

Sustainability Update

Financial Year Ending 2025 (FY25)



Building
Better
Futures

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Foreword

This update marks a significant milestone in our sustainability journey.

By formalising our approach and embedding sustainability into our operations, we aim to lead by example and inspire those around us. Guided by our newly developed sustainability framework, we are focused on measurable goals that align with our values and those of our clients. As you read through this update, you will see our progress, challenges, and aspirations.

We look forward to continuing this journey with our stakeholders and invite you to join us in building better futures for everyone.



Greg Managh
Chief Executive

More than three decades since our founding, our commitment to ethical business practices remains at the heart of everything we do.

Today, sustainability is not just a responsibility, but a vital component of our strategy for long-term success. Our journey toward a more sustainable future is driven by a belief that positive change benefits not only our business but also our clients, employees, partners and the community at large.



Guy Evans
General Manager - Commercial



Executive Summary

We've seen great progress in our goals

Scope 1 and 2 emissions have reduced, waste diversion has improved and energy efficiency efforts continue to show results. Improved data and clearer reporting has helped us to build sustainability into every day decision-making.

We've deepened our investment in our people & community.

Our framework assures an unrelenting focus on staff engagement, well being, safety and training, while creating and strengthening relationships within our communities.

We've formalised our sustainability program.

With the implementation of a dedicated sustainability framework and carbon emissions tracking program, we've firmly embedded sustainability into the way we work and have focused our efforts on what matters most. This update shares our progress and direction across the three pillars of our framework: Our People and Community, Our Planet & Our Business. While there's plenty more to do, we're proud to share the direction we're heading.

We've reviewed and renewed our framework for FY26 and beyond

Following FY25, we reviewed our sustainability framework to ensure it remains effective and focused. Key insights revealed that while our original goals were ambitious, they were too broad, with some straying from core sustainability and diluting resources. As a result, our revised FY26 Framework sees:

- **Refinement:** We've reduced our goals from 27 to 15, focusing on core sustainability priorities.
- **A Dedicated Project Lead:** Appointed to connect the Sustainability Council with Category Owners and manage progress throughout the year.
- **Stronger Collaboration:** Introduced regular one-on-one check-ins with Category Owners to maintain momentum and address challenges.
- **A Clearer Direction:** Developed three targeted action points per goal.

Our Why

We're a proud multi-generational family business, driven by genuine concern for the climate challenges facing us and our children. We believe we have a duty to improve how we operate and contribute to a healthier planet for future generations.

It's also smart business. Reducing emissions and waste, improving efficiency, and supporting our team helps clients meet their goals and builds trust in their supply chain.

Sustainability isn't a side project - it's how we deliver value. By working smarter and cleaner, we support long-term growth, and become a better partner, a better employer, and a better business.



Our Sustainability Framework & Structure FY25



Sustainability at Online Distribution

As a proud, multi-generational family owned business in New Zealand, we're committed to building a legacy that thrives for generations to come.

While we've embraced sustainability initiatives in the past, we now see the power of a formal Sustainability Framework to unite and strengthen every part of our business. Our FY25 framework, detailed in this document, contains 27 goals, built on 3 pillars;

- **Our People & Community**
- **Our Planet**
- **Our Business**

Developed by our Sustainability Council with input from an external consultancy and informed by stakeholder feedback, this framework is a true collaboration. The Council, made up of a cross-section of team members, meets fortnightly to guide progress and support action.

By tracking our progress and openly sharing our actions, we hold our 200+ strong team accountable to deliver on our goals.

At Online Distribution, we're not just dreaming of a sustainable future, we're actively building it with the support of our team, clients, and partners.



