

SIPSMITH[®]

Impact Report

2021



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A letter from Sam, our Co-Founder

Measure what matters; an expression we hear more and more these days as we seek to lessen our impact in this world. It is a calling for us all to look more closely at our behaviours and record the impacts of our day-to-day operations and assess what improvements - or indeed radical change - we might need to take to reduce it. With our Kaizen! mentality, we continue to make positive strides in areas that really do matter.

Last year, we created a strategy that will see us craft a better future. It has been wonderful to see the whole team rally behind this mission which has manifested itself in the recent spate of volunteer days at the London Wetlands Centre, the strides made in embracing our ED&I agenda, as well as in the hard work that went into the release of Freeglider, our exciting and much anticipated entry into the no/lo category, alongside much more. It is only when you read what is collated in this report, that you see the building of momentum in so many areas in just one year.

Reflecting on the critical but hard-yards of the last few years in terms of sustainability, we are beginning to see the culture of sustainability embed itself throughout the company as team members take the bit between the teeth and make better decisions all the time. We're a long way from perfect but my goodness we're making tracks. With sustainability KPIs now running throughout the business for the first time, it looks set to become an engrained part of our business life.

We've tried to support other businesses and brands on their journey too, in the same way we were and still are being supported on ours. To this end we took time to celebrate the

news that Maker's Mark, a sister brand of ours, has now joined the B Corp community and we congratulate them on this superb achievement.

While everything you read in this report has been a joined-up team effort, it is fair to say that none of it would have been possible without the drive of our in-house sustainability champion, Ellie Stirk, who in 2021 won the Footprint Drinks Sustainability Special Achievement Award and has also been shortlisted in EDIE's Rising Sustainability Star category; quite remarkable.

We will continue to share our annual progress in these reports, warts and all. We still consider ourselves in the foothills of this journey but we're up for the climb and everything that comes with it.

Enjoy the read and share the love.

Swanny

A handwritten signature in black ink, appearing to read 'Sam Galsworthy', with a stylized, flowing script.

Sam Galsworthy

Our 'quite right' moments in 2021

We **certified as a B Corp**, joining a community of over 4,000 businesses committed to using business as a force for good.

In September, we joined **Loop** and **Tesco** in a ground breaking scheme to close the loop and reuse our bottle.

Our ambitious **Science Based Targets** were **verified** by SBTi, requiring us to deliver a 46% absolute reduction in carbon emissions across our value chain by 2030.

We partnered with **GoodShipping** to decarbonise all our downstream international sea freight in 2021.

We launched an **Inclusion Survey** to baseline inclusivity at Sipsmith and set targets.

We launched our **volunteering programme** that supports our 3 communities – Local, Drinks and Future of Smithery Communities.

Our Sustainability Lead was awarded with the Footprint Drinks **Special Achievement Award** and shortlisted in **EDIE's Rising Sustainability Star** category.

During World Bartender Day, we launched our **Cocktail e-guide**, in support of The Drinks Community.

Our **Bar of Smithery Trade Advocacy Programme** initiative launched in the US.

We launched **FreeGlider** to take alcohol free sipping to new heights and give our sippers an exceptional choice when they choose not to drink.



Crafting a Better Future

It has always been our mission to champion a better way of crafting gin and pioneer positive changes within our industry.

Our sustainability strategy sees us laying out even more ambitious plans for us to be part of *Crafting a Better Future*, formally setting in motion our sense of purpose beyond profit – our *why*.



What progress have we made?



2021 was a momentous year; we achieved B Corp certification and laid the foundations of our journey in our *Crafting a Better Future* strategy.

Although we aren't on track in all of our targets, we are proud of our progress to date and know we will be taking even bigger strides forward in 2022.

