

FOOTASYLUM 

Task Force on Climate-Related Financial Disclosures Report (TCFD)

[2022]

Contents

Overview	3	Governance	5	Strategy	8	Risk Management	18	Metrics & Targets	22
The TCFD Framework	4	The Sustainability Committee	6	Our Climate Scenarios	8	Identify	19	Measuring and managing our climate impact	23
About us	4	Day-to-day management of climate change	6	Climate Indicators	9	Assess	19	Measuring and monitoring our climate-related risks and opportunities	23
				Time Horizons	9	Appraise	19	Carbon emissions from our own operations (Scope 1 and 2)	25
				Results	9	Address	19	Carbon emissions (Scope 3)	26
				Climate-Related Transition Risks	10	Transition risk mitigation	19	Our Carbon Balance Sheet	26
				Climate-Related Physical Risks	14	Physical risk mitigation	21	Key findings from our Carbon Balance Sheet	26
				Climate-Related Opportunities	17			Decarbonising our carbon emissions	27
								Packaging & Waste	27
								Logistics	28
								Tread Lightly	28
								Overview of Progress in FY2022	28
								Summary of our Priorities for FY2023	29

Overview

The importance of addressing the potential risks and opportunities that arise from a changing climate, and finding opportunities to reduce its effects, has become crucial for our business. At Footasylum, we acknowledge our responsibility as a clothing retailer in relation to the environment. We are dedicated to being at the forefront of the fashion retail industry's efforts to be net zero by 2030.

We are pleased to publish our first TCFD report as part of our ongoing commitment to sustainability. This report provides an overview of our approach to climate-related financial risk management. It outlines our plans for reducing our environmental impact.

We believe that acting on climate change is not only the right thing to do, but it is good for business. By reducing our environmental impact, we can save money, improve our efficiency as well as attracting and retaining customers and employees.

We are committed to working with our suppliers and partners to tackle climate change. We believe that we can make a real difference by working together. We hope that our TCFD report will provide valuable insights to other businesses, and we encourage them to join us in acting on climate change.

We are grateful to the Task Force on Climate-related Financial Disclosures (TCFD) for their work in developing this framework. We believe that it is an important step in helping businesses to manage climate-related risks and showcase what they are doing to mitigate them. We are committed to continuous improvement, and we will report on our progress in future TCFD reports.

Climate change is a complex issue, and there is no single solution. However, we believe that by taking action to reduce our environmental impact, we can make a positive contribution to the fight against climate change. We have set several ambitious goals for reducing our environmental impact, including:

- Reaching Net Zero for our Scope 1 and 2 carbon emissions by 2030.
- Using 100% renewable energy by 2025.
- Utilising a fully electric/hybrid logistics fleet by 2025.

We are confident that we can achieve these goals, by working together with our suppliers, partners, and customers. We believe that by acting on climate change, we can create a more sustainable future for our business and for our planet.



The TCFD Framework

Climate change is a major challenge for businesses. We need to take steps to mitigate the risks posed by climate change and to adapt to the changes that are already happening. By doing so, we can build a more sustainable and resilient business.

The TCFD framework is a set of recommendations for companies to disclose climate-related risks and opportunities. The framework was developed by the Task Force on Climate-related Financial Disclosures (TCFD), which was established by the Financial Stability Board (FSB) in 2015.

This disclosure report is voluntary for us this financial year, but it has been endorsed by a wide range of organisations, including the G20, the International Monetary Fund (IMF), and the World Bank. A growing number of companies are now disclosing climate-related information, in line with the TCFD framework.

The TCFD framework is designed to help companies understand and manage climate-related risks and opportunities. It helps investors and other stakeholders understand the financial implications of climate change. It is an important step in helping companies and investors to address climate change.

The TCFD's framework includes 11 recommendations that are categorised into four themes (Governance; Strategy; Risk Management; Metrics and Targets). This framework has been helpful for Footasylum to identify, evaluate and address climate-related risks and opportunities that are associated with our business. This report will outline some of the progress that we have made in 2022 in relation to climate change and sustainability.

About us

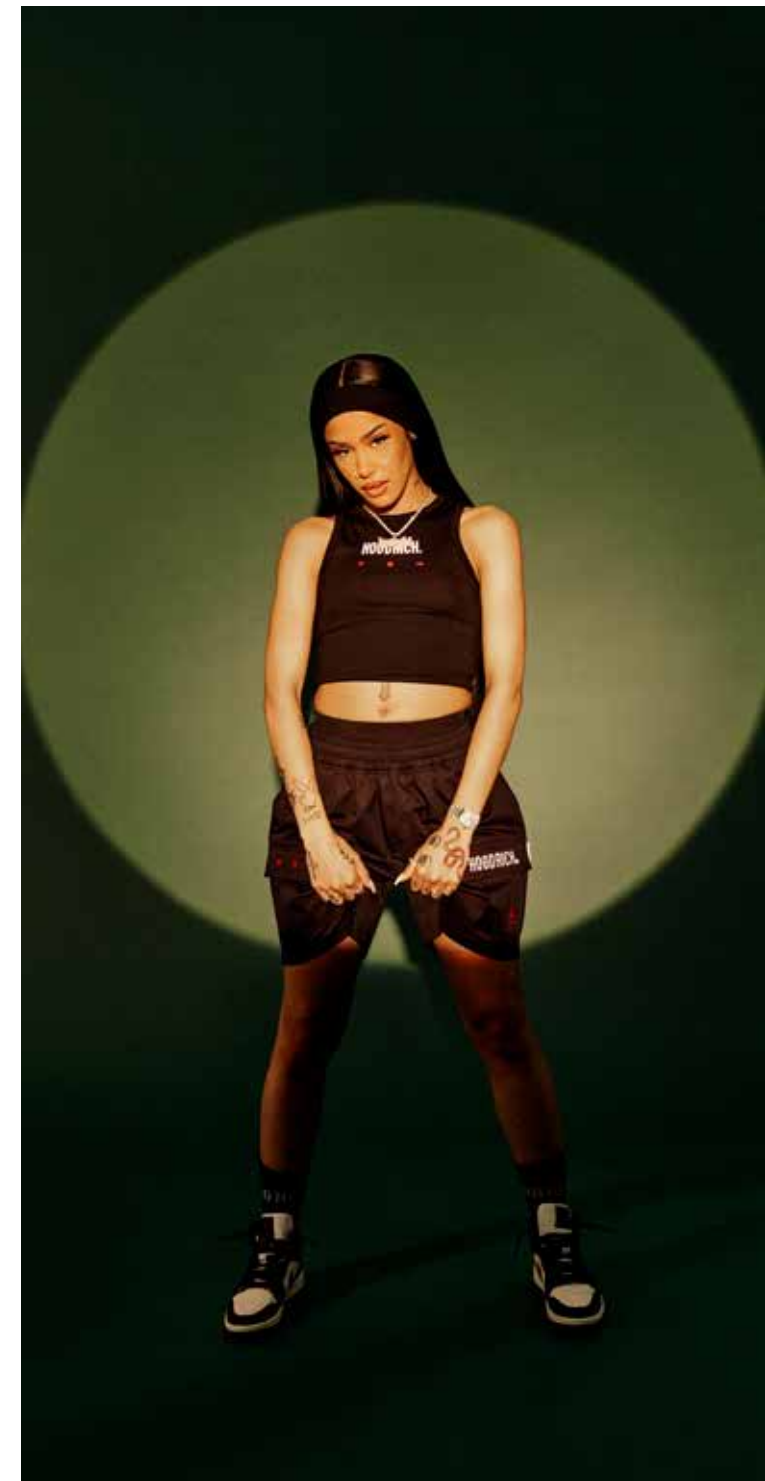
Footasylum is a creative, brave, and adaptable omnichannel retailer. Through our stores, website, and own brands, we are storytellers who are committed to pushing the boundaries of creativity. Since our first store opened in 2006, we have been a part of our consumers' community of urban style leaders who drive new trends and do things their way. We are young and adaptable, never one to follow the rules, endorsed by this community of tribes. We defy the ordinary as the local retailer of the streets.

