

Stock Spirits Group
Sustainability Strategy



Table of contents

Who we are and what is our mission?	3
Our ambition & strategy	4
Market context	5
Regulatory context	6
Social context	7
Why is it important?	8
How do we get there?	9
People	10
Responsible drinking	10
Equal treatment & inclusive organisation	11
Health & Safety	12
Planet	13
GHG Emissions	13
Materials & packaging	14
Water	15
Energy	16
Responsible farming & sourcing of raw materials	17
Processes	18
Transparent business conduct, cybersecurity & data protection	18

Who we are and what is our mission?

Stock Spirits Group history dates back to 1884 when Lionello Stock, an Italian entrepreneur experimented with flavors and innovated the industry. Together with Carlo Camis, he founded “Distilleria a vapore Camis & Stock” in Trieste. Lionello believed that good things in life are made to enjoy, savor and share.

Building on his legacy, we formulated our purpose “**Enhancing the Flavours of Life**”. It means that our brands are crafted with passion, respect for people and planet, using the finest ingredients, flavours and craftsmanship. We aspire to be part of the special moments in people’s lives, always responsibly – one drink at a time and innovate to expand the world of spirits. We offer a wide range of high-quality products, including vodka, vodka-based flavored liqueurs, rum, brandy, whisky, gin, tequila, bitters and limoncello. Our products are firmly rooted in their home countries’ local culture and traditions.

Currently, Stock Spirits Group is one of the leading spirits producers in central Europe. We are present in nine European markets and operate eight manufacturing sites, employing over 1800 employees (including acquisitions). Our portfolio consists of over 80 brands which are available in nearly 50 countries, including iconic and strong local brands from Poland, Italy, the Czech Republic, Germany and France.



Our ambition & strategy

Stock Spirits Group's (SSG or Group) ambition is to become the leading mainstream spirits company in Europe by 2027. Our ambition is to be one of the industry leaders with the fastest growth in Europe and innovating at scale, putting the European consumer at its heart. We want to grow from a Central European company to a pan-European player. We aim to achieve this whilst also reducing our Scope 1, 2, and 3 carbon footprint by 2030.

Since being acquired by CVC Capital Partners in November 2021, we have defined a new strategy that sets SSG apart from others, especially global companies. SSG's unique business model is based on five key pillars:

01

We focus on Europe and European consumers (trends, preferences, etc.) innovating with European consumers in mind.

02

We believe in the power of local brands.

03

We have, and will, expand our own route-to-market (RTM) in key European countries.

04

We want to have our distillation and production operations vertically integrated into our business.

05

We focus on mainstream and low premium products.

We plan to achieve our ambitions by expanding geographically in Europe through recent M&As, leveraging our selected local brands to make them available to consumers in other European markets, as well as developing current and acquiring new RTM strategies to effectively reach consumers. We do this by expanding and complementing our portfolio with strong M&A – derived brands in growing categories such as Whisky and Tequila, as well as through innovations such as Ready to Drink (RTD) cocktails, always focusing on Europe and European consumers.

We innovate and invest in brand building, as well as focus on commercial excellence. Additionally, we are committed to digital acceleration to effectively develop internal processes, data analysis, and online sales.

Our core markets are Poland, the Czech Republic, Slovakia, and Italy. In 2023, we have expanded into France, Germany, and Austria to establish the pan-European presence. We focus on high-quality mainstream products that give good value for money.

Market context

Stock Spirits Group operates in a highly competitive spirits industry. Currently among the top 4 spirits companies in Europe by market share¹, we believe we can contribute to shaping more sustainable market trends and practices within the areas we have influence on.

Since becoming one of the portfolio companies of CVC Capital Partners equity fund, we are now going through major changes such as the consolidation of business units in markets, unification of teams, integration

of acquired companies and enhancing processes and systems.

In September 2023, the Group completed four acquisitions – one in Germany, two in France, and one in Poland. These acquisitions support our ambition and allow SSG to respond to consumer needs by entering the two growing categories of Tequila and Whisky.

1 Source IWSR without UK & Ireland in value and volume

Borco-Marken-Import Matthiesen

The purchase of the Hamburg-based spirit producer, marketer and distributor, **Borco-Marken-Import Matthiesen** (now Stock Spirits GmbH) enables SSG to gain access to the attractive German and Austrian spirits markets. We will leverage Stock Spirits GmbH distribution network to introduce a selection of Stock brands. In addition, the Group will enrich its offer by integrating its portfolio of international premium spirits, including the iconic Sierra Tequila brand.

