AG Barr

BUILDING GREAT BRANDS

RESPONSIBLE BUSINESS REPORT 2024

We are pleased to introduce our most up to date Responsible Business Report which sets out our ambitions, progress and future plans related to our responsibility agenda. Our approach and narrative remain consistent. The report also contains updates and highlights on what has been achieved over the past 12 months.

We are proud of our brands and business. We are also proud of the positive contribution we believe we make to society. It is our belief that how we act reflects who and what we are.

For almost 150 years we've been brand owners and builders, offering a diverse and differentiated portfolio of brands that people love and our business has grown as a result. The continued financial strength of our business is important not only to our employees and our shareholders, but also on a broader basis, where our performance positively impacts a wide range of stakeholders and the UK economy.

Our overarching business purpose is to create value, with values – for our shareholders, consumers, customers and for society as a whole. Our values include a commitment to behave responsibly. Our responsibility agenda has always been woven into the fabric of our business and, in today's world, as we grow and develop, it's more important than ever that we play our part in addressing the key issues facing society, such as the need to tackle the impact of climate change.

We are also mindful that our actions can contribute towards global improvements. The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries – developed and developing – in a global partnership.

Behaving responsibly for almost 150 years.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

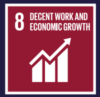
While there will be actions we take that contribute both directly and indirectly to many of the SDGs, we have focused our SDG connections where we believe we can most directly play our part. These are:

Good health and wellbeing

Ensure healthy lives and promote wellbeing for all at all ages

Gender equality

Achieve gender equality and empower all women and girls



Decent work and economic growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all

Responsible consumption and production

Ensure sustainable consumption and production patterns

Climate action

Take urgent action to combat climate change and its impacts

OUR KEY RESPONSIBILITY COMMITMENTS

We focus our specific responsibility goals and commitments on those areas where we believe we can make the greatest positive economic, environmental and social impact, supporting our contribution to a sustainable future for all. We also engage with a wide range of stakeholders to ensure that our priorities are aligned. As such, behaving responsibly at A.G. BARR is underpinned by four key commitments which we believe to be material matters to both our business and our key stakeholders:

* Further information on employee engagement and women in leadership is provided on page 4 within the non-financial KPI section

** Science-based target as approved by Science Based Target Initiative (SBTi).

*** Net-zero achievement in accordance with SBTi requirements. Reductions are targeted across Scope 3 emissions associated with purchased goods and services and upstream and downstream transport and distribution. See page 21 for more information.

Note: Goals below stated in calendar years.

We act with integrity

Key focus areas

- Safety and wellbeing
- Employee engagement
- Responsible policies and practices

Long-term goals

Accident incident rate
- Zero work-related reportable accidents

Employee engagement*
- 2025 Goal: 80%

Women in Leadership*
- 2025 Goal: 45%

We respect the environment

Key focus areas

- Carbon reduction
- Packaging
- Water and waste
- Sustainable sourcing

Long-term goals

Never again send non-hazardous waste to landfill

Carbon emission reduction across our own operations (Scope 1 & 2 emissions market-based approach)**
- 2030 Goal: 60% reduction from a 2020 base year
- 2035 Goal: 90% reduction from a 2020 base year

Carbon emission reduction across our wider supply chain (Scope 3 emissions) **
- 2030 Goal: 25% reduction from a 2020 base year
- 2050 Goal: 90% reduction*** from a 2020 base year

Improvement in water usage efficiency
- 2025 Goal: 10% improvement from a 2020 base year

Recycled PET content
- 2025 Goal: Full portfolio 100% rPET

We support healthy living

Key focus areas

- Calorie reduction
- Responsible advertising and marketing
- Labelling

Long-term goals

To continue to advertise responsibly, offer a wide range of pack sizes to assist with portion control and, by providing clear nutritional information, enabling our consumers to make informed choices.

We give back

Key focus areas

- Community engagement
- Charity partnership
- Employee volunteering

Long-term goals

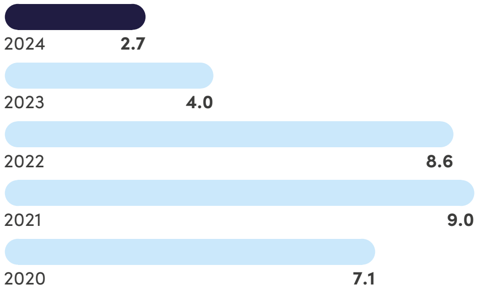
To support good causes across our communities, through financial donations and by increasing awareness and supporting fundraising and volunteering across our own teams.

NON-FINANCIAL KEY PERFORMANCE INDICATORS

In support of our responsibility commitments we measure a range of non-financial KPIs as set out below:

Accident incident rate

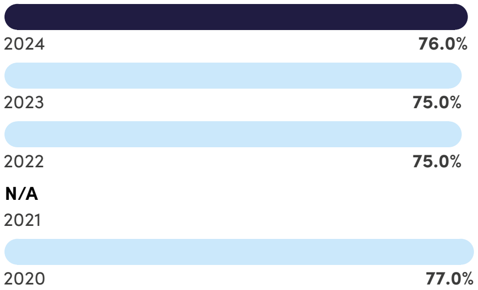
2.7



Number of accidents (RIDDOR) per 1,000 people – relative to both our employees and agency workers. 2023 includes Boost and MOMA data from the dates of acquisition. Further information is provided in our safety and wellbeing culture section on pages 5 to 6.

Employee engagement

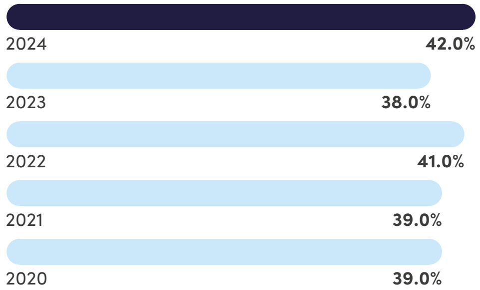
76%



As measured by our annual employee survey. Due to the impact of the pandemic, no survey was conducted in 2020/21. 2023 excludes Boost and MOMA which were not part of the A.G. BARR Group at the time the survey was conducted.

Women in leadership

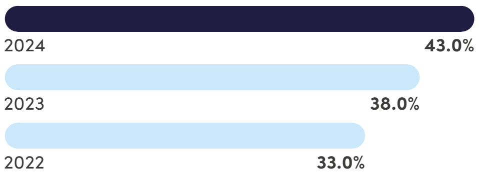
42%



Number of females defined as leaders/senior managers at the close of the financial year. See page 8 for further information.

Carbon emission reduction across our operations

43%

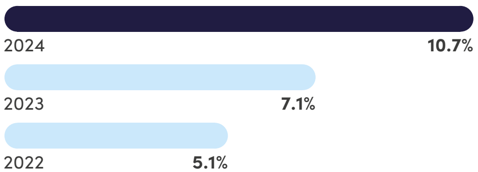


Baseline year
2021

Percentage reduction in total Scope 1 and Scope 2 greenhouse gas emissions versus 2021 baseline year using a market-based approach. 2024 Scope 1 data provided in the SECR section on pages 22 and 23 reflects a change in methodology not yet factored into the baseline year. To allow a like for like comparison with the baseline year, this KPI excludes the impact of the changed methodology. Including it would result in a 5% reduction against the baseline year. See page 22 for further information.

Improvement in water usage efficiency

10.7%

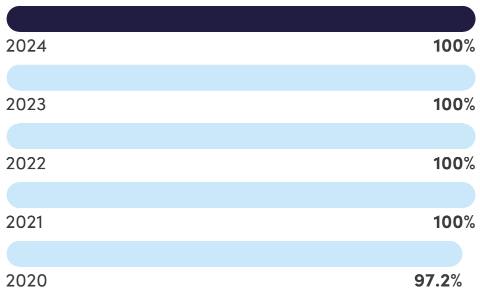


Baseline year
2021

KPI reset in 2021 following detailed analysis of our water footprint, our refreshed water strategy and action plan. Ratio of total water used relative to total litres of product produced. Further information is provided in our waste and water section on page 14.

Non-hazardous waste diverted from landfill

100%



Quantity of non-hazardous waste from Company-owned sites diverted from landfill relative to total non-hazardous waste.

We act with integrity

Safety and wellbeing culture

We work hard to create a culture in which health, safety and wellbeing are our top priorities. Our ultimate goals in this area are zero work-related accidents and the provision of safe and healthy working environments for all. We continuously improve our management systems to underpin our objectives and to ensure compliance with all health and safety related legislation as a minimum. Our thorough and varied health and safety management activity programme is designed to keep safety at the top of everyone's agenda, with actions ranging from safety awareness initiatives and safety training, to site audits and reporting.

