

# OUR 2022 HAPPIER FUTURE REPORT

Nichols plc



# OUR HAPPIER FUTURE REPORT

## Foreword

The Nichols story started in the temperance bars of Manchester in the early 20th century. John Noel Nichols created a herbal tonic, carefully conceived to bring *'vim and vigour'* to drinkers seeking healthy refreshment in an environment fit for the whole family. Our sense of purpose became clear from then on. Today, the Nichols name and products can be found around the globe; but those family values and keen sense of responsibility to society remain at the heart of how we go about our work.

We are incredibly proud of the brands we have built and the thousands of consumers we serve every day.

*Our aim is to keep doing the right things, in the right way - for our customers, our shareholders, our people, our partners, and ultimately the planet.*

However, with the world facing up to unprecedented challenges, we need a plan to ensure our values remain at the heart of how we work over the coming decades and help deliver our vision for a Happier Future.

Over the pages that follow, we set out the principles, plans and pledges designed to make that possible, but we can't do this alone. Our approach has been developed in close collaboration with our stakeholders to ensure Nichols create a happier future.



**Andrew Milne**  
Chief Executive Officer  
1 March 2022

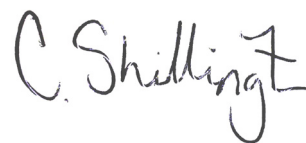


It gives me great pleasure to share our inaugural Happier Future Report.

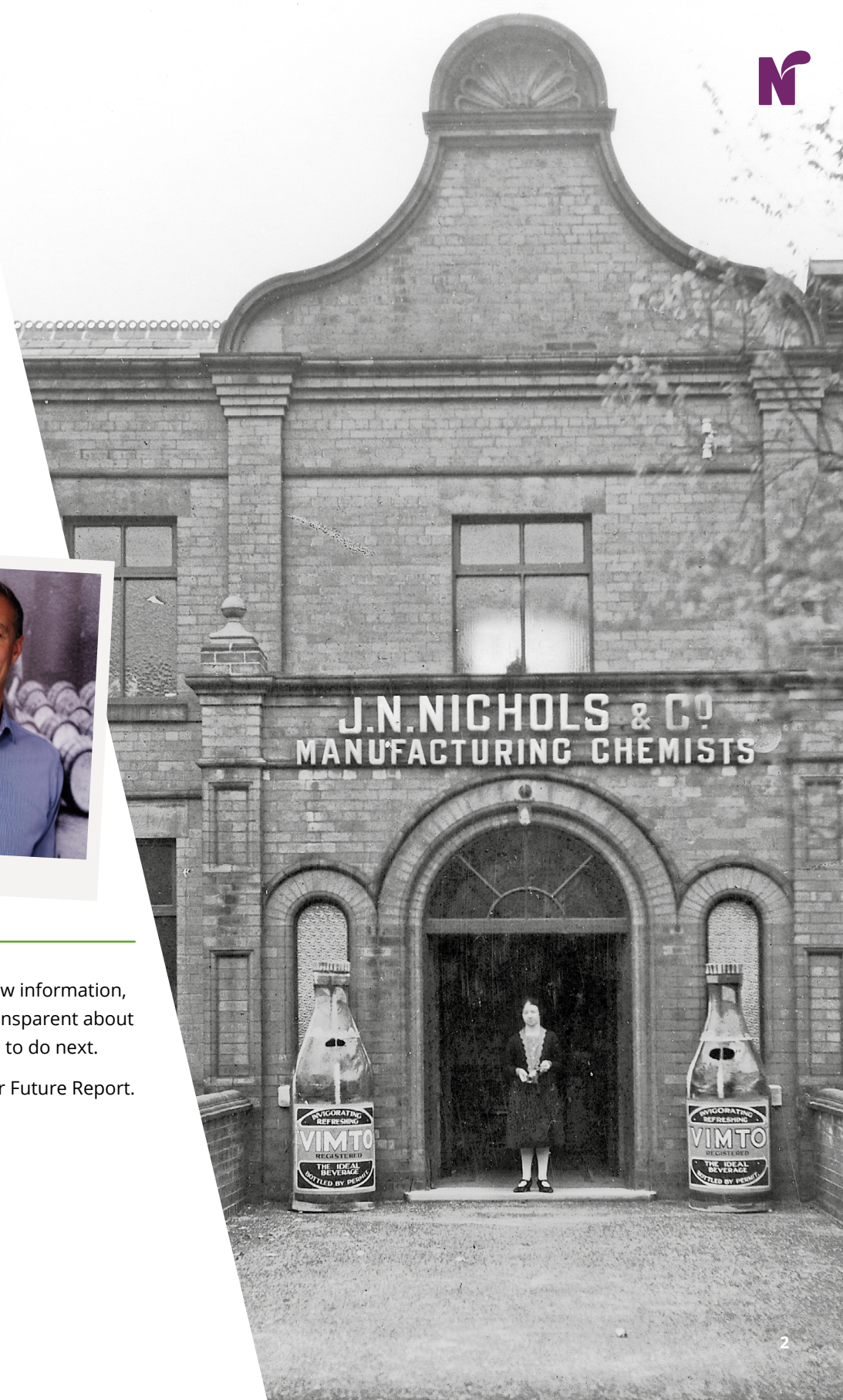
This sustainability report lays out our vision - which is aligned to our wider purpose and strategy - and our first set of commitments and longer term targets to achieve a Happier Future for our planet. This is a real moment of pride for us. Our report is an accumulation of a period of learning and building our understanding, and a real coming together of our people across the business to develop a plan that is authentic, exciting and stretching in terms of the path ahead. For us, this is a journey that we will

need to keep navigating based on new information, assessing our progress and being transparent about our achievements and what we need to do next.

I hope you enjoy reading our Happier Future Report.



**Christine Shillington**  
People & Sustainability Director  
1 March 2022





# CONTENTS



Throughout this document, double click the tabs on the right of the page to navigate to each of our three pillars.

The list to the left of this page are also clickable links.