Footasylum is the company's core retail brand, offering a wide range of footwear, apparel, and accessories to our core audience of 16 to 24-year-olds. This demographic tends to prioritise discretionary spending on aesthetics and image, particularly clothing and footwear. They are also more willing to embrace new trends and are prominent users of digital sales channels.

We take a digital-first approach to marketing, working in partnership with established and up-and-coming players in industries aligned with our core audience, to create online content that inspires, engages, and entertains our consumers. By partnering with social influencers, we become a part of their online social lives, inspiring loyalty and raising Footasylum's profile among our target audience. This runs through the style and functionality of our whole digital platform.

Our retail stores across the UK are also fitted out in our distinctive style, tailored to their local markets.

Footasylum offers an extensive range of footwear, apparel, and accessories for men, women, and children. We continue to grow our in-house design team that develop our own brand apparel and accessories, presenting them as complementary to third-party brands. We believe this is not only strategically important in differentiating us in the market, but forms the key to our ability to be hyperlocal and give each of our stores its own unique character.





Governance

Disclose the organisation's governance around climate-related risks and opportunities.

Governance

Footasylum is committed to good governance and to managing climate-related risks and opportunities in a responsible and transparent manner. The Board of Directors is responsible for overseeing the company's approach to climate change. The Board has established a Sustainability Committee, which is responsible for overseeing the company's approach to climate change. The Committee is chaired by our Operations Director with Board sponsorship from the CFO, and it includes representatives from the company's senior management team.

The Group's climate change strategy is aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We will publish an annual TCFD report, which provides information on the company's approach to climate change and on its progress in implementing its climate change strategy.

The Group's approach to climate change is based on the following principles:

- **Risk-based approach:** We have taken a risk-based approach to climate change, to identify and assess the risks and opportunities posed by climate change to the company's business.
- **Transparency:** The Group is committed to being transparent about its approach to climate change and publishes an annual TCFD report.
- **Governance:** The company has a strong governance framework for managing climate-related risks and opportunities.
- **Engagement:** The company engages with its stakeholders on climate change, and it seeks to understand their views on the company's approach to climate change.
- **Innovation:** The company is committed to innovation in its approach to climate change, and it is seeking to develop new ways to reduce its environmental impact.

The Group's sustainability strategy is aligned with its overall business strategy. It is supported by the company's management team and its Board of Directors. The Group is committed to implementing its climate change strategy in a responsible and transparent manner, and it is seeking to make a positive contribution to the fight against climate change.

Meeting the strategic objectives of the Group, relies heavily on effective risk management. The Board of Directors holds the ultimate responsibility for creating and supervising the Group's risk management framework, including those related to climate change.

The finance department of the Group implements risk management, based on approved policies and these principles. An extensive evaluation of the climate change risks that the Company may experience, for example, the risks that could jeopardise its business model and future performance, has been conducted with the support of a third-party ESG specialist.

The Board regularly examines potential risks, the measures, controls, and procedures to mitigate any adverse impact on the Group. The climate-risk register is reviewed, updated, and considered by the Board annually. Throughout the financial period, the Board has emphasised significant environmental goals, including climate-risk management, energy efficiency, and waste reduction.

The Sustainability Committee

The Sustainability Committee is comprised of the Heads' or deputies of the following departments: Brand (Marketing); Communications; Finance; Product, HR, CX and Operations. There is executive Board sponsorship from our CFO and the committee is chaired by the Director of Operations. The Sustainability Committee oversees creating the Group's comprehensive sustainability plan and identifying significant ESG

priorities that have a notable impact on the Group. For example, the risks and opportunities linked to climate change. Additionally, the committee is accountable for integrating climate change priorities, as a crucial component of the Company's business strategy. At present, there are no plans to link climate change objectives to the Board's remuneration, but we will reassess this annually.

The Committee meets bi-annually to discuss climate change as part of the Group's wider sustainability strategy, to monitor the company's progress in implementing its strategy, and to report on the company's climate change performance.

Day-to-day management of climate change

The management responsibility for climate-related risks and opportunities has been assigned to the department heads by the Sustainability Committee. The Director of Operations is responsible for sustainability at Footasylum, providing support to the committee and department heads. We will assess hiring a Sustainability Lead in FY24, who would eventually be responsible for the Group's sustainability strategy. The Sustainability committee collaborates to guarantee the Company's sustainability plan, climate action, and TCFD reporting are developed and implemented.



Strategy

Disclose the material actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

Strategy

One of the core aims of our strategy is to minimise our impact on the environment across the business, especially through reducing waste and carbon emissions. This will involve considering how this impacts our supply chain. The adverse effects of climate change may hinder our ability to achieve our primary objective of providing quality service to our customers and creating value for our stakeholders. Therefore, we fully support the TCFD's recommendations of integrating climate change risks into our current risk management procedures.

Footasylum has a well-established and comprehensive risk management framework that guides the identification, rating, and monitoring of business risks. We have incorporated climate change into this existing process through the TCFD programme, which we have initiated in FY23. This involved the development of a climate risk management framework. With this framework, Footasylum can efficiently recognise and evaluate its climate-related risks and opportunities. Any impact to our stores and warehouses across the UK, may pose a significant risk to our business. However, we understand that most physical risks will be within our supply chain, which we plan to analyse within the next two years.

Our Climate Scenarios

We utilised three climate change scenarios that were recommended by TCFD and developed using international frameworks, to evaluate how each identified risk could affect our company's operations and financial planning.

The first scenario, the Inactive Scenario (Below 2°C by 2100), assumes that global warming will be limited to below 2°C by 2100. Governments, businesses, and the public work collaboratively to mitigate climate change by adopting Net Zero carbon emissions by 2050, as set out in the Paris Agreement. Strict laws and regulations aimed at reducing greenhouse gas emissions are implemented, although this will come at an increased cost

to organisations, thereby increasing the transition risks to the low-carbon economy. Nonetheless, physical impacts will be minimal.

The second scenario, the Reactive Scenario (2-3°C by 2100), predicts a delayed response to climate change, leading to unanticipated deployment of measures to reduce global emissions. COP26 policies and accords are part of this scenario. In the short term, business will continue as usual, but transition risks will be higher, and medium-term physical risks will occur due to delayed responses. Governments will rely on technology to reduce emissions, and only leading organisations will actively reduce their carbon footprint.

The third scenario, the Inactive Scenario (Above 3°C by 2100), is the worst-case scenario. It assumes that little or nothing will be done to address climate change, and business as usual will continue for decades. The increase in global emissions through 2040, which will result in a temperature increase of more than 3°C. The IPCC anticipates multiple climate tipping points will be reached, which will lead to the greatest impact of physical risks. Governments and organisations will eventually act, leading to hurried and disjointed policies.





Climate Indicators

Footasylum conducted a comprehensive assessment of the potential physical hazards that could impact their sites as a result of climate change. This was achieved by modelling various physical indicators for each site, including temperature, precipitation, aridity, soil moisture, water discharge, water runoff, water stress, sea level rise, flooding, and forest fires. These indicators were carefully selected to shed light on the possible physical dangers that could arise due to climate change.

The potential interactions between these indicators and other physical risks were evaluated, to gain a better understanding of the materiality of each indicator for a site. This assessment helped Footasylum to determine which indicators posed the greatest risk to their sites, based on whether they exceeded a predetermined rate of change or risk threshold.

