CLIMATE-RELATED DISCLOSURES

2024

HALLENSTEIN GLASSON HOLDINGS LIMITED


HALLENSTEIN
GLASSON
HOLDINGS
LIMITED

DISCLAIMER: REASONABLE CARE AND FORWARD-LOOKING STATEMENTS

This disclosure contains forward-looking statements, wherein the climate-related statements and metrics should not be taken as any form of forecast of performance outcomes, financial or otherwise.

The statements made in this report are subject to various risks, uncertainties, reference data and other factors, many of which lie outside Hallenstein Glasson Holdings Limited's control.

We have prepared this information with all due care and attention, and this report is based on assumptions about our current and future business and strategies, and the broader business context that we operate in.

The identified climate-related risks and opportunities may not eventuate, and the actual impacts should they eventuate may differ materially from what is stated in this report.

SIGNED

KAREN BYCROFT
SUSTAINABILITY COMMITTEE CHAIR
& INDEPENDENT DIRECTOR

JO APPLEYARD
SUSTAINABILITY COMMITTEE MEMBER
& INDEPENDENT DIRECTOR

STATEMENT OF COMPLIANCE WITH NEW ZEALAND'S CLIMATE-RELATED DISCLOSURES REGIME

Hallenstein Glasson Holdings Limited is a Climate-Reporting Entity (CRE) under the Financial Markets Conduct Act 2013 (the Act). This is our inaugural Climate-Related Disclosures (CRD) under the Act and covers our financial year 2024, from 2 August 2023 to 1 August 2024.

These climate-related disclosures comply with Aotearoa New Zealand Climate Standards NZ CS 1-3 (the Standards) issued by the External Reporting Board (XRB). Hallenstein Glasson Holdings Limited has disclosed information where it is material in line with NZ CS 3 definition, where information is material if its omission, misstatement or its being obscured could reasonably be expected to influence decisions made by primary users based on this climate-related disclosure.

THE FOLLOWING PROVISIONS SPECIFIED IN THE STANDARDS HAVE BEEN ADOPTED IN PREPARING THIS DISCLOSURE:

- Adoption provision 1: Current financial impacts
- Adoption provision 2: Anticipated financial impacts
- Adoption provision 3: Transition planning
- Adoption provision 4: Scope 3 greenhouse gas (GHG) emissions
- Adoption provision 6: Comparatives for metrics
- Adoption provision 7: Analysis of trends

During the final preparation by HGH of this year's disclosure, the XRB has announced, closed and published the results of a consultation on proposed extensions to some of the adoption provisions in the NZ Climate Standards. HGH now expects to take these extended provisions.

GOVERNANCE

HALLENSTEIN GLASSON HOLDINGS LIMITED (HGH) BELIEVES IN THE VALUE OF STRONG CORPORATE GOVERNANCE AND ITS ROLE IN DELIVERING BENEFITS TO SHAREHOLDERS, CUSTOMERS, EMPLOYEES, AND OTHER STAKEHOLDERS.

The Board of HGH is committed to maintaining high ethical standards and robust corporate governance practices across the company. With the increasing importance of sustainability in the retail industry, HGH has implemented clear and effective processes to meet our sustainability objectives, aligning these efforts with recognised frameworks.

The company embeds sustainable practices, focusing on ethical sourcing, sustainable materials, waste reduction, and minimising our overall environmental impact.

GOVERNANCE BODY OVERSIGHT

The HGH Board are responsible for the strategic direction of the company's activities, including oversight of risks and opportunities. The Board has established the Sustainability Committee which meets formally at least four times per year and provides an update to the Board at the next monthly Board meeting. The Sustainability Committee has been established to assist the Board in discharging its responsibilities with respect to sustainability strategy and reporting, and for managing the climate-related disclosure process and updating the full Board. The Sustainability Committee is made up from a mix of Board Directors and the Executive Leadership Team. This includes more than one Board Director, the Group CEO and the Group CFO. The Audit and Risk Committee, which is a sub-committee of the Board, has responsibility for overseeing HGH's risk register, including climate-related risks. The Audit and Risk Committee report to the Board bi-annually.

We pride ourselves on our ability to adapt quickly and focus on the right issues and priorities at the right time, and this includes climate-related issues and sustainability. There is good access to the right expertise and external consultants are engaged to help provide this. The Board rely on regular updates from Management, as well as individual Directors' readings and learnings, which get shared amongst the Board.

The Board maintains full responsibility for considering and setting sustainability objectives, and GHG emissions targets. Management has been tasked to enact and execute these plans as part of the company's wider business strategy. Climate-related performance metrics are not included in remuneration policies.

MANAGEMENT'S ROLE

The Board has delegated to the Group CEO day-to-day responsibility for the delivery of the agreed business strategy, including sustainability objectives, as well as oversight of the delivery of operations and risk management. Working groups have been established by the Executive Leadership team with approval of the Sustainability Committee to focus on specific issues and initiatives relating to sustainability and cover all regions of HGH's business. Progress is reported quarterly by the working groups to both the Executive Leadership Team and the Sustainability Committee.

HALLENSTEIN GLASSON MANAGEMENT STRUCTURE

EXECUTIVE LEADERSHIP TEAM

↓

WORKING GROUPS

STRATEGY

HGH RECOGNISES THE INCREASING IMPORTANCE OF ACHIEVING SUSTAINABILITY OBJECTIVES AS PART OF OUR BUSINESS STRATEGY.

The strategy work undertaken as part of preparing HGH's climate-related disclosures included the business completing detailed analysis of potential scenarios and identifying climate-related risks and opportunities. In line with the External Reporting Board's (XRB) guidance, this is to ensure we evaluate the critical risks and opportunities we may face as a business and how these might impact us. The process we undertook, and the outputs of this work, are detailed in the scenario analysis section.

CURRENT IMPACTS AND FINANCIAL IMPACTS

PHYSICAL IMPACTS

The business did not experience any material physical impacts from climate-related events during FY24. That said, in the prior year the business experienced extreme rainfall resulting in episodes of flooding, impacting the ability for staff to access their work locations. Flooding has also resulted in power cuts that have impacted both productivity within the business and customers' ability to pay for purchases, particularly those who did not have cash on hand.