Double clicking the Nichols icon in the top right corner will bring you back to this contents page.

# OUR VISION FOR A **HAPPIER** **FUTURE**



From the **heritage** of our brands to the **values** our employees demonstrate every day, social purpose has been at the heart of how **Nichols** works across the world for more than a century. In fact, we have made it our business to help people young and old, from Manchester to the Middle East, to enjoy the healthy habit of regular hydration.



# OUR VISION FOR A HAPPIER FUTURE



However, in an increasingly complex and challenging world, we know continuing to do the right things, in the right way requires a robust plan with all our stakeholders and the engagement and commitment of all of our people.

This sense of responsibility to those around us is behind *our purpose to make life taste better for everyone*. It makes this vision personal and anchors it in the way we all work. There are, however, also clear business reasons for investing in a Happier Future.

*Consumers don't just buy our drinks, they buy into our values.* We want to help our consumers live healthier and more sustainable lives; therefore upholding the same standards of care and responsibility that we all expect from others in society is an imperative. We wouldn't expect people to purchase our products unless we live up to the values we advocate.



There is also an urgent reason to act now. The most effective way to manage today's global environmental and social challenges is to work proactively for a better future. It's not hard to see that the best possible business environment is a flourishing society and thriving planet. This is particularly true, when you have operations and supply chains that span many different parts of the globe. We have long-running partnerships in regions now facing up to a rapidly changing climate. These relationships stretch back decades - some as far as the first half of the 20th century. This legacy means we're well placed to work together to help build resilience while reducing our impact.

# OUR **HAPPIER FUTURE** STRATEGIC FRAMEWORK



Over a hundred years of experience has taught us that it is through **continuous evolution** that we ensure the sustainability of our Company, and with this in mind, we have organised our strategy for a Happier Future into three pillars. These are interconnected but provide us with tangible goals around which we can align our resources, employees and stakeholders.





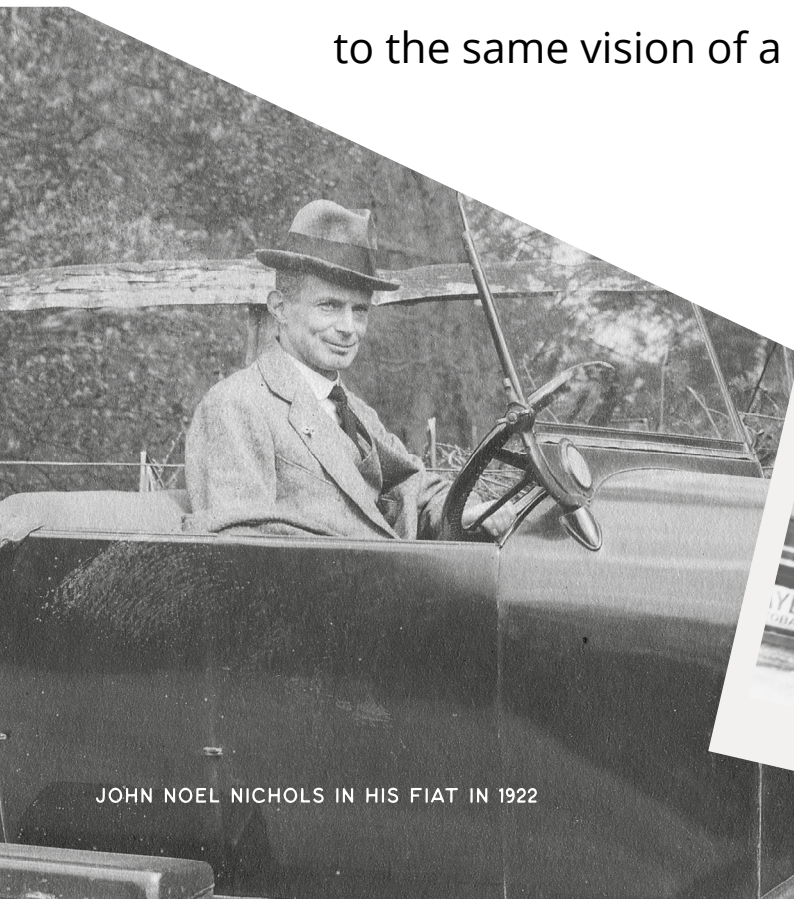
# ONE FAMILY WORKING TOGETHER

Nichols began life with one man and one product - John Noel Nichols delivering his herbal **'Vimtonic'** to small outlets, cafes and temperance bars across the North West of England. Today, our Nichols family has grown into a diverse group of brands and businesses with partnerships that extend around the world. Whether it's Vimto or ICEE, squash or slush, we are all committed to the same vision of a Happier Future.



While we share a **single vision to make life taste better**, each part of our company has unique strengths and faces different challenges on the road to delivering this ambition. **Every team has a role to play in our sustainability strategy** and uses their expertise to develop and implement new policies and practices.

This work is coordinated by our **Happier Future Steerco**, chaired by our **People & Sustainability Director**. The Steerco sets our overarching direction, takes stock of our progress, and makes sure insights from different areas of the business are acted upon by the entire Company.



JOHN NOEL NICHOLS IN HIS FIAT IN 1922







TASTING GREAT  
Since 1908  
TASTING GREAT

THE *delicious*  
*family* DRINK



While the UK is our biggest market, our products can be found around the world, with a long-standing presence in the Middle East and Africa. *Our approach in these markets has been to build relationships that last. In fact, some of the partnerships we built nearly a hundred years ago are still going strong today.*

Our teams are on the ground on a regular basis, working with our partners in their factories and offices to help them build a

Happier Future in their own markets. This *commitment to close collaboration* means we have high levels of trust with our international partners and use our shared strengths to deliver on our vision.

As we continue to grow, we are *making sure our vision for a Happier Future is embedded in the way we work* and are collaborating with partners - both new and old - to formalise this commitment in our contracts and processes.



# OUR 2025 COMMITMENTS



## EVERYONE MATTERS

01

We pledge to improve the future for over 100 young people in our local communities, raising aspirations through skills development and career development opportunities.

