

2023 Environmental, Social & Governance Report

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At B&M, our purpose is to deliver great value to our customers so that they keep returning to our stores time and time again. We aim to achieve this purpose whilst positively impacting the communities we operate in and the suppliers we work with, reducing our impact on the environment and providing a rewarding place to work.

In particular, we concentrate on the positive impact we can have in areas of our business that reflect the size and breadth of our operations, and the core principles of our value retail operating model.

Our annual ESG reporting reflects and communicates our commitment to ESG as we establish processes to measure our year-on-year performance. It takes a holistic approach to demonstrate the workstreams currently underway at B&M and our efforts to become a more sustainable business.

This ESG Report is broken down into four main sections: **Governance, Economic and Innovation, Environment and Social.**

We regard each area as critical to ensuring our business remains sustainable over the longer term and acts in the best interests of all stakeholders. The report highlights our ESG strategy and the progress made during the financial year ("FY23"), including key achievements and performance data, whilst discussing how we plan to grow sustainably in the years ahead.

Our approach to ESG:

- deliver our growth strategy for the benefit of all our stakeholders;
- build our business in a sustainable way; and
- apply our values of simplicity, trust, fairness and being proud, in how we operate.

Our ESG strategy

Delivering value to customers

Environment

→ Reduce Scope 1 and 2 carbon emissions by 25% by 2030

→ Engage with 67% of our suppliers (based on spend) to set science-based targets by FY27

→ Reduce use of plastic packaging in the supply chain

→ Maintain a high level of packaging recycling

See page 31 for more information

Colleagues

→ Provide colleague development opportunities through role-specific training programmes

→ Maintain high levels of colleague engagement across the Group

→ Develop a diverse and inclusive workforce

→ Reward strong performance through payment of discretionary bonuses to store, distribution and support centre managers

See page 52 for more information

Communities

→ Committed to a store rollout target of at least 950 B&M stores across the UK

→ Contribute to the regeneration of local communities through the creation of new jobs

→ Support local and national charitable initiatives

See page 70 for more information

Supply chain

→ Committed to ensuring ethical business practices and the fair treatment of workers in our supply chain

→ Utilise sustainable or recycled materials when designing own-brand products wherever possible

→ Pay all suppliers fairly and treat them with respect

See page 74 for more information

Our ESG strategy continued

We are conscious of the increasing importance of ESG actions and reporting. We have continued to make significant progress in developing and beginning to deliver against our clear ESG strategy. We have established relevant metrics and targets that align with our purpose of delivering great value to customers and will underpin our continued success.

The Group strives to be a good corporate citizen, delivering its strategy as a value retailer whilst acting in the interests of all stakeholders. How we do that is important from an ESG perspective to ensure that we continue to build our business sustainably over the long term.

For B&M, we consider ESG from the perspective of our colleagues, the communities we serve, our supply chain and the environment. We recognise that we have a part to play as a responsible business in each of these areas.

In developing our ESG strategy, we evaluated peer and competitor strategies, views expressed by equity and debt market participants, ESG rating agencies, and what is generally considered best practice.

We have sought to strike a balance between being sufficiently ambitious, reflecting the step change in performance of the Group over the past three years, but also ensuring these ambitions are in keeping with the B&M business model.

We have partnered with an independent, specialist ESG company to support us in developing and delivering against our ESG strategy. We have worked hard to improve our reporting and disclosure by enhancing our data collection processes and embedding sustainability into existing ways of working wherever possible.

Over the coming years, we intend to continue improving our performance and disclosure relating to those parts of the business which are material from an ESG perspective.

We invested resources this year in strengthening our Sustainability team, recruiting a Sustainability Coordinator to support the ongoing work of the Sustainability Manager.

The Sustainability Manager – appointed in FY22 – works together with the executive management team and is responsible for overseeing progress against several initiatives over the coming years.

This appointment was made internally, representing a career development opportunity for an existing colleague within the business, aligning perfectly with one of our stated ESG objectives.

Statement from the CEO

"B&M's purpose of delivering great value to our customers so that they keep returning to our stores time and time again has never been more important than over the past three years.

During times of uncertainty over the past few years, our relentless focus on value for money has allowed us to effectively serve our most important stakeholder – our customers – whilst at the same time emerge from macro issues as an even better retailer.

We are proud to continue to support the communities we operate in and serve the needs of our customers. The dedication and commitment of all our colleagues allow us to adapt to a rapidly changing environment. We have seen much of the momentum from FY22 sustained into FY23.

The revenue and profit performance of the business compared to pre-pandemic levels reflects the resilience of our business model, the success of actions we have taken, and how attractive both existing and new customers have found the B&M proposition.

Making everyday items that little bit more affordable remains at the very heart of B&M and plays a crucial role in our sustainability objectives. This year, alongside the successful financial and operational performance, we have made good progress in developing and delivering against a clear approach to ESG.

We have, amongst many other achievements, made long-term science-based commitments to reduce our carbon footprint, developed our ESG team internally, created over 1,250 new retail jobs in the UK and France, and extended the reach of our value-for-money offer by growing our store estate.

Whether it be through job creation, talent development, sustainable business practices, value creation for our shareholders, or simply providing great products at great prices to families on limited incomes, I am proud of the impact we continue to have in the communities we serve, and the commitments we have made to ensure that our long-term growth benefits all stakeholders.

This second annual ESG Report represents important progress in the evolution of the business and complements the progress we have made over the past year.

As my first year as CEO, I am pleased that our business has a strong foundation from which we will continue to grow sustainably over the long term.

In the following pages, we share a glimpse of our journey thus far, highlighting some of our efforts to create a more sustainable future.

We look forward to sharing further details of our progress in the years ahead, which we feel well-positioned to approach with a sense of cautious optimism".



Alex Russo
Chief Executive Officer

FY23 ESG highlights



42 gross new stores across the Group

79%

Of store management roles promoted internally

21

B&M UK trade creditor days

Sustainability Manager

Dedicated role created an appointed internally



ESG Report published annually

Environment

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Set a target to reduce Scope 1 and 2 carbon emissions by 25% by 2030 which has been validated by the SBTi

614

Stores fitted with LED lighting

99.8%

Group packaging recycled

610

Stores with BeMS fitted

>4,500

Employees involved in over 200 listening groups

Social

72

Mental health first aiders introduced



Headline sponsor for Mission Christmas

261

“Step Up promotions”

>1,250

New retail jobs created in the UK and France

55.6%

Female representation across the Group

KICKSTART® SCHEME

>3,000 kickstart placements

ESG metrics and targets

ESG Pillar	Metric	Performance in FY23	Target
Environment	Scope 1 & 2 carbon emissions	We have reduced our Scope 2 emissions by 17% compared to FY22.	25% reduction by 2030
	Scope 3 carbon emissions	Engagement with top 30 suppliers (41% of spend)	Engage with 67% of suppliers by 2027
	Number of B&M UK stores with LED lighting	614	100% by FY27
	Number of B&M UK stores with BEMS installed	610	80% by FY27
	Percentage of all Group packaging recycled	99.8%	Maintain
Colleagues	Number of colleagues promoted via “Step Up” training programme	261	Maintain >90 per annum
	Percentage of B&M UK store managers and deputy store managers promoted internally each year	79%	Maintain >75%
	Female representation at different levels of the business	Board: 33.3%, Senior Management: 40.3% and all employees: 55.6%	Maintain
Communities	Number of B&M UK stores	707	At least 950
	New jobs created in the UK and France	>1,250	N/a - linked to new store openings
	Support local and national charitable initiatives on an ongoing basis	Various	Maintain an ongoing programme
Supply chain	Identified instances of unethical practices in our supply chain	No issues identified	Maintain
	B&M UK trade creditor days	21 days	Maintain <35 days

Next steps

We aim to continuously develop our ESG reporting by improving our data collection processes and engaging with wider stakeholders across the business. We will monitor current and emerging best guidance to ensure we remain compliant with requirements as a UK plc operating in this space.

The need for internal resources, time and investment will continue to be reviewed by the Board who will revisit the requirement for a standalone ESG Committee on an annual basis.

We are developing a transition plan which will outline our roadmap to Net Zero, working with key internal stakeholders who will take ownership for decarbonising their focus areas. Our transition plan will detail the necessary steps we must take over the short, medium and long-term.

01	**Continue our store growth plan**	• Our commitment to investing in new stores in the UK and France will extend the reach of our value for money offer, contributing societal value by helping customers navigate uncertain macroeconomic conditions
02	**Rollout our energy saving schemes**	• Ongoing rollout of LED lighting and Building Energy Management Systems in stores will reduce our Scope 1 & 2 carbon emissions
03	**Deliver against our Net Zero pathway**	• We intend introduce key actions outlined in our Net Zero pathway to support the business in our ambition of being Net Zero by 2040
04	**Improve our ESG reporting**	• We aim to improve the accuracy of our reporting year-on-year by introducing improved data collection methods and engaging with our stakeholders

Governance & Strategy



Our values of simplicity, trust, fairness and being proud of what we do and how we do it are at the heart of our business.

Our purpose

Our approach to ESG

- Deliver our growth strategy for the benefit of all our stakeholders;
- Build our business in a sustainable way in the communities we invest in;
- Apply our values of simplicity, trust, fairness, and being proud in how we operate our business in relation to people, communities and the environment.

Our purpose is to deliver great value to customers so that they keep returning to our stores time and time again.

We believe that by making everyday essentials affordable, we are able to help families make limited household budgets go that little bit further, and we strive all year round to deliver the lowest prices we can for the products which our customers need or want.

Our values of simplicity, trust, fairness and being proud of what we do and how we do it are at the heart of our business. A fundamental part of our approach to ESG is to ensure that as we grow, we continue to apply these values to how we operate our business, as we believe they will underpin our continued success.

Figure 1: Our values



ESG reporting frameworks

Both mandatory and voluntary ESG disclosures have been considered when formalising our ESG strategy and preparing our ESG Report.

The **Energy Savings Opportunity Scheme (ESOS)** is a mandatory energy audit that B&M must carry out every four years to assess the energy used by our UK buildings. The energy efficiency measures suggested in the most recent surveys inform our carbon reduction milestones discussed within our environmental section on pages 40-42.

The **Streamlined Energy and Carbon Reporting (SECR)** requires B&M to disclose its energy usage, associated emissions, energy efficiency actions and energy performance under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The details of this report can be found on page 38 in our FY23 Annual Report.

We follow the **Greenhouse Gas (GHG)** Protocol Corporate Standards and Guidance for companies to prepare our annual GHG emissions inventory.

In FY23 we calculated GHG inventory for Scope 1, 2 and 3 emissions. Our GHG inventory is on page 39 of this report.

We have had **set Science Based Targets initiative (SBTi)** targets for our Scope 1 and 2 emissions, which were validated in 2022. Our Scope 1 and 2 absolute reduction targets are in line with a well-below 2°C warming scenario; this equates to a 25% reduction by 2030 (compared to a FY21 baseline). At B&M, we also have an ambition to be net-zero by 2040 for Scopes 1, 2 and 3.

The **Task Force on Climate-Related Financial Disclosures (TCFD)** mandated by the Financial Conduct Authority (FCA) requires UK premium-listed companies to report against the TCFD on a 'comply or explain' basis effective for periods beginning on or after 1st January 2021. B&M's climate-related financial disclosures can be found in the Group's TCFD Report FY23 or on pages 46-53 of the Annual Report.

The **Global Reporting Initiative (GRI)** is an international voluntary ESG reporting standards framework enabling organisations to report on their economic, environmental, social and governance performance. This ESG Report outlines B&M's progress with regards to ESG in FY23 and has been reported on in accordance with the GRI guidance.

We have broadly aligned our ESG strategy and performance to some of the **United Nations Sustainable Development Goals (SDGs)**. We recognise that the SDGs represent very detailed targets in most areas and therefore require serious consideration before aligning with them to any specificity. As such, we intend to develop our ESG strategy over time by considering these indicators in detail but for the time being, we focus our attention on SDG13 - "Take urgent action to combat climate change and its impacts".

Materiality

We evaluated our position across all the Global Reporting Initiative (GRI) indicators of governance, economic, environment and social, following rigorous data collection processes to determine which areas were material to our business.

There were many topics which were important to consider when reflecting on the impact our business has, and the need to help inform the decisions made by both the internal management team and external stakeholders.

We have concluded that the following topics are material to our business and therefore we have reported on them in detail throughout this report:

- **Economic:** economic performance, procurement practices, anti-corruption and bribery.
- **Environmental:** carbon emissions, energy, waste, recycling, and environmental compliance.
- **Social:** health and safety, learning and development, diversity, local communities, customer privacy, discrimination, human rights and forced labour.

By undertaking this assessment, we ensure that this report prioritises the topics material to the business. Given the size and nature of our business, together with the fact we are early on in our ESG journey, this process has also helped us identify any areas for future improvement where we could enhance our ESG reporting moving forwards.



Governance framework

The Board is committed to high standards of corporate governance following a robust governance framework.

Throughout FY23, the Company has complied with the provisions of the UK Corporate Governance Code published in July 2018 (the "Code") and the FCA's Disclosure Guidance and Transparency Rules (DTRs). More information can be found in our Annual Report.

The Board is collectively responsible for the strategy and long-term success of the Group, and for ensuring there is an effective system of internal controls within the Group for the assessment and management of key risks.

Table 1: The B&M Group Board and Committee structure

B&M's Board The Board of Directors of B&M has 8 members comprising the Chairman, 2 Chief Executive Directors, a Chief Financial Officer, a Senior Independent Non-Executive Director and 4 Independent Non-Executive Directors.			
Audit & Risk Committee This committee is made up of 3 Independent Non-Executive Directors	**Nomination Committee** This committee is made up of the Chairman, CEO and 4 Independent Non-Executive Directors	**Remuneration Committee** This committee is made up of 3 Independent Non-Executive Directors	**Workforce Engagement NED** Carolyn Bradley is the Designated Non-Executive Director for Workforce Engagement
Executive Management The Executive Directors of the Group are responsible for the day to day operational and strategic matters in relation to each of the businesses of the Group, which includes B&M UK, B&M France and Heron Foods. Members of the broader Senior Management team hold regular monthly meetings led by the CEO to review progress and agree actions.			

"We have made considerable progress with regards to ESG this year, with the Board having provided collective input throughout FY23."

Peter Bamford
Chairman



The Board of Directors



Peter Bamford
Non-Executive Chairman of the Board and Chairman of the Nomination Committee
Appointment: March 2018

Peter joined the Board of B&M as Non-Executive Chairman on 1 March 2018. He has extensive experience, in both Executive and Non-Executive roles, of the retail sector and high growth international businesses and brands. He is also a seasoned PLC Director and Chairman having served on PLC boards for over 27 years in a variety of roles. In his non-executive career this has included Chairman of Superdry plc, Deputy Chairman and Senior Independent Director of Spire Healthcare Group plc and Non-Executive Director at Rentokil-Initial plc.