For example, extreme aridity could raise the risk of wildfires and water stress, leading to potential damage to Footasylum's properties and surrounding areas. Similarly, extreme increases in water discharge and runoff could lead to flooding, potentially causing significant damage to Footasylum's sites and infrastructure.

By conducting this assessment, Footasylum was able to identify the specific physical risks associated with climate change that could impact their sites. This information is crucial in developing strategies and plans to mitigate the risks and ensure business continuity in the face of potential hazards.

Time Horizons

Due to the far-reaching impacts of climate change, it is important for businesses to consider the potential effects beyond their traditional boundaries. To address this issue, we utilised the three climate change scenarios outlined previously and applied them to three distinct time horizons. Our analysis was aligned with the UK

Government's Net Zero target, which aims to reduce carbon emissions to zero by 2050.

The first time horizon we examined was the short-term period from 2020 to 2025. During this period, the proactive scenario presented the greatest changes. Transition risks would be strictly enforced, as a shift towards a low-carbon economy would be in progress.

In the medium-term period from 2025 to 2035, the impacts of climate change would become more apparent. Physical risks would start to emerge during this time, particularly under the reactive and inactive scenarios. The reactive scenario would present the greatest transition risks, as governments rush to enact regulations to counteract the changes that have already been made.

Finally, in the long-term period from 2035 to 2050, physical risks would pose the greatest threat, particularly within the reactive and inactive scenarios. These risks would be particularly pronounced, and businesses would need to be prepared for the potential consequences of such changes.

Results

The results from the climate scenario analysis were discussed in November 2022 with our Operations Director (who has overall responsibility for the day-to-day management of sustainability) and the Sustainability Committee, to determine the impact of each potential climate-related risk. The resulting climate-risk register was then presented and discussed with the Operations Director and CFO in January 2023, to agree upon the resulting climate-related risks for FY23.

Climate-Related Transition Risks

Transition risks arise from indirect impacts of climate change, including changes in government policy, technology, and market conditions. Climate-related transition risks specifically refer to risks associated with the transition to a low-carbon economy. These risks can have a significant impact on businesses and communities, and their severity is expected to increase in the future.

Footasylum primarily operates in the UK and is subject to UK and EU environmental reporting laws. The UK government has set a target of achieving net-zero by

2050, which will require laws that limit carbon emissions by prohibiting high-impact activities or promoting change and adaptation. Footasylum is obligated to report under the Streamlined and Energy Carbon Reporting (SECR) and Energy Saving Opportunities Scheme (ESOS). The company is presently developing a net-zero strategy and transition plan, which will be published in H1 FY24. We will also monitor upcoming legislation in the UK and EU, to ensure compliance with future emission regulations. The global fashion retail market needs significant adjustments to transition to net zero, presenting risks and opportunities for many businesses. Market shifts

in response to government action and climate change are among the most challenging risks to assess. For Footasylum, its reputation is crucial to growth and customer experience. The company aims to build its reputation responsibly by contributing to a sustainable future, which it monitors by regularly assessing customer sentiment. Demonstrating our dedication to addressing climate change responsibly, through our TCFD reporting and net-zero strategy is our key response to this area of risk.

Table 1: The Group's climate-related transitional risks.

Area	Risk	Climate Scenario	Time horizon	Description of Risk	Risk Response
Policy & Legal	Increase in regulation due to climate change, enhanced emissions reporting obligations	<2°C	Short - Medium	Footasylum is already impacted by Government regulation which has been introduced to reduce energy use and emissions including UK ESOS, SECR and TCFD regulation as of FY22. As the world aims to transition to a decarbonised economy, enhanced regulation may be introduced over time.	Through our existing sustainability programme, we have dedicated resources in place, and work with our third-party ESG specialists to ensure we remain compliant with current and emerging regulations. We are also considering hiring for a Sustainability Manager in FY24, who will be responsible for ensuring we are compliant with increasing climate regulations.
		2-3°C	(2020-2035)	The costs and resources required to ensure Footasylum remains compliant with additional reporting and to manage internal initiatives is likely to increase. For example, BEIS estimate that it will cost the average company £88,000 a year to comply with the TCFD disclosure requirements.	These costs on the business will be relatively low due to our revenue. It costs us between £90,000 and £100,000 per year to remain compliant with current climate reporting requirements, which we anticipate increasing within the short-medium term.

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Area	Risk	Climate Scenario	Time horizon	Description of Risk	Risk Response
Policy & Legal	Increased cost of energy and raw materials	<2°C 2-3°C	Short - Medium (2025-2035)	Footasylum has already identified the rising prices of energy and materials as a risk in their 2022 risk register (No. 26), stating: “any change in global pricing of raw materials would either impact the quality of the product (using a lower grade of material), increase the price of the product; or not have the product available”. This impact is likely to increase over time and across the different scenarios.	<p>As we advance on our journey to become net zero, we will aim to substitute our materials to lower emission alternatives, where possible.</p> <p>The cost of sustainable / recycled material is expected to be higher than non-recycled alternatives. Our sustainability range does cost more, but this is due to the market demand, rather than the cost of the material.</p> <p>A potential Sustainability Manager at Footasylum in FY24 would be tasked with investigating sustainable products and materials.</p> <p>During FY23, we have been refitting our stores with LEDs, to reduce the costs of energy going forward, and have undertaken ESOS surveys at some of our sites, to identify energy-saving opportunities.</p> <p>During 2022, we have experienced an increase of 50% in FCA paper prices, plastic packaging and raw materials. We expect this to increase by a further 30% in 2023.</p>
	Changing consumer preferences to more sustainable products	<2°C 2-3°C	Medium (2020-2035)	<p>With the increasing importance of ESG, stakeholder concern for our organisation’s part in helping the environment is likely to increase.</p> <p>Failing to communicate how we will reduce our environmental impact proactively could result in losing customers and impact our position in the market.</p>	<p>We believe that by communicating our evolving sustainability programme we can minimise this risk. As we are on a journey to reduce our carbon emissions, we can position ourselves to be ready for changing customer demands. We have recently launched our sustainability programme, where we have launched several initiatives such as recycled plastic bags, zero waste to Landfill with Biffa and Fresco and paperless invoicing. Our commitment to the planet is detailed on our sustainability web page.</p> <p>We are considering hiring for a Sustainability Manager role in FY24. The successful candidate would identify and assess potential sustainable alternatives for our products and packaging within our supply chain. Also, to ensure these initiatives are communicated to our customers and stakeholders.</p> <p>We monitor customer sentiment monthly. Currently, we have not identified a significant shift towards sustainability from our target customer base (16–24-year-olds). Although, we do expect this shift and understand we need to be ready to act.</p> <p>Currently, 92% of revenue is associated with non-sustainable products.</p>

