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THG Basis of Reporting 2025 - GHG Emissions and Energy

This Basis of Reporting document outlines the definition, scope, methodology and assumptions used to calculate and the KPIs and metrics covering GHG emissions and energy related data by THG for the 2025 Annual Report & Accounts.

Introduction

THG PLC is a global e-commerce group and brand owner headquartered in Manchester, UK, which operates through two leading consumer businesses: THG Beauty and THG Nutrition.

This document outlines the definition, scope, methodology and assumptions used in THG's Energy and Emissions Reporting included in the company's Annual Report and Accounts. The Group has a regulatory obligation to report on Greenhouse Gas ('GHG') emissions as per the requirements under UK Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013; and the UK Streamlined Energy & Carbon Reporting (SECR) regulations.

All emissions data is reported for the period 1st of January to 31st of December 2025. We report our GHG emissions in accordance with the GHG Protocol, which sets a global standard for how to measure, manage and report GHG emissions.

Scope

GHG emissions

GHG emissions are broken down into Scope 1, 2 & 3.

- Scope 1 emissions are our direct emissions from the combustion of fuel/energy sources onsite from our buildings, vehicles, and machines.
- Scope 2 emissions cover our indirect emissions from the purchase of electricity.
- Scope 3 cover indirect emissions from our supply chain. This includes all our purchased goods and services, distribution, and travel for business.

The Group chooses to use an intensity ratio of GHG emissions per £1m turnover. Using turnover offers a simple way to measure and monitor Group performance on emissions and is also a useful way to benchmark and compare with other organisations. Using turnover is also the most appropriate given the range of activities and sectors THG operate in.

Energy

Total energy use includes direct and indirect energy reported in kWh.

We report on the:

1. Total renewable electricity use as: $\frac{\text{Total renewable electricity (kWh)}}{\text{Total electricity use (kWh)}}$ expressed as a percentage (%).

Supplier emissions factors are used for sites with REGOs (Renewable Energy Guarantees of Origin) or RECs (Renewable Energy Certificates), and the energy consumed from sites with REGOs are reported as 'Renewable' and is part of the calculation of 'Total renewable

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electricity'. On site solar energy consumption is also reported as 'Renewable' and forms part of the calculation for 'Total renewable electricity'.

Existing Environmental KPI's

- Scope 1 emissions (Tonnes of CO₂e)
- Scope 2 location-based emissions (Tonnes of CO₂e)
- Scope 2 market-based emissions (Tonnes of CO₂e)
- Total energy use (kWh)
- Total energy use in the UK versus the 'Rest of World' (kWh)
- Renewable electricity across operations (%)
- Year on Year difference in Energy Use (kWh)
- Year on Year difference in Scope 1 emissions (Tonnes of mCO₂e)
- Year on Year difference in Scope 2 location-based emissions (Tonnes of mCO₂e)
- Year on Year difference in Scope 2 market-based emissions (Tonnes of mCO₂e)
- Year on Year difference in Renewable Electricity across operations (%)
- Total Scope 1 & 2 Emissions of market-based emissions in the UK versus the 'Rest of World' (Tonnes of CO₂e)
- Scope 3 2025 Emissions (Tonnes of CO₂e)

Reporting period

The 2025 reporting period covers 01 January 2025 to 31 December 2025 which aligns with the Group's Annual Report and Accounts.

Reporting boundary

Scope 1 and 2

THG reports emissions data using an operational control approach to define our organisational boundary, which meets the definitional requirements of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 in respect of those emissions for which we are responsible. Where an activity falls under our operational control, we report 100% of the associated emissions.

Operational control has been assumed where THG can influence, manage, and track energy use and/or emissions from an operation, details below:

- i. Where we have a contract directly with the energy supplier - the site is considered under our control.
- ii. Where energy is paid by the landlord and re-charged to us based on the actual amount we have consumed (i.e., metered amount) - the site is considered under our control.

Out of operational control has been assumed where THG **cannot** influence, manage, and track energy use and/or emissions from an operation, details below:

- i. Where we pay a fixed fee for energy as part of our rental payments (i.e., regardless of the amount consumed) - the site is considered NOT under our control and emissions associated with this energy usage would be captured in our Scope 3 numbers.