Over the past 12 months we have continued to review our workplace activities and focus on reducing risk through the implementation of suitable control measures. Our health, safety and wellbeing related activity has included:

- Ongoing review and roll-out of updated risk assessments and safe systems of work.
- Internal training, including dynamic risk assessment, contractor control and accident investigation.
- Provision of IOSH Working and Managing Safely courses across our supply chain teams.
- IOSH Managing Safely/Safety for Managers courses.
- Provision of Mentally Healthy Workplace Training for Managers.
- Two-way communication via health and safety committees and representatives across all business areas.
- Continued partnership with the Keil Centre, supporting and validating our performance against our safety cultural maturity targets.
- Health, Safety and Wellbeing Days – a series of face-to-face events carried out across all of our sites to help drive improved behaviours, awareness and decision making. This year we invited external speaker Lisa Ramos to deliver powerful impact sessions at our Cumbernauld and Milton Keynes sites. Lisa was injured in a forklift truck accident and recounts the impact on her and her family.
- Health and Safety Awards – recognising those employees who have gone above and beyond to improve the safety of themselves and others.
- Health and Safety pulse surveys gauging the views and priorities of employees.
- Robust internal audit programme to help ensure compliance with legal requirements and identify and implement continual improvement opportunities.
- We implemented new health and safety management system software that provides easy to use and robust accident and near miss reporting.
- We implemented a new driver safety programme for everyone who drives a car as part of their work activities. This comprises of a driver risk assessment and tailored e-learning modules.
- Focused leadership training for our health and safety representatives at Milton Keynes and Cumbernauld.

SAFETY HIGHLIGHT

Accident incident rate reduced from 4.0 to

2.7

We act with integrity continued

We are pleased to report that our accident incident rate, the number of RIDDOR accidents per 1,000 people, reduced from 4.0 to 2.7 during the past 12 months. This, along with our ISO 45001 certification, are clear validations of the hard work that is ongoing to improve our safety standards and culture.

Our accident incident rate KPI, as detailed in our non-financial KPIs on page 4, includes those accidents involving our own and agency employees, however as part of our regular accident monitoring and reporting processes, any accidents that occur on our premises by contractors or other third parties are recorded, fully investigated and the learnings taken into account.

We will continue to work hard towards delivering our safety goals in the year ahead.

From a wellbeing perspective we support our employees across a wide range of areas. From hybrid working arrangements, which provide greater flexibility to office-based colleagues, to the provision of training and resources to raise awareness of wellbeing issues, such as mental health and the menopause, we work hard to create a culture where open conversations are encouraged and our people are properly supported.

Employee Engagement

For almost 150 years we have developed a positive, results-driven and supportive culture. As we grow our business both organically and through acquisition, it is important that we retain the entrepreneurial spirit of the new and exciting additions to our Group, while also ensuring that we continue to value and nurture the unique essence of what makes A.G. BARR a great business to be part of.

Underpinning everything that we do is our belief in performance through people – positive and engaged teams are central to our success. Communication is key to this engagement and we use a wide range of channels and tools to suit the different needs and preferences of our people.

SAFETY HIGHLIGHT

5 years

with zero lost time accidents at Forfar factory

EMPLOYEE ENGAGEMENT HIGHLIGHT

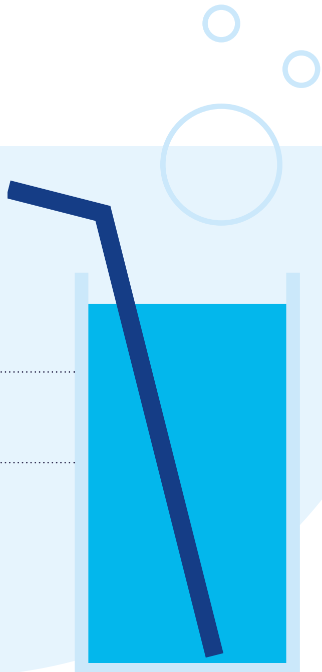
Employee engagement in 2024

76%

2023: 75%

2024
76%

2023
75%



Employee values

Underpinning our corporate values, our four business divisions have their own employee values. These behavioural frameworks are central to who they are and how they operate, playing an important role in building teams and strengthening performance.

At Barr Soft Drinks, which comprises our largest group of colleagues, employee values are embodied by the Barr Behaviours. Created by our own people they represent what is important to a business that has been successful for over a century – Being Brilliant, Always Learning, Results Driven and Relationships Matter.

For the more recent additions to the A.G. BARR Group – **FUNKIN, MOMA** and **Boost** – their employee values are more reflective of the entrepreneurial and agile nature of their businesses, which we believe are important characteristics to retain and nurture.

From recruiting new employees to developing existing teams, these employee values support how our teams work together to enhance performance and are fundamental to our success.

For more information on our employee values visit our website at agbarr.co.uk

Learning and development

Our business is committed to learning and development to ensure everyone has the required skills and knowledge to thrive in their current role as well as building readiness for the capabilities we are likely to need in the future.

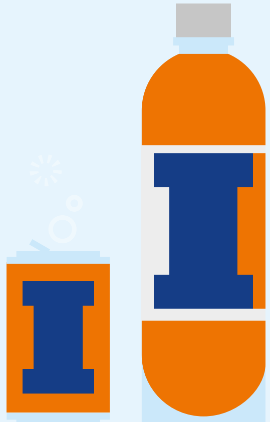
We have developed a Company-wide learning culture where all colleagues are encouraged and enabled to take ownership of their performance and drive their own development and careers. How colleagues learn and develop can vary and we therefore ensure that we provide a blended learning experience whenever possible.

In recognition of our commitment to building colleague confidence and competence we have grown our learning and development team over the past 12 months. The ever-changing and volatile external landscape make reskilling and upskilling more important than ever before. We recognise the importance of skilled employees, exceptional leaders and knowledge – all vital to our ongoing commercial success. As such, in addition to our regular technical and compliance based training, we have shaped progressive development programmes to accelerate the development of key colleague populations. We are pleased to be in a position to deliver much of this development in-house which we believe will increase the likelihood of the development being embedded across our organisation for the long term.

LEARNING AND DEVELOPMENT HIGHLIGHT

Careers Week

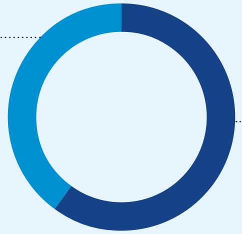
Almost 170 of our people participated in our new Careers Week initiative, an opportunity to learn more about career planning and development. Covering areas such as career planning, apprenticeships, and our internal e-learning catalogue, this will now become an annual event as part of our learning and engagement calendar.



We act with integrity continued

GENDER DIVERSITY AS AT YEAR END

Board & Company Secretary

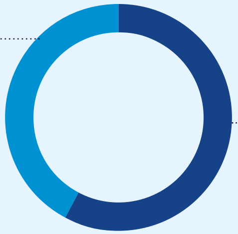


2024
40%
Female

2024
60%
Male

	2023	2024
Male	7	**6**
Female	3	**4**

Leadership team

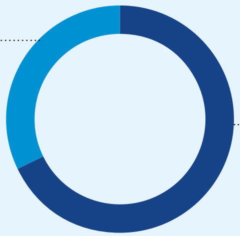


2024
42%
Female

2024
58%
Male

	2023	2024
Male	63	**62**
Female	39	**44**

All employees



2024
32%
Female

2024
68%
Male

	2023	2024
Male	701	**699**
Female	313	**331**

Diversity, equity and inclusion

We strive to be an inclusive employer that supports colleagues regardless of their gender or background and tackles any barriers that are preventing them from being their best. We continue to focus on delivering small steps focused on positive change.

We aim to recognise and celebrate individuality as we continue to encourage, respect and value difference. We are focused on building a workforce that is truly representative of the communities we serve.

The gender balance across the organisation now sits at 68% men and 32% women, broadly indicative of our industry. On our journey towards greater gender equality we set a new KPI in 2020 related to women in leadership, targeting 45% women across the leadership population by 2025 and we are pleased to have made further progress in this regard with senior female representation across the Group now at 42%, up from 38% in the prior year.

The key metrics from our latest Barr Soft Drinks Gender Pay Report are detailed below:

Mean Gender Pay Gap
1.4%
2022: -5.1%

Median Gender Pay Gap
-4.6%
2022: 6.0%

Mean Bonus Pay Gap
-13.4%
2022: -1.1%

Median Bonus Pay Gap
-5.1%
2022: -17.6%

Positive numbers are favourable to men, and negative numbers are favourable to women.

