



SIPSMITH<sup>®</sup>  
*London*

# Crafting a *better future*

Our strategy to 2030

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HAND CRAFTED  
• GIN •  
IN SMALL BATCHES

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Sam Galsworthy*
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# A letter from our Co-Founder

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**“The two most important days of  
your life are the day you are born and  
*the day when you figure out why*”**

**Mark Twain**



*This is a favourite quote of mine; I haven't truly figured this out for myself just yet, but I am feeling it when it comes to Sipsmith. March 2009 will be forever etched in my mind as the month that saw the birth of craft gin and the first distillery to open in London for just shy of 200 years. And now too, May 2021; the month we secured B Corporation accreditation and committed to our sustainability strategy, formally setting in motion our sense of purpose beyond profit; our why.*

*It has always been our mission to champion a better way of crafting gin and pioneer positive changes within our industry. Today sees us laying out even more ambitious plans for every single one of us to be part of crafting a better future.*

*Crafting a Better Future focuses on five missions with which we strive to be better for planet, people and to be champions of progress. Meaningful change requires a great deal of hard paddling under the surface; it demands rigour and determination. Our priority goals will ask everyone within the Sipsmith eco-system, from suppliers to our wider community, to come with us on the journey to become the active force for good we seek to be. Being part of a wider community of businesses that strive for better will give us support and encouragement to keep up momentum.*

*It has been an inspiring journey so far. With our no-half-measures approach to challenges and desire to leave a legacy, together we will be fueled forward.*

*This is just the beginning and I for one can't wait  
to deliver the next decade of gin leadership with you all.*

# Our vision is to be *the best gin in the world, for the world*



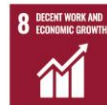
## BETTER *than net zero*

We will do better than net zero across our entire value chain. Our ambition is to make decarbonisation business as usual.



## BETTER *resource use*

We will take bold steps towards better resource use in every aspect of the business, to place us at the forefront of circularity in the UK Drinks Industry.



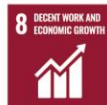
## BETTER *sourcing*

We will have partnerships to be proud of where both our suppliers and our raw materials are sustainably sourced, bettering our positive impact on People and Planet.



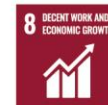
## BETTER *for* *our communities*

We will be widely recognised as a force for good in our communities.



## BETTER *for* *our swans*

We will have a thriving workforce with a demographic representative of our London home.





# BETTER *than net zero*

by **2025**

we will eliminate Scope 1 & 2 emissions from our direct operations.

by **2030**

we will do better than net zero across our entire value chain. Our ambition is to make decarbonisation business as usual.

## Our starting point for change

Decarbonisation is a global imperative. With the UK government's recent escalation of ambition to *cut emissions by 78% by 2035 compared to 1990 levels*, and in accord with the Paris Agreement to limit global warming to 1.5°C above pre-industrial levels, we are committing to *doing better than net zero by 2030*.

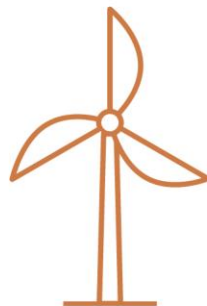
We have partnered with The Carbon Trust to map the carbon footprint of our entire product range and value chain. Using 2019 as our baseline year, Sipsmith operations were responsible for the release of **6,536 tCO<sub>2</sub>e**:



SCOPE 1

**133 tCO<sub>2</sub>e**

Direct emissions from our own operations



SCOPE 2

**53 tCO<sub>2</sub>e**

Indirect emissions from the production of the energy we use in our own operations



SCOPE 3

**6350 tCO<sub>2</sub>e\***

Indirect emissions from the activities upstream and downstream of our operations.

\*This value excludes the use of our products by our Sippers, as per the GHG Protocol. Including this phase increases our full value chain footprint to 8413 tCO<sub>2</sub>e.





