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2019

*Building a  
sustainable business*



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BERRY BROS & RUDD

SUMMER 2019

# Our sustainability journey

*Our business is more than 300 years old. Through the centuries, we have changed, adapted and developed, leaving a legacy for the generations to come.*

*Making sure our business is fit for the next 300 years means looking after our people, and our planet, in a sustainable way. Over the following pages, you'll find out more about where we currently are on our sustainability journey, and where we need to go.*

# Contents

**INTRODUCTION.....3**  
Thoughts from our Executive Chairman, Lizzy Rudd

**OUR ENVIRONMENTAL IMPACT.....4**  
Our carbon and waste footprint  
Case studies: what we're doing

**SOURCING AND SUPPLY CHAIN. ....12**  
Spotlight: Events & Education

**OUR WORK WITH CHARITIES. ....18**  
Charity highlights this year

**OUR PEOPLE. .... 20**  
Case study: office renovations

**WHAT NEXT?..... 26**





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*“I believe it is our responsibility to shape the business sustainably. This means working in a way that cares for both our people and our planet.”*

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## *Introduction*

*The most important part of my role is to ensure that we are building a business fit for the future. Whether as a family member, a shareholder or an employee, it is our responsibility to shape the business in a sustainable way, ensuring it survives and thrives for generations to come. In short, we must take care of both our people and our planet.*

*This isn't just something that is close to my heart: at last year's Company Gathering, our employees challenged our green credentials, making it clear that sustainability matters to them. They asked us to make it a strategic priority.*

*The first step in building a strategy was to understand where we are now. We engaged an environmental consultancy firm to look at our business's impact on the*

*environment and what we can do to minimise it.*

*In the following pages, you'll see their findings, outlining where we are now, where we can improve and which challenges we should address next.*

*In addition, we have contributions from other parts of the business: from Mark Pardoe MW who looks at buying and supply chain; from Lance Jefferson who outlines our charity work; and lastly from David Shakespeare, who is heading up our People team. As you'll discover, important work is being done – but much more lies ahead.*

**Lizzy Rudd**  
**Executive Chairman**

A handwritten signature of Lizzy Rudd in black ink.



# Our environmental impact

by Kevin Hanley, Operations, Logistics & IT Director

*We know that our activities, and those of our supply chain, have an impact on the environment. Therefore, managing and mitigating our environmental impact is a key priority.*

As a starting point, we've focused on two key areas of environmental impact arising from our UK sites: our **greenhouse gas emissions** (also known as carbon footprint), and our **waste footprint**.

Understanding these enables us to do three things: uncover the areas of highest environmental impact; prioritise our actions so we can make the biggest difference and to set a baseline from which we can measure our performance.

## OUR CARBON FOOTPRINT

Our total carbon footprint in 2018-19 is 2,528 tonnes of CO<sub>2</sub>e (for details of how this is calculated, please see overleaf). This represents a 1% increase in emissions compared to the previous year. This estimate includes wider emissions from shipping, which accounts for two thirds of our total carbon footprint and was the primary driver behind the increase.

This year we purchased more

wine from further afield locations such as Argentina, the Mediterranean and New Zealand, and less wine from France, resulting in more shipping miles, increasing shipping emissions by 6%.

Without the inclusion of shipping emissions, our carbon footprint this year has been calculated as 934 tonnes of CO<sub>2</sub>e, which is the equivalent of:

- A car travelling to the moon and back more than 4 times, or
- The electricity consumption of approximately 640 UK households for a year

This represents a 6% reduction in emissions, 60 tonnes of CO<sub>2</sub>e compared to the previous year, which is equivalent to:

- 13 cars not being driven for a year, or
- 138 barrels of oil saved

Some of our historic efforts have significantly contributed to reducing the business's environmental footprint. For example, the solar panels in Basingstoke reduce the emissions from electricity at that site by 33% (and by 47 tonnes of CO<sub>2</sub>e overall).

Electricity use remains the single largest component of our controllable footprint, at 56%. This will reduce as we implement energy saving initiatives. Our own vehicles account for 18% and staff travel accounts for 16% of our emissions.

*The solar panels on our Basingstoke warehouses reduce the emissions from electricity at that site by 33% (and by 47 tonnes of CO<sub>2</sub>e overall)*

## OUR WASTE FOOTPRINT

We also analysed how much waste we produce and its associated environmental impact. This showed that as a business we directly produced 199 tonnes of waste last year, which is equivalent of the weight of over 150,000 wine bottles.