Our mean gender pay gap has shifted since 2022 and is now slightly favourable to men.

This is considered to be within the neutral range. Last year, it was favourable to women. However, overall our figures have improved as we get closer to 0%.

Both our mean and median bonus pay gaps are favourable to women.

% employees receiving a bonus payment

Male
94%
2022: 89%

Female
95%
2022: 93%

Our focus is on making diversity, equity and inclusion not a "separate thing to do" but to embed it into our day-to-day business. We are on a journey and are confident that our focus areas for the year ahead will support further positive progress.

The full Barr Soft Drinks Gender Pay Report is available on our website at www.agbarr.co.uk

DIVERSITY, EQUITY AND INCLUSION HIGHLIGHT

Improved website Accessibility

Our corporate website is now more functional, inclusive and customisable for both visitors and employees alike following the introduction of a new user accessibility toolbar.

Reward

Our approach to reward aims to link remuneration with the delivery of our key strategic priorities and our overarching purpose, to create value, with values – for our shareholders, consumers, customers and for society as a whole.

We strive to offer a fair and transparent total reward package that drives a performance-led culture and is linked to both the long-term sustainable success of the business and our values.

We target our pay at the market median or above, ensuring we can attract and retain high-calibre employees. We operate a number of incentive and bonus schemes designed to reward and motivate strong individual and collective performance.

We offer employees a modern and flexible range of benefits, offering choice to our increasingly diverse workforce. Our flexible benefits scheme allows eligible employees to select the benefits most suitable to them personally, using an allocated monetary allowance. Healthcare features prominently, with a selection of health-related benefits made available either on a core benefit basis or within the suite of flexible benefits made available to employees.

We comply fully with all the regulations associated with rewarding our employees fairly and are a UK Real Living Wage accredited employer.

More information on how we ensure that our approach to remuneration supports our strategy is available in the Directors' Remuneration Report.

Responsible policies and procedures

We have high expectations of our suppliers, our partners and ourselves. Across almost 150 years of operation, we have developed robust and responsible policies that guide what we do and how we work with others. The key policies, statements and guidelines we rely upon and that support our responsibility commitments are available on our Group website at www.agbarr.co.uk.

Risk and regulation awareness

We have a robust risk management framework in place that is embedded across the business. In addition to the Group risk register, governed by the Board, business division and functional risk registers have been developed across our teams, allowing a wide range of employees at different levels to contribute to our risk assessment and assurance processes.

Our reputation is extremely important to us and it is the responsibility of every employee to act professionally, fairly and with integrity. This requires an understanding of the regulatory risks we face and how we can all play a part in mitigating these risks.

In support of this, we require employees to complete the following five mandatory training modules:

- Introduction to Risk
- Data Protection
- Competition, Pricing and Confidentiality
- Anti-Bribery and Corruption
- Anti-facilitation of tax evasion

We respect the environment

We take our environmental responsibilities very seriously, constantly seeking to minimise our impact on the world we operate in. We focus on energy, waste and water reduction, limiting the impact of our packaging as well as working towards our long-term carbon reduction targets.

We have been accredited to the Environmental Standard ISO 14001 since 2003. This certification provides a framework against which we have developed comprehensive environmental procedures and monitoring systems. These processes have allowed us to measure our environmental performance and focus our activities on delivering long-term improvements.

Carbon reduction

We have an important role to play in the transition to a low carbon and climate-resilient economy.

Aligned to the Science Based Target Initiative's (SBTi) Net-Zero Standard, we have SBTi approved near and long-term science-based emission reduction targets and an SBTi verified science-based net-zero target of 2050.

With continued support from the Carbon Trust we have now completed a full carbon footprint assessment for our 2022/23 financial year covering our Scope 1, 2 and 3 greenhouse gas emissions. Our first full carbon footprint assessment took place in 2020/21. Building up year-on-year data allows us to assess our impact and track progress towards our long-term goals.

In focus

Science-based targets explained

In 2015, 196 governments signed the Paris Agreement, which aims to keep average temperature increase to well below 2°C above pre-industrial levels. More explicitly, the agreement sets out to limit the temperature increase even further to 1.5°C.

The Science Based Target Initiative (SBTi) enables companies to demonstrate their leadership on climate action by publicly committing to science-based greenhouse gas (GHG) reduction targets. Science-based targets provide clearly defined pathways for companies to reduce GHG emissions. Targets are considered science-based if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement.

SBTi requires companies to focus initially on reducing their emissions from their direct GHG emissions (Scope 1), their indirect emissions, including the consumption of purchased electricity (Scope 2) and then on their wider indirect (Scope 3) emissions.

OUR 2022-2023 GREENHOUSE GAS EMISSIONS

Scope 1

2.5%

Direct emissions from activities we control (4,364 tonnes)

Scope 2

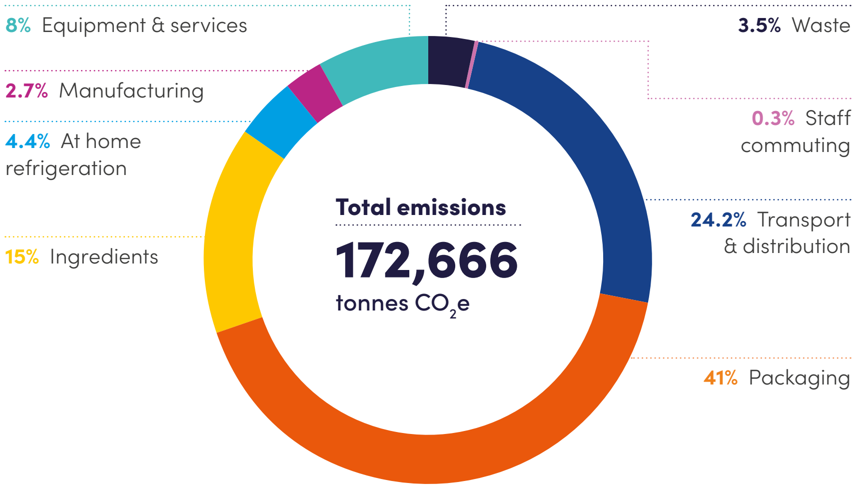
0.1%

Market-based. Indirect emissions from purchased energy (180 tonnes)

Scope 3

97.4%

All other emissions that occur in the value chain (168,122 tonnes)



Our 2022/23 greenhouse gas emissions

A detailed breakdown of our 2022/23 greenhouse gas emissions is contained within the Metrics and Targets section of our TCFD and CFD disclosures. These disclosures also contain our Streamlined Energy Carbon Reporting (SECR) report which sets out our Scope 1 and 2 data for the 2023/24 financial year.

Our 2022/23 carbon reporting includes 8,720 tonnes of emissions from our recently acquired Boost and MOMA business divisions. MOMA's emissions are included for the full year, as a result of our majority shareholding position, prior to the full business acquisition in December 2022. For Boost the data includes eight weeks of emissions from the point of acquisition in December 2022.

These additions to our Group have resulted in a year-on-year increase in our total carbon footprint. However, on a like-for-like basis, excluding the impact of MOMA and Boost, our year-on-year emissions have reduced, despite the underlying business increasing sales volumes. We delivered a number of positive carbon reduction initiatives across the year including the purchase of 12 new trucks fuelled by renewable bio-methane (Bio-CNG), further plastic lightweighting and an increase in our use of recycled plastic across our packaging.

Following the addition of the MOMA and Boost businesses to our Group, we are now in the process of recalculating our 2020 greenhouse gas emission baseline data, from which our science-based targets are calculated. We will work with the SBTi to renew our targets ensuring our data and our goals are representative of our enlarged business.

We are fully committed to achieving our science-based targets. For our Scope 1 and 2 emissions we have a deliverable and realistic net-zero roadmap. This roadmap builds on the progress we have already made and extends into future initiatives including further electric vehicles, solar panels, air source heat pumps and other degasification projects.

For our Scope 3 targets, including purchased goods and services as well as upstream and downstream transport and distribution, we are working closely with our key suppliers and partners.

Our roadmap to net-zero sets out our progress and plans.

CARBON REDUCTION HIGHLIGHT

90%

20% of our trucks are now fuelled by renewable biomethane (Bio-CNG), delivering a 90% reduction in CO_2e in comparison to a diesel HGV.

RESPONSIBLE BUSINESS REPORT CONTINUED

We respect the environment continued

Packaging

We believe that packaging should be treated by all as a valuable resource and recycled, not discarded as litter or waste.