FY25 Sustainability Framework

Building Better Futures: Our Sustainability Framework

Our Vision: Building better futures for our people, clients and partners

Our Aspiration: As an organisation, we commit to the intention and outcomes identified in this document

Our People & Community			Our Planet		Our Business			
Employee Health, Safety & Wellbeing	Employee Engagement, Diversity & Inclusion	Community Initiatives	Climate Impact (GHG Emissions)	Supply Chain Management	Packaging	Storytelling	Fulfilment & Freight Efficiency	Client & Customer Experience
We uphold a culture of empowerment where everybody has an equal responsibility to ensure we are all "Safe Today, Safer Tomorrow".	Employees are trained and remunerated appropriately in well defined roles. Internal Promotion is prioritised.	Engage with and support charities and local community initiatives to further their cause, and inspire others to do the same.	We play our part in NZ's low carbon goals through education, process improvements, new technologies and collaboration.	We hold our suppliers to ESG standards no less than that we impose on ourselves.	Ensure that our packaging procurement decisions (and those on behalf of our clients) are informed by validated best practice solutions for end of life and single use materials.	Our employees can articulate our sustainability goals and achievements with pride.	Grow our freight aggregation model while supporting our freight partners to decarbonise.	Apply our scale and expertise to keep our clients' offerings aligned with ever-changing consumer demands.
Annual Health & Safety goals achieved.	Maintain an eNPS score exceeding industry average ENPS score.	Donate designated % of EBIT to charities and local community initiatives.	Maintain a combined 20% reduction in Scope 1 & 2 GHG emissions from FY20 base year.	Develop a supplier code of conduct.	Maintain damage to shipments of 0.25% or less.	Monthly internal newsletter feature highlighting a sustainability improvement/initiative.	Maintain inventory accuracy of 98.5% or more.	Maintain average NPS score of 60 or more.
All operations employees completed introductory Health & Safety digital training modules within 6 months of start date.	Maintain an average of 10 hours (or greater) of documented digital training per employee per year.	Provide 1 month of services at cost-price for sustainability focused brands annually.	Maintain renewable energy generation of double FY20 base year.	Assess 5 largest suppliers for environmental & social impacts.	Maintain a 95% or more rate of all procured packaging recycled, recyclable, reusable or compostable.	Maintain 65% or more favourable response to internal survey question regarding our commitment to sustainability.	Maintain a pick accuracy rate of 99.95% or more.	Client retention rate of 97% or more.
Maintain an average employee "wellness" score of 7.2 or more.	Maintain a zero gender pay gap.	Establish a relationship & provide ongoing support to an educational institution.	Maintain a 75% or greater reduction in waste to landfill compared to the FY20 baseline.	Deploy a client engagement programme with measurements to focus on emission reduction.		External newsletter with Engagement defined by >60% open rate.	Maintain DIFOT (Delivery in Full, On Time) of 96% or more.	Maintain an average 20th query response time of 45 minutes or less.
	All people leaders have had external leadership training prior to or within 3 months of their start date.							

“Each of our goals reflect what matters most to us and our partners as we strive to be a lasting, and responsible business”



FY25 Action Plan

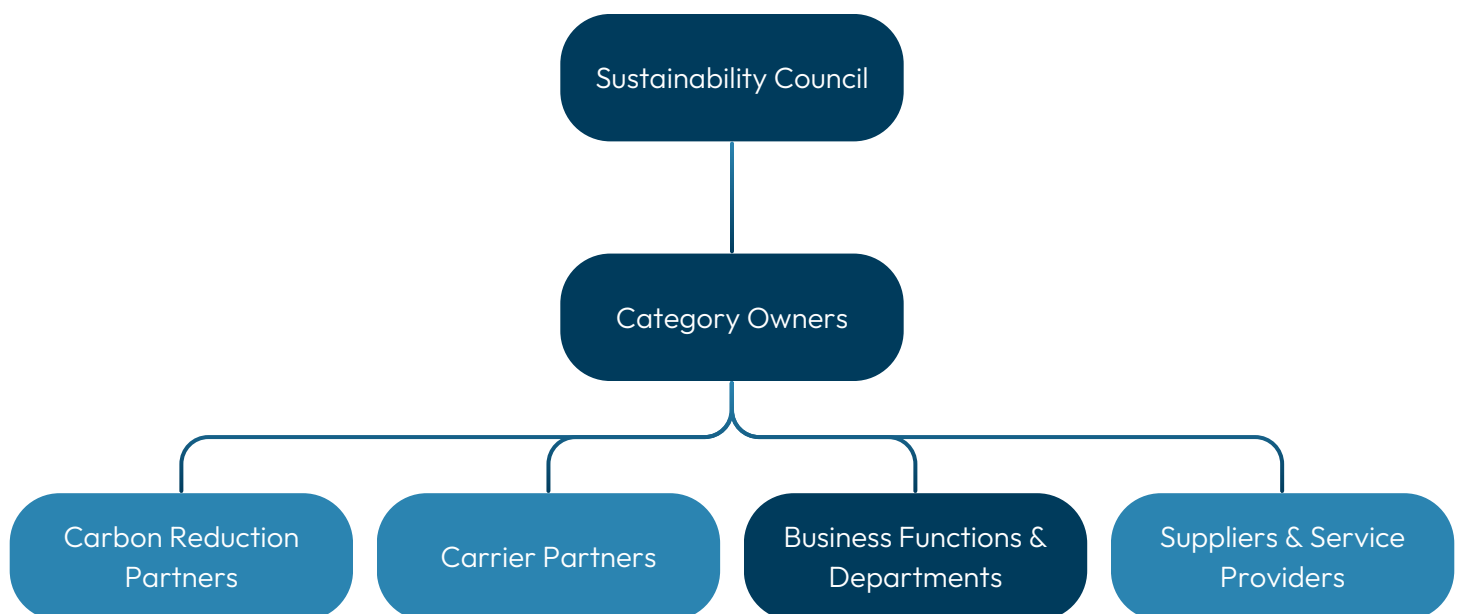
Each of the 27 ambitious goals set for FY25 offered challenges and opportunities for improvements. Spanning the business, these goals form a comprehensive roadmap to achieve our vision of a better future.