The business also saw a disruption to deliveries and a temporary increase in the cost of freight in response to flooding and road closures around Napier and Gisborne.

Extreme levels of heat and heat days can impact the productivity of our cotton growers and wider supply chain, due to the safety risks of working under extreme temperature conditions. This has a flow-on impact for our lead times, deliveries and the cost of cotton.

The above impacts have not been material as the flexibility and responsiveness of our business model has meant that we have been able to adapt in these situations.

TRANSITION IMPACTS

The main transition impact we have experienced in FY24 is the change to the reporting and disclosure environment that we operate in. The introduction of climate-related reporting requirements is a transition impact.

We anticipate that given the industry our business operates in, any future changes in New Zealand or Australian Government's position on product stewardship and end-of-life requirements will likely impact us. While there is technology currently available to improve product stewardship and manage end-of-life requirements, it is expensive to adopt. We anticipate that the speed of technology change may also make it challenging for us to adapt fast enough in the future, and we may need to explore the sourcing of alternative organic materials, which could be influenced by customer preferences.

HGH is utilising the adoption relief from disclosure of the current financial impacts of HGH's physical and transition impacts for FY24.

SCENARIO ANALYSIS

In 2023 HGH participated in the New Zealand retail sector scenario analysis project. We have aligned with this sector work where possible and relevant in developing our own scenario analysis.

Our scenario analysis work details three climate scenarios; a 1.5°C global warming scenario, a 3.0°C or greater global warming scenario, and a third temperature scenario of HGH's choosing (Disorderly Transition). HGH chose to use the Network for Greening the Financial System (NGFS) framework. The specific scenarios within this framework and their temperature policy ambitions are outlined in the 'Scenario Narratives' section of this report.

SCENARIO NARRATIVES

ORDERLY — NET ZERO 2050

The transition to sustainability is swift, driven by consumers who prioritise eco-friendly and ethical products. Companies that adapt quickly, embracing transparency and sustainable practices, gain a competitive edge. New business models, like product rentals and sharing, grow rapidly, and natural fibres make a resurgence as society moves away from fossil fuel-based materials. Retailers face supply challenges as they align with decarbonizing suppliers, while technological innovation reshapes industries. Governments implement strict climate policies, spurring decarbonization across supply chains and accelerating advancements in energy, transport, and sustainable agriculture.

The 2030s bring increased climate-related disruptions to raw material production, particularly in regions like India and China, leading to volatile commodity prices and stricter regulations. Businesses must adapt to these challenges while navigating growing expectations from investors and financial institutions for robust climate strategies.

Access to capital becomes contingent on meeting climate goals, leading to an increase in climate reporting requirements. Although initially complex and regionally varied, climate regulations gradually standardize, providing clearer guidance for businesses worldwide.

Carbon dioxide removal (CDR) is used to accelerate decarbonisation, though it is kept to a minimum and aligned with sustainable bioenergy production levels.

DISORDERLY – DELAYED TRANSITION

Early climate action is sidelined by economic pressures, with inconsistent policies and insufficient infrastructure investments hindering meaningful progress. Companies struggle to balance ambitious decarbonisation goals with consumer demand that remains split between climate concerns and the cost of living.

Despite national emissions targets, organisations delay crucial investments in circularity and low-emissions technology, resulting in slow progress. As the physical impacts of climate change become more severe in the late 2020s and early 2030s, a sense of urgency grows among businesses and the general population, pushing climate action to the forefront.

By the 2030s, a series of climate events shifts political and social sentiment toward rapid decarbonisation. Governments in New Zealand and Australia enact stringent measures, forcing companies to quickly adapt to new regulations around emissions, waste, and product sustainability.

This transition presents both opportunities and challenges, with access to capital becoming contingent on climate performance. The spike in demand for decarbonisation technologies leads to fierce competition, with global players outpacing local businesses.

By 2050, the retail industry aligns with a low-carbon economy, though the delayed start results in significantly higher costs and missed opportunities for local firms, as international competitors gain market share. Societal norms favour lower consumption, and penalties for poor climate governance are severe, cementing the new standards for sustainability.

The delay in climate action hinders the availability of carbon dioxide removal solutions and CDR use is limited, pushing the price of carbon higher.

HOT HOUSE WORLD – CURRENT POLICIES

No new climate policies are introduced, and global priorities shift towards food and energy security, leaving emissions growth unchecked. Cyclical governments with unclear decarbonisation goals make long-term planning difficult, while funding focuses more on adapting to climate change rather than mitigating it. As a result, technological advancements centre around improving efficiency, yields, and predictive capabilities.

Throughout the 2020s, 30s, and 40s, economic growth remains driven by material-intensive production and consumption, with a focus on price and material availability. Some sectors face challenges from a small but growing base of climate-conscious consumers, most organizations prioritise operational efficiency, with emissions reductions only as a byproduct of this goal. Automation and advanced technologies play a key role in adapting to the worsening impacts of climate change. By the 2030s and 2040s, worsening chronic and acute climate impacts force retailers to invest heavily in adaptation, utilising advanced supply chain technologies to manage rising costs, declining yields, and increasing instability in commodity markets.

Climate change disrupts organisations' ability to predict seasonal product ranges, necessitating the use of predictive technology to mitigate risks.

By 2050, the chronic impacts of climate change combine with acute events like road closures and extreme weather to severely disrupt sourcing and logistics for retailers. Rising commodity prices and frequent product shortages lead to public disorder, increasing the challenges for frontline staff.

The use of carbon dioxide removal solutions is essentially non existent and limited to its current use in industries that currently employ it to increase production.

The time horizons considered, for each scenario are as follows:

- **Short: 2024-2030**
- **Medium: 2031-2040**
- **Long: 2041-2050**

The endpoints of each time horizon are determined by a year (2030, 2040, 2050). The short-term horizon is designed to explore the Group's readiness to rapidly transform our business. The medium-term is designed to explore HGH's resilience to an especially condensed and disruptive transition that takes place during this period. The long-term helps to explore how the collective failure to reduce emissions might steadily erode value in the long term while physical impacts of climate change escalate.

The above time horizons and rationale have been guided by the retail sector work and found to be applicable to HGH.

A DESCRIPTION OF THE THREE SCENARIO PATHWAYS AND KEY TRENDS ASSOCIATED WITH EACH SCENARIO IS PROVIDED IN THE FOLLOWING TABLE.

