



Stock Spirits Group Sustainability Report 2022

Background

Since becoming a UK public listed company in October 2013, Stock Spirits Group PLC has been subject to various requirements on the reporting of ESG metrics.

In November 2021, Stock Spirits Group was acquired by CVC. The new owner decided to withdraw Stock Spirits Group from the London Stock Exchange.

Despite the above step, the Stock Spirits Group (SSG) still undertakes to maintain ESG reporting.

In this report we would like to present the ESG metrics from the work that has been undertaken during the financial year to 30 September 2022.

ESG strategy

In line with our commitment to the United Nations Global Compact, Stock Spirits Group PLC announced in 2021 the ESG strategy : Planet, People and Processes (PPP) which is being continued and developed.

PLANET

We have committed to concentrating our efforts on renewable energy and recyclable packaging in order to reduce the impact that we have on our environment. We are also focusing on better waste management and on developing a road map to carbon neutrality.

PEOPLE

Our aim is to ensure that we are a positive contributor to all of the societies and communities in which we operate and are developing a culture of engagement among our people.

PROCESSES

The goal here is to implement the strongest possible governance principles in all areas of the company, and on using our resources as efficiently as possible.

PLANET, PEOPLE, PROCESSES: ANNOUNCING OUR ESG STRATEGY

A SOLID FOUNDATION OF COMMITMENTS ON WHICH TO BUILD



Environmental Policy

We have agreed to:

- implement an effective environmental management system in all our production facilities,
- implement organizational solutions ensuring compliance with environmental regulations,
- seek product, technology and process solutions in our development and investment that reduces the environmental impact,
- take action aimed at economical and rational use of natural raw materials, in particular water,
- improve energy efficiency of our production processes on a regular basis,
- analyze, monitor, and optimize our carbon footprint by boosting energy efficiency, searching for more sustainable energy sources, and reducing our own emissions,
- use raw materials and packaging materials sensibly to maximize their economical use and recycling at the packaging design stage, and consider the most environmentally effective materials and design,
- ensure effective collection and segregation of waste in order to minimize the volume sent to landfill,
- protect valuable natural areas against the potential impact of our production facilities,
- capture environmental risks in our risk management strategy, such as threats to the local environment due to potential incidents, including leaks or other emissions of harmful substances,



- build environmental awareness with our employees and key suppliers and promote behaviors consistent with the principles of sustainable development,
- respond to any incidents that may result in increased emissions into the environment and investigate all irregularities reported by our employees, suppliers, representatives of the local community and other stakeholders,
- engage with our stakeholders, including suppliers, partners and the local community to discuss reducing the environmental impact of our operations and production
- monitor our key environmental indicators and performance on a regular basis
- appoint individuals from the senior management team to be responsible for environmental performance.

Effective process management systems protect our facilities against deviations from accepted environmental protection regulations and standards. Our plants in Poland, Czech Republic, and Germany have implemented certified environmental management systems in accordance with ISO 14001 which covers environmental risk factors.

GHG reporting approach

Stock Spirits Group reports Scope 1 and Scope 2 greenhouse gas emissions under the terminology of the Greenhouse Gas (GHG) Protocol produced by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

We use two ESG reporting frameworks, including the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB).

These frameworks allow us to provide information in a structured and consistent way, enabling our stakeholders to analyse our performance over time, and relative to other organisations.

Sites within the reporting scope

The reporting scope covers all SSG sites: offices and production plants:

- 1) Germany: Baltic Production Plant
- 2) Poland: Lublin Production Plant & Lublin Warehouse, Warsaw Office
- 3) Czech Republic: Pilsen & Pradlo Production Plants , Prague Office
- 4) Italy: Borgonato & Gussago Production Plants (as of Oct 2021), Milan Office
- 5) Croatia: Zagreb Office
- 6) Bosnia and Herzegovina: Sarajewo Office
- 7) Slovakia: Bratislava Office
- 8) UK: Wooburn Green Office (until Nov 2021)

Base year

The base year is from 1 October 2014 to 30 September 2015 (“FY15”).