Clan Campbell, Dugas

The purchase of **Clan Campbell** Scotch blended whisky, one of the most popular whisky brands in France, enables SSG to enter the growing whisky category. Stock Spirits Group also acquired the **Dugas** group, a leading producer and distributor of premium and super premium spirits in France. Dugas cooperates closely with producers of the craft, high quality alcohols and has unique access to the network of 'cavists' and on-trade channels.

Polmos Bielsko-Biała

The acquisition of **Polmos Bielsko-Biała**, an expert producer of high-quality pure and flavoured spirits, enables SSG to strengthen its vodka portfolio in Poland across mainstream and premium categories.

In 2024, we finalised the construction of a distillery in Lublin, the largest in Poland and one of the largest in Central Europe.

The new distillery marks our continued commitment to sustainable development, focusing on minimising our carbon footprint. We have implemented the latest solutions to ensure efficient use of water and energy, as well as waste reduction.

The Lublin distillery will be capable of producing and distilling 32 million litres of pure alcohol annually. Combined, our distilleries in Lublin and Germany, we will be able to produce around 52 million litres of pure alcohol per year, which will be sufficient for our future production needs.

Having our own distillery gives us full control over the production process, from grain to the final product. We believe this is crucial for maintaining quality, efficiency, and fostering innovation to meet consumer needs and consumption trends.

One of the strong consumption trends in spirits across Europe is 'drink less but better'. Consumers look for high-quality products, often reaching for craft brands or those with local roots and heritage. In response to this quality trend, SSG offers high-quality traditional products and ensures high quality by having its own production and bottling plants. These models ensure full control over the quality of our products and enables greater agility in innovations we bring to the European consumer.

Another mega trend is 'lower ABV' (Alcohol by Volume), where consumers are looking for ways to reduce their alcohol consumption through spirits with lower alcohol content, such as flavoured alcoholic beverages at 25–28% ABV, non-alcoholic gin, ready-to-drink cocktails etc. In response to the 'lower ABV' trend, SSG has launched innovations with a complete range of RTD cocktails in the Czech Republic and Slovakia, with expansion to Germany. We have also reduced the ABV content in some of our biggest brands in Poland while maintaining their taste and characteristic features.



Regulatory context

The alcohol industry is highly regulated both at the country-level law and by EU legislation. There is increasing regulatory focus on ESG (Environmental, Social, and Governance) reporting in the EU and worldwide, including EU Taxonomy and upcoming requirements resulting from the Corporate Sustainability Reporting Directive (CSRD). European authorities aim to improve the comparability and transparency of ESG disclosures which we see as an opportunity to enhance our credibility towards stakeholders.

As part of our Sustainability Strategy, we are enhancing our supply chain practices to ensure that human rights and environmental impacts are fully respected at every stage of our operations. The measures to identify, prevent, and mitigate such issues will be supported by the Corporate Sustainability Due Diligence Directive (CSDDD), which we are awaiting to be implemented into national law.

The Group monitors current and upcoming regulations to ensure full compliance. Our goal is to meet regulatory ESG requirements, and surpass them in various areas by leveraging industry best practices. By fulfilling these commitments, we aim to ultimately become an industry role model in Europe.

Social context

Social responsibility is treated very seriously by SSG due to the nature of the products we offer. As a spirits company, we are fully aware that consumers can be exposed to a wide range of potential negative effects resulting from the harmful use of alcohol. Special care and attention, as well as educational efforts, should be directed towards high-risk groups of consumers such as pregnant women, minors, addicts, or drivers who should completely refrain from alcohol consumption.

Stock Spirits Group strongly believes that our products should be enjoyed responsibly by those who choose to drink them. As a producer, we admit, we have a role to play. We are committed to educating and promoting the responsible use of alcohol.

We believe that efforts to reduce alcohol misuse are most effective if all parties involved, including governments, local authorities, and industry associations, work together. Real change can be achieved by long-term education, transparent consumer information, and joint, coordinated efforts. We engage through industry associations in each market where we operate to educate, prevent and reduce harmful use of alcohol. By promoting responsible consumption of our products, we want to enhance the flavours of life responsibly.

As mentioned earlier, we respond to market trends such as 'drink less but better' by offering high-quality products and ensuring consistent quality through vertical integration of production into our business model. Another trend focuses on products with lower ABV, to which we respond by offering lower alcohol products and innovating. As part of our Sustainability Strategy commitments, we are launching our first non-alcoholic product in Germany in the autumn of 2024, thereby fulfilling our NoLo commitment.