## PRODUCTS WE'RE PROUD OF

02

We will innovate to allow our consumers to make healthier choices.

03

All of our UK packaged products will contain 51% sustainably sourced rPET by 2022. We are striving to reach 100% by 2025.

## OWNING OUR CLIMATE IMPACT

04

We will reduce our impact on climate change by reducing absolute Scope 1 & Scope 2 Green House Gas emissions\* by 25% by 2025 and define our net zero roadmap.

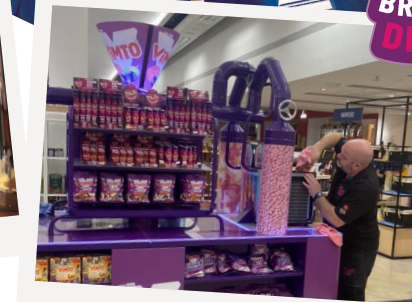
\* 2018 baseline



# EVERYONE MATTERS

Doing things in the right way means ensuring everyone is looked after, from our people to those in our local communities. Our approach is led by our strong community values, with a focus on putting our people first and giving back to those who need it most.

**"Everyone Matters"** is core to our Happier Future strategy and fundamental to our values at Nichols; we want to make life taste better for everyone. The primary consumers of our products are young people, and we want to support them with more than just refreshment. We are committed to improving the lives of those young people who need it most - offering a leg up by raising aspirations for their futures and providing opportunities to develop meaningful skills and careers.



FULL-ON FLAVOUR  
ZERO SUGAR



## PUTTING OUR PEOPLE FIRST

### INCLUSION & DIVERSITY:

As we build on over a century of doing business, we are committed to improving both inclusion and diversity across the group. These two commitments are inseparable - we've learnt you can only unlock the potential of a diverse team by creating an environment where people can bring their whole selves to work.

What's more, we know we are at our best when we bring our different life experiences, ways of thinking, and individuality to work and feel empowered to make those part of everything we do.

A priority is to ensure teams reflect our consumers, customers and partners within the regional context in which we operate. Widening representation is a focus for us through our talent acquisition strategy and while some progress has been made, we recognise that to make a substantive change, we need to adopt an approach that focuses on emerging talent.

That's why we launched our **first Inclusion & Diversity policy in 2021**, and developed our three Inclusion & Diversity priorities for 2022 and beyond. These include establishing two communities, a **Female Leaders Network** and a **LGBTQ Community Group**, to inform and drive an inclusive culture. The data and insight gathered through listening to our employees, will further shape our strategic approach to Inclusion & Diversity and focus areas for the future.

The third area of focus is our employees wellbeing...



## EMPLOYEE WELLBEING:

For Nichols, *our commitment to a Happier Future is reflected in the way we look after every one of our employees.* After all, day in, day out, our employees are the ones delivering our vision and living our values.

We've been around long enough to know you cannot create value without people feeling valued. This begins by *prioritising our employees' wellbeing.* At the same time, we recognise the need for an inclusive approach, and understand that wellbeing requirements are different for everyone.

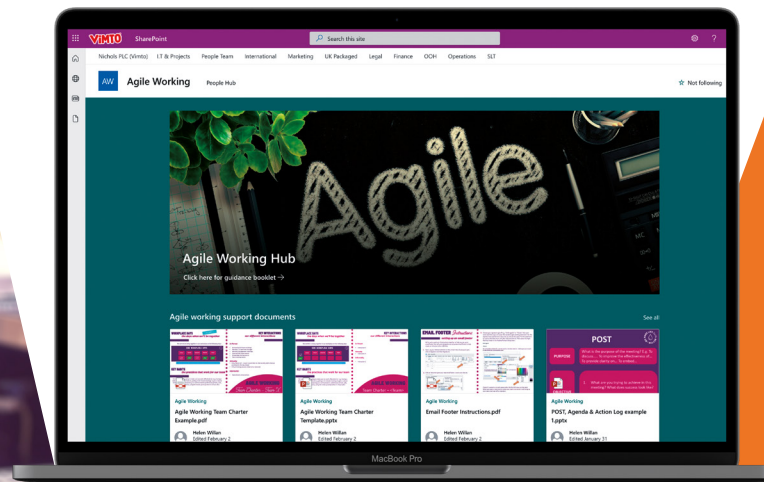
With the world of work changing so fundamentally during the pandemic, we took the lead from our employees and listened closely to what they said they needed to stay happy and healthy, balancing this with what we need as a Company to stay innovative, effective and agile. Our employees have been asking us to provide a framework to help guide what this balance means for us, and we have recently launched our *Agile Working@Vimto toolkit*, which provides guidance and resources through our *PeopleHub*. We are trialling this in 2022 and will keep listening to employee feedback and evolve and adapt as required.

**DELIVER WOW!**



We understand the importance of taking a tailored approach, and as we have been building back better over the past two years, we have been building our *People Manager capabilities* to help managers better understand their team members and their individual needs. We've pivoted our appraisal processes to include a thorough wellbeing check in for employees and introduced a range of activities to help keep our team connected, engaged and most importantly safe and well.

We also ensure we have the basics in place, *providing 360° support to all our employees, with 24/7 access* to the fundamental services they need for mental, physical and financial wellbeing. Whether through our regular one-to-one catch-ups, wellbeing check-ins, performance and development meetings or our *internal Wellbeing Hub*, our team always has access to the support they need, when they need it. We have also: offered everyone in the Company specialist *resilience training*, giving them the tools to help them look after their happiness and support one another, and we are determining our next steps to embed a culture of wellbeing within our employee community.



**PROUD TO BE PART OF OUR Family**





*Our employees have told us that our enhanced approach to wellbeing has had a positive impact on their lives, and how our support over the pandemic has made them proud to work for Nichols. As a result, we have made this a permanent feature of our*

appraisals and ongoing one-to-one catch-ups, continuing to provide advice, guidance and wellbeing resources to help both managers and employees to keep getting this right.