Independent 3rd Party audit

The FY 2022 energy and Scope 1 and 2 GHG emissions data have undergone independent limited assurance by ERM Certification and Verification Services (ERM CVS). For full details please refer to the ERM CVS Limited Assurance Statement available on the SSG website.

GHG performance data

Please see below the Group's total Scope 1 (direct) and Scope 2 (indirect) Greenhouse Gas (GHG) emissions measured under the GHG Protocol's standards and guidelines. The chosen emissions KPI is kgs of CO₂ equivalent per litre of finished product produced.

Greenhouse gas emissions (Tones (T) of CO₂e)

Table 1. [GRI 305-1,2a]

	FY 2022	FY 2021	FY 2020	FY 2019
Scope 1 (direct)	32 006	31 963	31 793	34 375
Scope 2 (indirect) location-based method	8 649	8 867	8 833	9 144
Total	40 655	40 830	40 627	43 520

Table 2. [GRI 305-1,2b]

	FY 2022	FY 2021	FY 2020	FY 2019
Scope 1 (direct)	32 006	31 963	31 793	34 375
Scope 2 (indirect) market-based method	418	3 543	11 298	11 839
Total	32 424	35 506	43 092	46 214

*The decrease in CO₂e emissions in Scope 2 (market-based method vs. location-based method) results from the zero-emission electricity in factories and as of January 2022 in the Lublin warehouse.

Greenhouse gas emissions intensity by gram/litre of produced finished product (CO₂e)

Table 3. [GRI 305-4]

	FY 2022	FY 2021	FY 2020	FY 2019
Scope 1 (direct)	254	247	259	274
Scope 2 (indirect) location-based method	69	68	72	73
Total	322	315	332	347



Table 4. [GRI 305-4]

	FY 2022	FY 2021	FY 2020	FY 2019
Scope 1 (direct)	254	247	259	274
Scope 2 (indirect) market-based method	3	27	92	94
Total	257	274	352	369

GHG emissions Inventory

In the financial year 2022 we have gone through a comprehensive GHG emissions Inventory carried out by Schneider Electric. The inventory was performed in line with the requirements of the WRI/WBCSD GHG Protocol and consisted of:

- the carbon footprint calculation of Scope 1 & 2 emissions,
- spend-based method screening assessment of indirect Scope 3 emissions

The Scope 3 spend-based method gave us a rough approximation of the company's value chain emissions. We are now in the process of establishing a pathway to move on from spend-based to activity-based data for the highest emitting Scope 3 categories, meaning that we are a step closer to setting Science-based Targets.

Energy Management

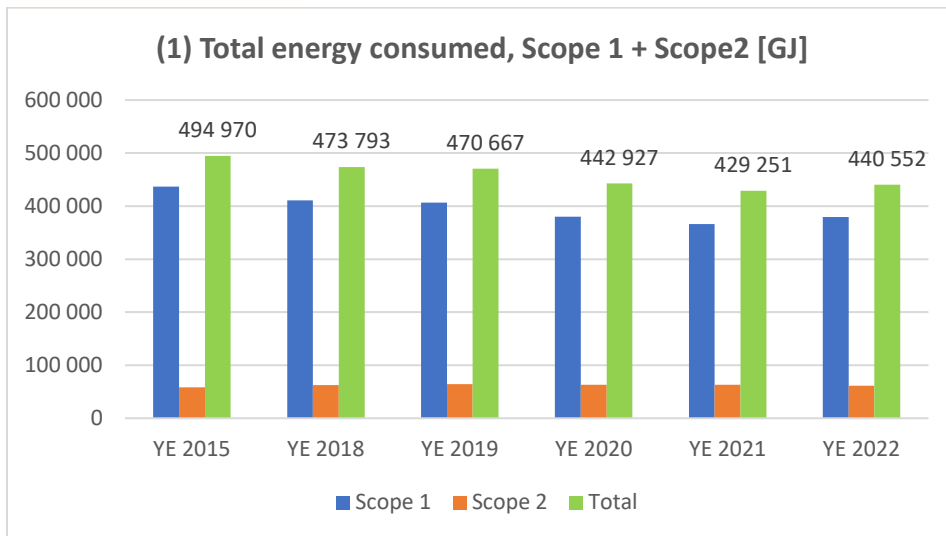
We continue to increase our energy efficiency through optimizing our processes and other solutions and reducing our carbon footprint per product unit.