🏆🏆🏆 on track

🏆🏆 getting up to speed

🏆 target not met/started

STRATEGIC FOCUS AREA	2025 TARGET	PROGRESS
BETTER THAN NET ZERO	ELIMINATE SCOPE 1 EMISSIONS	🏆🏆
	ELIMINATE SCOPE 2 EMISSIONS	🏆🏆🏆
	23% ABSOLUTE REDUCTION IN SCOPE 3	🏆🏆🏆
BETTER RESOURCE USE	100% OF PACKAGING WIDELY RECYCLABLE	🏆🏆
	60% RECYCLED CONTENT IN PACKAGING	🏆🏆
	20% WEIGHT REDUCTION OF PACKAGING	🏆🏆🏆
	5 PARTNERSHIPS TO CLOSE THE LOOP	🏆🏆🏆
	ZERO GENERAL WASTE ONSITE	🏆🏆🏆
BETTER SOURCING	100% OF KEY RAW MATERIALS CAN BE TRACED FROM SEED TO SIP	🏆
	ALL SIGNIFICANT SUPPLIERS SIGNED UP TO CODE OF CONDUCT AND ALIGNED WITH SUSTAINABILITY GOALS	🏆🏆
	SIGNIFICANT SUPPLIERS SUPPORTED IN IMPROVING IMPACT	🏆
BETTER FOR OUR SWANS	YEAR ON YEAR IMPROVEMENT IN WELLBEING & HAPPINESS	🏆🏆
	YEAR ON YEAR IMPROVEMENT IN INCLUSION & REPRESENTATION	🏆🏆🏆
	YEAR ON YEAR IMPROVEMENT IN ENGAGEMENT	🏆🏆
BETTER FOR OUR COMMUNITIES	90% OF EMPLOYEES PARTICIPATING IN 2 DAYS VOLUNTEERING A YEAR	🏆
	YEAR ON YEAR INCREASE IN FUNDS RAISED FOR CHARITY PARTNERS	🏆
B CORP	ACHIEVE A BIA SCORE OF 108.2	🏆🏆

Proud to be a B Corp

In May 2021 we secured B Corporation accreditation, confirming that we hold some of the highest standards of social and environmental performance, public transparency, and legal accountability in the world of business.

We are proud to be one of only a handful of UK distilleries to have achieved this certification.

Our ambition is to improve our certification score of 83.2 by **25 points by 2025**, which we will achieve through implementing our strategy, *Crafting a Better Future*.

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In 2021, we
achieved a
certification
score of

83.2





Better than net zero

Our ambition is to make decarbonisation
business as usual

Understanding our changing carbon footprint

What we achieved in 2021*

Scope 1 & 2

- Our forklift is now powered by renewable electricity instead of gas.
- We improved the efficiency of our steam generation by eliminating leaks.
- Our electricity comes from renewable sources, eliminating our Scope 2 emissions.

Scope 3

- Standardisation of our range from 50cl to 70cl bottles, alongside selling fewer gift packs, saw a reduction in emissions associated with packaging.
- Global supply chain issues meant that our transport routes became more complex resulting in greater emissions associated with distribution.
- As home working continued to be the norm, our business travel emissions reduced considerably compared to 2019. *We expect this to increase in 2022.*

5%

Scope 1 & 2
Reduction

kg CO₂e per litre pure alcohol produced

26%

Scope 3
Reduction

kgCO₂e per 9L case sold

*Our Science Based Targets (SBTs) encompass all of our Scope 1 & 2 emissions, and 73% of our Scope 3 emissions. Only the Scope 3 categories which have seen a significant change on emissions are highlighted in the illustration above. All other Scope 3 categories within our SBTs have remained relatively unchanged and are categorised at 'Other'.