## YOU SPOKE, WE LISTENED:

Meeting our commitment today does not guarantee meeting it tomorrow. We are constantly engaging informally with our employees on a wide range of topics. Every two years we also conduct full anonymous employee engagement surveys. These surveys don't just monitor how our employees feel about their work, but give them an empowered voice within the Company, asking for their views across strategy, management, diversity and inclusion; which we have a strong track record of acting upon and implementing changes.

For example, from our 2019 Survey we identified 3 key themes from our employees feedback;



**01**  
Communicating our strategy.

We shared an updated strategic framework in Jan 2020, including our strategic priorities.



**02**

Developing improved systems & processes to enable our people to work as effectively as possible.

Since 2020, we have been investing in new systems and processes across the Group and implemented a Project Management Office Function with clear governance in place, and we have invested in new capabilities and resources to support the delivery of our Group Strategy.



**03**  
Greater transparency and clarity on career and development opportunities.

Finally, we have fully embedded our talent management approach in the Company over the past 4 years. This has led to a strategic approach to managing and accelerating talent succession within our Company. We have increased the visibility of internal development opportunities and vacancies to all employees and established our Talent Principles, which ensure an open, transparent and inclusive approach to recruitment and succession planning.



## SAFE, LEGAL & EMPOWERED EMPLOYMENT:

We are committed to ethical sourcing built on long-term trust and transparency with our suppliers and partners.

Our largely European supply chain gives us visibility over labour conditions in our partners manufacturing facilities. Meanwhile, Nichols staff are present at the sites of our international partners in the Middle East and Africa on a regular basis, putting them in the best position to identify any emerging issues related to labour conditions and employee rights.

As part of our focus on ethical business practices we are reviewing our policies, procedures and processes across five key areas of our Company, focusing on:

- Anti-Bribery & Corruption
- Anti-Money Laundering
- Anti-Fraud & Tax Evasion
- Sanctions
- Human Rights, Labour Rights & Modern Slavery

Our objective is to consider where our policies require enhancing and ensuring compliance in each area. We are also ensuring all relevant business functions receive training in the necessary areas.

We are undertaking a collaborative process across our supply chain and with our international partners to update our contracts, requiring them to uphold the latest best practice when it comes to protecting the welfare of their employees. On top of the assurance of a regular Nichols presence, we will be developing a comprehensive strategy to ensure partner compliance with sustainable practices and ethical standards throughout our supply chains.





# GIVING BACK TO OUR LOCAL COMMUNITIES

Nichols was founded in the temperance bars of the North of England. These were not only a place to enjoy an alternative refreshment to the alcoholic fare served by pubs; they were community centres, where whole families could come together.

We carry these community values forward today. The primary consumers of our products are young people, and we are committed to supporting them with more than just refreshment.



We believe that every young person matters and yet in today's societies access to opportunities is not equal.

*We pledge to improve the future of over 100 young people from across our local communities. The aim is to have a transformative impact on these young peoples' futures, raising their aspirations through focused support, including skills training and career development opportunities.*

In the UK, we already have long-standing relationships aimed at helping young people achieve their full potential. As Founder Patrons of **Warrington Youth Club**, we have donated £100,000 over the last five years towards the sustainability of the Warrington Youth Zone - a 3,200 square metre state-of-the-art facility with capacity to improve the lives of more than 7,000 young people. With our fellow founder patrons of the Youth Zone, we share a determination to give young people in Warrington a safe space where they are provided with the support they need, whenever they need it.

**Salford City FC** is another important partner for Nichols. Since 2018, we have been working together to help talented young people in the Greater Manchester area not only excel at their passion, but develop training in subjects outside of football, through a dedicated programme at Trafford College.

We have a long-term relationship with **Waves for Change** (W4C), a non-profit organisation that offers Surf Therapy programmes to children from disadvantaged backgrounds in Africa. Surf Therapy combines the positive benefits of surfing, physical activity and mental health wellbeing with activities that help young people build protective relationships, identify their emotions, learn to self soothe and help them build a positive vision of their future.

The programme supports approximately 1800 children - at-risk children referred to W4C's 10 month mental health programme.

Since 2013, we have supported W4C's mentors and partners across ten different countries by donating £130,000 of funding for transport,

surfing equipment and access to psychiatric support. During the pandemic, Waves for Change also adapted to become an online service, providing tablets and smartphones, and distributing food parcels and vouchers.

As well as these close partnerships, all our employees are empowered through our **Day to Make a Difference** programme, which gives them free time to volunteer in their local communities.

While we are proud of our ongoing work in the community, we want to go further by expanding our support to more young people. In 2021, Nichols teamed up with Social Mobility Pledge to map out where the challenges lie for young people in three of our key local areas in the UK. Based on the research, we are building an empowerment strategy for release in 2022 that ensures we are delivering the right support where it is needed most. This new strategy will put us on a clear track to having the greatest social impact by improving the lives of over 100 young people.

We carry our commitment to social mobility over from the UK into our International business. In fact, in many countries, a lack of opportunity for young people is one of the most pressing social issues and a key barrier to sustainable development.

Our work with W4C extended in 2021 to support for **The Wave Alliance**, an accelerator-type project through which W4C's surf therapy is seeking to achieve global scale and impact. W4C provide training and support to partner organisations who open their own surf therapy programmes in their respective countries.

Over the coming years, we are committed to expanding our support for young people in our International markets. Our approach will differ from country to country, but our vision is the same to empower young people who do not currently have equal access to opportunities.



OUR DAY TO MAKE A DIFFERENCE







# PRODUCTS WE'RE PROUD OF

We're passionate about making *products consumers love* - it's at the heart of what we do. For over a century, the unique flavour of Nichols' soft drinks and concentrates have provided a way for people to make regular hydration an enjoyable habit.

We recognise that consumer needs are evolving, not least the importance they place on buying products from responsible businesses. This means developing products that allow consumers to make healthier choices, strengthening our approach to responsible sourcing and continuing to challenge ourselves to find sustainable solutions for our packaging.

