Poundland

TCFD Report
2023

Contents

01 Introduction 1
02 Governance 2
03 Strategy 4
04 Risk management 12
05 Metrics & Targets 13
06 Conclusion 16

01 Introduction

We know climate change is a growing future risk to people, communities and businesses, but it also provides opportunities for new products and services.

We recognise we have a key role to play, helping lead the value retail sector on the transition to a low carbon economy. This TCFD Report outlines our approach to environmental sustainability. While any significant financial risks from climate change are yet to be felt day-to-day, versus some of the other risks we monitor, we recognise the need to start building a more environmentally resilient business. We will continue to build activity and enhance our governance and strategic priorities as we progress.

Hello and welcome to our first TCFD Report

As a leading value retailer, eliminating waste and being efficient is in our DNA. However, we also feel a responsibility to our customers, colleagues, communities and the planet to drive environmental sustainability across our sector. That's why in 2020, I formalised our sustainability activity into a new SMART strategy with stretching goals and an over-arching target to reduce our operational carbon footprint by 50% by end 2024. This goal is challenging and has made us question how we operate and has been an effective 'north star' to driving progress.

I hope that you find this report informative. It describes our journey to date, as well as the process we follow to integrate sustainability into how we make business decisions. We know that this is a work in progress, so we keep ourselves grounded, and have indicated the steps we will be taking between now and the next TCFD Report to build activity today.

As always, we welcome your feedback.

Barry Williams
Managing Director

In line with the TCFD recommendations, this report is broken down into four key sections and aligns to all 11 recommendations. It is also supported by additional information available via our corporate website. As a business that is not listed in the UK, we are reporting as a large company that exceeds the relevant disclosure threshold.

...because caring for the planet mustn't cost the Earth

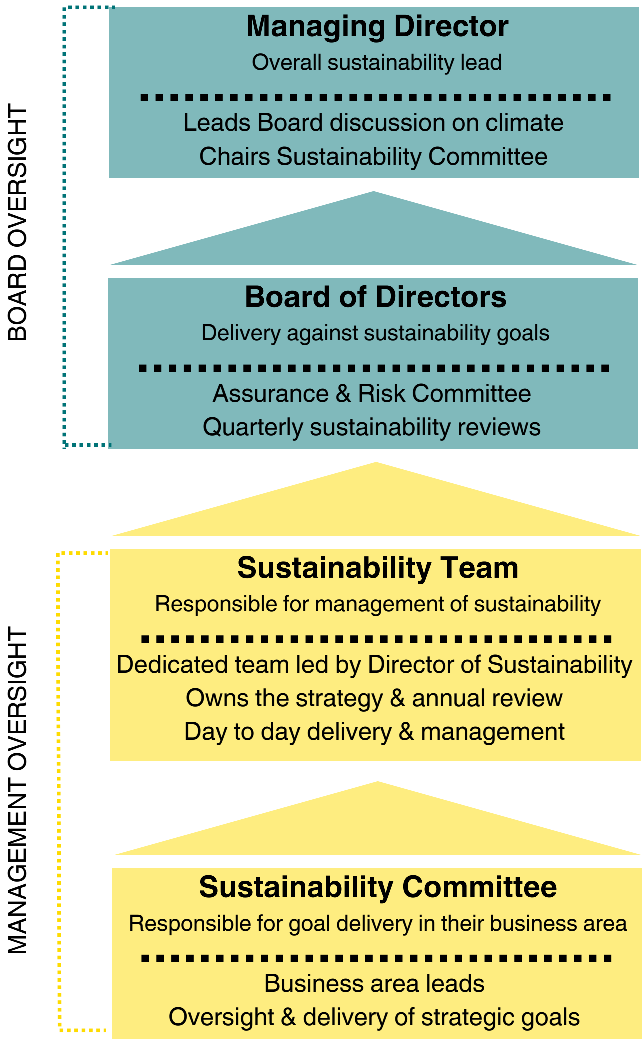
02 Governance

We implemented a formal Environmental Sustainability Strategy ('Sustainability Strategy') in 2020, initiated by our Managing Director, and supported by a specialist ESG Consultancy. This Sustainability Strategy was formally approved by the Board and a management level Sustainability Committee was created to oversee and drive progress. Next year these processes will be further enhanced in alignment with TCFD recommendations.