We will also pay more attention to transparent consumer information in markets where there are no such legal requirements, as we want consumers to make well-informed choices. In countries where alcohol advertising and promotion are allowed, SSG adheres to industry self-regulations in these aspects.

We aim to positively contribute to society by being a leading employer in the industry, ensuring a high level of employee engagement, recruiting, and retaining talented employees. Our values – Bold, Open, United – define who we are and how we work together. We are committed to creating an inclusive, dynamic environment where talents can flourish. Our priority is to create a friendly and safe workplace by introducing best practices and improving our organisation.

We recognize that our employees play a crucial role in shaping the SSG's position in the spirits business in Europe.

As a sustainable company, we are also aware of the broader social context around us. To fulfill our responsibility to give back to the communities in which we operate, we established a corporate foundation in 2022. The Stock Foundation's new long-term strategy is to bring arts and culture closer to people through dedicated programs. These programs, mainly targeting smaller towns and cities, aim to increase access to free and quality arts activities, strengthen social ties through shared and valuable experiences, and use art as a form of therapy. Defined this way, the Foundation's goals also support SSG's efforts in strengthening equality and inclusion. We focus on implementing transparent governance principles and compliance in our processes to be a reliable company for our stakeholders.

We are moving towards more sustainable solutions in our operations. We want sustainability to play a vital role in our business strategy, enhancing our competitiveness and setting us apart from competitors across Europe. We believe that expanding the variety of products in our portfolio, reducing GHG emissions, and limiting the use of resources will enable us to be one of the essential players in the spirits industry.



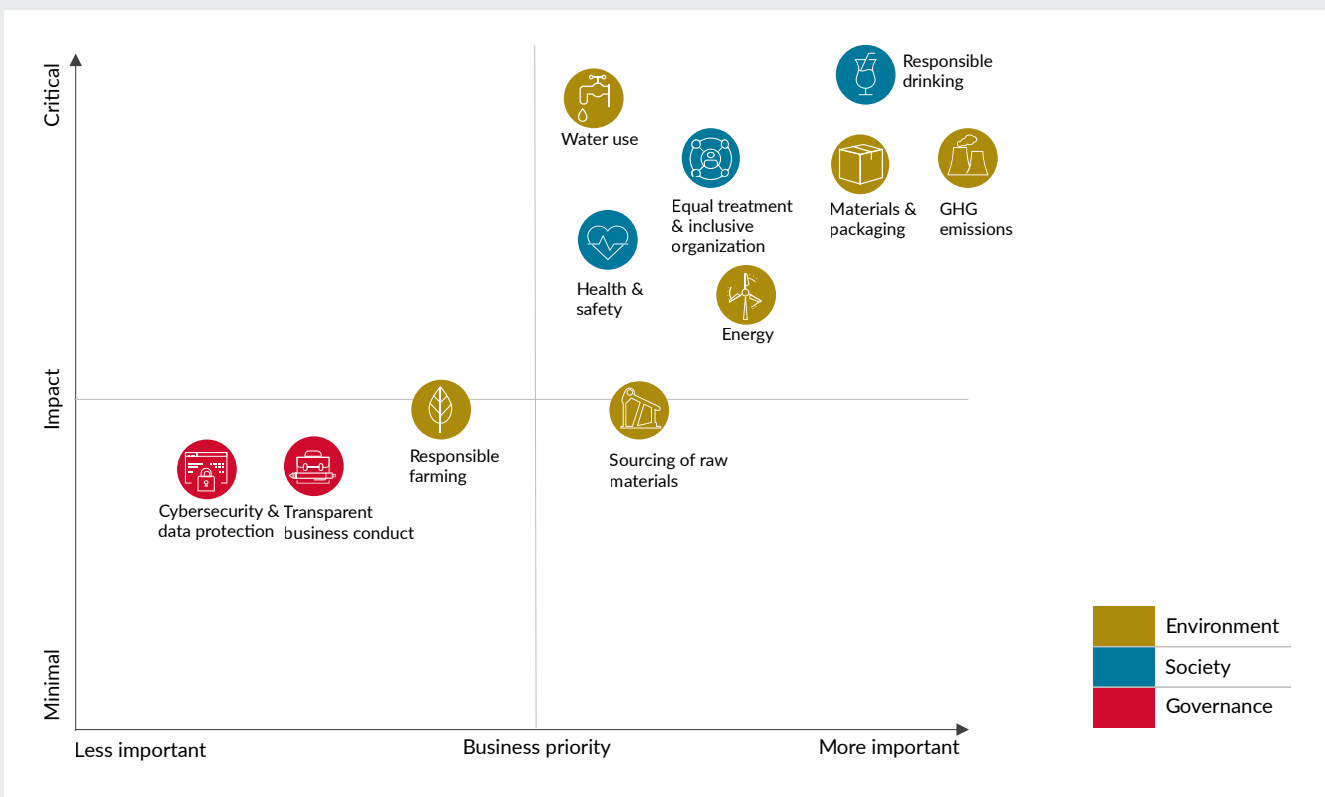
Why is it important?