From serving '*Vimtonic*' to members of the temperance movement, to satisfying health-conscious consumers with our ever growing range of no-added sugar drinks - we know what it takes to evolve with the times and are constantly innovating for a better future.



*We will innovate to allow our consumers to make healthier choices.*

## HEALTHIER HYDRATION

Helping our customers make healthier choices is part of our DNA and the guiding principle for our future.

In all our markets, we see people wanting to lead healthier lifestyles and governments are reinforcing this through new regulations. Always ahead of legislation, we are committed to the continuous development of healthier products. That means constantly tracking the latest health trends, searching for continuous improvements to our recipes and refreshing our product ranges.

*We are also committed to working with groups like the British Soft Drinks Association, to ensure we act responsibly and proactively as an industry on health matters.*





## SUGAR REDUCTION:

We've made sugar reduction our mission. Over the past ten years to the end of 2021, we cut 1,333 tonnes of added sugar from our UK packaged products, *reducing the average sugar content from 8g/100ml in 2012 to 5g/100ml by 2021*. Meanwhile, in our Out of Home (OOH) business, *all frozen slush products in the UK will be No Added Sugar (NAS) from 2022*.

All our products in the UK remain exempt from the Soft Drinks Industry Levy, with *99% of our UK ranges now low or NAS*. Not only that, we're committed to being 100% HFSS compliant for our owned portfolio ahead of the introduction of legislation in 2022, and all future innovation for both UK packaged and OOH will be low or NAS.



FULL-ON  
FLAVOUR  
ZERO  
SUGAR



Already, all Vimto advertising spend is focused on NAS options. That has meant that, over the five years from 2016 to 2021, products with no added sugar have increased from 33% of total UK packaged sales to 49%.

This focus extends to our International business, where we continue to work closely with our partners to explore ways to accelerate the consumer uptake of lower sugar recipes. We've reduced sugar levels in our carbonated products in markets across Africa, including a 20% sugar reduction in products locally produced in Algeria. In addition, our longstanding partner in the Middle East, Aujan Coca-Cola (ACCBC), launched their first no added sugar Vimto Cordial and Still product, which featured in their celebrated 2021 Ramadan campaign.





## ADDED NUTRIENTS:

Creating products to better meet emerging consumer needs in healthier hydration is a key part of our innovation & renovation strategy. A healthy lifestyle isn't just about cutting calories, it's also about getting more of the right nutrients our bodies need.



Our uncarbonated frozen drink brand Starslush, already includes Vitamins A, C and E across the range and in 2021 *we fortified our UK Vimto squash range with added Vitamins C&D\**, bringing additional health benefits to our consumers.

Fortification was introduced across 100% of our core Vimto squash range, which represented 45% of our total UK Packaged portfolio.

The introduction of these healthier options is just the first step of our long-term strategy, with more health-focused additions to our range set for launch in the near future.



**NEW LOOK  
& NOW WITH  
VITAMINS  
C+D\***

\* Vitamin C&D is in the following Vimto squash products: Vimto Original, Vimto No Added Sugar, Vimto Orange, Strawberry & Lime, Vimto Mango, Strawberry & Pineapple and Winter Warmer. All flavours contain Vitamin D



# SUSTAINABLE PACKAGING

Unsustainable and unnecessary packaging is a pressing concern for our consumers, who don't want to see the products they buy going on to impact the natural world.

What's more, a responsible and practical approach to how packaging is used throughout our organisation comes with widespread benefits; it presents an opportunity to reduce our use of materials, cut down on transport, and minimise energy consumption across our supply chain.

As supporters of the UK Plastics Pact through our membership of the British Soft Drinks Association (BSDA), we are committed to working with our partners and the wider industry to promote sustainable options and encourage responsible consumer behaviour.

At Nichols, we work with third parties to manufacture the majority of our packaged products. That makes partnership fundamental to our packaging strategy.

*Working with our partners, we have already made significant strides across the four pillars of our packaging strategy.*



## PROUD OF EVERY PACK: OUR STRATEGY FOR SUSTAINABLE PACKAGING



### REDUCE

Not using an ounce more packaging than we need to

- **Remove** all packaging that can be safely done so
- **Reduce** excess packaging by right-weighting
- **Optimise** for transport
- **Continuous improvement** with all suppliers to maintain optimum weights



### REUSE

Exploring re-usable formats in all sectors

- Consider option to **replace** single use packs/components with reusable ones
- Review **in-store refill** trial and expand as appropriate
- **Explore** option of more **reusable formats** in OOH and Licenced



### RECYCLE

Building a circular economy for packaging

- Ensure **design for recyclability** in all NPD
- Review existing portfolio of UKP and OOH formats and **optimise** for recyclability
- Support development of a **well-run DRS**
- **Encourage** all drinkers to recycle



### REIMAGINE

Investigating potential new materials and formats

- Continue to source **credible recycled materials** - namely rPET @ minimum of 51%
- Investigate other **renewable** materials
- Consider alternative formats
- **Support innovation** within the development of DRS





## REDUCE

We've challenged the use of packaging across our portfolio of brands with the aim of not using an ounce more packaging than we need to. *Since 2019, across our UK Packaged portfolio, we have successfully removed over 120 tonnes of plastic,* a 9.2% reduction. We have also cut 17 tonnes of aluminium, a 23.6% reduction.

Our commitment to reducing the amount of packaging we use extends to our OOH business. We have already eliminated plastic shrink wrapping from our juice and frozen slush ranges and are working to remove it from our bag-in-box (BiB) formats. As this layer of protection is essential for storage in damp or cold conditions. We are actively exploring opportunities to initially increase recycled content and, in the medium term, shift to an alternative material.



*All of our UK packaged products will contain 51% sustainably sourced rPET by 2022. We are striving to reach 100% by 2025.*



## REUSE

As well as reducing our packaging as much as possible, our aim is to maximise the useful life of what is left. *Our innovation teams are exploring opportunities to introduce reusable formats across our product ranges.*

Live examples of this are; where volumes permit, the use of re-useable ingredient containers rather than single use alternatives. Within our OOH business, the use of refillable cups for Frozen Slush, refurbishing Frozen and Dispense machines and re-using transport packaging.

