

Sustainability

Ensuring the impact our business has is as joyful as our wines

Our purpose is to create joy from grape to glass and that extends to our ESG ambitions.



Environmental

We aim to ensure the journeys our wines go on, from grapes on the vines to the bottles' end of life cycles are as joyful to the environment, as they are to us!



Social

We want to bring joy to our people as well as communities around the globe.



Governance

Operating an ethically responsible business that's impact is as joyful as the moment a customer cracks open a bottle.

Both the Board of Directors and Senior Management are committed to achieving our ESG ambition to be a leader in creating positive impacts within our industry.

We continue to work on:

- Minimising our environmental impact through product innovation, targeted operational initiatives and collaboration with our stakeholders.
- Maintaining an inclusive workplace that respects and values each employee's individuality, background, and experience, while supporting them in ways that mean they can thrive both professionally and personally.
- Operating in a transparent manner and ensuring our products come through the operation of an ethical supply chain.

As well as the above, we have a number of additional objectives we plan to work on. These are detailed later on in the report.

Sustainability governance

All departments within the business work hard to implement sustainable business practices. Our ESG ambitions are currently being led by our PR, Purpose & Sustainability Manager who is responsible for the development, and managing of, our ESG strategy. Whilst day-to-day responsibility sits with the PR, Purpose & Sustainability Manager, the Board understands the importance of ESG within Virgin Wines, and our ESG progress and planning is routinely monitored by the Board. The Board also plays a key role surrounding our carbon emission targets and in approving the ESG roadmap.

Our contribution to the United Nations Sustainable Development Goals (SDGs)

The key focus areas of our ESG ambitions align towards SDGs 3, 10, 13 and 16. We have noted throughout this report which individual areas contribute towards these SDGs.





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At Virgin Wines we are committed to minimising our environmental impact, maintaining an inclusive workplace and operating in a transparent manner

Jay Wright, CEO

Sustainability *continued*



Environmental Sustainability

Operating in a way that brings joy to the planet, not just our glasses

Virgin Wines takes sustainability seriously, but we're aware we are on a progressive journey. Like everyone else within our industry, and across the world, we're navigating an ever-changing and complex landscape that's certainly not short of challenges. But we're trying to do better than our best. This year we have made great strides on our sustainability journey.

Carbon journey



As a first step, we're pleased to share that we achieved the PAS 2060 standard for carbon neutrality for FY22 in October and as a result are officially certified carbon neutral.

PAS 2060 is an internationally recognised standard and one of few officially verified routes to achieving the status. Acquiring the certification requires lengthy and detailed reporting as well as external auditing. This means we are not only being transparent about our operations but have a strong understanding of where our GHG emissions come from, allowing us to work on clear solutions to reduce them.

During the FY22 process we set a target to reduce Scope 1 and 2 emissions in absolute terms by 25% in FY23. We are just shy of that target having reduced them by 18.4% and 28.7% respectively, totalling a 24.1% reduction overall. We reduced emissions across all three scopes overall by an impressive 43% in FY23, as well as declaring 11.8% more wine imports in Category 4. This reduction is due to the installation of LED lighting across our premises and an increase in bulk shipping.

We've lowered our GHG emissions in FY23. The table (across right) shows a direct year-on-year comparison with FY22. For FY23 we bulk shipped 39.8% of our wines, up on 28% for FY22.

Where we are now

- Certified carbon neutral company via PAS 2060 for FY22. Currently in the process of being verified for FY23.
- Have met our target for a 25% reduction in Scope 1 and Scope 2 emissions for FY23, and seen reductions in Scope 3 due to an increase in bulk shipping.
- Committed to an SBTi (Science Based Target Initiative) to reduce our Scope 1 and Scope 2 GHG emissions by 42% by 2030 (from a 2021 base year). We also pledged to continue reducing Scope 3 emissions.
- Bulk shipping nearly 40% of our overall wines this year. We partner with Greencroft Bottling which is a BRC Grade AA+ rated and a pioneer in sustainable practices.
- Working on our strategic plan to move towards insetting and the ongoing development of short-, mid-, and long-term goals.
- Member of the Sustainable Wine Roundtable and Harpers Sustainability Charter.
- Rigorous recycling practices taking place across our sites, with 0% of our warehouse waste going to landfill. In FY23 377.4545 tonnes were recycled or redirected to 'an energy from waste' facility.
- Supplier review to ensure all partners are acting in a sustainably responsible manner and values align with ours. We are introducing a company-wide sustainable procurement policy.
- In the process of introducing a sustainability filter to badge wines on our site that meet our 'sustainable threshold'. This includes wines that have an official certification.
- Our transit packaging is manufactured from 100% FSC certified paper, is 100% recyclable, 100% biodegradable and has up to 88% recycled content.