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Area	Risk	Climate Scenario	Time horizon	Description of Risk	Risk Response
Reputation	Increased stakeholder concern for ESG	<2°C 2-3°C	Short - Medium (2020-2035)	<p>With the increasing importance of ESG, stakeholder concern for our organisation's part in helping the environment is likely to increase.</p>	<p>An actual or perceived inability to understand and be seen to be taking action to reduce our overall carbon footprint is likely to negatively impact investor sentiment / ratings. This could potentially limit our access to capital, as the focus on environmental impacts, climate change and net zero targets increases.</p>
				<p>Failing to communicate how Footasylum will reduce their environmental impact proactively could result in low investment opportunities.</p> <p>With increased transparency comes increased scrutiny. Therefore, there is a reputational risk of not meeting the targets they have publicly committed to.</p>	<p>Footasylum is under new ownership from Aurelius Group, whose core focus is to enhance ESG aspects into their portfolio companies, and they are carrying out their own TCFD analysis in 2023.</p> <p>By communicating our own progress against the TCFD and related topics through our Annual Report and standalone TCFD report, we believe we can minimise the impact of this risk.</p>
Technology	Substitute existing products to lower emissions alternates	<2°C 2-3°C	Short - Medium (2020-2035)	<p>Customer preferences are changing as people are considering the environment when making purchasing decisions.</p>	<p>As we are on a journey to reduce our carbon emissions, we can position ourselves to be ready for changing customer demands. The upfront cost to capitalise on this opportunity would increase capital expenditures for business, as we will be required to invest in alternative materials to develop lower-emission alternative products.</p>
				<p>The costs to ensure our products are sustainable are likely to increase as we may need to invest in more technology and resources.</p>	<p>We do not anticipate that substituting our products with lower emission alternatives will come at a substantial cost to the company however, nor will it happen quickly without warning, which should give us time to plan and budget for new sustainable lines.</p> <p>We monitor customer sentiment monthly. Currently, we have not identified a significant shift towards sustainability from our target customer base (16–24-year-olds). Although, we do expect this shift to change and understand we need to be ready to act.</p> <p>In terms of packaging, we have experienced during this financial year a 20% increase in the costs of our carrier bags, due to their recycled material. Regulation could come in without warning and lead to sudden cost implications for our business.</p>

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Area	Risk	Climate Scenario	Time horizon	Description of Risk	Risk Response
Technology	Costs to transition to lower emissions technology	<2°C 2-3°C	Short - Medium (2020-2035)	As we aim to reduce our carbon emissions, Footasylum may need to invest in lower emission technology, resulting in increased costs for the Company.	<p>At Footasylum we are committed to decarbonising our operations as we embark on a journey to net-zero Scope 1 and 2. To reduce our carbon emissions we may be required to invest in lower emissions technology across our operations, as more innovative solutions come to market over time.</p> <p>We may be required to dedicate a capital expenditures budget, to invest in lower emission technology to meet our targets, resulting in increased cost for the business.</p> <p>Due to the nature of our business, our Scope 1 and 2 emissions are relatively high, due to our stores. We are currently refitting all our stores with LED lighting, to reduce our energy usage across our portfolio. This is currently 40% complete. We will continue this rollout during 2023 and beyond.</p> <p>We also aim to have our 50-car company fleet fully electric or hybrid by 2025.</p> <p>We have so far invested: £65,000 in fitting our stores with LEDs (40% through the project); £6,000 to convert our logistic vehicles to biofuels and £1,000 to convert one of our warehouses to biofuel heating.</p>



Climate-Related Physical Risks

Physical risks can be classified as chronic or acute, with one-off events such as storms or floods being considered acute, while ongoing changes like increasing annual mean temperatures or rising sea levels fall under the chronic category. Our business sites and operations are situated in the British Isles, which currently experiences a relatively stable climate, with high precipitation and flooding posing the most significant risk. However, according to the Met Office, the UK climate is expected to become hotter, with drier summers and colder,

wetter winters during the rest of the century. As a result, heatwaves, water stress, and flooding are likely to pose the most significant long-term risks for the UK and Ireland, as climate change exacerbates these hazards.

Although several of our stores are located within shopping centres and areas that already have mitigation measures, to address issues such as flooding and periods of extreme heat, flooding and flood damage to our sites remain our most significant operational risks. In

FY23, some of our sites, such as the Fosse Way store in Leicester, were already impacted. However, we recognise that most of the physical climate-related risks will affect our supply chain rather than our own sites. To address this, we plan to explore the feasibility of conducting a climate scenario analysis on our crucial suppliers and supply routes in the coming financial year as part of our TCFD strategy development.

Table 2: The Group's material climate-related physical risks.

Area	Risk	Climate Scenario	Time horizon	Description of Risk	Risk Response
Acute	Increased severity of heatwaves and extreme heat	2-3°C; >3°C	Medium - Long Term (2025-2050)	<p>The frequency and intensity of heatwaves are expected to rise in the UK with climate change. The heatwaves of the summer of 2022 lead to 40-degree temperatures in the UK and disruption to multiple transport links. This leads to increased demand for cooling and energy (Air-conditioning, fans, water) at Footasylum's sites.</p> <p>Power outages could become more common, due to a reduction in power production and an increase in energy demand.</p> <p>Supply routes may be disrupted as railways buckle and roads melt.</p> <p>Regular comfort breaks may be required, to ensure employees do not suffer from heat-related illness, which reduces productivity</p>	<p>Spikes in energy usage during the summer months may increase Footasylum's energy consumption and ultimately Scope 1 and 2 carbon emissions, hindering progress in our journey to net-zero in Scope 1 and 2 by 2030. Increase energy demand could lead to power outages, which could cause disruption to our business operations.</p> <p>Footasylum's operations were not significantly impacted by the heatwaves of summer 2022, where temperatures reached 40 degrees for the first time. In our stores and warehouses, we ensured employees were hydrated and had regular breaks. Our head office is air-conditioned, and all staff can work from home, which many chose to do during the periods of intense heat.</p> <p>Heatwaves may reduce our in-store revenue, as customers choose not to leave their homes. Although, we analysed the financial impact of the summer 2022 heatwaves on our store revenue, compared with the same period in 2021. We found that there was no impact, or reduction in revenue.</p>

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Area	Risk	Climate Scenario	Time horizon	Description of Risk	Risk Response
Acute	Increased severity of flooding	2-3°C; >3°C	Medium - Long Term (2025-2050)	<p>Flooding is a risk to Footasylum's sites currently, and this is expected to increase with frequency and severity as the climate changes.</p> <p>This may result in direct damage to property, plant & equipment, and transport networks resulting in increased cost. There is also potential for delivery delays and further operational disruptions.</p> <p>Costs may increase as global property insurance premiums are forecast to rise by 29% by 2040 due to climate change.</p> <p>Extreme weather conditions may increase production costs, or cause supply chain disruptions, but it is not likely to permanently disrupt our ability to sell or service vehicles in the long run. The disruptions may cause increased costs, increasing prices. Extreme weather conditions may also result in direct damage to buildings and property and increase costs for the business as insurance premiums rise.</p>	<p>We recognise that increased flooding could result in disruptions to our business. As flooding increases in severity and frequency, it could result in direct damage to our property, plant and equipment. Also, it could impact critical transport routes causing increase costs for the business through maintenance, supply chain, transport and customers not being able to access our stores.</p> <p>Located in a high flood risk zone may also cause an increase in our property insurance premiums, as resources show globally premiums are expected to rise by 29% by 2040 due to climate change.</p> <p>We undertook climate scenario analysis at 12 of our key sites and found that flooding was a risk for seven sites.</p> <p>To counter this risk, we have invested in some flood mitigation schemes at our warehouses. For example, at our Heywood warehouse, we have invested in sandbags and are researching further mitigation measures to tackle storm flooding.</p> <p>Despite the scenario analysis suggesting that our sites were in high flood risk zones, most of the sites are safe from physical inundation.</p> <p>For example, our store in Stratford, East London, is located on a flood hazard from the River Lea, which has previously inundated the area. The Westfield shopping centre that our store is located has a flood defence, which offers protection to the shops.</p> <p>Our store at Sheffield Meadowhall Shopping Centre was impacted by flooding in February 2022. We estimate that this flooding event has cost the business £4,000.</p> <p>Maintenance costs from flooding damage and storms in FY23 was £150,000.</p>
				<p>Increased frequency of wildfires</p>	<p>>3°C</p>