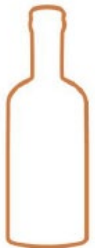
Scope 1

Direct emissions from our own operations



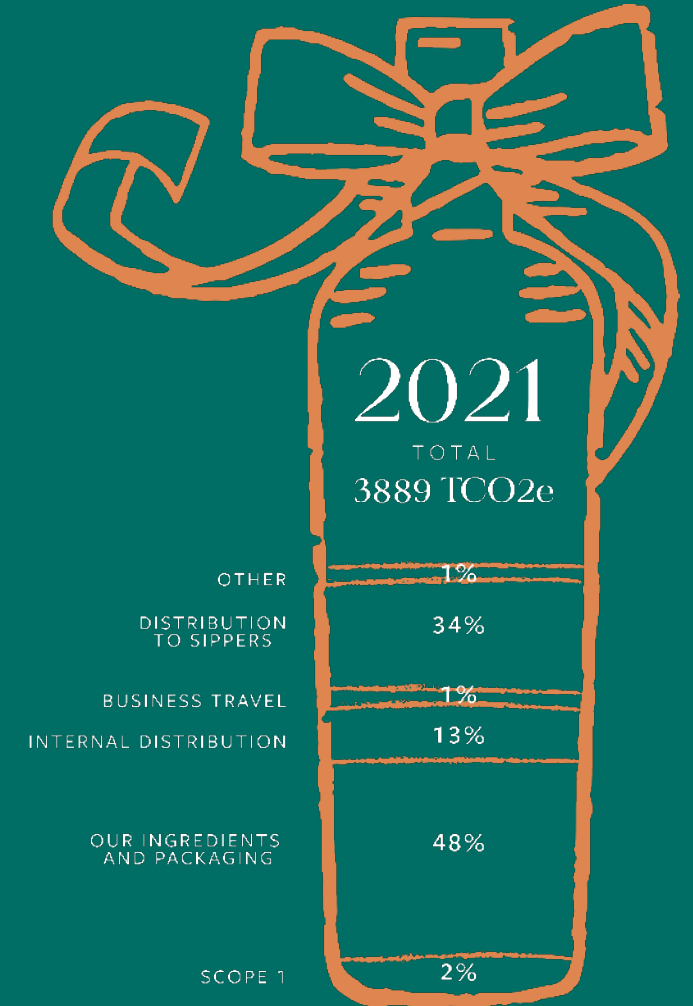
Scope 2

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



Scope 3

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



A focus on sustainable transportation and distribution

We want to decarbonize our entire supply chain. There are some areas of our supply chain that we know we will struggle to decarbonise by ourselves and this is where partnerships will be key. By partnering with GoodShipping, we were able to take immediate action to decarbonise our international sea freight shipping.

During COP26, we joined **GoodShipping's** carbon neutral voyage, through which we inset all our downstream transport emissions associated with our international sea freight.

60TCO₂e
Insetted

GoodShipping empowers companies like ourselves (who do not charter our own vessels), to switch from fossil fuels to truly sustainable alternatives, driving change within the shipping industry.

Insetting is where emissions are reduced within the industry they are emitted. By doing this in the shipping industry, we are helping to facilitate the energy transition from fossil fuels to sustainably sourced biofuels.



“We are delighted to have an industry trailblazer like Sipsmith join us on our mission. The leadership shown by Sipsmith to proactively take steps to decarbonize – and recognise that solutions are available – should act as a call for others to join us on this journey.”

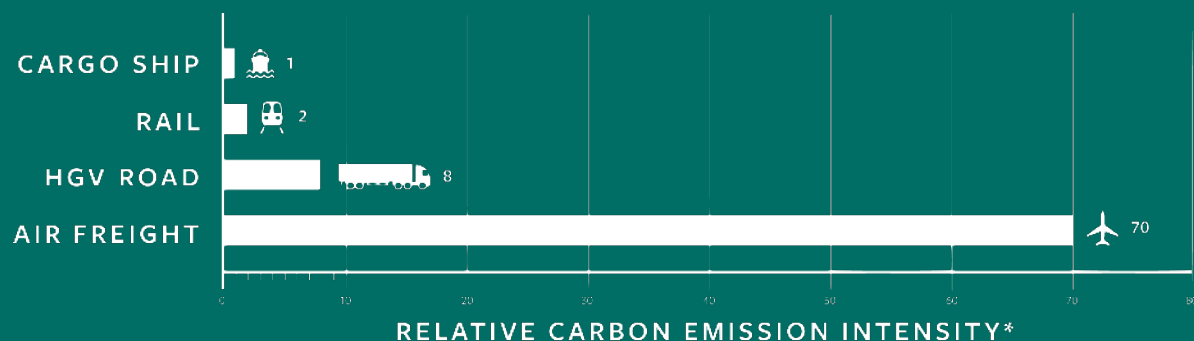
Tina Trinks, Commercial Manager, GoodShipping

Not everything went ‘quite right’

As part of our efforts to craft a better future, we made a commitment that we would only transport our gin by the lowest impact methods available. However, due to global supply chain issues in 2021 caused by Covid-19 and Brexit, we had to air freight stock to the US and Canada in order to deliver to our customers.

Why do we think air freight is ‘quite wrong’?

Air freight is up to 70 times* more carbon intensive sea freight, with the added impact of high altitude emissions.