In the process of developing our Sustainability Strategy, we carried out a detailed materiality assessment which led us to the list of key material topics. We want to concentrate our efforts on them in the upcoming years. We engaged in the dialogue with our key stakeholders, including board members, employees from middle and top management, financial institutions, suppliers and business partners.

In cooperation with external experts, we conducted several meetings and workshops aimed to increase awareness of ESG issues within the organisation. We evaluated benchmarking analysis against our key competitors to assess the level

of our ESG maturity and establish our top priorities and areas for improvement. As a result of these actions, we believe that the topics listed below are the most critical to our business as they reflect different perspectives and stakeholder comments.

SSG performed a materiality assessment from the perspectives of impact made on environment, society and business. The final list of material topics identified in the process are presented on the matrix below:



“Business priority” axis represents the assessment of importance of ESG matters from internal SSG’s perspective, based on the organisation’s maturity in the particular areas as well as expectations of our stakeholders.

“Impact” axis reflects the range of potential and actual impact on environment and society than can be made by SSG through improving or failing to improve in particular ESG matters

How do we get there?

Our revised Sustainability Strategy is the result of our continuous efforts and commitments made in recent years in the area of sustainability. We believe that increasing our focus on the environment, people and transparent business processes is a natural step in our business strategy and also our responsibility as one of the leaders in the alcohol industry. As an international group, we truly believe that our commitments can make a difference and positively contribute to society and the natural environment.

In May 2021, we joined the United Nations Global Compact (UNGC) and in July 2023 we renewed our partnership by signing a Letter of commitment to follow the Ten Principles on human rights including labour, environment and anticorruption. By joining this initiative, we committed to making the UNGC principles part of our culture and day-to-day operations, and to contribute to the achievement of the 17 Sustainable Development Goals (SDGs), which are formed as strategic goals in a global partnership to improve health and education, reduce inequalities, and ensure economic growth while tackling climate change.



United Nations
Global Compact

We want to actively participate in an international cooperation and exchange of experiences on how to actively support people's health, safety and well-being, how to take care of our planet and its natural resources and how to reshape our processes to become fully transparent, responsible and inclusive organisation.

Our strategy consists of three pillars which are:



People

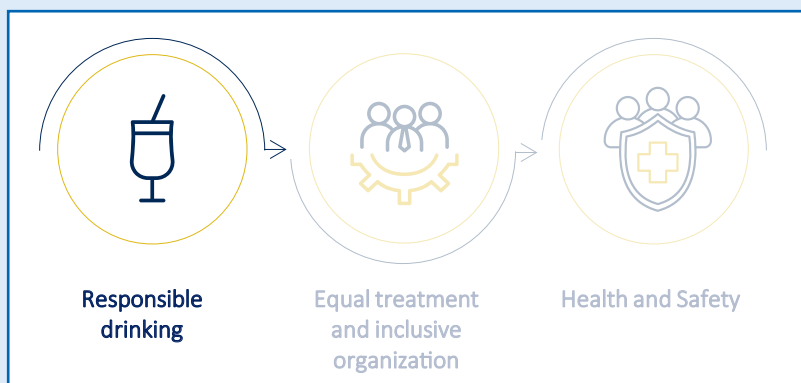


Planet



Processes

The declared years for reaching ESG targets refer to SSG's fiscal years, October-September, which differ from the calendar year - e.g. SSG's fiscal year 2025 covers the period from 01/10/2024 to 30/09/2025, and so forth.



We consider responsible drinking as a way of consuming alcohol in a moderate, responsible way with no alcohol consumption in case of the risks groups such as underage, underage care-takers, pregnant women, drivers in order to prevent the misuse and harmful effects on consumers' health.

We focus on **education** to ensure our products provide **transparent consumer information** and give consumers the opportunity to explore **low-alcohol and non-alcohol alternatives**.