Each of the 9 categories was led by a dedicated Category Owner, drawn from various teams across our company. These leaders drove strategic planning, coordinated efforts, and executed initiatives to ensure we met our objectives to the best of our ability.

To support their success, our Sustainability Council was in place to provide ongoing guidance, and seek expertise where required.

With a broad framework, we intentionally prioritised quality over quantity. Category Owners focused first on high-impact goals, ensuring efficient use of time and resources to drive the most impactful outcomes. These goals feature later in this document.

Whilst there is a long way to go, we are encouraged by our progress to date and proud of the positive impact so far.





Our Progress
FY25



Achieved Goals



Our People & Community

Achieve and maintain a rolling 12-month average score of >7.2 in Wellness on OfficeVibe

We've continued our efforts to ensure that the mental and physical health & safety of our employees is prioritised at Online Distribution. From participating in all Mental Health Foundation Awareness programs, engaging guest speakers promoting mental health, to having Driver safety awareness campaigns and retrofitting our forklift fleet with safety lights, we made real efforts in order to ensure our teams are feeling mentally and physically safe at work.

Status: Achieved (7.5/10)

Enable 10 work hours of documented training per employee per year

As well as achieving 10 hours of training per employee, we've updated our "ORBIT" digital training program to offer a wide range of courses tailored to employees' roles and professional development needs. We've also encouraged employees to take advantage of external training opportunities by investing in external courses, certifications, and industry-specific workshops to further enhance skills and knowledge.

Status: Achieved (12.7 hours)

Donate 1% of EBIT to charities and local community initiatives

We've developed clear guidelines for selecting the criteria used to determine which recipients are eligible for our donations, ensuring that contributions align with our values, support causes with measurable community impact, and address pressing societal needs. Our team researched and selected initiatives that focus on areas such as, health, environmental sustainability, and social welfare. Additionally, we set up a process for reviewing and approving donations, ensuring we meet our commitment while maximising the effectiveness of our contribution.

Status: Achieved

Maintain a zero gender pay gap

Given the diverse and specialised nature of most office-based roles, we chose to focus our pay equity analysis on our operations teams which makes up 90% of our workforce where performance and compensation can be more consistently measured against established criteria. Within these roles, we use a standardised, bias-free pay calculator to ensure all warehouse team members are evaluated objectively. We're proud to say that we continue to monitor our zero gender pay gap, and remain committed to ensuring that all team members - regardless of gender - are given equal opportunities to develop and progress at every level of the business.

Status: Achieved

Establish a relationship & provide ongoing support to a local school (or similar)

We've strengthened our long-standing partnerships with both Lincoln University and the University of Canterbury, where we contribute guest lectures and host student internships, highlighting our ongoing commitment to academic engagement.

Status: Achieved



Develop a supplier code of conduct

We have developed a code of conduct policy that enables us to maintain minimum standards of conduct from our suppliers. The resulting policy aligns with ethical labor practices, environmental sustainability, health and safety standards, and anti-corruption measures.

