

HAPPIER FUTURE PROGRESS REPORT 2022

Nichols plc



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OUR HAPPIER FUTURE PROGRESS REPORT 2022

In 2022 we made clear progress in embedding our Happier Future Strategy into “how we do things at Nichols”.

For example, we have introduced High in Saturated Fat, Salt and Sugar (HFSS) compliant products across our UK packaged portfolio, collected Scope 3 emissions data across our UK supply chains, embedded clear social and environmental requirements into our contracts with key partners, and worked on formalising key policies for packaging and responsible sourcing. We have also continued our focus on giving back to our local communities – evidenced by both the ongoing partnerships with Waves for Change, Salford City Football Club and Warrington Youth Zone, and through new opportunities with Manchester Thunder and launching our own Camp Vimto Programme.

Our progress has been delivered under challenging external circumstances. In 2022, like many businesses worldwide, we have been impacted by the war in Ukraine and, in the UK, the significant inflationary environment and supply chain challenges. This dynamic external context has required us to remain both agile and pragmatic, whilst retaining our focus on our Happier Future commitments.



On behalf of the Board, we would like to thank everyone who has contributed to the successful delivery of the 2022 Happier Future achievements.



Continuing our hard work, our 2023 focus includes embedding our community partnerships, implementing the Deposit Return Scheme (DRS) in Scotland, reducing our direct (Scope 1 & 2) emissions through initiatives such as electrifying our van fleets, which was impacted by global supply chain issues in 2022, and developing our Scope 3 roadmap for our UK operations.



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OUR HAPPIER FUTURE STRATEGY

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 habit of regular healthy hydration. Our Happier Future framework sets out our approach to doing business in the right way, for our consumers, customers, partners, employees, and the world around us.

Over a hundred years of experience has taught us that it is through continuous evolution that we ensure the sustainability of our business 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, and measure our progress against each year.



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 03

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 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



BRINGING OUR HAPPIER FUTURE STRATEGY TO LIFE EVERY DAY

We have worked hard to ensure that our Happier Future strategy is embedded throughout the organisation, with every employee understanding what it means for them and their role.

team members who can input customer, consumer and supply partners requirements and expectations.

Outside of the formal Happier Future Programme, all employees are responsible for enacting Happier Future's purpose – **doing the right things, in the right way** in their everyday work, decisions, and interactions.

We have clear governance, leadership and activation of our strategy, with every team within the organisation having an important role to play to ensure we are delivering on our commitments and that Environmental and Social Governance (ESG) is a part of how we do business everyday.

We have taken deliberate steps to ensure that the strategy is embedded within our company culture at every level. Steps taken to embed the strategy throughout the organisation include:

Our Happier Future Steerco, chaired by our People & Sustainability Director, sets our overarching direction with approval from the Board and alignment with the Senior Leadership Team. The Steerco monitors and reviews our progress and ensures that new insights are considered and incorporated into our Happier Future workstreams and projects as appropriate.

- We launched the strategy at the company-wide quarterly team brief meeting, with physical and digital communication to advertise its launch to all employees. We continue to provide updates on progress at every quarterly team brief meeting

A clear set of workstreams ensures all plans and commitments across the 3 pillars are managed through project teams, who regularly report progress and escalate issues and risks through our project management office. Our project teams are multi-disciplinary and include relevant technical experts and

- We introduced a 'green chair' into each meeting room, as a reminder that ESG must 'have a seat' at the table and be considered in every decision taken

- We also introduced a new 'Happier Future star award', awarding employees who have really made a difference

- All employees are expected to have a specific personal Happier Future objective each year



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 values, with a focus on putting our people first and giving back to those who need it most.

Our primary consumers are young people, and we want to support them with more than just refreshment. Therefore, we are committed to improving the lives of young people who need it most.



WE PLEDGE TO IMPROVE THE FUTURE FOR OVER 100 YOUNG PEOPLE IN OUR LOCAL COMMUNITIES, RAISING ASPIRATIONS THROUGH SKILLS DEVELOPMENT AND CAREER DEVELOPMENT OPPORTUNITIES

PUTTING OUR PEOPLE FIRST

PROGRESS IN 2022

Our people are the foundation of our business and it's thanks to their continued commitment and motivation to 'make life taste better' that we have had another successful year.