100% of our Barr Soft Drinks and FUNKIN packaging is recyclable with clear on-pack recycling messages. As part of our No Time to Waste programme we are now working across the whole Group to align our packaging recyclability.

We continually seek to reduce the amount of packaging we use and our No Time To Waste plastic and packaging workstream has established a clear strategy with a long-term goal of 100% circular packaging. This means a future where packaging is reduced, recycled and reused and supports our commitment to the UK Plastics Pact, of which we became signatories in 2022.

Reducing the environmental footprint of our packaging will be a critical part of our journey to reach net-zero.

Following the introduction of 100% recycled plastic (rPET) into all of our IRN-BRU and Rubicon 500ml bottles in 2022, saving over 2,000 tonnes of virgin plastic every year, we are proud to have added further rPET into our portfolio during 2023. This was achieved at our Milton Keynes site where every plastic bottle produced now contains at least 30% rPET.

We have retained our goal of having our full portfolio in 100% rPET by the end of the 2025 calendar year, however this is an area that we keep under regular review. The availability of appropriate quality food grade recycled plastic remains an ongoing issue across the food and drink industry, in the UK and beyond.

While consumers increasingly understand the need to recycle, plastic bottle caps are often found as litter. As a responsible manufacturer we are moving to new designs that have our plastic bottle and carton caps connected to the pack after opening. This means the whole pack – container and cap – can be recycled together.

We produced our first attached cap bottles at our Milton Keynes site in the latter part of 2023 and aim to convert the majority of our soft drinks portfolio by the end of 2024. The new plastic bottle design brings an associated plastic lightweighting benefit, with a current annual virgin plastic reduction of over 100 tonnes for bottles produced at Milton Keynes.

PLASTIC AND PACKAGING HIGHLIGHT

Cap attached plastic bottles

Introduction of first cap attached plastic bottles with associated plastic lightweighting at our Milton Keynes site – this saves over 100 tonnes of virgin plastic – the weight of around 20 adult elephants.

THE ROAD TO NET-ZERO

Our ambitious commitments are being delivered through our No Time To Waste environmental sustainability programme, which brings together our net-zero, plastic and packaging, waste, water and sustainable sourcing workstreams. No Time To Waste is central to the achievement of our science-based targets and we were pleased to bring both Boost and MOMA into the programme during the year.

Further information is available within our TCFD disclosures.

OUR PROGRESS

2020

- ESG Board Committee established
- Launch of No Time To Waste environmental sustainability programme
- Switch to 100% renewable electricity
- Climate Disclosure Project ('CDP') score improves to B classification
- Introduction of 100% recycled packaging film on Barr Soft Drinks consumer multipacks

2021

- Completion of first full carbon footprint assessment
- 45% reduction in greenhouse gases since 2015
- CDP score improves to A- classification
- Electric vehicle charging points installed at all main Company-owned sites
- Fully electric fork lift truck fleet
- Introduction of plant-based bio cartons

2022

- SBTi approved science-based targets and net-zero commitment
- Full compliance with TCFD
- First bottles in 100% recycled plastic (rPET)
- FUNKIN glass bottle recycled content increased from 14.6% to 42.5%
- New signatory of UK Plastics Pact
- Successful trial of Hydrotreated Vegetable Oil (HVO) as fuel alternative to diesel

2023

- 20% of trucks fuelled by renewable bio-methane (Bio-CNG)
- CDP score improves to A classification
- Introduction of first cap attached plastic bottles
- Further packaging lightweighting
- 30% rPET introduced in all PET plastic bottles produced at our Milton Keynes site

OUR PLANS

2024–2030

- Targeting 100% rPET across full Barr Soft Drinks portfolio
- Plastic and aluminium packaging lightweighting
- Increased use of recycled content and renewable materials
- Supplier engagement and collaboration programme
- Transition of remaining truck fleet to renewable fuel
- Reduce Company car fleet and move to electric vehicles
- Degasification at our main manufacturing sites through solar panels and heat pumps
- Installation of lower energy intensive manufacturing equipment at our Cumbernauld site, including new PET and can filling lines
- Key suppliers transition to green electricity

2030

- Reduce Scope 1 and 2 GHG emissions by 60%
- Reduce Scope 3 GHG emissions from purchased goods and services and upstream and downstream transport and distribution by 25%

2030–35

- Further degasification through solar panels and heat pumps
- Removal/reduction of CO_2 as a manufacturing processing aid
- Supplier engagement and collaboration programme

2035

- Become net-zero across our own operations

A NET-ZERO FUTURE

2035–50

- Further use of recycled content and renewable materials
- Logistics partners move away from diesel
- Suppliers and logistics partners delivering on their net-zero commitments

2050

Become net-zero across our full value chain

NO TIME TO WASTE

We respect the environment continued

Water and waste

As a multi-beverage business, water is an important ingredient, as well as a necessary resource we rely upon across our operations. There is increasing awareness of the challenges faced in managing water resources and we are extremely aware of the part we have to play in protecting this precious commodity.

We are pleased to report further improvements in our water usage efficiency. Our ratio of total water used relative to total litres of product produced has improved by 10.7% against our 2020 baseline, supported by a number of initiatives across our manufacturing sites. This reflects the early achievement of our 2025 water efficiency target. More information can be found in our non-financial KPI section on page 4.

We have also invested in additional water metering at our Milton Keynes site during the year. This technology is already providing useful data across our production lines, supporting the identification of further areas where water consumption can be reduced in the year ahead.

As part of our sustainable sourcing strategy we also know that the most significant water use in our value chain is in agriculture. The crops that we rely upon for many of our products, such as mangos, are grown in hot, potentially water-stressed areas, and we are working in partnership with our global suppliers to encourage sustainable practices.

Once again we are pleased to have achieved our long-term target related to waste with 100% of our non-hazardous waste diverted from landfill. Our objective is to maintain this performance on a permanent basis.

We are also targeting waste reduction across our own operational sites. Our Brilliance in the Making continuous improvement programme, operated across our own factories, identifies and delivers initiatives that generate efficiency, waste and water improvements. As a result of process improvements across the year, and a specific focus on material reduction, we have removed over 15 tonnes of operational waste on an annual basis. We have also successfully diverted 495 tonnes of waste from disposal, through partnerships and arrangements with organisations that can reuse our waste and put it to meaningful use.

WASTE HIGHLIGHT

Extending the life of packaging

Many of our raw materials and ingredients are delivered to us in cardboard packaging – we have partnered with a number of businesses to reuse rather than recycle these items, putting them to useful purposes, extending the life of the packaging and saving unnecessary recycling and reprocessing.

WATER HIGHLIGHT

Over 1 million

litres of water saved as a result of improved rinsing efficiencies on IRN-BRU production runs at our Cumbernauld factory

Sustainable sourcing

As climate change and a rising population put pressure on our limited natural resources, it is important for all our raw materials to be sourced sustainably and used effectively.

As one of our **No Time To Waste** workstreams, sustainable sourcing is key to ensuring our high-quality ingredients and materials are sourced and manufactured in a fair, ethical and environmentally responsible way.

Our Supplier Code of Conduct sets out the key supplier principles we work to and the minimum standards we require our suppliers to meet, which form part of their contractual commitments to us. This Code is fundamental to ensuring we work with suppliers who uphold the highest standards with respect to human rights, conditions of employment and who actively reduce their environmental footprint. We ensure our critical suppliers have embedded sustainable and ethical practices in their organisations, and that they are committed to maintaining these principles within their own supply chains.

Our key suppliers must acknowledge their compliance on an annual basis through our stringent supplier approval process, which uses questionnaires and audits to confirm adherence to our standards across a broad range of requirements. For many years we have used the Supplier Ethical Data Exchange (Sedex) platform, a not-for-profit global membership organisation dedicated to driving improvements in ethical and responsible business practices. We also use the Sedex Supplier Approval Questionnaire as an important secondary validation step which allows independent benchmarking of suppliers on a consistent measurable basis.

The output from these questionnaires also allows us to collaborate and engage with our suppliers to set objectives and action plans to deliver sustainable and continuous improvements. This includes active and ongoing dialogue with our key suppliers related to their carbon reduction plans – their actions support the delivery of our Scope 3 science-based targets, and ultimately our net-zero ambition.

Materiality and stakeholder engagement

We regularly engage with internal and external stakeholders to ensure that our responsibility agenda is addressing the material issues.

Governance

Our responsibility agenda is integrated into our strategic, financial and business planning, as well as our risk management processes, with ultimate accountability sitting with the Board.

