Universal Store

SUSTAINABILITY REPORT 2026

FY26 HIGHLIGHTS

ABOUT THIS REPORT

This is Universal Store Holdings Limited's fifth Annual Sustainability Report, covering the period 1 July 2025 to 30 June 2026 (FY26). This report should be read in conjunction with our Modern Slavery Statement, which provides details of our supply chain modern slavery risk assessment, due diligence systems, and monitoring processes.

FY26 included several key milestones in our approach. The completion of a Double Materiality Assessment and the development of a refreshed Sustainability Framework have strengthened the foundations of our programme, ensuring that our efforts are focused on the issues that matter most to our stakeholders and our business.

- Completed a Double Materiality Assessment to identify the key sustainability issues important to the Group and its stakeholders.
- Evolved our chemicals management approach: communicating a Restricted Substances List to suppliers, pursuing OEKO-TEX certification for strategic suppliers, and initiating risk-based chemical testing.
- Centralised supply chain monitoring systems across all businesses and completed Tier 2 mapping for CTC THRILLS.
- Continued engagement with third party brands – Front Runner, Engage, and Rusty – on certification of preferred fibre products.
- As a Seamless member, our Design team participated in Circularity in Design training and a product design workshop.
- Renewed our Organic Content Standard (OCS) and Global Recycled Standard (GRS) brand certification for the Group's private brands and progressed on-product certification labelling.
- Established a Climate Risk Working Group to lead preparation for mandatory AASB S2 climate risk disclosures, due from FY27.

REPORTING STANDARDS AND FRAMEWORKS

The Group uses globally recognised standards – including the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB) – to guide corporate reporting. Aligning to these standards ensures that stakeholders receive comprehensive and comparable information on our sustainability initiatives and performance.

In accordance with Australia's new mandatory climate change reporting requirements (AASB S2 *Climate-related Financial Disclosures*), the Group will publish a Climate Statement from FY27, with certain aspects of reporting independently audited.

