2024 Task Force on Climate-Related Financial Disclosures Report



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Introduction

The B&M Group remains committed to serving our customers, to ensuring that our business remains resilient to potential risks and to creating a sustainable future for our company. As a value retailer, to succeed we must provide our customers with access to great prices for best-selling products, to give customers the choices they want. We also must create the right working environment for colleagues so that they can perform at their best. Through reducing our carbon footprint and improving our selection of sustainably sourced products, 2023 has been a year of progress for the Group.

The COVID-19 pandemic, and the economic pressure that followed, has shown how external risks can threaten business revenue and operation, and rewarded resilient businesses. Therefore, with the increasing risk from climate change, we recognise it is important for companies, particularly large or listed companies, to assess the resilience of the business to climate-related risks. B&M is a partner of wider industry and national commitments. For example, the British Retail Consortiums ("BRC") net zero by 2040 and the UK's net zero by 2050, which will be essential to lower global emission levels.

As a Premium-listed company on the London Stock Exchange, we welcome the opportunity to report under the requirements of the Task Force on Climate-related Financial Disclosures (TCFD). We are pleased to publish our disclosure aligned with the TCFD recommendations for the third year in a row, outlining our progress in responding to the challenges of climate change and embedding TCFD guidance into our business operations. This report builds upon our existing business processes and environmental policy, by incorporating the risks and opportunities of climate change.

The B&M Group (the Group) includes B&M UK, Heron Foods and B&M France. In the UK, we have 741 B&M UK stores with 335 at Heron that employ over 39,000 colleagues, and in France we have 124 stores and over 1,000 colleagues.

To represent our commitment to addressing climate change, we have continued to calculate our full greenhouse gas ("GHG") inventory including Scope 1, 2 and 3 emissions. Also, we had our Scope 1 and 2 near-term targets validated by the Science Based Targets initiative (SBTi) in July 2022 and continued to work towards our 2040 net zero ambition, which is defined as a 90% reduction in emissions and the residual 10% being offset.

This report provides an update on how climate change impacts our business and what we are doing to reduce our impact on the climate. To focus our efforts and monitor our progress, we have prioritised the following key areas:

- how best to grow our business, while reducing our climate impact
- understanding the impact we have across our operations, by continuing to monitor Scope 1, 2, and 3 emissions year-on-year and developing our strategy to reduce these emissions
- how to reduce our Scope 3 emissions, by incorporating sustainability considerations when communicating with our suppliers
- improving our climate reporting (TCFD), including the climate scenario analysis and climate risk management framework we use to monitor climate risks, by expanding the scope to our key suppliers and critical supply chain routes.

Reducing our carbon footprints - our progress and ambitions

Our total carbon emissions in FY24 were 1,359,278 tCO_2e and we acknowledge that these emissions contribute to the negative impacts of climate change. We prioritise acting responsibility and are committed to ensuring that B&M continues to improve its sustainability efforts and reduce its impact on the climate.

This financial year, we have made notable progress towards our ambition to be net zero by 2040, in alignment with the BRC's Climate Action Roadmap. After validating our SBTi targets in June 2022, with our Scopes 1 & 2 emissions reductions targets aligning with a well below 2°C warming scenario; this equates to a 25% reduction by 2030 (compared to a FY21 baseline). We are aware that only 1.5°C aligned targets will be accepted by the SBTi and plan to review our targets when due. Additionally, we will enhance our existing emission data collection process and review our work to reduce our impact on the climate throughout the next financial year.

A linkage between the remuneration of executive directors and the achievement of metrics relevant to our developing ESG strategy, has now been established by the Remuneration Committee. The Committee will have regard for industry best practices and the status of our evolving ESG strategy. Next year, the executive management team will continue to have an ESG-related target in their annual incentive plan objectives.



About the TCFD

TCFD is a framework for assessing and managing the climate-related risks and opportunities to an organisation's operations, strategy and financial planning.

In 2015, the Financial Stability Board (FSB) created the TCFD, that was later adopted by the UK government as a legal framework for companies to report on the risks that climate change may pose to their business. The Group is required to produce a TCFD report under this legislation. The framework is structured around the four themes (**governance, strategy, risk management and metrics & targets**), and 11 supporting disclosure recommendations.

Figure 1: The four elements of the TCFD reporting framework.



The core themes and recommendations inform the classification of climate-related risks and opportunities into two major categories, transition and physical risks:

- the transition risks are associated with the decarbonisation of the global economy; and
- the physical risks are associated with acute and chronic impacts of the changing climate.

Climate change refers to a global shift in weather patterns, temperatures, and extreme weather events. Climate change and the warming of our planet are currently being accelerated by human activity, for example, the burning of fossil fuels. The release of GHG emissions will continue to heat the Earth and cause irreversible damage to our natural ecosystems, leading to environmental, economic and social consequences.

The impacts of climate change are complex, intertwined and often unpredictable. For us to best understand these complexities and our business's strategic resilience to them, we adopted the TCFD reporting framework and the use of climate scenario analysis. We engaged a third-party specialist, Inspired ESG, to help us view possible future warming pathways and make assumptions about the associated risks and opportunities that we may experience. Using climate scenarios is essential for improving the disclosure of decision-useful, climate-related financial information.

B&M has complied with the requirements of Listing Rule 9.8.6R by including climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures. We have also complied with the mandatory climate-related financial disclosure requirements under the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

Overall, from our analysis consistent with the TCFD framework, we have determined that the risk posed by climate change to the Group is low. Despite this, we strive to continue to reduce our impact on the climate, and we will re-evaluate all our climate-related risks and opportunities on an annual basis. We take our responsibility seriously and will continue to commit resources to develop our reporting approach and monitor TCFD as best guidance advances.

The TCFD provides a framework for reporting on climate-related issues to guide stakeholders, and by following the TCFD structure, we aim to share our progress transparently and monitor year-on-year comparison. In the Governance section below, we explain the roles and responsibilities of the Board, committees and executives

About the TCFD continued

in overseeing climate-related issues and management's role in assessing and managing those issues. Our strategy section outlines the climate-related risks and opportunities identified and how they may affect our financial planning over the short, medium and long-term. The processes used to identify, assess, manage and integrate each climate-related issue into our risk management process is covered in the risk management section. In the metrics and targets section, we have set targets to monitor and track progress toward our overarching goal of becoming a more sustainable business.



GOVERNANCE



Our internal governance processes for climate-related risks and opportunities

How we govern climate risks?

Organisations are recommended to establish and disclose appropriate internal governance processes for climate-related risks and opportunities.

Disclosure recommendations:

- Describe the Board's oversight of climate-related risks and opportunities.
- Describe management's role in assessing and managing climate-related risks and opportunities.

We have integrated climate governance into our existing governance processes and assigned responsibilities, to ensure that climate change is considered when developing and reviewing our growth strategy. The Group is committed to high standards of corporate governance and follows a robust governance framework. We operate with a flat organisational structure, to ensure quick and decisive action across our operations. We have adopted the same approach for managing climate-related risks and opportunities. As opposed to holding routine formal meetings, we encourage constant communication and collaboration across all levels of management, so that clear action towards mitigating climate change is taken. In FY24, we have also established an executive ESG committee to link functional stakeholders to ensure our actions are coordinated across the Group.

Table 1: The Group Board and Committee structure used to disseminate climate-related information in the business.

B&M's Board The Board of Directors of B&M has nine members comprising the Chairperson, a Chief Executive Officer, a Chief Financial Officer, a Senior Independent Non-Executive Director and five Independent Non-Executive Directors.
Executive Management (Exco) The Group's Exco 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 Retail, B&M France and Heron Foods. Members of the broader Senior Management team hold regular monthly meetings, led by the sustainability manager to review progress and agree actions.
Sustainability manager, senior management and ESG Committee Manages ESG initiatives, including the implementation of energy efficiency measures. The sustainability manager reports to the CFO on climate-related matters.

Board level oversight

The Board is responsible for overseeing management's response to climate-related impacts and ensuring action plans are embedded into the business strategy and future financial planning, to mitigate climate-related risks and capitalise on opportunities. The Board ensures that there is an effective system of internal controls within the Group for the assessment and management of key risks. For the year ahead, the Board retains overall responsibility for climate governance and action as this is integrated into our developing ESG strategy. The Group encourage constant communication and collaboration across all levels of management, so that clear action towards mitigating climate change is taken.

ESG, including climate change and associated initiatives, is a standing agenda item at all Board meetings each year, and was discussed at each of the six Board meetings in FY24. Climate-related issues are considered by the Board, when making strategic or operational decisions, to ensure it is embedded into the business strategy and future financial planning, to mitigate climate-related risks and capitalise on opportunities. The Board's approach to ESG governance, including climate-related risks and opportunities, remains an "at-one" approach. We recognise the importance of collective input, as we begin to implement our ESG strategy. The Board reviews the need for a separate governance committee annually. To support the Board in fulfilling their climate-related responsibilities, a training session was held by our ESG Consultants, Inspired ESG, in FY23, which covered climate change, TCFD, ESG and net zero.