We have identified, examined and implemented processes that reduce energy demand such as changes related to the metering of consumption on a process-by-process basis and shutting down non-critical infrastructure elements during downtimes (e.g. weekends and holiday periods) in plants or the replacement of standard lighting with LED systems in our offices and production areas. We also look to work with our suppliers to reduce energy consumption. We supply fridges to our customers and aim to use those with the least impact on the environment.

Moreover we are finishing the construction of new distillery at Stock Spirits' Lublin plant in Poland which is the largest industrial investment in Lublin in recent years. The new distillery will combine the innovative technology with a number of pro-ecological solutions.

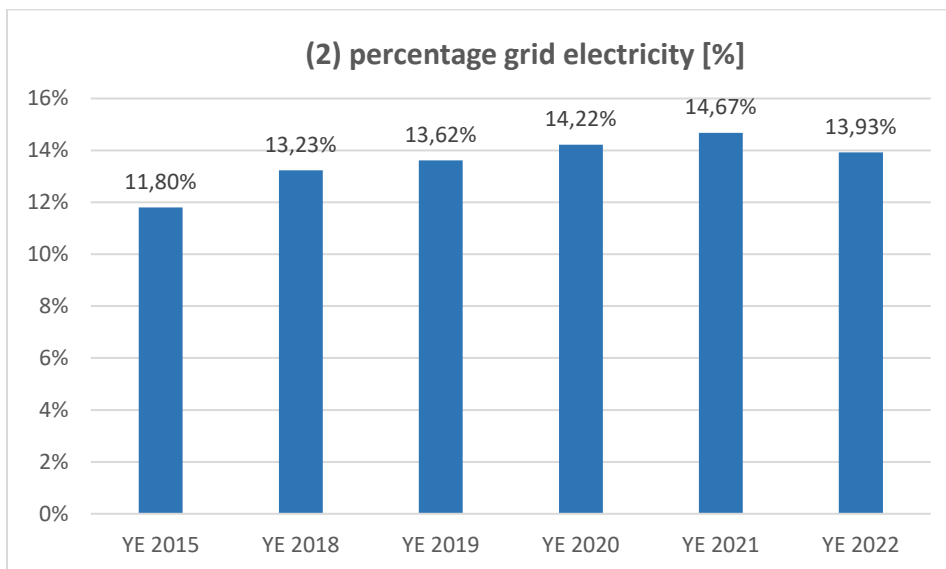
Total energy consumed (gigajoule (GJ)) [SASB FB-AB-130a.1.]

This is the range of energy consumption covering energy from all sources, including purchased externally (Scope 1 and 2 GHG):



Percentage grid electricity (GJ) [SASB FB-AB-130a.1.]

The percentage of energy consumed that was supplied from grid electricity.