	NET ZERO 2050	DELAYED TRANSITION	CURRENT POLICIES
SCENARIO ARCHETYPE & ARCHITECTURE	**NGFS — ORDERLY THEME** RCP 1.9 SSP1: Sustainability CCC: Tailwinds IEA: NZE	**NGFS — DISORDERLY THEME** RCP 2.6 SSP3: Regional Rivalry CCC: Headwinds IEA: SDS	**NGFS — HOT HOUSE WORLD THEME** RCP 8.5 SSP5: Fossil Fuel Development CCC: Current Policy Reference IEA: STEPS
TEMPERATURE RISE	**1.5°C**	**1.6°C**	**+3.0°C**
POLICY REACTION	Orderly, considered, smooth, planned, proactive	Disruptive, reactive, disorderly, unconsidered	No reaction, non existent
REGIONAL POLICY VARIATION	Co-ordinated, globally working together	Disjointed, self-centred	Minimal, everyone doing own thing
SPEED OF TECHNOLOGY CHANGE	Immediate & progressive	Slow, then accelerated / aggressive progress	Slow change. Lack of incentive for action
CUSTOMER SENTIMENT / BEHAVIOUR CHANGE	Gradual change, adopting over time, clear communication re expectations, on journey together	Potentially take us by surprise, knee jerk reaction	Consumerism trends continues
PHYSICAL RISK SEVERITY	Low	Medium	High
TRANSITION RISK SEVERITY	Immediate & moderate risk level	Delayed, high	Low. Non existent
RISK OF SURPASSING CRITICAL TIPPING POINTS IN EARTH'S CLIMATE SYSTEM	Low	Medium	High
SUPPLY CHAIN IMPACTS OF PHYSICAL (& TRANSITION) RISK	Low	Medium	High

WHY THESE SCENARIOS?

HGH chose to conduct the scenario analysis using the NGFS (Network for Greening the Financial System) framework. The decision to use this framework and the following three scenarios was guided by XRB's requirements and the importance of making efforts to align with the retail sector work we participated in, where possible.

NGFS ARCHITECTURES:

- **Orderly:** Net Zero 2050 (1.4°C)
- **Disorderly:** Delayed Transition (1.6°C)
- **Hot House World:** Current Policies (+3.0°C)

The NGFS scenarios are global, have good data availability for Australia and New Zealand, are evolving, and are widely used by key partners in the retail sector value chain (as well as many New Zealand climate reporting entities (CRE's).

Net Zero 2050 allows HGH to test our short-term preparedness to respond to transition-related risks under fast but planned decarbonisation.

Delayed Transition maximises and explores highly disruptive transition risks in the medium term by providing the most abrupt transition/deceleration of emissions and explores HGH's resilience to these.

Current Policies help to support considerations around the escalation of physical impacts of climate change and how the collective failure to reduce emissions might steadily erode value in the long-term.

These scenarios and rationale also link closely to the time horizons whereby Net Zero 2050 sees most change occurring in the short term, Delayed Transition sees more in the medium term, and Current Policies sees the most change in the longer term.

Net Zero 2050 and Current Policies also meet XRB's requirement to have one temperature scenario outcome at 1.5°C and one at 3°C or greater, respectively.

The data sources that HGH used during the construction of each scenario are provided in the Appendix of this report.

The scenario analysis has been conducted as a standalone analysis, but outputs from the process, particularly the climate-related risks and opportunities will serve as valuable input into HGH's existing strategy and risk processes.

No modelling outside of that which supports the primary data has been used in the construction of each scenario.

The scenario planning process outlined above has had the full backing and participation of the Executive team. The Sustainability Committee and Board of Directors had oversight of the process with regular updates.

Participation in the retail sector scenario analysis in 2023 provided access to expertise within KPMG. HGH also engaged the external sustainability consulting firm, Tadpole Consulting Limited, to support and facilitate the creation of our climate-related disclosures, including the development and delivery of the scenario analysis process, in line with XRB guidelines.

Please see the Risk Management section covering HGH's governance processes as it relates to scenario analysis.

CLIMATE-RELATED RISKS AND OPPORTUNITIES

The summary of HGH's climate-related risks and opportunities identified through our scenario analysis is provided in the Risk Management section.

HGH is currently developing a transition plan that will include determining how climate-related risks and opportunities serve as an input to our internal capital deployment and funding decision-making processes. In the interim, we do not anticipate it will be significant in the short term. During FY24, no capital or finance has been committed to climate risks and opportunities; while some expenditure has been made on expert advice to prepare this disclosure, and in the various efforts of the sustainability working groups. Our current intention is to complete this work for HGH's second climate-related reporting year, utilising XRB's NZ CS 2 Adoption Provision 3. We also plan to disclose any transition plan aspects of our strategy aligned with internal capital deployment and funding decision-making processes.