Methodology of our carbon neutral certification

- We have reported on emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 and the Streamlined Energy and Carbon Reporting requirements.
- Emissions have been calculated following the GHG Protocol standard and using the UK Government GHG Conversion Factors for Company Reporting (2022 and 2023). The operational control approach has been used, with the location-based method used for Scope 2 emissions.
- The corresponding emissions report has been submitted to NQA for the second year running. It has been appointed as an independent third-party to verify our GHG inventory as part of the PAS 2060 certification process.
- FY23 reporting covers all business and facility operations occurring in all three locations. It includes all applicable Scopes 1, 2 and 3 emissions with the exception of Scope 3, Category 4 where only 39.8% of wines transported from overseas vineyards to our warehouses in FY23 have been included. The remaining Category 4 emissions were excluded as it is not feasible for the full emissions to be offset, as per the PAS 2060 guidelines.
- Virgin Wines is not currently required to report against the TCFD (Task Force on Climate Related Financial Disclosure). However, during the new financial year we will identify our key risks and review which elements related to the TCFD recommendations we are able to implement as we develop our climate-related reporting.

Greenhouse gas (GHG) emissions information

	FY23*	FY22
Scope 1	42.70	52.10
Scope 2	48.10	67.50
Scope 3	1,403.29	2,502.47
Category 1 – Purchased good and services	1.10	1.41
Category 2 – Capital goods	10.53	79.67
Category 3 – Fuel and energy related emissions not included in Scope 1 and 2	21.57	30.32
Category 4 – Upstream transportation and distribution	574.12	1,464.89
Category 5 – Waste generated in operations	17.92	14.09
Category 6 – Business travel	31.00	14.22
Category 7 – Employee commuting	127.05	155.29
Category 9 – Downstream transportation and distribution	463.03	585.39
Category 11 – Use of sold products	116.64	127.35
Category 12 – End-of-life treatment of sold products	40.38	29.84
Total	1,494.13	2,622.07
Per employee	7.47	13.38
Per £m turnover	25.32	37.89
Total energy consumption (kWh) Scope 1 and Scope 2	457,977	589,527

* In the course of the FY23 NQA emissions verification audit it was noted Scope 3 Category 4 and Category 9 emissions for FY22 were overstated. These have been restated in the FY22 table reducing the FY22 Scope emissions by 739.85 to 2502.47.

Looking ahead

We understand that offsetting isn't a permanent long-term solution to the climate crisis. We are currently only offsetting to recompense for the emissions we are yet to cut, while we work on doing just that. We only select carbon compensation projects that we feel are worthwhile and believe that this action is currently better than inaction in our particular set of circumstances. We're aware that the steps we take over the next decade will impact centuries to come, and we want to find enduring solutions to reduce carbon emissions from grape to glass.

Long-term we plan to shift our strategic focus to insetting. By generating real change within our own value chain, we will lower our GHG emissions and hopefully contribute to the creation of carbon reduction solutions for the wine industry as a whole.

Our focus on insetting will go beyond carbon emissions, however, and we will pay attention to other areas that put our environmental future at risk. We're in the process of conducting our first double-materiality assessment, so we can discover where our stakeholder priorities lie, and ensure we're focusing on the environmental issues that are most important to them.

As an industry we are all facing the same global sustainability challenges. Climate change is threatening the world's wine supply, and regardless of the work we do to prevent it, there's still a likelihood viticulture could be adversely affected in the years ahead. From droughts that lead to wildfires to changes in biodiversity that threaten indigenous grapes, the breadth of the consequences we are facing is vast. These are the main challenges we are working to mitigate:

- High carbon emissions from shipping wines across the globe. Transporting wines in bulk and bottling in the UK is a greener logistics solution compared with shipping cases but comes with its own set of problems, such as consumer perception and feasibility.
- Human capital. Companies strive for competitive pricing and high margins, but this cannot be at the expense of appropriate working conditions, and we must ensure there is a sustainable workforce throughout our supply chain.
- Supply and quality issues due to climate change. We are facing loss of wine regions due to increased temperatures and water shortages, which makes it harder to ensure sustainable actions are being taken due to a risk of a monopoly in certain regions.
- Social sustainability of increased alcohol consumption. As we drive for growth, we need to be aware of the effect of increasing levels of alcohol consumption on consumers' quality of life and educate people on those effects.

To ensure we're tackling these areas head on, this year we have continued to work on the development and implementation of a long-term environmental sustainability strategy.

SDGs



Sustainability *continued*



Our People

Bringing joy to those around us

Virgin Wines strives to be a fun, supportive and inclusive place where people are proud to work. Outside of our doors, we aim to help the wider communities within which we operate through charitable support.



Our core principles

Diversity and inclusion

We are committed to creating and maintaining an inclusive workplace that values everyone.

Support to thrive

We support employees' wellbeing and create an environment in which they can thrive both personally and professionally.

Community care

Prioritising having a positive impact on others within our industry and beyond.

The charities close to our hearts



GROWING WELL

A targeted and specialist mental health intervention charity that champions recovery through outdoor activity in two Cumbrian market gardens. Growing Well's sites are based in the same locality as our warehouses in the North. We chose to support Growing Well due to its ties to the community in which our warehouse employees live, and ensure that opportunities for unique support, like that offered by Growing Well are always available.



