

# Behaving responsibly for over 140 years



# Responsibility Report

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 over 140 years we've been creating and building great tasting 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 950 employees and our shareholders, but also on a broader basis, where our performance positively impacts a wide range of stakeholders, from customers and suppliers to the communities we operate in and the UK economy as a whole.

Our responsibility agenda has always been woven into the fabric of our business and, 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 tackling the concerning 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. They recognise that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

## SUSTAINABLE DEVELOPMENT GOALS



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



**GOOD HEALTH AND WELL-BEING**

Ensure healthy lives and promote well-being for all at all ages.



**AFFORDABLE AND CLEAN ENERGY**

Ensure access to affordable, reliable, sustainable and modern energy for all.



**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.

# Behaving responsibly for over 140 years



## We act with integrity

### Key focus areas

- Health and safety
- Employee engagement
- Responsible policies & practices

### Main supporting policies

- Anti-bribery & Corruption Policy
- Anti-facilitation of Tax Evasion Policy
- Data Protection Policy
- Disclosure Policy
- Equality and Diversity Policy
- Environmental Policy
- Ethical Trading Policy
- Health & Safety Policy
- Information Security Policy
- Modern Slavery Statement
- Prompt Supplier Payment Guidelines
- Quality Policy
- Responsible Marketing Code
- Speaking Up Policy

### Long-term goals

Employee engagement  
2022 Goal

80%

Accident incident rate  
2022 Goal

0

### Supporting the UN Sustainable Business Goals



## We respect the environment

### Key focus areas

- Energy efficiency
- Waste and water
- Sustainable sourcing
- Packaging

### Main supporting policies

- Environmental Policy
- Ethical Trading Policy
- Procurement Quality Manual

### Long-term goals

Waste diverted from landfill  
2021 Goal

100%

Reduction in greenhouse gas emissions 2025 Goal (Baseline 2015)

40%

Improvement in water usage efficiency 2025 Goal (Baseline 2015)

15%

Recycled PET content  
2022 Goal

30%

### Supporting the UN Sustainable Business Goals



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 stakeholders:



## We support healthy living

### Key focus areas

- Calorie reduction
- Responsible advertising & marketing
- Labelling

### Main supporting policies

- Responsible Marketing Code
- British Soft Drinks Association Code of Practice on Energy Drinks

### 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 on all of our products, enable our consumers to make informed choices

### Supporting the UN Sustainable Business Goals




## We give back

### Key focus areas

- Community engagement
- Charity partnership
- Employee volunteering

### Main supporting policies

- Employee Volunteering Policy

### Long-term goals

To support our corporate charity partnership with Mental Health UK improving the lives of those with mental health challenges by donating £150,000 over 3 years and raising awareness across our own teams.

### Supporting the UN Sustainable Business Goals



# Non-Financial KPIs

## Employee engagement

**77%**

2019: 77%

As measured by annual "Your Voice Matters" employee survey.



## Accident incident rate

**7.4**

2019: 6.3

Number of accidents (RIDDOR) relative to employee base. Further information is provided in our "Health and safety culture" section on page 6.



## Reduction in greenhouse gas emissions

**28.1%**

2019: 36.2%

Percentage reduction in total Scope 1 and Scope 2 greenhouse gas emissions. Baseline 2015.



## Improvement in water usage efficiency

**16.0%**

2019: 1.2%

Baseline 2015. Ratio of total water used relative to total litres of product produced. Further information is provided in our "Waste and water" section on page 12.



## Waste diverted from landfill

**97.2%**

2019: 94.5%

Quantity of waste diverted from landfill relative to total waste.