The majority (76%) of our waste is recycled or is biodegradable; 17% of our waste is sent to "energy from waste" facilities for disposal. Only 7% (15 tonnes) is sent to landfill, which is the equivalent to the weight of 10 cars.

## Waste and carbon reduction projects

We are continually working to reduce our carbon and waste footprint.

## What have we done?

We have converted large areas of lighting to LED with motion sensors to turn the lights off when the area is not in use. This includes the main warehouse areas at the Basingstoke sites. Improvements to the roof insulation at the Basingstoke warehouse have also been made.

Our travel policy encourages conference calls and the use of public transport where possible and we have a cycle to work scheme.

To reduce landfill, cardboard, plastic, glass and wood waste are all recycled. Efficient labelling is used at the Basingstoke warehouse to minimise waste.

## What are we doing?

We are currently refurbishing our premises in St James's Street, including lighting and window improvements to reduce energy consumption. We have also conducted energy audits of our Basingstoke warehouse and St James's Street premises to identify energy saving opportunities as part of our compliance with the government's Energy Savings Opportunity Scheme (ESOS).

## What are we going to do?

We plan to review the findings of the ESOS audit and energy savings initiatives, and implement these where appropriate. We already plan to continue replacing existing lighting with LEDs, and we are looking to move to compostable cups at all our sites.

We're also making changes to our paper and packaging. This year, we will be moving to an eco-friendly and 100% recyclable alternative to bubble wrap called Hexcel for our deliveries. Our cardboard boxes are already 100% recyclable. Next we will be looking at our export packaging.

We have so far focused on Scope 1 and 2 of our carbon footprint (for more detail of this breakdown, please see overleaf), the areas most within our control. Our next priority will be looking at how we can reduce Scope 3 emissions.

HOW OUR CARBON FOOTPRINT IS CALCULATED

We use the globally recognised approach for measuring our carbon footprint, the Greenhouse Gas Protocol, which was created by the World Business Council for Sustainable Development and World Resources Institute. As such, we record our emissions based on the following definitions:

Scope 1

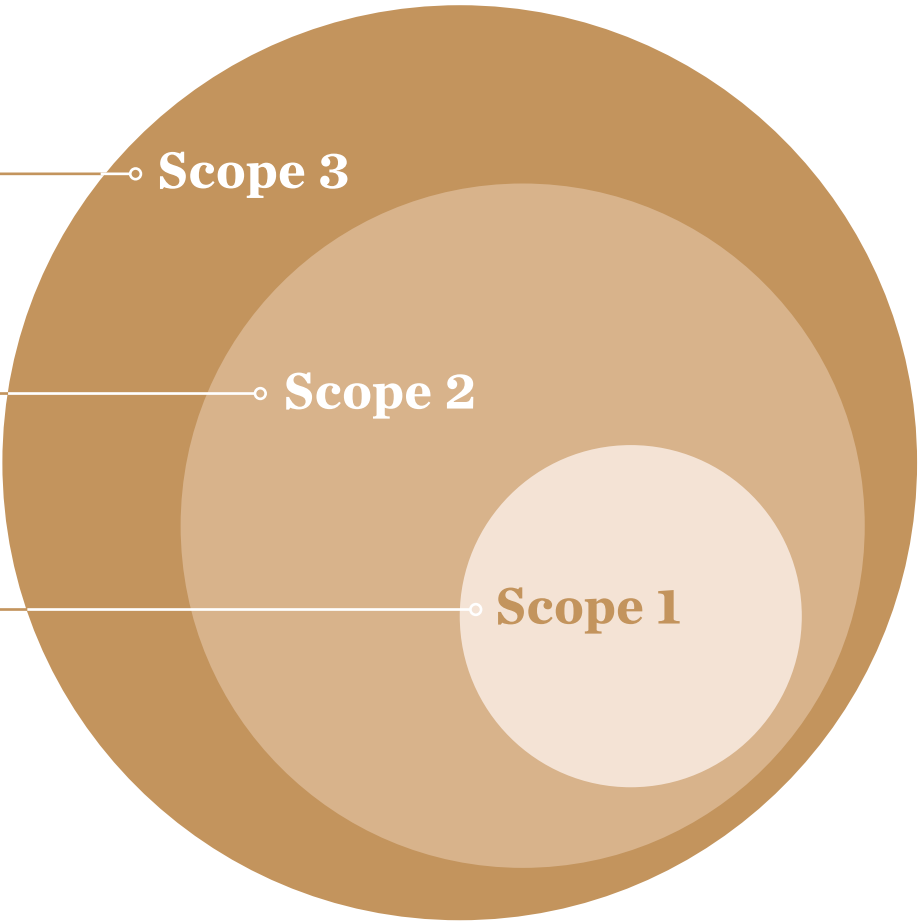
These are emissions that we have direct control over (including refrigerant gases, gas use, generator use and emissions from our vehicles).