*Calculated from BEIS 2021 transport emission factors

How did we remove and offset the carbon emissions?

Our air freight in 2021 resulted in the release of 480 TCO₂e. We introduced a carbon tax on these emissions and purchased a combination of removals and offsets.



climeworks

5%

CO₂ emissions removed via Direct Air Capture and permanent storage.



south pole

95%

CO₂ emissions offset via forest protection and reforestation schemes

What have we done to prevent this happening again?

We have introduced an air freight policy, that limits us to only using air freight in exceptional circumstances and with the sign off of senior leaders. A carbon tax will be placed on emissions and used to remove or offset an equivalent amount of CO₂e.



Better resource use

Our ambition is to be at the forefront of circularity within the UK Drinks Industry

Piloting our first partnership to close the loop

This year, we joined a ground-breaking scheme to close the loop and reuse our bottle in partnership with Loop and Tesco

- The only spirits brand to take part in the pilot project
- Launched in 10 Tesco stores across the UK in September
- Sip and return to an instore Loop kiosk for the bottle to be used again

“When gin lovers are sipping a Sipsmith G&T from our Loop bottle, they will not only be enjoying a gin that has been meticulously hand crafted, but also one that is made by a team who take their wider responsibilities for the world seriously, too.”

Sam Galsworthy, Sipsmith
Co-founder



SIPSMITH



What does closing the loop achieve?

- Our bottle can be reused a **minimum of 10 times**
- This reduces the amount of packaging we need to create and transport, and the amount of packaging that gets recycled or sent to landfill
- Our Loop bottle has a **9% reduction** in carbon emissions compared to our normal bottle

How's it going and what have we learnt?

- This was a leap of faith and the uptake from consumers hasn't been as great as we expected.
- Moving away from single-use plastic is more material right now to consumers than moving away from single-use glass.
- We need to truly understand our consumer demands towards better resource use and tailor solutions to them.

In 2022, we will launch an annual Consumer & Customer survey to better understand their sustainability demands.



Meaningful extra steps to better resource use



Created packaging that was both premium and sustainable for our Sipspresso Gin.

The boxes were made with recycled coffee cups and dyed with water based inks.



30 laptops were donated to WeeeCharity who will reuse or recycle the laptops, or ensure they are sold back into the community.



Redesigned the packaging of our gin mini trio to remove single use plastic ensure it is 100% recyclable and made of FSC certified cardboard.



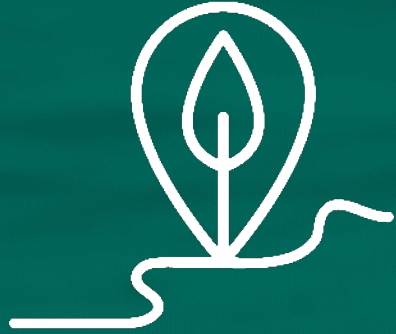
Installed a water batching system for our stills giving better control and optimisation of our water usage to fill and cool our beautiful stills.



For every litre of gin crafted at our distillery, we produced a third less general waste than in 2020. All of it is diverted from landfill to energy recovery.



Switched from plastic foam inserts in our Sipping Society boxes to cardboard inserts, affecting 3000 Sip Soc boxes a year.



Better sourcing

Our ambition is for our suppliers and raw materials to be sustainably sourced, bettering our impact on people and planet

Bettering our supplier partnerships

In 2021, we started to use the Sedex platform to connect with our suppliers.

What is Sedex?

Sedex is a CSR information sharing platform on which our suppliers complete questionnaires relating to their labour, health and safety, business ethics and environmental standards.

We work with our parent company Beam Suntory to assess our suppliers' SAQs, identify any risks, and collaborate with suppliers to improve.

We share an annual Supplier Survey with our suppliers to gather data on things like their energy use, water consumption, and waste treatment practices.



In 2022, we will be looking at onboarding more of our significant suppliers to the Sedex platform.

The ingredients that go into crafting our gin

Our key botanicals supplier is part of the Sedex platform and a member of BRCGS, guaranteeing the standardisation of quality, safety and operational criteria.

This year, we have gotten closer to our botanical supplier, learning more about their sourcing and processing, and about the people who help craft our botanicals.

Botanical spotlight: English coriander

For the first time, we have used coriander grown by our botanical supplier and harvested in Sussex. The quality of this crop was excellent and had reduced travel miles to the distillery.