# We act with integrity



## Health and safety culture

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

Despite our ongoing focus on safety, our accident incident rate increased during the year, primarily as a result of falls by delivery drivers whilst descending from their vehicles and manual handling injuries in our warehousing and transport operations. In response we have introduced a range of measures specifically aimed at further improving our safety practices including in these areas:

- new truck safety features and technologies
- manual handling refresher training
- coaching with delivery drivers on good vehicle access and egress techniques

Across 2018 we partnered with the Keil Centre, chartered psychologists and ergonomists with significant safety related experience, to conduct a full health and safety cultural assessment across our supply chain function. We are now rolling out a series of interventions across our teams to drive improved safety related behaviours, awareness and decision making, and we hope to see an improved performance in the year ahead.

## IN FOCUS TOP AUDITS SCORES FOR OUR 3 FACTORIES



All 3 of our factories, at Milton Keynes, Cumbernauld and Forfar, achieved AA status in their British Retail Consortium ("BRC") food and safety audits over the past twelve months, the highest possible score attainable.

BRC certification is an internationally recognised mark of food safety and quality. The audits are completed by independent auditors and the standards have become a worldwide benchmark for best practice in the food industry.



# “Our goal is to make A.G. Barr a great place to work both now and in the future.”

## Employee engagement

Our goal is to make A.G. Barr a great place to work, both now and in the future. Underpinning everything that we do is our belief in performance through people – a positive and engaged team drives better business performance.

## Barr Behaviours

We have developed a simple behavioural framework central to who we are and how we operate, known as our Barr Behaviours. These behaviours are at the heart and soul of A.G. Barr and support how we work

together to enhance performance in our developing business. Whether recruiting new employees or developing our existing teams, our Barr Behaviours are core to our thinking and ensure we are all focused on our performance potential. Our behaviours centre on four main areas – Being Brilliant, Always Learning, Results Driven and Relationships Matter.



## Your Voice Matters Employee Engagement Survey

Our annual employee engagement survey “Your Voice Matters” provides invaluable insight into the views and opinions of our employees. Seeking feedback on a range of areas, from working conditions and leadership to reward and learning opportunities, the survey allows direct year on year comparisons to be made to allow the development of continuous improvement action plans at a corporate, site and a team level.

### IN FOCUS YOUR VOICE MATTERS EMPLOYEE ENGAGEMENT SURVEY

Our 2019 “Your Voice Matters” employee engagement survey results saw our highest ever response rate with 86% of our people sharing their views and opinions with us. Our overall employee engagement score was 77% well ahead of UK FMCG benchmark averages of 71%. (Source: Willis Towers Watson)





**IN FOCUS**  
**NEW MANAGEMENT**  
**DEVELOPMENT**  
**PROGRAMME**



We launched our new Management Development Programme “Manager Essentials” during the year, aimed at enhancing the skills and knowledge of our management population. The programme consists of 5 modules that build the skills and knowledge of the delegates in specially designed workshops, then invites them to continue their learning outside the classroom.



**Learning and development**

Learning and development in our business is about creating a Company-wide culture in which everyone is supported and challenged to take ownership of their results, the impact they have on others and their careers. That’s why “Always Learning” is one of our Barr Behaviours. Our teams are encouraged to take the lead in their own personal development, drawing from a wide range of learning opportunities. Our award-winning iLearn platform is our hub for development activity, with hundreds of hours of learning immediately accessible. But we also recognise that different people

learn in different ways, and that knowledge, skills and experience can be enhanced in different ways. From classroom training and job shadowing to our successful mentoring programme and externally provided training courses, we try to ensure there’s something to suit every individual in every area of the business.

**IN FOCUS**  
**SUPPLY CHAIN**  
**COMPETENCIES**



A competency framework is already firmly established with our Commercial team in Barr Soft Drinks, and we are now rolling this successful concept out further to our Supply Chain teams. Setting out the abilities and attributes that are important in performing effectively in a Supply Chain role, the competencies demonstrate to people that there are steps they can take to improve their skills and develop in the business. Supported by learning and development modules, the Supply Chain competencies will allow our people to improve their skill levels and set out clear paths for progression.



# “Embracing diversity means that we value and respect everyone’s differences, allowing us to make the most of individual talent.”

