

EDRINGTON



Environmental Sustainability

Guidance for Suppliers and Partners



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Part 1
**Purpose of
this Document**

This is the first version of Edrington's Environmental Sustainability: Guidance for Suppliers and Partners.

Working in partnership is an integral part of how we do business, and our intention is to collaborate and align with suppliers and partners who also share our environmental sustainability standards and values.

Over time, Edrington will seek to formalise Environmental Sustainability supplier screening and mandatory reporting within our various procurement processes. We will also seek to develop tools and resources to support our suppliers and partners along the way.

We are sharing this information as a means to open and develop early discussions with our valued suppliers and partners to better understand each other's key supply impacts and experiences and to inform the journey that we will go on together.

We thank you for taking the time to read this document and welcome any questions or feedback, which you can direct via your Edrington Contact.



Part 2

Introduction – Who We Are

a Our Purpose

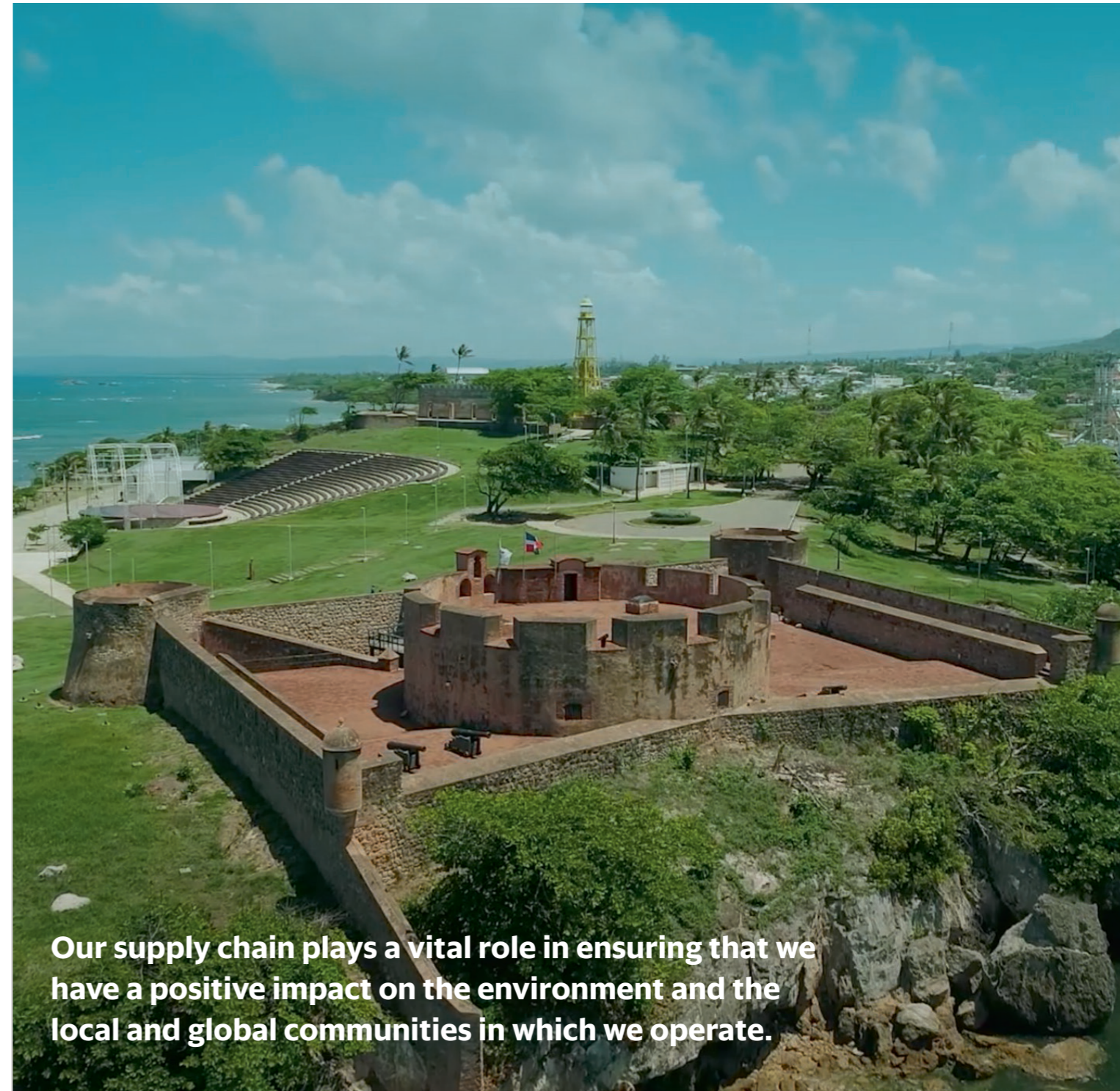
Edrington was created to be a company that makes a positive contribution to the communities in which we live and work. For over 160 years we have built a responsible and sustainable business that respects the environment around us.