We have continued to put our people first in terms of their wellbeing and development. This year, we have been working on our Inclusion and Diversity (including Wellbeing) approach. The feedback we received from the Employee Engagement Survey this year has reinforced that Nichols remains a great place to work and provided us with rich insight into how we can do even better in these areas.

Highlights this year include:

- Successfully trialling a new agile working policy, supported by an **Agile Working Toolkit**. The trial received positive feedback in our Employee Engagement Survey with 98% of respondents saying agile working supports them positively with their wellbeing
- Launching our **'Leading @ Vimto' programme**, to train and provide managers with the skills to lead and support their teams effectively
- Inclusion remained a key focus area and this year we delivered **training on Inclusion and Diversity (I&D) for leaders and managers** and established a **Female Leaders Network**, bringing together women from across the organisation to explore ways to overcome common challenges and share opportunities. We also continued with our **#ThisisMe series**, where employees share their personal stories and connect on an individual level with other people across the business
- Further developing the **Wellbeing hub**, to ensure a well-rounded offering of services and support to our people, including delivering seminars and further training on financial wellbeing, mental health and the Employee Assistance Programme (available for all staff)
- Running a **full Employee Engagement Survey** this year, covering a wide range of topics including day-to-day life at Vimto, Leadership, Communication, Development, Wellbeing and I&D. Three priority group themes have been identified, with actions already underway on areas which will make a real difference to our people and the business

Our Results:

- 98%** AGREE THAT THEY SHARE MANY OF THE VALUES OF VIMTO
- 97%** AGREE THAT THEY ARE CLEAR ABOUT WHAT THEY ARE EXPECTED TO ACHIEVE IN THEIR JOB
- 97%** AGREE THAT THEIR MANAGER TREATS THEM WITH RESPECT
- 84%** FEEL THE EXPERIENCES THEY HAVE GAINED AT VIMTO SUPPORT THEIR PERSONAL/CAREER ASPIRATIONS
- THE BEST THING ABOUT WORKING FOR VIMTO WAS 'THE PEOPLE, TEAMWORK & A FAMILY-LIKE CULTURE'**
- WHILST 84% EMPLOYEES BELIEVE THEIR PERSONAL SAFETY, HEALTH AND WELLBEING IS ALWAYS A HIGH PRIORITY FOR VIMTO, THEY ALSO TOLD US THAT THEY WOULD LIKE MORE SUPPORT IN HELPING THEM MANAGE THEIR OWN MENTAL HEALTH**



FOCUS FOR THE FUTURE

We will continue to put our people first, including:

- Developing our Inclusion & Diversity strategy
- In 2023, our Female Leaders Network will look to engage more women across the business and we will encourage the development of our LGBTQ+ resource group
- Providing exciting development opportunities for our people through our strategic projects and key initiatives
- Further developing our agile working practices in 2023 to reflect the evolving external context and the needs of our people and our business
- In 2023, continuing to support our people's wellbeing and provide opportunities for them to develop their understanding and the skills to manage their own mental health, physical and financial wellbeing
- Continuing to implement our Employee Engagement Survey plan to drive improvements and enhance our three Group Priority Themes - Wellbeing, Systems, and continuing to develop our people-focussed Culture

GIVING BACK TO OUR LOCAL COMMUNITIES

PROGRESS IN 2022

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

The primary consumers of our products are young people, and we are committed to supporting them with more than just refreshment. This year we continued to deepen our existing partnerships with youth programmes, as well as launching new partnerships and initiatives that extend our support and commitment for local young people.

Highlights this year include:

- Running our first pilot for **Camp Vimto** - our new programme for young people designed to enable them to gain life skills, build confidence and get real-life experience of working at Nichols (read more in the case study on page 12)
- Celebrating another year of our **'Day to Make a Difference'** scheme, where every employee can take a day off from work and volunteer in their local community



- Continuing our partnership with **Waves for Change (WFC)** in Africa – a scheme that combines the positive health benefits of surfing with activities proven to help young people build positive relationships and develop resilience around their mental wellbeing. WFC helps build sustainable communities; for example, young people coming out of the surfing programme then go on to be trained as mentors and coaches themselves. The programme then supports the coaches with their next steps in employment or education
- **Launching a new partnership with Manchester Thunder**, to establish the first ever ParaNetball club, by a Super League netball team. The programme is designed to 'focus on the ABILITY within DisABILITY, and ensure NetbALL really is for ALL'
- Supporting both **The Wave's 'Summer of Waves' programme**, that helps vulnerable young people try surfing, and Project Seagrass, which plants seagrass seed to help restore marine ecosystems and protect against climate change with our Feel Good brand
- Continuing our partnership with **Salford City Football Club**, providing support to their development teams
- Raising £10k through our **annual Charity Golf Event** to support the continued running of the fabulous Warrington Youth Zone facility