Our fundamentals

- Actively promote the responsible use of our products through continuous educational programs and partnership with key stakeholders at all markets we operate in, including governments, local authorities, civil societies, individuals and the industry associations
- Provide transparent information to our consumers through increasing numbers of our products with responsible drinking icons
- Reinforce new consumer trends of drinking 'less but better' – meaning quality products and drinking 'spirits with lower alcohol content'. We do it by innovating, introducing lower ABV, flavored alcohol beverages and alcohol-free alternative to offer choice and promote moderate consumption and mindful, slow celebration of good moments

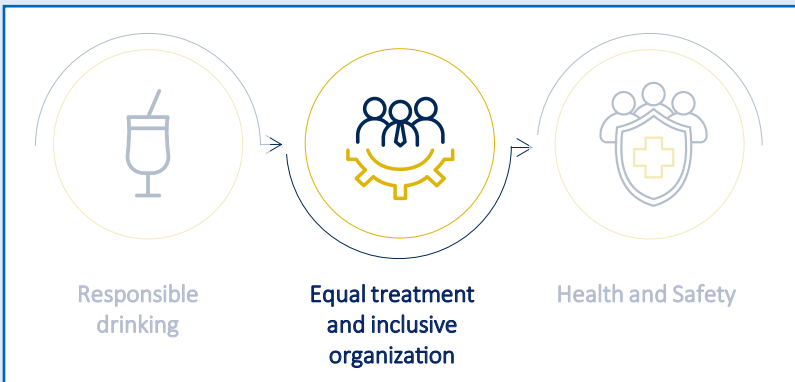
Our commitments

Please note that we consider fiscal year 2023 as our base year to which all reduction measurements apply.

- Prepare and launch a responsible drinking educational online platform to promote responsible alcohol consumption by **2025**
- Launch one non-alcoholic product in SSG's portfolio by **2025**
- Ensure that 100% of own products have labels with three responsible drinking icons and consumer information on-pack or online by **2027**

Engaged employees:

- Implement Marketing Policy by **2025**
- Educate all employees on responsible drinking from **2025** annually



Equal treatment & inclusive organisation

For SSG, equal treatment refers to the general principle of nondiscrimination, according to which there shall be no direct or indirect discrimination based on any ground such as sex, race, color, ethnic or social origin, genetic features, language, religion or belief, political or any other opinion, membership of a national minority, property, birth, disability, age or sexual orientation.

Our focus is to create a **friendly, inclusive working environment** which provides **equal opportunities for every employee**.

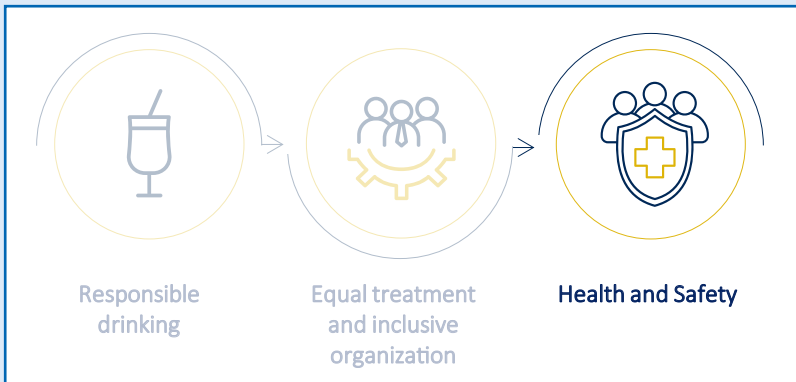
Our fundamentals

- Maintain equality and diversity across organisation in all areas (i.e.: recruitment, remuneration, skills development) is crucial for building the competitive advantage
- Inspire a friendly work environment and inclusive culture which encourages employees to speak up and supports their initiatives which is crucial to become an industry leader

Our commitments

- Achieve 40% women representation in the Executive Committee and in Senior Leadership Team by **2027**
- **Provide training for 100%** of employees through Ethics & DEI awareness program by 2025
- Reach employee engagement score at the level of **high-performing companies by 2027**
- **Allocate 3000** hours in total to be used by employees on ESG initiatives (including Group initiatives) between **2024-2027**





Health & Safety




Maintaining the highest standards in the area of health and safety of our employees is crucial for our business and we aim to further manage this area in a way that allows us to minimise the risk of work-related accidents. Our focus is to ensure our workspace is **safe and free of accidents**.

