

	<b>Stock Spirits Group Procedure on Environmental Data Reporting in Annual Reports</b>	
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## I. Background

Since becoming a UK public listed company in October 2013, Stock Spirits Group (SSG) has been subject to various requirements on the reporting of greenhouse gas (GHG) emissions. This document sets out these requirements and Stock's policy for complying with them.

In November 2021, Stock Spirits Group was acquired by CVC. The new owner decided to withdraw Stock Spirits Group from the London Stock Exchange.

Despite the above step, the company still undertakes to maintain environmental reporting in an unchanged form and scope.

## II. Our ESG reporting approach

Stock Spirits Group reports emissions under the terminology of the Greenhouse Gas (GHG) Protocol produced by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

We use two ESG reporting frameworks, including the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB).

These frameworks allow us to provide information in a structured and consistent way, enabling our stakeholders to analyse our performance over time, and relative to other organisations.

In our reports, we follow the following guidelines:

- Openness and honesty. Reporting weaknesses, failures and challenges as well as successes.
- Consistency. Between figures and narrative. Between different areas of narrative. Consistency over time.
- Clear explanations. Of methodologies, of KPIs.
- Strong linkage to strategy.

## III. SSG's approach to the reported ranges and data - reporting boundaries.

### Reporting scope

As part of its disclosure of non-financial information on environmental protection, SSG reports the following aspects as relevant (material):

- Raw materials and packaging materials,
- Water and sewage management,
- Power consumption and carbon footprint,

Additionally, this information will be supplemented with disclosures regarding:

- Waste management

In its reporting, SSG considers all entities (companies) included in the consolidated financial statements, but may exclude facilities for which emissions data is immaterial from the point of view of the entire organization, particularly if such data is not easily achievable. The materiality threshold applied by SSG is 1% (the value of 1% relates to the total emissions of the scope 1 and 2). Any facilities that are excluded due to this materiality threshold will be indicated each time in the report.

The reporting scope covers all SSG locations. For sales offices in Milan, Zagreb and Sarajevo SSG reports the consumption of electricity, gas and fuel for company cars. Where possible, we use consumption data from invoices for the relevant period. The vast majority of SSG emissions comes from production plants, in particular from the Baltic Distillery.

In reporting, we use the following hierarchy of data sources:

1 / invoices

2 / meter indications

3 / estimates with the use of intensity indicators calculated for production/consumption of raw materials /or the area of the rented area

4 / estimates based on historical data

### **Organic Changes & Acquisition Changes**

In the event of extending existing plants or offices (referred to as “Organic Changes”), updated data on emissions to the environment will be included in the reporting on an ongoing basis. On the other hand, environmental data on newly acquired assets (referred to as “Acquisition Changes”) is covered by the reporting no later than in the next financial year after the end of the first full calendar year from the acquisition. For example, if a new business is acquired in March 2022, then the first external reporting of environmental data for that new business will be included in the Annual Report for the financial year commencing 1st October 2024. This time is needed for integration of the newly acquired business into our processes and systems, identification of the scope of environmental impact, implementation of the reporting methodology pursued in other locations of the SSG and deployment of reporting software as well as for the potential recalculation of the base year data.

### **Calculation methodology**

Wherever possible, SSG reports actual consumption based on purchase documents and/or metering data. This is the case with purchased packaging materials, fuels, electricity, heat, and water. On the other hand, gas emissions are estimated based on the consumption of utilities (electricity, heat, and individual fuels). For fuels, the conversion factors used are the official location-specific conversion factors provided by DEFRA, and available on the DEFRA website per the attached link [www.ukconversionfactorscarbonsmart.co.uk](http://www.ukconversionfactorscarbonsmart.co.uk). There are many different types of fuel sources, and therefore different conversion factors associated with these. SSG attempts to apply the factors for fuel sources most similar to the ones used by SSG. For coal dust used by Baltic Distillery for example, the Industrial Coal conversion factor is applied. The SSG emissions template clearly shows which DEFRA factors are used. For each emission source, we use the appropriate DEFRA factor for each specific year. The only exception is electricity, for which estimates are made based on data from the IEA reports for respective year and country.

In 2022 we have introduced a change in the methodology for calculating greenhouse gas emissions in scope 2 in the area of electricity.

The calculations are performed based on two methods: location-based and market-based.

In the location-based method, we use IEA emission factors from 2015 to 2020 dedicated to a given year and a given country. In the financial year 2022, emission factors from the 2020 IEA publication were used.

In the market-based method for all SSG'S sites, we use Residual Mixes emission factors (source: [www.aib-net.org/facts/european-residual-mix](http://www.aib-net.org/facts/european-residual-mix)) dedicated to a given year and country. Due to the fact that the emission factors are published after the end of the accounting year, Re-Diss emission factors from 2021 were used for the financial year 2022. Once the Re-Diss emission factors for the reported year are published, the emission will be recalculated using the actual emission factors dedicated to a given period.

Since the Re-Diss emission factor for Bosnia and Herzegovina was published for the first time in 2021, the emission factor from 2021 was used for the calculation of emissions in 2015-2021. For the locations: Germany, Poland: Lublin factory, Lublin Warehouse (as of Q2 FY22) and for the Czech Republic: Plzeň and Prádlo - the emission factor equal to zero was used in the calculations, as these sites use energy from renewable sources, confirmed by appropriate contracts with suppliers and certificates.