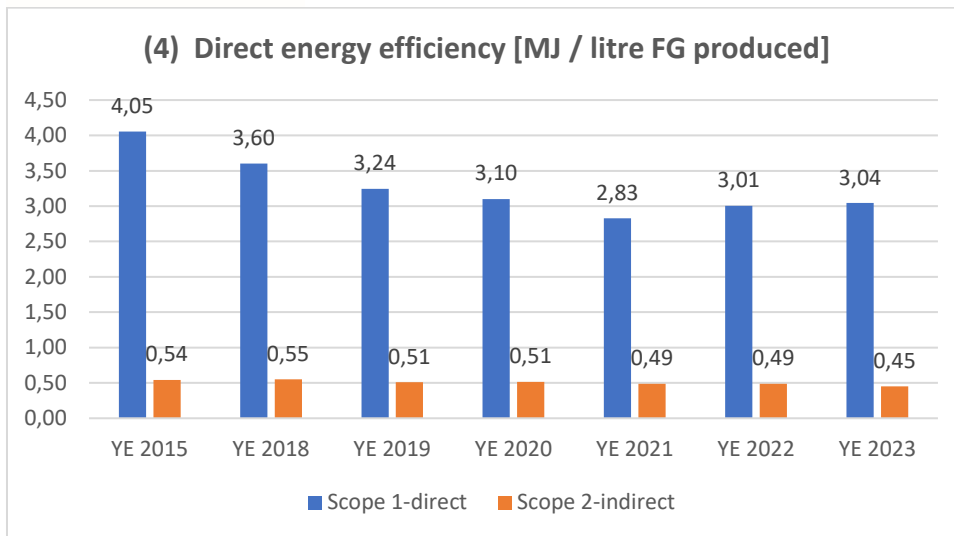


Percentage renewable [SASB FB-AB-130a.1.]

In the last quarter of the fiscal year 2022, 96.2% of total electricity purchased by SSG was coming from renewable sources (hydropower facilities).

In order to monitor our energy consumption, we have adopted efficiency indicators per one litre of produced finished product:

- Direct (Scope 1) energy efficiency (megajoules (MJ)/ litre produced finished product)
- Indirect (Scope 2) energy efficiency (MJ/ litre produced finished product)



Water Management [GRI 303-1]

Water is the key raw material used in our production and we aim to limit the use of water where we can, through optimizing our processes using technology. We use a closed loop system in our rectification installation at the Lublin plant (Poland): a total of 495m³ of water circulates two loops per hour with no waste generated. This approach significantly reduces water demand inside the installation. Closed circulation systems use small quantities of water to make up for any losses caused by evaporation and through the condensation recovery from steam, we save up to 5,200m³ of water per year. This water can be used to top up depleted resources in the closed system.

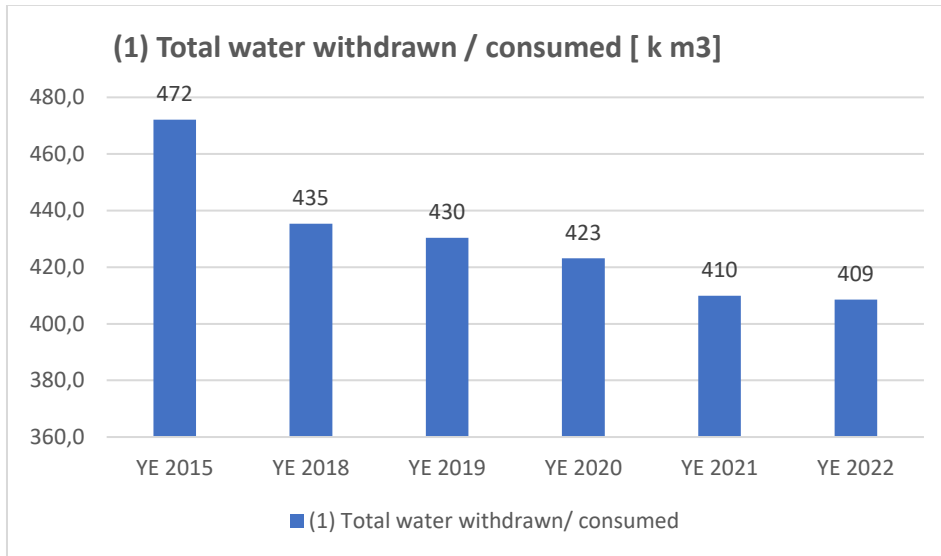
Our production sites source water from their own underground intakes and external suppliers and we use no or limited water from the municipal supply systems to avoid generating extra demand at the cost of local residents, especially in periods when there may be supply shortages. Water management in the plants is controlled by monitoring the water consumption and quality, as well as maintenance of the installations and equipment to ensure top-level performance. We comply with the legal requirements in each location and have the required water abstraction permits and contracts with suppliers. Each plant has specific target water consumption levels per one liter of finished product.

We continually monitor the quality of our water and wastewater discharged from the premises of the production facilities. Our plants do not have their own sewage treatment facilities and use external suppliers (municipal sewage treatment plants) and we monitor their operating parameters periodically. The sewage treatment plants that collect our wastewater meet all legal requirements and discharge treated sewage into the environment while observing all required parameters.