Our fundamentals

- Ensure a safe workplace which is free of accidents
- Maintain an organisational culture which supports safe and healthy working conditions and engages all employees to proactive attitude and reporting potential accidents and hazards
- Provide education and training on health and safety among employees, contractors and visitors

Our commitments

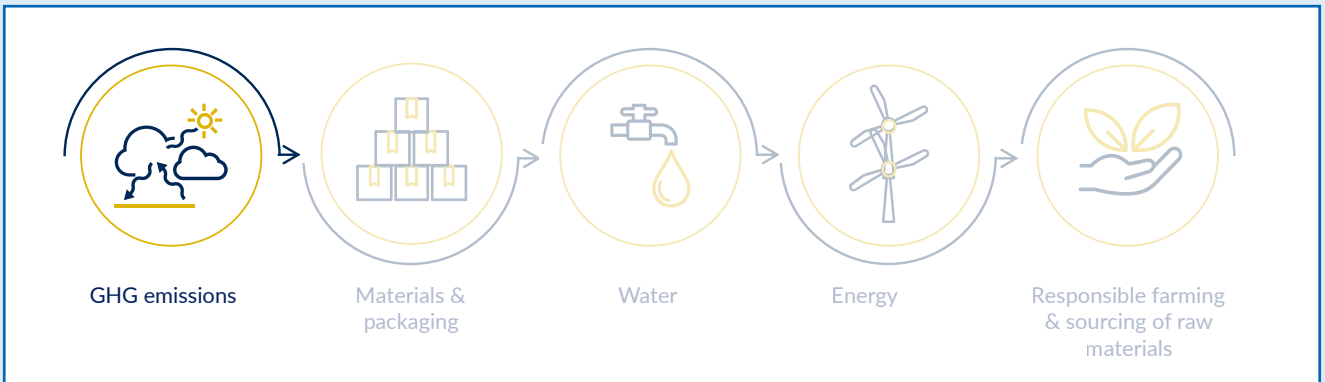
- Ensure **ZERO serious² injuries at work**
- **Achieve 30%** reduction of LTA³ by **2025**, **60%** reduction by **2027** and **ZERO workplace accidents** by **2030**
- **ZERO** breaches of Stock Spirits Group Life Savings Rules⁴

2. Serious injuries mean high-consequence work-related injury (injury that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within six months)


3. LTA – Lost Time Accident frequency rate per 200.000 hours worked

4. All Health and Safety commitments are applicable to all employees and contractors





GHG Emissions



Reducing negative impact on environment from greenhouse gas emissions as a result of our activities plays an important role in our strategy.

Our fundamentals

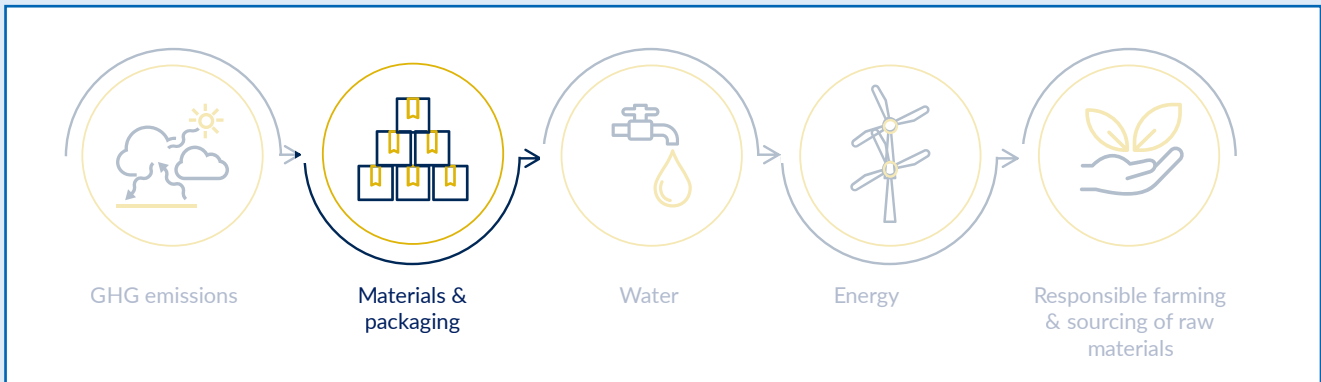
- Take care of the natural environment
- Switch to less polluting fuels whenever possible.
- Implement an Environmental Management System in all production facilities to reduce negative impact on the environment
- Allocate financial resources for environmental initiatives to develop efficient infrastructure
- Build environmental awareness with our employees and key suppliers, promote sustainable behaviors and practices
- Source energy from renewable sources.

Our commitments

- Set and validate Science Based Targets initiative (SBTi) reduction targets in Scope 1 & 2 & 3 by **2025**
- Reduce our Scope 1 & Scope 2 emissions by 42% by 2030
- Set Scope 3 intensity-based reduction target (per litre of finished goods), equivalent to approximately 20%⁵ absolute reduction in Scope 3 emissions, and achieve it by **2030**.