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The property list is updated regularly throughout the year, taking into consideration acquisitions and disposals throughout the reporting period.

Scope 3

The 15 scope 3 categories were assessed for relevance to THG. The emissions categories covered in our submission to the SBTi, which is the baseline for this and future reporting, were categories 1-7, 9, 11-12, and 14.

The Scope 3 emissions categories 8, 10, 13 and 15 have been deemed not applicable for THG during 2025. These emissions sources are deemed not applicable to THG based on the current business structure and model. The following justifications are given for each excluded emissions category:

- Scope 3 Category 8 - Upstream leased assets. There are no assets fitting this category and therefore this was deemed not applicable. Any relevant services will be captured with Scope 3 Category 1, Purchased goods and services.
- Scope 3 Category 10 - Processing of Sold Good. No goods sold by THG require additional downstream processing, only finished goods are sold. Therefore, this category was deemed not applicable.
- Scope 3 Category 13 - Downstream leased assets. THG does not lease any assets to third parties, therefore this category was deemed to be not applicable.
- Scope 3 Category 15 - Investments. THG does not make any investments, therefore, this category was not applicable.

A review of acquisitions or divestments takes place to ensure all relevant entities are captured with the reporting and this aligns to the published entity list within financial reporting.

Calculation methodology

Data collection process and system - Scope 1 & 2

Energy consumption data is gathered on a weekly, monthly, or quarterly basis depending on the data type and source. Data is then converted to kWh where necessary and Scope 1 and 2 emissions are calculated using appropriate emissions factors.

Energy and associated emissions from the use of fuels and electricity are collected and calculated via several methods:

- a) Automatic Meter readings: Electricity and gas consumption is automatically captured and evidenced using opening and closing meter readings which is displayed in invoices or on supplier portals
- b) Utility or fuel card invoices: The majority of UK sites data for the reporting period is evidenced by utility bills via our Energy Broker consumption reports. For some smaller sites and international sites, these bills are collected by local teams. Vehicle consumption data is evidenced by fuel card invoices/reports.
- c) Non - Automatic Meter readings: Electricity and gas consumption is manually captured and evidenced using opening and closing meter readings which is displayed in invoices or meter displays

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d) Estimations: See sub-section “Estimates, assumptions and exclusions”

Data collection process and system - Scope 3

Scope 3 emissions are in the most part calculated manually. This is due to the complexity of the activity data, the requirements for data processing, and the diversity of emissions factors. A data control document details the data required, source and frequency of the reports required. These reports are assessed to identify the emissions associated with the spend or weight data and the total for each category is combined to calculate the total scope 3 value. These calculations are checked internally, before verification by a different third-party.

Data sources and collection methods

Scope 1 & 2

Scope	Emission source	Data source	Method	Related KPI and units
1	Fuel combustion - Natural Gas, Gas Oil	Invoices/Meter readings	Collected by: 1) Third party (energy broker) on a monthly basis, 2) Invoices from local THG teams or landlords on a monthly, quarterly or biannual basis and 3) Meter reads by local THG site teams on a monthly basis	Total energy consumption (kWh) and Scope 1 emissions (CO2e).
	Vehicle fleet - Diesel, Petrol, Gas Oil and LPG	Invoices/Fuel card bills	Collected by 1) Fuel card bills (monthly) and 2) invoices from local THG teams (monthly) 3) images of the dashboard showing kilometres / miles travelled in a period.	Total energy consumption (kWh) and Scope 1 emissions (CO2e).
2	Electricity	Invoices/Meter readings	Collected by: 1) Third party (energy broker) on a monthly basis, 2) Invoices from local THG teams or landlords on a monthly, quarterly or biannual basis and 3) Meter reads by local THG site teams on a monthly basis	Total energy consumption (kWh) and Scope 2 emissions (CO2e) -market and location based