Total water withdrawn [GRI, 303-3a, GRI 303-5a] ; [SASB FB-AB-140a.1.]

We report the amount of water withdrawn (water withdrawn equals water consumed) in thousands of cubic meters for the plants and warehouse (excluding commercial offices).

2022: 409 k m³ (-0.3% vs. 2021, -13.4% vs. 2015 base year)



Total water consumed/ withdrawn, percentage of each in regions with High or Extremely High Baseline Water Stress [GRI 303-3b, GRI 303-5b] ; [SASB FB-AB-140a.1.]

We report the % of water withdrawn (water withdrawn equals water consumed) in locations with high or extremely high baseline water stress, including production plants but excluding office locations.

2022: 49.3%

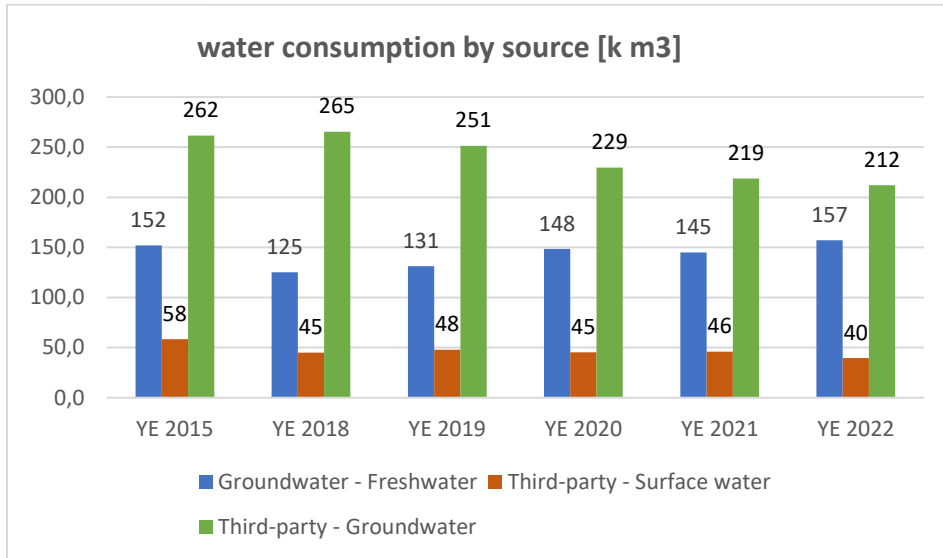
In the table below we have set out the levels of water stress across the Group factories.

Location	Level of Water Stress
Germany	High (40–80%)
Czech Republic	Low-medium (10–20%)
Lublin, Poland	Medium-high (20–40%)

Source: Aqueduct (<https://www.wri.org/aqueduct>)

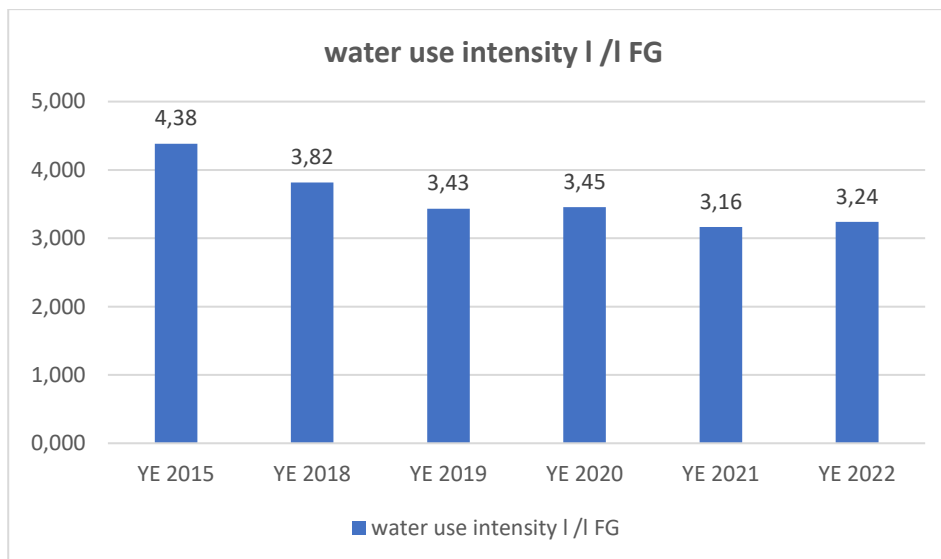
Water collected according to sources (2022 year) [SASB FB-AB-140a.1.]

