

HIGHLAND SPRING GROUP NET ZERO JOURNEY

MORWEN MANDS
HEAD OF SUSTAINABILITY

13 JUNE 2023



About Us

- Highland Spring Group is one of the UK's **leading producers** of natural source water
- **Our core purpose** is to provide healthy hydration in an environmentally sustainable way
- Sustainability is considered at every step in our products journey, from **source to shelf**
- Committed to reaching **net-zero by 2040**
- This is the **15th** consecutive year the Good Shopping Guide has named us the **leading ethical bottled** water company



HIGHLAND SPRING GROUP SUSTAINABILITY STRATEGY



- Protecting our land
- Protecting our source
- Support Biodiversity



- Reduce
- Recycle
- Engage
- Collaborate



- Fewer Road Miles
- Renewable Electricity
- Energy Efficiency
- Zero to Landfill

UP TO 2022

First catchment area to be certified as organic by The Soil Association



First major brand to launch 100% recycled and recyclable bottle

20% lightweighting of PET bottles between 2015 and 2020

On-site rail freight facility goes live. 2.7m less road miles, 8,000 less HGVs, reduction 3,200 tonnes CO2 p.a.



ONGOING COMMITMENTS

All sites **100%** zero to landfill

Carbon neutrality across UK operations*



*against scope 1 and 2 market based emissions and scope 3 business travel

100% of electricity from renewable sources



2023

Near term and long term emissions reductions targets validated by the SBTi



Reduce transport emissions through low carbon biofuel (HVO) transition on 2,500 HGV journeys p.a.

Further lightweighting across our product portfolio

Planting of trees and flowers to provide additional pollen and nectar sources for wildlife



2024

On-site solar panels providing up to **30%** of Ochils energy consumption



Switch additional forklift trucks from gas to electric



Continually driving initiatives which protect and restore biodiversity on our catchment

2025 - 2030

100% rPET across our entire Highland Spring product range (excluding caps and labels)



Enhanced biodiversity on our catchment vs 2021 baseline

50% reduction in our product footprint



2040

Net Zero by 2040



Climate Action

DRIVERS

Drivers

- Minimise our carbon footprint and impact on the planet
- Address climate change risks and biodiversity loss
- Reduce our reliance on natural resources
- Meet stakeholder requirements
- Compliance and Reporting

Approach

- Establish our emissions baseline and undertake product footprinting
- Set targets aligned to 1.5°C pathway, established a biodiversity programme
- Promote a circular economy, use of 100% renewable energy
- Opportunities for collaboration
- Credible & robust science-based targets