The Board of Directors

To demonstrate our commitment, executive directors' remuneration has been linked to the Group's achievement of metrics relevant to our ESG strategy, including those of climate-related matters. The following table provides an overview of the Board of Directors, their roles and background.



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. In September 2022, Alex was appointed CEO.
Alex has a long senior career in retail, having successfully held Executive Board positions in leading international retailers including Asda, Tesco plc, and Kingfisher 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 in 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, European and Asian markets.

Alex has been a Non-Executive Director in leading consumer goods businesses in the UK and internationally.

Alex earned an MBA postgraduate degree with Distinction at the London Business School in 1999, following Engineering and Finance BSc degrees with a First.



Mike Schmidt
Chief Financial Officer
Appointment: October 2022

Mike joined the Group as Chief Financial Officer in October 2022 and was appointed to the Board on 2 November 2022. Prior to joining B&M, Mike spent eight years at publicly listed home furniture retailer DFS, where he was appointed Group CFO in 2019. During his time at DFS, Mike was responsible for property, strategic development, legal, compliance and financial services activities. Mike has a background in corporate finance, with 13 years of experience of working for top tier investment banks including Citi and UBS.
Mike holds an MA in Economics and Management from Cambridge University.



Peter Bamford
Chairperson
Appointment: March 2018

Peter joined the Board of B&M as Non-Executive Chairperson 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 a seasoned PLC Director and Chairperson having served on PLC boards for over 26 years in a variety of roles. In his non-executive career this has included Chairperson of Superdry plc, Deputy Chairperson and Senior Independent Director of Spire Healthcare 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 several board and senior executive positions with leading retailers including WH Smith, Tesco and Kingfisher. Peter is the Chairperson of the Nomination Committee of B&M.

The Board of Directors continued



Ron McMillan
Independent Non-Executive Director and Chairperson of the Audit & Risk Committee
Appointed: 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 Chairperson of PwC in the UK and Deputy Chairperson of PwC in the Middle East and acted as the audit engagement leader to several major listed companies. Ron is the Senior Independent Director of B&M. He chairs the Audit and Risk Committee and is a member of the Remuneration and Nomination Committees of B&M.

External appointments
He is the Chairperson of N Brown Group PLC, the Senior Independent Director and Audit Committee Chairperson of SCS PLC and Chairperson of the Audit Committee of HomeServe 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 CEO of BUPA Home Healthcare, Marketing Director at BUPA, Head of Marketing at British Airways and 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. Tiffany is the Chair of the Remuneration Committee and a member of the Nomination Committee of B&M.

External appointments
She is a Non-Executive Director of The British Standards Institution and Symington Family Estates.



Paula MacKenzie
Independent Non-Executive Director
Appointment: November 2021

Paula has a strong background in general management and finance. Paula has recently been appointed as CEO of Pizza Express and previously held several senior executive roles at Kentucky Fried Chicken (Great Britain) Ltd ("KFC UK&I"), including Managing Director and Chief Financial Officer of KFC UK&I. Paula is an Advisory Board member for Pennies, the micro-donation charity. She is a member of the Audit and Risk Committee and the Nomination Committee of B&M. She was appointed to the Board on 9 November 2021.

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 of experience as a finance professional more recently as CFO of Imperial Brands Plc the FTSE 30 listed consumer brands company and prior to that for 30 years at KPMG. At Imperial Oliver held responsibility for finance, IT, Procurement, Legal and Corporate Development. At KPMG he was a Vice Chairperson and during 20 years as a partner, he served a wide variety of listed and privately owned clients. He managed KPMG's UK Audit and Global Financial Advisory Services businesses. Currently he is a NED at Redrow where he chairs the Audit Committee.



Hounaïda Lasry
Independent Non-Executive Director
Appointment: September 2023

Hounaïda has international experience in general management and marketing. She is currently a Non-Executive Director at Britvic plc and previously spent almost 30 years at Procter and Gamble across various sectors and geographies. In her final role, she had responsibility for a portfolio of Skin and Personal Care brands across Europe. Hounaïda was a Non-Executive Director on the Advisory Board of the Geneva School of Economics and Management.



Nadia Shouraboura
Independent Non-Executive Director
Appointment: May 2024

Nadia has a very broad range of international experience which includes public company roles and leading entrepreneurial ventures in retail and other sectors. She is currently serving as non-executive director at Ferguson plc, Formlabs Inc., MTS Group / Mobile Telesystems PJSC, Tosca Limited and Ocado Group plc.

Remuneration Committee

The B&M Remuneration Committee, as outlined in the terms of reference adopted on March 13, 2023, operates under a structured framework, aimed at ensuring robust governance of executive remuneration. This framework delineates the committee's responsibilities, including the review and approval of the company's overall compensation strategy, the setting of appropriate performance targets, and the assessment of individual executive performance against predetermined objectives. Moreover, the committee is tasked with scrutinising the design of incentive schemes, to ensure they align with B&M's long-term objectives and are in accordance with regulatory requirements. Additionally, the committee oversees the implementation of share-based incentive plans and examines matters related to director remuneration and benefits. By adhering to these guidelines, the B&M Remuneration Committee reinforces the company's commitment to fair and transparent executive compensation practices, enhancing trust among stakeholders and fostering sustained organisational success.

To demonstrate our commitment, executive directors' remuneration has been linked to the Group's achievement of metrics relevant to our ESG strategy, including those of climate-related matters. For the full Terms of Reference of the Committee please refer to our website.

Management's role

The Board delegates the implementation of processes and controls concerning the management of climate-related risks to the Exco of the UK and French businesses. Exco is responsible for identifying, evaluating new, emerging climate-related risks, and assigning mitigating actions. The assessment of the potential impact of climate change on our business is delegated to the sustainability manager.

Strategic decision-making on climate-related matters is led by the sustainability manager and the Group's executive management. First, the sustainability manager takes the lead on assessing the potential impact and likelihood of climate-related issues, which is presented to executive management or their team members, including the General Counsel, Internal Audit, Investor Relations, Operations, and Finance teams. Inspired ESG conduct the climate scenario model analysis, which uses the TCFD guidelines, to compare our performance against the recommended climate-related risks, both transition and physical. Decisions on how to manage the Group's risk responses are taken by the Group's Exco. Exco was trained and informed about climate change and the risks and opportunities through the climate risk workshop in February 2024, which follows on from the workshop and climate analysis conducted in FY23 and FY22. The workshop was attended by a range of business stakeholders, including members of our ESG Committee, Legal team, Supply Chain team and Buying team. The ESG Committee meets regularly during the year and is responsible for co-ordinating ESG-related cross-functional initiatives in the business, such as improving packaging to assist in distribution and recycling. The meetings were attended by the members of Exco, senior management, our sustainability manager, and our third-party ESG consultancy, Inspired ESG.

Exco are informed about climate issues that could be material to their line of responsibility by either their team members responsible for ESG matters, or directly by the sustainability manager. The Sustainability Manager works across the business, interacting with several departments through our flat management structure. The CFO is the executive director responsible for updating all Directors on key climate-related information, at each Board meeting. The sustainability manager reports to the CFO on climate-related matters six times a year, prior to the CFO updating the Board at meetings.

Financial planning

Led by Exco and finance team, our financial planning encompasses the Group's strategic vision, integrating forecasted changes in the business along with significant revenue and cost assumptions. Consequently, climate-related expenses or investments made to mitigate our carbon footprint are aligned with the Group's climate goal to be net zero by 2040. Our consultants guide us in our decision-making regarding how to prioritise climate-related investments, such as investing in a carbon-friendly refrigeration upgrade in our stores, introducing building energy management systems or considering introducing water limpets. We consistently refine our approach to managing financial planning and investigate enhancements in our financial modelling tools, to bolster our evaluation of risks and opportunities, particularly those associated with climate change.



STRATEGY



Our actual and potential impacts from climate-related risks and opportunities

Strategy

It is recommended that organisations disclose the nature and impact of their material climate-related risks and opportunities, as well as the resilience of their strategy under each climate scenario chosen.

Disclosure recommendations:

- Describe the climate-related risks and opportunities the organisation has identified over the short-, medium-, and long-term.
- Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.
- Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

B&M's strategy is consistent year-on-year and is focused on two main objectives. Firstly, to act in the best interests of our shareholders and customers. Secondly, to be proactive in our role, to minimise global warming.

We have a part to play through reducing the impact of our operations on the environment. Aligning with the TCFD recommendations, we used climate scenarios to examine a range of possible future global warming pathways, to identify our business's transition and physical risks and opportunities over the short-, medium-, and long-term.

A climate risk management workshop was held in February 2024. Last financial year, we worked to conduct climate scenario analysis for our Heron Foods and B&M France sites for the first time. This financial year, we expanded the scope of our climate scenario analysis, to incorporate climate-related risks across nine key suppliers, and three critical supply chain routes. This has allowed us to forecast the potential impacts of climate-related risks on our supply chain, from which we can implement appropriate mitigation measures. In subsequent years, we will continue to build upon our existing process and further develop our financial climate risk assessment. This will help us to assess how financial impact modelling impacts specific areas of our growing operations.