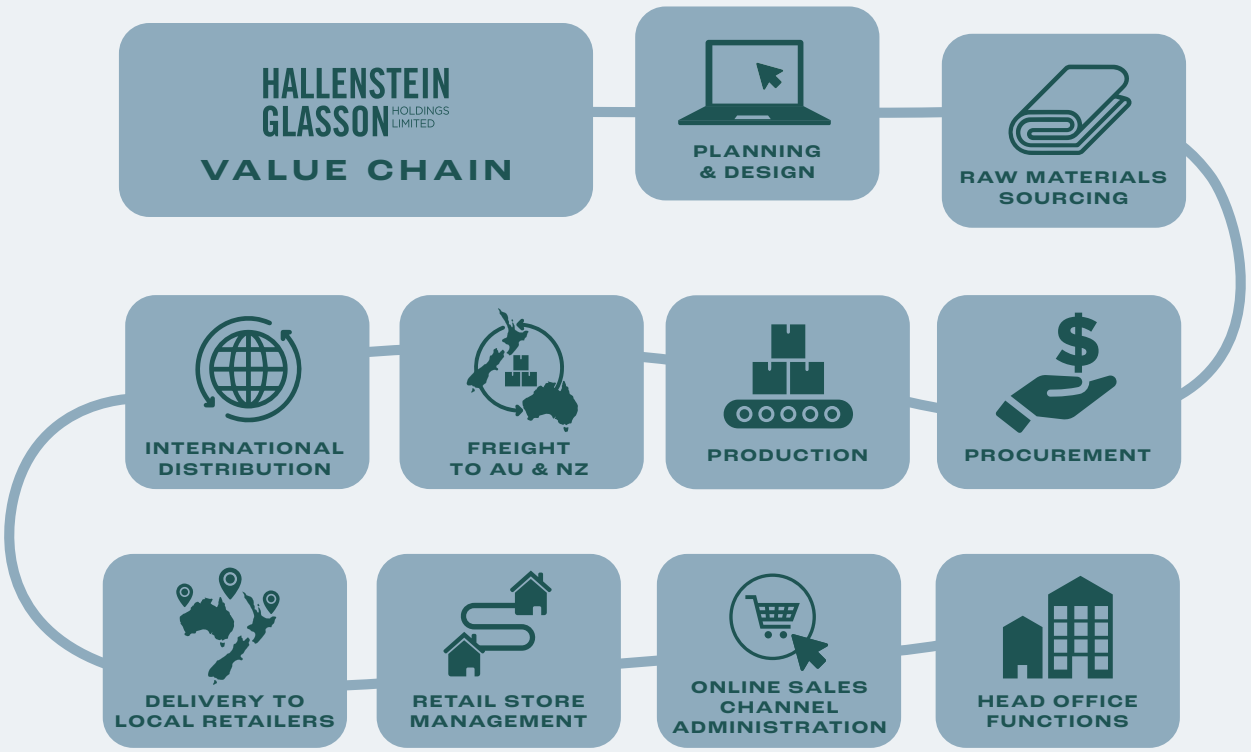
ANTICIPATED IMPACTS AND FINANCIAL IMPACTS

Following the output of our scenario analysis, HGH identified the anticipated impacts of those climate-related risks and opportunities on the business. This output is provided in the Risk Management section (please refer to the risks and opportunities tables).

HGH has elected to utilise NZ CS 2 Adoption Provision 2 and has not formally quantified the impacts of the anticipated climate-related risks and opportunities identified through our scenario analysis.

TRANSITION PLAN

HGH'S VALUE CHAIN IS COMPRISED OF THE FOLLOWING ELEMENTS:



At this stage, HGH is in the process of developing a transition plan describing how the business intends to position itself as the global and domestic economy transitions towards a low-emissions, climate-resilient future state. However, HGH has begun to consider how climate-related risks and opportunities may impact the business in the future and how we might respond to these. These considerations will help to inform our transition plan, and our current intention is to undertake this work in HGH's second climate-related reporting year, utilising XRB's NZ CS 2 Adoption Provision 3.

RISK MANAGEMENT

TO SUPPORT PREPARATION OF OUR CLIMATE DISCLOSURE, WE HAVE IN PARALLEL DEVELOPED A MORE THOROUGH AND ROBUST OVERALL RISK MANAGEMENT FRAMEWORK AND ASSOCIATED PROCESSES.

The framework is based on a definition of risk appetite agreed by the Board, and a risk map that defines and prioritises inherent risk severity according to the combination of risk likelihood and risk consequence. The risk map parameters are based on detailed definitions for severity, likelihood and consequence that have been developed and agreed by the Executive Leadership Team. The definitions of risk severity, consequence, and likelihood form the basis of the assessment of materiality, including whether the risk or the way in which the risk is described could influence users of this climate disclosure. A risk treatment approach for each risk has been specified, with current and planned risk controls documented, and a resultant assessment of residual risk.

The risk register summarises these risk characteristics for formal review on a six-monthly basis, initially by management and then by the Audit and Risk Committee. Membership of the Audit and Risk Committee is restricted to non-Executive Directors, and the Chair is an Independent Director. The ARC in turn reports to the Board, and the Board has ultimate responsibility for overseeing the identification, treatment, and monitoring of risk.

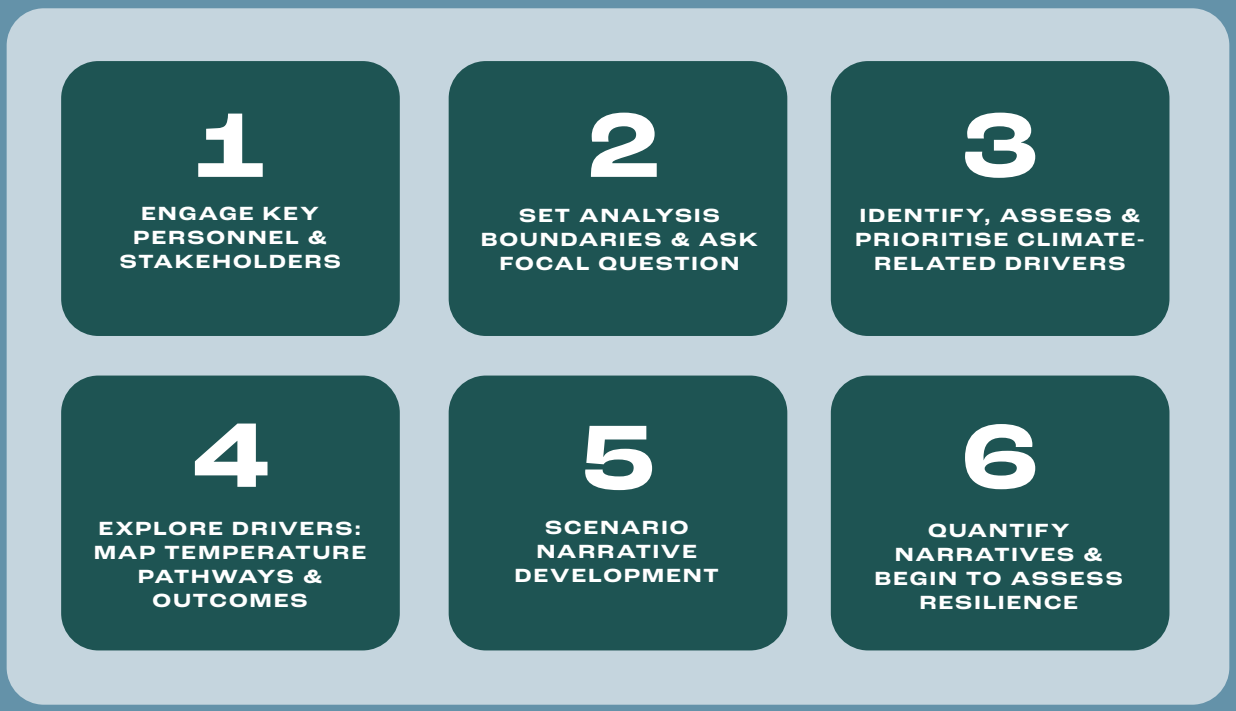
Any suggested additions or deletions, or changes to risk profiles from the previous risk register are to be highlighted and flagged by management and discussed at the Audit and Risk Committee, with the Group CFO responsible for initiating the discussion. Owners from within the Executive Leadership Team are identified for each individual risk.