In his executive career he was a Director of Vodafone Group plc from 1998 to 2006 where he held senior executive roles, including Chief Marketing Officer and Chief Executive of Vodafone NEMEA region. Prior to that he held a number of board and senior executive positions with leading retailers including WH Smith, Tesco and Kingfisher.



Alex Russo
Chief Executive Officer
Appointment: November 2020

Alex joined the B&M Group on 5 October 2020 and the Board as the Group's Chief Financial Officer on 16 November 2020. On 26 September 2022, Alex was appointed as Chief Executive Officer. Alex has had a long senior career in retail, having successfully held Executive Board positions in leading international retailers including Asda Walmart, Tesco plc, Kingfisher plc, and Boots plc. He served as Chief Financial Officer, Senior Vice President, at Walmart's Asda business between 2014 and 2018. Prior to joining Asda, he was Tesco's Chief Financial Officer of South Korea, its largest international subsidiary. Prior to that, he was Tesco's Commercial Financial Director for its UK business. His broad retail career covers the UK, Europe, America and Asia. His experience spans listed multinational, PE and family owned businesses. Alex has also been a Non-Executive Director in leading consumer goods businesses in the UK and internationally. Alex holds an MBA from the London Business School with Distinction, and undergraduate 1st class degrees in Engineering and Finance.



Mike Schmidt
Chief Financial officer
Appointment: November 2022

Mike joined the B&M Group on 17 October 2022 and the Board as the Group's Chief Financial Officer on 1 November 2022.
Prior to joining B&M, Mike spent over eight years at publicly listed home furniture retailer DFS Furniture plc, where he was appointed Group Chief Financial Officer in 2019. During his time at DFS, Mike additionally held executive responsibility for property, strategic development, legal & compliance, and financial services activities, and was nonexecutive Chair of DFS's trading subsidiaries Dwell and Sofa Workshop. Mike began his career in corporate finance, and gained 13 years' experience of working for top tier investment banks including Citi and UBS, across equity, debt and M&A advisory for various large cap international corporations. Mike has an MA in Economics and Management from Cambridge University.



Simon Arora
Executive Director
Appointment: December 2004

Simon was Chief Executive Officer of the B&M Group from 1 December 2004 until the appointment of Alex Russo to that role on 26 September 2022.
He has a background in consumer goods, corporate finance and consulting. Simon was a co-founder and Managing Director of the wholesale homeware business, Orient Sourcing Services, before acquiring B&M jointly with his family. Prior to the acquisition of B&M, Simon held various positions with McKinsey & Co., 3i Group plc and Barclays Bank plc. Simon was a member of the Nomination Committee of B&M until 19 January 2023.

Subsequent to the year end, Simon retired from the Board on 21 April 2023.

The Board of Directors continued



Ron McMillan
Senior Independent Non-Executive Director and Chairman of the Audit & Risk Committee
Appointment: May 2014

Until 2013 Ron worked in PwC's assurance business for 38 years and has deep knowledge and experience in relation to auditing, financial reporting, regulatory issues and governance. He was the Global Finance Partner and Northern Regional Chairman of PwC in the UK and Deputy Chairman of PwC in the Middle East and acted as the audit engagement leader to a number of major listed companies.
On 18 August 2022, the Company announced that Ron would retire from the business at the Annual General Meeting of the Company in July 2023, at which time he would have completed 9 years' service in the role and would be replaced as Chairman of the Audit & Risk Committee by Oliver Tant and as Senior Independent Director of B&M, by Tiffany Hall.
Due to Carolyn Bradley's retirement, Ron has agreed to continue as a Non-Executive Director for an additional year until the AGM in 2024.

External appointments:
Ron is the Chairman of N Brown Group plc and is the Senior Independent Director and Audit Committee Chairman of SCS plc.



Tiffany Hall
Independent Non-Executive Director and Chair of the Remuneration Committee
Appointment: September 2018

Tiffany's experience is in marketing, sales and customer services. She previously served as Chief Executive Officer of BUPA Home Healthcare, Marketing Director at BUPA, Head of Marketing at British Airways and also Chair of Airmiles and BA Holidays. Prior to that, she held various other senior positions at British Airways including Head of UK Sales and Marketing.
On 15 September 2022, it was announced that Tiffany would succeed Ron McMillan as Senior Independent Director after the Annual General Meeting of the Company in July 2023.

External appointments:
Tiffany is a Non-Executive Director of Symington Family Estates SA.



Carolyn Bradley
Independent Non-Executive Director
Appointment: November 2018

Carolyn has an in-depth retail and consumer business background. She worked for Tesco plc for over 25 years until 2013. During that time, she held a number of senior positions, including Chief Operating Officer of Tesco.com and Commercial Director, for Tesco Stores.
Carolyn has decided not to stand for re-election at the Annual General Meeting to be held on 25 July 2023. As such, Carolyn will retire as a Non-Executive Director of the Company at the conclusion of the AGM.

External appointments:
Carolyn is Chair of The Works plc, the Senior Independent Director and Remuneration Committee Chair of SSP Group plc, a Non-Executive Director of The Mentoring Foundation and Majid Al Futtain Retail LLC and a Member on the Advisory Board of Cambridge Judge Business School.



Paula MacKenzie
Independent Non-Executive Director
Appointment: November 2021

Paula has a strong background in general management and finance. Paula is Chief Executive Officer of Pizza Express and previously held a number of senior executive roles at Kentucky Fried Chicken (Great Britain) Ltd, including Managing Director and Chief Financial Officer of KFC UK&I.

External appointments:
Paula is an Advisory Board member for Pennies, the micro-donation charity.

The Board of Directors continued



Oliver Tant
Independent Non-Executive Director
Appointment: November 2022

Oliver has over 40 years' experience as a finance
professional most recently as Chief Financial Officer of Imperial Brands plc the FTSE 30 listed consumer brands company and prior to that for 30 years at KPMG. At Imperial Brands plc, Oliver held responsibility for finance but also IT, Procurement, Legal and Corporate Development. At KPMG he was a Vice Chairman and during 20 years as a partner he served a wide variety of listed and privately owned clients and also ran KPMG's UK Audit and Global Financial Advisory Services businesses.
Oliver will become Chairman of the Audit & Risk Committee after the Annual General Meeting in July 2023.

External appointments:
Oliver is a Non-Executive Director and Chairman of the Audit Committee at Redrow plc and a Financial Consultant for Modulaire/Brookfield Asset Management.
Oliver will be stepping down from his role at Modulaire on 31 May 2023.

How we govern

Board Diversity

Our Diversity Policy aims to ensure that the Company has a well-balanced Board at all times in terms of the necessary skills, experience and independence of character and judgement of its members for the Group to be managed effectively for its long-term success.

Appointments to the Board are based on merit so that the best candidates are appointed. However, the Company recognises the value a diverse Board brings to the business, and embraces diversity concerning gender, race, age, educational and professional backgrounds.

With the appointment of two new male Directors in November 2022 the percentage of female Board members as at the year-end was 33%. With the retirement of one male Director in April 2023, the Board will have 37.5% female representation at the time of the 2023 AGM. Following this year's AGM Tiffany Hall will still assume the role of Senior Independent Director and Oliver Tant will become Chair of the Audit & Risk Committee.

As a result of the Board changes described in the Annual Report, the Board will not be compliant with all listing rule recommendations with respect to female participation and ethnic diversity. Recruitment processes are underway and these matters will be addressed by the time of the AGM in 2024.

Board Committees

The Board has delegated certain responsibilities to three main Committees to assist in discharging its duties and the implementation of matters approved by it. The three main Committees are the Nomination Committee, Audit Committee and the Remuneration Committee.

The duties of the Committee as delegated by the Board are contained in the terms of reference available. The reports of each of the Committees for FY23 are detailed in our Annual Report on pages 69-91.

Workforce Engagement NED

Carolyn Bradley is responsible for the governance and oversight of workforce engagement mechanisms and ensures they are effective. Carolyn coordinates direct engagement between the Non-Executive Directors and the workforce as is considered appropriate. There is a standing agenda item at two Board meetings each year for the Board to consider reports from the Workforce Engagement Director. This enables the Board to monitor progress, consider feedback and discuss outputs and actions with the executive management team.

This is also supplemented by reports provided each year on colleague engagement and pay by the Group People Director to the Remuneration Committee. More information on colleague engagement can be found within the Social section of this Report on pages 59 - 61.

Executive Committee

The Executive Committee is the first level of senior management below the Board, and has one female member out of a total of eight members, being the Group People Director.

The percentage of female representation across the senior management of the Group reporting either directly to the Board or the Executive Committee was 40.3% at the end of FY23. Further details of the Group's gender diversity policy are set out within the Social section on page 54.

ESG Governance

In recognition of the growing importance of ESG to our stakeholders, and to reflect the considerable progress made, the Board and Executive Management team have embedded ESG governance into our existing governance framework.

Board-level responsibility

The Board has overall responsibility for the Groups ESG strategy. The Board intends to retain an “at one” approach to ESG governance, recognising the importance of collective input as we work to implement our developing strategy. The Board is responsible for setting relevant ESG targets, ensuring B&M complies with emerging ESG-related regulation, and for considering stakeholder expectations of a FTSE100 company.

Management

The responsibility for implementing the Board approved ESG strategy is delegated to the Executive Directors in relation to day-to-day operational decision making. The Executive Directors are supported by senior management teams across the Group.

In September 2022 we held training sessions for members of our executive and operational senior management across B&M UK, Heron Foods and B&M France. Facilitated by our third-party ESG specialist, the training sessions covered climate change, TCFD and wider ESG principles.

The aim of these training sessions is to build capacity and understanding to support key internal stakeholders in their roles and responsibilities relating to ESG. The executive management team each had an ESG-related target in their annual incentive plan objectives for FY23.

Supported by wider senior management teams, the Sustainability Manager works with our third-party ESG specialists to review the progress against our ESG metrics and targets.

A Net Zero Strategy workshop was also held during the reporting period to help inform our carbon footprint, establish an understanding of terminology, explore industry best practice and consider key actions to help meet our carbon reduction targets.

The Board has committed to a SBTi target Scope 1 and 2, a supplier engagement target relating to Scope 3 emissions, and expressed an ambition to become Net Zero by 2040. We are currently undergoing the necessary processes to develop a clear roadmap for achieving this.

The business has implemented many energy efficiency initiatives as part of our strategy to achieve our carbon reduction ambitions. More detail of these initiatives can be found on pages 40-42 of this report.

We invested resources this year in strengthening our Sustainability team, recruiting a Sustainability Coordinator to support the ongoing work of the Sustainability Manager. Our Sustainability Manager - appointed in FY22 - is responsible for the overall implementation of the Group's ESG programme alongside the broader Executive Management team.

Risk management

The B&M Board is responsible for overseeing risk management of the Group. It considers the recommendations made by the Audit & Risk Committee and determines the controls and mitigating steps to be implemented.

The implementation of mitigation efforts is delegated by the Board to the executive and senior management of the UK and French businesses. Group Internal Audit reports the progress of these controls to the Audit & Risk Committee at each of its meetings during the year.

The principal risks and uncertainties which have been identified as having an impact on our business model and strategy and can be found on pages 26-33 of our Annual Report.

Our Climate-related risks

During the past year, we considered in greater detail the possible impacts of climate change on our business strategy, financial planning and operations, in preparation for our TCFD disclosure. Our TCFD Report details our response to the climate-related risks and opportunities to our business. Our business faces both transition and physical climate-related risks. More detail of our climate-related risks and mitigation plans can be found in our 2023 TCFD Report.

Transition risks

Transition risks are the risks associated with the transition to a decarbonised economy. They include policy and legal, technology, reputation and market.

Transition risks are the most significant area of risk for the Group. Transition risks are more prominent in the below 2°C scenario or 2-3°C scenario as businesses are mandated to act on climate change, markets shift, and technological improvements are required. Across all our scenarios transition risks are anticipated to increase overtime, often with a sharp initial impact, as governments continue to transition towards a low carbon economy and policy becomes more aggressive. The abruptness of these changes is variable across our scenarios.

Physical risks

The physical effects of climate change have the potential to materially change the world in which we live and operate. Our stores are located across the UK and France, exposing them to acute risks such as extreme weather events (e.g. flooding) and long-term chronic risks (e.g. sea-level rise).

Physical risks pose the greatest threat over the medium and long term in our above 3°C scenario, under which a more volatile climate is anticipated, increasing both the frequency and severity of physical risks. The physical risks far outweigh the transition risks in our above 3°C scenario.

Flooding and temperature rises are the most common threat across our estate, however, we model sea level rise and flooding to have the largest disruption and potential financial impact.

More information can be found in our FY23 TCFD Report.

Stakeholder engagement

We consider the interests of our stakeholders in our decision making in order to fulfil our purpose, ensure continued success and operate as a sustainable business.

The Group's key stakeholders include its customers, colleagues, suppliers, the people and communities where we operate and our investors. We describe below how we have engaged with the particular key stakeholder groups and considered their interests in the last year. Customers We monitor our like-for-like ("LFL") sales trends and commission third party insights into customer behaviour from time to time, in order to monitor changes in customer demand, preferences and requirements.

At B&M, we also hold in-store themed promotional events to measure customer response and reaction to extra value propositions in different product areas.

Colleagues

We regularly engage with our employees through colleague listening groups, dedicated development days, apprentice listening groups, new store and distribution centre colleague surveys and bi-annual business updates from management.

We made further changes to our colleague engagement survey this year, making it more streamlined and running it twice (in October and March) rather than once as in previous years. Doing so has enabled us to stay even closer to our colleagues, and will help us identify areas of improvement even quicker.

In both surveys this year, the response rate was over 70%, and there was year-on-year improvement across all questions asked. Furthermore, many of the ratings improved between the first and second survey, reflecting the success of the department level action plans that were implemented during the intervening period.

Communities

We evaluate real estate opportunities for opening new stores in catchments where we are either under-represented or not represented at all.

This provides jobs and access to our value-led proposition to more communities every time we open new stores. We support the community at local and national levels to contribute to society more generally.

Each time we open a new store in the UK, we try to find a local hero or charity to perform the ribbon-cutting ceremony to promote the good work they do in the community. We also encourage our store managers to maintain those relationships in the future and give continued support to their positive work in the community.

Suppliers

There is regular engagement with the Group's suppliers which is led by the Group's Trading Director, Grocery Controller, senior members of the Group's buying and merchandising teams and our Hong Kong based sourcing agents. This includes a range of supplier visits, meetings and presentations, factory visits and trade fair meetings in China, the UK and the EU with both existing and new suppliers. Physical meetings were replaced with virtual meetings and conference calls during the pandemic.