Scope 3

#	Category Name	Data source	Method

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1	Purchased Goods and Services	A mix of spend and weight data used, for purchased goods	<p>Beauty - a mixture of spend and weight-based industry average emissions factors were used, including LCA data for similar products.</p> <p>Nutrition - a mixture of spend and weight-based industry average emissions factors were used, with LCA data for comparable products, where available. Where LCA data is used, this only includes the manufacturing and raw material extraction emissions (cradle to gate) of the product.</p> <p>Supplier-specific emissions information was used where available, otherwise industry average emissions factors were used. These were sourced from UK Government GHG Conversion Factors for Company Reporting and DEFRA's Supply chain emission factors for spending on products. All spend based emissions factors were converted to GBP.</p> <p>Spend data is used to calculate all emissions from services.</p>
2	Capital Goods	High-level spend data by category.	DEFRA's supply chain emissions factors were used to convert the activity data into emissions.
3	Fuel- and Energy-Related Activities	Used the same activity data (but different emission factors) as scopes 1&2 fuel and energy GHG assessment	WTT emissions factors were sourced from DEFRA's Emissions factors for the company reporting (Full Set 2025 Version 1.0) and applied to the Fuel- and Energy- related data from scopes 1 and 2.
4	Upstream Transportation and Distribution	Mass of products, with approximate delivery distance (country level only).	<p>Data for tonne.km (this unit was used for the emissions associated with transporting one tonne of goods one kilometre) for the transport and distribution methods, and the mode by which goods were transported was available. The tonne.km data was used to calculate WTT T&D emissions. The WTT for internal T&D between THG warehouse was included in the T&D calculations for this distribution.</p> <p>WTT and T&D emissions factors were sourced from DEFRA's Emissions factors for the company reporting (Full Set 2025 Version 1.0).</p>
5	Waste Generated in Operations	Weight by waste type and disposal method	<p>Emissions due to waste generated were calculated using supplier waste weight collection and disposal method data. This was extrapolated where the data was unavailable for specific sites using data from operationally similar sites of a comparable size.</p> <p>Emissions factors were sourced from DEFRA's Emissions factors for the company reporting (Full Set 2025 Version 1.0).</p>
6	Business Travel	Activity data (e.g., distance, or spend) by a method of collating travel, plus hotel stays	Emissions from business travel are pre-calculated by the Group's travel provider. The methodology was reviewed and in line with the reporting requirements.

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7	Employee Commuting	<p><i>Commuting:</i> mode of travel, frequency, distance data collected via staff survey.</p> <p><i>Home working:</i> no. staff days/year is available and adequate for preliminary assessment</p>	<p>Emissions from commuting of employees is calculated from the results of 2024's commuting survey, which was distributed to all full-time THG staff. This included all office, fulfilment, and other staff, but NOT contractors or temporary staff. 2025 employee numbers were used to calculate an accurate result for the reporting year.</p> <p>Emissions factors were assigned based on mode of transport (i.e., car, bus, walk etc.) and fuel type of transport (i.e., diesel, petrol, hybrid etc.). The corresponding WTT emissions factor was also assigned.</p>
8	Upstream leased assets	Out of Scope	This category did not apply to THG in 2025.
9	Downstream Transportation and Distribution	In-store sales of THG products – units sold; and T&D: mass of products, with approximate delivery distance (postcode based/city or major city based).	<p>In-store sales were aggregated in 4 categories: clothing, drink – can, food, and vitamins. The quantity sold was converted into tonnes. The weight was multiplied by a literature-based emissions factor that reflects in-store refrigeration and transportation.</p> <p>For THG's satellites, where the customer arranged transportation, it calculated tonnes.km and multiplied by the relevant DEFRA emission factor depending on 'chilled' or 'ambient' transportation status (all calculated WTW).</p>
10	Processing of Sold Products	Out of Scope	As THG does not produce intermediate products, this category was not applicable.
11	Use of Sold Products	Units sold; energy rating and lifetime usage estimated based on research	Direct emissions from sold electrical products were estimated from the predicted energy consumption and lifetime. Estimated consumption and lifetime were based on the high-level product category (e.g., Haircare products, LED skincare, etc.). The average emissions from electricity consumption are calculated using the UK grid electricity factor, taken from the DEFRA emissions factors (inclusive of WTT and T&D losses).
12	End-of-Life Treatment of Sold Products	Modelled using an approximate mass of goods & packaging sold, with materials (for packaging only) and UK average disposal/ end-of-life route.	<p>End of life treatment emissions applied to sold electrical products, clothing, and packaging. The total quantity (in kg) of each of these items sold was taken from purchase ledgers and the annual UK Packaging Compliance submission to the Environment Agency.</p> <p>The emission factors for end-of-life treatment were taken from the DEFRA reporting factors and recycling rates were based on UK Government research.</p>
13	Downstream Leased Assets	Out of Scope	This category did not apply to THG in 2025.