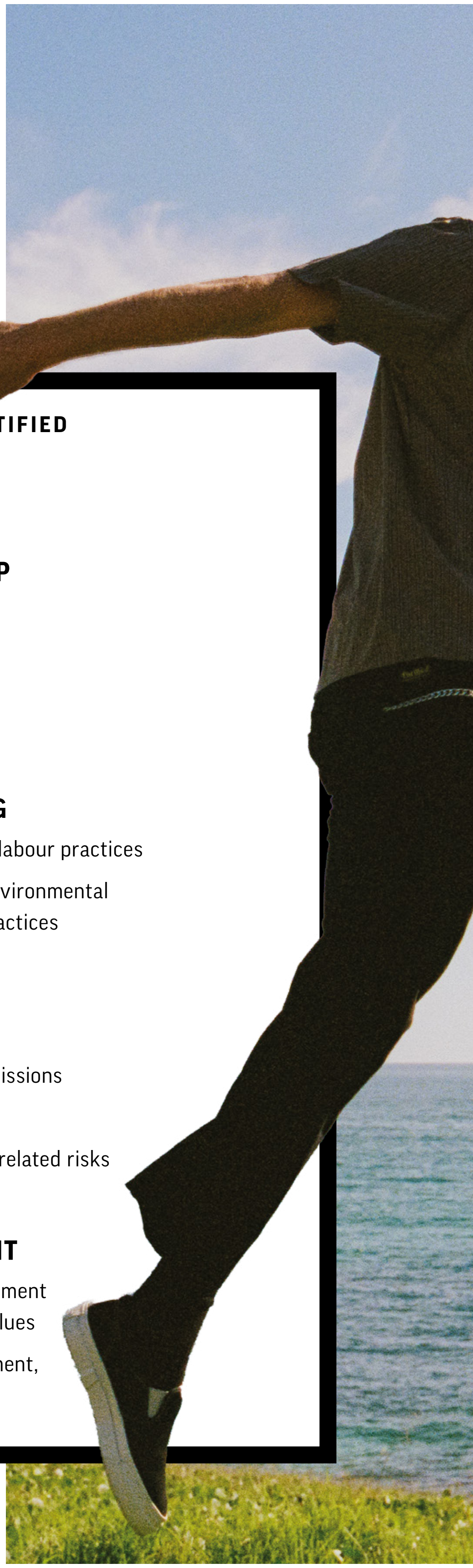
GOVERNANCE

The Board retains ultimate oversight of the Group's sustainability strategy and performance, and has delegated review of sustainability risks and opportunities to its Audit and Risk Committee (ARC). The ARC Committee meetings regularly review supplier relationship management and sustainability progress reporting. Our governance system ensures collaboration between the Group CEO, Leadership Team, and the Sustainability & Responsible Sourcing (SRS) team to deliver on this strategy.

Key elements include:

- Board and senior management commitment to human rights and sustainability.
- Regular reporting of sustainability KPIs and regulatory disclosures to the Leadership Team and the Board.
- The Sustainability & Responsible Sourcing team is responsible for policy development and collaborates with functional teams and suppliers to drive improvements.
- A Climate Risk Working Group – established in FY26 – provides focused governance and oversight of the Group's preparatory work for mandatory AASB S2 *Climate Risk Disclosures* (see Climate Action section).

OUR SUSTAINABILITY STRATEGY



OUR COMMITMENT TO SUSTAINABILITY IS BASED ON A HOLISTIC APPROACH TO MEETING THE EXPECTATIONS OF OUR CUSTOMERS, TEAM MEMBERS, AND STAKEHOLDERS WHILE DELIVERING SUSTAINABLE VALUE TO OUR SHAREHOLDERS.

DOUBLE MATERIALITY ASSESSMENT

In FY26, the Group completed a Double Materiality Assessment (DMA) – a structured process for identifying and prioritising the sustainability topics most relevant to our business across two dimensions:

- Financial materiality – how environmental, social, and governance factors may impact the Group's financial prospects.
- Impact materiality – how our operations and value chain affect people, the economy, and the planet.

The assessment drew on engagement with internal and external stakeholders – including management, team members, suppliers, investors, industry groups, NGOs, service providers and market research. From this engagement, and in alignment with global reporting frameworks including GRI and ASRS (Australian Sustainability Reporting Standards), four material themes were identified:

THE KEY MATERIAL THEMES IDENTIFIED FOR THE GROUP INCLUDE:

1

PRODUCT STEWARDSHIP

- Improving product stewardship and circularity
- Safeguarding animal welfare

2

RESPONSIBLE SOURCING

- Protecting human rights and labour practices
- Providing transparency on environmental and chemical supply chain practices

3

CLIMATE ACTION

- Managing greenhouse gas emissions
- Improving energy efficiency
- Building resilience to climate-related risks

4

CUSTOMER ENGAGEMENT

- Responding to customer sentiment shifts towards sustainable values
- Enhancing customer engagement, satisfaction and loyalty

NEW SUSTAINABILITY FOCUS AREAS AND TARGETS

Building on the DMA, the Group has refreshed its Sustainability focus areas and a new set of targets to guide our priorities through to 2030. The updated focus areas reflect the evolving regulatory landscape – including Australia's mandatory sustainability disclosure requirements – and the evolving expectations of our customers, investors, and brand partners.

Shaped directly by the DMA, the new targets provide greater specificity across our four focus areas. Our 2030 Sustainability Targets are:

- **Product Stewardship:** 50% of the Group's range includes a preferred fibre attribute (organic, recycled natural, better viscose).
- **Responsible Sourcing:** 95% of stock suppliers covered by our responsible sourcing programme focusing on social audits, environmental and chemical practices.
- **Climate Action:** 2030 emission reduction targets are being refined.
- **Customer engagement:** 95% of permanent Team Members trained on product sustainability features (quality, materials, preferred fibre attributes, responsible sourcing, product certification & labelling, recycling).

PRODUCT STEWARDSHIP

PRIVATE BRAND ON-PRODUCT LABELLING

A key focus in FY26 was the integration of textile standard certification logos – including OCS and GRS marks – into on-product labelling across our private brand ranges. This work was developed in close collaboration between the Sustainability & Responsible Sourcing team and the Design team, and involves updating swing tags, care labels, and other product touchpoints to incorporate certification marks where applicable.