Scope 2

These are emissions which do not happen directly on-site, but we are able to control. These mainly include emissions from electricity usage.

Scope 3

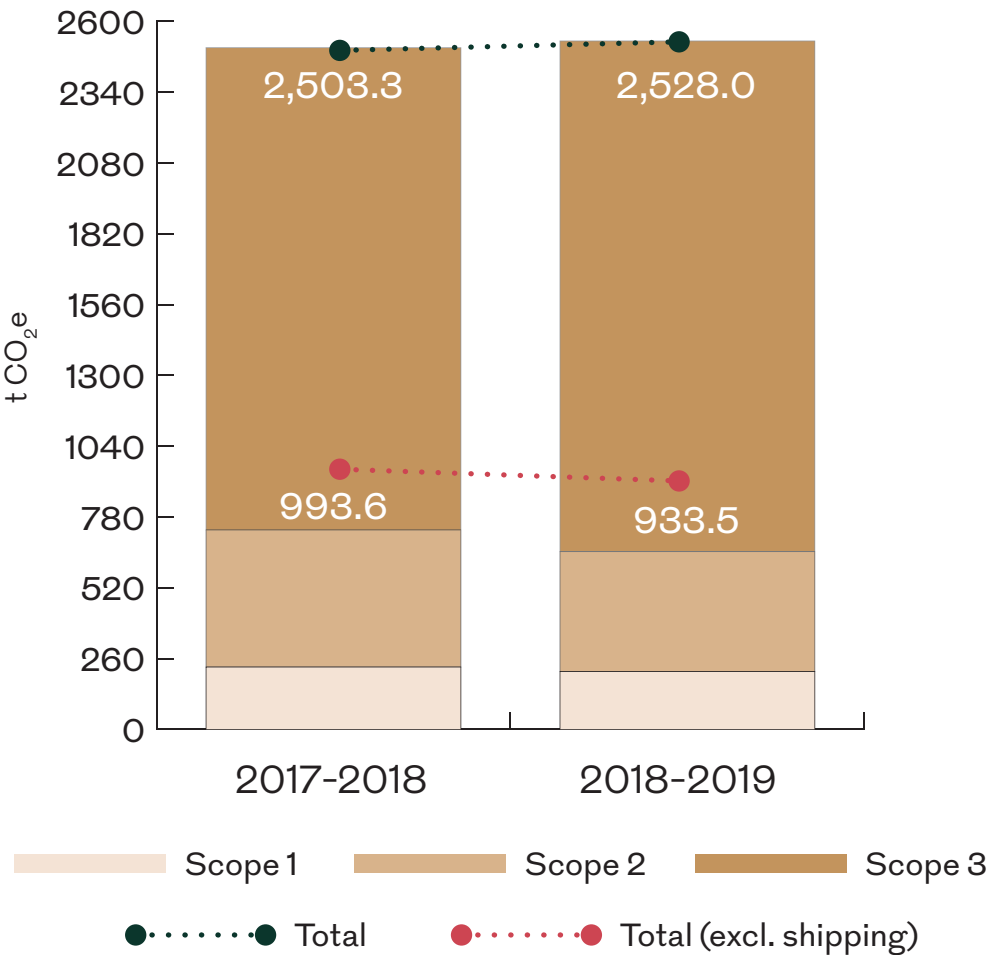
These are emissions beyond our direct control, for example because they happen further up or down the supply chain. We have included any emissions related to employee travel, shipping and waste in this category.



Our footprint is summarised in the table and graphs below.