FOCUS FOR THE FUTURE

We are really proud of the Community Partnerships we have in place, and will continue to enhance these through the following activities in 2023:

- Further developing our existing partnerships, with clear opportunities for employee involvement
- Welcoming our second cohort of young people to Camp Vimto

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PAUSE. BE BRAVE. MAKE A DIFFERENCE

CASE STUDY CAMP VIMTO

Last year we pledged to improve the futures of over 100 young people in our local communities by 2025. To help achieve our goal, we launched Camp Vimto this year – a programme created, led and delivered by our employees and expert partners Whysup and Bright Leaders.

Its aim was to raise the aspirations of young people aged 16-18 years old, local to our Head Office, through skills and career development opportunities. Our specially designed programme consisted of five sessions, with in-person check-ins along the way to maintain engagement. The sessions were:

- 1. Engagement** - With support from our partners at Warrington Youth Zone, we recruited young people from the local community to join the programme.
- 2. Induction** - We ran an introductory session with participants, giving them and their parents and guardians the opportunity to ask questions and learn more about the programme.
- 3. Residential** - We ran a 2-day residential in North Wales, where participants were able to connect with and learn from one another, and were taken out of their comfort zones in order to develop 'real' life skills.
- 4. Farm to Fizz** - We organised and hosted an event at our Head Office, where the participants got to learn more about every area of our business, from sourcing and supply chain to product development, marketing and sales. Participants even got to design their own product!
- 5. Graduation** - To celebrate their successful completion of the programme, a graduation event was held for all participants, parents and guardians.



The success of Camp Vimto's first year has been tremendous. The testimonials from our graduates demonstrate the impact the programme has had on their confidence, knowledge of how our business works, and understanding of potential career paths. The feedback from our partners highlights the authenticity and effectiveness of the programme.

“

I'm thankful for Camp Vimto because it's given me a new confidence in myself. It's also been great to see how adults in the work environment sometimes need help too, because it reassures me it's okay not to be okay even when we're older.

Camp participant testimonial

“

Camp Vimto proved to be a transformational journey for ALL involved. The young people gained so much and really grew in confidence over such a short period of time. The variety of activities offered throughout the duration of the programme brought challenge, diversity and fun, something which all young people need. Camp Vimto was a huge success and it showcased the culture and values that lie at the heart of Nichols.

Chris Reddy, Director & Founder, Bright Leaders

“

We were delighted to be part of this project and collaborate with like-minded organisations that are passionate about making a difference. This project demonstrated just that! Through lots of planning and consideration we built a well-rounded, impactful programme. In our 5 years of doing this job, this has been one of our most rewarding projects.

Mark Murrey, Co-Founder & Director, Whysup

“

Camp Vimto was an incredible experience for all of the young people who took part, all of them got fully involved and embraced the opportunities and challenges. I genuinely believe that all of them have developed skills, confidence and knowledge which will support them throughout the transition to adulthood. Thank you for everything each of you did to make Camp Vimto a reality.

Dave McNicholl, Chief Executive, Warrington Youth Zone



What's next?

We feel very proud to have had such a transformative impact on participants' lives through our programme. This is not the end of our journey together, and we look forward to continuing to work with our participants beyond this summer, exploring schemes such as mentoring and work placements.

Next summer, we plan to run the programme again with a second cohort, bringing us closer to our 2025 goal of improving the futures of 100 young people.

PRODUCTS WE'RE PROUD OF



We're passionate about making products consumers love – it's at the heart of what we do.

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.



01

WE WILL INNOVATE TO ALLOW OUR CONSUMERS TO MAKE HEALTHIER CHOICES

02

ALL OF OUR UK PACKAGED PRODUCTS WILL CONTAIN 51% SUSTAINABLY SOURCED rPET BY 2022. WE ARE STRIVING TO REACH 100% BY 2025



HEALTHIER HYDRATION

PROGRESS IN 2022

We know that we have an important role to play in helping our consumers make healthier choices. Whether by reducing sugar content or adding nutrients, we continue to develop our portfolio through innovation and continuous renovation.