Board oversight

Leadership of Poundland's climate agenda sits with its Managing Director, on behalf of the Board of Directors ('the Board'). He is responsible for updating on progress and challenges against the Sustainability Strategy and chairs the Sustainability Committee. Key Board members were engaged on climate-related issues during the development of the Sustainability Strategy in FY20 via a series of one-to-one engagements. This allowed them to both ensure that goals reflected the priorities of their business areas and also that they were upskilled on climate-related issues. As part of this process, the external ESG Consultant met with the Board in September, when the strategy was formally adopted.

The Finance Director, receives monthly updates on progress against the goals from the Director of Sustainability. This ensures that he is regularly engaged on climate-related issues. In addition, the Board receives ad hoc updates from the Director of Sustainability on progress. Individual Board Directors also receive regular updates from their designated team climate leads. The Assurance & Risk Committee meets at least every quarter, chaired by the Financial Director, and updates the Board at least twice a year.



Future actions

To date, climate-related issues have mostly sat outside of the formal Board agenda but the Directors recognise its growing importance and so in FY24 two key steps will be taken. Firstly, a Board-level ESG/Sustainability Committee will be formally constituted and, secondly, sustainability will be fully integrated into the risk management process. In addition, the Board will be formally updated quarterly on progress against the Sustainability Strategy, plus a deep dive on climate-related risks and opportunities annually. It is intended to continue to integrate climate discussions into Board agendas and decision-making over time to enhance their oversight and so in FY24, Board Directors will adopt a new individual KPI to support this.

02 Governance

Management oversight

The Board has delegated day to day implementation of the Sustainability Strategy to a Sustainability Committee.

This Committee was established in 2020 and meets at least ten times a year, chaired by the Managing Director. It comprises 13 members, including representatives of key operational and commercial areas, who are tasked with providing detailed workplans to deliver strategic goals. They also act as champions within their teams and drive progress day to day. They are also responsible for development and approving the annual TCFD Report, ahead of Board submission. Sustainability Committee members are responsible for regularly updating their Board Director on climate-related issues relevant to their business area and on delivery of their sustainability goals. They are also encouraged to seek out external training courses and to keep up to date on climate-related issues, including attending dedicated sessions at Henley Business School in 2023.

In FY21, the first dedicated Sustainability Manager was appointed and in FY22 the role of Director of Sustainability was formalised, building on the previous Head of Sustainability role. They form the Corporate Sustainability Team, with inclusion of a specialist ESG Consultant. This team is responsible for management of sustainability, supports the Sustainability Committee, leads development of the TCFD Report and since FY23 has met monthly with the Managing Director to update and discuss strategic risks and opportunities. The Director of Sustainability reports into the Financial Director, who has been engaged at least monthly since FY20.

Transition risks and opportunities related to regulatory changes are reviewed and monitored monthly via a public policy tracker. The Sustainability Team are responsible for this process, supported by the IT Function who help to disseminate key updates via the internal MS Teams system.

The Sustainability Strategy is formally reviewed annually to ensure that it remains valid, provides stretch goals and any delivery issues are flagged for resolution. Goals can only be replaced if they have been delivered or are no longer deemed to be sufficiently stretching. This process is led by the Sustainability Team, supported by the Sustainability Committee and approved by the Managing Director, on behalf of the Board.

The wider business is engaged on sustainability via the annual Company Conference where activity is showcased to all Store Managers and senior colleagues and through a dedicated internal communications plan, including a colleague web portal. Suppliers were also engaged in FY23 on development of climate-related product attributes and associated requirements.

The Risk & Audit Team is responsible for day to day management of all corporate risks, including climate-related risks. They hold the Corporate Risk Register and report to the Board via the Assurance & Risk Committee. This process was centralised at Pepco Group in May 2023.

Future actions

From FY24, two key steps will be taken. Firstly, governance will be enhanced by the inclusion of specific climate-related risks on the Corporate Risk Register and, secondly, the annual risk review will be expanded to include climate-related matters.