Full rollout across private brand ranges will be pursued in FY27. This gives customers clear assurance about the certified materials in their products at the point of purchase, supporting more informed purchasing decisions.

BRAND CERTIFICATION

During FY26, the Group renewed its brand certification under the Organic Content Standard (OCS) and the Global Recycled Standard (GRS), both managed by Textile Exchange, for Universal Store and THRILLS. Building on the initial certification achieved in FY25, renewal maintains supply chain traceability and gives customers credible, independently verified information about the materials in their products.

Brand certification underpins the Group's ability to label products in line with internationally recognised textile sustainability standards and supports our position against greenwashing risk under the Australian Consumer Law.

THIRD-PARTY BRAND ENGAGEMENT

The Group continued to engage with key third-party brand partners on responsible sourcing expectations. Active collaboration continued with our leading third-party brands on the integration of preferred fibres in ranges, and certification standards. By making preferred fibre certification an expectation, we have helped shift it from a point of differentiation towards a baseline standard across the wider industry – Front Runner, for example, introduced certified preferred fibre into its range for the first time in FY26.

The Group also maintained endorsement of our Supplier Code of Conduct. As of 30 June 2026, 100% of third-party brands had endorsed the Group's Supplier Code of Conduct or demonstrated equivalent policies.

PREFERRED FIBRE

In FY26, the Group procured a total of approximately 1,699 tonnes (excl. shoes, accessories and gifting) of fibres across Universal Store and CTC THRILLS. Of these, 52% were preferred fibres – fibres that are certified to a recognised textile standard or otherwise carry a lower environmental impact than their conventional equivalent.

Organic cotton remains the Group's most procured fibre, making up approximately 37% of total fibre by volume. THRILLS and Worship continue to lead on preferred fibre adoption, with 67% of their fibre being organic cotton.

52%

US PREFERRED FIBRE (% OF TOTAL FIBRE USED)

60.7%

COTTON FIBRE CERTIFIED TO ORGANIC STANDARD

25.6%

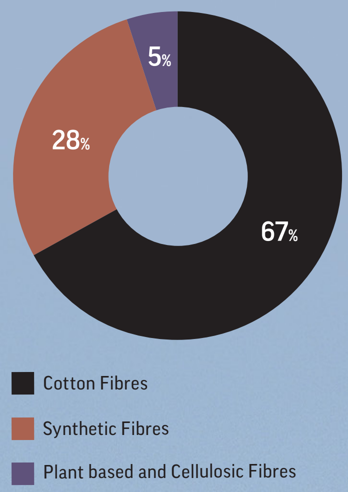
POLYESTER FIBRE CERTIFIED TO RECYCLED STANDARD

TRANSITION TO CIRCULAR FASHION

As part of our Seamless membership, we track and report the number of units imported into Australia across the Group, along with the ratio of standard to eco-modulated* units.

We also provide Seamless with data on the number of units qualifying as mono-material, those containing recycled materials, and our aged inventory. This reporting provides transparent information on our impact as a brand and our progress in transitioning to circular fashion.

* Units with recycled, mono-material or at least 95% single fibre.



62%

ECO-MODULATED UNITS (% TOTAL UNITS)

RESPONSIBLE SOURCING

SOCIAL AUDIT PROGRAMME

OSC, our ethical sourcing software, helps map the Group's supply chain, record audit findings, and analyse worker demographic data.