That is why we wanted to ensure that we were 100% HFSS compliant across our owned portfolio.

Highlights this year include:

- Ensuring our **whole UK Packaged portfolio is now 100% HFSS compliant**
- Also ensuring that **97% of sales of our Out of Home (OoH) owned portfolio are now HFSS compliant¹**
- Celebrating that **all of our new product launches in 2022 were Low or No Added Sugar**. This included Double Concentrate Vimto, Cherry, Raspberry & Blackcurrant Vimto in fizzy and still varieties and zero-sugar cordial in the Middle East (read more in the case study on page 18)

FOCUS FOR THE FUTURE

Providing consumers with healthier choices is how we do business at Nichols, our focus areas include:

- Continuing with our established approach to Innovation & Renovation, strengthening the depth of our consumer insight in 2023, in order to meet evolving needs
- Continuing to work closely with our international partners to explore sugar reduction, where appropriate to the consumer needs in local markets



¹ Excluding Slurp, our frozen milkshake, which we are now reviewing.

SUSTAINABLE PACKAGING

PROGRESS IN 2022

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. We are committed to working with our partners and the wider industry to promote sustainable options and encourage responsible consumer behaviour.

That is why we are working to remove plastic shrink wrapping from Bag-in-Box (BiB) formats and develop a fully recyclable BiB solution for OoH. We are also working with our suppliers to ensure that all remaining UK Packaged shrink wrap uses 50% post-consumer recycled waste.

Our plan for all of our UK Packaged products to contain 51% sustainably sourced rPET in 2022 unfortunately wasn't fully achieved, however 40.5% of the UK Packaged portfolio contains 51% sustainably sourced rPET. As a result of the significant inflationary environment and cost pressures on our business, and the impact of passing these costs onto our consumers during the cost-of-living crisis, we took a strategic decision not to expand further our UK Packaged portfolio containing 51% sustainably sourced rPET in 2022. Despite this setback, we continue to strive to reach 100% rPET by 2025.

Highlights this year include:

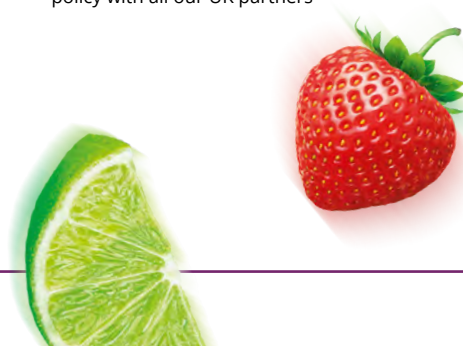
- Running trials to enable the **removal of shrink wrap from our BiB formats**
- **Redesigning our owned V Range BiB products** to include clear OPRL recycling logos, making it clear to our customers where our boxes can be recycled

- We have also **conducted trials on inner 'Liquipure' bags** - a sustainable packaging solution for our BiB products
- **All of our UK Packaged shrink wrap contains at least 30% post-consumer recycled waste**, with 50% post-consumer recycled waste being reached with some of our suppliers. Material availability and packaging stability has prevented further progress this year
- Launching a **new Vimto squash bottle made from 51% recycled PET (rPET)**; the new bottle allows us to pack more efficiently, reducing the number of transport loads (and our carbon footprint as a result)
- **Introducing our new sustainable packaging policy**; which clearly defines which materials we consider to be acceptable for use in our packaging going forward

FOCUS FOR THE FUTURE

We will continue to trial and implement new, innovative ways to reduce packaging in our products, and use more sustainable packaging across our portfolio. Next year this will include:

- Continuing to trial & evaluate the impact of removing shrink wrap from our BiB formats
- Introducing a fully recyclable inner BiB substrate 'Liquipure' packaging across our post-mix portfolio
- Ensuring a robust implementation of the DRS in Scotland, supporting us to move forward on our roadmap to 100% rPET in our UK packaged products
- Implementing our new sustainable packaging policy with all our UK partners



RESPONSIBLY SOURCED

PROGRESS IN 2022

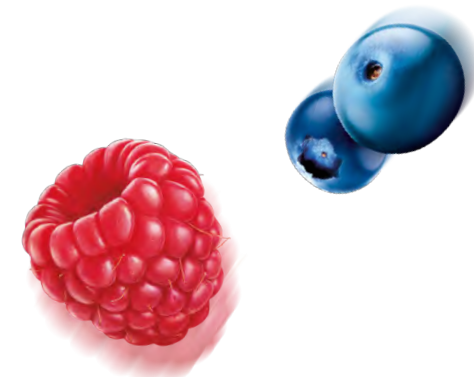
The unique flavour of our products begins with quality ingredients sourced from trusted and responsible suppliers.