NON-PRODUCT  
GOODS &  
SERVICES

20.5%



OUR PACKAGING  
AND SECONDARY  
PRODUCTS

30.5%



OUR  
INGREDIENTS

10.5%



OUR ELECTRICITY  
SUPPLY

0.8%



OUR GAS  
BOILER

2.0%

*A snapshot of our*  
**6,536 tco<sub>2</sub>e**  
*value chain footprint*

BUSINESS  
TRAVEL &  
EMPLOYEE  
COMMUTING



9.1%

UPSTREAM  
TRANSPORTATION  
& DISTRIBUTION



4.5%



DOWNSTREAM  
TRANSPORTATION  
& DISTRIBUTION

13.9%



OTHER  
SPEND

9.0%

# How will we do better?

Having sight on our value chain footprint makes it clear where we need to focus our efforts - **Scope 3 making up 97% of the cocktail**. In true Sipsmithian spirit, we have signed up to the ambitious **1.5°C Science Based Target pathway** which will require us to reduce our absolute emissions by **46%\* across all Scopes**. Partnerships will accelerate the steps we take to reach our target.

***We are 1 of 570\*\* companies who have had our emission reduction targets approved by the Science Based Targets initiative, as consistent with levels required to meet the goals of the Paris Agreement.***



SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



## NEW PRODUCT DEVELOPMENT

We will review NPD frameworks and introduce gates which ensure we consider the carbon and circularity impact at each design stage.



## DATA COLLECTION

Data will be critical to inform our decision making. We will mine as much of it as possible, working with our supply chain to improve the accuracy of our carbon footprint and reduce it further.



## FUEL SOURCES

We will explore alternative fuel sources for our boiler to eliminate emissions, such as electricity, hydrogen or biomass.

## MEASURES OF PROGRESS

- Scope 1/2/3 emissions (tCO<sub>2</sub>e)
- Carbon Intensity kgCO<sub>2</sub>e/L of Gin





# BETTER *resource use*

by 2025

- Zero general waste from our direct operations
- 100% of our packaging portfolio is widely recyclable
- 60% recycled content by weight across our packaging portfolio
- 20% intensity reduction in weight across our packaging portfolio
- 5 partnerships/initiatives in the UK that will close the loop.

by 2030

We will be at the forefront of circularity in the UK Drinks Industry. Our ambition is to take bold steps towards better resource use in every aspect of the business.

## A SNAPSHOT OF OUR RESOURCE USE:

**General waste in 2020\*:** In 2020, we produced 1.26 tonnes of general waste.

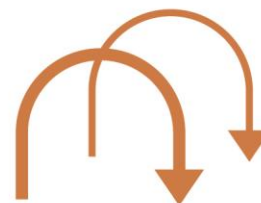
**Packaging:** Our packaging portfolio is ~95% recyclable and contains ~25% recycled content. On average, we use 1.13 kg of packaging/L of gin. We are working on 1 initiative to close the loop that will launch later this year.

## Our starting point for change

We will take pioneering steps towards circularity based on these principles to ensure we use finite natural resources, better.

### NARROW THE LOOP

Use fewer resources during manufacture.



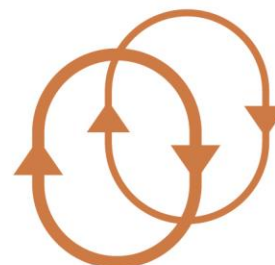
### CLOSE THE LOOP

Ensure packaging can be reused and recycled.



### SLOW THE LOOP

Develop packaging that can be kept in use for longer.



### REGENERATE THE LOOP

Use natural materials wherever possible and suitable





# How will we do better?

We know that different approaches will suit different markets, so we'll test-and-learn to explore better resource use at scale - locally, nationally and globally, across on-trade, off-trade and e-commerce.



## CORE PACKAGING

*We are assessing our core packaging range to ensure we reduce weight and increase recycled content, while still delivering beautiful design to delight our customers.*



## E-COMM PACKAGING

*We will streamline our e-commerce packaging to minimise material use and maximise consumer reuse or recycling.*



## PARTNERSHIPS

*We are working with Loop to pilot a closed loop model in partnership with Tesco, launching later in 2021.*



## SUPPLIER COLLABORATION

*We will continue to work with our current suppliers to identify better processes and select innovative materials.*

## MEASURES OF PROGRESS

- *Weight of total packaging kg/L of gin*
- *% recyclability of packaging by weight*
- *% recycled content of packaging by weight*
- *Total Waste inc. General, Recycled, Glass, Food*
- *Number of channel specific partnerships*



# BETTER *sourcing*

## by 2025

- 100% of key raw materials\* can be traced from Seed to Sip
- All new and Significant Suppliers\*\* are signed up to our Supplier Code of Conduct and aligned with our sustainability missions
- Significant suppliers are supported in improving their social and environmental impact in line with our sustainability missions

## by 2030

We will have partnerships to be proud of. Our ambition is to have suppliers and raw materials which are sustainably sourced, bettering our positive impacts on people and planet.