The climate modelling considered the transition risks for B&M at a Group level, and physical risks at a site level across the 12 largest sites by square metre for each fascia: B&M Retail, B&M France, and Heron Foods, hence a total on 36 sites were assessed. In total, we identified six transition risks, one physical risk and two opportunities that could be material to our business, as outlined in table 4. As the physical risks are only significant in the medium to long term, they do not pose a high financial exposure to the Group and its assets. However, with the increasing likelihood of flooding, we will continue to monitor the changes in physical risks annually. Overall, our analysis determined there is a low risk to the business model and strategy, and that B&M is well positioned to mitigate the material transition risks identified. Physical risks are those that may have a physical impact on a business, such as flooding. Transition risks are those associated with the transition to a decarbonised economy, such as the introduction of new climate-related polices and regulation (policy and legal).

Climate resilience refers to B&M's capacity to respond to climate change, appropriately manage the associated risks and capitalise on the opportunities identified. Aligning with the TCFD process is a crucial measure aimed at enhancing the business' resilience by integrating climate-related risks and opportunities into strategic and financial planning for the upcoming financial year. We continue to develop mitigation measures to improve the resilience of our business strategy to climate change. See table 4 for more information.

The climate-related metrics that are used to measure and manage our climate-related risks can be found in the metrics and targets section of this report.

Climate scenario analysis

Climate change is regarded as a global issue, and the extent of climate change impacts is dependent on the global action taken to reduce GHG emissions.

Combining efforts from government, industry, citizens, and other stakeholders is necessary to mitigate climate change. Wider industry and national commitments such as the BRC net zero by 2040 and the UK's net zero by 2050 will be essential to lower global emission levels.

Consistent with the TCFD, our climate scenarios investigate possible futures and the differing policy implementation required from the government, whilst highlighting significant climate tipping points. A tipping point refers to when certain parts of the Earth's system have changed in response to warming. A small change permanently alters our climate. The scenarios used range from a warming pathway, where a smooth transition to a low carbon economy takes place, to a warming pathway where limited climate action is taken. The scenarios considered included proactive (<2°C), reactive (2-3°C), and inactive (>3°C).

In a world of uncertainty, climate scenarios are intended to explore a range of potential futures that may significantly alter the basis for a "business-as-usual" approach. Multiple scenarios should be used to analyse how different variables can result in varying outcomes. The climate models used for this analysis includes data from the Intergovernmental Panel on Climate Change's (IPCC) Representative Concentration Pathways (RCP), the International Energy Agency's (IEA) World Energy Model (WEM), the Network for Greening the Financial System (NGFS) and other existing models.

The TCFD recommends the use of climate scenarios that should be plausible and credible. Each scenario should focus on a different combination of key factors. The scenarios used in this financial year's analysis are in alignment with the ISO 14091 standard. Climate scenarios should be used to differentiate a range of possible futures rather than a single theme. Each climate scenario should contribute insight into the future that relate to strategic and/or financial implications of climate-related risks and opportunities. Scenarios provide a common reference point for understanding how climate change could evolve under different futures. Each scenario was chosen to show a range of higher and lower-risk outcomes.

Each climate-related risk is assessed to determine its overall impact to B&M using risk thresholds. The risk thresholds are reached when a certain change from the baseline period is experienced. Each threshold used signifies an increase in the level of risk of its potential impacts.

It is important to remember that climate scenarios make projections on hypothetical futures and as such come with a degree of uncertainty. While some of the information obtained from existing climate models have a high degree of accuracy, there is still a level of uncertainty. As a result, scenario analysis is only used as a guide for climate-related risks and opportunities.

Climate scenario analysis continued

The scenarios we considered to understand our vulnerability are below:

Table 2: The Group's defined climate scenarios and time horizons.

Climate scenarios
Below 2°C - This scenario envisions a collaborative approach from governments and businesses, to reduce greenhouse gas emissions. Innovation, coordination and strong climate leadership lead to an alignment with the Paris Agreements' ambition, to avoid dangerous climate change by limiting global warming to well below 2°C of warming above pre-industrial levels. These changes generate high levels of transition risks but limited physical risks.
Between 2-3°C - Commitments and pledges are made in this scenario like ones seen during COP26, such as the declaration on Forests and Land Use which was signed by 141 countries, including Brazil and China. However, not enough action is taken, and the introduced policies fail to spark unanimous transition to a low carbon economy. Uncoordinated government action means this scenario is associated with the highest level of transition risks and increased severity of physical risks compared to the Below 2°C scenario.
Above 3°C - Geopolitical issues and a lack of interest result in minimal action on climate change for the next few decades. No sector is decarbonised, and fossil fuels remain the dominant energy source, allowing greenhouse gas emissions to rise unchecked. Businesses face limited short- and medium-term transition risks, with the most severe physical impacts.

Table 3: Climate scenario analysis timeframes.

Time horizons	
Short-term (2023-2027)	In this timeframe, we gain insights into imminent climate change implications, guiding decisions for enhanced resilience. We anticipate strict enforcement of transition risks, as we move towards a low-carbon economy.
Medium-term (2028-2037)	The effects of climate change are anticipated to become more noticeable, particularly in terms of Reactive and Inactive scenarios for physical risks. Transition risks will intensify in this period, requiring governmental responses to tackle evolving challenges.
Long-term (2038-2052)	The most substantial threat to our stores in the UK and France arises from physical risks, especially in reactive and inactive scenarios. In the long term, businesses need comprehensive preparation to navigate and manage the resulting outcomes in these situations. This timeframe is consistent with the UK Government's net zero pledge by 2050.

The climate-related metrics that are used to measure and manage our climate-related risks can be found in the Metrics and Targets section of this report.

Climate scenario analysis continued

Transition risks

Due to the nature of our operations, we identified transition risks as the primary concern for the Group in FY24, particularly due to the heightened reporting obligations. We foresee these risks escalating as the global economy progresses towards decarbonisation, affecting businesses across the board. Specifically, transition risks become more pronounced in scenarios where temperatures rise below 2°C or between 2-3°C, as governments impose stricter climate reporting standards and broaden carbon pricing measures.

Substituting old technologies with efficient alternatives, represent a complex aspect of our operations, demanding increased management and additional resources from our teams on the ground both in the UK and in France. It is imperative that our work withstand scrutiny of the Board, as failure to do so jeopardises our business. Moreover, with changes in trends around new technologies, we anticipate prospective new technologies and development of new refrigerators and cooling technologies, placing greater emphasis on the financial durability of our investments.

Opportunities

In FY24, we pinpointed technological improvements as climate-related prospects that could significantly contribute to our business's success. Our ongoing investments in new refrigerator and cooling systems, environmental initiatives, and low-emission products underscore our commitment to capitalising on these opportunities. We foresee a surge in demand for sustainable products as the global economy shifts towards a low-carbon paradigm, but we still want to ensure that our customers can have access to affordable prices. So, we first tackled high emitting areas of the business across our operations.

Investing in low-emissions technologies in our stores and distribution centres, will reduce our emissions and exposure to potential carbon taxes in the future. Also, it has the potential to increase revenue streams for B&M. Notably, our competitive edge is pronounced, given that many competitors lack the requisite expertise, robust supply chains, and global infrastructure needed to fully embrace the sustainable landscape. As we optimise our stores energy usage and rationalise our portfolio, we anticipate a concurrent decrease in costs and associated carbon emissions.

Effectively seizing these opportunities will bolster our resilience against certain transition and physical risks and position us as frontrunners in the sustainable business landscape.

Climate scenario analysis continued

Table 4: Summary of climate-related risks and opportunities, FY24.

Key Area	Climate-related risk category	Description of climate-related risk	B&M risk category	Timeline and warming pathways	Classification[1]	Mitigating action	Financial impact
TRANSITION RISKS	Policy & Legal - T1	**Mandates on and regulation of existing products and services** Existing regulation is expected to be tightened. The impact is currently minimal, but emerging legislation such as the UK plastic tax on packaging produced or imported into the UK that does not contain at least 30% recycled plastic, and the EPR legislation aiming to increase waste handling fees for businesses. In addition, the new carbon tax on imported raw materials into the EU, the Carbon Border Adjustment Mechanism ("CBAM"), has the potential to impact B&M France. Carbon pricing would put a price on the direct emissions of B&M, therefore increasing operational and compliance spending. Carbon pricing can be a variable cost and can be increased by governments to further reduce emissions.	Compliance and reporting	Short – Medium-term (2023-2037) <2°C and 2-3°C	B	We currently recycle 99.8% packaging waste and aim to increase the use of recycled plastic in our packaging. We plan to engage with suppliers to introduce recycling initiatives. Out teams in France are currently researching the impact that CBAM might have on our business, and we will publish our findings in the next financial year.	We expect to maintain our high levels of recycling. The ongoing cost of doing so will relate to the upkeep and maintenance of existing recycling facilities, which would be immaterial in the context of Group annual capital expenditure. In terms of the new UK plastic tax, we anticipate the annual cost of this to be low in the context of the Group's scale and new internal processes to monitor and report this are already in place. **Related metrics and targets**: Scope 1, 2 and 3 emissions and net zero Strategy.