Stakeholder engagement continued

Investors

The CEO, CFO and Head of Investor Relations hold roadshow presentations and one-to-one meetings with investors each year on the announcements of our half-year and full-year results. Conference calls with question and answer sessions are also often held on the announcement of the Q1 and Q3 trading updates.

One-to-one conference calls and meetings are also held throughout the year with both existing and potential new institutional investors. The pandemic has prevented management from holding physical meetings with investors, but in place of that webcasts, virtual meetings and conference calls have been held during the year.

The Board reviews investor relations reports and market updates as a standing agenda item at each of its meetings throughout the year. It also has an investor relations agenda item with its corporate brokers at its strategy day meetings each year.

More information on our engagement with stakeholders can be found in the Annual Report on pages 54-57.



Trust and transparency

Anti-bribery and corruption

We have a zero-tolerance approach to bribery and corruption. Colleagues in each of our businesses are aware of the importance of reporting any offers of inducements by third parties immediately up to director level, with B&M UK, B&M France and Heron Foods all having clearly communicated whistle-blowing procedures and processes in place.

Each year an annual review is undertaken of our buying teams in the UK and France. This requires written reports to be completed of any suspected or actual incident of bribery or corruption between any third party and the business. For the FY23 reporting period, this due diligence process disclosed no instances of any such activity having taken place or having been suspected in our business.

Anti-competition and trust

There were no instances of non-compliance with anti-competition or trust regulation during the reporting period.

Political spending

No political donations were made in the financial year.

Compliance

In the FY23 reporting period, we adhered to all mandated legislation associated with being an FTSE100 retail company operating in the UK and France. No incidents of environmental or socioeconomic non-compliance occurred, and none of the Group's businesses was subject to fines relating non-compliance with environmental or socio-economic laws and regulations.

To comply with the Groceries Supply Code of Practice (GSCOP), we have established a dedicated Groceries Code Compliance programme, detailed on page 76.

Taxation

At B&M, we are committed to paying the correct amount of tax and on time, as outlined in our dedicated UK Tax Strategy. The Chief Financial Officer is directly involved with the day-to-day running of our tax compliance and reports to the Board.

There are levels of detailed checking procedures in place, and oversight in respect of all tax matters is provided by the Group Financial Controller, the Head of B&M Finance and the Chief Financial Officer. We also use professional independent tax advisors to review our tax reporting systems periodically.

Our accounting and payroll staff are trained and experienced in calculating the taxes they deal with daily. We have procedures in place and use software that includes checks and balances to ensure that calculations are carried out correctly. In addition, all colleagues are informed of our whistleblowing policy (page 22) to counteract unethical or unlawful behaviour within the organisation concerning tax. For FY23, we complied with all tax legislation and paid the right amount of tax by the appropriate dates. We are compliant with the Schedule 19 Finance Act 2016 regarding our tax strategy and its content.

Ethical conduct

Discrimination and harassment

We have a zero-tolerance approach to discrimination and do not discriminate against workers or prospective recruits on any basis (including without limitation) in relation to race, colour, religion, sexual orientation, pregnancy, age, disability, political opinions, or other personal characteristics. We look to ensure that all colleagues are treated fairly and with respect. The Group is an equal opportunity employer.

The Group seeks to ensure that all workers are treated with respect and human dignity and prohibit all forms of violence, physical abuse, harassment or intimidation. We are committed to ensuring we, and our business partners, comply with local laws on working hours and time periods. Workers' pay must comply with applicable local laws, including in relation to minimum wage requirements.

Disabled people

Our policy ensures disabled people, whether applying for a vacancy or already in employment, receive equal opportunities in respect of job vacancies which they are able to fulfil. They are not discriminated against on the grounds of their disability and are given full and fair consideration of applications, continuing training while employed and equal opportunity for career development and promotion.

Where an existing colleague suffers a disability, it is our policy to retain them in the workforce where that is practicable.

Whistle blowing

We are committed to conducting our business with honesty and integrity, and we expect all employees to maintain high standards. B&M UK, B&M France and Heron Foods all have clearly communicated whistle-blowing procedures and processes in place.

A culture of openness and accountability is essential in order to prevent such situations occurring or to address them when they do occur. We encourage our employees to report suspected wrongdoing as soon as possible, in the knowledge that their concerns will be taken seriously and investigated as appropriate, and that confidentiality will be respected.

Commitment to human rights

We have a zero-tolerance policy on slavery, forced labour and human trafficking of any kind in relation to our business and our supply chains. We support the promotion of ethical business practices and policies to protect workers from any kind of abuse or exploitation.

All three Group businesses continue to communicate our Workplace Policy on the welfare rights of workers to existing and new suppliers. The standard terms and conditions of purchase used with all suppliers make it a requirement that they adhere to those Workplace Policy standards, including antimodern slavery and respect for human rights.

In the reporting period, no reports have been made to the Group of any instances of actual or suspected modern slavery or human rights abuses relating to human trafficking or other kinds of forced labour in our supply chain.

In the event of any suspected failure by a supplier to comply with our Workplace Policy, we would investigate the circumstances of it with the supplier. If, as a result of such an investigation, we identified a breach of our policy we would immediately review what appropriate remedial action we would require the supplier to promptly undertake and also determine whether our trading relationship with that supplier should be monitored, suspended or terminated.

A copy of our Anti-Slavery Statement and Workplace Policy is available on our website.



Economic & Innovation

Our business model

We have a disruptive, agile and low-cost business model, capable of responding to changing conditions and with a strong track record of delivering growth.

Competitive pricing is at the heart of our model. Across all our stores, we provide customers with the best-selling items across a range of Grocery and General Merchandise categories at bargain prices sourced directly from producers and manufacturers, including a number of leading household brands.

This simple, low-cost sourcing approach allows us to constantly provide customers with great value all year round.

Our model has a track record of resonating well with our customers whilst allowing us to constantly introduce new products and react quickly to what's on trend and changes in demand. This approach allows us to effectively serve the communities we operate in, provide rewarding careers for our people, bring long-term value to our shareholders, and helps to ensure our growth remains sustainable.

Competitive advantages

As a variety retailer, B&M competes with a number of other retailers covering a range of products; mainstream UK grocers, convenience stores, category specialists and variety discounters. The following competitive advantages underpin our customer proposition to differentiate us from our competitors.

SKU discipline

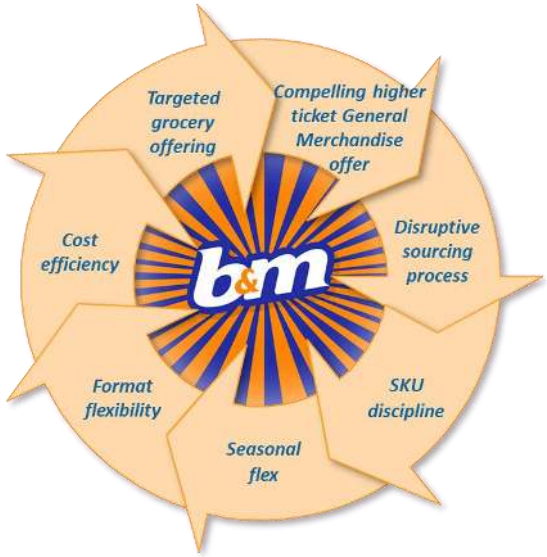
We maintain a strict approach to our limited assortment model, only offering the best-selling products in any given category. This keeps our operations simple and agile, meaning we can respond quickly to changes in demand and customer trends.

Direct sourcing model

By sourcing direct from producers and manufacturers, we operate a short supply chain and are able to adapt quickly to changing circumstances, such as the global supply chain disruption seen in FY23. This complements our limited assortment model, making us an attractive partner for suppliers looking for growth.

Entrepreneurial culture

Simplicity, cost discipline and speed of decision making are all features of the business that help us to respond decisively to changes in our operating environment and continue being successful. Such culture has been an important factor behind our ability to navigate the challenges brought on by the pandemic over the past three years.

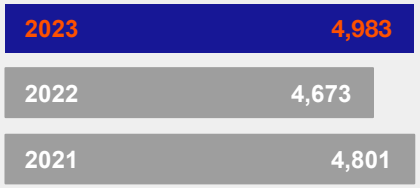


FY23: A year in review

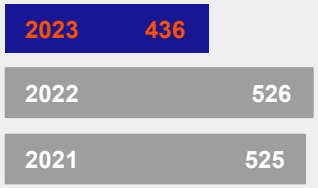
The Group had another year of strong financial performance and operational execution.

Although total revenues and profits stepped back slightly compared to the exceptional levels of last year, on a two-year basis versus pre-pandemic levels of FY20 the Group has grown significantly. Operationally, there were a number of highlights this year including the retention of new customers, the excellent progress made in France and the strength and resilience demonstrated by our supply chain.

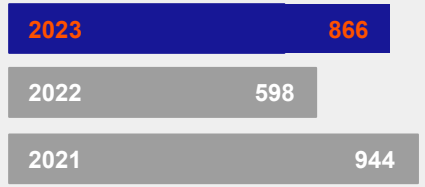
Group revenues
£4,983m
(6.6)%



Profit before tax
£436m
(17.0)%

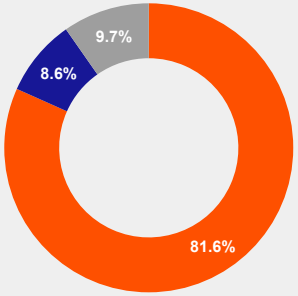


Cash generated from operations
£866m
(44.8)%



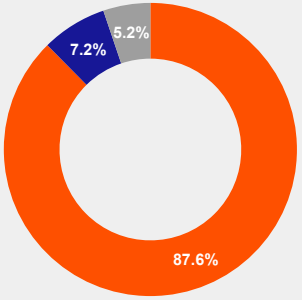
Revenue by fascia

B&M UK	£4,067m
B&M France	£431m
Heron Foods	£485m

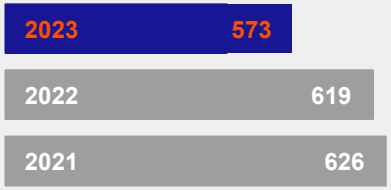


Adjusted EBITDA by fascia

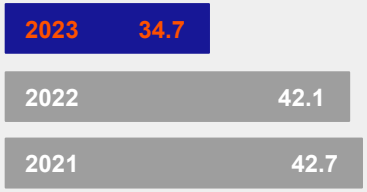
B&M UK	£502m
B&M France	£41m
Heron Foods	£30m



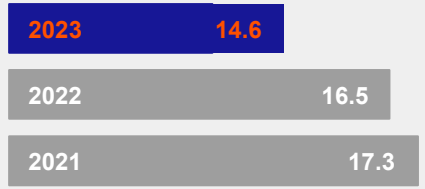
Adjusted EBITDA
£573m
(7.4)%



Diluted earnings per share
34.7p
(17.6)%



Ordinary dividend per share
14.6p
(11.5)%



Market overview and positioning

As a variety goods retailer, the market in which we operate is diverse and substantial, and therefore so are the opportunities for us to bring ESG value to our stakeholders.

At B&M, we offer best-selling products at discount prices and constantly adjust our product ranges to meet the changing demand of our customers. We offer a number of different Grocery and General Merchandise categories, providing our customers what they want, when they want, and at a price they want all year round.

In Grocery, the market has historically been dominated by the large supermarkets who aim to offer a very broad choice catering for many different customers. Our value for money offer, concentrated on the essential items people buy regularly for their families and homes, plays an increasingly important role in the communities where we operate by helping constrained household budgets stretch that little further.

The General Merchandise market, which covers categories from Homewares and DIY to Electricals and Toys, is highly fragmented.

By bringing a selection of these products together all under one roof at very attractive price points, the B&M proposition again serves the needs of customers in terms of value and convenience. Given the price positioning generally adopted by the midmarket category specialists, the price gap in these categories is often at its most disruptive.

As the UK's leading variety goods value retailer, we aim to take a small amount of market share in each of the chosen categories in which we operate whilst still delivering great value to our customers. Whether consumers need to save money or just enjoy a bargain, the B&M model is designed to meet those requirements through carefully selected ranges, value prices and convenient store locations.

We constantly monitor our price position versus competitors to ensure we are always offering customers a compelling proposition.

We are seeing an increasing number of our stores located in out-of-town retail parks being regarded as "destination" visits in their own right, with monthly customer LFL transaction numbers increasing consistently year-on-year across FY23.

This indicates that B&M is gaining and retaining new customers, and potentially also increasing the frequency of customer shop. The structural shift towards value retailing over the last decade is an established feature of the market for Grocery and General Merchandise goods in the UK and France.

We anticipate this trend to continue at a time when there are a number of macroeconomic inflationary pressures facing most consumers, which is likely to make value for money even more important.

As such, we are well positioned for future growth given our market position, disruptive business model and significant growth potential in both the UK and France.

Market overview and positioning continued

Business strengths

Strong brand reputation

There has been a structural shift towards value retailing over the past decade. Over that time, our B&M and Heron Foods brand names have become trusted for offering everyday low prices across a range of carefully selected best-selling products.

Skilled colleagues

Great people are the foundation of our business. Our buying colleagues have many years of experience in their respective product markets, and this helps ensure we constantly offer the best products to customers. We constantly look to develop our colleagues and provide growth opportunities, helping to preserve the culture of the business and create long-term value.

Strong supplier relationships

Many of our suppliers have grown alongside us over several years, and we regard them as partners. We have long-standing supplier relationships and work collaboratively to minimise the risk of social compliance issues occurring in our supply chain.

Governance & risk management

In recognition of the growing importance of ESG to our stakeholders and to reflect the considerable progress made over the past 12 months, the Board and Executive Management team have continued embedding ESG governance into our existing governance framework. In addition, a new Sustainability Manager role has been introduced to drive a number of ESG initiatives to underpin the growth of our business.

Scale & convenience

Each of our UK and France stores brings value to the local community. We open our typically large stores in easily accessible locations near densely populated residential areas, ensuring that we maximise our ability to make shopping our range of best-selling products convenient for our customers.

Well invested infrastructure

We invest in both new stores and refurbishments to existing stores, including investments in LED lighting and Building Energy Management Systems. Such initiatives drive efficiencies across our operations, reduce our cost base and help lower our associated emissions while providing a modern, clean environment for customers and colleagues.

Market overview and positioning continued

Stakeholder outputs

Suppliers as partners

We are proud to promote the brands we own and those of our partners for our respective businesses' mutual benefit and success. Our continued growth creates potential for suppliers to grow with us, further strengthening these relationships.

Investing in communities

Our store opening programmes aim to make investments in communities where we are under-represented or not represented at all. Each time we open a new store, we recruit colleagues directly from the local community and make a long-term commitment to being a positive presence in that locality.