### **GHG reporting scopes**

SSG reports Scope 1 and Scope 2 GHG emissions only. The chosen emissions KPI is kgs of CO2 equivalent per litre of finished product produced. Until FY20 the data and supporting comments were reported externally in the Directors' Report of the Annual Report and Accounts (ARA) and internally in the Operations Quarterly Business Review (QBR) each quarter. As of FY22 this data is reported externally on the SSG website and internally to the Board.

Within Scope 1 emissions, the following sources are included:

- Coal
- Natural gas
- Oil
- Petrol / diesel for company vehicles; machines
- Propane/butane gas for forklifts
- Refrigerants (for air conditioning and refrigerators)

Until 2020, all fuel consumed in company cars was reported under scope 1.

From 2021, fuel consumption in company cars is reported using the following rule: 5/7 of fuel consumption is included in scope 1 as fuel consumption for business purposes, and 2/7 is fuel used for private purposes and is included in scope 3, currently not reported.

This change reflects the fact that according to the company's policy employees can use company cars for private purposes, but are required to refuel the car at their own expense during weekends and vacations.

Within Scope 2 emissions, SSG reports emissions from electricity consumption and, for the Warsaw office, heat and steam and cold provided by a 3<sup>rd</sup> party.

In connection with the guidelines for SECR reports, SSG reports current energy data on an annual basis - total GJ energy consumption underlying GHG emissions for Scope 1 and 2 from financial year 2020. All data is converted to GJ using DEFRA ratios except for coaldust and oil data reported by Baltic (in this case we use local emission factors).

## IV. Base year

### Base year:

The base year is from 1 October 2014 to 30 September 2015 (“FY15”). Emissions data has been reported at SSG since 2011; however, the decision to change the financial year from the calendar year to the period from October to September resulted in the loss of data on emissions until 2014. The main reason for the loss is that for the years 2011-2013 data was collected and reported in calendar-year periods. Since 2014 data has been collected on a quarterly basis.

The chosen base year applies to all environmental objectives, except for packaging whose reference is the fiscal year of 2020 (from 1 October 2019 to 30 September 2020 “FY20”).

The base year serves as the basis for tracking progress towards the greenhouse gas emissions target.

The comparability of the base year is reviewed annually and base year emissions are recalculated if there are significant changes in the group structure (e.g. acquisitions or disposals).

### Recalculation of base year data

SSG recalculates environmental data for the base year and intermediate years to reflect changes in the company that would otherwise negatively impact the accuracy, consistency and relevance of reported information. All recalculations are performed according to the WRI/WBCSD protocol.

Base year environmental impact data and intermediate years’ data are transformed when there is a significant change affecting the values in the base year or following years in order to:

- reflect impacts in the event of acquisition or disposal of significant assets, or structural changes related to outsourcing and insourcing,
- reflect CO2 emission factors update,
- eliminate any calculation errors and any significant changes in the reporting policy.

The following cases trigger the recalculation of base year and intermediate years’ emissions:

- **acquisition** of significant assets: data is determined primarily based on direct historical data. In cases where such data is not available, the environmental impact is extrapolated from the current emissions data in relation to historical production volumes. In the absence of historical data on production, this value will be estimated (e.g. based on sales; plant’s performance)
- **disposal** of significant assets: base year data is recalculated by excluding the data on the environmental impact of the disposed assets
- outsourcing and insourcing of activities/areas affecting the volume of emissions
- changes in the calculation methodology or improvements in the accuracy of emission factors or operational data that has a significant impact on emissions data in the base year

- exposure of significant errors or a series of minor cumulative errors that collectively have a significant effect on emission values

In the event of a significant **increase in production or extended plant uptime**, the base year is not recalculated and such fact is only indicated in the annual statements.

The materiality threshold that triggers the recalculation of base year and intermediate years' emissions has been set at above 5% total Group emissions.

## **V. Responsibility for reported data and data scope**

Responsibilities:

- ✓ GLT – Group Operations Director and Group General Counsel
- ✓ Verification/coordination/audit: Group's Environmental Coordinator and ESG Projects Analyst
- ✓ Verification/audit/technical supervision of the reporting database: Controlling Poland
- ✓ Data inputs/comments - designated employees in individual sites

## **VI. Data verification**

**External audit:**

SSG contracts ERM Certification and Verification Services (ERM CVS, London) to audit and validate its GHG emissions reporting. This consists of a review of SSG's policy and processes for collecting and presenting the data, the robustness of data sources, the correctness of the conversion factors used, and the accuracy of the final results.

ERM CVS provides an independent limited Assurance Statement for the GHG emissions and this statement is published on the SSG website.

**Internal audit:**

Auditors:

- ✓ Group's Environmental Coordinator
- ✓ designated employee of the Operational Controlling Department in Lublin

After receiving quarterly data from individual sites, the data is subject to internal control in terms of the size of deviations from the previous quarter values and the comparable period from the previous year - with a difference of more than 10%.