Climate scenario analysis continued

TRANSITION RISKS	Market - T2	**Increased costs of raw materials** Climate change may disrupt our energy and stock suppliers, increasing costs across the Group. Many of our suppliers have identified climate change as a risk to their operations and productivity. This risk could impact several business areas, and although we are not manufacturers, we must be aware of our supplier input cost prices.	Strategic	Short – Long-term (2023-2052) <2°C and 2-3°C	B	We anticipate the need to continually review our supply chain routes, suppliers and energy saving opportunities. We have invested in three high power generators, to reduce the impact of blackouts from wider geopolitical issues. This will help to mitigate climate risks.	While energy costs continue to rise, these represent a minimal part of our overall cost base, which represent less than 1% of Group sales. Additional costs include £0.1m for three high-power electricity generators, to mitigate the impact of potential power outages. We sell branded products, which may increase in cost due to climate change. We buy in large volumes and are well-positioned to ensure we remain competitive in the market as a value retailer. **Related metrics and targets**: Scope 1, 2 and 3 emissions and net zero strategy.
	Market - T3	**Uncertainty in market risks** Impacts of climate change are varied and complex. Changes in policies can lead to sudden changes in markets. For example, decreased access to capital as a lack of clear transition plans to net zero, or new competitors may offer customers more sustainable alternatives.		Medium-term (2028-2037) <2°C and 2-3°C	B	Further energy reduction trials may be needed, lowering the impact on P&L and freeing capital for future projects.	Future financial planning and budgeting may become increasingly difficult, as the market becomes more volatile and reactive to climate driven events. B&M is focusing on reducing energy costs, to allocate the savings for other carbon friendly investments, such as Building and Energy Management Systems (BeMs) and LED lighting.

Climate scenario analysis continued

TRANSITION RISKS	Reputation - T4	**Increased stakeholder concern** As the world transitions to a decarbonised economy, stakeholders are likely to have increased interest and concern regarding sustainability credentials. If perceived to be taking minimal action to reduce our overall carbon footprint is likely to negatively impact investor sentiment / ratings, potentially limiting access to capital.	Strategic	Short – Medium-term (2023-2037) <2°C 2-3°C >3°C	B	We engaged a third-party to ensure B&M publish and comply with all relevant climate-related reporting requirements and they are working with our sustainability manager, to promote our climate related goals. We have published ESG and TCFD disclosures in our Annual Report for the last three years, aiming to ensure stakeholder transparency.	The financial impact of increased stakeholder concern will be fully assessed in FY25. **Related metrics and targets:** Scope 1, 2 and 3 emissions and net zero Strategy.

Climate scenario analysis continued

TRANSITION RISKS	Technology - T5	**Costs to transition to lower emissions technology** Our aim to reduce our absolute emissions means we need to be aware of the cost of transitioning to lower emission technology. However, we expect changes to gradually occur over time, allowing us to evaluate our response. The risk is labelled as a medium impact with a high likelihood.	Strategic	Medium-term (2028-2037) <2°C and 2-3°C	B	We have several energy efficiency and generation projects ongoing and planned, that will reduce operating costs for the business. The roll out of LED lighting across our B&M France stores has reduced the business's lighting consumption by 70%. We will hold site surveys to evaluate energy-saving opportunities and schemes which will counteract the upfront cost of installing energy efficiency technology.	As B&M aims to reduce GHG emissions, we may need to invest in additional lower emission technologies, resulting in increased capital expenditure costs, which we anticipate will increase in the short to medium-term. We have invested in the rollout of LED, BeMs, and laminated doors for refrigerators in nearly 800 stores around the UK and France, and plan to continue this program until we cover 100% of our stores. Payback periods for some technology can take years, which may affect profit and loss forecasts. Also, early retirement of existing technology may be required. So far, our investment in BeMs have between an 18 month to four-year payback period. The capital investment required by these initiatives forms part of the Group's strategic planning projections. We continue to evaluate the feasibility of installing on-site renewable power generation systems across our businesses. Heron Foods is the furthest along with this journey, with a budget of £1m set aside for a solar project in FY25. **Related metrics and targets**: Scope 1, 2 and 3 emissions and net zero strategy.

Climate scenario analysis continued

TRANSITION RISKS	Technology - T6	**Costs to transition to lower emissions products** Low-emission technology can be more expensive compared with traditional high emission alternatives, resulting in high capital costs. More sustainable technology is likely to come onto the market over the coming years. As B&M Retail aims to reduce its carbon emissions, it may need to invest in lower emission technology, resulting in increased costs.	Strategic	Medium-term (2028-2037) <2°C 2-3°C	B	We partner with many leading brands and are proud to showcase their sustainable products in our stores, and we hope to do more of this moving forward. In addition, we have a broad and agile supplier base, which manufacture own branded products on our behalf.	The financial impact of the costs to transition to lower emission products has not yet been fully quantified. However, the success of lower emission products is tested in stores, before large investments are made. **Related metrics and targets:** Scope 3 emissions (Category 1 – Purchased Goods and Services).

Climate scenario analysis continued

PHYSICAL RISKS	Acute physical risk - P1	**Increased severity of flooding** Nine of B&M Retail's largest 12 stores (by Sq ft) and nine of B&M France's 12 stores (by Sq ft) are at risk from flooding. Examples of the B&M Retail sites at risk include Bournemouth and Bristol. **Direct Impacts** Flood events could lead to a closure of sites, which will result in lost trading days and reduced revenue. If our properties are damaged, repair and maintenance costs will be required. In addition, products in store may be damaged, resulting in a potential loss of revenue. Flooding may result in a decreased footfall if transport networks are disrupted. **Indirect Impacts** If transport routes are disrupted, employees may be unable to reach the site, leading to reduced productivity and disruption to shifts. Research shows that sites in or around high flood risk zones are expected to see a 29% rise in insurance premiums by 2040 without climate action.	Operations	Medium – Long-term (2028-2052) >3°C	B	Where needed, we would conduct site specific flood risk assessments for our distribution centres. We continually monitor flood risk at sites for long-term impact, conducting annual climate scenario analysis.	The financial impact of the flooding has not yet been fully quantified. We aim to quantify this risk in FY25.

Climate scenario analysis continued

OPPORTUNITY	Technology - OP 1	**Use of energy efficient technology** We aim to implement energy efficient technology to reduce our emissions. We continued to roll out BeMs and LED lighting during the financial year.	Operations	Short-, Medium-term (2023-2037) <2°C and 2-3°C	A	Continue to identify future opportunities to streamline processes to make them more efficient across the businesses. Share best practice from B&M Retail with Heron Foods and B&M France in relation to our fleet management.	Reduced operating costs and emissions. We have commenced our net zero journey. As part of this work, we are implementing energy efficient technology across operations. While the technology may have a high capital cost, an improvement in efficiency will help to reduce operational costs, resulting in net financial gain over the technology's lifetime. For example, an investment in one BeMs is estimated at £36,000 on average and has a two-year payback period. 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 annual benefit of the Bedford facility is calculated to provide a reduction of approximately six million delivery miles travelled, resulting in a cost and emissions saving. **Related metrics and targets:** Scope 1, 2 and 3 emissions and net zero Strategy.

Climate scenario analysis continued

OPPORTUNITY	Technology - OP 2	**Use and installation of low emission energy technology** We aim to implement low emission technology to reduce our emissions and support the decarbonisation of the business.	Operations	Short-, Medium-term (2023-2037) <2°C and 2-3°C	A	Possible options such as installing Solar PV onsite would allow us to generate electricity and transition away from grid reliance, reduce operational costs, and reduce emissions. B&M could make use of several financing schemes and investment opportunities to help subsidise the upfront costs of low emission technology.	Once our examination of renewable technology installation is complete, we will aim to publish our financial impact. Capitalising on this opportunity will help increase our resilience to both transition and physical risks. **Related metrics and targets:** Scope 1, 2 and 3 emissions and net zero strategy.

1 For classification systems see page 29.

RISK MANAGEMENT



How we identify, assess and manage climate-related risks

Risk management

It is recommended that organisations disclose their processes for identifying, measuring and managing climate-related risks, as well as describing how these processes are integrated into the organisation's overall risk management.

Disclosure recommendations:

- Describe the organisation's processes for identifying and assessing climate-related risks.
- Describe the organisation's processes for managing climate-related risks.
- Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.

The nature of our business model, being the sourcing and retailing of a limited assortment of products, does not involve significant environmental risks to the sustainability of our business. Climate change has continued to be considered at key events during the financial year, including the Group's annual strategy day in March 2024, where principal risks relevant to the group were reviewed. It was determined by the Board, at this time, that climate change does not represent a principal risk, given the detailed risk assessment performed by management this financial year and how the outcome of that assessment compares to the principal risks already identified. However, this assessment will be reviewed at least annually by the management and the Board. For now, B&M does not incorporate the climate risk register into the business risk register and instead all corporate risks are considered through a climate lens. We will review the possibility of incorporating our climate risk register with our business risk register in FY25.