Returns for investors

ESG topics are increasingly important for our investors, and we acknowledge the opportunities we have to meet these expectations alongside delivering a strong financial performance. As such, we intend to develop our ESG strategy, reporting and initiatives over time in line with the growth of our business and enhance our ability to sustain attractive financial returns to investors, whilst retaining a strong focus on executing our strategic objectives.

Value to customers

Providing great value to customers is at the heart of our business; we help customers spend less on what they regularly buy for their homes and families through our discounted product ranges. This will play an important role in those communities likely to be most acutely impacted by the current macroeconomic environment.

Colleague progression

Our continued growth provides new job opportunities in the communities we trade and ongoing internal development opportunities. We take pride in helping our loyal colleagues work, grow and develop to their full potential.

Sustainable growth

Two key components of our approach to ESG are to deliver our growth strategy for the benefit of all our stakeholders whilst building our business in a sustainable way.

We recognise that by further embedding sustainability into our business, we can strengthen our long-term resilience and continue to grow. In developing our ESG strategy, we have sought to strike a balance between being sufficiently ambitious, reflecting the step-change in the performance of the Group over the past three years, whilst ensuring these ambitions are in keeping with the B&M business model. Ultimately, we aim to build our business in a sustainable and environmentally friendly way in our communities across the UK and France.

Transforming the way we work

Across our operations, incremental changes to the way we work have been made to improve our internal processes, reduce our environmental impact, and ensure we are well-positioned for the future.

As demonstrated through the publication of our first ESG and TCFD Reports, we are committed to growing in a sustainable manner.

Technological improvements

We recognise that there is a growing trend of utilising technological advancements to streamline work processes and create efficiencies, and we are keen to improve our business by introducing technology in areas we believe are appropriate.

We want to enable new ways of working and believe technology will improve the workplace experience in terms of safety, simplicity, communication and efficiency.

Our newly introduced VUE driving programme (page 45) and Colleague App (page 60) are just some of the ways we are using technology to improve the way we work and, at the same time, reduce our environmental impact.

We have also started using QR codes to communicate with customers and colleagues across our stores. We are excited about utilising this form of communication in the future to better inform customers about certain products.



Sustainable growth continued

Our Group IT Director is overseeing a comprehensive programme of updating existing and integrating new IT software systems to underpin the continued growth of the business.

Alongside any technological improvements we make, we ensure that the colleagues interacting with them are supported through any change process.

Customer insight and preferences

We aim to provide customers with a fun and exciting shopping experience at our stores, whilst also offering an engaging relationship with the B&M brand via our digital channels, particularly on Instagram. We have a series of focused promotional events on categories such as home care, baby products and pet care products at different times of the year, and the interest we create online helps to drive footfall into stores.

Due to the simple, agile and low-cost business model, we do not hold a large amount of customer data or operate any CRM system.

Instead, we carefully monitor our own trading data and take decisive, commercially driven actions when we feel the need to. This analytical approach is supplemented by the talent of our buying teams, who use their expertise and industry knowledge to help inform our decision making.

However, from time to time we also utilise customer insights from independent external sources such as credit card providers and customer surveys. Such market intelligence can be a helpful addition to our internal data, improving our understanding of underlying trends and inform our decision making.

According to a recent survey of the most loved retail brands by BrandVue, B&M was ranked 9th overall in the UK. It also revealed that affinity amongst younger generations such as "Gen Z" and "Millennials" was particularly strong, and this provides reason to be optimistic regarding long term future growth prospects given the potential for these customers to be loyal B&M shoppers for years to come.

The B&M model has a clear emphasis on offering only the best-selling products within each category.

We acknowledge that today, sustainable products and making 'green' choices are becoming increasingly important for certain consumers when deciding where to shop and what to buy.

To ensure we continue to appeal to both existing and potential new customers alike, we constantly appraise our product ranges and give consideration to changing customer preferences. Where we think relevant, we will look to provide our customers with greater accessibility to more sustainable products whilst maintaining our value for money price position.

When we collaborate with our suppliers, we actively seek products that consider a sustainable agenda. This will allow us to monitor the appetite for such products amongst the B&M customer base over time.



Environment

We constantly strive to either reduce the intensity levels of our consumption, or find better or new ways of operating in a more environmentally sustainable way.

Environmental overview

Environmental sustainability forms a crucial part of our approach to ESG and how we intend to continue growing as a business. At B&M, the key environmental focus areas are our Greenhouse Gas Emissions, Energy Resource Management, Transport and Distribution, Sustainable Operations, Waste Management and Supply Chain.

B&M has continued to work hard throughout the reporting year to minimise the impact on the environment and improving energy efficiency across all of our operations. Our environmental strategy of maintaining growth whilst minimising our carbon footprint contributes to Sustainable Development Goal (SDG) 13 relating to climate action.

We calculate an annual carbon balance sheet following the establishment of our FY21 baseline. The carbon balance sheet breaks down the Group's direct and indirect emissions into its different elements, most recently calculating our Scope 1, 2 and 3 carbon emissions for FY23. Understanding the Group's overall carbon footprint has enabled us to set long-term Scope 1 and 2 reduction targets. Our validated SBTi targets pledge a 25% reduction in our Scope 1 & 2 carbon emissions by 2030.

In addition, we have committed to a supplier engagement target in relation to our Scope 3 emissions, which we acknowledge represent a material element of our overall carbon footprint.

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This involves engaging with at least 67% of our suppliers (by turnover) by 2027, looking to work collaboratively with them to reduce the embedded carbon in the products that we sell.

The Group has also expressed an ambition to be Net Zero by 2040, in line with the British Retail Consortium's Climate Action Roadmap.

Our operations aim to align to SDG13.



Environmental compliance

As a FTSE100 company, we have a responsibility and duty to comply with increased regulations concerning climate change. We have invested much time and effort into improving our disclosures relating to ESG over the past few years and in addition to this ESG Report, we have published our second annual Task Force for Climate-Related Financial Disclosures (TCFD) Report. We understand the importance of transparency, and the value of being aware of all the risks facing our business strategy in order to increase resilience.

Ultimate responsibility for compliance with environmental procedures lies with our CFO which in itself illustrates the nature of the B&M organisational structure. Environmental risks are continuously monitored and handled on a case-by-case basis through a collaboration of the Group Internal Audit team, relevant senior management and the Audit and Risk Committee.

In FY23, no incidents of environmental non-compliance occurred and none of the Group's businesses was subject to environmental fines. We continue to monitor emerging regulations that will impact our business and we respond quickly to ensure appropriate plans are put in place where necessary.

Sustainable Operations

The B&M business model is designed to deliver our growth strategy whilst keeping operations simple and efficient. By adopting this mindset and looking to drive productivity, we believe it underpins sustainable long-term growth for the Group. Processes at B&M that ensure a sustainable operating style include our flat management structure, constant communication and collaboration between teams, rigorous training programmes, and identifying productivity improvement opportunities.



"At B&M, we recognise the need to minimise our impact on the environment whilst continuing to deliver our growth strategy."

Mike Schmidt
Chief Financial Officer

We reduced our Scope 2 emissions by

17%

In FY23 compared to FY22

Environmental management

Our Board is responsible for overseeing all aspects of our environmental strategy, which is a standing agenda item at each Board meeting.

We plan to reduce the impact on the environment across our value chain, which will naturally involve many different parts of the business. Our day-to-day senior management feeds directly into one of the executive directors due to our flat structure, ensuring quick and decisive action to manage our environmental impact.

We previously appointed an Energy Manager who was responsible for implementing energy usage improvements across our estate. Last year we expanded the role further and broadened its remit to become a Sustainability Manager responsible for the continuous development and implementation of B&M's ESG Strategy.

To ensure we manage our environmental impacts to the best of our ability, we engage third-party specialists to support our in-store energy efficiency programmes, calculate our carbon footprint, and inform our long-term environmental planning.

This year our efforts have focused on developing a holistic ESG programme, integrating best practice across B&M UK, Heron Foods and B&M France.

We aim to build on this integration process and improve data collection processes across all environmental indicators to ensure a coherent, granular disclosure.

Our environmental policy is to:

- grow our business whilst operating sustainably in the communities we serve;
- operate and maintain a modern, clean and efficient infrastructure in relation to stores, distribution centres and transport fleet for the benefit of all of our customers and colleagues in the UK and France; and
- continuously look for opportunities to reduce or minimise our environmental footprint where we can, particularly in areas of scale in our operations where we can make an impact.



Environmental management continued

Colleague training

Wherever appropriate, B&M colleagues are trained to understand the impact of their work on the environment and the steps they can take to minimise this impact. For example, warehouse operatives are trained to understand how best to manage waste effectively, use packing materials efficiently to reduce waste and costs, and the consequences of not using or disposing of items correctly.

In stores, our managers receive targeted training as a part of their induction to ensure all lights, heaters, and other non-essential electrical appliances on the premises are turned off when closing a store. Store Managers engage with their colleagues regarding these day-to-day ways of working, and colleagues are encouraged to report any faulty equipment, for example, if a chiller has stopped working correctly and unnecessary energy is being drawn.

Productivity and change initiatives

B&M has a culture of always striving to improve operations and keep costs low. We have a dedicated productivity and change department that focus on specific initiatives each year, whilst teams across the business are constantly working closely alongside each other to identify areas for improvement.

Colleagues are trained on the importance of space efficient stacking of picked goods, to ensure that optimal stock volume is stacked on an individual pallet. This approach is beneficial as we ensure trailer fill is maximised, ultimately reducing carbon emissions through a reduced number of trips being required by our transport fleet.

A practical example of the ongoing initiatives to reduce our carbon footprint and cost is found in how our buying and warehouse teams collaborate. Through ongoing feedback, the buying teams can avoid certain types of products that create operational challenges associated with picking, packing and transportation.

Peculiarly shaped goods are typically avoided as they take up too much space and create inefficiencies through our supply chain, whilst pack sizes are constantly reviewed to improve operational efficiency within the distribution function. We undertake continuous product reviews to reduce the cost of distribution, risk of damage, and our carbon footprint. We will discontinue or redesign products if we feel the cost of distribution and therefore environmental impact is too high.



Greenhouse gas emissions

Reducing our carbon emissions and the impact of our operations on the environment is a core focus for the Group.

In FY23, we have continued to capture, analyse and document our Scopes 1, 2 and 3 emissions, which includes operational emissions as well as those associated with our wider value chain. The Group's total greenhouse emissions were **1,477,678** tCO_2e in FY23.

Scope 1 & 2

Scope 1 GHG emissions and energy use have been calculated based upon the quantities of fuel purchased for our transport fleet and gas consumed when heating business premises.

Scope 2 GHG emissions and energy use are calculated based upon the quantity of purchased electricity used to power our sites. Our Scope 2 emissions have been calculated using a location-based approach, as per the requirements of the Streamlined Energy and Carbon Reporting (SECR) disclosure.

This method calculates emissions associated with our electricity consumption by using the average emissions intensity of the electricity grid in the country where the electricity is consumed and does not account for contract or supplier specific factors.

This year, 2.6% of our carbon footprint in relation to B&M UK operations was as a result of electricity usage in our stores, warehouses and support centre. Emissions from the use of gas and diesel used by our transport fleet accounts for the other 3.6%.

Store numbers across the Group continue to increase and we grew the total estate by 42 gross new stores. Despite this growth in store numbers, the absolute value of Group GHG emissions decreased compared to the prior year. This represents the positive impact that energy saving initiatives such as those outlined above are having on our carbon footprint.

We express our emission intensity ratio with respect to tonnes of CO2 per £1m of turnover. At a Group level, our Scope 1 and 2 intensity ratio has improved again in FY23. Specifically, in the core B&M UK business, we have reduced our intensity ratio by 20.3% since FY21.

Greenhouse gas emissions continued

Scope 3

We have also calculated and disclosed our Scope 3 emissions to give us an accurate and complete understanding of our carbon footprint. Scope 3 emissions are those associated with our upstream and downstream value chain. 93.8% of our total carbon footprint comes from Scope 3 emissions.

Our Scope 3 emissions have been calculated consistent with the Greenhouse Gas Protocol (GHG Protocol) Corporate Value Chain (Scope 3). Of the 15 Scope 3 categories, 11 were identified as applicable to B&M's business.

As a result of improving our data collection processes around the packaging of products in FY23, we have calculated our Category 12: End-of-life Treatment of Sold Products emissions for the first time. This year we also calculated the emissions associated with Category 15: Investments for the first time.

Each year we will strive to improve the accuracy of our Scope 3 calculations. Moving forward we will utilise our supplier engagement processes gather more specific data regarding the goods and services provided to us to improve the accuracy of Category 1: Purchased Goods and Services. We also aim to launch an employee commuting survey next year to improve the accuracy of Category 7: Employee Commuting.

The Group has committed to working collaboratively with its suppliers and partners to help reduce our Scope 3 emissions.

Moving forward we will utilise our supplier engagement processes to gather more specific data regarding the goods and services provided to us to improve the accuracy of Category 1: Purchased Goods and Services. An Engagement Plan has been developed in order to engage with 67% of our suppliers by 2027, as required as part of our Science Based Target.

A fundamental balancing act at B&M is delivering our growth strategy through our store opening programme whilst at the same time looking to mitigate our environmental footprint.

Greenhouse gas emissions continued

Table 2: Our emissions over the past three years and our reduction targets

Emissions Scope	FY23 Gross Emissions (tCO_2e)	FY22 Gross Emissions (tCO_2e)	FY21 Gross Emissions (tCO_2e)	Reduction Target
Scope 1	53,242	51,108	49,210	25% reduction by 2030 (from FY21 baseline)
Scope 2	37,827	45,649	52,125	
Scope 3	1,386,609	1,440,428*	1,644,098*	Engage with >67% of suppliers (based on spend) by 2027
Total	**1,477,678**	**1,537,185**	**1,745,433**	**Ambition to be Net Zero by 2040**

*We have restated the FY22 Scope 3 emissions as we have included two additional categories that were previously not accounted for due to data limitations. These categories are Category 12 - End-of-life treatment of sold products and Category 15 - Investments. For the FY23 footprint, we have improved our approach to Category 12 by collecting more accurate product weight and material data, in particular for our electrical items. We will continue to improve the data we collect for this category throughout our FY24.