In 2020, *we launched our first Vimto refill station concept*, in Asda's first-ever Sustainability store in Middleton, which quickly became one of the most popular stations in the refill section. Over the coming year, we will be reviewing the performance of this trial to understand how we could develop the use of this concept more broadly.



**QUENCH  
YOUR  
THIRST**



# RECYCLE

Not all packaging can be reused. However, when it does need to be thrown away, the best way to reduce its impact is to ensure it fits into an effective circular economy.

This begins by designing recyclability into the product. **All our UK packaged products are 100% recyclable**, and we have been continually reviewing our entire OOH range to optimise recyclability. For example, the polyjars used for our frozen slush product range are made from 100% recyclable HDPE and we are already well underway with our suppliers to develop a fully recyclable bag-in-box solution.

We are also focused on increasing the amount of recycled content in our products. For example, in our UK packaged product range, we are working with our suppliers to ensure that our shrink film wrap will contain 50% post-consumer recycled waste, which would otherwise have ended up in landfill.

**We have set out a roadmap to achieving 100% rPET in our UK packaged portfolio by 2025, with 51% rPET by the end of 2022.** To achieve this, we are committed to sourcing rPET from the UK or Europe, as opposed to high emission imports from Asia or further afield. It will take a little longer to meet our target, given the current availability of rPET locally. However, it ensures we are truly benefitting the environment rather than undoing our work through long distance imports with lower visibility over the ethics of the supply chains.

However to reach our rPET target, we need the right infrastructure in place to recycle and re-use plastic in the UK and Europe. This requires collaboration between manufacturers, retailers, government bodies and consumers. With the recent confirmation that the Deposit Return Scheme (DRS) Scotland will go ahead in 2023, we are fully involved in supporting its implementation,

working closely with the BSDA. This places the industry in a strong position for the expected rollout of the DRS across the rest of the UK. What's more, **we already support the UK's waste collection and recycling infrastructure**, as we only purchase UK Packaging Recovery Notes.

Beyond plastic, **our aluminium packaging already uses 75% recycled materials**. We are similarly working to improve the sustainability of our paper usage, including increased recycled content and certified responsible sourcing. Nichols will be scoping these options this year and we will report timelines for transitions in 2023.



## REIMAGINE

In a fast-moving drinks industry with an increasing focus on innovation and sustainability, the long-term future of our products will undoubtedly involve some reimagining of materials, formats, and models of consumption.

The nature of change will be different in all parts of the world and will reflect different consumer preferences, levels of infrastructure, availability of materials and government priorities.

**In the UK, our innovation team are exploring new formats and renewable materials that could provide alternative solutions for our packaging in the future.**

On an international basis, we are working with our partners to help them reimagine their approach to packaging. Many of our partners manage their packaging locally, so have to work within the context of local infrastructure and resource availability. Some are already advanced on packaging reduction or recyclability; however, there are definitely opportunities to go further. Together, we are constructing a roadmap to understand what packaging innovation is possible for each market, taking into account the local infrastructure in each geographical region.





# RESPONSIBLY SOURCED

The *unique flavour* of our products begins with *quality ingredients sourced from trusted and responsible suppliers*. We source ingredients and materials primarily from suppliers across Europe, many of whom we have been working with for decades. As a result of these longstanding partnerships, we have transparency of product quality, labour protections and environmental practices.

However, with consumers increasingly keen to know the story behind products, *we are developing a comprehensive strategy to ensure that sustainable and ethical practices are followed across our supply chains*. We are writing reporting requirements into our contracts, which will reinforce transparency and give further confidence to our customers.







# OWNING OUR CLIMATE IMPACT

The climate crisis is the greatest issue facing society today and as a responsible Company, we have an important role to play in owning our impact. By taking science-based actions to reduce our total emissions and by understanding and reviewing our operational footprint and supply chain, we are able to ensure we are conducting our business in the most sustainable way.



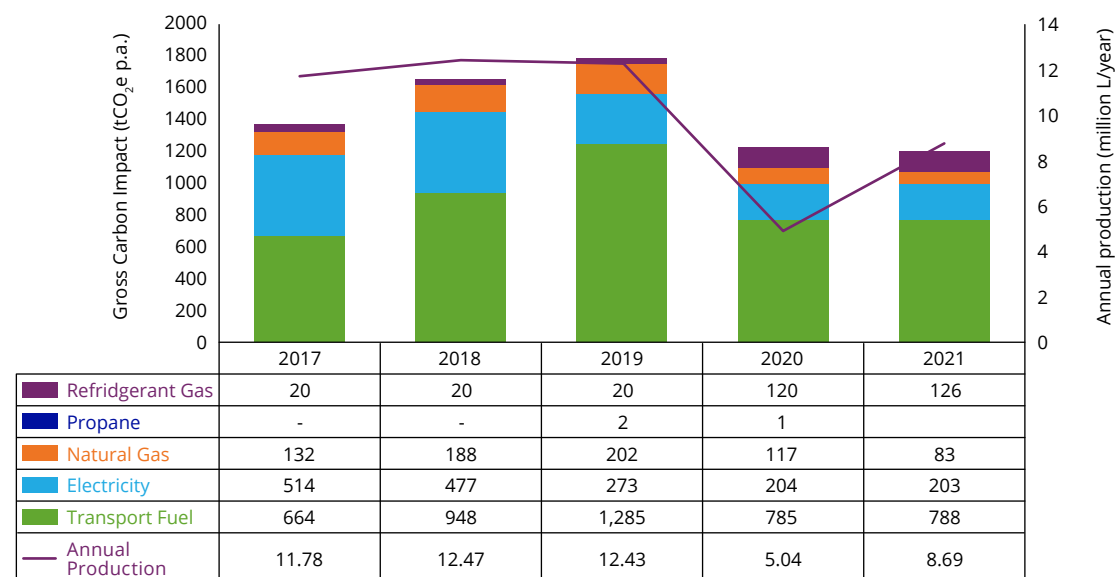
## REDUCING DIRECT EMISSIONS

Nichols has a strong track record of carbon reduction within our own operations (Scope 1+2).