	2017-2018 (t CO <sub>2</sub> e)	2018-19 (t CO <sub>2</sub> e)	Change (%)
Scope 1	229.3	212.8	-7%
Scope 2	503.5	440.2	-13%
Scope 3	1,770.5	1,875.0	+6%
<b>Total</b>	<b>2,503.3</b>	<b>2,528.0</b>	<b>+1%</b>
Of which: Scope 3 shipping	1,509.6	1,594.4	+6%
Total (excl. shipping)	993.6	933.5	-6%

CARBON FOOTPRINT COMPARISON  
2017-18 TO 2018-19









# Case studies: what we're doing



## BASINGSTOKE SOLAR PANELS

To reduce carbon emissions and utility costs, a solar array was installed on the roof of the Basingstoke warehouse in 2015. This array of 981 photovoltaic panels has a capacity of 250kW and generated over 230MWh of electricity in 2018-19, 33% of the total Basingstoke electrical demand. The scheme benefits from the government feed-in tariff for renewable installations.



## GARDEN & BEE HIVES AT BASINGSTOKE

To support our sustainability aims, and improve employee well-being, employees have developed a fruit and vegetable garden adjacent to the Basingstoke warehouse.

Employees use the garden in their lunch-hour, taking care of the space and enjoying the benefits that come with gardening. Produce is either taken home by staff or used in the on-site canteen where possible. The garden includes raised vegetable beds, a greenhouse, fruit trees, a water butt for rainwater harvesting for use in the garden, and a composter to assist in the disposal of garden waste.

An exciting new addition to the gardens this summer will be the arrival of bee hives (expected early July). Initially three hives will be introduced, which will be maintained and cared for by a local Beekeeping Association. We aim to have a total of six hives on the site. The honey harvested will be used by Chef Stewart Turner's team.



## UPCYCLING AND REUSE OF BOXES

To reduce the waste produced at the warehouse sites, we supply waste wooden boxes to be upcycled.

Upcycling is the creative reuse of waste materials into new, good-quality products. Upcycling and reusing wooden boxes offers environmental benefits such as minimising the use of new materials to continuing to store embodied carbon in the wooden boxes, rather than destroying them and releasing it into the atmosphere. Reuses of the boxes include as trays and placemats in our Wine School, furniture manufacturing, school art projects and donations to charities such as the Basingstoke Lions Christmas boxes for seniors.



## MARKETING MATERIALS

All of our marketing material is printed on FSC (Forest Stewardship Council) certified stock with vegetable-based inks. On larger print runs, such as our brochures and No.3 Magazine, we offset the carbon dioxide emissions from the paper production process, by planting native woodland – also known as carbon-capture printing. The carbon from the manufacture and distribution of the paper used to print the latest issue of No.3 Magazine has been captured creating 51.01 square metres of new native woodland; 2.04 tonnes of carbon dioxide will be captured by the planting over its lifetime. The latest edition of No.3 Magazine will be delivered in a compostable starch wrap as we move away from plastic packaging solutions. Our print partner is FSC C-O-C and ISO 14001 certified.

# Sourcing and supply chain

by Mark Pardoe MW, Wine Director

*As fine wine importers, we are fortunate that the production methods that influence the quality of the product in which we trade are, more often than not, already closely linked to high standards of ethical and sustainable practices.*

Many of the producers with whom we work exclusively are small-scale, often family-run businesses, with more than an eye on the future, including the protection and preservation of their heritage.

These principles chime strongly with our sourcing strategies, which are based on quality, authenticity, integrity and individuality of expression of provenance (in modern parlance “a sense of place”, but this is not a new concept for Berry Bros. & Rudd). Our first judgements are always on the quality of the wine in relation to these parameters, but it is often the case that, when we find a producer of interest, they will then be as enthusiastic about, for example, the biodiversity of their soil and vineyards or their reduction of chemical use, as they are about the wines themselves. Responsible producers, it seems, also produce the most interesting wines.

But, given our corporate obligations and now a broader, global environmental

responsibility, it is not enough to simply take any assurances at face value. We need to work ever more closely in partnership with our suppliers, to exchange ideas and ensure that we maximise every opportunity for better ethical and environmental practices.