⁵ 20% absolute reduction does not consider the Lublin distillery and acquisitions.





Materials & packaging

Our goal is to develop more sustainable solutions in our packaging and positively contribute to a **circular economy**, especially with regards to **primary packaging** materials used in our operations.

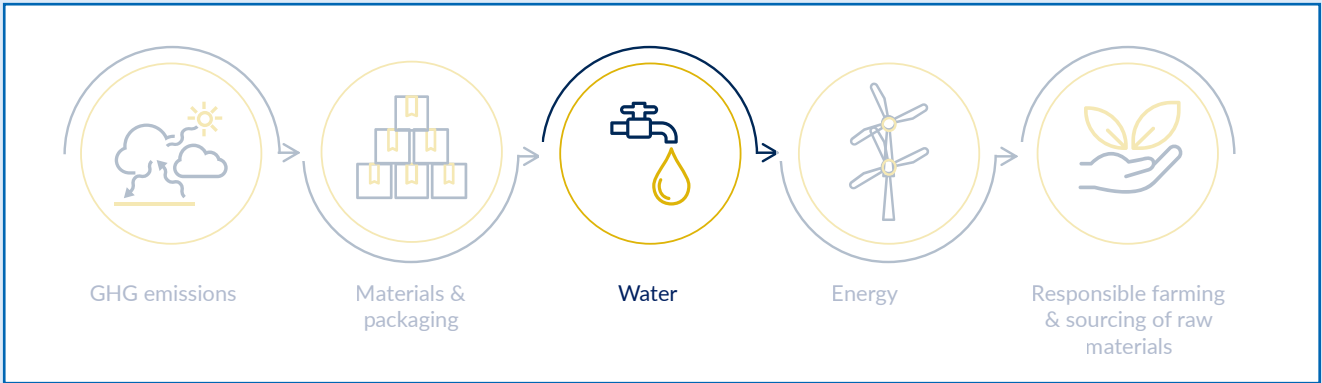
Our fundamentals

- Enable efficient recycling of primary packaging to keep it in use for as long as possible
- Consistently increase the recycled content of glass bottles
- Maintain 100% of FSC-marked cartons used in own operations

Our commitments

- **Eliminate 100%** of plastic sleeves and pourers in our own primary packaging by **2026**
- **Ensure that 100%** of gift boxes for our own products are recyclable by **2026**
- **Dispose no waste** to landfill sites by **2027**





Water



Water is one of the most critical resources for our business. It needs to be handled and managed in a responsible and efficient way to conserve it and to prevent from any potential risks of contamination or degradation.

We focus on the **responsible use of water** resources and the **improvement of water efficiency** in our operations.

Our fundamentals

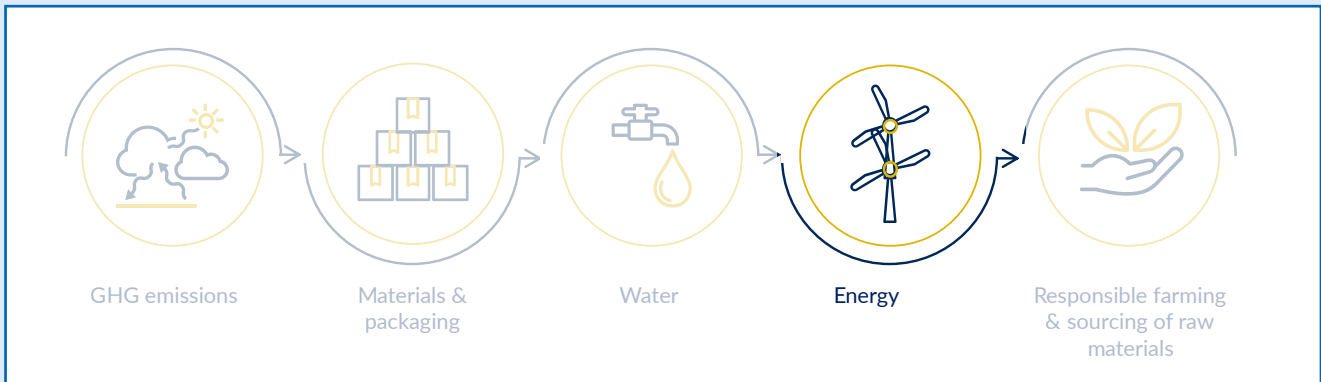
- Reduce the average water usage needed for manufacturing our products in order to conserve this vital natural resource

Our commitments

- **Reduce by 10%** the water used in production processes⁶ per litre of finished goods produced by **2030**

⁶ Without water directly used in the final product





Energy

Switching to renewable, green energy is one of the key pillars of our strategy, and by doing so, we aim to positively contribute to climate change mitigation.