Climate-related risk is one of several risk categories used in the overall risk framework. Accordingly, climate-related risks and opportunities identified through the scenario analysis have been integrated into this risk management framework and will be reviewed in the same cycle as all business risks.

HGH's workshops on climate disclosures have helped us understand actual and potential long-term climate-related risks.

Time horizons considered were short term: 2024-2030; medium: 2031-2040; and long: 2041-2050. These time horizons were chosen to explore HGH's readiness to rapidly transform the business (short-term), resilience to a condensed and disruptive transition (medium-term), and the potential threat of value erosion in an economy-wide failure to reduce emissions (long-term). These time horizons are reflected in the scenario analysis horizons.

THE GOVERNANCE PROCESS WE FOLLOWED WHILE CONDUCTING THE SCENARIO ANALYSIS IS SET OUT IN THE BELOW SIX STEPS:



The output of the above process resulted in the identification of nine climate-related driving forces ('drivers'), that were used to form the basis of our scenario analysis:

1. Consumer behaviour / preferences
2. Brand reputation / social license to operate
3. Emerging technology / innovation
4. Data privacy and security
5. Domestic and global economic dynamics
6. Sourcing and supply chain barriers
7. Natural resources
8. Regulatory changes / government approach to climate change
9. Geopolitics

The process to prioritise climate-related risks has been initiated with the identification of physical and transition risks across all timelines in all scenarios. Inherent risk has been assessed for each risk identified, and key prioritised risks have then been integrated into the overall risk framework where these are deemed to be material in line with the broader risk management framework definitions.

Details of the risks identified from scenario analysis are outlined in the following table.

No areas of the value chain were excluded.

CLIMATE-RELATED PHYSICAL AND TRANSITION RISKS

RISK AREA	DESCRIPTION OF RISK	DESCRIPTION OF ANTICIPATED IMPACT	SCENARIO AND TIME HORIZON IMPACTED	BUSINESS RESPONSE
Physical - acute	**Significant increase in the quantum and severity of weather events impacting supply chains.**	Severe weather events such as floods, fires and storms significantly impact transport and logistics operations and infrastructure. This can result in challenges to delivery, inability to unload, store and distribute HGH's products. Natural disasters can interrupt the production of raw materials, shipping logistics, and overall supply chain continuity.	Current Policies – Long term	Increased focus on transition planning to prepare for and develop resilience to the impacts of more severe weather.
Physical – chronic	**Resource scarcity**	Prolonged droughts or changes in land use can affect the availability of natural resources, impacting both the cost and sustainability of raw materials. Gradual shifts in climate patterns, such as increasing temperatures or changing precipitation patterns, can impact the availability and cost of materials, such as cotton or wool, which are essential for clothing production.	Current Policies – Long term	Invest in sustainable farming practices, develop partnerships with resource-efficient suppliers, and explore alternative materials.
Transition – social	**Reputational risks: Public scrutiny and activism**	Increasing awareness and activism around environmental and ethical issues mean that fashion brands are under greater scrutiny. Negative publicity or social media backlash related to environmental practices can damage brand reputation and customer trust.	Net Zero 2050 – Short term Current Policies – Long term	Develop a transparent sustainability communication strategy, engage with stakeholders, and take proactive measures in Corporate Social Responsibility initiatives.
Transition – economic	**A lack of supply of "green" materials drives up the demand of such resources, leading to higher input costs.**	Profitability is impacted due to the higher input costs and the inability for the consumer to absorb them. Lower availability of materials will result in less production of goods and potential lost market share to those companies willing/able to pay more.	Net Zero 2050 – Short term Delayed Transition – Medium term	Continue to build strong relationships with suppliers and use our existing business model to continue to offer consumer value.
	Cost of domestic energy prices	Impacts of climate change impacting the generation of energy in New Zealand and Australia and consequently impacting energy prices	Delayed Transition – Medium term Current Policies – Long term	Work with energy providers to agree long term sustainable energy arrangements.
Transition – supply chain impacts	**Risk of shipping lines missing NZ ports**	Increasing physical impacts of climate change affecting the serviceability of shipping to New Zealand and Australia and increasing costs.	Delayed Transition – Medium term Current Policies – Long term	Leverage existing long-standing relationships to ensure continued access to supply of freight.
	Speed to market/ Supply chain risk	Business model = mass-producing at low cost and bringing stock to retail quickly. The shift from air to sea freight will provide a low carbon footprint and be more cost effective. However, this will extend shipping times and affect the timely replenishment of stock.	Current Policies - Long term	Continue to work with suppliers and transport providers to offer low-carbon solutions. Build in longer replenishment times to our business model. Investigate options of using SAF as needed to meet inventory demands.
Transition - political	**Government/ Regulatory Reporting**	Governments are increasingly implementing regulations related to climate change, such as carbon pricing, emissions reductions targets, and sustainability reporting. Retailers may face compliance costs and need to adapt to these changing regulations.	Net Zero 2050 – Short term Delayed Transition – Medium term	Continue to strengthen our governance and senior leadership skills, and partner with external expertise as necessary.

Please note: only impacts considered to have a potential high severity (and therefore to be material) have been scored.

THE SCENARIOS AND TIME HORIZONS IMPACTED BY THE BELOW CLIMATE-RELATED OPPORTUNITIES ARE NET ZERO 2050 IN THE SHORT TERM AND DELAYED TRANSITION IN THE MEDIUM TERM.

