



Corporate Sustainability and Responsibility

Edrington was created to be a company that makes a positive contribution to the communities in which we live and work. Over 160 years we have built a responsible and sustainable business that respects the environment around us. Our sustainability strategy is underpinned by a governance structure and key performance indicators for delivery.

During 2020 we revised our Sustainability Strategy sharpening the focus in the environment and have subsequently created a revised Sustainability and Responsibility Strategy with four focus areas:



The strategy is driven by Edrington’s Sustainability and Responsibility Steering Group which is chaired by our Head of Sustainability. Senior leaders head up each of the four focus areas and the Head of Sustainability reports directly to the Chief Executive. The strategy is underpinned by a range of KPIs spanning each area, which are reviewed and reported internally on a quarterly basis.

1. PROTECTING THE ENVIRONMENT

Edrington recognises and embraces our responsibility to do everything we can to support and protect the environment around us. We have revisited our environmental strategy and the elements within it to deliver a strategy which significantly increases and sharpens our environmental focus areas.

Our new sustainability management team comprises key leaders in our environmental focus areas. They are supported by six regional leaders to ensure that our strategy is understood and implemented at a commercial level across our global business. The company is developing a network of ‘Green Teams’ across our locations to drive engagement from all our sites and employees.

Each of our brands has developed their own environmental sustainability strategy, each of which will dovetail with the broader Edrington corporate strategy and ensure that our brands take responsibility for their own greener future.

Our new environmental sustainability strategy identifies five focus areas in which we need to deliver measurable targets to ensure continued focus and delivery.



Reduce carbon emissions

Our commitment:

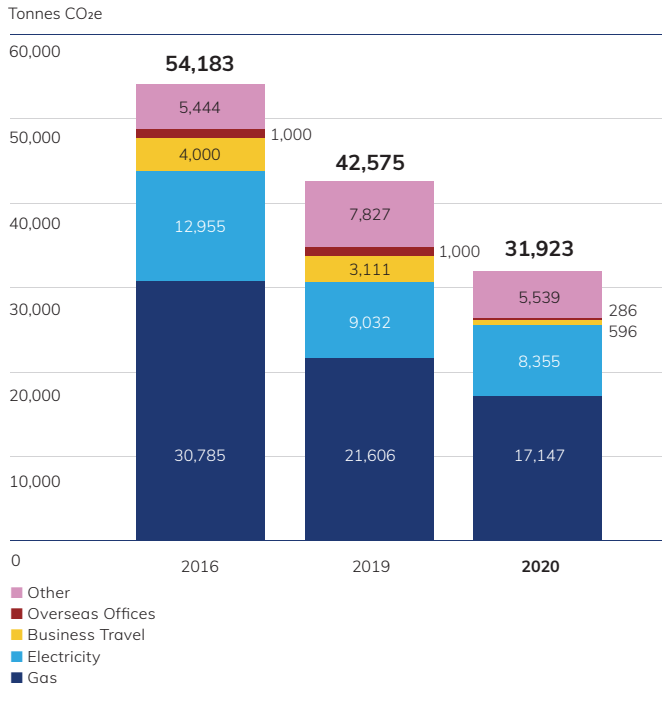
“We will become a carbon-neutral business by 2030 for our distilleries, offices (Scopes 1 & 2) and travel, reducing greenhouse gas emissions by at least 70% compared to 2016 levels.”

In 2020, our reported CO2e emissions reduced by 25% compared to 2019. Our carbon intensity ratio (kg CO2e per litre of pure alcohol produced) reduced by 10%. The Company considers that these numbers reflect the impact of the global pandemic on the business, which resulted in the temporary closure of our distilleries in Scotland and almost no business travel.

We report our emissions in line with the Greenhouse Gas Protocol Corporate Standard. This document reports Scope 1 and 2 emissions from our operations as well as the majority of Scope 3 emissions from business travel in line with the Streamlined Energy and Carbon Reporting requirements (SECR). Additionally, we now include Scope 3 emissions relating to the grain whisky used in our blended whisky.



Corporate Sustainability and Responsibility (continued)



In 2020 we sourced 31% of our energy requirements from renewable sources in the UK. This is ahead of Scottish Government targets, and we expect to make further progress during 2021. We are also committed to significantly reduce the emissions from business travel having understood the capacity to make greater use of communication technologies and to travel more efficiently. Business travel that allows us to understand and meet the demands of consumers in international markets will continue to be an essential element of our business. However, added to the new focus on scope 3 emissions, we are determined to take significant steps forward in reducing all carbon emissions associated with our business.

Protect water

Our commitment:

“We will replenish 100% of water consumption from production sites in water-stressed areas.”

We recognise our responsibility as custodians of a scarce natural resource which is an essential ingredient in all our spirits. We will reduce water consumption used to support the production processes, we will return the highest quality water to the environment and we are committed to replenish 100% of water consumption from our production sites in water-stressed areas, namely the Dominican Republic. This means working closely with our suppliers in the agricultural sector to ensure that water is used as efficiently as possible in the

growing of sugar cane. We will also be pursuing ISO 46001 certification for water efficiency management systems by 2025 in the Dominican Republic.