- Groundwater (borehole/well)
Freshwater ($\leq 1,000$ mg/L Total Dissolved Solids) – **157k m³**
- Total third-party water withdrawal by withdrawal source
 - Surface water – **40k m³**
 - Groundwater – **212k m³**



Water efficiency index

We track our water efficiency as consumption of water per liter of finished goods produced (excluding commercial offices).



Employment structure & employee engagement

At Stock Spirits Group we are a team of over 1200 people who engage in their work every day. We employ excellent professionals offering them stable employment in a big organization. The employment structure is primarily composed of 80% full-term permanent contract workers, out of the total number of employees, 42% are women. Only 1% of employees are part-time employed.

Structure of employees by employment contract, by gender [GRI 102-8]

	FY 2020*	FY 2021	FY 2022
Number of employees	1147	1184	1227
Women	463	483	511
Men	684	701	716
Employed with permanent contract	901	960	989
Women	378	392	407
Men	523	568	582
Employed with fixed-term contract	246	224	238
Women	85	91	100
Men	161	133	138
Full-time employed	1123	1157	1208
Women	440	457	502
Men	683	700	706
Part-time employed	24	27	19
Women	23	26	16
Men	1	1	3

* FY 2020, data collected as of 01.01.2020

Structure of the governance bodies by gender and generation [GRI 405-1a]

	FY 2020*	FY 2021	FY 2022
Total	11	11	12
Women	1	1	3
Men	10	10	9
Generation Z (1997-)	0	0	0
Generation Y (1981-1996)	0	0	0
Generation X (1965-1980)	9	9	12
Baby Boomers (1946-1964)	2	2	0

* FY 2020, data collected as of 01.01.2020

Structure of employees by gender and generation [GRI 405-1b]

	FY 2020*	FY 2021	FY 2022
Total	1147	1184	1227
Women	463	483	511
Men	684	701	716
Generation Z (1997-)	25	41	81
Generation Y (1981-1996)	593	629	656
Generation X (1965-1980)	458	455	442
Baby Boomers (1946-1964)	71	59	48

* FY 2020, data collected as of 01.01.2020

Total number and rate of new employees hires by age group and generation [GRI 401-1a]

	FY 2020*	FY 2021	FY 2022
Total	145	243	274
Women	54	98	116
Men	91	145	158
Generation Z (1997-)	7	28	60
Generation Y (1981-1996)	100	144	158
Generation X (1965-1980)	36	67	50
Baby Boomers (1946-1964)	2	4	6

* FY 2020, data collected as of 01.01.2020

Total number and rate of employee turnover by age group and generation [GRI 401-1b]

	FY 2020*	FY 2021	FY 2022
Employee turnover	10,70%	17,40%	19,60%
Women	10,30%	14,70%	17,60%
Men	10,80%	18,80%	20,10%
Generation Z (1997-)	4,90%	37,60%	0,00%
Generation Y (1981-1996)	12,70%	19,30%	11,20%
Generation X (1965-1980)	8,50%	12,80%	11,70%
Baby Boomers (1946-1964)	13,60%	20,60%	28,90%

* FY 2020, data collected as of 01.01.2020

Employee Engagement

In order to measure the level of engagement and satisfaction of our employees we conduct an annual engagement survey. In 2022 we asked our employees a series of questions across 16 Aspects: Employee Engagement, Employee Enablement, Authority and Empowerment, Clear and Promising Direction, Collaboration, Confidence in Leaders, Development Opportunities, Pay and Benefits, Performance Management, Quality and Customer Focus, Resources, Respect and Recognition, Training, Work, Structure and Process, Stock Spirits Values, Acquisition by a New Owner; the two key aspects that we focus on are Engagement



and Enablement and we compare ourselves to FMCG, High Performing (HP) and General Industry (GI).