The Audit and Risk Committee, together with the support of the internal audit department and the Group's General Counsel, are responsible for monitoring risks and overseeing progress against goals and targets for addressing climate-related issues. We have an existing strategic and detailed corporate risk register. Instead of adding climate change as a standalone risk, we will consider all corporate risks through a climate lens. For now, B&M does not incorporate the climate risk register into the business risk register. The Group's internal audit team, with the sustainability manager, monitors our identified climate-related risks and opportunities on an ongoing basis, to consider how each issue impacts strategic risks already identified. This approach was taken since climate change has been identified as representing a low risk overall.

Step 1: Identification of risks

The identification of climate change risks within our operations, is integrated into our general bottom-up approach to identifying risks. With the help of Inspired ESG, in February 2024 we held a climate workshop where we assessed the impact of both transition and physical risks on our business and business model. Inspired ESG collected data on the impacts that each type of risk might have on the company. These were discussed in the climate workshop with the various teams: sustainability, health and safety, operations, marketing, buying, finance, audit and legal. At the end of the workshop, our teams identified the risks they consider material to the business. These risks were collected to build our climate-risk register, which we intend to re-assess each year. Overall, we assessed the impact of 17 climate-related risks in on our operation in the UK and France and five opportunities.

The workshop is held on an annual basis, to ensure that our internal teams integrate climate-related risks into their day-to-day operations. For example, by continuing to implement climate-related mitigation measures. The workshops will aid in increasing awareness of climate change and the associated risks throughout our value chain and stakeholders (key suppliers and employees).

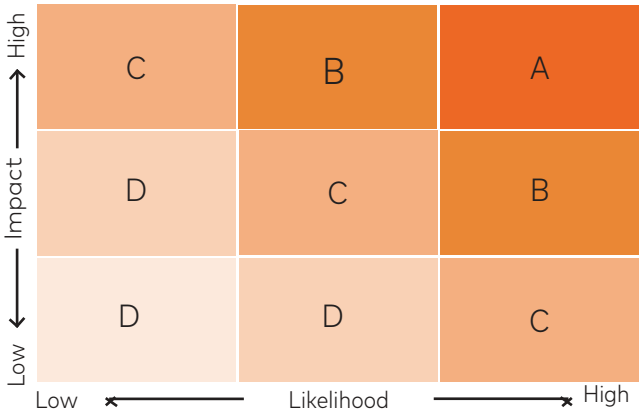
Step 2: Evaluation of risks

Evaluation is focused on understanding the materiality of climate-related risks to our business. Therefore, the climate risk register

Risk management continued

is separated into three-time horizons, and three global warming scenarios, so that we can categorise risks accordingly. We evaluated material risks with an indication of when they might occur. Material risks are determined by the estimated financial impact and time of occurrence. The rating is agreed between the sustainability manager and the relevant teams. In the climate workshop, the teams' heads allocated a risk likelihood and an estimated financial impact for both transition and physical risks. Physical risks arise from climate events, whilst transition risks result from actions taken by governments to move towards a decarbonised economy by setting new regulations. When a team expected their costs or revenue to be impacted by the climate risks, they rated the level of impact according to the following matrix:

Figure 1: The Group's existing risk classification matrix.



Climate-related risks labelled with an "A" or "B" rating are considered significant and are deemed material. This includes potential risks that we anticipate that could have an impact on our business directly or indirectly, and actual risks that have occurred and impacted our business financially. For example, plastic tax or increasing climate reporting obligations. A risk classified as "A" represents an immediate risk, and a risk management plan is required. Alternatively, a "B" risk classification indicates that action and contingency plans should be considered. After selecting the ratings for the climate risks, these are prioritised by the impact they could have on our business.

Step 3: Management of risks

Our approach considers active engagement with internal stakeholders across the organisation, seeking insights into existing mitigation processes. We employed a "climate lens" to evaluate existing mitigation strategies across all our divisions and implemented new management procedures, as needed. As detailed in the strategy section, table 4, we identified six transition risks, one physical risk and two opportunities. Risks that we deem as material to the business are then discussed internally between the individual teams, the sustainability manager, and the sustainability and health and safety manager. When required, the sustainability manager works directly with the Board, if mitigation requires initiating processes with significant cost or when wide organisational collaboration is required.

For example, in November 2023, a meeting was held with 20 staff from the buying team, to discuss our mitigation steps, to reduce the impact of the risk from the UK's PPT (Plastic and Packaging Tax) and the EPR (Extended Producer Responsibility). Mitigation steps reviewed included ways to introduce carbon-friendly packaging, reduce our waste, and ensure that the buying team engages with our suppliers, to jointly reduce the weight and redundant materials during packaging and logistics.

To ensure ongoing vigilance, the climate risk register is planned to be reviewed every year, to assess if mitigation steps are still relevant. Should we find that our risk management plans are not adequately addressing climate risks or seizing potential opportunities, we will seek to gain a deeper insight into our strategies and additional mitigation measures will be introduced, where needed and feasible.

METRICS & TARGETS



Our metrics and targets used to assess and manage climate-related risks and opportunities

Metrics & targets

Aligning with the TCFD recommendations, in this section we:

- Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.
- Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions and the related risks.
- Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

We are committed to reducing our emissions footprint and the impact of our operations on the environment. We have set an ambition to align with the BRC net zero by 2040, reflecting an absolute 90% reduction in our Scope 1, 2 and 3 emissions and offsetting the remaining 10%, against a FY21 baseline.



Our path to net zero

Table 5: B&M roadmap to decarbonisation

Area	Short-term			Medium-term		Long-term
	2024 - 2026			2027	2030	2040
Targets	SBTi FLAG targets to be established			67% of suppliers will have SBT- aligned targets SBTi targets to be updated	25% reduction in Scope 1 and 2 emissions compared to FY21 baseline	90% reduction in Scope 1, 2 and 3 emissions compared to FY21 baseline
Energy	Site surveys Energy efficiency and saving	Subject to cost, purchase green electricity Start to install solar PV Low-carbon building policy		Replace gas boilers		Offsetting
Logistics	Low-carbon fuels	Driver engagement	Fuel efficiency initiatives	Trial low-carbon HGV alternatives		Low-carbon HGV alternatives
Sustainable sourcing	Supplier engagement		Update procurement policy	Request journey specific emissions	Request product specific emissions	Insetting Purchase low-carbon logistics / products
Products and packaging	Gather product-related materials data Internal waste review		In-store recycling and take-back schemes Waste awareness program	Customer engagement	Lifecycle emissions analysis	Stock review
People	Employee engagement		Review travel policy Install EV charging points	Introduce other green commuting schemes		

Our carbon footprint measured

The best way to mitigate the climate-related risks, both transitional and physical, is to decarbonise our operation in line with our path to net zero.

Scope 1 emissions are defined as those that arise directly from the operations of the Group, whilst Scope 2 emissions are defined as indirect emissions arising from purchased energy. Scope 3 emissions are defined as emissions associated with our value chain. Our emission reduction targets aim to minimise our material risk. Refer to table 4 in the strategy section of the report. At the end of FY24, our Scope 1 & 2 emissions decreased by 1.3% compared from our FY21 baseline. In addition, at the end of FY24, our total Scope 1, 2 and 3 emissions, across B&M Retail, Heron Foods and B&M France decreased by 19.7%, compared to a FY21 baseline. This was a joint effort of all teams across the three businesses to focus on the most effective solution to decarbonise our operation and value chain using LED installation, BeMs rollout, doors on chillers, replacing our trucks, and reducing the number of journeys of our fleets. We know that 92.6% of our emissions come from Scope 3, our value chain, and this is why in FY23 and FY24 we engaged with our top 100 suppliers, which in total is 61% of our spend. The survey collected ESG data to ensure we collect accurate data and work in tandem with our suppliers to reduce their emissions.

A fundamental balancing act at B&M is delivering our growth strategy, through our store opening programme, whilst identifying opportunities to mitigate our environmental footprint and reduce emissions. By understanding the emissions associated with our value chain, we are better equipped to set realistic targets and identify areas for reduction. Reducing our emissions is the Group's core focus for managing our climate-related risks, as it impacts every aspect of our operations. Consumption data is collected across the B&M estate, to measure our energy usage and initiatives are underway to reduce it. We monitor miles travelled, vehicles in our fleet, driving styles and routes to measure the emissions and environmental impact of our transport & distribution fleet.

The key climate-related risks identified in table 4 are transition risks in our Below 2°C scenario that can potentially impact our stakeholder's concerns, products and existing technology. To help manage these risks, we created a new sustainability manager position, to evaluate energy-saving opportunities, monitor potential sustainable product partnerships, review our supply chain and work collaboratively with other colleagues within the business. The targets in Tables 5 and 6 show how we will track our progress. We have engaged a third-party specialist, to advise us on our sustainability reporting and initiatives, to reduce the environmental impact and related emissions of our products and technology. The initiatives we intend to roll out will help reduce the GHG emissions relating to our supply chain, transport fleet, energy usage, and products. Our GHG emission reduction targets, enable us to address the climate-related risks referred to in tables 2 and 3. We will measure this reduction annually and by communicating our progress, we intend to satisfy any stakeholder concerns regarding our exposure to climate-related risks.