We will reduce our process water use in Scotland in line with the Scotch Whisky Association target by 2025. We have maintained an ‘Excellent’ rating – the highest possible standard - from the Scottish Environmental Protection Agency compliance scheme for the abstraction and return of water. We have also invested significantly in biological water treatment plants in both Scotland and the Dominican Republic to ensure high quality water is returned to rivers.

Promote circular economy

Our commitments:

“We will ensure that all packaging is sustainably sourced and widely recyclable by 2025”.

“We will achieve zero waste to landfill from our own operations by 2025.”

This enhanced focus area for our environmental strategy reflects a commitment to ensure that the business is maximising its ability to reduce, re-use and re-cycle materials used for its products. We will specifically focus on re-purposing waste from the making of our spirits, reducing the environmental impact of packaging and marketing materials and eliminate sending waste to landfill.

We will continue to focus on reusing all co-products from the distillation process and where possible and appropriate we will be reducing packaging weight. Our commitment also includes evolving cardboard to become fully recyclable, sourcing from only FSC accredited suppliers, increasing recycled glass content, reducing packaging weight and extending our commitment to 100% sustainable sourcing and recyclability of all marketing materials and point of sale by 2025.

Conserve habitats

Our commitment:

“We will execute a nature and wildlife strategy across all Edrington sites.”

Edrington’s distilleries and associated land are located in beautiful natural landscapes. We have both a desire and a responsibility to ensure that the environment around us is maintained and that we support and develop the landscapes and wildlife that surround us. We are committed to introducing



Corporate Sustainability and Responsibility (continued)

and executing nature and wildlife strategies across all our sites and actively developing the 3,000 acres of land that we own to improve the environment. In the UK, we are recognised by ISO14001 Environmental Management certification for our environmental protection in Scotch Whisky distillation operations and we continue to source barley to the highest UK standard (Sustainable Agricultural Initiative – Farm Sustainability Assessment) and source sugar cane in the Dominican Republic from local sustainable partners.

Sustain wood

Our commitment:

“We will advocate sustainable wood sourcing by tracing oak supply to region of origin in Europe by 2025 and US by 2030.”

The use and management of wood is recognised as central to our business and as such we believe that we have a responsibility to focus on wood as one of our key environmental pillars. From the management of the forests from which we select our oak, to the creation and careful use of our casks, to the packaging and marketing materials we create, wood is at the heart of our business and our brands. We will achieve our sustainable sourcing target for European and American Oak supply by working with our wood partners to understand wood origin and only sourcing from sustainably managed areas, sourcing over 50% of all Oak from PEFC/FSC suppliers by 2030 and continuing to responsibly manage the lifecycle of our casks.

Climate Change and Risk:

In the context of climate change, the most significant risks relating specifically to environmental sustainability are already captured within the ‘Sustainability’ and ‘Disruption of Production/Supply Chain’ risks which form two of our Principal Risks and are detailed within the Principle Risks and Uncertainties section on page 13 of the Annual Report.

We recognise that there are other business risks associated with both climate change and the failure to deliver on a green agenda, specifically around potential corporate and consumer trust and reputational damage and also the potentially high financial costs. In 2021/22 we will develop a separate and specific risk assessment for our environmental strategy.

2. GIVING MORE

We will continue our positive contribution to society and the communities that we live and work in, with Giving More at the centre of everything we do.

Our commitments:

Contribute up to 1% of EBIT to Giving More initiatives around the world

Double Match all employee initiated Giving More fundraising

Inspire all employees to take up to 4 days’ paid leave for Giving More activities

Giving is one of Edrington’s four core values, along with Respect, Integrity and Excellence. Giving is woven into the history and fabric of our business in a way that is unique in our industry. This ethos was inherited from our principal shareholder – The Robertson Trust – Scotland’s largest independent grant-making trust. Since 1961, when the Robertson Sisters incorporated Edrington, The Trust has donated £301m to a variety of causes to advance its aims of working for a fairer Scotland, funded by dividends from the company.

In the UK, Edrington and The Robertson Trust continue doing good together, both matching the charitable fundraising of employees. Thanks to this support, £1 raised for charity by an Edrington employee in the UK becomes £3 after additional contributions from The Robertson Trust and Edrington. In 2020/21 the total raised and donated by Edrington employees to causes in Scotland was £268,514. With the obvious challenges to fundraising caused by the COVID-19 pandemic, our employees focused their efforts on volunteering and making a difference in their local communities. This included donating hand sanitiser in the UK and Dominican Republic, and supporting more than 170 charities which tackle inequality, poverty, and illness.

The value of giving is alive and well in Edrington’s international locations. As Edrington has grown internationally, the company has encouraged our people to contribute to the wellbeing of the communities in which they live and work. Across our international locations, our employees are supported in making a difference by championing causes they feel passionate about. To do this, Edrington sets aside 1% of pre-tax earnings each year for charitable giving by its employees worldwide, with their fundraising efforts being double matched. Last year Edrington empowered its people across the world to make donations valued at £1.3m, bringing the total raised and donated by Edrington’s international employees to £13 million since Giving More was rolled out internationally in 2012.