The results of an employee engagement survey provide valuable insights to improve the workplace culture, address any concerns or issues raised by employees, and ultimately increase employee retention and productivity.

The engagement index for FY22 was 66% and the response rate 80% which indicates that a majority of the employees are willing to share their opinion and feedback with the company.

Employee engagement survey results

	2020*	2021	2022
Engagement index	60%	67%	66%
Response rate	N/A	84%	80%

* FY 2020, data collected as of 01.01.2020

Packaging lifecycle management

Based on the purchased packaging data from FY2022 and the detailed per-index data on their recyclability and the content of recycled material collected from our suppliers:

Total weight of packaging: 105 tons [SASB FB-AB-410a.1.]

Percentage made from recycled and/or renewable materials: 31,10 % [SASB FB-AB-410a.1.]

Percentage that is recyclable, reusable and/or compostable: 99,02% [SASB FB-AB-410a.1.]

Plastic represents less than 1% of the packaging we have introduced to the market. The plastic in our packaging is largely in the form of a label (which is recycled with the glass bottle) and a cap.

Safe working environment

As Stock Spirits **we believe that health and safety at workplace is a fundamental human right and that avoiding all incidents is possible.** We strive to be a role model to other companies within the industry as health and safety guides our decision-making and is an essential part of our company's values.

All our processes, products and services meet or exceed all applicable health and safety regulations. Furthermore, we are committed to continually improving health and safety conditions by eliminating or reducing occupational risks whilst maintaining open communication with all stakeholders.

Safe work performance is a condition of employment at Stock Spirits and we believe that everyone is responsible and accountable for their own and their co-workers' safety. It is our firm belief that no job is so important or urgent that it cannot be performed safely.

As of 2022 we have introduced The Life-Saving Rules, which are eight basic safety rules that are mandatory for all SSG colleagues and all our contractors.

The Life-Saving Rules simply re-enforce the existing procedures, ensuring that everyone who works for us or with us follows them and gets home safely.

8 Life-Saving Rules



Work with a valid work permit when required



Obtain a permit for entry into a confined space



Use fall protection when working at height



Make sure moving machinery is guarded



Obtain authorization before disabling safety equipment



Check equipment is isolated before work begins



Wear a seatbelt in motor vehicles when provided



Do not use alcohol or drugs at work

The Golden Principle:



Intervene to stop work if conditions or behaviour are unsafe

We shall apply a Zero Tolerance principle to non-compliance with the Life-Saving Rules.

Speak-up policy

All Stock Spirits employees have the opportunity to report any potentially dangerous situations – orally, by phone or in writing to the Group H&S Coordinator.

Stock Spirits has also a Speak-up hotline available in all countries where the Group has operations. The Speak-Up line can be used by any employee in the Group or by third parties and allows them to report any incidents or inappropriate behaviours in their own language. The confidentiality of the information reported is correctly protected. The Group also carries out refreshment training on the basic principles of our Code as well as the Speak-Up line, so it is well known.

Work-related injuries [GRI 403-9]

	FY 2019	FY 2020	FY 2021	FY 2022
Fatality	0	0	0	0
LTA	10	15	13	13
MT	14	7	1	0
FATI	12	12	7	7

Definitions:

Fatality		Work-related death of an employee or a temporary worker
Lost Time Accident	LTA	Work-related injury that results in an employee or a temporary worker being absent from the workplace for a minimum of one full work day. The absent day does not include the day during which the accident occurred.
Medical Treatment	MT	Work-related injury that results in an employee or temporary worker requiring medical attention by a professional rescuer (e.g. doctor, firefighter...). The injured person is able to work the next scheduled work shift.
First Aid Treatment Incident	FATI	Work-related injury that results in an employee or temporary worker requiring first aid rendered by an internal first-aider or him/herself. The injured person is able to work the next scheduled work shift.