Informed Decisions

Challenges



Benchmarking



Resource



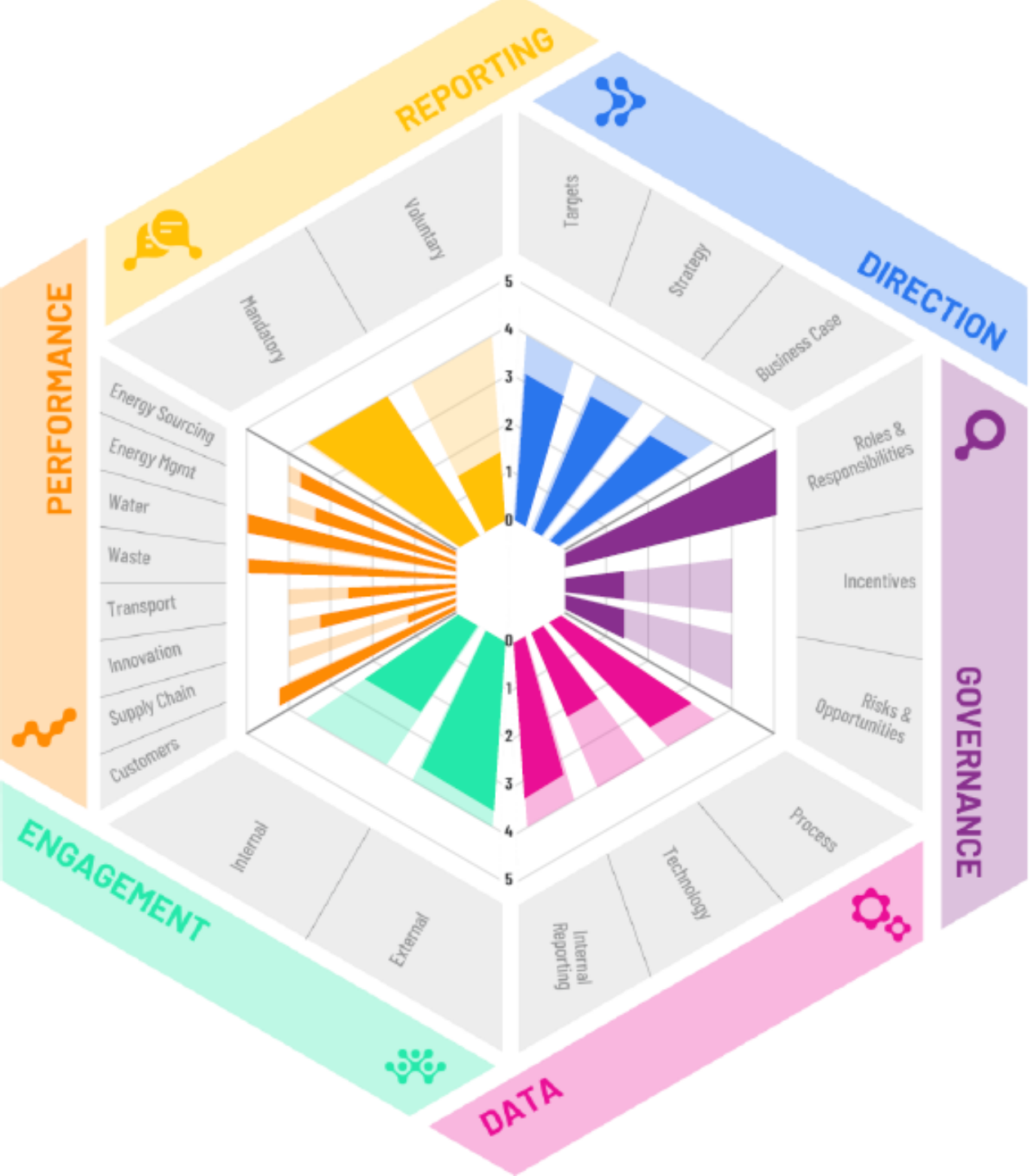
In-house
knowledge &
expertise



Cost to establish
baseline & set
targets



Independent assessment of our performance



Accenture undertook a peer review and assessed our performance under six key dimensions



Clear sustainability strategy and strong environmental management system in place



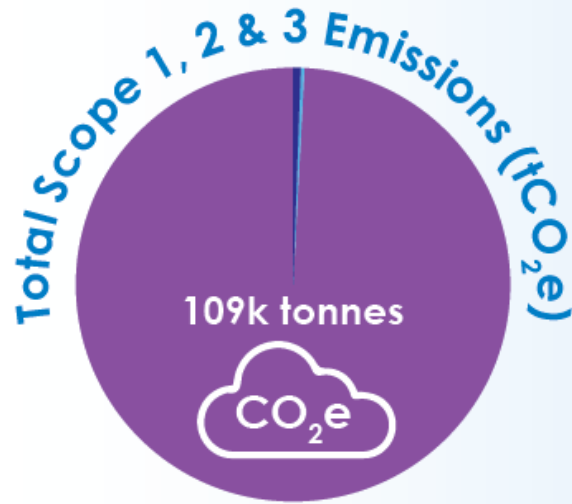
Identified opportunities under each dimension to drive the most value in short - medium term



Commended our commitment to sustainability across all levels of the business

HIGHLAND SPRING GROUP CARBON FOOTPRINT

2019 BASELINE EMISSIONS



- Scope 1
- Scope 2 (market-based)
- Scope 3

Scope 1 -
776.44 tCO₂e 0.71%

Scope 2* (market-based*)
262.55 tCO₂e 0.24%

Scope 3 -
108,021.43 tCO₂e 99.05%

TOTAL Scope 1, 2 & 3
109,060.42 tCO₂e 100%

Scope 1 -
direct emissions from sources owned or controlled by Highland Spring Group

Scope 2 -
indirect emissions from the generation of purchased electricity

Scope 3 - all other indirect emissions as a result of activities from sources not owned or controlled by us

tonnes CO₂e (tCO₂e)



SCOPE 3 TOTAL - EMISSION SOURCES



*market-based emissions reflect our purchase of 100% renewable electricity

HIGHLAND SPRING PRODUCT FOOTPRINT

At a critical point for the climate, we carefully consider every step in our products journey from source to shelf

What is an LCA?