Physical risks have been identified in our above 3°C scenario, most importantly flooding impacts. The Group will measure this risk through flood risk assessments at our Distribution Centres and ongoing monitoring at an individual site level by the store maintenance and property teams.

We followed the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, to calculate the emissions associated with our value chain. Among all fifteen categories of Scope 3 emission, eleven categories are applicable to B&M. The categories that were not relevant are 8, 9, 10 and 14. Category 8 (upstream leased assets) was excluded as the Group does not have any leased assets that were not already included in Scope 1 and 2. Category 9 (downstream transportation and distribution) is excluded as all transport and distribution is paid for by B&M. No products sold by the Group require further processing, excluding Category 10, and the Group has no Franchises (Category 14). The data for our Scope 1, 2 and 3 emissions were provided to our ESG consultancy, Inspired ESG, for calculation, but no formal assurance has been provided.

Our carbon footprint measured continued

Table 6: The Group's FY24 Carbon Balance Sheet

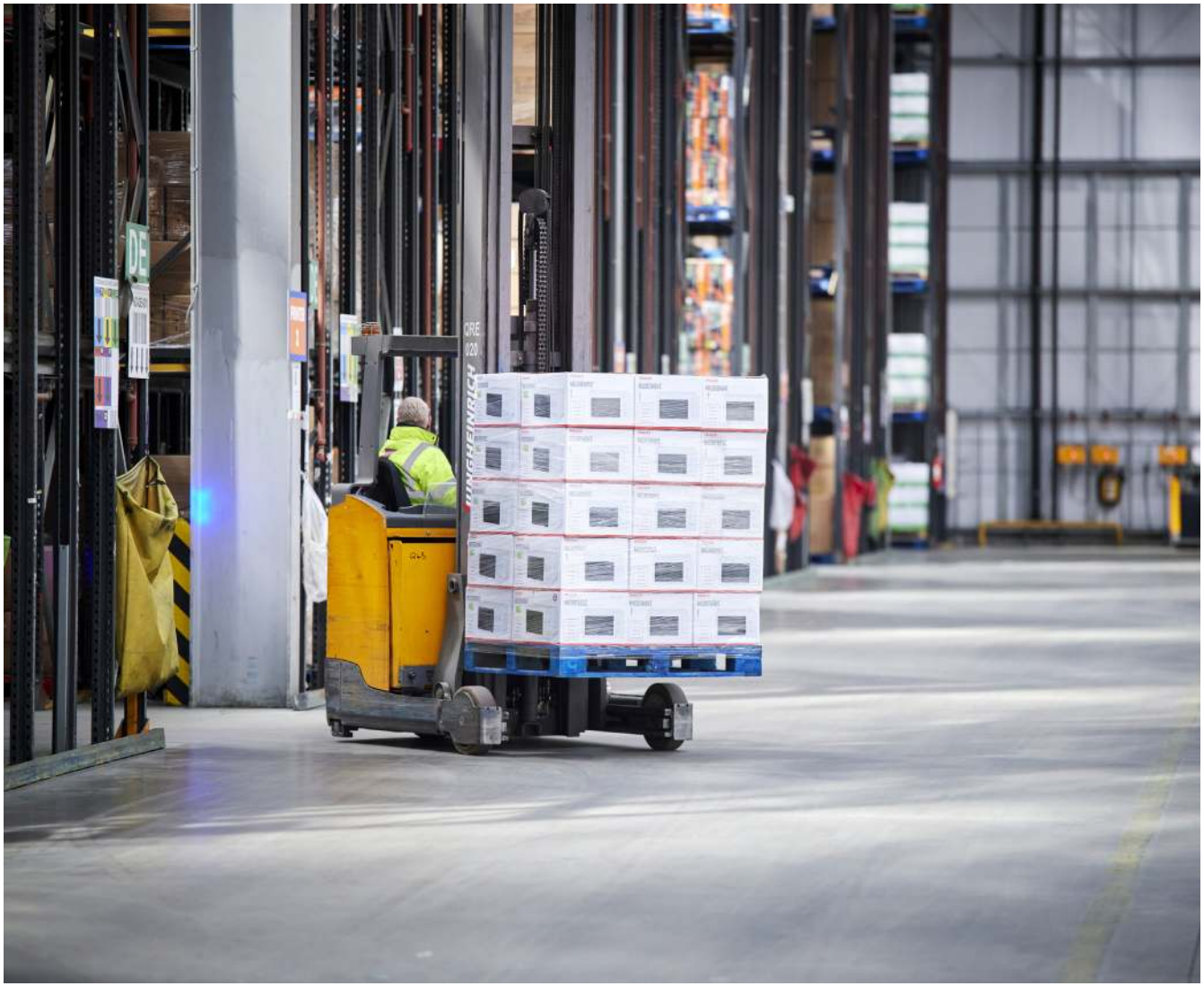
	Gross emssions (tCO_2e)				
Emissions Scope & Scope 3 category	**B&M total***	**B&M Retail***	**Heron Foods***	**B&M France***	**Percentage of total emissions (B&M Total)**
Scope 1	**56,861**	**46,575**	**9,278**	**1,008**	**4.2%**
Natural gas, other fuels & refrigerants	12,732	12,693	0	39	0.9%
Transportation (excluding grey fleet)	38,629	29,614	8,289	727	2.8%
Other fuels	5,499	4,268	989	242	0.4%
Scope 2 (location based)	**43,123**	**31,073**	**10,767**	**1,283**	**3.2%**
Scope 3	**1,259,295**	**987,907**	**169,392**	**101,996**	**92.6%**
Purchased goods and services	823,995	593,447	146,349	84,200	60.6%
1a. All other purchased goods and services	17,162	13,631	1,040	2,490	-
1b. Purchased goods and services – stock purchases	806,833	579,816	145,308	81,710	-
2. Capital goods	26,903	21,376	3,021	2,506	2.0%
3. Fuel-related emissions	27,127	19,474	5,540	2,113	2.0%
4. Upstream transportation and distribution	36,869	23,878	5,221	7,770	2.7%
5. Waste generated in operations	1,782	1,101	150	531	0.1%
6. Business travel	1,274	720	136	418	0.1%
7. Employee commuting	71,608	61,141	8,974	1,493	5.3%
8. Upstream leased assets	N/A	N/A	N/A	N/A	0.0%
9. Downstream transportation and distribution	N/A	N/A	N/A	N/A	0.0%
10. Processing of sold products	N/A	N/A	N/A	N/A	0.0%
11. Use of sold products	259,853	257,334	N/A	2,518	19.1%
12. End-of-life treatment of sold products	5,380	4,931	N/A	448	0.4%
13. Downstream leased assets	3,153	3,153	N/A	N/A	0.2%
14. Franchises	N/A	N/A	N/A	N/A	0.0%
15. Investments	1,352	1,352	N/A	N/A	0.1%
Total all scopes	**1,359,278**	**1,065,555**	**189,436**	**104,287**	**100%**

*Emissions data has been rounded to the nearest whole number.

The Group's FY24 Carbon Balance Sheet continued

The Group's total greenhouse emissions were 1,359,278 tCO2e in FY24. Our carbon balance sheet details that our Scope 1 and 2 emissions represent 7.4% of our total impact, with Scope 3 emissions representing the 92.6%. Our Scope 1 and 2 emissions decreased by 1.3% between FY21 and FY24. Scope 1 transport and refrigerant emissions increased over this period, and were mitigated by a slightly larger reduction in the Group's Scope 2 emissions. The Group's Scope 3 emissions decreased by 9% between FY23 and FY24, driven by a 23% decrease in the purchased goods & services, our highest emitting category.

Most of our GHG emissions, 60%, stem from Category 1, purchased goods and services. Therefore, moving forward we will utilise our supplier engagement processes, to collect specific data regarding the goods and services provided to us, to improve the accuracy of Category 1.



Streamlined Energy and Carbon Reporting ("SECR")

The following section summarises the energy usage, associated emissions, energy efficiency action and energy performance for the Group, under the government policy SECR, as implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. Please see page 45 of this report for information on our energy efficiency actions.

Table 7: B&M Retail, B&M France and Heron Foods total energy consumption (kWh) SECR (Scope 1, 2 and Scope 3 Category 6: business travel).

	FY24 Consumption kWh			FY23 Consumption kWh**		
Utility and scope	**UK**	**Global (excluding UK)**	**Total**	**UK**	**Global (excluding UK)**	**Total**
Scope 1 total	**227,955,715**	**3,254,572**	**231,210,287**	**232,156,125**	**2,926,117**	**235,082,242**
Gaseous and other fuels (Scope 1)	69,388,545	214,073	69,602,618	77,655,430	527,339	78,182,769
Transportation (Scope 1)	158,567,170	3,040,499	161,607,669	154,500,695	2,398,778	156,899,473
Scope 2 total	**202,051,876**	**28,464,542**	**230,516,418**	**194,834,662**	**38,647,347**	**233,482,009**
Grid-supplied electricity (Scope 2)	202,051,876	28,464,542	230,516,418	194,834,662	38,647,347	233,482,009
Scope 3 total	**903,159**	**384,594**	**1,287,753**	**1,575,910**	**N/A***	**1,575,910**
Transportation (Scope 3)	903,159	384,594	1,287,753	1,575,910	N/A*	1,575,910
Total	**430,910,750**	**32,103,708**	**463,014,458**	**428,566,697**	**41,573,464**	**470,140,161**

*Scope 3 transport was not included in the previous year's calculations for B&M France.
**Reported electricity and natural gas consumption and the resulting emissions for FY23 have been updated following an extensive data review, due to the crediting and subsequent rebilling of previously used invoices.