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Area	Risk	Climate Scenario	Time horizon	Description of Risk	Risk Response
Chronic	Sea level rise	>3°C	Long Term (2035-2050)	<p>Rising seas increase the risk of erosion, storm surges and salt water intrusions into aquifers that supply sites with fresh water.</p> <p>Damage to our sites could lead to closures and increased insurance premiums.</p> <p>Damage and disruption to major distribution centres such as ship ports and airports could also impact our supply routes.</p>	<p>The only site analysed where this could pose an issue was Liverpool. Although, the 0.5m sea level rise is projected to occur after the long-term time horizon in 2070, so this is a low risk. As this risk occurs gradually over time, we could be able to relocate our operations if necessary, ahead of time.</p>
	Rising mean temperatures	>3°C	Long Term (2035-2050)	<p>Rising mean temperatures will lead to a higher demand for cooling. Energy costs will rise as sites required additional cooling to maintain optimum temperatures for staff and operations.</p> <p>Staff wellbeing may be impacted if adequate cooling is not maintained. Employees may require more frequent breaks, to avoid health risks associated with higher temperatures. Productivity may be impacted across the Company.</p> <p>Power outages due to increased demand and pressure on the grid can lead to operation disruption.</p>	<p>Spikes in energy usage during the summer months may increase Footasylum's energy consumption and ultimately Scope 1 and 2 carbon emissions, hindering progress in our journey to net-zero in Scope 1 and 2. Increase energy demand could also lead to power outages which could cause disruption to our business operations.</p>
	High water stress	>3°C	Long Term (2035-2050)	<p>Footasylum's operations in high water stress areas may result in restricted water usage and additional regulation to report on water consumption. However, our own operations are not water intensive. Water scarcity will be a bigger impact on our supply chain.</p> <p>Water will require greater treatment, which will result in increased costs.</p> <p>Pressure is put on energy generation as hydropower, nuclear, gas and coal power stations reduce productivity.</p>	<p>As our direct operations are not water intensive, other than for employee use, this is a low risk.</p> <p>However, we recognise that water is an important resource throughout our supply chain in the production of the products we procure. Companies operating in areas of high water stress could be impacted by additional regulation of restricted water usage (hose pipe bans) as well as reporting requirements for water consumption.</p> <p>We will conduct a climate scenario analysis on our supply chain and supply routes in FY24 to understand their sensitivity to climate change.</p>

Climate-Related Opportunities

We have highlighted two opportunities that arise as we transition to a low-emissions world. The first is around the development of new sustainable products, which could set us apart from our competitors if they are slow to respond to the market changes. We monitor customer

sentiment for sustainability monthly. Currently, we have not identified a significant shift towards sustainable products within our target audience of 16–24-year-olds. Although, we anticipate this will change in the medium-term timeframe from 2025-2035. Our other opportunity is

associated with the lower energy costs and help towards our Net Zero goals that the use of lower emissions energy sources provides to our business.

Table 3: TThe Group's climate-related opportunities.

Area	Opportunity	Warming Scenario	Time horizon	Description of Risk	Risk Response
Products and Services	Development of new products or services through R&D and innovation	<2°C	Medium (2025-2035)	By investing in lower emissions products, we can appeal to a wider customer base and remain competitive in the market. We recognise that although customer preferences haven't shifted yet, we predict them to shift in the future, as our customers move towards more sustainable choices.	Approximately 8% of our product lines are sustainable. In the next two years, we will analyse the projected sales for these lines compared to the upfront cost, to quantify this opportunity.
		2-3°C		However, we anticipate that the upfront cost of sustainable products would be outweighed by the potential increase in revenue associated with increased demand for sustainable products from our customers.	
Energy Resources	Use of lower emission sources of energy	<2°C	Short - Medium (2020-2035)	Investment in resource efficiency will lower energy intensity and should lead to cheaper and more consistent operating costs, enhancing operating efficiency. This will be accomplished by decreasing energy, water, and waste across the Group.	We understand that to reach Net Zero by 2050, we will have to considerably reduce the carbon emissions from our own operations, which make up a substantial share of our Scope 1 and 2 emissions.
		2-3°C		Increased energy efficiency technology will decrease our energy consumption and the energy costs for our business. The payback associated with lower-emission sources of energy, will mitigate the upfront cost of technology investment.	We have already made steps to improve our energy efficiency in 2022. We will continue to monitor the energy efficiency of our operations in the future and develop a company-wide Net Zero strategy with targets set for reducing the emissions from our processes in H1 FY23. The cost reduction opportunity in energy saving that will bring to Footasylum in the future will be significant.
				By installing renewable energy generation schemes (such as Solar PV) at our sites, energy costs can be further reduced.	We have forecast a 30% reduction in energy costs after the LED roll-out across our business.



Risk Management

Disclose how the organization identifies, assesses, and manages climate-related risks.

Risk Management

Footasylum has established a four-step risk management framework, which informs how business risks are identified, rated, and monitored. Through our TCFD programme and with the support of a third-party ESG consultancy, we have created a stand-alone climate risk management framework, to identify and assess our climate-related risks and opportunities. This has then been integrated into our wider business risk management processes and is managed by eight members of the Sustainability Committee.

Identify

During this financial year, we engaged with third-party ESG specialists, to help identify and assess the appropriate climate-related risks and opportunities that may impact our business. The climate scenario analysis identified 14 climate-related risks and two opportunities.

Assess

To understand how the impact of climate change could affect the risks and opportunities to the business over time, we facilitated two climate risk management workshops, one in November 2022 with the Sustainability Committee, and the other in January 2023, with our CFO and Director of Operations who manages the climate-related risks at Footasylum.

We discussed the impact of each risk and opportunity on the business across three scenarios (<2°C, 2-3°C and >3°C) and three timeframes (short (2020-2025), medium (2025-2035) and long-term (2035-2050)), enabling us to understand where the impact would be greatest on Footasylum's business operations.

Appraise

Once we assessed the impact of each risk and opportunity, we assigned a range of risk management options. During the climate risk management workshops, we assessed the effectiveness of each current risk

mitigation action, for each climate-related risk and opportunity.

Post-workshop we then developed a climate risk management framework that will feed into our business's existing risk management process, to ensure that our operations remain resilient to climate change. Each risk was ranked from one to eight, using the existing risk management framework rankings. The combination of these rankings provided the overall risk level as viewed in our climate risk register.

Address

To reduce the impact that climate change will have on our business, we have introduced mitigation actions, to reduce the climate-related risks (Table 4). On an annual basis, the Sustainability Committee will re-evaluate the risks and opportunities presented by climate change and review our mitigation actions to understand their effectiveness.

It will remain the Sustainability Committee's responsibility to review and update the climate risk register, to ensure that the opportunities and risks associated with climate change are accurately assessed, acknowledged and monitored.

Transition risk mitigation

We recognise the importance of integrating climate-related risks and opportunities into our strategic decision-making. Identifying and managing these risks is essential to achieving our strategic goals, which depend on our ability to identify and control risks that could impact our company, and to take advantage of opportunities that arise. Senior management identifies risks and assesses the effectiveness of our control environment on an ongoing basis, through robust risk management processes and reporting. Our goal is to efficiently demonstrate our risk management process to all relevant internal stakeholders, while optimising our

mitigation measures. Our transition risks are split into four categories, Policy & Legal, Market, Reputation and Technology.



Table 4: The Group's mitigating actions for the transition risks.