Our Executive teams are responsible for the delivery and execution of our responsibility actions and programmes, supported where appropriate by sub-committees and functional or project teams. Further information on the governance of our climate-related risks and opportunities is detailed in our TCFD and CFD disclosures as follows.

Independent assurance

We continued to work with third party assurers, the Carbon Trust, across the past 12 months. They have completed a review and verification of our Group operations for Scope 1, 2 and 3 emissions for the year ended January 2023 against the 14064-3 standard.

Scope 1 and 2 verification for the year ended January 2024 is underway.

CLIMATE HIGHLIGHT

A class rating

CDP score improves to A rating

CDP DRIVING SUSTAINABLE ECONOMIES

Having developed the world's first certification for organisational CO_2e Reduction Standard and product carbon footprints, the Carbon Trust is a leading carbon footprint certification body.

During 2023 we were also pleased to improve upon our Climate Disclosure Project (CDP) rating which has now increased to an A classification. CDP is a not-for-profit charity that runs a global environmental disclosure system. CDP is widely used and considered to be one of the most comprehensive independent environmental data sets available. The CDP Score Report allows us to benchmark and compare our environmental stewardship with peers, and provides additional information that can help inform our forward-looking improvement programmes.

TCFD and CFD disclosure

The Task Force on Climate-related Financial Disclosures (TCFD) and the Climate-related Financial Disclosure (CFD) requirements both provide a framework for companies to report the potential financial impacts from climate change on their business. They also require reporting of the progress made by the organisation against the targets set to mitigate climate-related risks and to reduce its impact on the environment.

These frameworks are designed to help investors and wider stakeholders understand how businesses are managing climate-related financial risks, across four key areas:

Governance – setting out the respective roles of the Board and management team in managing risks and opportunities.
Strategy – identifying risks and opportunities over different time horizons and explaining how these impact strategic and financial planning.
Risk Management – having processes in place for managing identified risks and including these within the overall risk management framework.
Metrics and Targets – explaining how both climate change impact and exposure to risks are measured, setting targets and tracking ongoing progress.

Using this framework we set out our full disclosures as follows.

Governance

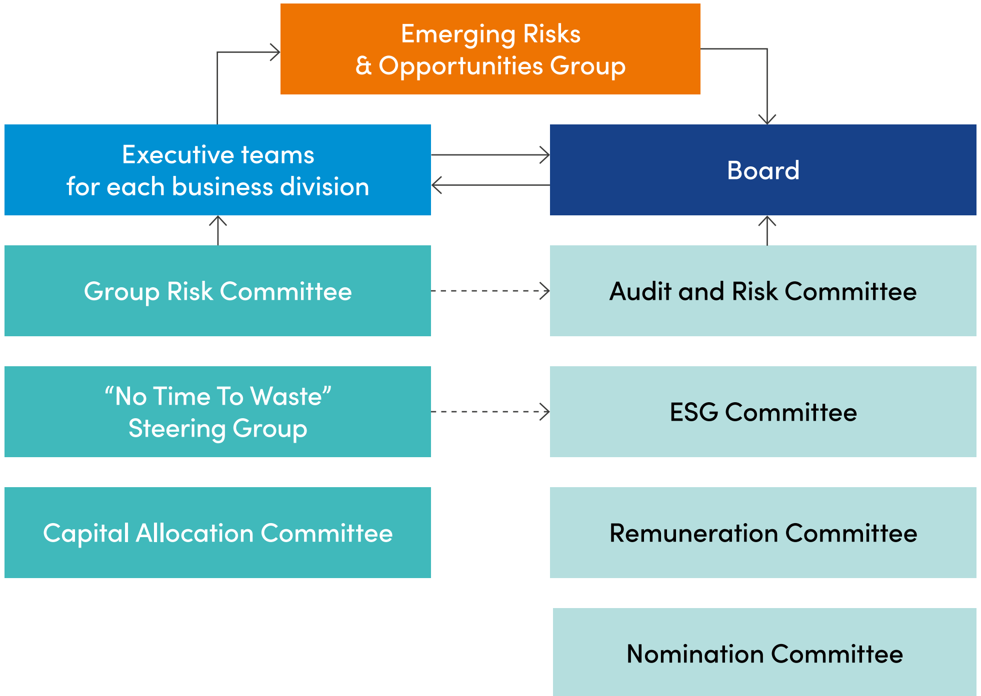
Board of Directors

The A.G. BARR Board has accountability for the oversight of climate-related risks and opportunities impacting the Group.

The Board of Directors considers climate-related risks and opportunities when reviewing and agreeing the Company strategy, agreeing future objectives, budgets and KPIs, setting policies and when considering potential M&A activity.

The Board carries out a full review of our Group risk register and principal risks, including those related to climate change, twice a year.

In addition, the Board regularly discusses climate-related issues across a variety of Board meeting agenda items. These include matters arising from its sub-committees, particularly from the Environmental, Social and Governance (ESG) Committee, as well as from general business updates, where climate-related issues will often be integral. Examples during the year include discussions on science-based targets, net-zero roadmap, as well as the approval of our strategic capital investment programme, incorporating projects which will contribute to greenhouse gas reduction.



We respect the environment continued

A structured process for identifying and quantifying emerging risks and opportunities across the Group, similar to our risk management approach, provides a framework to support broader thinking on new and emerging areas, including those related to climate change. With input from all of our Executive teams, this plays an important role in the Board's strategic planning process. The Board completed a robust assessment of the Group's emerging risks, including those related to climate change, during the year.

Corporate climate-related targets, set by the Executive teams and ratified by the ESG Committee, are monitored by the Board on a regular basis.

The Board, in turn, delegates some elements of its responsibility to its various sub-committees, as set out below:

- The **Audit and Risk Committee** has the delegated responsibility to monitor our internal financial controls as well as our internal control and risk management systems. Its risk management oversight includes the review of our Group risk register and principal risks, including those related to climate change, at least twice per year.
- The **Environmental, Social and Governance Committee** assists the Board in fulfilling its oversight responsibilities with respect to the Company's management of all relevant ESG matters. The ESG Committee has delegated responsibility for approving the Company's environmental sustainability strategy and reporting back to the Board. It meets twice a year as a minimum.
  The ESG Committee owns, and is responsible for monitoring and updating, our material risks and opportunities related to climate change. A full review was undertaken during the year against three climate scenarios. See the Strategy section for the output.
- The **Remuneration Committee** is responsible for determining our remuneration policy, including how climate-related factors are taken into consideration and reflected in reward. Executive Directors' long-term incentive plan awards, by way of illustration, include an environmental sustainability performance measure. Further information is available in our Directors' Remuneration Report.
- The **Nomination Committee** is responsible for Board appointments and succession planning.

Business Divisions

Our Executive teams across our business divisions are responsible for managing the climate-related risks and opportunities faced by our Group on both a long-term strategic basis and day to day. Our strategic planning process considers both the risks and opportunities arising from climate change and a specific process related to emerging risks and opportunities. The Executive teams are supported across a number of areas as set out below:

- Our **Group Risk Committee** ensures that a strong framework is in place to manage operational risks effectively, including those associated with climate change. The Committee oversees our principal risks and uncertainties, and reviews the effectiveness of risk management and compliance systems in managing those risks. The aim of the Committee is to ensure that employees understand the importance of good risk management, that a supportive risk management culture is embedded across the Group and that risk management processes are clearly deployed.
- The **No Time To Waste Steering Group**, chaired by the CEO, governs our Group-wide environmental sustainability programme. The No Time To Waste Steering Group has overall responsibility for setting the Group's environmental sustainability strategy, for achieving the Company's climate change objectives, and for monitoring and managing risks and opportunities related to climate change. The No Time To Waste programme encompasses five key workstreams associated with reducing the effects of climate change with a risk register in place across the programme. The risks identified, along with opportunities arising from the climate change agenda, are reviewed on a monthly basis.
- Our **Capital Allocation Committee** is responsible for ensuring the best use of our capital resources in line with our strategy and plans. This includes the review and approval of capital expenditure programmes related to environmental sustainability, taking into account the risks and opportunities in investment decisions.
- Our **Emerging Risks and Opportunities Group** is responsible for identifying and managing emerging risks and opportunities at an A.G BARR Group level. This group conducts an annual review prior to making recommendations to the Board, the output from which forms part of our Board's annual Strategy Review.

Strategy

Our Board has ultimate responsibility for agreeing our business strategy, taking into account, and reflecting where appropriate, the risks and opportunities associated with climate change. As detailed above, the Board's strategic thinking and decision making is supported and informed by our Executive teams and by a number of Board sub-committees.