## Our starting point for change

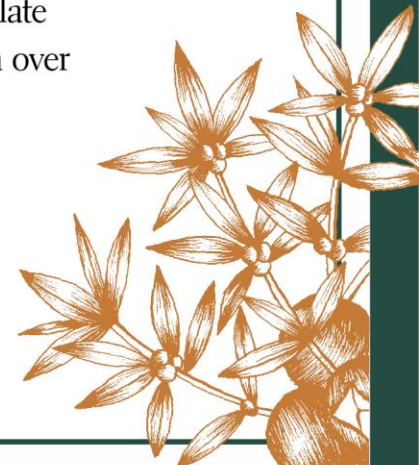
Our focus to date has been sourcing raw materials with uncompromising quality. However, we can go further than uncompromising quality alone. In future, everything that goes in to making our gin must also be better for people and planet.

### A SNAPSHOT OF OUR SOURCING:

**Raw material sourcing:** We are starting conversations with our raw materials suppliers to establish full traceability.

**Supplier Code of Conduct:** Introduced in 2020 with over half of our significant suppliers signed up.

**Supplier support:** Resources on how to calculate Scope 1 & 2 emissions have been shared with over half of our significant suppliers.





# How will we do better?

We shall place our sustainability mission on an equal footing with our uncompromising quality standards, by building supplier partnerships which are open, honest and collaborative.



## SUPPLY CHAIN MAPPING

*We will map all significant suppliers and use technology to enable traceability from Seed to Sip.*



## SUPPLIER ENGAGEMENT

*We will build a programme of regular engagement with our Significant Suppliers through two-way feedback, regular reporting, and sharing best practice.*



## SUPPLIER ONBOARDING PROCESS

*We are introducing new supplier screening and on-boarding processes, including our Supplier Code of Conduct.*



## SEDEX

*We are using Sedex to connect with supplier policies and practices.*

## MEASURES OF PROGRESS

- % of raw materials traced from Seed to Sip
- % of new suppliers signed up to Code of Conduct each year
- % of Significant Suppliers signed up to Code of Conduct
  - % of Significant Suppliers provided with support to improve social and environmental impact







# BETTER *for our swans*

by 2025

- Wellbeing & Happiness
- Inclusion & Representation
- Engagement

by 2030

*we will have a thriving workforce  
with a demographic representative\*  
of our London home.*

\*Our 2030 ambition is to improve the representation of our most underrepresented groups (minority ethnic backgrounds) at Sipsmith to 40% of our workforce. This is based on 2011 Census data and will be updated once 2021 Census data is available.

## Our starting point for change

It may be a cliché, but we have always put our people first. After all, 'we are a family' is one of our core values. Without a happy and engaged workforce, Sipsmith would not be what it is today. We have a 'graft together, laugh together' culture but we know that is not enough.

### A SNAPSHOT OF OUR CULTURE:

**Wellbeing:** Our Wellbeing Factor score, from the bHeard Survey, is 27.75 out of 49.

**Happiness & Inclusivity:** We are developing in-house measures to launch in 2021.

**Representation:** Currently, 6% of our workforce are from our most underrepresented groups (minority ethnic backgrounds).

**Engagement:** From the bHeard survey, we are at a good level of engagement (one to watch status).



# How will we do better?

Taking time to identify the conditions our Swans need to thrive has given us a clear framework for the future. Improving each focus area is the key to making our culture epic.



## INCLUSION SURVEY

We will launch an internal inclusion survey to develop a baseline for inclusivity at Sipsmith. Once baselined, we will set ambitious targets and work with our internal D&I steering group to launch relevant initiatives.



## TRAINING

We will offer unconscious bias training for all staff by the end of 2021.



## WELLBEING PLAN

In 2021, our Culture team are implementing our first formal wellbeing plan. We will measure progress in our bHeard pulse survey in September.



## WORKING GROUPS

We're creating an engagement working group with representation from all areas of Sipsmith to identify and action areas where we can do better.