BRIGHT START

Bright Start's mission is to give children from impoverished communities in South Africa the chance to the quality education they deserve, so they can dream of a better future – not just for themselves, but for the whole country. We work with winemakers and vineyards in South Africa and we're proud to be supporting a charity whose purpose is to help improve the lives of the local communities within one of our most important wine regions.



THE DRINKS TRUST

Our decision to support The Drinks Trust comes from our desire to safeguard the drinks industry community as a whole. The charity is dedicated to the drinks and hospitality workforce, striving to empower people through services designed to assist financially, restore well-being and develop skills, and to do so with compassion and respect. The ultimate aim is to create an equitable industry where opportunities to thrive are open to all.

Where we are now

Internally

- Following on from our external inclusivity survey, employees have completed an LGBTQ+ Awareness Training course and were each awarded a certificate of continuing professional development on the topic.
- Our Employee Assistance Programme (EAP) offers access to fully funded counselling sessions, as well as a range of services offering help and support with personal and workplace matters. In the last year 13.5% of employees have used the service.
- We have successfully implemented a new HR system to allow employees instant access to policies and systems like our EAP. It also makes onboarding more consistent.
- We provide funded access to external courses relevant to employees' career development as well as offering internal training. All employees are given the opportunity to complete Wine and Spirit Education Trust (WSET) qualifications.
- Each year we host a summer party and a Christmas party to bring all employees together and thank them for their hard work. We've also enjoyed charity bake sales, quiz nights and celebrations for historic events like the Coronation.
- This year a running club has been formed in our Norwich office and members completed and raised charitable funds for the Run Norwich 10k.

Externally

- We continue to support industry wellness charity The Drinks Trust, by donating funds towards its Restore services.
- We also offered £10k of support to mental health charity Growing Well.
- We continue to promote our Benevolent Wine Range that raises funds for British Red Cross Ukraine Crisis Appeal, Leeway Domestic Violence and Abuse Services, and Bright Start.

Looking ahead

- We took part in the Best Employers Eastern Region 2023 survey to better understand our employees' thoughts and feelings toward working at Virgin Wines. We've reviewed the results and will implement relevant initiatives to enhance our employee satisfaction.
- Continue the roll out of the LGBTQ+ Awareness Training.
- Increase the amount of employee social initiatives taking place with the introduction of charity days and other team building activities.
- Introduce Pennies to our checkout so that customers can donate what they can to the charities we support.

SDGs

5 GENDER EQUALITY



10 REDUCED INEQUALITIES



3 GOOD HEALTH AND WELL-BEING



Sustainability *continued*



Governance

Operating an ethically responsible business, that's impact is as joyful as the moment a customer cracks open a bottle

Key principles

Fair and ethical conduct

Ensuring all products we sell are created through the operation of an ethical supply chain.

Responsible drinking

We understand the importance of promoting a culture of responsible drinking and the influence we can have.

Compliance

To operate in an open and ethically transparent manner.

Where we are now

Fair and ethical conduct

We continue to strengthen our supply chain due diligence with mandatory new supplier documentation packs, which include a Virgin Wines Supplier Code of Conduct. This code details the minimum standards we would expect from our suppliers within key areas such as workers' rights, and ensure that they have similar expectations throughout their own supply chain. We take a zero-tolerance approach to slavery and trafficking.

A Declaration of Compliance with Modern Slavery Legislation was also created, which asks our suppliers to confirm they comply with the Modern Slavery Act 2015 and to explain what measures they have in place to mitigate the risks of slavery within not only their own group but throughout their supply chain. It also asks all companies that they are required under Section 54 to supply the latest copy of their slavery and human trafficking statement.

We also conduct site visits to vineyards to get on the ground ourselves and see how they are operating.

Responsible drinking

Our responsible drinking ethos, 'Drinking is only fun when you don't overdo it', is communicated across all customer touchpoints. Where possible we signpost to a resource page that contains practical information such as units within drinks, and where to access alcohol support services. This extends to our employees too, who all have access to alcohol support resources and services via The Drinks Trust. We also continue to offer a range of no and low alcohol options across our site.

Compliance

Our Group has several policies in place including:

- Insider trading policy.
- Anti-bribery and corruption policy.
- Whistleblowing policy.

We also comply with the QCA Governance Code (more information on page 55).

Virgin Wines is proud to be a member of the Retail of Alcohol Standards Group, which works on preventing underage drinking, as well as promoting high standards among alcohol retailers.

Looking ahead

Fair and ethical conduct

We will continue to communicate our due diligence process to new and existing suppliers.

Responsible drinking

Promoting our drink responsibly ethos through customer communications and maintaining a range of no and low products is a continual priority.

Compliance

Our new HR system ensures employees are automatically asked to review key policy documents annually, and that they are always easily accessible. We will also maintain our membership of the Retail of Alcohol Standards Group.

SDGs

8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



3 GOOD HEALTH AND WELL-BEING





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We understand, and take seriously, our responsibilities to our team, our customers, our suppliers and our wider supply chain

Jay Wright, CEO