03 Strategy

Climate related risks & opportunities

In line with the recommendations of the TCFD, we undertook scenario analysis to identify a series of plausible potential future climate-related pathways.

As this is our first TCFD Report, we balanced being overly complex with creating a tool that would be useful to our Finance and Risk Teams. We followed three key steps in its development, firstly we identified three credible potential temperature pathways, secondly we applied a timescale that is relevant to how we manage risk and strategy today and, thirdly, we reviewed the long list of transition and physical risks and opportunities to identify those most material to us. We believe that this approach also helps to make our report more easy to compare with others.

Credible potential temperature increase scenarios

Our scenarios take account of both transition and physical risks, in line with TCFD best practice. This ensures that our potential future pathways take account of both public policy levers and physical changes to the Earth's climate system. Our datasets used two key tools plus a 'check tool' to provide further input. These were the International Energy Agency (IEA)'s Global Energy & Climate Model (inc WEM & ETP), the Inter-Governmental Panel on Climate Change (IPCC)'s AR6 Synthesis Report (inc RCP) and the Network for Greening the Financial System (NGFS)'s CIE tool. All of the latest models were used, helpfully both the IEA and IPCC had recently been updated.

Relevant timescales

Taking into account recommendations to ensure that timescales are flexible, more long-term than standard risk processes and align with recommended temperature pathways, we defined three timescales. These complement our existing sustainability, risk management and strategy processes, being aligned to our key planning timelines whilst also mapping out long-term to 2050.

Timescale	Years
Short	2020-28
Medium	2028-36
Long	2036-50

Our scenarios

Orderly transition	Most aggressive reductions made in global CO_2 levels Highest level of public policy levers Temperatures will rise by no more than 1.5°C
Partial transition	Middle ground for level of carbon reductions Assumes all announced public policy levers are enacted Temperatures will exceed a 1.5°C increase
No transition	Essentially 'business as usual' Lowest level of public policy levers and / or implementation Temperature increases will be significant

03 Strategy

Climate related risks & opportunities

Materiality of risks & opportunities

As our overarching aim is to support the comparability of reports, we reviewed the long list of climate-related risks and opportunities, provided by the TCFD. We evaluated the materiality of each one against our business model plus undertook a desktop review of approaches. We noted that some reports had created hybrid versions that amended TCFD language but we opted to follow a stricter approach, in the spirit of comparability. We further split materiality into immediate areas to model in this report and others to consider for inclusion in following reports. This work was carried out by the Sustainability Team and reviewed by our Managing Director, Finance Director and Legal Counsel. This materiality assessment led to the development of nine key risks and four key opportunities that were analysed for this report.

Our strategy outputs

The tables below highlight the key risks and opportunities identified from our analysis. Each scenario has been drafted as standalone to help with comparability. When calculating the potential likelihood and/or impact of each area, we used existing risk management systems. This helps to embed the findings of these new climate-related metrics and is explored in more detail in the 'Risk Management' section of this report.

We were particularly pleased to see how well our current Sustainability Strategy aligns with the key risks and opportunities identified through this process.

Future actions

The creation of these climate-related strategy findings was the first time that we have overlaid existing internal risk management processes onto climate-related scenarios. Whilst new to the business, we found this a helpful process and intend to develop further for inclusion in FY24 report. We also intend to review the inclusion of additional risks and opportunities next year.

03 Strategy

Our current sustainability strategy manages and mitigates any short term climate-related risks. As such, our overall analysis is that these risks are not yet business critical today, although require continued mitigating actions as climate impacts become more material. This approach is intended to ensure that the business is well prepared for key future risks in the medium to long term. These key risks are shown in the tables below, according to the scenario under which they were identified and their related Risk Register 'Impact Category'

Climate related risks in an orderly transition scenario (1/2)