As detailed in the Metrics and Targets section that follows, our key climate related objective, borne out of our strategy, relates to our achievement of our science-based targets and our ultimate net-zero commitment.

Our strategic timeframes are as follows:

- Short-term: 0 to 1 years
- Medium-term: 1 to 5 years
- Long-term: 5+ years

These timeframes have been selected to align with our annual budgeting process, our internal integrated planning process (3 to 5 years) and our longer term thinking on emerging risks and opportunities.

The opportunities, as well as physical and transition risks considered material to our Group, are detailed below, along with our strategic responses. A full review was undertaken during the year against three climate scenarios with the resilience of our strategy specifically tested against scenarios where global temperatures rise by more than 2°C (RCP 4.5).

Our methodology for defining material financial and strategic impacts on our business is aligned with our risk management approach, detailed in the Risk Management section that follows. Gross risk impacts that fall in the categories of "moderate", "major" or "critical" would be deemed to be material.

Physical risks

Associated with increased severity of extreme weather events such as cyclones and floods (acute), and associated with changes in precipitation patterns and extreme variability in weather patterns, rising mean temperatures and rising sea levels (chronic).

Risk Type & Description	Timeframe	Potential financial impact
Chronic risk The risk that long-term climate change impacts the future availability, quality and cost of the natural ingredients required to manufacture our products, such as sugar, fruit and water.	Long-term	■□□
Strategic response: We have dedicated Sustainable Sourcing and Water workstreams within our No Time To Waste environmental sustainability programme with ambitious strategies in these areas. By way of illustration of action taken related to fruit availability, we have developed a network of suppliers who can supply materials from different origins and have set up a programme to approve products from different geographical sources, such as passion fruit from Vietnam, in addition to our existing supply from Ecuador, thus reducing risk of supply issues and ultimately protecting availability. We have developed an upstream farming location database which allows us to see beyond our direct suppliers and understand specific farming locations. By reviewing this data we can better understand the mitigating actions we can take and spread our farming sources across broader geographical areas. As a core ingredient, we have three approved mango suppliers who source from two distinct districts in India to provide us with diverse sources of the fruit. We are also engaging with suppliers to establish alternative sources from other countries, such as Bangladesh, to mitigate against poor crop yields. Engagement has now commenced with the Sustainable Agricultural Initiative to support us in working with our suppliers to help mitigate and manage longer-term climate change impacts. Our well communicated sugar reduction programme also provides mitigation against some of the risks associated with sugar availability. With a portfolio now less reliant on sugar we have reduced our exposure to potential longer-term sugar sourcing issues.		
Acute risk The risk that an extreme weather event impacts the crop or yield of a natural ingredient used within our products or that an extreme weather event causes supply chain, transport or customer service disruption – such as a flood at one of our strategic supplier locations, resulting in a lack of supply for some key materials and loss of sales. The greatest risks to our business operations in terms of extreme weather events are likely to be severe winter weather affecting our ability to service customers, or an extreme weather event at a key supplier, e.g. flooding. Severe storms could also affect harvests, transport and/or logistics. Logistical challenges could lead to an immediate, but likely short-term, impact on sales while any harvest impact could lead to reduced supply and higher raw material prices.	Long-term	■□□
Strategic response: In addition to broadening our supplier base to mitigate key supplier risk we ensure that we retain appropriate levels of inbound raw material stock and outbound finished stocks. We also discuss with suppliers their disaster mitigation recovery plans. We have a fully researched suite of contingency recipes using alternative ingredients where appropriate should short-term weather events impact raw material availability.		

Potential financial impact movement:

■□□ Moderate

■■□ Major

■■■ Critical

We respect the environment continued

Transition risks

Associated with changes to policy and legislation, technology, the market and reputation.

Risk Type & Description	Timeframe	Potential financial impact
Policy and legal risk The risk of higher costs as a consequence of planned/potential regulation such as a carbon tax, or packaging related regulations/taxes such as UK Extended Producer Responsibility (EPR). The IEA Net-Zero Emissions by 2050 climate scenario identifies a potential need to introduce carbon pricing for all industries in developed countries starting from $140 per tonne CO_2e in 2030, rising to $205 per tonne CO_2e in 2040.	Medium-term	1 of 3
Strategic response: We have approved science-based targets that will see us becoming net-zero across our own operations by 2035 and across our full supply chain by 2050, if not sooner. We have already begun our decarbonisation journey in areas such as moving to 100% renewable electricity and 100% electric forklift trucks. We are also focused on reducing, reusing and recycling across our packaging. 100% of our Barr Soft Drinks and FUNKIN packaging is already recyclable and we are increasing our use of recycled material. We now have 100% recycled plastic film across consumer multipacks and introduced our first 100% recycled bottles in April 2022, as part of a longer-term objective of having 100% recycled content across our full portfolio of plastic bottles. Discussions are also underway with our glass bottle and aluminium can suppliers on how we can work together to increase recycled content in the products they provide. We are reducing packaging where possible, such as a recent reduction in the weight of our factories' outer stretch wrap. In addition, we are positive supporters of the implementation of the Deposit Return Scheme (DRS) in the UK, which will help to mitigate potential EPR costs for the business – the latest government proposals in this area have confirmed that containers subject to DRS will be out of scope of EPR.		
Market and technology risk The risk that energy and other related costs rise as industry transitions to new sustainable business models e.g. renewable electricity, packaging material supply, bio fuel etc. This could result in increased costs to the business as our supply base passes these increases through.	Medium-term	1 of 3
Strategic response: Volatile input costs, particularly energy related, are mitigated where possible by timely procurement and long-term contract management such as our 10-year renewable electricity agreement. We monitor market conditions carefully and ensure that decision-making takes into account external trends and economic forecasts, ensuring availability can meet our supply needs at an acceptable cost.		
Market risk The risk that consumer or customer behaviours change in relation to single-use packaging or as a result of regulatory changes designed to reduce the impact of climate change, such as DRS, resulting in a reduction in demand for our products or consumers switching to brands perceived as more sustainable.	Medium-term	2 of 3
Strategic response: We are positive supporters of the implementation of an interoperable UK-wide DRS scheme. By incentivising consumers to return their drinks containers, DRS will set drinks packaging apart, as drinks containers will become part of a truly circular economy. The delivery of our net-zero roadmap, and specifically our drive to reduce, reuse and recycle across our packaging, are key to improving our environmental credentials and further building trust with consumers.		

Opportunities

Associated with resource efficiency, energy sources, products and services, markets and resilience.

Opportunity Description & Type	Timeframe	Potential financial impact
Energy source opportunity Use of lower-emission energy sources, such as photovoltaic panels and heat pumps for the generation of electricity, heat and steam, leading to a reduction in greenhouse gas emissions.	Medium-term	■□□
Strategic response: These initiatives present a significant opportunity to reduce our Scope 1 (by the reduction of gas consumption from heat pumps) and Scope 2 (from on-site electricity generation from photovoltaic panels) emissions, thereby mitigating the on-cost associated with the potential introduction of carbon pricing while also potentially delivering utility cost reductions.		
Market opportunity The opportunity that consumer behaviours change, with consumption patterns shifting towards products perceived to be more environmentally friendly, resulting in sales opportunities. More environmentally conscious consumer behaviours could include supporting companies who have clear plans to achieve net-zero or who are actively engaged in DRS schemes. It could also extend to the favouring of domestic produced products. This opportunity could also lead to the attraction of new talent to our workforce.	Long-term	■■□
Strategic response: Communication with our customers and consumers is key to ensuring our environmental sustainability plans and progress are well understood. We provide regular updates to our customers via our sales teams and we are increasingly communicating directly with consumers, both on pack and through traditional and social media channels. The recent acquisition of the MOMA business illustrates how sustainability factors are now integrated into business and corporate development decision-making. The MOMA brand champions UK oats and British farming, and as a dairy milk alternative, oat milk is one of the most sustainable options.		

We believe that our strategic actions are currently providing an acceptable degree of long-term resilience, taking into consideration different climate-related scenarios.

Risk management

Identifying risks

Each department or function in the Company has its own risk register that is reviewed on a regular basis. Climate-related risks, including those associated with existing and emerging regulatory requirements, are identified and assessed alongside other business risks during the departmental reviews. Departmental risk registers feed into the Group risk register, which is reviewed by our Group Risk Committee every two months.

The Emerging Risks and Opportunities Group, as already detailed in the Governance section, is responsible for the Group's emerging risks and opportunities register, with a longer-term horizon than that considered by the departmental units.