We source ingredients and materials primarily from long-standing partnerships, providing us with a clear understanding of product quality, labour protections and environmental practices.

This year, we have focused on developing the policies and practices to ensure sustainability is embedded within the entire production process of our products.

Highlights this year include:

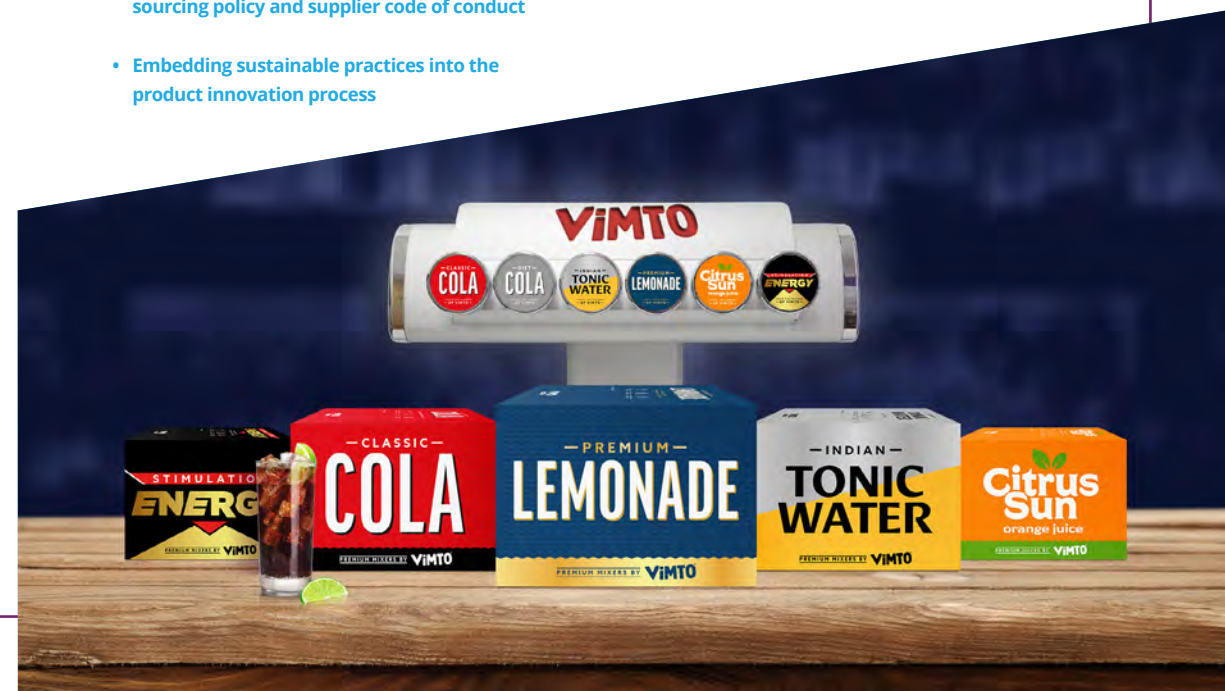
- **Supplementing our existing supplier assurance processes**, including assessing current and potential suppliers' ethical policies and business processes
- **Developing and agreeing a responsible sourcing policy and supplier code of conduct**
- **Embedding sustainable practices into the product innovation process**



FOCUS FOR THE FUTURE

Next year, we will continue to review and update the procedures and processes which support our ethical business practices, in line with our commitment for this pillar:

- We will embed our responsible sourcing policy as our way of working and it will form part of our expectations in all new strategic partners' contracts
- We will be partnering with Sedex to review our policies and practices and ensure they meet industry social and environmental standards



CASE STUDY

EXTENDING HEALTHIER HYDRATION BEYOND THE UK

At Nichols, we are passionate about innovating and renovating our products to meet emerging consumer needs for healthier hydration. In our International business, we continue to work closely with our partners to explore ways to accelerate uptake of lower sugar and no-added sugar products in countries outside of the UK.