We already begin by providing a Supplier Handbook to all our suppliers. This outlines the working practices we expect from them and identifies their legal responsibilities, including matters such as health and safety, and the Modern Slavery Act. We do recognise that many of our suppliers are not of the size to be able to follow every detail, and so offer an abbreviated version where appropriate that covers just the minimum requirements, but the exercise ensures that all of our suppliers are aware.

But this is a top-line exercise and the duty of any responsible business. Our aim is to take our understanding of our suppliers’ philosophies and their application to a deeper level. This does not mean following dogma; to only identify a supplier as “organic” or “natural” is to see only one of an often complex variety of scenarios. In the future, as part of our regular interaction with suppliers, we will set aside time for individual meetings that will be dedicated exclusively to understanding in detail every supplier’s current status and ambition for sustainability and ethical practice.

These subjects are too complex to be handled by a “tick box” questionnaire; these will be face-to-face dialogues in which we can also share our own experiences and, indeed, those of our other suppliers, if they can also be of benefit. We will discuss soil health to packaging material and everything in-between. The end result will be deeper supplier engagement and a much sharper understanding of our suppliers and, indeed, they of us. From these meetings, we will collate and present the details to offer our customers information and guidance way beyond the binary statement that a supplier is, for example, biodynamic or not.

Although in some cases we may be a supplier’s major customer, we are never their only one. For this reason all our discussions need to be supportive and encouraging, but we will also need to be aware of expectations from their other customers. But there is one category where we can apply more specific stipulations: our Own Selection range.

Our Own Selection range is part way through review and redevelopment. One decision that has already been taken is to move away from all non-recyclable poly laminate capsules and replace them with E-CAP, a new, fully recyclable capsule. These are a little more expensive than poly laminate but the environmental benefits are clear. We will also move away from tin as a premium closure for our

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*We source products based on values of quality, authenticity, integrity and individuality of expression of provenance (in modern parlance, “a sense of place”)*

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Own Selection range. Tin is a natural and recyclable material but its method of extraction and the costs of distribution from source have also led us to review its use.

We will continue to review all the non-wine aspects of our Own Selection range, looking to reduce its environmental impact whenever possible. We will, of course, share our progress with all our suppliers, both in our dedicated CSR meetings discussed earlier, and through our regular Supplier Newsletters.

We are very fortunate to work in a sector of the wine trade that believes in and supports the highest levels of professional integrity. To that we will add the highest levels of ethical and sustainable integrity. There are many challenges ahead, particularly around packaging and transport. We believe that a close and honest direct dialogue with all our suppliers is the best way to achieve sustainability throughout our supply chain.







# Spotlight: Events & Education



## PROVENANCE

Where possible in Events & Education, we aim to use local suppliers for all our produce; this helps reduce food miles and wastage.



## ANIMAL WELFARE

All our fish products are sourced from suppliers who adhere to the Marine Conservation Society’s sustainability structure. In addition, all our meat is certified as “safe and local supplier approved” and must be sourced from Soil Association or Red Tractor certified suppliers.



## SUSTAINABILITY

To help promote sustainability, all our event menus are updated seasonally. We have also ensured that we use no palm oil or products that include palm oil.



## BOTTLED WATER

We now serve filtered water from our own reusable glass bottles, eliminating the use of bottled water – it’s estimated we save over 10,000 bottles each year using this system.



## RECYCLING & WASTE

All of our bottles, cases and corks are recycled or upcycled. We also aim to minimise food waste wherever possible; any food waste is collected and delivered to Biogen, where anaerobic digestion is used to convert it into biogas and liquid biofertilizer. Biogas generates renewable electricity whilst biofertilizer is spread onto farmland to help grow crops.



## ACCREDITATIONS

We are accredited by a number of bodies that are committed to sustainability and provenance:





# Our work with charities

by Lance Jefferson, Director to the Chairman's Office

*Our Family Charity Committee (FCC) deals with the requests we receive for charitable support. In any given year we receive around 1,200 such requests.*

All sorts of people approach the Committee – employees and customers, as well as people who may not be directly linked to the business, for example fundraisers looking for raffle prizes or silent auction lots.

## How does the committee work?

Each year at the AGM a percentage of the company's Operating Profit is set aside for the FCC. While the FCC is not able to help with every single charity request, it does consider them all and sets aside funding for the ones that most clearly meet the committee's priorities.