## Diversity and inclusion

We want to be a diverse and inclusive business that respects and values difference and allows all of our people to perform at their best. By treating people fairly and equally, and by accepting and embracing diversity in all its forms, we believe this will improve our market competitiveness, foster innovation, enhance our reputation and create an inclusive and positive working environment for all employees to thrive. Our aim is to ensure that all employees and job applicants are given equal opportunities. Embracing diversity means that we value and respect everyone’s differences, allowing us to make the most of individual talent. We have made progress in this area, particularly over the past 12 months as detailed, and we will continue to work on creating the kind of environment that is inclusive, where people feel they can be themselves at work and their opinions count.

### IN FOCUS

#### DIVERSITY AND INCLUSION AWARENESS TRAINING



Our focus on diversity and inclusion intensified across 2019 and we have progressed with a range of actions identified the previous year, following employee feedback. A key activity has been our roll-out of diversity and inclusion awareness training to all employees, where we have used a combination of face to face learning sessions and on-line modules to raise understanding of some of the key factors which lead to improvements and to allow as many of our team as possible to contribute to the creation of a more diverse and inclusive workplace.



### IN FOCUS GENDER PROGRESS



In 2019, our third year of gender pay gap reporting for Barr Soft Drinks, we were pleased to report an improvement in our mean pay gap which has reduced from 12.0% in 2017, to 4.1% in 2018 and now sits at 2.3%. Similarly, our median gender pay gap has moved from -1.9% last year to -6.8%.

We are also encouraged to see further steady progress in the representation of female senior managers within the business, with women now making up 40% of our senior management population, up from 28.9% in 2017.

	Board and Company Secretary		Senior Managers		All Employees	
	As at 26 Jan 19	As at 25 Jan 20	As at 26 Jan 19	As at 25 Jan 20	As at 26 Jan 19	As at 25 Jan 20
Male	9	8	59	55	689	672
Female	3	3	35	37	268	279
<b>Total</b>	<b>12</b>	<b>11</b>	<b>94</b>	<b>92</b>	<b>957</b>	<b>951</b>

Our full 2019 latest Barr Soft Drinks Gender Pay Report is available on our website at [www.agbarr.co.uk](http://www.agbarr.co.uk)

**IN FOCUS**  
**FLEXIBLE WORKING**  
**AT BARR SOFT DRINKS**



In support of our desire to be a more inclusive business we trialled new and more flexible working arrangements across the year. The trial was successful from all perspectives – our employees benefited from a better work life balance, and our leaders considered their people to be more motivated to perform at their best. This enhanced flexibility is now embedded in the business, strengthening engagement, proving successful in recruiting a wider talent pool and supporting our drive to deliver improved business performance.



**Reward**

We strive to offer a fair and transparent total reward package that drives a performance-led culture.

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, as well as performance related pay arrangements, designed to reward and motivate strong individual and collective performance.

We offer employees a modern and flexible range of benefits designed to offer choice to our increasingly diverse workforce.

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

**Responsible policies and practices**

We have high expectations of our partners, our suppliers and ourselves. Across 140 years of operation we have developed robust and responsible policies and practices that guide what we do and how we work with others. The policies, statements and guidelines we rely upon include, but are not limited to, the following:

- Anti-bribery and Corruption Policy
- Anti-facilitation of Tax Evasion Policy
- Data Protection Policy
- Disclosure Policy
- Equality and Diversity Policy
- Environmental Policy
- Ethical Trading Policy
- Health and Safety Policy
- Information Security Policy
- Modern Slavery Statement
- Prompt Supplier Payment Guidelines
- Quality Policy
- Responsible Marketing Code
- Speaking Up Policy



# We respect the environment



The environment and natural resources are precious. We take our environmental responsibilities very seriously, constantly striving for opportunities to improve our sustainability and play our part in reducing the effects of climate change, whether through our energy use, our water and waste control or our general environmental impacts.

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.