Our botanical supplier photographed checking English coriander before harvest.



Better for our swans

Our ambition is to have a thriving workforce
with a demographic representative of our
London home

Creating an inclusive workplace

Our mission is to create an inclusive environment where every Swan can speak up, be heard, and access opportunities to progress and develop at Sipsmith.

In 2021, we launched our first Inclusion survey, which was completed by 93% of our team, from which we have set inclusion targets for 2022.

Results show that our key action areas are representation, inclusion, and voice which we will be working on in 2022.

We have introduced an enhanced Parental Leave Policy which allows for primary caregivers to take 6 months of fully paid leave.

To better understand who we're reaching in our recruitment process, we ask all applicants to complete anonymous Equal Opportunities monitoring forms.

56% of applicants complete the forms meaning we are only getting half the picture. We are targeting a 75% completion rate to better understand which groups are applying for roles with us.

100%

of the team attended Inclusive Language and Unconscious Bias workshops

16%

of new swans hired in 2021 are from our most Underrepresented group*

8%

of applicants who filled out our recruitment form were from underrepresented groups

Promoting wellbeing & engagement

The last year has been one of change and uncertainty which has impacted everyone's wellbeing.

We want to provide our employees with the right resources and support to help them take care of their mental and physical wellbeing.

In 2021, we introduced:

- Subscriptions to *Headspace* to support individual's mental and physical health.
- Up to 2 mental health days a year to empower any team member to take time for themselves when they need it.
- Our new flexible working policy.

Team engagement is a key ingredient to having a thriving workforce.

We have introduced an Employee Working Group, so more voices can steer our improvement journey, alongside several new initiatives:

- Sips 'myths' – an anonymous forum for any employee to put questions to our Founders and Executive team.
- 'State of the Nation' – consultations by our Ministry of Culture with teams across the business to identify where and how we can improve our engagement.
- A mentorship scheme with our parent company Beam Suntory, open to all.



Better for our communities

Our ambition is to be widely recognised as a
force for good in our communities

Giving back to our local community

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

The Covid-19 pandemic has made it difficult for us to achieve our volunteering goals in 2021. However, in November we were finally able to hold our first in-person volunteering day with the [Wildfowl & Wetlands Trust \(WWT\)](#) at the London Wetland Centre in Barnes, less than three miles from our distillery.

Never known to shy away from hard graft, the team of 10 got stuck into a day of wetland conservation work such as coppicing, which helps stimulate the growth of trees and woodland biodiversity. There may have been a bit of swan-spotting, too.

Several members of the team also spent time volunteering with [The Felix Project](#), helping to distribute surplus food around London to those who need it.

Our team completed **100 hours** of volunteering in 2021. We have set ourselves an ambitious goal of achieving **1,000 hours** in 2022.

“It was great to be outside with colleagues and doing work that made an immediate difference for a local institution and habitat”.

A Sipsmith Swan



Giving back to our drinks community

The Drinks Community (bartenders, hospitality staff, customers and distillers) are our closest community and the 'smiths' of our industry.

As part of World Bartender Day, we created our first ever cocktail e-guide: [Bartenders' Secrets to Citrus and Gin](#).

Inside are ten sensational Sipsmith Gin cocktail recipes in collaboration with three of the World's Best Bars: The Connaught, Artesian and Happiness Forgets.

When downloaded from our website for [£5](#), the entire donation went directly to our Hospitality Charity Partner, [The Drinks Trust](#), who support our UK friends in the industry during difficult times.



Giving back to the Future of Smithery community

Sipsmith champions a future better made by hand. We want to promote the Smithery Community by investing in partnerships that support craftspeople and future generations of 'smiths'.

At the end of 2021, we launched the 'Bar of Smithery', a Sipsmith Trade Advocacy Programme that hopes to educate and inspire over 1000 barbacks and novice bartenders across key global cities.

Participants of the programme learn about the smithery that goes into making Sipsmith Gin, and the world of smithery that we champion through workshops, working with local crafters in each market.

The programme launched in Miami this year with **45 participants**, with plans to roll out across our key markets in 2022.



Be part of our journey

Our commitment to *Crafting a Better Future* 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.

If you want to be a part of our journey, email kaizen@sipsmith.com