Table 3: Our emissions and reduction performance so far

Emissions Scope	Gross Emissions (tCO_2e)		
	FY23 Gross emissions (tCO_2e)	FY22 Gross emissions (tCO_2e)	Percentage change
Scope 1	53,242	51,108	+4.18%
Scope 2 (location-based)	37,827	45,649	-17.14%
Scope 3	1,386,609	1,440,428	-3.74%
Total	**1,477,678**	**1,537,185**	**-3.87%**

Greenhouse gas emissions continued

Emissions Scope and Scope 3 Category	Gross Emissions (tCO_2e)				Percentage of Total Emissions (B&M total)
	B&M Total	B&M UK	Heron Foods	B&M France	
Scope 1	**53,242**	**43,965**	**8,602**	**675**	**3.6%**
Natural Gas	14,274	14,130	47	96	1%
Transportation (excluding grey fleet)	37,834	29,314	7,942	578	2.6%
Scope 2 (location based)	**37,827**	**28,472**	**7,771**	**1,584**	**2.6%**
Scope 3	**1,386,609**	**1,060,024**	**181,186**	**145,399**	**93.8%**
1. Purchased Goods and Services	1,065,248	784,007	163,766	117,476	72.09%
1a. All Other Purchased Goods and Services	15,361	11,309	1,773	2,279	
1b. Purchased Goods and Services - Stock Purchases	1,049,887	772,698	161,993	115,196	
2. Capital Goods	16,247	11,836	2,184	2,227	1.10%
3. Fuel-related Emissions	18,814	13,201	2,961	2,651	1.27%
4. Upstream Transportation and Distribution	39,791	23,462	3,512	12,817	2.69%
5. Waste Generated in Operations	1,935	1,138	128	669	0.13%
6. Business Travel	1,901	1,476	205	220	0.13%
7. Employee Commuting	64,811	54,818	8,429	1,563	4.39%
8. Upstream Leased Assets	*Not Applicable*				
9. Downstream Transportation and Distribution	*Not Applicable*				
10. Processing of Sold Products	*Not Applicable*				
11. Use of Sold Products	170,016	162,995.88	0.00	7,020.36	11.51%
12. End-of-life Treatment of Sold Products	3,439	2,684	0	755	0.23%
13. Downstream Leased Assets	3,383	3,382.88	0.00	0.00	0.23%
14. Franchises	*Not Applicable*				
15. Investments	1,023	1,023	0	0	0.07%
Total All Scopes	**1,477,678**	**1,132,461**	**197,559**	**147,658**	

Energy management

Our electricity usage represents a significant proportion of our overall environmental impact, accounting for 3% of our total emissions. We are proud of our work to improve energy efficiency throughout our operations to achieve sustainable growth and minimise our environmental impact.

Our Sustainability Manager has driven improvements and efficiencies within the B&M UK business store estate to deliver further reductions. This role has significantly improved the way in which B&M approached energy management, having identified opportunities to improve productivity, increase energy efficiency and decrease energy wastage.

We are continuously reviewing our estate, to identify potential energy reduction opportunities, including onsite renewable power generation. We aim to conduct a feasibility assessment across our businesses for the installation of solar panels. Heron Foods are the furthest along with this ambition, with plans to install a pilot solar panel project in FY24. We will use this project to inform our decision making and share best practice across the rest of the Group.

We aim to conduct site surveys across our estate, to identify further areas for potential energy saving opportunities.

LED lighting

All new stores are now opened with energy efficient light emitting diode (“LED”) lighting, which typically uses up to 70% less energy than conventional lighting. As part of our existing store estate maintenance and refresh programmes, we are also retrofitting LED lighting into existing stores when carrying out refurbishments. Our LED programme helps achieve cost savings and reduce carbon emissions whilst delivering a better customer experience in-store. As of the end of FY23, 614 of our B&M UK stores were installed with LED lighting and all B&M France stores are fitted with 100% LED lighting.

We have LED and motion-activated lighting installed in our main B&M distribution centre locations, as well as our Heron Foods distribution centre, to reduce unnecessary electricity usage.

Building Energy Management System (BEMS)

We have continued to rollout a Building Energy Management System (“BeMS”) in all new, and many existing B&M UK stores to help better control and reduce their energy consumption, through ensuring full equipment switch-offs at close-down, and managing heating usage effectively.

We are also experimenting with variable lighting levels during trading and non-trading replenishment hours. We currently have 610 UK B&M stores with BeMS fitted. The installation of both LED lighting and BeMS will be important as the business strives to achieve our Scope 1 and 2 SBTi validated targets relating to carbon emissions.

For over 10 years, our B&M France stores have been deploying BeMS across our estate portfolio, which allows us to control, analyse and optimise the energy needs of each of our stores. Our B&M France stores also reduce energy consumption by optimising “free-cooling”, a process of using external ambient temperature to reject heat, rather than using energy intensive refrigeration processes.

We are continuously reviewing our estate to identify potential energy reduction opportunities, including onsite renewable power generation. We are conducting feasibility assessments across our businesses for the installation of solar panels. Heron Foods is expected to undertake the pilot project with plans for solar panel installation on its largest distribution warehouse in FY24. We will use this project to inform decision making and share best practice across the rest of the Group. We aim to conduct site surveys across our estate to identify further areas for potential energy saving opportunities.

Energy management continued

Behavioural changes

We recognise that a behavioural shift in the way B&M operate is required to support us on our journey to reduce our energy consumption. We have worked to raise awareness of climate change and environmental impacts to introduce behavioural changes amongst our colleagues.

Energy focus week

As part of our ongoing priority to reduce our environmental impact and drive profitability in stores, we count on our amazing colleagues to help reduce our energy consumption through small, simple steps they can easily take. We hold an annual energy week where colleagues are encouraged to find ways to save energy, reduce waste in stores and generate greater awareness of our environmental impact. We have rolled out posters on computer monitors and light switches across our sites to prompt employees to conserve energy wherever they can. We plan to maintain an ongoing focus on energy management amongst store colleagues moving forward.

Energy huddles

Energy huddles are held regularly to discuss energy-intensive store areas, presenting employees with an opportunity to give feedback and consider how to reduce energy usage. Reducing our energy consumption also requires engaging our management teams. At the end of each month, store managers complete an energy control log, reviewing energy controls and high usage areas. The energy control log provides store managers with a process for monitoring energy-intensive areas such as air conditioning temperatures and car park lighting.

Controllable cost wheel

We operate a controllable cost wheel which aims to give stores better visibility of their costs as well as their water and electricity consumption. This enables colleagues to have oversight and ownership of the B&M estate energy usage at a site and Group level and can support trial targeted reduction campaigns in energy-intensive stores. This initiative helps increase employee engagement by managing consumption data on a store-by-store basis. We can identify critical areas to improve and share best practices from well-performing stores across the estate.

Energy management continued

Table 4: FY23 Scope 1& 2 emissions and energy usage

	Emissions				Energy usage		
FY23	**Scope 1 tCO_2e**	**Scope 2 tCO_2e**	**Total tCO_2e**	**Intensity Ratio**	**Scope 1 MWh**	**Scope 2 MWh**	**Total MWh**
B&M UK	43,965.34	28,472.03	72,437.38	17.97	198,968	147,234	346,201
Heron Foods	8,602.25	7,770.88	16,373.12	32.49	33,200	40,185	73,384
UK Subtotal	**52,567.59**	**36,242.91**	**88,810.50**	**19.52**	**232,167**	**187,418**	**419,585**
B&M France	674.73	1,583.77	2,258.49	3.95	2,926	38,647	41,573
Group Total	**53,242.31**	**37,826.68**	**91,069.00**	**18.17**	**235,093**	**226,065**	**461,159**

Table 5: FY22 Scope 1& 2 emissions and energy usage

	Emissions				Energy usage		
FY22	**Scope 1 tCO_2e**	**Scope 2 tCO_2e**	**Total tCO_2e**	**Intensity Ratio**	**Scope 1 MWh**	**Scope 2 MWh**	**Total MWh**
B&M UK	42,631	33,745	76,376	19.54	197,265	158,927	356,193
Heron Foods	8,060	9,985	18,045	43.90	33,660	47,024	80,684
UK Subtotal	**50,691**	**43,730**	**94,421**	**21.86**	**230,925**	**205,952**	**436,877**
France	417	1,919	2,336	6.62	1,900	37,421	39,320
Group Total	**51,108**	**45,649**	**96,757**	**20.71**	**232,825**	**243,373**	**476,198**

Transport and distribution

Although the number of B&M stores continues to increase, we aim to reduce the carbon footprint of our transportation and distribution network.

Our continued growth in store numbers provides opportunities to maximise transport volumes, improve our fleet technology and ensure efficient transport routes. We have a total of 238 tractor units and the entire transport fleet in the UK is fitted with Euro 6 engines, the latest standards in fuel-efficient engines which reduce harmful emissions.

We continuously manage and upgrade our transport fleet, investing in leading transportation and distribution technology.

Reducing our mileage

Our core distribution network does not change materially year on year, therefore identifying transport route efficiencies is relatively straightforward. We routinely review how we can reduce the number of trips taken from our transport fleet. When loading our trailers, we ensure each one is packed as efficiently as possible, reducing unnecessary journeys when delivering from our warehouses to stores.

The Group took a significant step towards reducing our mileage through opening our 1m sq ft Distribution Centre in Bedford in January 2020. The facility services over 300 stores throughout the South of the UK which were previously serviced from the North West, resulting in a significant decrease in total miles travelled and decreasing our HGV transport fleet's like-for-like fuel consumption and emissions. The annual benefit of the Bedford facility is calculated to provide a reduction of approximately 6 million delivery miles travelled.

Distribution fleet

We manage and upgrade our distribution fleet, which we regard as an important enabler to support the continued growth of the Group. We have invested heavily in double-decker "wedge" trailers to reduce the number of trips needed as well as our fleets associated carbon emissions.

Double-decker "wedge" distribution trailers to increase trailer capacity and therefore maximise transport volumes intensity per mile travelled. A standard trailer can carry 26 pallets, whereas a double-decker can carry up to 46 pallets, therefore ongoing investment in these trailers will help to reduce our environmental impact whilst increasing the efficiency of our operations.

These trailers were also designed to be more aerodynamic, helping to reduce our fuel consumption.

We have also invested in energy-efficient handling equipment including lithium-ion picking and loading forklifts in our warehouses.

Consolidation delivery

The retail sector has been impacted by many issues over the past few years including a significant HGV driver shortage in the UK and global supply chain disruption due to the Covid-19 pandemic. B&M’s business model proved resilient during these times, overcoming issues by taking swift and decisive action. Our consolidated 'backhaul' deliveries approach enables our drivers to collect products we had ordered from some of our UK suppliers ourselves when returning to our distribution centres with empty trailers after delivering to stores.

Transport and distribution continued

We work closely with our supplier base to increase these backhaul collections, planning specific delivery dates and times to utilise our transport infrastructure effectively. Our ability to conduct consolidated deliveries ensures we can continue to serve the communities we operate in, support our loyal suppliers as well as reducing our carbon footprint in moments of adversity.

Our drivers

We are monitoring driver performance across our B&M and Heron Foods transport colleagues, rewarding fuel efficient driving and thus reducing diesel emissions. Our in-house team of HGV drivers are an important part of our transport and distribution operations, and we ensure that all drivers undergo rigorous safety training such as Driver Risk Assessments. Our key objective is to educate drivers on basic safe driving techniques and ensure vehicles operate as efficiently as possible. Training and education sessions are held for our B&M HGV drivers to embed behavioural changes amongst our colleagues, reducing our transport emissions.

We ensure that each driver has a good understanding of:

- the environmental impact of the sector and their role in reducing this impact; and
- safe, controlled and fuel-efficient driving techniques and the implications of different vehicle configurations

VUE driving programme

The VUE driving system analyses our drivers' performance in terms of braking, acceleration, miles per gallon and idling times. Telematics are introduced to generate extensive data on our colleagues' driving styles. We can implement enhanced KPI reporting for our drivers through this data collection process and reward fuel-efficient driving - helping to reduce our transportation fleet's carbon footprint. We have also introduced a driving style league table, where each driver's performance is scored and ranked. Monthly summaries are reviewed, and the best drivers gain internal recognition and awards for safety and improved miles per gallon.

A "Driver of the year" award is also made, with strong engagement across that group of colleagues. The VUE programme initially started via the installation of cameras on all our vehicles to reduce insurance premiums.



Transport and distribution continued

Forward facing camera technology has improved accident investigations and public safety through accident reduction and driver awareness. The system also enables management to complete timely investigations & decision making through the ability to view incidents as they happen.

Driver training

By implementing the VUE programme, utilising Scania reporting and new camera technology, recurring examples of areas for improvement may be identified. These trends are then fed into future training and development programmes for our drivers to implement.

We have continued our “Warehouse to Wheels” initiative, offering training opportunities for distribution centre colleagues to become HGV drivers. Since the pandemic, we have experienced significant waiting times for HGV driving test appointments. Therefore, in FY23, we supported one of our colleagues in becoming a certified HGV examiner.

This has helped by increasing the number of B&M colleagues with HGV driving licences, and maintaining stock availability at our stores, and serving our customers better. This is a good example of the culture of B&M, where we can respond quickly to challenges faced and at the same time prioritise offering new opportunities for colleagues to further their careers with B&M.

Company cars

To reduce the use of diesel and petrol cars across our range, the Group has now decided that when all current company cars come up for renewal, only plug-in hybrid or fully electric vehicles will replace them. Over 60% of our company cars are currently either electric or plug-in hybrid vehicles. We are currently evaluating options to install electric charging stations at key locations to promote and accommodate the use of electric vehicles where needed.



Waste

We recognise that waste should never be disposed of without recording it - known as controlled waste.

The key to successful waste reduction measures is through waste prevention and avoidance. B&M currently focus on the following areas to reduce our waste:

- Correct stock handling and storage practices.
- Stock rotation, both in the warehouse and on the sales floor.
- Identifying stock that could be reduced to clear instead of written off as waste.

Stock management

Stock rotation happens once a day to ensure any food products have the highest chance of being sold in date order and is recorded in a stock logbook. We conduct full stock takes in all our stores at least twice per year to ensure that our stock file is accurate. This helps us monitor losses and reduce waste streams that may occur.

Rigorous parameters are in place to ensure the stock check is carried out properly and that no stock is miscounted or misplaced. Pre and post stock check processes ensure the right scanners and people are assigned, and each store has a stock check coordinator.

Store managers develop store maps with separate zones and assign a team to each one, helping to reduce human error.

Ensuring that we are careful when storing, picking and merchandising products will minimise our waste even before the products have reached the shelves. Once a product is then on a shelf, rotation is key. All colleagues are trained in the rotation requirements for each type of product.

The practice of 'first in, first out' is observed, and stock soon to reach its expiry date is highlighted with our 'Whoops! It's a dated bargain' label. For perishable stock we follow a mark down process in stores to minimise the likelihood of products becoming out of date.

At B&M, we consciously sell a very limited amount of fresh food that is perishable, helping us to ensure we keep our product waste to a minimum. For Heron, in addition to tight monitoring and control of food wastage, one competitive differentiator is the speed at which products can be distributed through its warehouse to local stores, with sub 24 hour manufacturer to store deliveries being achieved.

This positions Heron as a key partner to food manufacturers looking to avoid wastage of short dated-products, for example fresh fruit. Any product that does become out of date is recycled using our established processes.