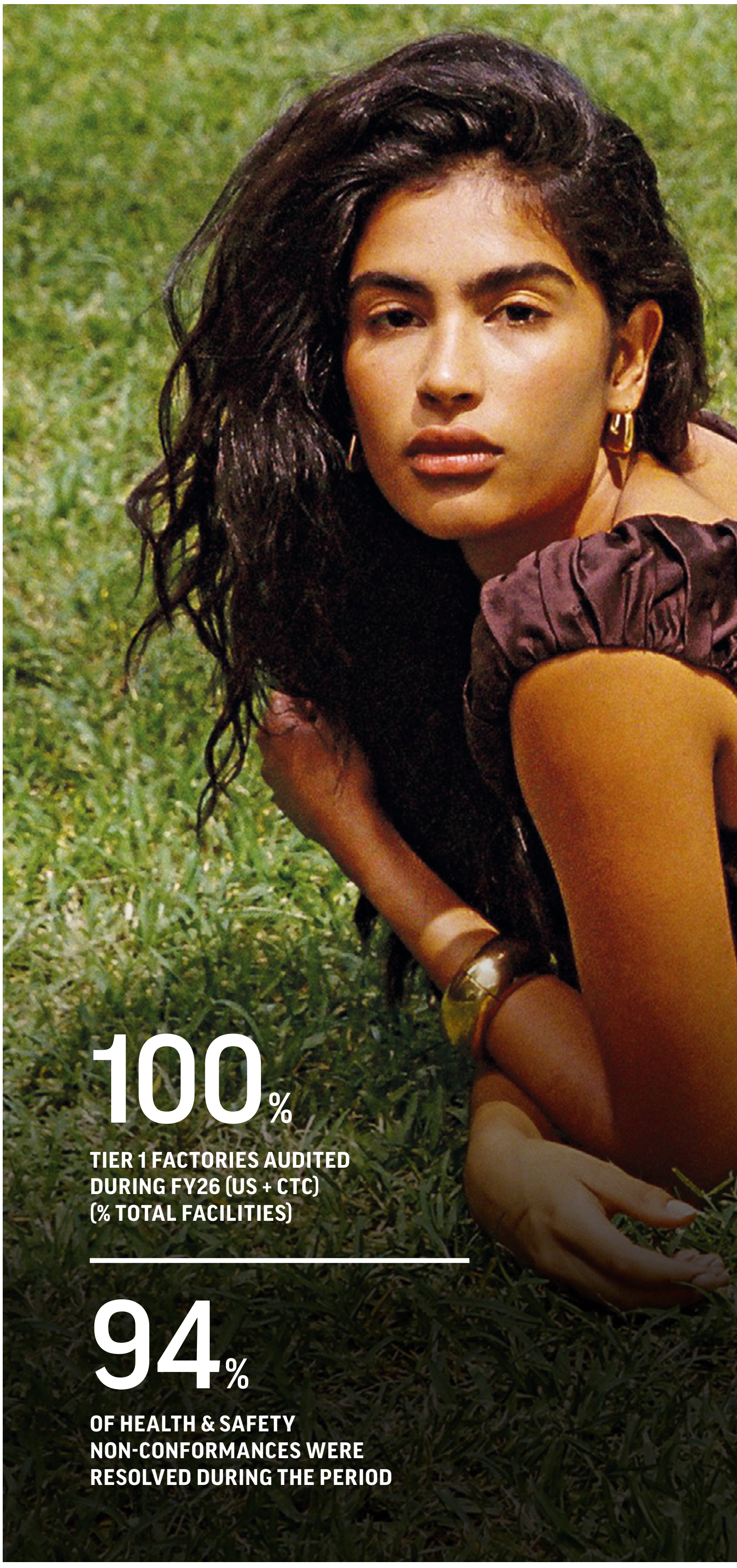
During FY26, CTC supply chain monitoring was fully integrated into OSC, so that all suppliers and factories of the Group are now monitored through a single system. This expanded coverage accounts for the increase in the absolute number of non-conformances identified during the period.

During FY26, 100% of Tier 1 private brand factories were audited. 173 audit non-conformances were raised across Tier 1 suppliers during the period.

The most common non-conformance categories were health & safety, social insurance benefits and excessive working hours, consistent with prior years and broader industry trends in textile manufacturing.

We place particular emphasis on the timely closure of health and safety non-conformances, which are directly linked to the welfare of workers at our partner facilities. During FY26, we conducted weekly follow-ups with suppliers to encourage resolution of open issues within 30 days, keeping remediation on track.

At year end, a small number of open health and safety issues remain in progress at a newly established facility. The supplier has confirmed that corrective actions are being addressed progressively, with completion expected shortly. As there is no current production spend with this facility, engagement is limited for now, with an opportunity to re-engage should order placement resume.