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14	Franchises	Sales revenue from each franchisee	Where available, the 24/25 emission data from relevant partnerships was used, and apportioned to THG based on the proportion of total revenue that THG licensed products made up. Where not available, emissions were calculated by extrapolating the data for the remaining partnership sales. The emission factor is an intensity value based on partnership's emissions per net sales in the franchise agreement: emissions / £ and multiplying the revenue of the other partnerships with this intensity value to estimate their emissions.
15	Investments	Out of Scope	This category did not apply to THG in 2025.

Estimates, assumptions and exclusions

Estimates were used for natural gas and electricity consumption in properties where meter readings or invoice data were not available. In these instances, natural gas and electricity estimations were calculated using:

- 1) Using the specific sites meter average consumption (based on the actual data during the reporting year or the year preceding) and applying it to the missing month(s). This calculation was used in the first instance. If data was not available, then methodology 2 was used.

or

- 2) The consumption at a property used for the same purpose, where a business had moved from one property to another. The data used to make the estimation took the consumption data from the year prior, spanning of the same time period, and applied it to the missing month(s).

Conversion factors for fuel units to kWh were taken from the publications where the emission factors are published.

F-gas/fugitive/refrigerant emissions are currently excluded as it was not possible to make robust assumptions and therefore not included in this year's reporting scope but will aim to include it in future years once a consistent approach to data collection has been implemented for this source.

Emissions factors

We calculate our GHG emissions, measured in carbon-dioxide equivalent (CO₂e), through the collection of source data in their appropriate units (e.g. kilowatt-hours (kWh), litres (L), cubic metres (m³) etc.) and converting into the associated carbon emissions using the relevant emissions factors.

THG has used the following factors to calculate GHG emissions for the reporting period:

Scope 1

- The 2025 UK Government GHG Conversion Factors for Company Reporting have been used for Natural Gas and diesel used in UK. Overseas emissions factors were obtained from various country specific or international. A full list of sources used for 2025 emissions conversion factors used can be found in Table 1.
- On-site solar will have an emissions factor of zero.

Scope 2

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- Under the Location-based reporting method, the 2025 UK Government GHG Conversion Factors for Company Reporting have been used for electricity used in UK. Overseas emissions factors were obtained from various country specific or international. A full list of sources used for 2025 emissions conversion factors used can be found in Table 1.
- Emission factors of zero were used for all electricity consumed under the Market-based reporting method. This is because country specific, RECs, Regos and GoOs were purchased to the amount of electricity used across the business.

Emissions factor source documents

Country	Emissions factor source
Australia	National Greenhouse Accounts Factors. 2025. (Ref: Australian Capital Territory and Queensland Territory)
India	CO2 Baseline Database for the Indian Power Sector User Guide Version 21.0 November 2025 Government of India Ministry of Power Central Electricity Authority
France	ADEME Base Carbone® v23.x
Poland	KOBiZE - "Net Calorific Values (NCV) and CO ₂ Emission Factors (EF) for the year 2022 for reporting under the Emissions Trading System for the year 2025."
United Kingdom	UK Government (DESNZ/Defra) 2025 electricity grid average emissions factor UK Government (DESNZ/Defra) 2025 Gaseous fuels Natural Gas (kWh Net CV) emissions factor UK Government (DESNZ/Defra) 2025 Liquid fuels Diesel (kWh Net CV) emissions factor
United States of America	EPA Center for Corporate Climate Leadership. Emission Factors for Greenhouse Inventories Electricity and Mobile combustion (diesel and natural gas) 2025 (Ref: California, Kentucky and North West)

Scope 3

The typical method for estimating carbon emissions is based on the methods listed below, which are shown in descending order of general accuracy below:

- Supplier specific.
- Hybrid (combination of supplier-specific and average data).
- Average data (such as industry average emission factors).
- Spend-based (applying the most relevant available environmentally extended input-output (EEIO)-derived emission factors based on spend).