## Energy efficiency

Recognising the emissions data in the table below, we closely monitor our energy efficiency and have taken numerous steps over recent years to reduce our energy usage, whether within our manufacturing sites, in our general offices or out on the road across our fleet of vehicles.

### A.G. Barr GHG Emissions in tonnes CO<sub>2</sub>e

	Year to 26 Jan 2019	Year to 25 Jan 2020
Scope 1	5,296	<b>5,467</b>
Scope 2	7,294	<b>5,719</b>
Intensity ratio	26.04	<b>26.17</b>

## Methodology

Emission releasing activities are categorised into Scope 1 (Direct) and Scope 2 (Indirect) defined by the World Resources Institute/ World Business Council for Sustainable Development.

Scope 1 figures include fuel combustion, process emissions and fuel usage for owned logistics transport, taking measurements in kWh (of gas) and litres of fuel, then converting these values to CO<sub>2</sub>e (conversion factors issued yearly by the Department of Energy).

Scope 2 figures include consumption of purchased electricity in kWh, then converting these values to CO<sub>2</sub>e using Department of Energy conversion factors.

Intensity ratio is kg of CO<sub>2</sub>e per 1,000 litres of product produced.

Greenhouse gas emissions have reduced by 28.1% against the 2015 baseline which is a year on year decline.

## IN FOCUS 100% RENEWABLE ELECTRICITY



We take our environmental responsibilities seriously and strive for opportunities to play our part in reducing the effects of climate change. Supporting our carbon neutral ambition we have signed a deal with Swedish energy group Vattenfall to introduce fossil-free electricity across all our sites.

The ten-year contract will supply us with 22GWh per year from Vattenfall's wind farms in the UK – the equivalent electricity used by 6,000 UK homes annually. Using home grown renewable energy is a big step towards reducing our carbon footprint and delivering our ambitious sustainable business goals.



## Waste and water

We are committed to the prevention of pollution and continually seek to understand and minimise the direct and indirect environmental impacts of our operations. As a soft drinks manufacturer, waste and water are key areas of focus. Through constant monitoring, using formal auditing procedures where appropriate, we seek to avoid, reduce or control the creation and emission of discharge of any type of pollutant or waste.

Our water usage efficiency has suffered over the past year as a consequence of the decline in Barr Soft Drinks production volumes. This has a negative impact on our water usage ratio calculation, as set out in our non-financial KPIs, due to shorter production runs and increased line changeovers. We remain committed to improvement in this area and we continue to take appropriate steps to optimise our water usage.

### IN FOCUS REDUCING ENVIRONMENTAL WASTE



In support of our goal to have 100% of our waste diverted from landfill by 2021, we appointed a new waste management partner during the year. This new partnership will improve the quality and consistency of our waste collection processes and is an important step towards our waste reduction targets.

## 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. Our Ethical Trading Policy sets out our expectations in this regard and every one of our suppliers must acknowledge their compliance on an annual basis.

Alongside our own stringent supplier approval process, which audits a broad range of requirements, we use the Supplier Ethical Data Exchange ("Sedex") platform, as a secondary verification step. Sedex is a not-for-profit global membership organisation dedicated to driving improvements in ethical and responsible business practices.

## Packaging

We believe that packaging should be treated by all as a valuable resource and recycled, not discarded as litter. 100% of our soft drinks packaging is recyclable and recycling messages are displayed on all our drinks. In addition, we continually seek to reduce the amount of packaging we use and have made significant achievements in this area. We use 20% less material in our plastic bottle designs than we did 10 years ago and we recently removed difficult to recycle polypropylene sleeves from millions of our bottles. We are pleased to be further improving our sustainability performance by introducing recycled material content (rPET) into our plastic bottles. Our target is to have at least 30% rPET content across our entire soft drinks portfolio by 2022.

Based on current government policy, both in Scotland and England, a Deposit Return Scheme ("DRS") for beverage containers is expected to be introduced in the UK within the next few years. Such a scheme would see consumers pay a deposit on beverage

containers, which would be redeemed when the container is returned.