**From 2018 to 2021, we reduced our gross carbon impact from 1663 tCO<sub>2</sub>e to 1201 tCO<sub>2</sub>e - fall of 27.8%.**

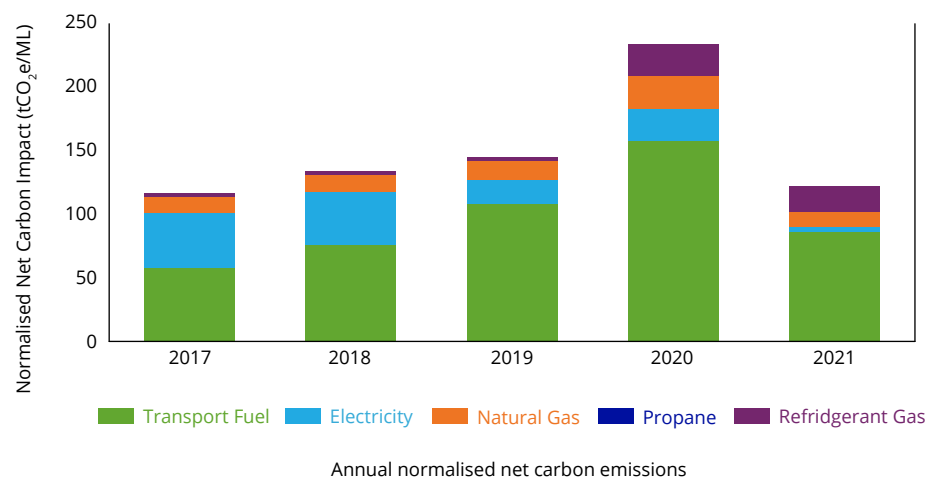
As seen below, our emissions increased steadily between 2017 and 2019, largely due to increased volume produced at our manufacturing site and transport distribution/demand through business growth. This was followed by a steep decline as production fell during the pandemic. However, thanks to our investments in energy efficiency and transition to renewable energy at our sites, our emissions continued to fall despite a recovery in production. As you can see below, these efforts have led to a sharp decrease in the tonnes of CO<sub>2</sub> we generate for every million litres of our drinks.

### ANNUAL CARBON IMPACT BY RESOURCE





## ANNUAL NORMALISED NET CARBON IMPACT



Looking to the future, in collaboration with Carbon Architecture, we have developed a full roadmap to transition to net zero emissions (Scope 1+2) and will be working towards submitting this for certification by the Science Based Targets Initiative. This roadmap breaks our journey down into three stages:



# 01

*We will reduce our impact on climate change by reducing absolute Scope 1 & Scope 2 Green House Gas emissions\* by 25% by 2025 and define our net zero roadmap.*

# 02

**80% reduction in Scope 1&2 emissions by 2030**, driven by longer term programmes

# 03

**Net Zero by 2050** is a given. We are working to get there sooner

So, how will we achieve this? At present, the majority of our consumed energy and gross carbon impact comes from transport fuel, electricity, and natural gas.

For transport, we have already started a project to **decarbonise all our fleet with non-fossil fuel vehicles**. The vast majority of our fleet are cars or light goods vehicles, meaning that, while charging infrastructure and availability of appropriate vehicles may be a limiting factor in the shorter term, we are not reliant on new technologies to meet our goals.

For electricity and natural gas, our approach fits into two steps. First, we are making changes to become more efficient with both our fuel and energy use, meaning we'll be able to do more with less. All of our sites are switching to highly efficient LED lighting, with 2 out of 3 primary locations having already completed the transition. We are also retiring high-energy consuming equipment, such as a plastic film wrapping machine at our Ross-on-Wye factory, which was removed in 2021.





## GREEN ENERGY:

At the same time, we are committed to shifting our operations towards renewable energy. Our Ross-on-Wye factory, Swindon OOH Technical Centre of Excellence and our Head Office already procure **100% of their electricity through tariffs backed by Renewable Energy Guarantees of Origin (REGO) certificates**. Our Depots are following this same path, with green electricity accounting for 76% of consumption in 2021. As of the **end of 2021, REGO certificates covered 97% of all electricity** consumed by Nichols.

What's more, at two of our Depots, Swindon and Newcastle - 90% of the natural gas consumed by our operations is purchased using a green tariff, which involves the backed by Renewable Gas Guarantees of Origin (RGGO) certificates. Each of these certificates correspond to a kWh of biomethane, which has been produced from a renewable source and fed into the grid.

In 2021, our purchase of tariffs using REGO and RGGO certificates enabled a **net emissions reduction of 199 tCO<sub>2</sub>e, which is equivalent to 17% of our gross emissions**. Going forward, we are exploring ways to generate more clean energy on site. We have installed **solar panels** at our Head Office and are considering plans to install at our Ross-on-Wye Factory, along with an air source heat pump to replace our current conventional boiler at our Head Office.





# DECARBONISING OUR SUPPLY CHAINS

Reducing our own emissions is the first step in owning our climate impact, but the majority of our emissions are not created by our Company directly, but are created by the various supply chains that help us create quality products and deliver them to our customers. Reducing these Scope 3 emissions relies on collaboration with everyone, from the makers of our packaging to our ingredient suppliers. Fortunately, our culture of building long-standing relationships means we and our partners are in it together.

*The most significant sources of Scope 3 emissions are linked to our packaging and ingredient supply chains, as well as transport providers and partners in our International business.* The first step to collaboratively reducing these emissions is measuring them, so we are implementing clauses in our contracts - starting with key members of our supply chain, requiring them to report annually on their emissions, present a credible path to net zero by 2050, and demonstrate annual reductions in greenhouse gases.