A life cycle assessment (LCA) is a process for **evaluating** the **environmental impact** of a **product** or service **over** the course of its **entire life**. We worked with the **Carbon Trust** to carry out a LCA on our **500ml PET plastic bottle**.

LCA Results

The footprint for our 500ml PET plastic bottle, based on 2021 data is **149g CO₂e**. This includes all emissions, from source to end-of-life recycling. Our product footprint has been calculated in accordance with the internationally recognised standard PAS 2050



Spring water 1%

Emissions associated with abstracting our great tasting water



Distribution 39%

Inbound and outbound transport



Storage and Retail 19%

Warehouse, retailer and consumer storage



Disposal 1%

End of life recycling



Packaging 40%

Includes bottle*, cap, label, shrink wrap on multipacks, energy associated with manufacture and packaging required to transport our products. *bottle contains 30% recycled content



OUR TARGETS

BUSINESS AMBITION FOR 1.5°C



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



NET ZERO BY 2040

Climate Action

Climate change is the greatest threat to our society and planetary health.

Highland Spring Group has a vital role to play in helping achieve transformation at the pace and scale needed to **limit global warming to 1.5°C**

We are working hard to reduce emissions across our entire operations, from **source to shelf** and our net-zero target has been **approved by the** Science Based Targets initiative (SBTi).

Our Targets

Overall Net-Zero target

We commit to reach Net-Zero GHG emissions across the value chain by 2040 from a 2019 base year.

Near-Term Target

We commit to reduce absolute scope 1 and 2 GHG emissions **50%** by 2030 from a 2019 base year and to reduce absolute scope 3 GHG emissions **46.2%** within the same timeframe.

Long-Term Target

We commit to reduce absolute scope 1, 2 and 3 GHG emissions **90%** by 2040 from a 2019 base year.

Delivery



Projects

- Prioritise hotspots
- Assess benefits
- Control / Investment
- Barriers e.g. technology



Roadmap

- Timeline / owners
- Gap to target
- Interim solutions
- Governance / KPIs



Supplier Engagement

- Scope 3 suppliers
- Survey
- Collaboration
- Opportunities

NET ZERO BY 2040





Sustainability

from source to shelf

ENVIRONMENTAL STEWARDSHIP



PROTECTING OUR LAND

Every drop of Highland Spring comes from the beautiful Ochil Hills where it is carefully drawn from **protected, organically accredited land.**

There is no domestic or agricultural activity permitted on our land ensuring it remains **free from any kind of pollution.**

PROTECTING OUR SOURCE

The rain that falls is naturally filtered through rock over many years before being bottled in its **purest, natural source condition.**

We abstract **no more than 3%** of the rain that falls to protect this valuable resource for generations to come.



Supporting Biodiversity

Climate change is one of the main drivers of biodiversity loss. To support healthy eco-systems, our **biodiversity programme** aims to increase flora, fauna and wildlife thriving and abundant on our catchment.

Tree Planting

Over 2,000 trees have been planted on our catchment to aid natural flood management and we have plans for more planting



Wildflowers

We are **planting wildflowers** on our catchment to **provide bees, butterflies** and other pollinators **with food throughout the year**



Nest Boxes

To **maintain and increase** the number of **rare and threatened birds**, we are installing nest boxes to provide shelter and hunting perches



OUR OPERATIONS



All the **electricity** we use comes from **100% renewable sources**, laser focus on **energy efficiency** and all our sites have been **zero to landfill** since 2020.

Planning consent for **7MW solar farm** at our Blackford site to provide us with renewable electricity via a private wire connection.

While our efforts continue to focus on long-term permanent reductions in carbon emissions, to make a positive impact now, our **UK operations*** have been **certified as carbon neutral since 2019**.

** Scope 1 & 2 market-based emissions and scope 3 business travel*



Our Products

Natural source waters have the **lowest environmental impact in the soft drinks category**.