Due to a change in our calculation method from outsourced to in-house, no new emissions factors have been added to maintain consistency with previous reporting years.

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Intensity ratio

The intensity metrics used are 1) tonnes of CO₂e per £1m revenue and 2) kWh per £1m revenue. Our emissions and energy are normalised by total company revenue for the year ended 31 December 2025, which is in line with our GHG emissions reporting period.

Restatement Policy

Where information becomes available, we will restate prior year's figures using the latest available data to ensure comparability between years. The threshold for restatement for prior year adjustments and errors is 5%.

Following the demerger of THG, baseline emissions have also been recalculated to reflect the revised organisational and operational boundaries of THG PLC.

The demerger represented a structural change to the Group and required historical emissions to be re-baselined to enable meaningful year-on-year comparison. Prior emissions have therefore been reallocated to THG PLC using consistent and reasonable methodologies, informed by the separation of assets, operational activities and associated expenditure between the continuing and demerged entities. These methodologies are aligned with the current reporting boundaries and have been applied consistently across all prior reporting periods.

Where restatements have been made for specific indicators, these will clearly be outlined in our selected greenhouse gas emissions data and Annual Report.

Contact information

sustainability@thg.com

Assurance and Assurance Statement

We engaged Forliance to undertake a limited assurance engagement using the ISAE 3000 assurance standards. The assurance process helps us review our procedures and systems, providing valuable feedback on where we can improve. All data assured by Forliance are clearly marked in THG's 2025 Annual Report & Accounts. Details of what was performed and the associated assurance statement is included below:

Independent Limited Assurance Report

To the Stakeholders of THG Plc:

FORLIANCE GmbH ('FORLIANCE' or 'we') was engaged by THG Plc ('THG') to provide limited assurance over specific quantitative data related to THG's greenhouse gas emissions described below for the year ended 31st December 2025.

Assurance Scope

The scope of our work was limited to assurance over the following information (the 'Selected Information') presented in the documents 'Scope 1 and 2 PLC 2025' and '2025 Emissions Dashboard':

- 2025 Scope 1 emissions (metric tonnes of CO₂e)
- 2025 Scope 2 location-based emissions (metric tonnes of CO₂e)
- 2025 Scope 2 market-based emissions (metric tonnes of CO₂e)
- 2025 Total Scope 1 and 2 emissions UK & rest of the world (metric tonnes of CO₂e)
- 2025 Total energy use (kWh)
- 2025 Renewable electricity across operations (%)
- 2025 Scope 3 emissions (metric tonnes of CO₂e)
- 2025 Scope 3 emissions split out by category (metric tonnes of CO₂e)

The period covered was 1st January 2025 – 31st December 2025. We have not performed any work, and do not express any conclusion, over any other information that may be included in the Reports or displayed on THG's website.

Criteria Used

The Reporting Criteria we used to form our judgements are the 'THG Basis of Reporting 2025' ('Basis of Reporting') as well as:

- The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
- Corporate Value Chain (Scope 3) Standard

The Selected Information needs to be read together with the Basis of Reporting.

Assurance Standard Applied

We performed our work in accordance with International Standard on Assurance Engagements (UK) 3000 – ‘Assurance Engagements other than Audits or Reviews of Historical Financial Information’ (‘ISAE (UK) 3000’) issued by the Financial Reporting Council.

Limitations of our Engagement

The nature of non-financial information; the absence of a significant body of established practice on which to draw; and the methods and precision used to determine non-financial information, allow for different, but acceptable evaluation and measurement techniques and can result in materially different measurements, affecting comparability between entities and over time. The Selected Information has been measured applying the Reporting Criteria which has been developed solely for the purpose of providing this non-financial information. As such the Selected Information may not be suitable for another purpose.