Area	Climate-Related Risk	Mitigating Actions
Policy & Legal	Increased reporting requirements and adverse vehicle or energy regulation due to climate change	<ul style="list-style-type: none"> • We regularly monitor regulatory changes, to ensure that we can respond appropriately and quickly to new legislation regarding climate change. • We have partnered with a third-party ESG services advisor that will inform us of any emerging and potential regulation from a climate change perspective.
	Carbon Pricing Mechanisms in the value chain	<ul style="list-style-type: none"> • As we finalise our Net Zero strategy in the first half of FY24, we will set targets to reduce our scope 1 and 2 emissions through energy efficiency, waste management, and other initiatives. • As part of this Net Zero strategy, we will implement an action plan for scope 3 emissions and value chain engagement. Aiming to reduce emissions as much as possible, to minimise the cost of offsetting. • We will continue to monitor the development of carbon taxation, but we do not anticipate it to come into the retail sector without warning.
	Mandates on and regulation of existing products and services	<ul style="list-style-type: none"> • Increased resources may be required to ensure we remain compliant, with regulation on existing products such as our packaging, which is currently over 70% recycled. Therefore, we are not affected by the plastic tax. • We are considering hiring a sustainability manager to oversee this area of compliance.
Market	Changing consumer preferences	<ul style="list-style-type: none"> • We regularly monitor customer sentiment and at present, we have not noticed a shift in demand for sustainable products within our target audience. We will ensure we continue to monitor this in all timeframes, to ensure we identify any trends quickly. • We must ensure that updates on our ESG strategy and the work we are doing across our business to operate more sustainably are made public available to our customers and stakeholders.
	Increased costs of energy and raw materials	<ul style="list-style-type: none"> • We will need to continue energy saving initiatives such as the LED rollout, to ensure we reduce our energy costs as much as possible. • We need to ensure we maintain strong relationships with all our suppliers and regularly review our suppliers.
Reputation	Increased stakeholder concern	<ul style="list-style-type: none"> • We will continue to publish a TCFD report annually, to show the progress we are making with climate change risks and opportunities, and what we are doing to combat those risks. • We recognise that ESG and sustainability are important to our stakeholders and fundamental to the long-term viability of our business. • Our sustainability strategy will continue to be monitored and developed by the sustainability committee, with updates regularly communicated to the Board.
Technology	Substitute existing products to lower emissions alternates	<ul style="list-style-type: none"> • We do not anticipate that substituting our products with lower emission alternatives will come at a substantial cost to the company, as the change will be gradual. • In terms of packaging, we have experienced during this financial year a 20% increase in the costs of our carrier bags, due to their recycled material. We incorporate these costs into our financial planning and forecasting.
	Costs to transition to lower emissions technology	<ul style="list-style-type: none"> • We may have to dedicate a capital expenditures budget to invest in lower-emission technology to meet our targets. • These costs could be substantial to the business, and as such it is crucial to ensure we comprehensively plan for them each financial year. • Using biofuel in our warehouses instead of kerosene is an example of this, as at present it will cost more to use this fuel in FY24. We are currently reviewing which fuel to use for FY24.

Physical risk mitigation

The COVID-19 pandemic has given us a better understanding of the operational disruptions that can be caused by sudden, unanticipated events. We are pleased with our response to the pandemic, which validates the effectiveness of our current resilience strategy. We are taking what we have learned into account as we consider the physical risks of climate change.

Although, our six physical risks identified were considered a low-risk rating, we will continue to monitor and assess them annually and report on any changes. As we build our TCFD process to incorporate more of our own sites and supply chain, we expect the impact of these risks to change. The mitigation actions for the three acute physical risks and three chronic physical risks are outlined in Table 5.

Acute physical risks are those that are sudden and have a short-term impact, such as floods, storms, and heatwaves. Chronic physical risks are those that are long-term and have a gradual impact, such as sea level rise and extreme heat. We are committed to reducing our exposure to physical risks and to ensuring the resilience of our business.

Table 5: The Group's mitigation actions for physical risks.

Area	Climate-Related Risk	Mitigating Actions
Acute	Increased severity of flooding	<ul style="list-style-type: none"> • If our office becomes unavailable, office staff have the capability to work from home, making this a low risk for our head office. • To decrease the physical impact of flooding at our sites, we will ensure proper maintenance of drainage networks at all our warehouses and stores that we have control over. • We will ensure that appropriate insurance coverage is in place for all sites that are at risk.
	Increased heatwaves and extreme heat	<ul style="list-style-type: none"> • All our stores have air conditioning, and we will ensure that our sites are well-equipped to manage heatwaves. • The health and well-being of our customers and staff is our top priority, and we will provide regular breaks and hydration on extremely hot days.
	Increases severity of forest fires	<ul style="list-style-type: none"> • This risk is more pertinent to our supply chain globally, than to our operations in the UK. • To evaluate this risk in our supply chain, we will perform a climate scenario analysis on our key suppliers and supply routes, as part of our TCFD process next year.
Chronic	Sea level rise	<ul style="list-style-type: none"> • As part of our TCFD process in the next few years, we will consider extending our climate scenario analysis, to incorporate more of our own sites as well as our key suppliers, to better understand the implications of this risk. • We continuously re access the levels of risk to our sites and consider relocating the operations if the level of risk growth.
	Rising mean temperatures	<ul style="list-style-type: none"> • We will ensure that our sites are well-equipped to manage the rise in mean temperatures, as all our stores are air-conditioned. • On extremely hot days, we will prioritise the health and well-being of our customers and staff, by ensuring that they are well-hydrated and given regular breaks.
	Water stress	<ul style="list-style-type: none"> • While our operations do not use much water, we will continue to monitor water consumption at our stores. • To evaluate this risk in our supply chain, we will conduct a climate scenario analysis on our key suppliers and supply routes, as part of our TCFD process next year.

Metrics & Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.



Metrics & Targets – Measuring and managing our climate impact.

This financial year, we commenced our TCFD reporting and implementing our sustainability strategy as part of our business's growth. This year we partnered with a third-party ESG specialist, to help support us on our sustainability journey, by improving and measuring our environmental performance and data collection processes. Under their and the Sustainability Committee's direction, we have committed to a net zero target (for Scope 1 and 2) emissions by 2030 and Scope 3 by 2040.

We have chosen to assess our sustainability performance, strategy and our resilience against climate-related risks and opportunities, with several metrics including carbon emissions, packaging and waste, which are outlined below.

Measuring and monitoring our climate-related risks and opportunities

Table 6 shows the metrics Footasylum will be using to monitor and measure the climate-related risks and opportunities. We have begun to collect data for some of these metrics and will endeavour to improve this over the next two years, so we have a comprehensive data set to measure and monitor our climate-related risks and opportunities. Thereafter, we will report annually on the development of each climate risk against the metrics identified.

Table 6: Metrics used to monitor our climate-related transition risks.

Transition climate risks	Metrics	Figures
Increased reporting requirements and adverse vehicle or energy regulation due to climate change	Annual cost (£) of internal resources used to monitor climate legislation and compliance.	Approx. £40,000 - £70,000
Carbon Pricing Mechanisms in the value chain	An internal carbon price will be calculated within two years.	N/A
Mandates on and regulation of existing products and services	Percentage cost of recycled plastic compared to non-recycled plastic.	Approx. 70%
Changing consumer preferences	Percentage of revenue associated with non-sustainable products.	Approx. 92%
	We will annually review press reports and social media commentary.	We monitor customer sentiment on sustainability monthly. Currently, we have not identified a change towards sustainable products.
Increased costs of energy and raw materials	Energy price increases (%) over the last three years compared to revenue increases (%).	We have been on a fixed price energy contract, so energy prices have not increased with revenue. When this ends, we may see an increase in our energy costs with a new contract.
Increased stakeholder concern	Annually evaluating sustainability criteria on capital.	We will continue to annually evaluate this risk. Currently, this is not applicable.
Substitute existing products to lower emissions alternates	Direct investment upfront cost in R&D dedicated to sustainable products.	We will consider this metric within the next two years.
	Percentage of revenue investment in recycled packaging.	Approx. 20% increase in the costs of our carrier bags due to recycled material.
Costs to transition to lower emissions technology	Percentage of revenue investment in FCA graded paper v normal paper.	There is no cost difference currently.
	Cost of reduction for Scope 1 and 2 for FY23.	It has cost approx. £60,000 to £80,000 to refit our stores with LED lighting (40% complete) and convert our logistics vehicles and M3 warehouse to biofuel.