The uptake of Low or No Added Sugar products can be lower in some international markets than in the UK. Market research has shown a growing trend in health and wellness across the Middle East and a need for more products suitable for people looking to consume less sugar in their diets.

Responding to this, last year our longstanding partner, Aujan Coca-Cola Beverages Company, launched Vimto Zero Cordial. This sugar-free product was launched as a limited-edition product for the Ramadan season. The launch was very successful, and the product exceeded all its set key performance indicators.

Vimto Zero Cordial proved to be popular amongst consumers, selling out rapidly and receiving good feedback on the health benefits, as well as the taste. In a survey following the product launch, 81% of respondents stated that they intend to try Vimto Zero Cordial¹.

What's next?

This case study evidences appetite within the market for Low or No Added Sugar products. There is a real opportunity to extend our healthier hydration strategy beyond the UK ensuring all our consumers can benefit from Nichols healthy and great-tasting products. Due to the success of Vimto Zero Cordial in 2022, it will be made available again in 2023. We will look to expand the markets and outlets of this product to enable even more of our consumers to make healthier choices in International, as well as UK outlets.



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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.

By taking science-based actions to reduce our total carbon emissions, and by understanding and reviewing our operational footprint and supply chain, we can ensure we are conducting our business in the most sustainable way. Nichols recognise that the climate crisis is a principal risk to our business, with a number of potential short, medium and long-term impacts. The Board takes overall accountability for owning our climate impact and managing the risks and opportunities that this presents.

The process for identifying and assessing climate-related risks is aligned to the Group's risk management policy which is set out on pages 62 to 67 of our annual report.



WE WILL REDUCE OUR IMPACT ON CLIMATE CHANGE BY REDUCING ABSOLUTE SCOPE 1 & SCOPE 2 GREENHOUSE GAS EMISSIONS* BY 25% BY 2025 AND DEFINE OUR NET ZERO ROADMAP

*2018 BASELINE



REDUCING OUR DIRECT EMISSIONS



PROGRESS IN 2022

Nichols has a strong track record in reducing carbon emissions across our Scope 1 and 2 emissions, and we have an ambitious target to reduce our Scope 1 & 2 emissions by 80% by 2030, in order to reach net zero by or before 2050.

Last year, gas and electricity represented a third of the energy we consumed at Nichols and 24% of our total carbon impact. In 2022 we have seen increased sales, manufacturing and new equipment installation activity across our Out of Home (OoH) business, due to further recovery within the hospitality sector. This has resulted in an increase in our carbon emissions of 246 tCO₂e for the reporting year in comparison to 2021. However, we have reduced our absolute net climate impact by 20.4% from the 2018 baseline, which is great progress towards our 2025 commitment of 25% reduction.

We are decarbonising our fleet to reduce our transport emissions, which make up a large proportion of our Scope 2 emissions. This year we planned to replace 10 vehicles with their electric equivalents. Due to supply chain issues that impacted delivery dates and availability of suitable e-vehicles, we could not achieve this goal.

Highlights this year include:

- Installing solar panels at our head office, Laurel House in February this year



SINCE REPORTING BEGAN IN MAY, THE SOLAR PANELS HAVE GENERATED NEARLY 26MWH OF ENERGY. THIS HAS SAVED OVER 35T OF CO₂ EMISSIONS, EQUIVALENT IN WEIGHT TO 1 MILLION VIMTO CANS!

- All of our Nichols UK sites are now operating on 100% renewable energy, including gas supplies, supplied from a combination of hydro, wind and solar power. This has saved us 239tCO₂e, 16.51% of our total carbon footprint for this year



FOCUS FOR THE FUTURE

In 2023, we will continue our roadmap for carbon reduction across our Scope 1 and 2 emissions. This includes:

- Doubling next year's order to 20 electric vans to keep us on track with our decarbonisation ambitions (given the context of 2022)
- Embedding our new green car policy, which seeks to encourage our employees to choose electric vehicle options

DECARBONISING OUR SUPPLY CHAINS

PROGRESS IN 2022

Reducing our Scope 1 and 2 emissions is important, but we know the majority of our emissions in the UK are created by the various supply chains that help us create quality products and deliver them to our customers (known as Scope 3 emissions).