Responsibilities of THG

The management of THG is responsible for:

- designing, implementing and maintaining internal controls relevant to the preparation and presentation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- selecting and/or developing objective Reporting Criteria;
- measuring and reporting the Selected Information in accordance with the Reporting Criteria; and
- the contents and statements contained within the Report and the Reporting Criteria.

Responsibilities of FORLIANCE

Our responsibility was to plan and perform our work to obtain limited assurance about whether the Selected Information has been properly prepared, in all material respects, in accordance with the Reporting Criteria and to report to THG in the form of an independent limited assurance conclusion based on the work performed and the evidence obtained.

Summary of Work Performed

Considering the level of assurance and our assessment of the risk of material misstatement of the Selected Information, whether due to fraud or error, our work included, but was not restricted to:

- assessing the appropriateness of the Reporting Criteria and methodologies applied for the Selected Information;
- conducting interviews with THG's relevant personnel to understand the key processes, systems and controls in place over the preparation of the Selected Information;
- reviewing the data collection and consolidation processes used to compile the Selected Information, including assessing assumptions made, and the data scope and reporting boundaries
- assessing calculation methodologies and formulas used (including the appropriateness of unit and carbon conversion factors) and manual calculations performed over the Selected Information;
- analysing methodologies, calculations and emission factors applied regarding consistency with the previous Corporate Carbon Footprint

The procedures undertaken in a limited assurance engagement differ in both nature and timing from those in a reasonable assurance engagement and are less comprehensive. Consequently, the level of assurance achieved in a limited assurance engagement is significantly lower than that which would be attained in a reasonable assurance engagement.

Conclusion

Based on the work we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information for the year 2025 has not been properly prepared, in all material respects, in accordance with the Reporting Criteria.

Nevertheless, it should be noted that the result for Scope 3.1 Purchased Goods and Services is not comparable to the previous years' rebase figures. This is due to the demerger of Ingenuity in 2024 and cleaner data quality for 2025 compared to the rebase calculations. In addition, data quality has improved in matching emission factors at product level, while it has decreased as more products are calculated via spend.

KPI's 2025	Verified amount
Scope 1 emissions	2,351.46
Scope 2 location-based emissions	4,615.36

Scope 2 market-based emissions	0.00
Total Scope 1 and 2 emissions: UK location-based	2,501.43
Total Scope 1 and 2 emissions: Rest of the world location-based	4,465.39
Total Scope 1 and 2 emissions: UK market-based	1,072.73
Total Scope 1 and 2 emissions: Rest of the world market-based	1,278.73
Total energy use (kWh)	27,774,265.98
Renewable electricity across operations (%)	100.00

KPI's 2025	Verified amount
Scope 3 Emissions	854,004.77
Scope 3.1 Purchased goods and services	789,269.49
Scope 3.2 Capital goods	810.51
Scope 3.3 Fuel and energy related activities	371.45
Scope 3.4 Upstream transportation and distribution	44,261.43
Scope 3.5 Waste generated in operations	49.99
Scope 3.6 Business travel	843.34
Scope 3.7 Employee commuting	5,374.45
Scope 3.9 Downstream transportation and distribution	83.03
Scope 3.11 Use of sold products	9,223.90
Scope 3.12 End of life treatment of sold products	1,088.50
Scope 3.14 Franchises	2,628.69

Independence, professional standards and quality control

FORLIANCE affirms its independence, ethics and competence as follows:

- We have been appointed by THG, and no member of our assurance team has participated in compiling the GHG report.
- We uphold the integrity, objectivity, professional competence, due care, and confidentiality expected of a professional services provider, ensuring our work meets the rigor required by the ISAE 3000 standard.
- Our team possesses extensive experience in GHG reporting according to the GHG Corporate Accounting and Reporting Standard (revised), as well as the assurance and verification standard ISAE 3000.
- FORLIANCE implements quality control and management practices equivalent to the ISO 9001 International Standard. Our commitment to ethical conduct aligns with the standards expected of environmental and sustainability professionals in conducting ISAE 3000 engagements.

Intended use

This assurance report is made solely to THG in accordance with the terms of the engagement contract between us.



FORLIANCE GmbH

Bonn, March 18th, 2026



Michael Sahn

Director Climate Strategy