Status: Achieved

95% of procured packaging to be recycled, recyclable, reusable or compostable

After refining our procurement to ensure that our current packaging meets our stated requirements, nearly 97% of the packaging we procure is recycled, recyclable, reusable or compostable.

Status: Achieved (96.54%)

Reduce Scope 1 GHG emissions by 20% (relative to floor area) from FY20 base year by FY25

We partnered with emissions reduction experts Tadpole and McHugh & Shaw to assess and establish a baseline (FY20) for our Scope 1 emissions, subsequently measuring our performance against this benchmark. From this, we've been able to reduce our fuel usage by over 50%.

Status: Achieved (-55.27%)

Reduce Scope 2 GHG emissions by 20% (relative to floor area) from FY20 base year by FY25

Partnering again with Tadpole and McHugh & Shaw, we assessed and established a baseline (FY20) for our Scope 2 emissions, tracking our performance against this benchmark. Through close monitoring and efforts to reduce our use of energy, we've seen near 30% reduction in Scope 2 emissions.

Status: Achieved (-28.9%)





Our Business

Client Retention Rate of 97%

We work tirelessly to provide our clients with best in class service. With the deployment of new warehouses, teams and technology, we are seeing increased satisfaction from our clients, highlighted by exceptional NPS scores and retention rate.

Status: Achieved (98.1%)

One monthly 'Onliner' Newsletter feature highlighting a sustainability improvement

We have initiated a monthly feature in our internal "Onliner" newsletter to showcase sustainability improvements across the organisation. To ensure the content is relevant and impactful, we collaborate with our council and category owners to identify key sustainability initiatives and improvements each month. These features showcase actions from each category, providing a comprehensive view of our ongoing efforts and keeping the team updated.

Status: Achieved

Maintain Net Promoter Score (NPS) of 50+

We're focused on delivering excellence for our clients and their customers. Good old-fashioned customer service, supported by the latest workplace technology, makes it easy for clients to trust us to manage their end to end logistics with care and consistency. By continuously challenging ourselves to add value, we've built the trust and loyalty that is reflected in our consistently strong NPS results

Status: Achieved (65.4)

Achieve greater than 65% favourable response to our commitment to social responsibility

Announcing updates via our daily toolboxes and weekly newsletters keeps our entire team informed on our actions. Regular engagement with our teams via our employee engagement platform enables accurate measurement of team sentiment and buy-in to these actions.

Status: Achieved (71.6%)



Work in Progress

By end of FY25 all employees completed introductory Health & Safety modules within 6 months of starting role

We've made significant investments in our internal training programme, now offering a library of over 60 digital courses. While we didn't meet our goal this year due to our focus on course development, our attention now shifts to achieving this specific objective in FY26.

Reduce waste to landfill target from FY20 baseline by 50% by FY24 and 75% by FY25

While we've made significant progress in reducing the percentage of our waste sent to landfill, the overall volume of waste has increased due to substantial business growth since FY20. As a result, despite the percentage improvements, the total amount of waste to landfill has risen. Upon review, it has become evident that the current goal is no longer feasible given our growth trajectory. Accordingly, our efforts now shift to deeper engagement with our clients and their suppliers to continue the reducing percentage of waste sent to landfill.

Company inventory record accuracy greater than 98.5% (Absolute Variance)

We have made substantial investments in our inventory processes and infrastructure. Inventory controllers have been deployed in both regions, and we now have a dedicated Inventory and Quality Manager in place. Our final absolute variance was 98.44%, falling short of the target by just 0.06 percentage points. Our net variance for FY25 was 0.2089%. With continued focus we are well on track to hit this target in FY26.

Annual Health & Safety goals achieved & incorporated into ongoing measures

In FY25, we successfully met six of our seven Health & Safety goals. During the year, we identified that one goal, as originally written, did not accurately reflect operational conditions. Rather than lowering our ambition, we took the opportunity to refine the goal to better align with real-world performance while still setting a high bar for our teams. The revised goal is now embedded in our ongoing sustainability framework.

Increase employee engagement score to the industry benchmark (7.5)

We achieved a score of 7.3 for FY25. While we fell short of this goal, this result reflects meaningful progress and continued improvement in employee engagement across the business.