Waste continued

Waste initiatives

One of the ways in which we approach waste management is to provide stores with a plastics baling machine that compresses our waste plastic into manageable bales, which are then 'backhauled' to our Distribution Centres for recycling by our transport fleet after they have made a store delivery of product.

We have continued to see an overall reduction of carrier bag usage across our UK stores following the 5p carrier bag levy introduced in England and Wales in October 2015. The levy has helped reduce single-use plastic carrier bags, reduce litter, and encourage bag re-use.

In our garden centres, we discount any plants that are deemed past their best, in order to reduce wastage. We stock a range of planters made from recycled materials and all individual pieces of wood in our B&M garden centres is FSC graded. In all B&M garden centres we sell a range of peat free compost and in line with new legislation, we will be selling 75% peat free compost from FY24.

Reducing waste is an important target in our ESG strategy, and the main source of waste in our operations is the packaging. We are always engaging with our suppliers to minimise packaging to only what is necessary.

We will continue to develop our engagement with suppliers to align on environmental targets and initiatives, sharing best practices and fostering a culture of continuous improvement to reduce cost, weight, and wastage of excess packaging.

E-waste

The IT department uses a specialist disposal company to dispose of obsolete IT equipment, our specialist partner recycles all our E-waste. We recently commissioned an inventory of obsolete IT equipment and ensured that documented disposals and compliance procedures were in place to support this waste stream and confirm that equipment is being recycled where possible. We participate in the National Electrical Appliance and Battery Recycling scheme and have dedicated battery recycling bins established across our stores.

Waste continued

Recycling and waste streams

We have established waste management facilities at our B&M warehousing locations across the UK. This allows us to collect waste cardboard, plastic, metal and wood from our stores and backhaul it to our central distribution centres for sorting in readiness for recycling, representing an efficient use of our transport fleet. We have a dedicated Recycling Centre at one of our Liverpool distribution centres, where various waste sources are segregated and treated accordingly.

Arrangements are also in place to dispose of empty toner cartridges at Head Office via recycling boxes. We partner with third-party specialists to collect all waste from our distribution centres, be that card, plastic and confidential paper waste, general or hazardous waste. The small amounts of food waste from stores are placed into sacks and sent to the Recycling Centre from where it is collected and converted into energy.

Packaging

The main source of waste in our operations results from packaging. Where possible, we collaborate with our suppliers, to minimise product packaging. This reduces costs, weight and wastage of excess packaging. We continue to have an increased focus on the general merchandise products that we typically source from Asia. We have proactively redesigned a number of products, for example, Christmas decorations with minimal plastic packaging.

Case Study: Greeting Cards

In FY23, we worked with our suppliers to redesign our Greeting Cards, to reduce their environmental impact, by removing the outer plastic sleeve packaging. This will result in a reduction of 20,000kg of plastic per annum.

This year 99.9% of our packaging waste in the UK was recycled, through a combination of waste being sorted through our own facilities and by specialist third party contractors. Overall, the total level of packaging waste recycled by the Group in FY23 was 99.8%.



Water stewardship

The introduction of a "controllable cost wheel" gives B&M stores better visibility of their water consumption as part of a general resource awareness campaign.

To help reduce the Groups water usage we have dedicated time to improving colleague awareness, introducing in-store posters and colleague briefings. Audit lists across our stores now incorporate systems for reporting and tackling water leakages across our estate, ensuring water is not wasted unnecessarily.

We have begun introducing waterless urinals across our larger stores and clear signage on sinks remind users to turn taps off. In our garden centres, plants are watered using a hose, to control the amount and direction of the water, to reduce water wastage. We are working to improve data collection processes in order to monitor water usage, as well as exploring options for further reduction.



Working collaboratively with suppliers

Maintaining our competitive value-led price model is also about developing and retaining strong long-term supplier relationships, whom we regard very much as partners. Many of our suppliers have grown with us, working with our Group businesses over several years.

Approximately half of the B&M UK turnover comes from Grocery and FMCG products, mainly sourced directly from large third-party brands. Often these brands showcase innovative sustainable products, which B&M are proud to sell in-store, as we aim to work with partners aligned with our sustainable aspirations. We welcome our suppliers' sustainable marketing campaigns, which they have brought to market to support new, low emissions products.

During the process of ongoing range reviews, B&M actively seeks information from our branded suppliers regarding new products' environmental footprint and ethical considerations. We recognise the value of providing environmentally friendly products to our customers and give due consideration to expanding our range of low emission alternatives. We are constantly looking for new suppliers to diversify our product range and remain competitive. As a part of this process, we consider both large, branded suppliers and also smaller, local suppliers, meaning we can support the local economy and reduce our carbon emissions across the supply chain.

In FY23, we initiated an ESG engagement process with our supply chain for the first time. We launched an ESG supplier questionnaire, reaching out to our top 30 suppliers which account for 41% of our suppliers based on spend. We wish to obtain information on their carbon measurement and reduction processes, in conjunction with their wider ESG ambitions.

This programme forms part of our supplier engagement target, which has been validated by the SBTi. Over the next few years we will work to expand the scope of our engagement processes and develop the communication surrounding ESG.



Social

Social overview

For B&M, we consider the social impact of our activities from the perspective of our **colleagues, communities, customers and suppliers.**

The work we undertake to be a socially responsible company is driven by our values of simplicity, trust, fairness and being proud. With regards to our colleagues, we are committed to providing equality of opportunity, modern, safe and clean working environments, and ensuring that all colleagues are treated with dignity and respect.

In the communities we serve, we provide shoppers with great prices, create local jobs each time we open a new store, and help sustain those areas where people live and work.

We aim to foster long-standing relationships with our suppliers, whom we regard as business partners in our relationships and dealings with them.

Great people are the foundation of our business, and our colleagues have once again been instrumental in overcoming numerous challenges to deliver another successful year. The Group employs over 39,000 people across our three businesses, in roles covering stores, distribution and support centres.

In FY23 we created over 1,113 and 145 new retail jobs in the UK and France respectively, driven largely by our store rollout programme.



Diversity and inclusion

We recognise the importance of Equality and Diversity and are committed to ensuring all colleagues are treated with dignity and respect.

We recognise and actively encourage the benefit of having a diverse workforce across our business, inclusive of all types of diversity and gender. At B&M we collect diversity data across the divisions of our business.

We have an Equality and Diversity policy that outlines B&M's understanding of our lawful obligations to ensure that colleagues, customers, clients, visitors and suppliers are not discriminated against based on protected characteristics under the Equality Act 2010.

Our Equality and Diversity Policy is available on our website and communicated to all colleagues. It is reviewed annually or as required from time to time.

Our recruitment policy operates based on merit, so the best candidates are appointed. The company recognises the value that a diverse workforce brings to the business, and it embraces diversity of thought and gender, race, age, educational and professional backgrounds.

Our Diversity Policy in relation to the Board and senior management is:

- to ensure that the Company maintains the necessary skills, experience and independence of character and judgement of its Board members and senior management team, for the Group to be managed effectively for its long-term success;
- while making appointments based on merit so the best candidates are appointed, the Company recognises the value which a diverse Board and senior management team brings to the business and it embraces diversity in relation to gender, race, age, educational and professional backgrounds; and
- together with the above criteria, the Company also recognises that diversity in relation to international experience, recent senior management roles within retail and/or supply chain sectors, and previous experience regarding membership and chairmanship of Board committees are also relevant factors.



Diversity and inclusion continued

Gender diversity

In relation to diversity, female Board representation was 33% at year-end. The B&M Board will have a 37.5% female representation at the end of April 2023, with three out of the eight Board members being female.

At the end of FY23, female representation across the senior management of the Group, reporting either directly to the Board or the Executive Committee, was 40.3% (FY22: 43.8%). In relation to all employees of the Group, the percentage of female colleagues was 55.6%, (FY22: 57.8%).

Our equal opportunities policies in relation to our workforce are also designed to recognise and actively encourage the benefit of having a diverse workforce across our business which is inclusive of all types of diversity as well as gender.

We look to ensure that all colleagues are treated fairly and with respect, and that no employee is discriminated against on grounds of gender, race, colour, religion, disability or sexual orientation.

Gender pay gap reporting

In accordance with the Equality Act (Gender Pay Gap Information) Regulations, we have published our data online in relation to each of our B&M UK and Heron Foods businesses as at 5 April 2022. The mean hourly pay rate of B&M UK colleagues was 8.4% lower for females than for males.

The median hourly rate was the same for females and males. For Heron Foods, the mean hourly rate for females was 32.2% lower than males and the median hourly rate for females was 5.0% lower than males.

In relation to bonuses of B&M UK colleagues, 65.9% of females and 53.9% of males were paid a bonus.

The mean bonus pay for males was 55.3% higher than females, and the median bonus pay for males was 16.7% higher than females.

For Heron Foods, 58.1% of females and 60.2% of males were paid a bonus. The mean bonus pay for females was 76.2% lower than males and the median bonus pay for females was 58.1% lower than males.

Colleagues of the Group in France and Luxembourg are not included in this data. Full details of the reports are available on our websites at www.bandmretail.com and www.heronfoods.com and on gender-pay-gap.service.gov.uk.

Employee benefits

B&M offers a range of benefits and rewards to all our employees and communicate this to new starters during onboarding.

After completing one week in employment, colleagues receive a 10% Colleague Discount Card. We also hold 'double discount' events for our employees throughout the year to thank them for their hard work.

In FY23, we continued our partnership with MyStaffShop to provide a benefits platform for all colleagues. MyStaffShop provides colleagues with hundreds of discounts and rewards across many retailers, entertainment venues, holidays, health and wellbeing.

Additional benefits include discounted life insurance, cancer insurance, NHS Xtra and we provide all employees with our own Employee Assistance Programme (EAP). B&M offers free eye tests for colleagues who regularly use a PC as part of their role.

We find that B&M employees often stay within the business for a long period, and we present long service awards for 5, 10, 20 and 25 years of service to recognise our colleagues' dedication and loyalty.

All those who achieve these are recognised and celebrated internally, as well as receiving gift vouchers or a Discount Card for life. All eligible employees are automatically enrolled into a Workplace Pension Scheme after completing three months of service. There is an option to opt-in early if required.

We operate a Share Incentive Plan, enabling colleagues to buy B&M shares in the Group upon completion of 12 months of service. The scheme helps to encourage share ownership by employees and allows them to participate in the long-term success of B&M as a shareholder.

In addition, over the last four years, restricted stock share option awards have been made available to senior management colleagues annually.

We reward our store managers and supervisors through an annual bonus scheme, which we supplemented with a further Golden Quarter bonus for the top quartile of store managers.

Our schemes are kept simple and transparent, and designed to be stretching and motivating, ensuring our stores deliver the best possible shopping experience to customers. We have an annual bonus scheme for managers in our distribution centres who lead various warehouse and transport teams.



Employee benefits

Incentive schemes have been introduced across B&M, to recognise those colleagues who go the extra mile but aimed to boost colleague moral and work ethic. For instance, B&M Warehouse Operatives were provided with a ‘Peak Period Pay Incentive’, in the form of an hourly bonus, from August 2022 to January 2023.

Employee Assistance Programme (EAP)

We now have our own EAP system through our benefits provider MyStaffShop to cover our employee's wellbeing. Throughout FY23, the wellbeing of our colleagues has remained a priority for B&M. We provide our employees free and confidential wellbeing support whenever and however they choose. This service can support our employees through tough physical and mental situations such as loss, bereavement, and financial struggles. Our employees have 24/7 access to the EAP helpline advisors, who are there to listen and provide the right level of support. They also offer personalised wellbeing support, face-to-face and telephone counselling and financial and legal guidance.

Figure 2: Employee Assistance Programme poster



Colleague wellbeing

Colleague wellbeing is a priority for the B&M Board. This year we hired our first Health and Wellbeing Business Partner who is responsible for developing and implementing our Health and Wellbeing Strategy.

In addition, through B&M, around 72 colleagues have been trained as mental health first aiders. These first aiders can be identified with a purple lanyard that has 'mental health first aider' written on it, as well as a badge forming part of their email signature.

Colleagues can therefore easily identify these first aiders and approach them at any time, to have open and safe conversations about mental health.

This year the Health and Wellbeing Officer has focused on important topics such as menopause, cancer and mental health.

Menopause

A poster providing information on Hormone Replacement Therapy, which can help reduce the symptoms of menopause, was provided to colleagues, detailing basic information, the risks and information on perimenopause, post menopause and premature menopause.

We aim to reduce the taboo around this subject, and female staff have already expressed feeling significantly more comfortable at work.

B&M aim to continue to spread awareness regarding the menopause. In addition, we also plan to develop our menopause training, which will aid in reducing the stigma many of our colleagues experience.

Men's Health

As part of Movember and in line with International Men's day we also raise awareness around Men's Health in particular Prostate and Testicular cancer, as well as Mental Health and Suicide prevention. B&M recognise it is important to create an environment where colleagues feel comfortable talking about their health and are offered guidance and supporting information.

Cancer

An initiative was launched during the year to spread awareness of the early signs and symptoms of bowel cancer, following the diagnosis of a colleague. Posters informing colleagues of the symptoms of bowel cancer have been introduced across the business. In addition, B&M donated £20,000 to Bowel Cancer UK in FY23.

Mental Health

Mental Health is about overall well-being, and this can have a profound effect on our colleagues within the workplace. A guide was put together for B&M managers with tips for helping identify warning signs that your colleagues or even someone you know that may be struggling. Similarly, welfare chats occur for any staff who are returning to work, to ease their transition.

The Health and Wellbeing Officer has also worked to signpost credible tips around taking vitamins to stay healthy, alongside providing colleagues with healthy eating recipes. In the future, B&M plan to supply colleagues with fitness tools, such as apps, that suit all ages and abilities across the business. This will form part of B&M's longer term health and wellbeing plan which is currently being developed.

Colleague wellbeing continued

Wellbeing initiatives

At B&M, we encourage financial wellness to give colleagues the ability to live a healthy financial life and empower to take control and plan for the future.

At the start of 2023, we created a hints and tips checklist to aid colleagues' awareness of their own financial situation, including pensions and wills. In addition, we have introduced a total package statement on pay slips for, Assistant Mangers and above, so colleagues can see how much goes into their pension and understand their pay split better.

Colleagues are encouraged to manage and access their online pension accounts to better understand their pensions and help plan for their futures.

We provided colleagues with “double-discount” weekends on general merchandise products on eight separate occasions across the year.

Recognising the cost-of-living pressures on many of colleagues, and to recognise their loyalty and hard work, for the first time in Autumn 2022, we ran two “all-department” double-discount days, giving colleagues double their usual discount across departments including FMCG categories.