*We have already calculated the carbon emissions of our UK co-packers, and from 2023 we expect to have the information we need to articulate a UK Scope 3 emissions reduction strategy, encompassing our UK co-packers along with ingredient suppliers and transport providers.*

We aim to apply a similar approach for our International business. To achieve this, some of our international partners need first to build the capacity to measure emissions and we will be working with them to support this.

## MANAGING CLIMATE-RELATED RISKS:

Like many businesses, we rely on agricultural supply chains in Europe that are naturally exposed to changes in climate and localised extreme weather events. We also operate in regions of Africa and the Middle East who for a long time, have experienced the impacts of the climate crisis.

*Assessing the potential challenges arising from climate change for our supply chains, manufacturing, and end markets is a key part of our ongoing risk management.* Moreover, with Nichols employees working closely on the ground with our partners and suppliers, we have the relationships in place to react effectively to localised issues.

Nichols will continue to assess climate-related exposure going forward, and adjust our strategy as our studies into our supply chain emissions and our responsible sourcing work yield a greater understanding of potential transition risks.



# RESPONSIBLE WATER USAGE

*At Nichols we are all about maximising healthy hydration, whilst respecting water use throughout our product lifecycle. A large proportion of our products are already concentrates – from squash to our postmix bag-in-box syrup.*

Concentrates can reduce pressure on local water resources at manufacturing sites, as well as being an efficient logistics operation. Less trucks on the road and ships at sea is one of the ways we can drive lower emissions within our supply chain. *We are therefore continually reviewing concentration levels across our portfolio of products to identify opportunities that align with the needs of our customers and consumers.*

We recognise that with both the need to reduce emissions from water transport and the risk of increased water scarcity in some of our markets, it is more important than ever to ensure sustainable water use. That's why, we will be developing a water strategy, including the efficiency across our products, manufacturing processes and sourcing of ingredients.





# OUR **HAPPIER FUTURE** STRATEGIC FRAMEWORK





# HAPPIER FUTURE – ON A PAGE



## EVERYONE MATTERS

### Putting our People First

### Giving Back to our Local Communities

#### WHAT WE'VE ACHIEVED SO FAR

Launched first **inclusion & diversity (I&D) policy** and developed three I&D priorities for 2022 and beyond

**Resilience training** offered to all employees

**Regular wellbeing check ins;** Health & Safety and Wellbeing surveys during the pandemic and biannual employee surveys

Implemented an employee volunteer programme with **Day to Make a Difference**

Long term partner of **Salford City FC** Development teams and patron of **Warrington Youth Club**

Partnered with **Waves for Change** since 2013 and provided support for the rollout of the Wave Accelerator project

#### FOCUS FOR THE FUTURE

**Ethical business policy & procedure review** in 2022

**Build I&D (inc. Wellbeing) strategy**, using data captured in our employee engagement survey in 2022

To improve the future for young people who need it most in our local communities

#### OUR 2025 COMMITMENTS

We pledge to **improve the future for over 100 young people in our local communities**, raising aspirations through skills development and career development opportunities

## PRODUCTS WE'RE PROUD OF

### Healthy Hydration

### Sustainable Packaging

### Responsibly Sourced

#### WHAT WE'VE ACHIEVED SO FAR

**Sugar Reduction:-**

All UK owned products exempt from the Soft Drinks Industry Levy

Sugar usage reduced by 1,333 tonnes over the past ten years in UKP, **reducing average sugar content from 8g/100ml in 2012 to 5g/100ml by 2021**

No Added Sugar (NAS) variants have increased from 33% of total Vimto UK brand sales in 2016 to **49%** and now represent 62% of squash sales. **100% Vimto UK Squash fortified with added vitamins in 2021**

**100% of advertising spend focused on Low & NAS variants**

**100% of UK Packaged product packaging is recyclable**, along with all polyjars used for our slush product ranges in Out of Home

**120 tonnes of plastic (-9.2% reduction) and 17 tonnes of aluminium (-23.6% reduction) removed** from UKP portfolio since 2019

Committed to UK waste collection and recycling with **100% of Packaging Recovery Notes directed to UK**

Eliminated plastic shrink wrapping from juice and frozen slush ranges

Launch of first Vimto refill station concept in 2020

Focus on longstanding partnerships that provide transparency on product quality, labour protections and environmental practices

#### FOCUS FOR THE FUTURE

Further focus on sugar reduction - **100% HFSS compliant** across our owned portfolio in 2022

**100% of UK Slush portfolio will be NAS from 2022**

Working to remove plastic shrink wrapping from bag-in-box (BiB) formats and **develop a fully recyclable BiB solution**

Working with suppliers to ensure all remaining UK Packaged shrink wrap contains 50% post-consumer recycled waste

Development of a comprehensive strategy to ensure sustainable and ethical practices

#### OUR 2025 COMMITMENTS

**We will innovate to allow our consumers to make healthier choices**

All of our UK packaged products will contain **51% sustainably sourced rPET by 2022. We are striving to reach 100% by 2025**

## OWNING OUR CLIMATE IMPACT

### Reducing Direct Emissions

### Decarbonising our Supply Chains

### Responsible Water Usage

#### WHAT WE'VE ACHIEVED SO FAR

**27.8% decrease** in gross carbon impact since 2018

Collaborated with UK co-packers to calculate emissions data and identify opportunities for improvement

Longstanding commitment to concentration through both cordials and BiB products

#### FOCUS FOR THE FUTURE

Target to further **reduce Scope 1 & 2 emissions by 80% by 2030 and reach net zero by or before 2050**

**Launch Scope 3 emissions reduction strategy** from 2023

Develop water strategy

#### OUR 2025 COMMITMENTS

We will reduce our impact on climate change by **reducing absolute Scope 1 & Scope 2 Green House Gas emissions\* by 25% by 2025** and define our net zero roadmap. \* 2018 baseline



**THANK YOU  
FOR READING  
OUR 2022  
HAPPIER  
FUTURE  
REPORT**