## MEASURES OF PROGRESS

- % B Heard Engagement Score
- B Heard – Wellbeing Score
  - Happiness Metric\*
  - Inclusivity Metric\*
- % of employees from underrepresented groups
- % of applicants from underrepresented groups in the recruitment process



# BETTER *for our communities*

by 2025

- 90% of employees will be participating in two days of paid volunteering every year
- We will have achieved year on year growth in funds raised for key charity partners

by 2030

*we will be widely recognised as a force for good within our communities.*

## Our starting point for change

Our internal Sipping for Good (SFG) committee champions three communities:



### OUR LOCAL COMMUNITY

*London is, and always will be our home. As such, we want to support local communities, businesses and charities.*



### OUR DRINKS INDUSTRY COMMUNITY

*The soul of our industry who have enabled us to get to where we are now.*



### OUR FUTURE OF SMITHERY COMMUNITY

*We champion a future made by hand and we will help protect this through partnerships that support craftspeople and the future generation of 'smiths'.*

**Volunteering hours:** We launched our volunteering days at the end of 2020. During the Covid-19 pandemic, we've not started volunteering as quickly as we'd hoped, but our team will be participating by the end of 2021.

**Fundraising:** The Sipping for Good team have organised several events in support of our communities, from their Sip & Support Campaign to a 24-hour martini throwing marathon.



# How will we do better?

Our Sipping for Good team will form meaningful, long-lasting relationships with these communities and co-create initiatives that will have a real impact.

*We are an official partner of The Drinks Trust who provide support to people in the drinks industry, both past and present.*



## CHARITABLE ACTIVITIES

We'll launch annual initiatives to support the work that our charity partners do within our key communities.



## DRINKS INDUSTRY MENTORSHIP

Our support will help the next generation of distillers, bartenders and bar backs to grow in their career. We'll work towards more accessible career pathways through educational programmes, mentoring and scholarships.



## VOLUNTEERING

Our team volunteering days will support communities across London.



## PAYROLL GIVING

We'll explore how to make staff donations quick, easy and impactful.

## MEASURES OF PROGRESS

- Volunteering hours per employee
- % of employees taking part in volunteering
- Funds raised/donated to charity partners

# How we'll craft a better future



## GOVERNANCE

*Our Articles of Association require us to consider our impact on people, planet and profit and our Board and Exec will review our sustainability progress quarterly.*

## ACCOUNTABILITY

*Our whole team will be accountable through KPIs and our Kaizen Team will produce an Annual Impact Report to share our progress.*

## REFLECTION

*We will self-reflect on our successes and failures as we go, identifying areas where we can do better and amending our policies and targets as necessary.*

## PARTNERSHIPS

*By ourselves, our impact is small. By partnering with others, we can do better together and make large scale, positive change.*

## TEAM & COMMITTEES

*Every member of the Sipsmith team has a role to play to deliver our strategy, guided by our sustainability committees:*

*Kaizen – Sustainability and Continuous Improvement*

*Sipping for Good - Charity & Community*

*Ministry of Sustainability – Environment*

*Diversity, Inclusion & Representation Steering Group*

## EDUCATION

*Education across the entire Sipsmith Team will be key to doing things better. We will engage the team and learn more about sustainability, through a range of approaches which broaden our team's knowledge.*

## RESPONSIBILITY

*Responsibility is in our name – Sipsmith. We will continue to promote responsible drinking at all touchpoints. Our uncompromising quality, health and safety will continue to form the foundations of everything we do.*





# How we'll know we are making progress?

B Corp is an accreditation that confirms we hold some of the highest standards of verified social and environmental performance, public transparency and legal accountability in the world of business.

We will use this platform to guide best practice in each of our strategic ambitions and measure our progress towards crafting a better future.



IN 2021, WE ACHIEVED  
A CERTIFICATION  
SCORE OF

**83.2**



GOVERNANCE

**11.5**



WORKERS

**29.7**



ENVIRONMENT

**23.0**



CUSTOMERS

**2.7**



COMMUNITY

**16.2**

*By 2025, we will have increased our B Impact Assessment Score by 25 points from certification and supported other brands in our Beam Suntory family and beyond to achieve B Corp accreditation.*



# Be part of our journey

Our strategy demands boldness in approach. We won't get everything right on this journey, but with our Kaizen mentality we will learn from everything we do and seek to improve at every turn. Our no-half-measures approach and desire to leave a legacy will fuel us forward on this exciting journey to craft a better future.

Email [kaizen@sipsmith.com](mailto:kaizen@sipsmith.com)



## *Kaizen: 'change for the better'.*

It refers to continuous improvement  
across all functions of a business and  
involves all employees.

*This mentality will be key to  
Crafting a better future.*