Case Studies

Recycled Materials

This year, we've teamed up with Spacebar Design for two projects. The first project, branding the entranceways to our two newest Auckland campuses.

We were able to use:

- Wood from sustainably managed forests (PEFC™ or FSC® certificate)
- Recycled calcium carbonate (residual dust from marble processing)
- Recycled acoustic felt

Once the project was complete:

- All offcuts were repurposed and reused for other products.
- All plastic packaging from suppliers were recycled.
- All by-product and packaging were either reused, repurposed or recycled.

The second project was our corporate Christmas gifts. With Spacebar Design, we've designed and commissioned coasters made from 100% local NZ plastic waste, like plastic bottles and old commercial fishing nets. It's estimated over 60kg of plastic waste has been prevented from entering our rivers and seas due to this project.

Thanks to Anson and his team at Spacebar Design for supporting our sustainability efforts.

Enhancing Client Service with New Software

To better understand and address the needs of our clients, we have implemented a new Client Service Team, powered by Zoho Desk.

This new platform allows us to manage the response times and the effectiveness of our communication. Paired with our NPS measurement software we are actively measuring client satisfaction and responding to queries more effectively than ever. Our aim is to enhance the overall client experience while fostering stronger, more meaningful relationships.

Promoting Safety with Forklift Lights

Safety is a top priority, and we've taken proactive steps to minimise risks. Following a successful trial, safety lights have been installed on nearly 60 forklifts across our operations to clearly signal movement and reduce the likelihood of pedestrian-forklift interactions.

This simple yet effective measure enhances workplace safety, fostering a culture where well-being is paramount.

By prioritising these preventative measures, we aim to create a safer and more efficient working environment for everyone.





What's Next?
FY26



FY25 Framework Review: Our Path Forward for FY26 and Beyond

Following FY25, we reviewed our Sustainability Framework and structure to ensure it drives meaningful progress. Here are the key insights and actions we're taking to refine our approach for FY26 and beyond:

Key Insights and Learnings

- Our initial framework was bold but too broad, with some goals veering into general operations rather than core sustainability.
- While all 27 goals were valuable, some overlapped or fell outside our sustainability scope, stretching our resources. Prioritising high-impact goals was essential, but it meant some goals were sidelined.
- After the excitement of our framework's launch, engagement from the wider teams dipped. Despite our Sustainability Council's open-door policy, participation in meetings was lower than anticipated.
- Some goals had straightforward steps, while others lacked clear direction, slowing progress.

Actions We're Taking

- We've refined our framework, reducing the number of goals from 27 to 15. This sharper focus on core sustainability ensures we can allocate resources effectively, driving meaningful progress and achieving more. (This new framework can be seen on the next page)
- We've appointed a dedicated project lead to bridge the gap between the Sustainability Council and Category Owners. This lead will support action-plan execution and manage our OKR software, creating a single source of truth for all data.
- We've introduced regular one-on-one meetings with Category Owners to provide a forum for discussing progress, challenges, and ideas. This ensures the Council can offer tailored support to keep momentum strong.
- Our lead has worked with each Category Owner to develop three specific action points for all 15 goals. While these steps don't guarantee success, they provide clear direction and position our Category Owners to make significant strides toward achievement.

Through these changes and the lessons we've learned we're confident our focused, collaborative approach will continue to drive meaningful, lasting impact for our all stakeholders throughout FY26 and beyond.



FY26 Sustainability Framework

Building Better Futures: Our Sustainability Framework

Our Vision: Building better futures for our people, clients and partners

Our Aspiration: As an organisation, we commit to the intention and outcomes identified in this document