During the year we have conducted several initiatives aimed at raising awareness of health & safety rules in everyday life of our employees, examples of such initiatives are listed below:

- safe driving training organized for polish employees with company cars
- first aid course
- ergonomic workshops for all warehouse employees who handle heavy loads.
- Training for management aimed at increasing awareness of their responsibilities in the field of safety
- H&S Day for Lublin Factory employees, focused on various safety topics

Responsible Drinking

We are conscious that our products should be enjoyed responsibly by those who choose to drink them, and we do not want irresponsible drinking to harm the health of our consumers or others who may be affected. We believe that efforts to reduce the misuse of alcohol are most effective if all parties involved (including authorities, individuals and producers) work together.

During the year, Stock Polska continued its long-standing and highly active membership of ZP Polski Przemysł Spirytusowy (ZP PPS), the trade organization which, as part of its work,



promotes responsible drinking through educational programs and public campaigns. In July 2022 Marek Sypek became the Chairman of ZP PPS's General Board. Local and national responsible alcohol campaigns were collaborated on between the Company and ZP PPS throughout the year. A significant part of the responsible drinking activity in Poland is carried out across social media and through campaigns which ran across the year. ZP PPS continued its workshops for retailers, to provide guidelines on 'Responsible selling and serving of alcoholic beverages'.

Both our Czech Republic and Slovakia businesses are founding and active members of 'Forum PSR' (drink responsibly), which brings together the countries' major spirits producers and distributors to work against alcohol abuse. This Forum addresses issues related to alcohol consumption and tries to raise awareness of the negative effects of irresponsible drinking. We continued to use the 'PSR, (drink responsibly)' platform within our media, in-store and other brand communication.

Italy continued to be a member of Federvini, the national trade association founded in 1917 which, as part of its role, promotes responsible drinking using educational and informative programs.

Stock Foundation

Stock Foundation has been operating since July 2022 and is currently running a broad project called Spirit of Ukraine, aimed at providing assistance to refugees from Ukraine. Our project is designed to distinguish us from other initiatives by focusing on refugees residing in Lublin and the voivodship, and it is centered around three key areas of assistance: finding employment, education, and psychological support for individuals who have suffered trauma.

These three areas were identified by us as the most important, after ensuring that housing needs had been met.

Regarding finding employment, we provide financing for Polish language lessons, as poor knowledge of the language is often the biggest barrier to finding work. We also finance courses for professions with a high probability of job availability, such as employees in bakery-cafes, office workers, and IT. Additionally, we co-organize forums where Ukrainians can meet potential employers, Labor Office employees, and professional instructors such as barista bakers. Volunteers are also available to provide advice on how to write a CV, prepare for job interviews, and handle matters in Polish offices such as tax, immigration, and healthcare.

As part of our education project, we sponsor schools that have accepted children from Ukraine. The funds are intended for integration classes, meals, and equipment for classrooms that have been adapted to accommodate children from Ukraine. At the beginning of the school year, we finance the purchase of school starter kits for 550 students. We also indirectly combine assistance for students with a therapeutic character by financing scholarships for Ukrainian children who stopped learning to play a musical instrument due to the war.



Regarding psychological assistance, we have signed a contract with a group of Ukrainian therapists who provide online support. However, refugees are more inclined to use direct assistance, so we cooperate with Ukrainian psychologists residing in Lublin to provide direct assistance. We also support the Crisis Intervention Center (Lublin helpline). Our funds enable a psychologist and a lawyer to provide assistance to Ukrainians, both remotely and on direct duty.

The most spectacular project we have undertaken was a Christmas meeting during the Orthodox holidays on January 8 for around 200 refugees who are still living in collective accommodations, shelters, and dormitories and do not have the means to organize holidays on their own. The event received wide media coverage.

Version	Accepted	Changes	Comments
1	08.05.2023 by Beata Górnjak Group HR Director	n/a	n/a
2	15.06.2023 by Beata Górnjak Group HR Director	Name of the report: Stock Spirits Group Ltd to Stock Spirits Group. Precise description of the business name of the company before and after the CVC's acquisition.	Typing error in the business name of the company