CATEGORY	RAISED	RESOLVED	SUPPLIER ENGAGED
Health and Safety	100	94	100%
Working Hours	24	3	100%
Social Insurance Benefits	21	1	100%
Governance	8	8	100%
Environment	8	6	100%

We take every audit finding seriously. Our approach is to focus on understanding root causes and working collaboratively with our suppliers to drive practical, lasting improvement.

In FY26, we completed a targeted review of excessive working hours across our key Tier One garment factories. **Refer to our Modern Slavery statement for further details.**

100%

THIRD-PARTY BRAND CODE OF CONDUCT ENDORSEMENT (% TOTAL NUMBER OF SUPPLIERS)

100%

PRIVATE BRAND SUPPLIER CODE OF CONDUCT ENDORSEMENT (% TOTAL NUMBER OF SUPPLIERS)

RESPONSIBLE SOURCING CONTINUED

AI-POWERED AUDIT MANAGEMENT

Integrated AI tools automate the upload and processing of audit findings reports, significantly reducing manual data entry, minimising the risk of transcription errors, and accelerating the time between audit completion and corrective action planning.

This capability enhancement supports the Sustainability & Responsible Sourcing team to focus on higher-value activities – including supplier engagement, non-conformance resolution, and deeper supply chain risk analysis – rather than administrative processing.

TIER 2 FACILITIES MAPPING – CTC THRILLS

Building on the Tier 2 mapping work completed for Universal Store's private brand supply chain in prior years, the Group completed Tier 2 mapping for CTC THRILLS in FY26.

The mapping exercise identified 38 Tier 2 facilities associated with CTC THRILLS' direct supplier network, across China and India. The results will inform our FY27 Tier 2 audit and engagement programme for CTC THRILLS, consistent with the approach successfully applied to Universal Store's private brand suppliers in prior years.

CHEMICALS MANAGEMENT

The Group materially advanced its approach to chemicals management during FY26, building on the foundational research and survey work completed in FY25 where we assessed Tier 1 factories' chemical management practices and certifications. Three workstreams were identified and selected for further implementation during the year:

RESTRICTED SUBSTANCES LIST (RSL)

The Group has formalised a Restricted Substances List (RSL) based on the AFIRM standard. This list sets clear expectations on prohibited and restricted chemical substances that must not be present in the manufacture of our garments above defined threshold levels. Next, we will socialise the RSL to suppliers and establish a compliance framework for chemical safety.

OEKO-TEX CERTIFICATION

During FY26, we engaged on OEKO-TEX certification pathways with key suppliers. OEKO-TEX certification provides independent, internationally recognised assurance that fabrics and garments have been tested for harmful substances and meet rigorous human-ecological safety requirements. This certification will complement the Group's RSL and provide a credible, third-party verified signal of chemical safety that can be communicated to customers.

RISK-BASED CHEMICAL TESTING

A risk-based chemical testing programme has been initiated, which prioritises laboratory testing for product categories and supply chain facilities with the highest chemical exposure risk. The risk-based approach ensures that testing resources are targeted where they will have the greatest impact, while progressively building the Group's understanding of chemical performance across the supply chain. Testing will take place in FY27, and findings will inform the future testing programme.

CLIMATE ACTION

CLIMATE REPORTING

The Group is a Group 2 reporting entity for the incoming mandatory climate risk-related financial disclosures (AASB S2). The Group's first mandatory climate risk disclosure is due as part of our FY27 Annual Report. In FY26, we have reached important milestones in the preparation of our approach to mandatory climate disclosures.

CLIMATE RISK WORKING GROUP

The Group established a dedicated, cross-functional Climate Risk Working Group to lead the Group's preparatory work for AASB S2 compliance. Its remit included:

- Assessing interactions between the Group and its stakeholders, society, the economy and the natural environment throughout the entity's value chain;
- Identifying material climate-related risks and opportunities (CRROs) that may affect the business prospects using the Group's enterprise risk management framework;
- Conducting the Group's first climate risk assessment to meet the scenario analysis and disclosure requirements of AASB S2;
- Identifying CRROs that can reasonably be expected to affect the entity's prospects in the short, medium and long term;
- Identifying CRROs' effects on UNI business model and value chain, effects on our transition plan and climate resilience.