Risks	Timescale	Potential impacts	Mitigating actions
Increased pricing of GHG emissions Policy & Legal (Transition)	Medium/ Long	Average carbon price of US$60/tonne was applied to our operational carbon footprint. Scenario showed potential highest-level risk in the range of £2-5m pa. This level of financial risk is classed as most 'serious' in this scenario.	**Existing activity** Our sustainability strategy will halve our operational carbon footprint and so significantly reduce any carbon tax liabilities. **Planned actions** Accelerate our carbon reduction activity over time, including extension into value chain.
Mandates on & regulation of existing products & services Policy & Legal (Transition)	Medium/ Long	Regulation is emerging in this space, such as plastic packaging taxes, greater producer responsibility, green claims, anti-deforestation, empowering consumers etc that will likely increase in the medium-long term, particularly in this scenario.	**Existing activity** Our sustainability strategy includes goals to sell more sustainable & healthy products, send zero waste to landfill & transition to better packaging. **Planned actions** Our partnership with FMCG brands means that we can access their latest products with a reduced climate impact. In line with our sustainability strategy, we intend to continue to develop own brand products with more sustainable attributes that will reduce the impact of future mandates & regulation.
Substitution of existing products & services with lower emissions options Technology (Transition)	Long	We expect lower demand for less sustainable products & services and so a need for new product development and substitutions to existing product assortments in the longer term.	**Existing activity** Activity is underway to develop new sustainable product attributes with a view to choice edit product ranges. **Planned actions** Deepen partnerships with FMCG suppliers and build on the existing sustainability strategy goal to sell more sustainable & healthy products.
Costs to transition to lower emissions technology Technology (Transition)	Medium	Increased cost of transition to lower emissions technology in the medium term and reduced potential for differentiation. Potential for estate to be burdened with out of date technologies, particularly in this scenario.	**Existing activity** Our sustainability strategy includes three specific goals to transition key carbon emitting operational areas to lower emissions technology. **Planned actions** Deliver sustainability goals related to energy efficiency and low carbon technologies. Roll out BMS across entire estate and trial alternative transportation fuels for distribution whilst maintaining existing mitigation actions.

03 Strategy

Climate related risks in an orderly transition scenario (2/2)

Risks	Timescale	Potential impacts	Mitigating actions
Changing customer behaviour Market (Transition)	Medium/ Long	Potential for loss of revenue and customer loyalty due to perception that we are less sustainable than alternative retailers, particularly in this scenario.	**Existing activity** Current strategic approach includes a focus on better understanding customer demands and to ramp up engagements with suppliers on development and sale of more sustainable & healthy products. **Planned actions** Build on current value chain activity to ensure our product assortment remains 'Amazing Value' and continues to become a greener choice over time. Our new sustainable product attributes will drive new product development in own brand products and our close partnership with FMCG suppliers means we can respond rapidly to changing preferences.
Increased cost of raw materials Market (Transition)	Medium	Along with other retailers, this risk has already been experienced through the recent 'cost of living' crisis and associated input cost rises. The ability to pass on further cost increases may be limited over time.	**Existing activity** Energy efficiency, sustainable distribution and development of more sustainable and healthy products is laying the groundwork for further mitigation activity. **Planned actions** Accelerate energy efficiency measures, less use of fossil fuels and explore self generation of electricity to minimise key impacts. Further activity is required with own brand suppliers by leveraging our unique sourcing model. FMCG suppliers are a lower risk due to their existing sustainability strategies.
Shifts in consumer preferences Reputation (Transition)	Long	Customers already expect their retailers to take action on their behalf and this is likely to increase, particularly in this scenario.	**Existing activity** We have aligned our sustainability activity with 'Amazing Value' to democratise the benefits of a transition to a low carbon future. **Planned actions** Continue development of our sustainability customer insight activity to further clarify reputational impacts of this risk. This will allow us to minimise risk and maximise opportunities from shifts in consumer preferences.