As well as prioritising customer requests, as a family business the members of the FCC are also keen to support requests from our employees. The FCC is also the driving force behind the employee-chosen charity, which is currently Sebastian's Action Trust.

## More about Sebastian's Action Trust

Sebastian's Action Trust is a Basingstoke-based charity which supports families of seriously ill children from diagnosis, through treatment and beyond. Its respite centre, The Bluebells in North Waltham, Hampshire, is the UK's only purpose-built facility offering specialist breaks exclusively to the families of seriously ill children and to those who are recently bereaved.

Berry Bros. & Rudd has worked very closely with this fantastic charity since 2016, having supported many events, donated raffle prizes, offered voluntary work at events and organised various in-house fundraising events.

In September 2017, 21 employees completed a fundraising bike ride. The 50-mile bike ride from No.3 St James's Street, London, to the Basingstoke warehouse raised over £3,000 for the charity. Other colleagues have raised funds via activities such as running the Marathon du Médoc, sky-diving, wine tastings and even "sober October".

Working with Sebastian's Action Trust has been hugely rewarding for all involved – improving staff morale and helping with team building, while giving something back to the community.

As a company, we have raised just over £30,000 for Sebastian's Action Trust in the last three years.



## CHARITY HIGHLIGHTS 2018-19

- £6,000 donated to Sebastian's Action Trust (employee-nominated charity)
- £4,000 donated to The Benevolent
- £4,129 donated to match funds raised by staff members
- £4,161 worth of wines & spirits donated to other charities
- 39 gift vouchers donated
- 21 donations of ticketed events, tours and tastings
- 19 events held in the Director's Dining Room

Image: Members of our charity committee with representatives from Sebastian's Action Trust



# Our people

by David Shakespeare, People Director

*Our people are the key to our success. Over the generations our family values have evolved to be inclusive and supportive of our people and the changing challenges of the workplace.*

We value and respect diversity and difference, and all the benefits it brings to the individual and the business. Our goal is for every employee to be able to bring their whole self to work, and therefore, bring their very best. We take time to listen to our employees and to understand the challenges in all of our markets and locations.

## Equal opportunities

We are committed to the principles and practices of providing equal opportunities. While we have a history of women working at a senior level in the business, there is always room for improvement, and we will continue to look at ways to promote and ensure roles and opportunities are accessible to all.

To achieve this, as outlined in our Gender Pay Report, we have set ourselves a number of commitments in respect of Retention, Recruitment and Training & Development to ensure we continue to be an inclusive workplace now and in the future.

## Benefits and rewards

We continually monitor salaries in the markets that we operate to ensure that our employees are paid a competitive and fair wage for the work that they do. All employees are eligible to participate in at least one of our performance incentive plans which are designed to reward individual performance and share in the success of the company. In addition, we offer a competitive company pension plan and a range of other benefits and discounts.

## Skills and personal development

We have developed in-house training and development initiatives to support our employees from the first day they join us.

All new joiners are invited to attend a one-day induction where they are welcomed by a family member, the chair and leadership team members. They learn about the company's history, values, philosophy and ways of working.

All our employees have the opportunity to attend workshops to help support them in their development and grow their careers. These include personal awareness, time and project management, dealing with change, and how to support their health and well-being. They are also given the opportunity to complete an Insights Discovery profile and receive coaching on what this means for them, understand their strengths

and development areas and how to work effectively with others in the team. 55 people have received a one-to-one coaching session this year to take them through their Insights Discovery profile.

We offer our colleagues the chance to build their wine and spirits knowledge through our accredited WSET programmes, as well as investing in technical knowledge and skills to help them perform their roles effectively. We are currently supporting 58 people through their WSET qualifications.

We know our managers play a key role in our culture. We offer managers workshops to help them understand the importance of their roles and to build the skills to get the best from their team. We also offer specific training at certain times of year, such as how to run a great review, to coincide with the annual performance cycle.

We encourage team development and run team events regularly to help teams build trust and strong working relationships. We have run 26 workshops over the last year, with over 275 colleagues attending a workshop or team event to support their development.

## Developing our future talent

As a family-run business, we know how important it is to grow our own talent from within. We hold regular talent sessions with the leaders and managers of the business to challenge ourselves on how we can coach

*We know how important it is to support our employees' physical and mental well-being, so we've have developed a new one-day workshop looking at our emotional, mental and physical health.*

and develop our teams to help them fulfil their career aspirations. In the last year we have celebrated 30 promotions and eight cross-functional moves to support people's career and development aspirations.