As Scotland's leading independent Scotch Whisky company, operating in many global territories, Edrington is wholly committed to minimising the environmental impact of our operations.

We regard the reduction of waste, the conservation of energy, raw materials and water and the ongoing decarbonisation of our operations to be key ongoing priorities within our business.

As a growing international company, we are also committed to complying with environmental legislation in all territories in which we do business, as well as setting and observing high environmental standards within and across our industry as a whole.

Our Environmental Sustainability strategy is underpinned by the five pillars below.



Our supply chain plays a vital role in ensuring that we have a positive impact on the environment and the local and global communities in which we operate.

Our strategy focuses our efforts where we can make the most material difference and is anchored firmly around six environmental goals and commitments:

- 1 We will become a net zero business by 2045 aligned to the SBTi net zero corporate standard
- 2 We will advocate sustainable wood sourcing by tracing oak supply to region of origin in Europe by 2025 and the USA by 2030
- 3 We will replenish 100% of water consumption from production sites in water-stressed areas by 2030
- 4 We will execute a nature and wildlife strategy across all Edrington sites to increase biodiversity and sequestered carbon
- 5 We will reduce glass weight on all our mainstream brand variants by at least -10% by 2024
- 6 We will achieve zero waste to landfill from our own operations by 2025

b Working with Suppliers and Partners who share Our Purpose

With our business grounded in nature and the natural environment, from the barley we use in our Scotch Whisky brands, to the casks in which our spirits mature and the molasses we use to produce our rum, a strong supply chain is essential to Edrington's success.

We are therefore extremely proud of the many long-term relationships we have built with multiple suppliers and partners over the decades.

Our supply chain plays a vital role in ensuring that we have a positive impact on the environment and the local and global communities in which we operate.

Put simply, we will not achieve our ambitious environmental goals without the ability to work in close partnership with a network of collaborators who share our vision and values of transitioning to a net zero economy as quickly as possible – together.

In the long-term, we will work ever more closely with each of our suppliers and partners to ensure the key raw materials we buy, the services we procure and the businesses we work with meet the highest possible standards of environmental performance.



c Executive Statement from Scott McCroskie, CEO at Edrington

Founded in Scotland in 1861, Edrington is the home of some of the world's best loved Scotch Whiskies and other ultra premium spirits, reaching people around the world. Edrington was created to be a company that fundamentally makes a positive contribution to the communities in which we live and work. For over 160 years we have built a responsible and sustainable business that respects the environment around us.

Our partnerships with our global suppliers and distributor network play an integral role in achieving the highest of environmental standards, enabling the production of the world class products for which Edrington is famed.

We warmly welcome the opportunity to collaborate with partners who are also committed to addressing environmental challenges in a way that will drive meaningful business change and our collective transition to a net zero economy.

This guidance document sets out our framework to work with our partners and to actively share our values in delivering our aligned environmental goals, which are to decarbonise our operations whilst producing world renowned products in a sustainable manner.

This document also provides guidelines that are intended to help our partner companies understand our high environmental standards. We regularly review and monitor our environmental sustainability goals and progress, whilst continually evolving the processes that have been developed to help us achieve these aims.

We are fully focused on further strengthening and articulating our vision and working with our suppliers and partners to achieve our goals together.

Scott McCroskie
CEO Edrington



Part 3 Supplier and Partner Cooperation

This document is designed to provide environmental sustainability focused guidance and direction for our valued suppliers and partners.

We define 'suppliers' or 'partners' as people or organisations which provide goods or services to Edrington or any of our brands, and/or with whom we have a commercial transactional relationship.

We are aware that they range greatly in size and structure – from large multinational organisations to national corporations, small and medium-sized enterprises (SMEs), small independents, artisans and sole operators.

Broadly speaking, we believe that there may be a correlation between the scale and size of businesses with which we work and their advancement in line with the types of areas of environmental impact we discuss in this document.

We recognise that our larger suppliers may be more advanced while some of our smaller suppliers may be at an earlier stage in measuring their environmental impact and understanding their key impact areas.

Our intention at this point is to outline Edrington's current position and targets relating to key environmental impact areas whilst also providing guidance to our suppliers and partners where they may be developing actions and targets.

We will strive to work closely with our suppliers as we progress towards establishing environmental sustainability policies for our supply chain.

In the meantime, and for clarity on this document:

It is provided to set out areas of focus that we would encourage our suppliers to be aware of and be working towards within their own operations.

It is hoped that this document supports our suppliers to consider which impacts are most significant to their operations and to begin to understand and prioritise them accordingly.

It is hoped that our suppliers are developing plans towards adopting industry standards to ensure that their environmental responsibilities are met.