CLIMATE-RELATED OPPORTUNITIES		
DESCRIPTION OF OPPORTUNITY	**DESCRIPTION OF ANTICIPATED IMPACT**	**BUSINESS RESPONSE**
New consumer preferences — green fashion — create opportunity to be market leader	Using key supplier relationships, and exceptional speed to market enables us to forefront the shifting consumer preferences and become a market leader in the new trend.	Our existing business model enables us to be highly responsive and adaptive to consumer demands.
Implement renewable energy sources and energy efficiency measures in production facilities.	Contributes to emission reduction targets, decreases operational costs, and supports compliance with NZ climate regulations.	Invest in renewable energy, such as solar panels, and adopt energy-saving technologies.
Develop and promote clothing take-back schemes, upcycling, and recycling programs.	Supports waste reduction, prolongs product life, and helps in achieving NZ's waste minimization and circular economy goals.	Launch take-back programs in stores and online. Offer incentives for returning used garments and collaborate with recyclers and upcyclers.
Invest in climate-resilient logistics and distribution networks (e.g., electrification of fleets).	Mitigates risks related to climate impacts on distribution, reduces carbon emissions, and aligns with NZ's transportation decarbonization strategies.	Use electrified distribution fleets as much as possible, invest in low-carbon logistics, and develop contingency plans for climate-related disruptions in distribution.
Develop and market carbon-neutral product lines through carbon offsetting and sustainable practices.	Appeals to environmentally conscious consumers, meets emerging NZ market demand for carbon-neutral products, and contributes to national emission reduction targets.	Introduce carbon-neutral products by offsetting emissions through certified programs. Communicate carbon neutrality to consumers clearly.

Please note: only opportunities considered to be large (and therefore to be material) have been scored. All of the climate-related opportunities identified are considered to be transition opportunities.

METRICS AND TARGETS

METRIC CATEGORIES

ABSOLUTE SCOPE 1 AND 2 GHG EMISSIONS

Absolute Scope 1 and 2 GHG emissions in FY24 totalled 1,792 tonnes CO2e.

Scope 1 emissions come from the combustion of transport fuel by the company's car fleet. Fugitive emissions through refrigerant gas leaks in air conditioning systems are de minimis (immaterial, meaning less than 1% total emissions) and therefore excluded.

Scope 2 emissions come from the generation of purchased electricity, and are location based (meaning we calculate them on the basis that we consume electricity from national and state grids).

Our Scope 1 and 2 absolute footprint is presented below (tonnes CO2e).

	FY24
Scope 1	167.23
Scope 2	1,624.93
TOTAL	**1,792.16**

INTENSITY SCOPE 1 AND 2 GHG EMISSIONS

In addition to measuring and tracking our absolute emissions, we track intensity emissions to understand our "carbon efficiency" and how it is changing over time.

We are using the following metric as it will allow us to do this most effectively.

	FY24
Total gross Scope 1 and 2 emissions per $M revenue (t CO2e/$M)	**4.11**

These inventories have been measured in compliance with ISO 14064: 2018 (Greenhouse gases – Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals) using an operational control consolidation approach. All emissions that HGH has direct control over are covered. All facilities and operations are included (being our support offices, distribution centres and retail stores).

TARGETS

The following targets for Scope 1 and Scope 2 emission reductions have been set against a FY24 base year:

35%
REDUCTION BY FY30

50%
REDUCTION BY FY35

Emission factors used in the measurements are country-specific and have been sourced from the following agencies:

- New Zealand Ministry for the Environment (MfE, May 2024 publication)
- Australian Government's Department of Industry, Science, Energy and Resources (Aug 2023 release)

For the FY24 measurement we used emission factors with AR5 Global Warming Potentials (GWP). Emissions have been calculated by applying the appropriate emissions factors to fuel data and electricity consumption data.

No assumptions or estimations have been made in measuring Scope 1 emissions. Uncertainty is low as calculations are activity based using emission factors with +/- 0.9% to 1.8% uncertainty (MfE). For Scope 2 electricity emissions, calculations use ICP meter data, which is assumed accurate. For two stores in Australia where meter data was not available, it was estimated based on the average of similar size stores.

The FY24 Scope 1 and Scope 2 emissions have been verified by McHugh & Shaw Ltd to a Reasonable level of Assurance.

SCOPE 3 EMISSIONS

- Most of our emissions sit in Scope 3 — from the embodied carbon in our products to the emission from freighting product to our DCs and stores, as well as our business travel and waste emissions. Measuring these well is a work in progress and we look forward to sharing these with you in the future. As we improve our measurement approach in this first year of reporting, we will utilise NZ CS 2 Adoption Provision 4.
- In utilising Adoption Provision 4, HGH is also exempt from providing comparative information for Scope 3 GHG emissions in our third reporting period and is utilising Adoption Provision 5 for this.

METRICS AND TARGETS ADOPTION PROVISIONS

As it relates to comparatives of metrics and analysis of trends, HGH is utilising Adoption Provision 6 and Adoption Provision 7.

OTHER METRICS AND TARGETS

As a leading fashion retailer in New Zealand and Australia, we are actively assessing the impacts of climate change on our business. We recognise that both acute and chronic climate events pose risks. Acute impacts include more frequent extreme weather events, which can disrupt our supply chains. For example, during Cyclone Gabrielle, we faced minimal disruptions — yet this underscored the need to prepare for such events.

Chronic climate impacts, such as long-term shifts in weather patterns, require further assessment to quantify their potential effects on our business. Adapting our stores, warehouses, and logistics to withstand these risks will likely require strategic investments in resilience. We also acknowledge the rapidly changing transition landscape, where market and regulatory expectations for carbon reduction and sustainability are increasing. As consumer preferences shift towards more sustainable products, we view this as both a challenge and an opportunity to align with global climate targets.

As our understanding of these risks and opportunities deepens, we are refining our approach and developing metrics to assess the proportion of assets and operations exposed to transitional climate risks, the percentage of our business activities vulnerable to physical climate risks and the alignment of our operations with climate-related opportunities.

Remuneration of management is not currently linked to climate-related risks and opportunities. As we evolve our approach, we will investigate options for possibly aligning executive remuneration with our goals. By continuously refining our metrics and targets, we aim to enhance our resilience to climate impacts and capitalise on emerging opportunities in the transition to a low-carbon economy.