Table 7: Metrics used to monitor our climate-related physical risks.

Physical climate risks	Metrics	Figures
Increased severity of flooding	Maintenance costs due to damage from floods / storms in FY23.	Approx. £125,000 - £175,000
	Flood insurance premium for buildings in FY23.	Not currently separated from other business insurance cover within our policy.
	Insurance recovery expenses for FY23 relating to property damage.	Our store in Fosse Park (Leicester) has an ongoing claim approx. £700k including a closure period.
Increased heatwaves and extreme heat	Energy use (KWh) and associated costs (£) from periods of extreme heat.	It is not currently possible to separate our air conditioning costs, but we will reassess this every year.
Increased severity of wildfires	Metrics will be calculated within two years, when we consider our value chain.	N/A
Sea Level Rise	Number of key sites located in coastal areas, which may be impacted by with Sea Level Rise.	We will consider this within two years, as we expand our climate scenario analysis to more of our sites.
Rising Mean Temperatures	Energy use (KWh) and associated costs (£) across the summer months.	It is not currently possible to separate our air conditioning costs, but we will reassess this every year.
High Water Stress	Water use (m3) at Footasylum sites and stores.	We will consider reporting on this data within the next two years.

Table 8: Metrics used to monitor our climate-related opportunities.

Climate opportunities	Metrics	Figures
Development of new products or services through R&D and innovation	Percentage of revenue associated with sustainable product lines (for example, the sustainable winter/padded coats).	Approx. 8%
	Projected sales figures for sustainable lines (for example, winter coats) compared to the upfront cost.	N/A – we will consider this metric within the next two years.
Use of lower emission sources of energy	Forecast of energy costs after the LED roll-out across the business.	Approx. 30% reduction.

Carbon emissions from our own operations (Scope 1 and 2)

As part of our commitment to sustainability, we are focused on reducing the carbon emissions associated with our business operations. We recognise that measuring our carbon footprint is the first step towards achieving this goal. We have calculated our Scope 1 and 2 GHG emissions, as part of our Streamlined Energy and

Carbon Reporting (SECR). Our Scope 1 emissions for FY23 were 563.14 CO₂e. At Footasylum, we currently purchase renewable electricity for all our stores, offices and warehouses. Therefore, our Scope 2 emissions are zero, when reported using a market-based approach. When using a location-based approach, our emissions

for FY23 were 1,363.80 CO₂e. A third party uses the company's data to calculate our emissions, but no formal assurance is provided.

Table 9: Footasylum's global SECR energy data for FY2022.

Utility and Scope	2022 Consumption (kWh)	2021 Consumption (kWh)
Scope 1 Total	2,661,798	3,390,609
Gaseous and other fuels	1,822,579	2,563,990
Transportation	839,219	826,619
Scope 2 Total	7,052,434	6,015,524
Grid-supplied electricity	7,050,711	6,015,524
Transportation	1,723	0
Scope 3 Total	209,186	156,670
Transportation	209,186	156,670
Total	9,923,418	9,562,803

Table 11: Footasylum's global intensity metric for FY2022.

Utility and Scope	2022	2021
Intensity Metric (tCO ₂ e per number of sites)	32.92	29.32
YoY percentage change	+12.29%	+26.24%

Table 10: Footasylum's global SECR emissions data for FY2022.

Utility and Scope	2022 Consumption (kWh) Location-based	2021 Consumption (kWh) Location-based
Scope 1 Total	563.14	738.52
Gaseous and other fuels	368.72	545.41
Transportation	194.42	193.10
Scope 2 Total	1,363.80	1,277.28
Grid-supplied electricity	1,363.47	1,277.28
Transportation	0.33	0.00
Scope 3 Total	48.25	36.33
Transportation	48.25	36.33
Total	1,975.19	2,052.12

Carbon emissions (Scope 3)

In 2022, we utilised the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standards, to calculate our complete Scope 3 emissions for FY22, which will serve as the starting point for achieving Net Zero. We undertook a thorough data collection process, to determine our FY22 Scope 3 emissions, which was aligned with our financial reporting. This procedure emphasised the importance of the emissions related to our supply chain and logistics activities, as they represent a significant (%) portion of our overall emissions. The calculation of our FY22 Scope 1, 2 and 3 GHG emissions revealed that our Scope 1 and 2 emissions represent 2.62% of our total Group's emissions. However, our scope 3 emissions represent a significant proportion of our GHG emissions (97.38%).

The most significant emissions source is the embedded emissions in the products and packaging that Footasylum purchases for resale. Goods and services used by the company are grouped within this category. This Scope 3 category accounted for 68% of the company's total carbon footprint, using the location-based approach. Also, emissions produced by third-party transportation and distribution of products are significant contributors to Scope 3 emissions, contributing 21% of our total Scope 3. In total, eight out of the 15 Scope 3 categories were applicable to Footasylum.

The Board regards its associations with suppliers as a critical component of the company's continuous profitability. The Strategic Report section in our Annual Report and Accounts acknowledges the Group's obligation to act in a responsible and ethical manner with all stakeholders, including suppliers, employees, and customers. Collaborating proactively with our suppliers will be essential in achieving Net Zero within our supply chain by 2040.

Our Carbon Balance Sheet

Producing a Carbon Balance Sheet enables Footasylum to identify the material emissions sources in our overall value chain, and where we can make the most significant impact on global emission reductions. Crucially, it will provide the baseline for making decisions about achieving carbon neutrality and net-zero using a Science-Based Target (SBTi). In 2022, we calculated our full carbon emissions for the previous reporting year, 1st February 2021 to 31st January 2022.

Key findings from our Carbon Balance Sheet:

- Footasylum's total location-based greenhouse emissions (Scopes 1, 2 and 3) were 65,842 tCO₂e.
- The most significant emissions source is the embedded emissions in the products and packaging we purchase for resale. Goods and services used by the company are grouped within this category. This Scope 3 category accounted for 68% of the Group's total carbon footprint, using the location-based approach.
- Emissions produced by third-party transportation and distribution of products are significant contributors to Scope 3 emissions.
- Scope 1 and 2 emissions are from energy consumption (gas and electricity), transport fuel used in company-controlled vehicles and represent approximately 3% of total emissions using the location-based approach.
- As Footasylum currently purchases renewable electricity for all sites, the company's Scope 2 emissions are zero, when reported using a market-based approach.
- Scope 3 emissions will be addressed through engagement with suppliers and customers.



Table 12: Footasylum's Carbon Balance Sheet for financial reporting year 2022.