We share our commitments and values here to demonstrate how we articulate our priority areas in the hope that it supports our suppliers & partners in articulating and setting similar commitments and values across their own processes and supply chains.

At any time, our suppliers and partners should reach out to us to seek further guidance if they are unsure how to engage with this document or any other relevant Edrington policies.

In turn, Edrington will seek to support our partners on their environmental sustainability journey, in particular our smaller suppliers. We outline this in greater detail in Part 5 'Supporting our Suppliers and Partners'.

What we do ask at this point is that both our suppliers and partners take the time to read this document and consider the collaborative approach and impact areas that it begins to touch on so that, together, we may begin to build stronger partnerships for the future.

Part 4 Our Approach

We are committed to complying with all applicable laws, regulations, national and international conventions, as well as all environmental best practices and policies, to reduce the demands made on natural resources and preserve and conserve our local environments.

Working in partnership is an integral part of how we do business, and our ambition is to work collaboratively with both suppliers and partners who share our environmental goals and values.

We encourage our partners to work and align with us in identifying and establishing their own procedures, over time, for monitoring and reporting their environmental impact.

Edrington will therefore seek to build relationships with those who are able to demonstrate that they are committed to measuring, reporting and reducing their environmental impacts in ways that are meaningful to their operations.



Part 5 Supporting our Suppliers and Partners

Aligned with Part 3, Supplier and Partner Cooperation, we recognise that the scale and size of our partners will vary greatly and may correlate with advancement in areas of environmental impact and knowledge.

We understand that your resulting progress around the measurement and reporting of your environmental impact may range from being in the very early stages through to more advanced disclosure.

At Edrington, we want to support our valued suppliers and partners on this journey. We are currently exploring various options to support the dissemination and integration of our Supplier and Partner Guidelines, from surveys to downloadable assets and explainer video content.

As we look to the future and towards mandatory supplier reporting, we are also considering the provision of tools and resources to support our suppliers and partners. This is likely to include a supplier emissions database in which we will encourage our suppliers to be transparent in sharing their emissions data and working with us on a plan to reduce this in the long-term.

In the meantime, it is essential that we maintain open lines of communication with you and we welcome engagement via your Edrington contact to discuss any elements of this document.



As we look to the future and towards mandatory supplier reporting, we are also considering the provision of tools and resources to support our smaller suppliers.



Part 6

Key Impact Areas

Note to our Suppliers and Partners:

The sections listed below are areas in which Edrington's business processes impact our natural environment and are where we therefore focus our actions and commitments.

We outline them here with the intention of providing demonstrable guidance and direction as to how we have begun to monitor and report across our key impact areas because – from this point on – Edrington will increasingly seek to build relationships with suppliers and partners who are able to articulate and demonstrate their commitments to reducing their own environmental impact areas.

We have presented these key impact areas in an order that we consider to range from being broadly relevant to all suppliers at the start, working towards more specific relevance towards the end of the section.

There may be areas relevant to your business that are not listed here which we would be interested in learning more about from you over time.

a Net Zero Targets & Greenhouse Gas Emissions

Edrington has signed up to the Science-Based Targets initiative and declared an ambitious goal to be a net zero business by 2045. We also have a near term target to reduce emissions by 50% by 2030.

We simply cannot achieve these goals without suppliers and partners who are also on the same or a similar journey to decarbonise their operations and transition to net zero.

We will actively seek to work with our suppliers to understand and support the reduction of Scope 3 emissions across our supply chain, through collaboration and innovation.

Therefore, we will increasingly encourage our suppliers and partners to have systems in place to:

- ✓ Set their own credible net zero target and have a strategy in place to achieve this.
- ✓ Adopt best practice methods to reduce or prevent greenhouse gas emissions.

And, for all but our smallest suppliers, we also encourage them to:

- ✓ Publish data on greenhouse gas emissions and measures taken to reduce these.
- ✓ Ideally have their net zero target approved by the SBTi.
- ✓ Engage with their own supply chain to measure and report supplier Scope 1 & 2 greenhouse gas emissions.



b Streamlining Energy Use

Like us, our suppliers and partners may already have transitioned to (or possibly be in the process of switching to) verified renewable energy sources (i.e. those backed by Energy Attribute Certificates, such as REGOs in the UK).

They will recognise the benefits of implementing control measures to monitor, document, report and share energy use and carbon-intensity metrics and the value of striving to improve energy efficiencies across their own operations.



c Environmental Regulations, Management Systems & Policies

Environment-oriented management is central to our corporate policy and operations at Edrington. We recognise and embrace our responsibility to support and protect the environment around us and we actively align and comply with all in-market regulations spanning our global operations. We publish our Environmental Policy Statement in our annual report ([here](#)) and our 'Sustainability and Responsibility' (S&R) strategy is underpinned by a governance structure and key performance indicators for delivery.