Whilst larger employee welfare initiatives are important, smaller and simpler initiatives are too. Employees who work at our Liverpool centre were offered a free bus service, that runs across all shift patterns.

Heron Foods held a wellbeing month in May 2022, holding various activities for colleagues to raise awareness and support their physical and mental health.

Colleague engagement

Colleague engagement is extremely important to us. Carolyn Bradley is the Group's Designated Non-Executive Director for Workforce Engagement. Carolyn oversees our workforce engagement initiatives' effectiveness and reports twice a year to the Board.

There is a standing agenda item at two Board meetings each year for the Board to consider reports from the Workforce Engagement Director. This enables the Board to monitor progress, consider feedback and discuss outputs and actions with the executive management team.

This is also supplemented by reports provided each year on colleague engagement and pay by the Group People Director to the Remuneration Committee.



Colleague engagement continued

The senior management team of the B&M UK business also have a number of other established workforce engagement mechanisms.

They are designed to keep colleagues informed of the trading performance and factors affecting the business on a quarterly basis, whilst also enabling colleagues to ask questions directly of senior management in relation to the business and its strategic plans.

We carry out regular employee huddles in our stores for teams to be briefed on any changes internally. Face-to-face listening groups are also arranged, with senior managers engaging with store employees to get direct feedback on processes and procedures.

It is important that all B&M colleagues feel comfortable to speak to their management, when needed.

During the year we made a conscious effort to increase the visibility of management as well as establishing an ‘Ask the Team’ area for colleagues to address any areas of concern.

During FY23, we initiated an educational programme for our colleagues on B&M’s ESG journey, targets and objectives.

Our specialist third party consultants facilitated a training session with our Senior People Team around our ESG and Net Zero targets and initiatives.

These sessions aimed to help colleagues think in a more sustainable way when managing our stores and business, aiding in reducing our overall environmental impact at B&M. We aim to roll these training sessions out across the business.

Colleague App

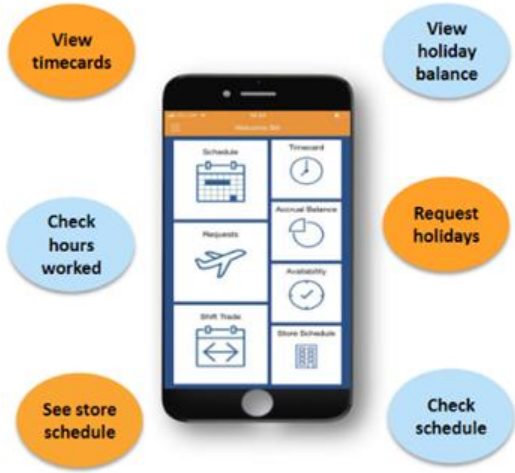
In previous years, our colleagues had requested more communication on the B&M business, and we have listened to this feedback. We communicate regularly with our colleagues through our colleague App, which was developed as a result of our employee surveys.

Through the App, colleagues have direct access to their timecards, holiday balance and weekly schedules. Employees can check their hours worked, pay slips and request holidays directly from the App, giving them more control.

We also send out daily "digest" communications throughout the week, containing instructions, updates, news, and other information, ensuring our colleagues are kept abreast of any operations changes.

The App helps increase engagement and improve colleagues' oversight of the business whilst providing a direct communication line.
The App is also a portal for colleagues to engage with our employee assistance programme established in partnership with the Retail Trust.

Figure 3: Our Colleague App



Colleague engagement continued

Employee survey

We conduct an employee engagement survey each year where employees are invited to give feedback for improvements across the business. We have continued to build on the strength of our colleague engagement survey this year, running it twice for B&M UK and Heron Foods employees, to help us identify areas of improvement quicker.

In both surveys this year, the response rate was over 70% across both businesses, and there was year-on-year improvement across all questions asked. Feedback was very positive, and our colleagues have expressed that they feel the business values them.

There is a clear understanding of colleagues' responsibilities, and they value the encouragement given by B&M to always work to their potential. These ratings are particularly important, as they are a strong indicator of the type of culture across our business.

We held a colleague engagement survey for B&M France in May 2022, which we aim to improve each year moving forward.

As part of the colleague engagement surveys, we invited feedback on areas where we could make improvements.

Suggestions included improving colleague recognition and benefits, making further enhancements to some of our IT systems, improving communication and increasing training specifically in B&M France.

As a result, the following outputs have already been implemented by the senior management team:

- introduced private medical and health care for a broader group of colleagues
- provided all colleagues with “double discount” on eight separate occasions during the year, and included for the first time FMCG products, as recognition for their hard work and loyalty and to assist with the cost-of-living crisis
- launched new induction and training manuals in B&M France, sharing best practice from our UK businesses
- held over 200 listening group meetings involving over 4,500 employees across every area of the business
- made upgrades to our till system and hardware are ongoing, new laptops have been provided and better Wi-Fi introduced; and
- ensured colleagues can take their children to their first day of school, by swapping shifts with other colleagues.

Learning and development

We have a dedicated Learning and Development team who ensure our programmes are tailored to the right audience. We are committed to providing an environment where employees can reach their potential - giving them the best development available to support the aims of the individual and those of the business.

Our colleagues make our business successful, and by offering career development and recognising success, we aim to grow talent from within. The success of our company depends largely on the service we provide to customers; therefore, our colleagues are trained to meet our customers' expectations at all times.

With a clear commitment to providing employee development opportunities and embracing a culture of career progression, we aim to build strong performing teams and excellent opportunities for long term career progression. We recognise that every employee plays a valued part in the success of B&M, and developing our people is a vital contributor towards that success.

We provide detailed workbooks for all recruits or colleagues starting a new position as part of our induction programme.

The workbooks provide examples of working practices and existing colleague testimonials, and they ensure that colleagues are familiar with the B&M values and company history.

A checklist of key information relating to the role is provided, and we ensure managers explain inductions and routinely discuss any aspects a new colleague has questions on. Specific training relating to the role and key people to contact is detailed.

All colleagues who are deemed a vulnerable person receive a targeted induction, including any restrictions on the nature of their work and the relevant safety issues involved before they start.

Career development

We are committed to providing an environment where colleagues can reach their potential, giving them the best development available to support the aims of the individual colleague and the business.

Retaining homegrown talent is very important to us, as it helps to reinforce the strong culture within the business.

We provide colleagues with a "My Development" book, which is designed to support colleagues in their roles and complement the ongoing reviews they receive.

During reviews, colleagues are guided to create a Personal Development Plan based on their area of focus - what they need or want to develop. The book is a one stop-shop for everything to support development with comprehensive training tools.

Colleagues and managers are offered the ability to gain nationally recognised certification for learning while working. We run programmes that help develop the skills needed both now and in the future for employees and the organisation and aim to ensure that the development of both individual colleagues and teams supports business growth.

Step Up programmes

We have a strong commitment to developing and promoting our colleagues, regarding it as important for retention and progression.

Our inhouse "Step Up" programmes provides training to store colleagues, giving them the tools for a successful career within the business. As part of our values of fairness and trust, any colleagues who enter but do not succeed the first time can enter the programme again in future years whenever they want to.

Focusing on our talent is beneficial over the long term as our culture and values are maintained and reinforced through 'B&M people'.

After completing the 12 weeks of a programme, colleagues have a final review and are assessed on a range of skills they should have developed before progressing into the role.

Although we make it clear that the responsibility for development lies with the candidate on the programme, we support colleagues by providing guides to help with the process and inspire ideas.

Figure 4: Career progression poster



Step Up programmes continued

Retail Graduate Programme

Our Retail Graduate Programme is designed to help young professionals progress into high-performing retail management positions within B&M. Graduates are required to work at all levels and interact with key stakeholders across different stores and departments.

The programme helps graduates meet the right people and gain knowledge and skills to ensure they achieve a management role. A workbook is provided to help support the learning process.

We encourage graduates to utilise these workbooks to introduce themselves to videos, podcasts and books to support personal development. Our aim is for individuals to gather evidence of their learnings and experiences and demonstrate how they will put them into practice.

Department Manager and Supervisor Step Up Programme

We provide a programme called 'Pathway to Department Managers' broken down into three modules; leadership and decision making; ways of working and working together. The six-week programme provides our colleagues with the knowledge and tools to build a successful career with B&M. A personal development plan is developed, which involves receiving feedback from peers and managers.

Deputy Store Manager and Store Manager Step Up Programme

The Deputy Store Manager and Store Manager Step Up Programme is split into six distinct sections aligned to the 'B&M way' of doing things: Health and Safety, Profit Protection & Security, Customer Service, People, Operational Management and Leadership.

Store Managers are provided with a Store Manager Development Guide, which has been designed to help generate ideas regarding personal development and to be used alongside a Deputy or Store Manager Mentor.

It details activities that will help improve personal performance, drive KPIs and make a commercial difference in store. The key to this programme is consistency. Progress is not about ticking a box once or carrying out an activity only once; it’s about using knowledge and the tools available to improve individual and store performance consistently.



Step Up programmes continued

Area Manager Step Up programme

To enrol on the Area Manager programme, a colleague must be nominated by regional managers or business partners. The programme is designed to make the transition from a high performing Store Manager to a successful Area Manager within B&M. As an Area Manager, colleagues will be looking after many stores and all the colleagues within, which will require an adaption in leadership styles and for the candidate to forge relationships with key stakeholders across the business through networking, setting objectives and measuring success.



Apprenticeships

Our apprenticeship programmes open doors to a better future for individuals committed to their development. Apprenticeships are nationally recognised training programmes and are a great way to harness new talent and develop existing colleagues. They are designed to support B&M in building a motivated, skilled and qualified workforce capable of meeting new challenges and support other employees in developing a progressive career pathway.

Our apprenticeships are aligned to specific career paths and job roles within our business. Programmes are work-based, and our apprentices benefit from a personalised learning programme. They have access to eLearning, virtual and face-to-face teaching and learning. The apprenticeship lasts 12 months and concludes with an endpoint assessment, the gateway into working for B&M. We encourage colleagues to talk to their managers to be put through for an apprenticeship qualification.



Leadership training and courses

Diplomas

Colleagues are also supported to gain Diplomas if they wish. We provide support for a Level 2 Diploma for customer service practitioners and Level 3-5 ILM Diploma for managers; this qualification has been developed according to the latest standards to support candidates undertaking a Team Leader/Supervisor apprenticeship. Successful candidates can progress through the ILM Leader and Manager levels. We provide learners working in our organisation with the leadership and management knowledge and skills required to progress their careers.

Training

We want to provide our colleagues with a training programme that supports their ongoing development while delivering our business requirements. Great people are the foundation of our business, and we strive to provide colleagues with a fun, fulfilling and challenging career at B&M. Quarterly training schedules are shared across the business where colleagues can register for training sessions ranging from improving Excel skills to learning effective communication skills.

We ensure our training materials are accessible and understood if colleagues have learning disabilities or language barriers. Feedback is also crucial for us, and we have made many changes to our training approach due to feedback received, often making several alterations throughout the year. We are in the process of sharing the training expertise we have developed with our colleagues in the French business, as part of the ongoing integration and development of our colleagues there.

Bite-Size training

At B&M, we run Bite-Size training sessions that anyone in the business can access online. Drawing from internal and external expertise, we aim to provide colleagues with the necessary development tools.

Our instore colleagues must complete monthly Bite-Size training sessions on soft and practical skills to ensure they constantly learn.

Some example Bite-Size sessions are as follows:

Leadership & motivation: Explores why motivation is important when you lead, helps to identify a colleague's leadership style and become aware of other styles, and looks at how colleagues can motivate their team.

Time management: Looks at specific ways to plan your time and how it can increase effectiveness, including a 50-30-20 concept of time management.

Influencing: Helps colleagues to understand what it means to influence and how people become good at it.

Leadership training and courses continued

Customer service training

At B&M, we have millions of customers come into our stores each week, and so keeping our customers happy and ensuring they have a great shopping experience with us is a priority. We aim to keep things simple and train our colleagues with the HELP acronym to deliver good customer service:

Hello: We need to say hello to all our customers to make them feel welcome and acknowledge them whilst shopping.

Engage: Do the customers need assistance? Ask them if they need help. Have a chat and ask!

Listen: Stop what you are doing and focus on the customer. Listen and respond positively.

Polite: Make sure you offer a polite "Thank You" and "Goodbye" to your customers as they leave the store.

We want to create a fun shopping environment where we welcome customers each time they shop so that they return again and again. In those isolated instances where we don't always satisfy the customer, we try to resolve all issues in-store so that the customer leaves feeling happy, and we have a customer service department in the Support Centre that assists with the most serious complaints.



Health and safety

We are committed to providing modern, safe, and clean working environments at our stores, distribution centres, and transport operations.

Our Health and Safety team aims to support the operational management of the business and go beyond the traditional health and safety role of preventing harm. Our approach is not just about achieving compliance, but also about providing:

- Efficient, proactive and pragmatic ways of delivering health and safety;
- a safe and healthy environment for colleagues and customers;
- a robust health and safety reporting culture across the business; and
- effective means of protecting stakeholders, including colleagues, customers, contractors and visitors from harm.

Management

The Board has overall responsibility for ensuring that the Group maintains high health and safety standards in our businesses.
The Board and the executive management team monitor key performance indicators in relation to health and safety trends in the business on a bi-monthly basis.
We have a dedicated health and safety team of qualified professionals responsible for complying with current statutory requirements. Within our stores, Health & Safety, including fire safety, fall under the responsibility of the Duty Manager or the most senior member of the team. All colleagues are responsible for ensuring they comply with Health and Safety procedures.

Reporting

All accidents, incidents, near misses and hazards are reported to management, regardless of severity. Management will conduct an accident investigation to find the root cause and determine what appropriate controls or measures may be necessary to prevent a recurrence.

In the event of an accident, the priority is the injured person. Every store is supplied with a first aid box and will have an appointed first aider to take charge of an emergency. We have a responsibility to report certain incidents to the health and safety executive. This is known as reporting under RIDDOR (Reporting of injuries, diseases and dangerous occurrences regulations) and will be completed by the Health & Safety department.

The Head of Health & Safety is responsible for actioning the RIDDOR process and fulfilling our reporting requirements for significant events. The Chief Executive Officer is updated weekly on accidents and appropriate control measures, and next steps are discussed and agreed upon.

In FY23 there were 121 reported accidents (0.17 per store) reportable to the Health & Safety Executive relating to the B&M business in the UK (FY22: 102 reported accidents and 0.2 per store). This is in the context of over 250 million shopper visits over the course of the year.

Health and safety continued

Health and safety training

Throughout FY23, we continued to provide colleagues with adequate training and information consistent with maintaining safe working practices.

Every store-based colleague receives induction training from a member of the store management team on health and safety, manual handling, fire safety, how to mitigate against risks and hazards and procedures for the safe use of store equipment, and this training is reviewed annually.

