This year we initiated a supplier engagement trial using carbon maturity ratings from EcoVadis' Carbon Action Module. We segmented our supply base into five groups from 'Advanced' to 'Beginner' and contacted a group of 25 suppliers, five from each group. We asked them to complete a short questionnaire and provided useful links and supporting documents to help those who were at the beginner end of the spectrum.

We were pleased with the engagement we had from this group of suppliers, with almost 70% responding, and we are using the results and insights to inform the next steps of our supplier engagement and collaboration on Scope 3 emissions.

Alongside this, we have introduced climate related questions within all UK & Ireland GNFR tenders that we put out to organisations. As part of this we are mandating that the suppliers we work with must enrol with EcoVadis and provide details of their EcoVadis rating if already enrolled. This is a big step forward in the right direction to ensure that when we start working with new businesses they are as serious about reducing their climate impact as we are.

We have also continued to increase the accuracy of our data by working with our Business Information and Data teams to gather and access more of the energy consumption data that we hold on the products we sell. As a result, we have improved our use of primary data to calculate the emissions associated with the use of our products from last year's 35% in the UK & Ireland to 46% and from 22% to 34% for Elkjøp Nordic. We plan to establish more regular internal reporting to monitor our progress through the year.

Our progress has helped us build on our short-term plan for Scope 3 emissions and begin to embed this in our business planning processes.