03 Strategy

Climate related risks in a partial transition scenario (1/2)

Risks	Timescale	Potential impacts	Mitigating actions
Increased pricing of GHG emissions Policy & Legal (Transition)	Long	Average carbon price of US$60/tonne was applied to our operational carbon footprint. Scenario showed potential highest-level risk in the range of £2-5m pa. This level of financial risk is still considered 'serious', albeit lower than in the 'orderly transition' scenario.	**Existing activity** Our sustainability strategy will halve our operational carbon footprint and so significantly reduce any carbon tax liabilities. **Planned actions** Accelerate our carbon reduction activity over time, including extension into value chain.
Changing customer behaviour Market (Transition)	Medium	Potential for loss of revenue and customer loyalty due to perception that we are less sustainable than alternative retailers in this scenario.	**Existing activity** Current strategic approach includes a focus on better understanding customer demands and to ramp up engagements with suppliers on development and sale of more sustainable & healthy products. **Planned actions** Build on current value chain activity to ensure our product assortment remains 'Amazing Value' and continues to become a greener choice over time. Our new sustainable product attributes will drive new product development in own brand products and our close partnership with FMCG suppliers means we can respond rapidly to changing preferences.
Increased cost of raw materials Market (Transition)	Medium	Along with other retailers, this risk has already been experienced through the recent 'cost of living' crisis and associated input cost rises. The ability to pass on further cost increases may be limited over time.	**Existing activity** Energy efficiency, sustainable distribution and development of more sustainable and healthy products is laying the groundwork for further mitigation activity. **Planned actions** Accelerate energy efficiency measures, less use of fossil fuels and explore self generation of electricity to minimise key impacts. Further activity is required with own brand suppliers by leveraging our unique sourcing model. FMCG suppliers are a lower risk due to their existing sustainability strategies.

03 Strategy

Climate related risks in a partial transition scenario (2/2)

Risks	Timescale	Potential impacts	Mitigating actions
Shifts in consumer preferences Reputation (Transition)	Long	Customers already expect their retailers to take action on their behalf and this is likely to increase.	**Existing activity** We have aligned our sustainability activity with 'Amazing Value' to democratise the benefits of a transition to a low carbon future. **Planned actions** Continued development of our sustainability customer insight activity will help to further clarify reputational impacts of this risk. This will allow us to minimise risk and maximise opportunities from shifts in consumer preferences.
Changes in precipitation patterns & extreme variability in weather patterns Chronic (Physical)	Long	Key focus for this modelling was precipitation in the UK that could affect both products and operations. Risk of additional costs with store and depot operations through the need to adapt. Value chain impacts will be mostly felt in food products sourced from the UK. Our modelling took a middle ground to balance operational and value chain impacts.	**Existing activity** Our carbon reduction targets lower our operational GHG emissions. Store impacts are reduced by our ability to move locations without incurring significant costs. Depots subject to lease length. **Planned actions** Accelerate and build off existing operational carbon reduction activity. Extend focus into our value chain to address scope 3 emissions, over time.

03 Strategy

Climate related risks in a no transition scenario

Risks	Timescale	Potential impacts	Mitigating actions
Increased cost of raw materials Market (Transition)	Medium/ Long	Along with other retailers, this risk has already been experienced through the recent 'cost of living' crisis and associated input cost rises. The ability to pass on further cost increases may be limited over time.	**Existing activity** Energy efficiency, sustainable distribution and development of more sustainable and healthy products is laying the groundwork for further mitigation activity. **Planned actions** We intend to accelerate energy efficiency measures, less use of fossil fuels and explore self generation of electricity to minimise key impacts. Further activity is required with own brand suppliers by leveraging our unique sourcing model. FMCG suppliers are a lower risk due to their existing sustainability strategies.
Shifts in consumer preferences Reputation (Transition)	Long	Customers already expect their retailers to take action on their behalf and this is likely to increase in this scenario due to a perceived lack of action.	**Existing activity** We have aligned our sustainability activity with 'Amazing Value' to democratise the benefits of a transition to a low carbon future. **Planned actions** Continued development of our sustainability customer insight activity will help to further clarify reputational impacts of this risk. This will allow us to minimise risk and maximise opportunities from shifts in consumer preferences.
Increased severity of extreme weather events such as cyclones & floods Acute (Physical)	Long	Analysis was carried out on UK flooding, noting the lack of scientific consensus over longer timescales. Potential for multiple impacts across our operational and value chain assets, including for our colleagues.	**Existing activity** Our current sustainability strategy targets significant operational carbon reductions to lower our GHG emissions. **Planned actions** Continue to reduce operational carbon emissions and extend into our value chain. Carry out risk assessments to better understand the impact of extreme weather on our key infrastructure and on our value chain.
Changes in precipitation patterns & extreme variability in weather patterns Chronic (Physical)	Medium/ Long	Key focus for this modelling was precipitation in the UK that could affect both products and operations. Risk of additional costs with store and depot operations through the need to adapt. Value chain impacts will be mostly felt in food products sourced from the UK. Our modelling took a middle ground to balance operational and value chain impacts.	**Existing activity** Our carbon reduction targets lower our operational GHG emissions. Store impacts are reduced by our ability to move locations without incurring significant costs. Depots subject to lease length. **Planned actions** Accelerate and build off existing operational carbon reduction activity. Extend focus into our value chain to address scope 3 emissions, over time.