We therefore expect our suppliers and partners to be:

- ✓ Observing locally and internationally applicable laws, regulations and best professional standards relating to the preservation and enhancement of the environment in the countries in which they operate.
- ✓ Ensuring that all required environmental permits, certifications and registrations are obtained, adhered to, maintained and kept up to date.

We also encourage our suppliers and partners to consider:

- ✓ Publishing a clear and publicly available environmental policy statement addressing the key impacts from their operations and committing to continual improvement to enhance environmental performance.

- ✓ Promoting the highest standards of integrity, fairness and accountability in all aspects of their business dealings, with environmental sustainability practices at the forefront of their priorities.

For all but our smallest suppliers and partners we also envisage that you should be:

- ✓ Establishing meaningful environmental management systems or aligning with local environmental management systems (such as ISO 14001 certification).
- ✓ Aspiring to achieve or maintain additional relevant independent ESG focused accreditations (ISOs, B Corp, Fair Trade, LEED certs, Cradle to Cradle, Positive Luxury and other third party verified product labels and process certifications).
- ✓ Publishing progress and complete reporting on targets on an annual basis.



Key Impact Areas (cont.)

d Minimising & Managing Waste

At Edrington, we have a clear target to achieve zero waste to landfill by 2025 via policies to reduce, reuse, repurpose and recycle materials associated with our production process and our co-products and recover energy from unavoidable waste. We would encourage our suppliers and partners to aim to:

- ✓ Identify and declare their own waste targets.
- ✓ Minimise, avoid or eliminate the generation of waste.
- ✓ Implement appropriate systems to identify, manage, minimise and responsibly dispose of waste, adopting waste hierarchy principles.
- ✓ Implement product lifecycle analysis (LCA), developing end-of-life actions across all operations.
- ✓ Adopt their own supplier zero-waste-to-landfill policy.

e Promoting Responsible Sourcing

At Edrington we are committed to ensuring that our suppliers' responsible and sustainable material sourcing and traceability policies are aligned with our own and we would encourage our suppliers and partners to also seek to:

- ✓ Adhere to recognised industry standards associated with the responsible sourcing of materials, products and services.
- ✓ Progress towards measures to guarantee raw material origins and traceability to recognised industry standards.
- ✓ Ensure that any materials guidance documentation issued by Edrington, or our commissioning brands, are adhered to when procuring materials on our behalf.

f Enhancing Biodiversity

Our distilleries and associated global offices and estates are located in vibrant cities and beautiful natural landscapes. Edrington has both a desire and a responsibility to ensure that we support and enhance the landscapes and biodiversity that surround us. We are committed to implementing nature and wildlife strategies across all our sites and to collaborate with partners who share our values on enhancing biodiversity in their surroundings. Where relevant, our suppliers and partners may also have – or be considering – systems to:

- ✓ Monitor, protect and conserve the quality of local environments in line with recognised local requirements and international standards.
- ✓ Minimise operational impact on any local ecosystems and provide restoration measures where necessary.
- ✓ Aim to deliver biodiversity net gain across their operating sites or – at the very least – ensure they do not deliver net biodiversity loss.
- ✓ Ensure no deforestation is undertaken.



g Protecting & Preserving Water

We are all custodians of this most scarce natural resource. Like us, our suppliers will routinely monitor their water usage (where this is significant). Where applicable, there will be water quality, efficiency and management processes in place which consider local availability and supply and ensure optimal performance and compliance with their own local regulations and laws.

Likewise, our suppliers and partners may be considering engaging in practices to:

- ✓ Reduce water consumption and freshwater withdrawals.
- ✓ Ensure water is managed efficiently through all processes and operations.
- ✓ Treat and discharge processed wastewater responsibly.



h Sustainable Agriculture

Edrington sources agri-supplies – such as barley – certified to the highest UK industry standards, and molasses from partners verified through national certification schemes in the Dominican Republic. Our suppliers in agriculture will be seeking to:

- ✓ Operate environmental agricultural practices that meet the highest local and international regulatory laws and standards applicable within the country of supply e.g. Farm Sustainability Assessment from the Sustainable Agriculture Initiative (SAI FSA), Red Tractor and Scottish Quality Cereals Assurance schemes in the UK.
- ✓ Develop viable agricultural practices and technologies that respect and enhance the environment and natural resources.

EDRINGTON



Thank you

We thank you for taking the time to read these guidelines and we look forward to working with you to develop and support our mutual environmental sustainability agendas.

At Edrington, we are committed to being a global leader in sustainability in the spirits industry and we will continue to set high performance standards for ourselves as well as seeking to align with suppliers and partners who share our values and aspirations.

If you have any questions or would like to discuss these guidelines further in any way please do not hesitate to reach out to your Edrington contact.