The ESG Committee owns, and is responsible for monitoring and updating, our material risks and opportunities related to climate change. The ESG Committee is supported by a cross-functional group of senior executives who help input into this process both in terms of risk identification and assessment aligned to varying climate scenarios. A full review was undertaken during the year against three climate scenarios. The three scenarios were used in order to represent best-case, intermediate and worst-case situations against which to consider impacts and likelihoods.

We respect the environment continued

Best-case climate scenario **IEA Net-Zero Emissions (NZE) by 2050**	**Scenario narrative & context** Under this scenario, the global energy sector reaches net-zero emissions of CO_2 by 2050 by deploying a wide portfolio of clean energy technologies and without offsets from land-use measures. It also depends on a high degree of fair and effective global co-operation and collaboration. All countries are required to contribute to deliver the desired outcomes. This scenario assumes that all regions introduce pricing of CO_2 emissions alongside other policies designed to bring about clean energy transitions in the NZE Scenario. For advanced economies the assumed carbon price by 2030 is $140 per tonne of CO_2.
Intermediate climate scenario **IPCC RCP 4.5 pathway**	**Scenario narrative & context** Emissions start declining by approximately 2045 to reach roughly half of the levels of 2050 by 2100. Global temperatures rise between 2°C and 3°C, by 2100, sea levels rise and many plant and animal species are unable to adapt.
Worst case climate scenario **IPCC RCP8.5 / SSP5**	**Scenario narrative & context** Limited efforts are made by governments and businesses to reduce greenhouse gas emissions, leading to temperature rises of 4°C above pre-industrial levels by 2100. In this scenario, the emphasis turns to protecting the population and operational assets from the catastrophic impact of the changing climate as opposed to reducing the emissions themselves. We chose this scenario to assess the potential physical risks on our business and supply chain, as it is supported with long-term data ranges on temperature, precipitations and rise in sea-levels. The data from the scenario extends to 2100 and allows us to take long-term views on risks, considering the impact of market change in the locations of our own assets and at the origin of our key materials.

Assessing risks

Our Group risk register guidelines provide the framework for defining financial and strategic impacts on our business. This framework applies equally to climate-related risks and categorises five levels of risk impact: “insignificant”, “minor”, “moderate”, “major” and “critical”.

The Group risk register guidelines also include definitions for the likelihood of the risks, including: “rare”, “unlikely”, “possible”, “likely” and “almost certain”.

Different parameters are taken into account when assessing the potential impact of a risk, including financial aspects, environmental aspects and other aspects such as health and safety and corporate reputation. Each risk is given a risk rating before and after mitigating actions.

Gross risk impacts that fall in the categories of “moderate”, “major” or “critical” would be deemed to be material.

From a financial perspective, a “moderate” impact is defined as impacting financial turnover or profit by between 3% and 10%, a “major” impact is defined as impacting financial turnover or profit by more than 10% and less than 25%. A financial impact of 25% of more on turnover or profit would be deemed as “critical”.

Managing risks

The resolution of moderate impacts requires the input from our Executive teams. The resolution of major and critical impacts requires the input from the Board and/or its sub-committees.

The Group Risk Committee reports back to the Audit and Risk Committee, attended by Board Directors. Similarly, the ESG Committee reports to the Board on the material climate-related risks identified.

Mitigating actions are developed for each risk and their effectiveness is reviewed on an ongoing basis. New actions are triggered in order to further reduce the net score of each risk, especially for those risks that sit outside of the Board risk appetite. Functional risk registers are reviewed in depth by the Group Risk Committee according to an annual schedule to ensure that risks are well represented and that actions are taken to reduce the level of risk for the business.

Metrics & targets

The mitigating actions for our key climate-related risks, identified through our ESG Committee and our multi-functional and business-wide risk management process, are being managed primarily through our **No Time To Waste** environmental sustainability programme. This programme has identified a number of long-term climate-related goals, with the key deliverables being the achievement of our science-based targets and the ultimate delivery of our net-zero by 2050 commitment. Other climate-related targets and KPIs, including those related to packaging, waste and water are detailed within our long-term goals and non-financial key performance indicators on page 4.

Our metrics and targets focus primarily on the reduction of Scope 1, 2 and 3 greenhouse gas emissions, identified as a cross-industry, climate-related metric category.

Environmental targets form part of the business metrics assessed during the year and where appropriate are linked to individual reward. The Long Term Incentive Plan (LTIP) for Executive Directors includes a measure aligned to environmental sustainability.

Our SBTi approved science-based carbon reduction targets are in line with the latest climate science recommendations necessary to meet the goals of the Paris Agreement and limit the temperature increase to 1.5°C above pre-industrial levels.

These targets are detailed below and set out our commitment to be net-zero across our own operations by 2035 and across our wider supply chain by 2050, if not sooner.

Our science-based targets

Overall Net-Zero Target
We commit to reach net-zero greenhouse gas (GHG) emissions across the value chain by FY2050 from a FY2020 base year.

Near-term Targets
We commit to reduce absolute Scope 1 and 2 GHG emissions 60% by FY2030 from a FY2020 base year. We also commit to reduce absolute Scope 3 GHG emissions from purchased goods and services, upstream transport and distribution and downstream transport and distribution 25% within the same timeframe.

Long-term Targets
We commit to reduce absolute Scope 1 and 2 GHG emissions 90% by FY2035 from a FY2020 base year.

We also commit to reduce Scope 3 GHG emissions from purchased goods and services, upstream transport and distribution and downstream transport and distribution 90% by FY2050 from a FY2020 base year.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Notes: FY2020 refers to A.G. BARR financial year 2020/21 ended in January 2021. The same convention applies to FY2030, FY2035 and FY2050.

Our 2022/23 greenhouse gas emissions

	Emissions (tCO_2e)		
	2020/21	2021/22	**2022/23**
Total Scope 1	**5,434**	**3,848**	**4,364**
Total Scope 2 – market based	**1,888**	**1,036**	**180**
Scope 3			
Category 1a – Purchased goods and services (product-related)	106,608	86,767	98,109
Category 1b – Purchased goods and services (non-product related)	7,625	11,877	5,233
Category 2 – Capital goods	1,763	3,311	8,623
Category 3 – Fuel and energy related activities	2,150	2,158	2,476
Category 4 – Upstream transportation and distribution	4,587	30,616	21,806
Category 5 – Waste generated in operations	66	117	191
Category 6 – Business travel	226	85	177
Category 7 – Employee commuting	427	223	399
Category 8 – Upstream leased assets	–	–	–
Category 9 – Downstream transportation and distribution	18,768	18,254	17,565
Category 10 – Processing of sold products	–	348	128
Category 11a – Use of sold products (direct)	–	–	4,768
Category 11b – Use of sold products (indirect)	3,428	2,016	2,745
Category 12 – End-of-life treatment of sold products	1,570	4,236	5,794
Category 13 – Downstream leased assets	–	–	–
Category 14 – Franchises	62	–	–
Category 15 – Investments	–	99	108
Total Scope 3	**147,280**	**160,107**	**168,122**
Total Scope 1, 2 & 3	**154,602**	**164,991**	**172,666**

Note: Scope 2 emissions for 2022/23 have been revised from 176 to 180 following the Carbon Trust verification process. See the SECR report for further explanation.

We respect the environment continued

Our total 2022/23 emissions increased year-on-year by 4.7%.

Our combined Scope 1 and 2 emissions reduced as a result of a number of positive actions. These are detailed in the SECR section that follows.

Scope 3 increased primarily as a result of:

- increased sales volumes
- the addition of a full year of emissions for the MOMA business
- the addition of eight weeks of emissions for the Boost business

Our SBTi approved science-based targets were established using our 2020/21 baseline emissions and were therefore calculated prior to the acquisitions of MOMA and Boost. We are now in the process of recalculating this baseline data to include MOMA and Boost. This will allow us to track and report on future progress against our science-based targets, using accurate comparators and ensuring our data and our goals are representative of our enlarged Group.

On a like-for-like basis, excluding the impact of MOMA and Boost, and taking into account emissions from Barr Soft Drinks and FUNKIN, our total year-on-year emissions reduced by 1,049 tonnes, reflecting the progress made against our net-zero commitment. Further information can be found within our carbon reduction section and net-zero roadmap.

While our full carbon footprint assessments run a year in arrears due to calculation and validation requirements, our Scope 1 and 2 emissions data is available for the 2023/24 financial year in the SECR section. This shows a significant increase in year-on-year Scope 1 emissions as a result of a change in the recommended methodology related to CO_2 used in our manufacturing processes, previously classified and accounted for in Scope 3 emissions. Excluding these reclassified emissions, our Scope 1 and 2 emissions would have reduced by 43% versus the baseline. Work is ongoing to recalculate our baseline 2020/21 data using this new methodology to allow a valid comparison to be drawn on an ongoing basis.