Streamlined Energy and Carbon Reporting ("SECR") continued

Table 8: B&M Retail, B&M France and Heron Foods total location-based SECR emissions (tCO_2e) (Scope 1, 2 and Scope 3 Category 6: business travel).

	FY24 Consumption tCO_2e			FY23 Consumption tCO_2e**		
Utility and scope	**UK**	**Global (excluding UK)**	**Total**	**UK**	**Global (excluding UK)**	**Total**
Scope 1 total	**55,852.60**	**1,007.90**	**56,860.50**	**52,565.55**	**674.73**	**53,240.27**
Gaseous and other fuels (Scope 1)	17,950.43	281.30	18,231.73	15,309.52	96.26	15,405.78
Transportation (Scope 1)	37,902.17	726.60	38,628.77	37,256.03	578.47	37,834.49
Scope 2 total	**41,839.75**	**1,282.97**	**43,122.72**	**37,677.13**	**7,473.62**	**45,150.75**
Grid-supplied electricity (Scope 2)	41,839.75	1,282.97	43,122.72	37,677.13	7,473.62	45,150.75
Scope 3 total	**203.13**	**86.56**	**289.69**	**363.49**	**N/A***	**363.49**
Transportation (Scope 3)	203.13	86.56	289.69	363.49	N/A*	363.49
Total	**97,895.48**	**2,377.43**	**100,272.91**	**90,606.16**	**8,148.35**	**98,754.51**

*Scope 3 transport was not included in the previous year's calculations for B&M France.
**Reported electricity and natural gas consumption and the resulting emissions for FY23 have been updated following an extensive data review, due to the crediting and subsequent rebilling of previously used invoices.

Streamlined Energy and Carbon Reporting ("SECR") continued

Table 9: B&M Retail total energy consumption (kWh) SECR (scope 1, 2 and scope 3 category 6: business travel).

	FY24 Consumption kWh	FY24 Consumption kWh*
Utility and scope	**Total**	**Total**
Scope 1 total	**193,286,392**	**198,956,090**
Gaseous and other fuels (Scope 1)	69,388,545	77,398,042
Transportation (Scope 1)	123,897,847	121,558,048
Scope 2 total	**150,057,845**	**147,276,429**
Grid-supplied electricity (Scope 2)	150,057,845	147,276,429
Scope 3 total	**347,508**	**935,695**
Transportation (Scope 3)	347,508	935,695
Total	**343,691,745**	**347,168,214**

*Reported electricity and natural gas consumption and the resulting emissions for FY23 have been updated following an extensive data review, due to the crediting and subsequent rebilling of previously used invoices.

Table 10: B&M Retail total location-based SECR emissions (tCO2e) (scope 1, 2 and scope 3 category 6: business travel).

	FY24 Consumption tCO_2e	FY23 Consumption tCO_2e*
Utility and scope	**Total**	**Total**
Scope 1 total	**46,574.55**	**43,963.18**
Gaseous and other fuels (Scope 1)	12,693.17	14,128.16
Transportation (Scope 1)	29,613.57	29,313.72
Refrigerants (Scope 1)	4,267.81	521.30
Scope 2 total	**31,073.12**	**28,480.32**
Grid-supplied electricity (Scope 2)	31,073.12	28,480.32
Scope 3 total	**78.16**	**215.82**
Transportation (Scope 3)	78.16	215.82
Total	**77,725.83**	**72,659.32**

*Reported electricity and natural gas consumption and the resulting emissions for FY23 have been updated following an extensive data review, due to the crediting and subsequent rebilling of previously used invoices.

Streamlined Energy and Carbon Reporting ("SECR") continued

Table 11: Heron Foods total energy consumption (kWh) SECR (Scope 1, 2 and Scope 3 category 6: business travel).

	FY24 Consumption kWh	FY24 Consumption kWh
Utility and scope	**Total**	**Total**
Scope 1 total	**34,669,323**	**33,200,035**
Gaseous and other fuels (Scope 1)	0.00	257,388
Transportation (Scope 1)	34,669,323	32,942,646
Scope 2 total	**51,994,031**	**47,942,646**
Grid-supplied electricity (Scope 2)	51,994,031	47,942,646
Scope 3 total	**555,651**	**640,215**
Transportation (Scope 3)	555,651	640,215
Total	**87,219,005**	**81,782,896**

* Heron Foods' energy consumption is included under UK totals in table 7.

Table 12: Heron Foods total location-based emissions (tCO_2e) SECR (Scope 1, 2 and Scope 3 Category 6: business travel).

	FY24 Consumption tCO_2e	FY23 Consumption tCO_2e
Utility and scope	**Total**	**Total**
Scope 1 total	**9,278.05**	**8,602.28**
Gaseous and other fuels (Scope 1)	0.00	46.98
Transportation (Scope 1)	8,288.60	7,942.30
Refrigerants (Scope 1)	989.45	613.00
Scope 2 total	**10,766.63**	**9,196.12**
Grid-supplied electricity (Scope 2)	10,766.63	9,196.12
Scope 3 total	**124.97**	**147.67**
Transportation (Scope 3)	124.97	147.67
Total	**20,169.65**	**17,946.07**

* Heron Foods' emissions included under UK totals in table 8.

Streamlined Energy and Carbon Reporting ("SECR") continued

Table 13: B&M France's total energy consumption (kWh) SECR (Scope 1, 2 and Scope 3 Category 6: business travel).

	FY24 Consumption kWh	FY23 Consumption kWh
Utility and scope	**Total**	**Total**
Scope 1 total	**3,254,572**	**2,926,117**
Gaseous and other fuels (Scope 1)	214,073	527,339
Transportation (Scope 1)	3,040,499	2,398,778
Scope 2 total	**28,464,542**	**38,647,347**
Grid-supplied electricity (Scope 2)	28,464,542	38,647,347
Scope 3 total	**384,594**	**N/A***
Transportation (Scope 3)	384,594	N/A*
Total	**32,103,708**	**41,573,464**

* Scope 1 refrigerants and Scope 3 transport energy consumptions and emissions were not included in the previous year's calculations for B&M France.

Table 14: B&M France's total location-based emissions (tCO_2e) SECR (Scope 1, 2 and Scope 3 Category 6: business travel).

	FY24 Consumption tCO_2e	FY23 Consumption tCO_2e
Utility and scope	**Total**	**Total**
Scope 1 total	**1,007.90**	**674.73**
Gaseous and other fuels (Scope 1)	39.16	96.26
Transportation (Scope 1)	726.60	578.47
Refrigerants (Scope1)	242.14	N/A*
Scope 2 total	**1,282.97**	**7,473.62**
Grid-supplied electricity (Scope 2)	1,282.97	7,473.62
Scope 3 total	**86.56**	**N/A***
Transportation (Scope 3)	86.56	N/A*
Total	**2,377.43**	**8,148.35**

* Scope 1 refrigerants and Scope 3 transport energy consumptions and emissions were not included in the previous year's calculations for B&M France.

Reducing our emissions

A fundamental balancing act at B&M is delivering our growth strategy, through our store opening programme, whilst identifying opportunities to mitigate our environmental footprint and reduce emissions. By understanding the emissions associated with our value chain, we are better equipped to set realistic targets and identify areas for reduction. 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. All new stores are now opened with energy-efficient LED lighting, and we are investing in retrofitting LED lighting into existing stores. We have LED and motion-activated lighting installed in our main B&M and Heron distribution centres, to reduce unnecessary electricity usage.

Table 15: Our emissions and reduction performance in FY24

Emissions Scope	Gross emissions (tCO_2e)			
	FY24	FY23	FY21	Percentage change from FY21 (baseline) (+/-)
Scope 1	56,861	53,239	49,210	+15.5%
Scope 2 (location-based)	43,123	45,151	52,124	-17.3%
Scope 3	1,259,295	1,386,609	1,598,050	-21.2%
Total	**1,359,278**	**1,485,000**	**1,699,384**	**-19.7%**

The key climate-related risks identified can potentially impact our stakeholder's concerns, products and existing technology. To help manage these risks, our sustainability manager, evaluates energy-saving opportunities, monitors potential sustainable product partnerships, reviews our supply chain and works collaboratively with other colleagues within the Group.

The targets in table 16 show how we will track our progress. We have engaged a third-party specialist, to advise us on our sustainability reporting and initiatives, to reduce the environmental impact and related emissions of our products and technology. The initiatives we intend to roll out will help reduce the GHG emissions relating to our supply chain, transport fleet, energy usage, and products (see page 44-45 for more details). Our GHG emission reduction targets, enable us to address the climate-related risks referred to in table 4. We will measure this reduction annually and by communicating our progress, we intend to satisfy any stakeholder concerns regarding our exposure to climate-related risks.