Our People & Community			Our Planet			Our Business		
Employee Health, Safety & Wellbeing	Employee Engagement	Community Engagement	Climate Impact	Supply Chain Engagement	Environmental Impact	Storytelling	Leveraging Capabilities	Client Experience
All people in our business are 'Safe Today, Safer Tomorrow'.	Employees are engaged, respected and properly trained.	Charities and local initiatives are supported.	Climate preservation through technology and collaboration.	Positive outcomes achieved by working with clients and suppliers.	Environmental impact reduced through best practices.	Stakeholders engaged and informed, inspiring action.	Operational capabilities are leveraged to enable sustainable companies.	Core performance enables client success.
Annual Health & Safety goals achieved.	Maintain an eNPS score that exceeds the industry average.	Donate > 1.0% of EBIT to charities & local community initiatives.	Maintain a combined 20% reduction in Scope 1 & 2 GHG emissions.	Assess suppliers for continued adherence to our Supplier Code of Conduct.	Reduce the percentage of our waste sent to landfill by 50%	Maintain 65% or higher favourable response to internal survey question regarding our commitment to sustainability.	Provide an initial 6 months of 3PL services at cost for 1-2 sustainability focused start-ups.	Maintain NPS score at least 30 points higher than industry average.
	All new operations employees complete Level 1 & 2 operational / H&S training modules within 3 months of start date.	Establish and maintain a relationship with an educational institution, providing ongoing support.	Generate enough renewable energy to power 65% of our electric MHE fleet.	Develop and maintain a client engagement programme with measurements to focus on emission reduction.			Develop and publish carbon intensity baselines for customer shipments.	Maintain client retention rate of 97% or more.



Closing & Acknowledgements



Closing Words

As we reflect on this year's sustainability journey, we are proud of the significant strides we've made, each one bringing us closer to our vision of a sustainable future.

We've set clear baselines, tracked our progress, and taken decisive actions to achieve measurable outcomes. Whether it's reducing our carbon footprint, improving resource efficiency, or fostering a culture of environmental responsibility across our organisation, these accomplishments reflect the power of collaboration and the dedication of everyone involved.

Our work has not only contributed to environmental goals but has also inspired a shift in mindset, with a growing number of individuals embracing sustainability in their day-to-day actions. We hope these successes serve as a spark for continued change - encouraging small yet meaningful shifts in behaviours that, collectively, can have a powerful impact.

However, while we take pride in our progress, we recognise that true sustainability is an ongoing journey, not a destination. The challenges ahead require continuous innovation, cross-functional collaboration, and steadfast accountability. We must remain focused on the long-term, ensuring that every step we take is aligned with our broader, more ambitious goals. Transparency, open dialogue, and a shared sense of purpose will guide us.

Our commitment goes beyond meeting regulatory requirements or ticking boxes. It is deeply embedded in our organisational values and driven by a sense of responsibility toward future generations. Sustainability is not just an initiative for us - it is a fundamental part of our DNA.

We are grateful for the support of all those who have joined us on this journey so far. The progress we've made is just the beginning, and we encourage our stakeholders to remain engaged, hold us accountable, and continue collaborating with us as we push further toward our sustainability goals.

Together, we can make a lasting difference and "Build Better Futures" for all.



Greg Managh
Chief Executive



Guy Evans
General Manager - Commercial



Category Owners (FY25)

David Crisp

Packaging

Glen Taylor (Council Member)

Fulfilment & Freight Efficiency

Guy Evans (Council Member)

Supply Chain Management

Hamish Gentil (Council Member)

Employee Health, Safety & Wellbeing

Jason Reid

Employee Health, Safety & Wellbeing

Jesse Strickland

Employee Engagement, Diversity & Inclusion

Johnny Hardegger (Council Member)

Storytelling

Lance Knyvett (Council Member)

Climate Impact (GHG Emissions)

Sam Stokes (Council Member)

Community Initiatives

Tom Green

Engagement, Diversity & Inclusion / Client & Customer Experience



Our Partners

Major Freight Partners



DHL Express



Mainfreight



NZ Post

Freightways

Freightways

Major Goods & Service Providers



Meridian Energy



OfficeMax



Waste Management



Z Energy

Carbon Reduction Partners



Tadpole



Sunshine Solar



McHugh & Shaw.



Spacebar Design

Community Partners



Lincoln University



University of Canterbury



180 Degrees Trust



Mental Health Foundation



Morgans Valley Bush + Bird



Big Brothers Big Sisters

“Online Distribution is leading the way with a genuine commitment to sustainability. Their focus on reducing environmental impact is clear through practical efforts, from optimising supply chain efficiencies to minimising waste... it’s refreshing to see a company actively putting sustainability front & centre, striving to make a meaningful difference.”

- Allan Birch, Strategy Director, Tadpole





Building
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