A DRS in the UK will set drinks packaging apart, as drinks containers will become part of a truly circular economy. In countries where DRS is already operational, such as Norway and Germany, return rates of plastic bottles for example reach as high as 98%. In addition, the quality of recycled material available from a DRS system is expected to be much higher than the quality produced by current household recycling. We believe this will vastly improve the availability of recycled content to go back into new containers.

Along with our soft drinks industry peers, we are supportive of a DRS in principle and have been working positively and collaboratively with the government, initially in Scotland. Designed correctly, DRS can be a sustainable solution to packaging waste that is positive for the environment and practical for consumers, manufacturers and retailers.

### IN FOCUS INTRODUCING GREATER RECYCLED CONTENT INTO OUR PACKAGING



Having introduced 50% recycled PET (rPET) into our Strathmore water plastic bottles, we are now extending this further across our Rubicon Spring range. While rPET material availability remains a key challenge for the food and drink industry as a whole, we remain committed to achieving at least 30% rPET across our full range of plastic bottles by 2022.



# We support healthy living



## Calorie reduction

99% of our soft drinks portfolio by volume now contains no or low sugar, less than 5g total sugars per 100ml.

Our job has always been, and continues to be, about understanding consumers and their changing tastes and preferences, and providing them with great tasting soft drinks. Evidence shows that most consumers want to reduce their sugar intake while still enjoying great tasting drinks. We have been reducing the sugar across our portfolio and introducing new and innovative reduced sugar products in response to our consumers' changing tastes and preferences for several years.

## Responsible advertising and marketing

We take our responsibility in how we market, promote and advertise our products very seriously. In addition to reducing our soft drinks sugar content, we advertise responsibly, offer a wide range of pack sizes to assist with portion control and, by providing clear nutritional information on all of our products, 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.



## IN FOCUS NEW ZERO SUGAR CHOICE FOR RUBICON MANGO FANS



In March 2019 we launched Rubicon Zero Added Sugar Mango, adding a great-tasting, authentic zero sugar mango variant to our portfolio.



## Labelling

We have always been committed to providing clear calorie and nutritional information on our packs 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 own brands which is a simple traffic light style scheme, making it even easier for consumers to find the information they need.

# We give back



## Community engagement

Since 1875, we have always supported and worked closely with the communities in which we operate.

We provide financial, in-kind, practical and employee volunteering support to a wide range of charities, good causes and community groups each year across the UK.

## Charity partnership

In 2016, Macmillan Cancer Support became our first ever employee-chosen charity partner following a Company-wide vote. Our £150k corporate donation, combined with over £100k of employee fundraising, saw an incredible £258k raised to support Macmillan over our 3-year partnership. During the course of our successful relationship money raised went to a wide range of good causes, from nursing care to a new Support and Information Centre at the Beatson West of Scotland Cancer Centre.

In 2019 our employees had the opportunity to vote again for a new 3-year charity partner and on this occasion Mental Health UK was the clear winner. Mental Health UK brings together 4 national mental health charities working across the country and provides advice, information and support. Our corporate donation of £150k over the 3-year partnership will be supplemented by employee fundraising, and our teams are already getting behind this important charity.

## IN FOCUS FUNDRAISING FUN



Blue Monday is a name given to the day in January claimed to be the most depressing day of the year. Our team at our Middlebrook offices were determined not to let it get them down however, and arranged a fabulous day of pampering for employees, with donations for spa treatments made to Mental Health UK.

The event promoted employee wellbeing as well as providing work experience for Bolton College Beauty Therapy students and raised a fantastic £500 for Mental Health UK.



## Employee volunteering

We encourage employees from across the business to take part in volunteering activities, giving something back to the communities we serve. Our employee volunteering policy allows every employee the opportunity to take paid time off to volunteer with our employee nominated charity.

**A.G. BARR p.l.c.**

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