Targets

To align with the BRC's Climate Action Roadmap, the Group aspire to achieve absolute net zero Scope 1, 2 and 3 emissions by 2040 (from a FY21 year baseline), which will require significant effort to decarbonise our value chain. Our Scope 3 emissions are key in developing our net zero strategy, to achieve the Group's net zero ambition. Our focus will be on collaboration with our supply chain to decarbonise our goods and services as far as possible. This approach provides us with a consistent way to report and measure our progress year-on-year and track progress.

In the short-term, we plan to reduce our operational (Scope 1 and 2) emissions on an absolute basis and engage with our suppliers, as per the Science Based Targets Initiative (SBTi) guidelines. Our Scope 1 and 2 reduction targets have been validated by the SBTi. We are committed to achieving a 25% reduction in absolute Scope 1 and 2 emissions by 2030 (from an FY21 baseline), aligned with the SBTi well-below-2°C (WB2C) scenario.

As of July 2022, we are aware that the SBTi is has updated its minimum criteria to a 1.5°C scenario, and we intend to update our targets in five years as required by the SBTi. We have set a short-term Scope 1 and 2 emission reduction pathways, which follow a WB2C scenario up to 2027 and then a 1.5°C scenario from 2027 to 2030. Our short-term Scope 3 target is based on enhancing our engagement with our suppliers; as per the SBTi guidelines, we aim to have 67% of our suppliers (based on spend) set science-based targets by 2027. In FY25, we will review the percentage of our top suppliers that have SBTi targets. The 2030 targets for Scope 1 and 2 differ from the 2027 objectives for Scope 3, as engaging with suppliers is financial easier than reducing our Scope 1 and 2 emissions.

Table 16: Scope 1, 2 and 3 emissions and the associated targets.

Emissions Scope	FY24 Gross emissions (tCO_2e)	Percentage of total emissions	Reduction target	Progress to meet target
Scope 1	56,861	4.2%	25% reduction by 2030 absolute from a FY21 baseline	Our Scope 1 and 2 emissions reduced by 1.3% since FY21 (baseline).
Scope 2 (location based)	43,123	3.2%		
Scope 3	1,259,295	92.6%	Engage with 67% of suppliers, by spend, to set science-based targets by FY27.	In total, we have engaged with 100 suppliers (61% of spend).
Total	**1,359,278**	**100%**	**Ambition to be net zero by 2040 from a FY21 baseline**	**An annual reduction of 4.7% is required to meet our net zero target (from a FY21 baseline). Our Scope 1, 2 and 3 emissions reduced by 19.7% since FY21.**

To de-risk the potential financial impact on B&M, by avoiding an early write-off of our existing assets, negative customer perception, potential carbon taxes, or increased cost of purchased goods, we want to focus on reducing our emissions in the most effective way while ensuring the growth of B&M continues as planned.

SECR methodology

The Group's Scope 1, 2 and 3 consumption and CO2e emissions data has been calculated using the GHG Protocol – A Corporate Accounting and Reporting Standard; Greenhouse Gas Protocol – Scope 2 Guidance and Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance. UK Government Emissions Factor Database 2023 version 1.1 has been used, utilising the published kWh gross calorific value (CV) and kgCO_2e emissions factors relevant for the reporting period 01/04/2023 – 31/03/2024.

Table 17: SECR Intensity metrics for B&M Retail, B&M France and Heron Foods.

	B&M Retail	Heron Foods	B&M France	Group Total
Revenue (£m)	4,410.32	559.82	513.86	**5,484**
Total emissions	77,725.83	20,169.65	2,377.43	**100,272.91**
Intensity Metric (tCO_2e)	17.62	36.03	4.63	**18.28**

Environment

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 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 sustainability

The nature of our business model, being the sourcing and retailing of a limited assortment of products, does not involve significant environmental risks to the sustainability of our business. There are however environmental impacts from our business operations which, as opposed to being risks, are outputs which we are committed to managing responsibly. We constantly strive to reduce the intensity levels of our consumption and find better ways of operating in a more environmentally sustainable way. For the purposes of this report, we have outlined below the impacts of our environmental policy, and how we have applied it during this year.

Transport & distribution

From reducing the number of trips to making our fleet greener, we constantly research opportunities to reduce our Scope 1 emissions.

Our UK transport fleet is fitted with Euro 6 engines, which are the latest standards for emission compliance. We have continued to invest in double decker "wedge" trailers, which increase trailer capacity and therefore maximise transport volumes intensity per mile travelled. We have invested in energy-efficient handling equipment including lithium-ion picking and loading forklifts in our warehouses. We are monitoring driver performance across our B&M and Heron Foods transport businesses, rewarding fuel-efficient driving and thus reducing diesel emissions.

Training and education sessions are held for our B&M HGV drivers, to embed behavioural changes amongst our colleagues, reducing our transport emissions. We are using Paragon transport planning software system, to identify the most efficient transport routes that minimise the number and distance of trips from distribution centres and stores.

Heron Foods have continued to convert their company car fleet to electric vehicles, resulting in 20% of the fleet being fully electric at the end of 2023. Heron Foods are actively trialling electric HGVs from several manufacturers.

However, due to range limitations, it is difficult to currently adopt electric HGVs at a large scale. In addition, new compressed natural gas (CNG) refuelling stations continue to open, and Heron Foods continue to monitor the situation closely, assessing if it would be possible to use CNG as a fuel.



Waste & recycling

A major source of waste in our operations results from product packaging. Where possible, we collaborate with our suppliers, to review and identify opportunities to reduce the amount of product packaging. This reduces costs, weight and wastage of excess packaging. Examples of packaging innovation include replacing plastic packaging using cardboard and ribbon-like materials to wrap cushions and developing a hanger made of fabric, as opposed to plastic, to display bedding in stores. This reduces wastage, as left over fabric was used to make the hanger.

We continue to focus significantly on recycling and waste management. The total level of packaging waste recycled by the Group in FY24 was 99.8%.

Energy consumption

All new stores are now opened with energy efficient light emitting diode ("LED") lighting, which uses up to 70% less energy. Wherever practical, we are retrofitting LED lighting into existing stores when conducting refurbishments. We have LED and motion-activated lighting installed in our main B&M distribution centre locations and our Heron Foods distribution centre, to reduce unnecessary electricity usage. As of the end of FY24, 661 of our B&M UK stores (89% of the total B&M UK estate) had LED lighting installed and all B&M France stores are fitted with LED lighting.

We have a rolling programme to install doors on chillers and refrigerators across our stores. We started in 2023 and advanced this plan in 2024. All new stores opened in the period have been incorporated in this programme, and we are now rolling the programme out to include our other large B&M UK stores and smaller stores, where technology permits.

Our B&M France stores reduce energy consumption by optimising "free-cooling," a process of using external ambient temperature to reduce heat, rather than using energy-intensive refrigeration processes. 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. B&M France have implemented several energy efficient systems, such as lighting that operate on a schedule and temperature controls, where several sensors control the temperature via the opening of air conditioning valves to cool the store using air from outside and are also working on an adiabatic (temperature management) system which will be tested in stores in 2024.

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. In FY24, Heron Foods have conducted a pilot project for solar panel installation in its warehouse, with the planning of the installation in the final stages. 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.

Appendix

GHG Protocol – Data Types

The Greenhouse Gas Protocol is the primary, internationally accepted, method for companies to account for their operational and value chain emissions.

According to the GHG Protocol, calculating emissions requires the use of two types of data: activity data and emission factors. "Activity data" is a quantitative measure of an activity that results in GHG emissions (for example, litres of fuel consumed, or kilograms of material purchased). An "emission factor" is a factor that converts activity data into GHG emissions data (for example kg CO_2 emitted per litre of fuel consumed, or kg CO_2 emitted per kilograms of material produced).

When considering which activity and emissions data to use, there are two types of data that can be used in Scope 3 calculations:

Primary data is data from specific activities within a company's value chain. It includes data provided by suppliers or others that directly relate to specific activities in that company's supply chain. E.g. when calculating emissions for Scope 3, Category 5 – waste, the weight of waste collected by the disposal company, broken down by waste stream and disposal route, would count as primary data.

Secondary data is data that is not from specific activities within a company's value chain. This includes industry average data (e.g. from published databases, government statistics, literature studies and industry associations), proxy data and other generic data that isn't specific to your business. E.g. when calculating emissions for Scope 3, Category 7 – employee commuting, if actual employee commuting patterns are unavailable, Office for National Statistics commuting data can be used instead.

There are a range of methods that can be used for calculating Scope 3 categories, the most common methods include:

- **Supplier-specific:** using supplier-specific emissions factors for goods/ services (primary data)
- **Hybrid:** using a combination of supplier-specific emissions factors (primary data) and industry average emissions factors (secondary data)
- **Average-data:** using industry average emissions factors (secondary data) based on quantities of goods/services used, e.g. DESNZ annual emission factors (kgCO2e/t)
- **Spend-based:** using industry average emissions factors (secondary data) based on spend on goods/services used e.g. DEFRA spend emissions factors (kgCO2e/£)



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