03 Strategy

Analysis identified the same potential opportunities across all scenarios. As such, they are amalgamated into one table below. These opportunities apply in the short-medium term and will be further explored and developed by the Sustainability Team, as appropriate.

Climate related opportunities

Opportunities	Timescale	Potential of opportunity	Maximising opportunities
Use of more efficient modes of transport Resource efficiency	Short	Using the 'lens' of sustainability helps us to identify and unlock efficiency benefits that both reduce the cost to operate and our carbon emissions.	Our sustainable travel policy encourages colleagues to travel less, saving costs, and to travel better, saving carbon. Logistics has made significant investments in technology, such as longer / double-deck trailers, and routing software that enhances efficiency of the network.
Use of lower emission sources of energy Energy source	Short	Potential for higher carbon prices would increase operating costs with further risk of reputational damage. Conversely, moving to more efficient fleet provides a key opportunity, that can be maximised if taken early on.	Our 100% BEV company car fleet has already reduced cost of fuel cards and our logistics carbon reduction plans will continue to realise significant carbon benefits. Logistics remains a key opportunity to further de-carbonise, through alternative fuels, and so reduce operating costs further in the future.
Participation in renewable energy programs & adoption of energy efficiency measures Resilience	Short/ Medium	Energy efficiency and a greater percentage of renewable energy is key to the resilience of both UK businesses and consumers. Supporting renewable energy schemes and investing in efficiency measures is both good for business and for our customers. It also has the potential to allow us to continue to operate in a more challenging future.	In FY23 we purchased 100% renewable energy for our UK operations in support of our carbon reduction strategy. Increasing this support into funding renewable energy schemes will help us to both further increase our resilience and that of the UK energy sector. Reducing waste is in our DNA, such as replacing fridges with latest energy efficient models, BMS and being the UK's first value retailer with 100% doors on fridges.

04 Risk management

Risk management

We have an established process for identifying, assessing and monitoring risks. Risks are contained within a corporate Risk Register, managed by the Audit & Risk Team. These are scored against set criteria and include regulatory, financial and reputational impacts. This Register is reviewed at least every quarter by the Assurance & Risk Committee, chaired by the Finance Director. This Board-level committee comprises the Risk & Audit Team, Group-level colleagues and senior team members from across the business. During these meetings each risk is reviewed, and scores are re-assessed and updated as appropriate.

Board Directors are assigned the risks relevant to their operational area. They work with the Risk & Audit Team to manage and mitigate any such risks with outcomes reported into the Assurance & Risk Committee. In addition, at least every six months the Board will hold a Risk Workshop where they review all risks and the scoring assigned to them, along with actions taken to mitigate or manage these risks. At the conclusion of these meetings the Risk & Audit Team will update the Risk Register and associated action plans.

Climate-related risks

Climate-related risks were included in the Risk Register for the first time in FY23, in recognition of their growing importance. Environmental sustainability falls within a principal 'Environmental, Social & Governance' (ESG) risk. ESG was classified as a 'moderate' risk with the risk exposure as 'low'.

In addition, the Sustainability Team manage a public policy tracker that reviews key upcoming regulatory changes. Risks identified in this report were assigned a score using the standard risk heatmap process, as applied by the Risk & Audit and Finance Teams to all risks.