The Working Group builds on the detailed climate risk assessment and Board and executive education sessions completed in FY25 and represents an important step in transitioning the Group from voluntary to mandatory climate disclosure. Progress on preparedness has been reported to the Board's Audit and Risk Committee on a regular basis during the year.

31.4kt

TOTAL EMISSIONS FOOTPRINT US+CTC (KT CO_2E)

2kt

SCOPE 1 & 2 EMISSIONS

29.4kt

SCOPE 3 EMISSIONS

36%

US DISTRIBUTION CENTRE'S ELECTRICITY COVERED BY ON-SITE RENEWABLE ENERGY.

EMISSIONS FOOTPRINT

The Group's total emissions footprint for FY26 was approximately 31.4 kt CO_2e (Universal Store and CTC THRILLS combined), comprised of 2 kt Scope 1 and 2 emissions and 29.4 kt Scope 3 emissions.

As in prior years, Scope 3 emissions – predominantly from purchased goods and services, inbound freight, and the use and end-of-life disposal of sold products – represent approximately 94% of the Group's total footprint.

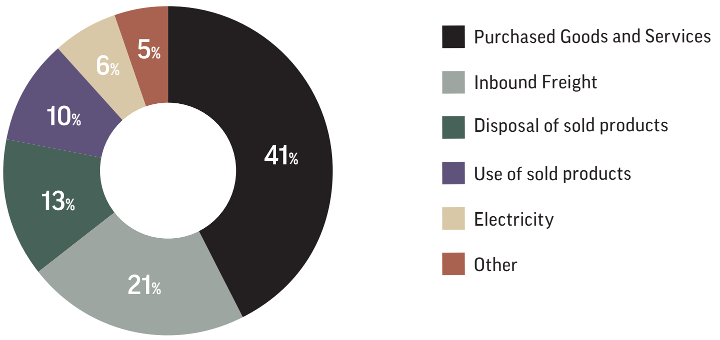
6%

SCOPE 2 EMISSIONS – FROM ELECTRICITY USE ACROSS OUR OPERATIONS

94%

SCOPE 3 EMISSIONS RELATING TO VALUE CHAIN AND DOWNSTREAM ACTIVITIES

EMISSIONS SOURCES (%TOTAL EMISSIONS)



RENEWABLE ENERGY

During FY26, we worked closely with our landlord to expand onsite solar generation at the Universal Store Distribution Centre, with an additional 30 kW of solar PV installed to complement the existing 90 kW system – taking total installed capacity on the DC roof to 120 kW which directly reduces the volume of grid electricity required by the facility.

To further reduce our controllable Scope 2 emissions, we continue to procure GreenPower® certificates for our Universal Store Support Office and DC to balance a portion of the electricity consumed from the grid.

GreenPower® is a government-accredited product certifying renewable electricity generation, with our energy retailer purchasing and retiring renewable energy certificates on our behalf. It is additional to Australia's Renewable Energy Target and is independently audited, helping to drive further investment in renewable energy infrastructure across the country.

CUSTOMER & TEAM ENGAGEMENT

SEAMLESS NATIONAL STEWARDSHIP SCHEME

Universal Store is a proud member of Seamless, Australia's national clothing stewardship scheme, which works towards a fully circular clothing economy by 2030. This industry-led initiative addresses the significant volume of unwanted clothing sent to landfill each year and calls on brands to take responsibility for the full lifecycle of the garments they produce.

In FY26, our Design team deepened their engagement with the Seamless programme by participating in a specialist Circularity in Design training session and a product design workshop presentation. These sessions equipped our team with practical tools and frameworks for embedding circularity principles into product development – including design for longevity, design for recyclability, and materials selection that supports end-of-life processing.

We are considering how to integrate the knowledge from this training into Private Brand product development. Universal Store also continues to participate in Seamless working groups and industry-wide solutions to textile waste.