TCFD and CFD Compliance Statement

We have complied with the requirements of LR 9.8.6(8)R, except for Metrics and Targets B given that our Scope 3 emissions are disclosed in arrears, by including climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures. The climate-related financial disclosures made comply with the requirements of the Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

Scope 3 emissions are disclosed a year in arrears due to calculation and validation requirements.

Streamlined Energy and Carbon Reporting (SECR)

We are reporting against the SECR framework for the fourth year, for the period 30 January 2023 to 28 January 2024. We report as a quoted Company and confirm that all the minimum requirements have been addressed and are presented here. All global energy and emissions reported relate to UK operations – there are no non-UK energy and emissions.

Our total energy consumption for 2023/24 was 44,446,210 kWh. This includes our electricity and natural gas usage for our production, distribution and office buildings as well as transport fuels for logistics vehicles and Company cars.

Under a location-based approach the total global Scope 1 and 2 carbon emissions associated with our reported energy use and fugitive emissions from refrigerant leaks and carbonation losses for 2023/24 were 11,696.41 tCO_2e, as summarised in the table below:

Carbon Emissions (Location-based)*

	2023/24	2022/23
Scope 1 emissions – (tCO_2e)	**6,897.47**	4,363.67
Scope 2 emissions – purchased electricity (tCO_2e)	**4,798.94**	4,328.29
Scope 2 emissions – purchased steam (tCO_2e)	**–**	130.87
Total Scope 1 & 2 emissions (tCO_2e)	**11,696.41**	**8,822.83**

* The location-based approach applies UK grid average carbon emission factors to all Scope 2 purchased electricity.

Under a market-based approach the total global Scope 1 and 2 carbon emissions associated with our reported energy use and fugitive emissions from refrigerant leaks for 2023/24 were 6,944.01 tCO_2e, as summarised in the table below:

Carbon Emissions (Market-based)*

	2023/24	2022/23
Scope 1 emissions – (tCO_2e)	**6,897.47**	4,363.67
Scope 2 emissions – purchased electricity (tCO_2e)	**46.54**	48.70**
Scope 2 emissions – purchased steam (tCO_2e)	**–**	130.87
Total Scope 1 & 2 emissions (tCO_2e)	**6,944.01**	**4,543.24**

* The market-based approach accounts for zero carbon renewable electricity purchase (backed by REGOs) at all A.G. BARR's facilities excluding the FUNKIN, Middlebrook, Boost & MOMA leased sites.

** The previously published Scope 2 market-based figure has been revised due to a verification update after publication of the 2022/23 annual report. The published report for 2022/23 stated the Scope 2 market-based purchased electricity figure as 45.16 tCO_2e, but the verified figure is confirmed as 48.70 tCO_2e. This change was due to a residual grid mix emission factor update during the verification process.

Methodology

The methodology used is the WBCSD/WRI Greenhouse Gas Protocol – a corporate accounting standard revised edition in conjunction with UK Government environmental reporting guidelines including SECR guidance. An operational control approach has been taken. We have used the UK Government greenhouse gas conversion factors for company reporting 2023. Scope 2 emissions from purchased electricity have been measured using a location-based approach.

Intensity ratio

For 2023/24 location-based emissions, our emissions intensity, measured as the total Scope 1 and 2 emissions relative to the thousand litres of product produced is 25.63 kg CO_2e per thousand litres of product produced. This compares to 20.34 kg CO_2e per thousand litres of product produced, as detailed in our previous Annual Report. The increase is due to additional reporting of fugitive CO_2 emissions from the carbonation process.

Energy efficiency actions

1. We are procuring REGO backed renewable electricity across all our operational sites, leading to a significant reduction in Scope 2 emissions (under market-based reporting).
2. We are rolling out our Brilliance in the Making continuous improvement programme across our manufacturing sites. Through this programme, we are investing heavily in the training of our staff on better problem solving and teamworking skills. This programme improves energy efficiency through reduction in changeover times, through improvements in line reliability and the reduction of waste.
3. As part of our capital investment programme at our Cumbernauld manufacturing site we are in the process of installing a new PET line. The oven of the new line will consume circa 11% less power than the previous line. High pressure air consumption will be 20% less than on the previous line. This will result in an estimated annual 195,000 kWh savings.
4. We procured and received 12 CNG trucks that run on biomethane to replace diesel. This is expected to deliver reductions of 240 tCO_2e per annum.
5. The trucks at our Moston depot ran on Hydrotreated Vegetable Oil instead of diesel, contributing to an estimated reduction of 100 tCO_2e.

We support healthy living

Calorie reduction

Our job has always been, and continues to be, about understanding consumers and their changing tastes and preferences, and providing them with great products and choice.

We have significantly reduced the total sugar content across our soft drinks portfolio and continue to introduce new and innovative reduced and no sugar products in response to our consumers' changing tastes and preferences and our desire to reduce total calories consumed.

New price and location restrictions came into force in England in October 2022, applicable to High Fat, Sugar and Salt ('HFSS') products. The definition of "high sugar" for standard soft drinks is greater than 4.5g total sugar per 100ml and therefore 97% of our current soft drinks portfolio is HFSS exempt.

The UK Soft Drinks Industry Levy (SDIL), often referred to colloquially as the "sugar tax", has an exemption threshold of less than 5g total sugars per 100ml, therefore 97% of our soft drinks portfolio is also exempt from the SDIL.

Responsible advertising and marketing

We take our responsibility in how we market, promote and advertise our products very seriously. We advertise responsibly, offer a wide range of pack sizes to assist with portion control and, by providing clear nutritional information, enable our consumers to make informed choices. We fully comply with all of the appropriate regulations and in some cases go beyond the standards set, such as in the area of energy drinks where our industry code exceeds regulatory requirements.

Labelling

We are committed to providing clear calorie and nutritional information on our packs and/or our websites to help consumers choose products that are right for them. We were one of the earliest adopters of the government's voluntary front of pack nutritional labelling on all our Company-owned Barr Soft Drinks brands, which is a simple traffic light style scheme, making it even easier for consumers to find the information they need.

Research and Development

Our positive portfolio position is supported by our in-house research, development and innovation team, which delivers a wide range of reformulation and innovation projects, using the experience and capability to optimise recipes and carry out robust consumer research to ensure our recipes meet consumer preferences.

SUPPORTING HEALTHY LIVING HIGHLIGHT

Offering choice

The launch of FUNKIN's first non-alcoholic ready to drink cocktail – Alcohol Free Passion Fruit Martini – offering choice to those trying to restrict their alcohol consumption but not wanting to miss out on the vibrant flavour and velvety smooth texture of a bar-quality cocktail.

We give back

3 GOOD HEALTH AND WELL-BEING

Engaging with communities

Supporting and working with our local communities has been at the core of our business since we were first established in 1875.

We support a range of charities and community groups across the UK, from local clubs and charity fundraisers to large charities helping people on a national scale. We help in various ways, including financially, through donations, or on a practical level with employee volunteering.

Employee volunteering

Our employees are encouraged to take part in volunteering activities, giving something back to local communities. This year saw employees volunteering for a range of deserving causes, including Marie Curie, The Drinks Trust and SportsAid.

GIVING BACK HIGHLIGHTS

The Drinks Trust

The good cause: The Drinks Trust – dedicated to the drinks and hospitality workforce

How we supported: From fundraising to running a marketing masterclass to upskill the future stars of the hospitality industry, the FUNKIN team continued its support of this important charity, which helps people both financially and with their wellbeing and skills development.

Marie Curie

The good cause: Marie Curie – the UK's largest end-of-life charity

How we supported: Marie Curie is Barr Soft Drinks' current charity partner which sees the business division donating £150,000 over the three-year relationship, enhanced by employee fundraising. In 2023 teams across our sites embraced a 3-minute ice cold bath challenge raising an additional £9,000 to provide care and support to terminally ill people and their loved ones.

Age Scotland

The good cause: Age Scotland – the national charity for older people

How we supported: This year IRN-BRU released a limited-edition pair of extra comfy trousers designed for Christmas feasting. All trouser profits went to Age Scotland, providing over 300 friendship calls over the festive season.

SportsAid

The good cause: SportsAid – the charity supporting talented young athletes to achieve their ambitions in sport and life

How we supported: Boost Drinks partnered with SportsAid in 2022 and in 2023 continued its support by giving some of the UK's most promising athletes a social media masterclass.

BUILDING GREAT BRANDS

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