Our focus is to minimise the negative impact on the environment by **increasing energy efficiency in our production sites.**

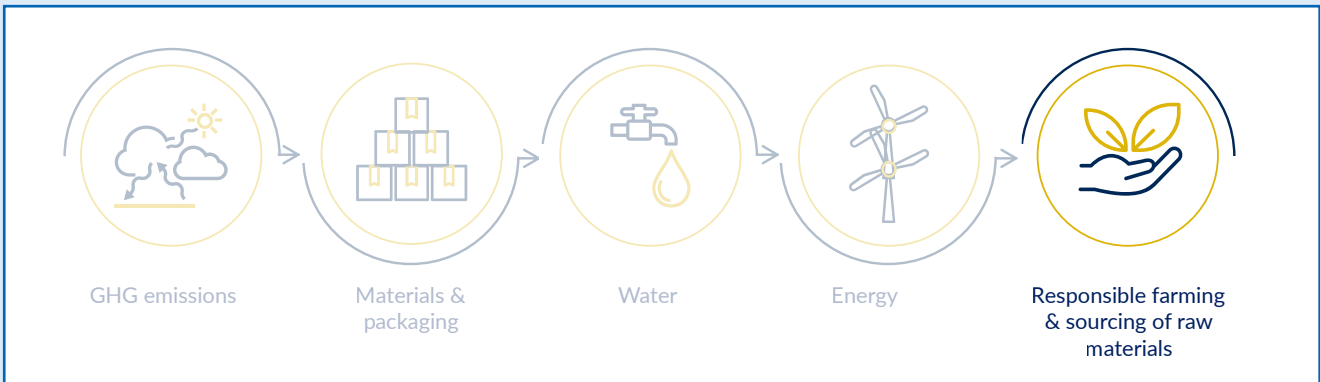
Our fundamentals

- Increase the energy efficiency
- Invest in sustainable solutions
- Continue to focus on the extensive use of renewable energy sources

Our commitments

- **Ensure 100%** electricity coming from renewable sources in production sites by **2025**
- **Reduce by 10%** the thermal energy used in production sites per litre of finished goods produced by **2030**





Responsible farming & sourcing of raw materials

Our focus is on collaborating with **suppliers who prioritize sustainability**. We aim to support responsible farming practices and strengthen local communities.

Our fundamentals

- Expand the knowledge of processes within the supply chain and ensure proper screening of suppliers
- Increase the number of certified and organic materials used in the production cycle

Our commitments

- **Reach 100%** completion rate of ESG questionnaire by key suppliers⁷ by **2027**
- **Audit 100%** of potentially high-risk key suppliers by **2027**
- Increase the number of sustainable sourcing certificates obtained from raw material suppliers by **2027**
- **Focus on sourcing grains** for our distillery in Poland grown by local farmers

⁷ Key suppliers mean Group 1 suppliers: raw materials/materials/ services directly related to production, packaging materials, bottling, transport of raw materials.





Transparent business conduct, cybersecurity & data protection



This section pertains to all processes related with the Company's communication of the strategic goals and results achieved from both financial and non-financial perspectives. We aim to maintain our focus on transparent business reporting, cybersecurity and alignment with regulatory framework.

Our focus is to conduct business in a fully **transparent, compliant and ethical way**.

Our fundamentals

- Establish and maintain the position of a transparent organisation that takes action against improper behaviors and attitudes among our suppliers and employees
- Maintain, update, and effectively implement group ethics-related policies, and enhance internal mechanisms for whistleblowing and non-compliance reporting
- Improve the awareness of ESG risks and regulatory requirements in order to properly address them and maintain compliance across all markets
- Ensure security of personal data through the cybersecurity measures

Our commitments

- Include ESG factors in the Group's decision-making process by **2025**
- Obtain revised 'CoC for Business Partners' signed by **100%** of key suppliers by **2025**
- **Ensure no acceptance** for ethics violation guaranteed by Whistleblowing channel and independent verification of all reported incidents
- Implement ISO 27001 by **2027**
- Achieve Score 3.0 within cybersecurity maturity according to NIST by **2026**, confirmed by external auditor





Stock Spirits Group

ul. Czerniakowska 87a
00-718 Warsaw, Poland

www.stockspirits.com
stock@stockspirits.com