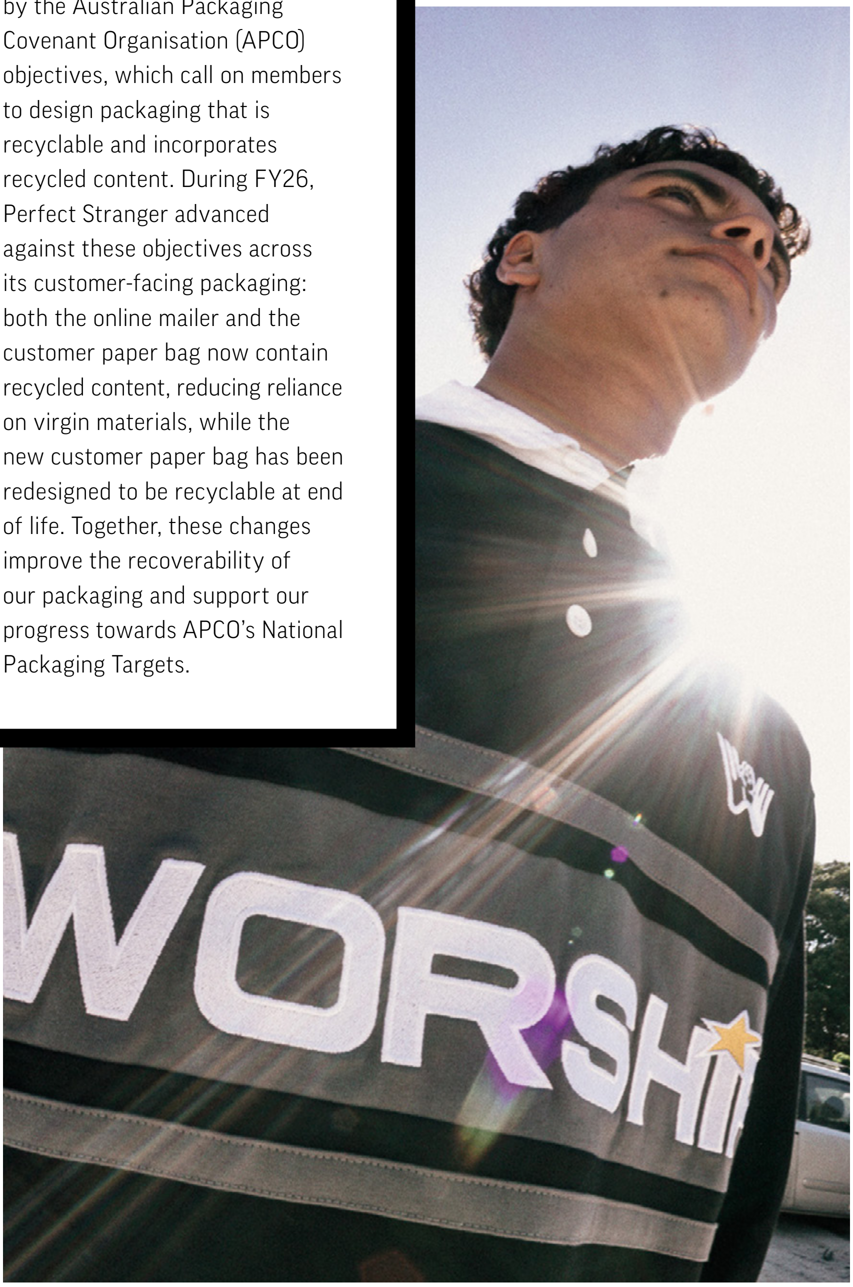
COMMUNITY PARTNERSHIPS

Universal Store sponsored the Bush Music Fund which is an initiative run by GUTS Touring. Each year, they gather a group of musicians/artists to tour remote areas of the Northern Territory, giving Indigenous children the opportunity to listen and learn music. It is also one of the only music tours that is completely solar powered.

We take a holistic approach to assessing the community partnerships we support, considering factors such as alignment with our values, the tangible benefit delivered to the communities involved, and the extent to which a partnership advances diversity, inclusion, and representation. We prioritise organisations that create genuine opportunities for under represented groups, such as First Nations communities for example, to participate in and benefit from the initiatives we support.