TARGETS

HGH has set a Scope 1 and 2 target of a 50% reduction by 2035. This is against a FY24 Base Year. A shorter term FY30 interim goal of 35% reduction has also been set. Both are absolute targets.

- **35% reduction by FY30**
- **50% reduction by FY35**

Neither the FY30 nor the FY35 target support limiting global warming to 1.5°C, as defined by the Science Based Targets Initiative (SBTi). We are in the early stages of developing our strategic response to reducing our absolute Scope 1 & 2 carbon emissions, and these targets reflect our current strategies. We plan to continue to learn and look for additional opportunities to further reduce our emissions. Our targets do not rely on offsets.

With our Scope 1 and Scope 2 emissions coming from company vehicle use and electricity consumption only, we are limited in the initiatives we can take. Scope 2 electricity is by far our biggest contributor as the data provided demonstrates. Key to our reduction strategy will be a move to more renewable energy and the decarbonisation of the New Zealand and Australia electricity grids.

HGH is not using an internal price of carbon presently so for the purpose of informing intended users, treat this as zero.

McHugh & Shaw.

Certified B Corporation
This company is part of the global movement for an inclusive, equitable, and regenerative economic system.

INDEPENDENT ASSURANCE REPORT ON HALLENSTEIN GLASSON HOLDINGS LIMITED's GREENHOUSE GAS (GHG) DISCLOSURES

TO THE DIRECTORS OF HALLENSTEIN GLASSON HOLDINGS LIMITED (HGH)

Our Assurance Conclusion

Reasonable Assurance Conclusion

In our opinion, the gross GHG emissions, additional required disclosures of gross GHG emissions, and gross GHG emissions methods, assumptions and estimation uncertainty, within the scope of our reasonable assurance engagement (as outlined below) included in the climate statements for the year ended 1 August 2024, are fairly presented and prepared, in all material respects, in accordance with Aotearoa New Zealand Climate Standards (NZ CSs) issued by the External Reporting Board (XRB), as explained on page 1 of the climate statements.

Scope of the Assurance Engagement

We have undertaken a reasonable assurance engagement over the following GHG disclosures within the climate statements for the year ended 1 August 2024:

- GHG Emissions Scope 1/ISO Category 1, 167.23 tCO_2e, on page 14.
- GHG Emissions Scope 2/ISO Category 2, 1,624.93 tCO_2e, on page 14.

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 assurance was limited to the GHG statement and did not include statutory financial statements. Our assurance is limited to policies, and procedures in place as of 28 November 2024, ahead of the publication of HGHs climate-related disclosure for FY2024.

Our assurance engagement does not extend to any other information included, or referred to, in the climate statements on pages 1 to 13 and pages 19 and 20. We have not performed any procedures with respect to the excluded information and, therefore, no conclusion is expressed on it.

Key Matters to the GHG Assurance Engagement

In this section we present those matters that, in our professional judgement, were most significant in undertaking the assurance engagement over GHG disclosures. These matters were addressed in the context of our assurance engagement, and in forming our conclusion. We did not reach a separate assurance conclusion on each individual key matter.

Other Matter

The Ministry for the Environment released updated emission factors for electricity (Scope 2) on 31 May 2024 which was part way through the measurement period. The calculations use the latest factors for New Zealand.

Materiality

Based on our professional judgement, determined quantitative materiality for the GHG disclosures as 1% for individual emission sources, and not totalling more than 5%. Qualitative materiality has been determined with

PO Box 31-095, Ilam, Christchurch, 8444, New Zealand. Ph 021 453 752
info@mchugh-shaw.co.nz • www.mchugh-shaw.co.nz

due consideration to relevance to users of the climate statement, as well as the potential impact of omission, misstatement, or obscurement of any information.

Competence and Experience of the Engagement Team

Our work was carried out by an independent and multi-disciplinary team including sustainability assurance and environmental practitioners. The engagement lead retains overall responsibility for the assurance conclusion provided.

HGH's Responsibilities for the GHG Disclosures

HGH is responsible for the preparation and fair presentation of the GHG disclosures in accordance with the Aotearoa New Zealand Climate Standards (NZ CSs). This responsibility includes designing, implementing and maintaining a data management system relevant to the preparation and fair presentation of GHG disclosures that is free from material misstatement.

Inherent Uncertainty in Preparing GHG Disclosures

As discussed on page 1 of the climate statements, the GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our Responsibilities

Our responsibility is to express an opinion on the GHG disclosures based on our verification. We are responsible for planning and performing the verification to obtain assurance that the onsite GHG disclosures are free from material misstatement.

As we are engaged to form an independent conclusion on the GHG disclosures prepared by management, we are not permitted to be involved in the preparation of the GHG information as doing so may compromise our independence.

Other Relationships

In addition to the provision of the assurance engagement over the GHG statement and HGH's separate Greenhouse Gas Report we also have the following relationships, or interests, in HGH, which did not compromise our overall independence:

- Subject to certain restrictions, the employees of our firm may also deal with HGH within the ordinary course of trading activities of a retailer of menswear and womenswear.

Independence and Quality Management Standards Applied

This assurance engagement was undertaken in accordance with NZ SAE 1 Assurance Engagements over Greenhouse Gas Emissions Disclosures. issued by the External Reporting Board (XRB). NZ SAE 1 is founded on the fundamental principles of independence, integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Professional and ethical standards are held in high regard and our quality management system aligns with the standards ISO 9001:2015 and ISO 14065:2020 and we comply with the Carbon and Energy Professionals New Zealand Code of Ethics and Code of Professional Conduct.

Summary of Work Performed

Our verification strategy used a combined data and controls testing approach. Evidence-gathering procedures included but were not limited to:

- Enquiries of management to obtain an understanding of the overall governance and internal control environment, risk management processes and procedures relevant to GHG information;
- Evidence to support the reporting boundaries, organisational and legal structure reported;
- Recalculation of the GHG emissions;
- Analytical review and trend analysis of the GHG information;
- Evaluation of relationships among GHG and non-GHG data;
- Interview of personnel involved in data collection;
- Review of emissions factors used within the calculations for source appropriateness;
- Review of uncertainty and data quality;
- Review of the assumptions, estimations and quantification methodologies; and
- Seeking management representation on key assertions.