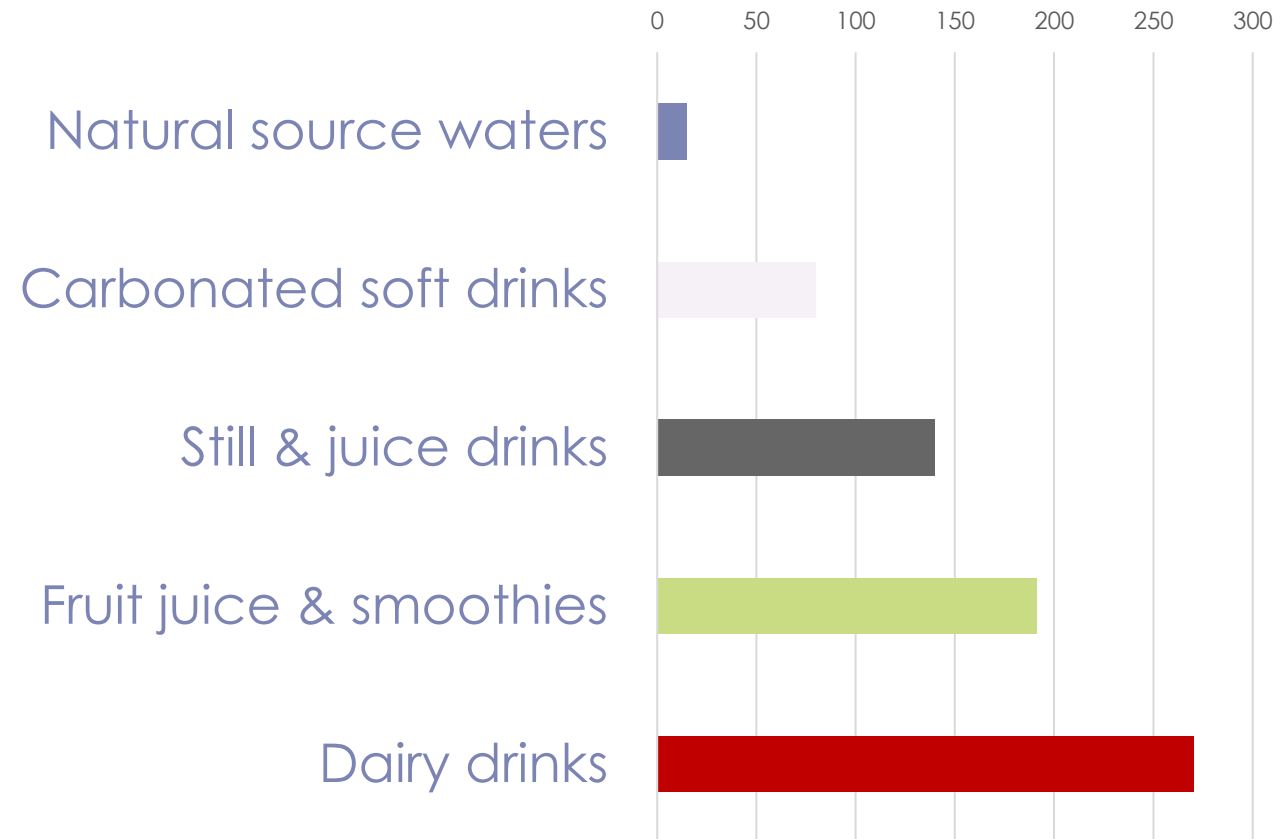
All our bottles and cans are **100% recyclable**, and we encourage everyone to recycle them to give them another life

We continue to innovate by exploring **new sustainable packaging formats**, and **reducing** the amount of packaging we use

First major water brand to launch a bottle made from **100% recycled PET** (cap and label excluded) and we are committed to **increasing the recycled content** in all packaging as the quality and quantity becomes available

We continue to support the aims of a well-designed **deposit return scheme**

Greenhouse gas emissions (gCO₂/litre)



SUSTAINABLE TRANSPORT

REDUCING ROAD MILES

Our dedicated rail freight facility in Blackford helps us to transport our products in a sustainable way, from **source to shelf**.

With 76% less co2 for every tonne of freight moved by rail instead of road, the facility helps us **reduce our transport emissions by over 3,000 tonnes CO₂ p.a.**

Committed do making a positive impact in the communities we operate; the facility has been **sensitively designed** to minimise the noise and visual impact on the community.

Each train is equivalent in size to 22 HGVs which **removes around 8,000 HGVs movements** from the village, and wider road network, each year.

DECARBONISING ROAD TRANSPORT

We are transitioning to Hydrotreated Vegetable Oil (**HVO**), a fossil free alternative to diesel, to transport our products sustainably by road.

To decarbonise that first and last mile, we are switching our **forklift trucks from LPG to electric** and exploring **electric shunt vehicles**.