PACKAGING

Our packaging choices are guided by the Australian Packaging Covenant Organisation (APCO) objectives, which call on members to design packaging that is recyclable and incorporates recycled content. During FY26, Perfect Stranger advanced against these objectives across its customer-facing packaging: both the online mailer and the customer paper bag now contain recycled content, reducing reliance on virgin materials, while the new customer paper bag has been redesigned to be recyclable at end of life. Together, these changes improve the recoverability of our packaging and support our progress towards APCO's National Packaging Targets.



RECYCLED CONTENT

66%

US DISTRIBUTION CENTRE PACKAGING (% TOTAL WEIGHT)

71%

US ONLINE & CUSTOMER PACKAGING (% TOTAL WEIGHT)

RECYCLABLE PACKAGING

97%

DISTRIBUTION CENTRE (% TOTAL WEIGHT)

CONTAINER RECYCLING

The Support Office and DC teams once again exceeded the previous year's performance in collecting recyclable containers as part of the Return & Earn programme. In FY26, collections totalled 9,128 containers, continuing a trend of year-on-year growth since FY23. This success reflects a combination of factors: consistent messaging; sustainability Champions sharing environmental awareness messages; training of permanent and casual team members on recycling equipment and initiatives; appropriate collection infrastructure; and ongoing tracking and monitoring of volumes in partnership with service providers.

CUSTOMER & TEAM ENGAGEMENT CONTINUED

DISTRIBUTION CENTRE WASTE & TEAM ENGAGEMENT

In FY26, our US distribution centre (DC) achieved a landfill diversion rate of 83%, a 3% improvement on the prior year despite handling a growing volume of waste and recycling materials as the business continued to grow.

This progress reflects a number of operational enablers: fewer store fixtures and fittings requiring disposal, an efficient bin setup and recycling infrastructure, improved stock unpacking processes, the introduction of reusable pallet systems, and new textile recycling and donation partnerships such as Thread Together.

Together, these initiatives have allowed us to reduce landfill volumes and increase the recycling of valuable materials even as the amount of goods processed through the Universal Store DC continues to grow.

83%

DIVERSION FROM LANDFILL IN FY26 (% TOTAL US WASTE TONNAGE)

OPPORTUNITIES AND FORWARD PRIORITIES

Looking ahead, our team will continue to engage suppliers on sustainable packaging practices and the optimisation of product and transit packaging. Ongoing training for team members, including casual staff, will reinforce awareness of DC waste facilities and practices ahead of peak periods.

The business remains committed to its goal of zero waste to landfill by 2030 and will continue to divert as much eligible material as possible into recycling streams.

LOOKING AHEAD

FY26 HAS BEEN A YEAR OF STRATEGIC FOUNDATIONS – COMPLETING OUR DOUBLE MATERIALITY ASSESSMENT, REFRESHING OUR FRAMEWORK AND TARGETS, STRENGTHENING SUPPLY CHAIN CONTROLS, PROGRESSING OUR CHEMICALS MANAGEMENT PROGRAMME, AND PREPARING FOR MANDATORY CLIMATE DISCLOSURES.

We invite you to engage with us on our progress and challenges towards sustainability. For questions and feedback, contact us at sustainability@universalstore.com.au. Visit www.universalstore.com/sustainability for information on our sustainability approach, emissions footprint calculations, and data disclosure procedures.

We enter FY27 with a clearer picture of what matters most and a more structured approach to delivering and measuring our progress on Sustainability.

KEY PRIORITIES FOR FY27 INCLUDE:

- Finalise our Climate targets, with careful consideration of our business growth trajectory, and measure progress against our updated Sustainability focus areas and new targets.
- Delivering our first mandatory climate risk disclosure under AASB S2, with independent verification.
- Completing the rollout of Private Brand on-product certification labelling.
- Expanding the chemicals management programme – including further RSL compliance monitoring, progression of OEKO-TEX certification for strategic suppliers, and expansion of the risk-based testing programme.
- Progressing Tier 2 social audit engagement for CTC THRILLS.
- Continuing to build customer education touchpoints in store and online to engage customers on responsible garment use and care.

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