Emissions Scope & Scope 3 Category	Greenhouse gas emissions inventory				Operational analysis	Product analysis
	tCO ₂ e (location-based)	% (location-based)	tCO ₂ e (market-based ¹)	% (market-based)	tCO ₂ e Operational emissions	tCO ₂ e Product emissions
Scope 1	444	1%	444	1%	444	444
Natural Gas	251	0%	251	0%	251	251
Transportation (excluding grey fleet)	193	0%	193	0%	193	193
Other Fuels	-	-	-	-	-	-
Scope 2	1,277	2%	0	0%	1,277	1,277
Scope 3	64,120	97%	64,120	99%	24,116	53,169
1. Purchased Goods & Services	44,597	68%	44,597	69%	5,451	38,218
2. Capital Goods	3,506	5%	3,506	5%	3,506	0
3. Fuel-related Emissions	579	1%	579	1%	579	0
4. Upstream Transportation and Distribution	14,078	21%	14,078	22%	14,078	14,078
5. Waste Generated in Operations	15	0%	15	0%	15	15
6. Business Travel	96	0%	96	0%	96	0
7. Employee Commuting	391	1%	391	1%	391	0
8. Upstream Leased Assets	-	-	-	-	-	-
9. Downstream Transportation and Distribution	-	-	-	-	-	-
10. Processing of Sold Products	-	-	-	-	-	-
11. Use of Sold Products	-	-	-	-	-	-
12. End-of-life Treatment of Sold Products	858	1%	858	1%	0	858
13. Downstream Leased Assets	-	-	-	-	-	-
14. Franchises	-	-	-	-	-	-
15. Investments	-	-	-	-	-	-
Total All Scopes	65,842	100%	64,564	100%	25,838	54,891
All scopes tCO₂e per Site	941		922		369	784

Decarbonising our carbon emissions

We are currently in the process of creating a Net Zero strategy report and transition plan that will establish various decarbonisation actions and pathways for our business. Our focus areas will be product and packaging, procurement, sites and buildings, as well as people. The pathways that we establish will be aligned with our near-term and net-zero targets, which will ensure that our business has a clear action plan that will support our decarbonisation goals. Our target is to achieve Net Zero for Scope 1 and 2 emissions by 2030, and Net Zero for Scope 3 emissions by 2040, in accordance with the British Retail Consortium's (BRC) Climate Action Roadmap. We will review this target as part of the strategy and transition plan development. We will set near-term targets, to create ambitious deadlines for decarbonisation. Our aim is to finalise our full Net Zero transition plan during H1 FY24.

Packaging & Waste

Footasylum is committed to reducing the amount of waste that it generates. By introducing paperless returns, we estimate that we will save approximately 1.8m pieces of A5 paper per year, as return slips are no longer placed in orders. Also, 70% of our plastic packaging is made from recycled material. We have acted by donating all proceeds from the sale of our reusable, 100% recycled and recyclable carrier bags, to 'City of Trees' charity, where over 4,400 trees have been planted from our funds during FY23.

In addition, we have committed to zero waste to landfill. We have achieved this by partnering with two waste disposal providers, to ensure that all our business waste is either recycled or incinerated for energy. We have also set up a recycling centre at our M3 warehouse, to process dry mixed recycling, old metalwork and pallets. The recycling centre processes old IT equipment, where it can be either reused, refurbished or recycled.

Logistics

We recognise that logistics play a critical role in our efforts to reduce our environmental impact. We have made significant investments in sustainable logistics solutions. All deliveries between our warehouses, offices and studios are by electric vehicles, which significantly reduces our carbon footprint and helps to meet our 2040 Net Zero target. Additionally, all outgoing retail delivery vehicles are powered by biofuel, which is a cleaner and more sustainable alternative to traditional fossil fuels.

Tread Lightly



We know fashion needs to be more sustainable, so we are researching how to minimise our environmental footprint.

We are working on a new Tread Lightly campaign to take direct action across sourcing, supply chain management, and packaging - empowering our customers to make informed choices about the products they buy, and how they affect the world they live in. We're working to ensure our partners stand for the same things we do too, across every aspect of the business, from laces to logistics.

The Tread Lightly campaign is currently in development and will be launched in H2, FY24.

Overview of Progress in FY2022:

At Footasylum, we are committed to reducing our environmental impact and to playing our part in the fight against climate change. This financial year, we made significant progress in our sustainability journey, including:

- Cementing our approach to sustainability and climate change, by formally allocating positions and responsibilities within our Sustainability Committee. We are considering recruiting a Sustainability Manager, to help focus our energy-saving initiatives towards our net zero target and to play our part in the fight against climate change.
- Developing our first TCFD report, identifying the key risks and opportunities climate change presents to the business. This report sets relevant metrics and targets, to help us reduce our impact on the environment.
- Hosting two Climate Risk Management Workshops, to educate the Sustainability Committee and CFO of the risks and opportunities that climate change presents to the organisation. These workshops helped to raise awareness of the challenges and opportunities posed by climate change and to develop a plan to mitigate the risks and capitalise on the opportunities.
- Building a partnership with a third-party ESG specialist, to quantify our Scope 1, 2 and 3 GHG emissions. This partnership has helped us to understand our environmental impact and to set targets for reducing our emissions.
- Developing a high-level net zero strategy and science-based long-term net zero target, with the aim to be net zero Scope 1 and 2 emissions by 2030 at the latest. This strategy sets out our long-term vision for reducing our environmental impact and to playing our part in the fight against climate change. This target is also aligned with the latest climate science and will help us to reduce our emissions in line with the Paris Agreement.
- Creating educational communication pieces on our staff platform, to share and encourage our sustainability journey. These communication pieces have helped to

raise awareness of our sustainability initiatives and to encourage employees to get involved.

- Installing electric vehicle charging points at the P62 warehouse for employee use. This initiative has helped to reduce our reliance on fossil fuels and to promote the use of electric vehicles.
- Rolling out LED lighting across 10 stores this financial year. This has helped to reduce our energy consumption and reduce the cost of our energy bills.
- Moving to the use of biofuel from Kerosene for our M3 warehouse, to reduce carbon emissions. This initiative has helped to reduce our carbon footprint and to make our operations more sustainable.
- Developing a timeframe for measuring M3 warehouse activity, allowing us to close the warehouse during quiet hours, reducing heating and lighting. This has helped to reduce our energy consumption and to save on energy costs.
- Donated all proceeds from the sale of reusable bags, 100% recycled and recyclable carrier bags, to the 'City of Trees' charity. We will continue to evaluate how we can work with local charities, to help achieve our sustainability goals.

Summary of our Priorities for FY2023:

- Installation of solar PV at our P62 warehouse has been scoped internally and costed with the details passed to our landlord for further discussions in 2023. This will help us to reduce our energy consumption, generate lower emission energy, and meet our net zero targets (scope 1 and 2) by 2030. We are committed to investing in renewable energy sources and to reducing our reliance on fossil fuels.
- Complete full LED roll-out across all stores by financial year end 2023/2024. This will help us to reduce our energy consumption and to save money on our energy bills. We are committed to making our stores more energy-efficient and to reducing our environmental impact.
- Determine interim targets and finalise the full Net Zero strategy during H1 2023. This will help us to track our progress towards our net zero targets and to make sure that we are on track to meet our goals.
- Continue to replace the grey fleet with electric and hybrid vehicles when they are due for renewal, aiming to have a fully electric/hybrid fleet by 2025. This will help us to reduce our carbon emissions and to improve air quality. We are committed to reducing our environmental impact and to making our operations more sustainable.
- Continue to promote home working for our employees, where suitable to reduce employee travel. This will help us to reduce our carbon emissions and to improve air quality.
- Assess the viability of a BMS system for the retail and DC estates, to manage energy use centrally. This will help us to reduce our energy consumption and to save money on our energy bills. Improving our store and warehouse energy efficiency will be crucial for our sustainability strategy.
- Development and release of the 'Tread lightly' initiative. Tread Lightly is the name given to our overarching sustainability project and will be used to articulate our

plans and achievements across all stakeholders and customers once we are ready to share this more widely.

- Require listings of products to have a sustainability credential on our website for customers to view. This will help our customers to make informed choices about the products that they buy. We are committed to transparency and to providing our customers with information about the sustainability of our products.
- Increase our choice of sustainable delivery and returns options from our online sales. This will help our customers to reduce their environmental impact when they shop with us. We are committed to making it easy for our customers to choose sustainable options when they shop with us.
- Paperless invoicing and returns to be introduced for all online orders. This will help us to reduce our paper consumption and reduce costs.





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