Reducing our Scope 3 emissions is vital if we are to really reduce our carbon footprint and reach our decarbonisation targets.

Highlights this year include:

- **Mapping our supply chain** comprehensively in the UK
- **Working collaboratively with our key suppliers** to help them track and measure their carbon emissions
- Through this process, we are now able to **collect the UK supplier and partner Scope 1, 2 and (where possible) 3 emissions data**. You can read more about our work decarbonising our supply chain in our case study on page 55.

For more details on our emissions and progress see page 52 for our Streamlined Energy and Carbon Report (SECR).

FOCUS FOR THE FUTURE

To continuously track and reduce our Scope 3 emissions, our focus for next year will include:

- Developing and launching our UK Scope 3 emissions reduction strategy by the end of 2023, working with our key partners and suppliers to set targets and develop a roadmap for continuous reduction in our Scope 3 emissions
- Following the above, we will be looking to incorporate our Scope 3 carbon data from our suppliers with our Scope 1 and 2 emissions data, to track our direct and indirect carbon footprint. We can then set science-based emissions reduction targets, which we hope to submit for validation by SBTi in 2023



RESPONSIBLE WATER USAGE

PROGRESS IN 2022

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 is why a focus for us will be to develop a clear water strategy that encompasses all of our impact in the UK.

Highlights this year include:

- In 2022 we have developed **systems and processes that track our water consumption** in our OoH manufacturing site at Ross on Wye
- We now track our water consumption and compare it to the volume of goods produced in our Ross on Wye manufacturing site. **We can use this data as a baseline to inform our future water consumption reduction targets**

FOCUS FOR THE FUTURE

We plan to identify opportunities to reduce our impact from our water use. This includes:

- In 2023, measuring our water consumption across our other Nichols-owned and key UK copacker sites and identify opportunities to improve our water use at Ross on Wye
- Based on the above assessment, developing our water strategy to make appropriate improvements across all Nichols-owned and key supplier sites





CASE STUDY

MAPPING OUR SCOPE 3 IMPACT



At Nichols we are committed to a low-carbon future. We know that our influence extends beyond our immediate operations and given our partnership model, the majority of our carbon emissions are produced by our suppliers and manufacturers who make our products. These are called our Scope 3, or indirect, carbon emissions.

Successfully managing and reducing Scope 3 emissions is often more complex than reducing Scope 1 and 2 (direct emissions), requiring engaging with our entire supply chain - collaborating with suppliers to track and measure their own emissions and then supporting them as they make reductions.

This challenge couldn't be tackled on our own. We have partnered with specialist consultants Green Element to support us in carrying out an in-depth assessment of the carbon footprint of our UK-based supply chain. Together, we engaged our suppliers, many of with whom we have long-standing, collaborative relationships, to put in place systems and processes to measure and track their emissions.

Suppliers then shared this data with us, enabling us to build a comprehensive picture of our UK emissions across our supply chain.

This collaborative effort has enabled us to identify 'carbon hotspots' in our UK supply chain - areas where we are producing a significant proportion of our carbon emissions. Hotspots include our product packaging, the sourcing and transportation of our ingredients and the energy our suppliers' use when producing our products. These identified 'hotspots' inform where we will focus our efforts to reduce our carbon in the future, working collaboratively with our supply chain partners to identify alternative practices and processes that reduce their direct (and our indirect) carbon emissions significantly.

What's next?

In 2023, we will continue to develop our Scope 3 emissions reduction strategy with the expert guidance of Green Element. This work will enable us to set robust, science based targets and ensure we are reducing our direct and indirect emissions in line with global goals and targets. In this way, we can own our climate impact and work to conduct our business in the most sustainable way.

“

With the help of Nichols, we very quickly navigated the different business streams and relevant contacts for who would help us to collect the necessary data. We have engaged with >30 individual suppliers and many internal contacts, the vast majority of which were very helpful and were able to provide detailed information. This was aided by efficient project management from Nichols' side. Our analysis is only as good as the raw data we receive, so this was very important for us.