Reviews (and refreshers as required) are carried out during the next 12 weeks after a colleague's induction. We are developing our e-learning portal to include health and safety training to make it more flexible and user-friendly.

Fire, Health and Safety manuals and our 'General Statement on Health and Safety Policy' are shared around the business and displayed on Colleagues notice boards in all B&M premises.

Our stores' health and safety policies are supplemented by documented risk assessments and a system of working procedures for colleagues to follow, with pictograms to make them user-friendly and help overcome language or learning barriers.

The health and safety of our customers is of paramount importance. Given we sell a wide range of products, we ensure we conduct specific product risk assessments to identify any potential health and safety risks to customers.

Once an assessment is completed, we review the product and engage with our suppliers. Together, we work to mitigate any issues identified with a product, and this can include measures such as introducing additional safety straps and protective casing to minimise any risk.

Mitigating actions can also lie with how we display products, and we are careful to display and position products safely with adequate signage. Group-wide communications and targeted training are also provided for specific products when incidents have been recurring.

There were no incidents of non-compliance with regulations regarding our customers' health and safety during the reporting period, resulting in a fine, penalty or warning.

Vulnerable workers

B&M recognise that safeguarding and promoting the welfare of all young people and vulnerable adults goes beyond implementing basic procedures. A vulnerable person can be a new or expectant mother, a young person (under 18), a disability or a lone worker. We conduct risk assessments for all vulnerable workers to ensure their needs are met, and our workplace or practices do not disadvantage the employee.

We ensure that any young adult working within the warehouse environment is given a full induction and is supervised more closely than other staff. Potential hazards are assessed, such as slips, trips and falls, exposure to heat and cold, display screen equipment, and control measures are applied accordingly. There may be reasonable adjustments to their duties within the workplace, including additional comfort breaks, welfare facilities and work-related stress considerations.

Community investment and engagement

The Group is proud to serve customers in many different communities across the UK and France through its B&M and Heron Food stores, providing convenient, local access to the everyday products they need at value prices.

Through the new store opening programmes, the reach of the B&M value proposition is extended to new communities, helping to revitalise those areas. We aim to make investments in communities where we are under-represented or not represented, using our flexible store formats to suit the relevant locality.

We opened a total of 21, 14 and seven gross new B&M, Heron Foods and B&M France stores respectively this year through a combination of entering new communities and relocating an existing store within the local catchment area. Perhaps most importantly, this creates many new local jobs. In FY23 we created 1,113 and 145 new retail jobs in the UK and France respectively.

Our relationships with the communities where we operate our stores and distribution centres are key to the sustainable development and growth of the business.

Each time we open a new store, we try to find a local hero or charity to perform the ribbon-cutting ceremony to promote the good work they do in the community.

This is one small way to help give some publicity with the local media to promote and support the good work they do for their communities. We also encourage our store managers to maintain those relationships in the future and give continued support to those activities.

During the year we initiated a Welcome UK project, supporting refugees into work in the local communities. From our efforts we were able to provide full time jobs for 50 refugees from across Ukraine, Syria and Afghanistan.

Kickstart

B&M supports the government's Kickstart programme by offering job placements to 16 to 24-year-olds on Universal Credit and at risk of long-term unemployment; we have welcomed over 2,600 colleagues under the scheme so far.

We provide CV and Cover Letter writing, time management, communication, life skills, and budgeting training. The Kickstart programme runs over 26 weeks, and we aim to offer candidates a role at the end of the programme.

Around 1,946 kickstarts have retained in full time employment at B&M.

We hope that young people's experience with us will support their future career opportunities. We also ensure we support Kickstart candidates after the programme by ensuring they can contact us at any point if they need any further support with future career development.

Charity

We were proud to be a headline partner once again for the Mission Christmas charity appeal, an initiative run by Cash4Kids, through sponsorship and using stores in participating towns as collection points for donated presents.

Cash4Kids is a charity that supports children and young people affected by abuse, neglect and poverty. We helped to raise over £9m for some 200,700 under-privileged children in the UK at Christmas 2022.

Any donation, big or small, could make a difference to a child's Christmas and provide them with a present that they may otherwise have not had. The money raised in each store was donated to children that lived in the area local to that store.

Colleagues therefore were able to help children in their local area, encouraging their engagement in the fundraising. The top 10 fundraising stores received plaques to display in their stores, demonstrating their hard work.

Colleagues in the stores that raised the most money received rewards, to show our appreciation.

The success of our charitable initiatives is due to the hard work of our colleagues, and therefore, we held a colleague vote as to which charity we will support going into 2023. Cash4Kids was the favored charity.

Providing colleagues with the choice to vote for which charity to support is a great way to engage colleagues in raising money for charities that they feel are important, helping to raise more funds.

Through our new all-colleague mobile App introduced last year, we ran several competitions during the Christmas period where winners received £500 to donate to a charity of their choice.

Two passionate colleagues also held a race to raise money for the charity Emmaus Village Homeless, in July 2022. Emmaus supports people to work their way out of homelessness, providing meaningful work, training, support and a stable home for as long as someone needs it.

B&M are proud to be working with the Fashion & Textile Children's Trust, which gives grants to families, to ensure that children have all of the essential items they need, removing financial stress from parents.

The grants fund other items as well as clothing, such as appliances, mobility equipment, bedroom furniture, school essentials and sensory toys. During the year, colleagues donated over £10,000 to fashion in textiles children's charity.

At B&M we enjoy holding fun non-uniform days for colleagues, as part of our ongoing aim to raise money for a range of charities. In FY23, colleagues were encouraged to wear pink to work to raise money for Breast Cancer UK.

Similarly, we encouraged colleagues to wear a Christmas jumper, in return for making a small donation to the charity, Save the Children. Colleagues were encouraged to wear a Christmas Jumper from the 8th to the 11th of December 2022, to allow for the majority of colleagues to have the chance to participate.

Customer experience

Overview

At B&M, we pride ourselves on delivering great customer service every day.

Customer service begins in-store, and all Duty Managers receive relevant training. We report hourly sales to check a stores' busiest periods and ensure we have the right amount of checkouts available to our customers.

We aim to make our customers' shopping experience as easy as possible, for example through helping them to pack their bags or helping them to the car with their shopping.

Customer service is also very important when dealing with any returns or complaints. Our customers can speak to a dedicated customer service team member in our Liverpool Support Office via email, telephone, or webchat.

Our stakeholder engagement section on pages 19-20 outlines more information on engaging with our customers.



Customer experience continued

Marketing and labelling

We aim to increase transparency and keep our customers informed about the products they purchase. Our products come with instructions for safe use and appropriate disposal instructions. The country of origin of the finished product is also included in packaging labelling, to ensure transparency for our customers.

We comply with Price Marking Order 2004 and the Consumer Protection from Unfair Trading Regulations 2008 when communicating information surrounding the pricing of our goods and products.

There were no instances of prosecution for non-compliance with regulations and/or voluntary codes concerning information, marketing or labelling during the reporting period.

Customer privacy

We are committed to ensuring that all customer information is collected and handled in a professional and safe manor. It is important to highlight that we do not collect or store customer banking or credit card data due to our business model. Customer personal data will only be collected by engaging with our website, subscribing to our online mailing list, or volunteering by the customer when dealing directly with the customer service support team.

The company has a Group-wide GDPR policy, and our privacy policies are reviewed to ensure they are GDPR compliant. Given the recently launched online trial, where we are offering a deliver to home service on a limited number of products, we also commissioned an independent review of our GDPR policies and processes to ensure that they align with best practice and remain appropriate.

The success of our business relies on IT systems that are efficient and effective. IT security is monitored at Board level and includes penetration testing and up-to-date security software.

IT systems, cyber security, and business continuity are acknowledged as significant risks; the principal risk section on pages 26-33 of our Annual Report lists the risk mitigations and key actions in FY23.

During the year, Internal Audit reviewed the Group's IT systems from a security and business continuity perspective. It concluded that appropriate controls are in place and that they are adequate and operating effectively.

No complaints from regulatory bodies or outside parties were identified during the reporting year concerning breaches of customer privacy. There were no identified leaks, thefts or losses of customer data.



Supply chain

Our policy in relation to Supply Chain engagement is to:

- Ensure ethical business practices and the fair treatment of workers in our supply chain
- Utilise sustainable or recycled materials when designing own-brand products wherever possible
- Pay all suppliers fairly and treat them with respect

At B&M, we have a transparent relationship with our suppliers. We have long-standing supplier relationships and work collaboratively to minimise the risk of social compliance issues occurring in our supply chain.

Our supply chain is international due to the nature of our business. We recognise that our supply chain activities have a broad impact beyond our operations and acknowledge our responsibility to conduct regular supply chain assessments.

Our product range is reviewed on an ongoing basis, and if necessary, we engage with suppliers on changes that need to be made, for example due to regulatory requirements. B&M uses many overseas suppliers, approximately half of which are sourced through our Hong Kong-based sourcing agent, Multi-lines International Company Ltd ("Multi-lines").

The vast majority of products imported from overseas are sourced from China. These are mainly manufactured goods rather than labour-intensive handmade products, such as clothing and footwear.

All overseas suppliers are required to provide social compliance reports, as a check on compliance with local laws and regulations, including labour practices. The Group outsources the vetting and reviewing of those reports to a specialist team at Multi-lines, who use a number of individual accreditation providers to provide relevant supporting documentation in ethical certification and an associated rating.

The main accreditation provider is the Business Social Compliance Initiative (BSCI), which conduct audits using the well-established values and principles of the Amfori BSCI Code of Conduct. As part of the vetting and verification processes performed by Multi-lines, they are required to obtain social compliance audit reports prepared by external specialists.

Those external specialists would generally be internationally recognised inspection, verification and certification companies.

On a rolling basis before the expiration of any existing social compliance audit report, the Multi-lines team timetables and obtains new audit reports as part of its ongoing verification processes of approved suppliers.

By utilising the social compliance expertise of Multi-lines, we ensure that there is a consistent and robust social compliance auditing standard applied across our supply chain when evaluating ethical trading practices, regardless of the origin of the relationship with us.

It is also carried out independently from our UK and France buying teams, as a further safeguard against the integrity of the sourcing processes which we have in place, and has the advantage of local knowledge and lack of any language barriers.

Approach to supplier procurement

We take our responsibility in relation to ensuring all of our products are sourced appropriately very seriously.

The vetting processes we use for our suppliers is dependent on whether they are a leading brand name supplier with existing policies and procedures, or a manufacturer producing goods directly for us.

When procuring from third party brands, we operate on the basis of reasonable reliance being placed on those suppliers having their own comprehensive procedures and policies in place. When sourcing direct from other manufacturers, we have well established checks and verification processes in place.

This process is consistent across all countries, the source of origin and supplier size. Each supplier must prepare a social compliance audit report which is reviewed independently of our buying teams and have ongoing verification checks. In addition, members of our UK buying team, where practical, visit new suppliers as part of our verification processes.

Further improvements to existing procedures have been implemented this year, with new processes between the UK buying teams and our partners in Multi-lines put in place.

Looking ahead, we expect more recommendations to be made as a result of work planned by our Sustainability Manager, and a Multi-lines colleague has also been seconded to the UK to facilitate even greater knowledge sharing and effective communication.



Groceries Supply Code of Practice

Groceries Supply Code of Practice (the “Groceries Code”) and Groceries (Supply Chain Practices) Market Investigation Order 2009 (the “Order”).

The Groceries Code and the Order regulate certain aspects of the relationships of B&M and Heron Foods in the UK with their suppliers of grocery products.

The aim of the Groceries Code is to establish and embed the overarching principles of fairness and lawfulness within retailer - supplier relationships at all times.

Retailer compliance with the Groceries Code is overseen by the Groceries Code Adjudicator, with whom we engaged constructively and positively regarding key areas of interest this year.

B&M and Heron Foods became designated retailers under the Order, and thereby subject to the Groceries Code, on 1st November 2018. In the UK, B&M and Heron Foods have established compliance procedures under the Groceries Code. Those businesses have complied with the Groceries Code throughout the year under review.

In relation to the annual compliance report of B&M and Heron Foods for the year to 25 March 2023, there were no formal disputes under the Groceries Code.

There were also no Groceries Code related issues raised by suppliers with B&M or Heron Foods of any potential noncompliance with the Groceries Code.

The report was submitted to the Audit & Risk Committee members in May 2023 and it was approved by them for submitting to the Competition and Markets Authority and the Grocery Code Adjudicator.

B&M and Heron Foods have maintained ongoing training programmes with regards to the Groceries Code, with this training provided by external consultants annually. There is a new joiner guidance document and training packs for new colleagues joining the buying teams in each of those businesses. Buying colleagues who deal with grocery suppliers are required to declare any complaints received under the Groceries Code to the Buying Office Manager, who in turn would notify the Code Compliance Officer.

During the year under review, there were no such complaints received.



Responsible practices

The B&M Group is committed to the promotion of ethical business practices and policies to protect workers from any kind of abuse or exploitation in relation to our group businesses and supply chains.

B&M conducts annual anti-bribery and anticorruption checklists concerning our supply chain under the Group's Workplace Policy.

As noted above, we conduct supplier questionnaires on social responsibility covering child labour, worker's rights in local labour laws, health and safety conditions and workers pay. In the event of any suspected failure by a supplier to comply with our Workplace Policy, we investigate its circumstances with the supplier.

If, as a result of such an investigation, we identified a breach of our policy, we would review what appropriate remedial action is required from the supplier and determine, on a case-by-case basis, whether our trading relationship with that supplier should be monitored, suspended or terminated.

Our Workplace Policy is reviewed periodically and at least once annually to determine if any changes are required and further communication with employees and suppliers necessary.

Respecting human rights and modern slavery

In the last year, B&M UK, Heron Foods and B&M France have continued to communicate our Workplace Policy on the welfare rights of workers to their existing and new suppliers. The standard terms and conditions of purchase used with all suppliers make it certain that they adhere to those Workplace Policy standards, including anti-modern slavery and respect for human rights.

As a statement of overriding principle, B&M has a zero-tolerance approach to any form of slavery, forced labour, child labour or human trafficking in relation to our business and supply chain.

Concerning the year under review, no reports have been made to the Group of any instances of actual or suspected modern slavery or human rights abuses relating to human trafficking or other kinds of forced labour in our supply chain.

Overseas suppliers of general merchandise goods must provide social compliance reports to check compliance with local laws and regulations, including labour practices. The Group outsources the vetting and reviewing of those reports to our specialist sourcing agent, Multi-lines, as noted previously.

In the last year, B&M has continued to communicate the Group's Workplace Policy to suppliers and B&M's standard terms and conditions of purchase, making it a condition of trading with B&M that suppliers adhere to our standards. The suppliers must adhere to our zero-tolerance approach to any form of slavery.



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