Risk heat map

Impact					
5	L	M	H	H	H
4	I	L	M	H	H
3	I	L	L	M	H
2	I	I	L	L	M
1	I	I	I	I	**L**
	1	2	3	4	5

Likelihood

Key

I = Insignificant
L = Low
M = Moderate
H = High

Future actions

In mid FY23, risk processes were centralised at Pepco Group level. The Head of Risk now manages a central Risk Register and process for all Operating Companies, supported by the Risk & Audit Team in each business unit. From FY24, it is intended to continue to build on existing climate-related risks at both Poundland and Group level. The outcomes of our TCFD scenario planning, both physical and transitional risks, will help to inform this process.

The Risk & Audit Team will engage with the Sustainability Team and Sustainability Committee to further develop climate-related risks during FY24.

05 Metrics & Targets

Strategic approach

In 2020, during the creation of our sustainability strategy, we identified the need to reflect climate-related risks and opportunities within its workplan. In recognition of this, we set an overarching goal to halve our operational carbon footprint with a series of goals underneath to drive progress. These carbon goals align both with the intention of the Paris Agreement and with the UK Government's Net Zero pathway. Additional strategic goals were also agreed by the Board to mitigate our wider, less carbon-focussed, climate impacts.

The Board assessed that the initial strategic goals should be more short-term focussed, to the end of 2024, so as to ensure that the date is close enough to drive activity today. All goals are SMART and reviewed annually to ensure they remain stretching or are re-set if achieved early. All sustainability goals are calendar year to reflect our desire to engage with our customers on this journey. The carbon footprint is also calculated as a FY dataset in Pepco Group annual reporting.

Our approach to carbon

Our strategy was built around an overarching absolute operational carbon reduction goal to both minimise climate-related risks for our direct business and to act as a totem to engage colleagues on this strategic activity. In this way we can engage colleagues across stores, depots and our Customer Service Centre to mitigate our carbon emissions.

Emissions scope (absolute)	CY19	CY20	CY21	CY22	CY22 % change vs baseline
Scope 1	15,690 tCO2e	14,800 tCO2e	12,844 tCO2e	14,211 tCO2e	(9%)
Scope 2	20,715 tCO2e	18,027 tCO2e	17,059 tCO2e	12,540 tCO2e	(39%)
Scope 3	17,343 tCO2e	15,976 tCO2e	17,558 tCO2e	15,679 tCO2e	(10%)
Total	**53,748 tCO2e**	**48,803 tCO2e**	**47,461 tCO2e**	**42,429 tCO2e**	**(21%)**

** Carbon calculated as tonnes of CO2 equivalent (tCO2e) using the GHG Protocol recommended conversion factors*

In FY23, we started to report our sustainability strategy and carbon emissions via our customer website. In addition, we use a variety of internal colleague communication channels, including our 'Your Voice' surveys, and web portal, to engage all colleagues in strategy delivery.

05 Metrics & Targets

Headline carbon reduction targets

Strategic goal (vs baseline CY19)	Target date	Aligned to TCFD risk	Progress end CY22	Narrative
Reduce our operational carbon footprint by 50%	End CY24	Policy & Legal Reputation	(21%)	Headline goal delivered through the three operational goal
Reduce the carbon impact of energy by 60%	End CY24	Policy & Legal Technology Reputation	(33%)	Operational goal focussed on energy efficiency, refrigeration gas improvements, fridge doors & increasing use of renewable electricity
Reduce the carbon impact of domestic deliveries by 40%	End CY24	Policy & Legal Technology Market Reputation	(10%)	Operational goal focussed on using lower carbon road fuels, driving less miles and leveraging technologies, such as longer & double-deck trailers
Reduce the carbon impact of business travel by 20%	End CY24	Policy & Legal Technology Reputation	(18%)	Operational goal focussed on only providing BEV cars on the company car fleet, offering less carbon intensive business travel options & work from home policies