Reasonable Assurance Conclusion

Our reasonable verification engagement was performed in accordance with NZ SAE 1, and ISO 14064-3: 2019 – Specification with guidance for the verification and validation of greenhouse gas statements, issued by the International Organisation for Standardization (ISO). This requires that we comply with ethical requirements (as outlined above), and plan and perform the verification to obtain reasonable assurance (Scope 1 & 2) that the GHG disclosures are free from material misstatement.

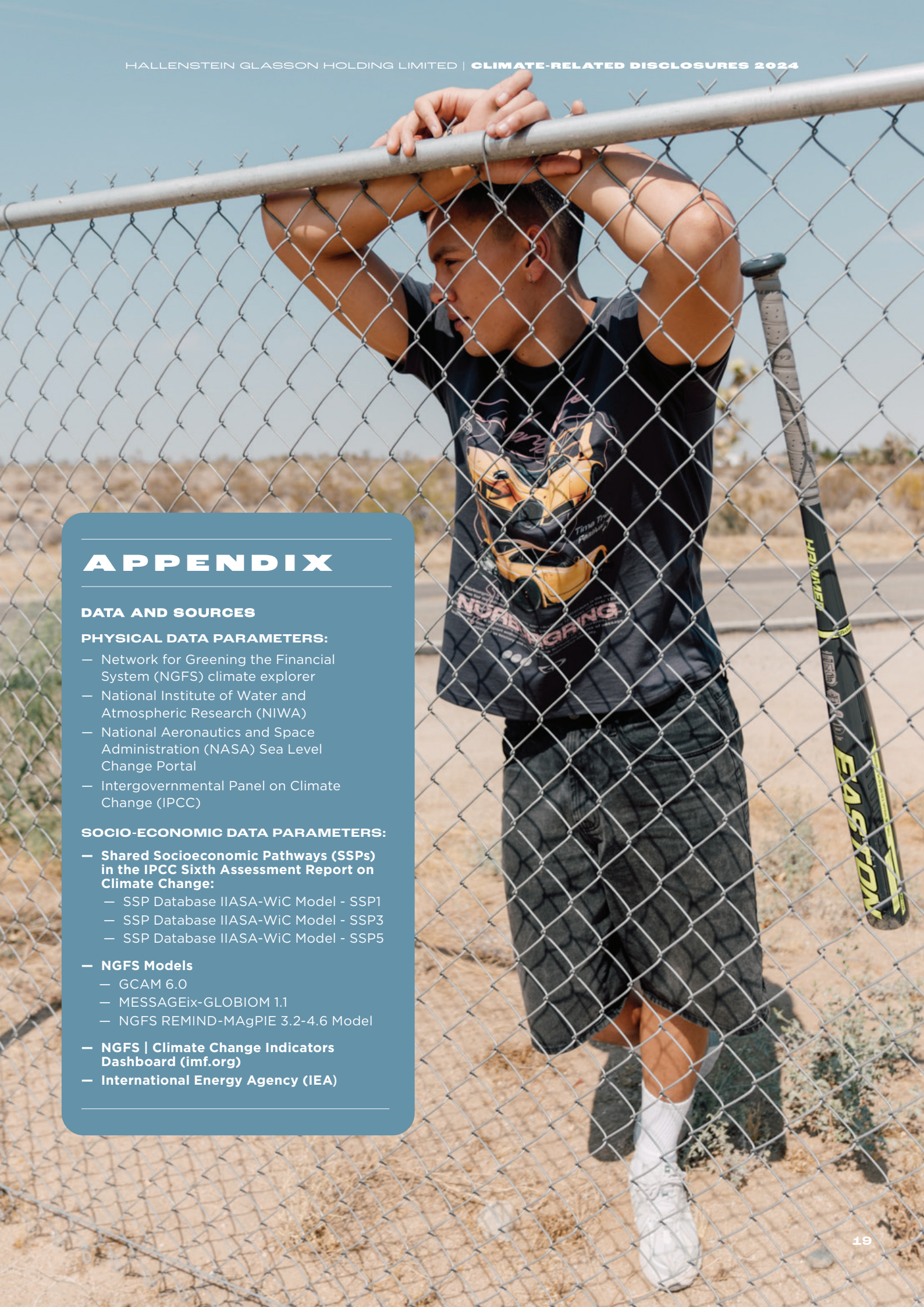
Reasonable Assurance Procedures
• Sample testing, tracing and retracing of data trails back to primary data including vehicle fuel and electricity records; • Site visits in New Zealand and Australia to inspect the completeness of the inventory.

The data examined during the verification were historical in nature. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Jeska McHugh
CEP NZ Certified Carbon Auditor (#CCA1005)
McHugh & Shaw Limited
Christchurch, New Zealand
28 November 2024

May Stewart
May Stewart Consulting
On behalf of McHugh & Shaw Limited
Christchurch, New Zealand
28 November 2024

This report including the opinion expressed herein, is solely for the use of the Directors of HGH for the purpose of disclosure of GHG emissions. This report is not intended to be used and not may be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report by any other party than for which it was prepared.



APPENDIX

DATA AND SOURCES

PHYSICAL DATA PARAMETERS:

- Network for Greening the Financial System (NGFS) climate explorer
- National Institute of Water and Atmospheric Research (NIWA)
- National Aeronautics and Space Administration (NASA) Sea Level Change Portal
- Intergovernmental Panel on Climate Change (IPCC)

SOCIO-ECONOMIC DATA PARAMETERS:

- **Shared Socioeconomic Pathways (SSPs) in the IPCC Sixth Assessment Report on Climate Change:**
  - SSP Database IIASA-WiC Model - SSP1
  - SSP Database IIASA-WiC Model - SSP3
  - SSP Database IIASA-WiC Model - SSP5
- **NGFS Models**
  - GCAM 6.0
  - MESSAGEix-GLOBIOM 1.1
  - NGFS REMIND-MAgPIE 3.2-4.6 Model
- **NGFS | Climate Change Indicators Dashboard (imf.org)**
- **International Energy Agency (IEA)**


HALLENSTEINS
GLASSONS
HALLENSTEINS.COM
GLASSONS.COM
HALLENSTEINGLASSON.CO.NZ