Corporate Sustainability and Responsibility (continued)

Edrington sees participation in Giving More as a key ingredient of a healthy lifestyle and staying true to our heritage. A healthy lifestyle is as much about getting involved and contributing to the health and wellbeing of our societies as it is about personal wellbeing. That is why we encourage all our people to use their four days' paid leave to volunteer in their communities. Employees are encouraged to make use of these days to give back and support local causes.

3. PROMOTING RESPONSIBLE CONSUMPTION

Edrington is committed to promoting responsible consumption of its brands by those adults who choose to drink alcohol.

The company structures its responsible consumption agenda under three pillars that represent commitments to our people, our partnerships, and our brands:

Our commitments:

We support our people to work and live as alcohol responsibility ambassadors, with year-round education and support, and a commitment to 95% of eligible roles completing Edrington Marketing Code training every 2 years.

We partner with leading responsibility organisations to help people make positive choices about alcohol.

We ensure that our brands will promote alcohol responsibility to the people who enjoy them, that our brands adhere to the Edrington Marketing Code in all communications, and pledge that 100% of our brands' packaging will carry responsibility advice by 2025.

A healthy population and a relationship of trust with consumers are vital to the success of our business. Our responsibility starts with ensuring our brands are distilled, packaged, and promoted to a consistently high standard everywhere in the world. We have an important role to play in promoting responsible attitudes to alcohol.

In 2020/21 we launched a new online Edrington Marketing Code training course in English, Spanish, Chinese and Simplified Chinese to ensure that everyone in the business has the appropriate level of knowledge to enable them to be alcohol responsibility ambassadors. Two versions of this important training course were launched. A shorter version for all our people to raise awareness of our marketing code, including substantial new measures relating to digital compliance, gender stereotyping and events management. A longer, more substantive course was launched for everyone involved in marketing and promotion of our brands.

As part of our year-round package of education and training on promoting responsible consumption, last year we upgraded our annual Alcohol Responsibility Week to a month long focus. Due to ongoing COVID-19 restrictions, Alcohol Responsibility Month included a series of videos, and other online training events on and the launch of a new "Promoting Responsible Consumption" online training course.

Within local markets, our business works with and funds organisations that support responsible consumption and work to reduce the harms associated with alcohol misuse.

4. ENGAGING GREAT PEOPLE

We want to cultivate an inclusive environment that celebrates diversity of thinking and enables everyone to make meaningful contributions.

Our commitments:

Employ 33% female leaders by 2022 and ensure a minimum of 50% female candidates at first round interviews

Target 95%+ of employees to have development plans

Drive top quartile employee engagement

Ensure all employees and their families have 24/7 support via Employee Assistance Programme

We are proud to be an international business with an incredibly diverse set of consumers, customers and employees, 70% of whom are based outside Scotland. To achieve an inclusive and high-performance culture we have introduced progressive initiatives and policies focussing on diversity & inclusion, development of our great people, engagement and wellbeing.

Diversity & Inclusion

As with many organisations, we have work to do to ensure we foster a diverse and inclusive culture that enables diversity of thinking. Over the past few years, we have made considerable progress on gender equality by putting in place ambitious targets and a clear action plan. We are on track in achieving our target of having 33% female leaders in the business by 2022 (currently at 31%) and we are making progress towards our recruitment target of having 50% female candidates for every first-round interview (currently 43%). We narrowed our gender pay gap in the UK and introduced a number of progressive policies such as Modern Family Leave and new ways of working guidelines allowing for more flexibility.



Corporate Sustainability and Responsibility (continued)

We have also started to widen our diversity agenda and have communicated our diversity and inclusion (D&I) strategy to the business. In the UK we became a Disability Confident Committed employer in line with our commitment to the SWA Diversity & Inclusivity Charter. In addition, we focussed on raising awareness on mental health with over 250 managers undertaking mental health awareness training. Having just recruited a D&I Manager we are now in the process of putting together a comprehensive plan focussing on culture and engagement, awareness and education, and impactful interventions.

Development

Developing our great people by building the skills and capabilities needed to deliver our vision is a key area of our business strategy.

We also continued to evolve our Edrington Academy by collaborating with colleagues from across the business to build learning sprints, pathways, and skill frameworks.

Employee Engagement

Despite the challenging environment we are pleased to have increased our engagement score by 2% to 75% in the most recent pulse survey. This is an excellent result and a great testament to teams across the business who successfully implemented their action plans following the 2020 survey.

Wellbeing

In early 2020 we implemented our Employee Assistance Programme (EAP) to support all employees and their immediate families globally. Over the course of last year, we have seen many of our employees benefit from the resources and counselling sessions available via the EAP.

We also increased our wellbeing offerings by focussing on mental health awareness and building resilience which was particularly important during the pandemic.