”

Green Element testimonial



EVERYONE MATTERS		Putting our People First	Giving Back to our Local Communities
2025 COMMITMENT			We pledge to improve the future for over 100 young people in our local communities, raising aspirations through skills development and career development opportunities
PROGRESS IN 2022	<ul style="list-style-type: none"> Delivered training on Inclusion & Diversity and established a Female Leaders Network Continued to enhance our Wellbeing hub Launched our 'Leading @ Vimto' programme Ran our full Employee Engagement Survey 	<ul style="list-style-type: none"> Launched our first 'Camp Vimto' community programme Launched our partnership with Manchester Thunder ParaNetball Celebrated another year of our 'Day to Make a Difference' volunteering scheme Continued our partnerships with Waves For Change, Salford City FC and supporting Warrington Youth Zone 	
FOCUS FOR THE FUTURE	<ul style="list-style-type: none"> Developing our Inclusion & Diversity strategy In 2023, widen the scope of our Female Leaders Network & encourage development of LGBTQ resource group Continue to implement our Employee Engagement Survey action plan 		In 2023, welcoming our second cohort of young people to Camp Vimto and further developing our community partnerships with clear opportunities for employee involvement

PRODUCTS WE'RE PROUD OF		Healthy Hydration	Sustainable Packaging	Responsibly Sourced
2025 COMMITMENT	We will innovate to allow our consumers to make healthier choices		All of our UK packaged (UKP) products will contain 51% sustainably sourced rPET by 2022. We are striving to reach 100% by 2025	
PROGRESS IN 2022	UK Packaged portfolio is now 100% HFSS compliant, as is 97% of our OoH owned portfolio*	<ul style="list-style-type: none"> Conducted trials to enable the removal of shrink wrap from our BiB formats Conducted trials on inner Liquipure bags - a sustainable BiB packaging solution All UKP shrink wrap contains at least 30% post-consumer recycled waste 40.5% UK packaged portfolio contains 51% rPET, unfortunately our original plan was not fully achieved Introduced our new Sustainable Packaging Policy 	<ul style="list-style-type: none"> Developed and agreed a Responsible Sourcing Policy and Supplier Code of Conduct Supplemented our existing supplier assurance processes, including assessing current and potential suppliers' ethical policies and business processes 	
FOCUS FOR THE FUTURE	<ul style="list-style-type: none"> Strengthening the depth of our consumer insight to meet evolving needs Continue to work with our international partners to explore sugar reduction, where appropriate to the consumer needs in local markets 	<ul style="list-style-type: none"> In 2023 focusing on the below: <ul style="list-style-type: none"> Ensure robust implementation of DRS in Scotland, supporting us to move forward on our 100% rPET UK roadmap Continue to trial & evaluate the impact of removing shrink wrap from our BiB formats Introduce a fully recyclable inner BiB substrate across our post-mix portfolio 	<ul style="list-style-type: none"> In 2023, embed our Responsible Sourcing Policy into all new strategic partners' contracts 	

OWNING OUR CLIMATE IMPACT		Reducing Direct Emissions	Decarbonising our Supply Chains	Responsible Water Usage
2025 COMMITMENT	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			
PROGRESS IN 2022	<ul style="list-style-type: none"> Reduced our absolute net climate impact by 20.4% from the 2018 baseline vs. our 2025 target of 25% reduction Installed solar panels at our Head Office Ensured all Nichols UK sites now operating on 100% renewable energy 	<ul style="list-style-type: none"> Mapped our UK supply chain comprehensively for scope 3 emissions Collected the UK supplier and partner Scope 1, 2 and (where possible) 3 emissions data 	<ul style="list-style-type: none"> Developed systems and processes that track our water consumption in our OoH manufacturing site 	
FOCUS FOR THE FUTURE	<ul style="list-style-type: none"> Continue our roadmap for carbon reduction: reduce our Scope 1 & 2 emissions by 80% by 2030, in order to reach net zero by or before 2050 In 2023, replace 20 of our fleet vehicles with their electric equivalents subject to availability 	<ul style="list-style-type: none"> Develop and launch our Scope 3 emissions reduction strategy by end 2023 Set science-based emissions reduction targets and submit our near term targets for validation by SBTi in 2023 	<ul style="list-style-type: none"> In 2023, measure our water consumption across other Nichols-owned & key UK copacker sites and identify opportunities to improve water use at our OoH manufacturing site Develop our water strategy to make appropriate improvements 	