05 Metrics & Targets

Additional targets related to identified risks

Strategic goal (vs baseline CY19)	Target date	Aligned to TCFD risk	Progress end CY22	Narrative
Every bag made out of 100% recycled / sustainable materials & is 100% recyclable	End CY24	Policy & Legal Reputation	*80% recycled content*	Customer shopping bags are a highly visible totem of waste and plastic use and so ensuring they are both made from recycled content and are recyclable is a key step
100% of non-food customer packaging is recyclable / reusable & plastic is minimised by 35%	End CY24	Policy & Legal Technology Market Reputation	*Analysis underway*	In support of better packaging recyclability, this goal uses the OPRL system to help customers recycle
Grow the range of sustainable & healthy products year on year	End CY24	Technology Market Reputation	*•35% BCI cotton* *•New product attributes defined*	Key driver is to sell more sustainable products at our Amazing Value to enable customers to live more sustainable lives, as well as range edit towards healthier products. Activity includes membership of Textiles 2030
Reduce our operational waste by 50%	End CY24	Policy & Legal Reputation	*•100% ZWTL* *•15% waste reduction*	Building on zero waste to landfill (achieved CY22), our focus is to create less waste in the first place (excludes cardboard and clear plastic that is baled and recycled)

Future actions

We intend to calculate our scope 3 non-operational carbon footprint and publish this in our TCFD Report FY24. As the current Sustainability Strategy is due to expire at the end of 2024, new goals will be set, including those related to reducing all scopes of carbon emissions. SMART goal targets will continue to be short-term focused but with medium and long term 'signpost' targets also included. This approach will continue to ensure that colleagues across the business remain focused in mitigating climate-related risks and to identifying climate-related opportunities.

06 Conclusion

Thanks for reading our first TCFD Report. We're proud of the progress we've made to reduce our environmental impacts, both from carbon and wider perspectives. While our risk process defines climate-related risks as less material to our operations today, we recognise that this will likely increase in the future and that we have a key role to play to show others in the discount sector that changes can be made.

Whilst the production of this report was a steep learning curve for our colleagues, it was, overall, a helpful process. It highlighted how our current strategy is relevant and focuses on the material areas of our business, while also showing areas for consideration for future targets. Our Sustainability Team, supported across the business, will leverage its findings as part of our day-to-day activity. We have highlighted key next steps in the relevant sections of this report and these will be actioned, as appropriate.

Since starting on this journey in 2020, I've been particularly proud to deliver activity that will halve our operational carbon footprint and move us to 100% renewable energy. We have also rolled out the only 100% fridge door estate in value retail and made genuine steps to become a more environmentally focussed business. In the future, I will be expanding our activity into our value chain to engage both with branded and own brand suppliers.

Your feedback is welcome, please do get in touch.

Alan Smallman
Director of Sustainability

06 Conclusion

Poundland Sustainability Strategy 2024

Our overarching goal: Reduce our operational carbon footprint by 50%

WE WILL:
1 ***Lead*** value retail in demonstrating that sustainability is both achievable and good for business
2 ***Drive*** customer loyalty and increased spend by making sustainable products affordable for everyone
3 ***Build*** a more resilient company that is better prepared for the changing climate

Our business	Our shops	Our transport	Our products
We know our environmental impacts & are engaging all our colleagues	We keep lowering the environmental impact of running our shops & offices	We minimise the environmental impact of transporting products	We will sell more sustainable products that enhance our customers' lives
Goals: 1 Embed the narrative around 'Care for Our Planet' 2 Reduce the carbon impact of business travel by 20%	**Goals:** 3 Reduce the carbon impact of energy by 60% 4 Every bag made out of 100% recycled / sustainable materials & is 100% recyclable 5 Reduce our operational waste by 50%	**Goal:** 6 Reduce the carbon impact of domestic deliveries by 40%	**Goals:** 7 100% of non-food customer packaging is recyclable / reusable & plastic is minimised by 35% 8 Grow the range of sustainable & healthy products year on year

Goals vs 2019

Bringing our customers 'Amazing Value' through our sustainability strategy

Acknowledgements

Report supported by ETANTE Ltd on behalf of Poundland Sustainability Team

ETANTE

Poundland CSC Midland Road Walsall
WS1 3TX
Tel: +44 (0) 121 568 7000
www.poundland.co.uk
sustainability@poundland.co.uk