## Health and well-being

We know how important it is to support our employees' physical and mental well-being. We have developed a new one-day workshop on well-being and resilience, which looks at everything from our emotional and mental health, our physical health, how sleep affects us and even our gut health.

We have a number of initiatives around this subject, such as cycling and running groups, and a mental health mates walk (June 2019), which have been set up by employees.

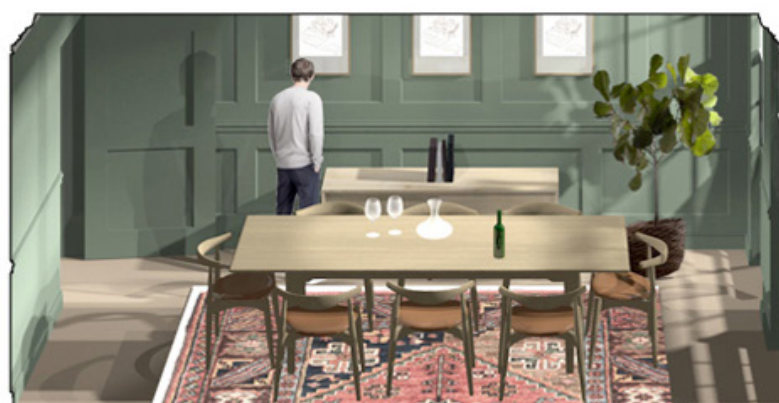
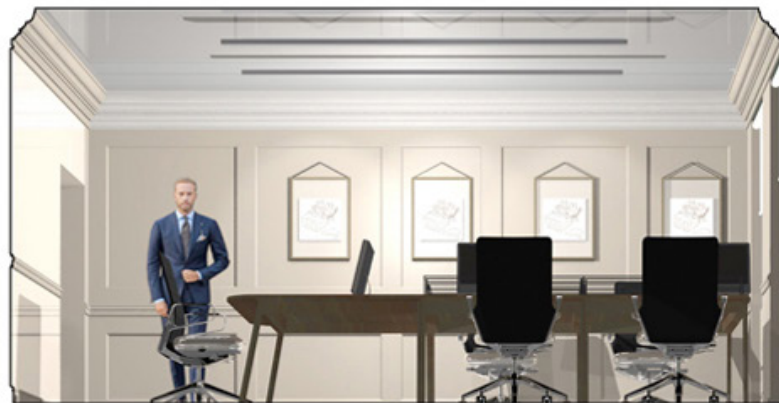
We have recently introduced an Employee Assistance Programme, Healthy Minds, in conjunction with Bupa, which provides all employees with support if they have concerns affecting their mental health. Employees also have access to a free health and well-being app, Bupa Boost, and company funding for Private Medical Insurance for all employees.

We plan to do even more around health and well-being this year, including setting up an employee well-being working group to propose activities we can support, and a calendar of activity to increase awareness around this important subject.









## CASE STUDY: BUILDING A BETTER WORKPLACE

*The office spaces at No.3 St James's Street and No.4 Pickering Place have been recently renovated. Here, Alex Mowat, founder of architectural firm Mowat & Company, talks about the importance of a good working environment*

We know that most of our time is spent in offices. They are not simply our places of work, but the fundamentals of any business. In the case of Berry Bros. & Rudd they are also the hub of business ideas and growth: the mechanics of all business operations.

Our recent work on Berry Bros. & Rudd's office spaces has involved improving health and well-being of people, the architectural restoration of a historic place and operational modernisation to improve profitability.

Here are some of the ways in which we have helped:

- We have removed internal partitions. This restored the rooms back to their original proportions and created collaborative, open-plan working spaces.
- We have used water-based paints throughout to improve air quality for everyone. Every space has plants, which further improve air quality; they also relieve stress and have a calming effect.
- We have refurbished the windows and fireplaces to reduce draughts for staff comfort as well as to save energy. The windows have been fitted with soft fabric blinds to diffuse light on sunny days and reduce glare. These have also been used in the old roof-lights to reduce summer overheating and reliance on air conditioning.
- Artificial lighting has been replaced in all the spaces. The new lighting is both energy efficient and has super-fast refresh rates to minimise flicker. This reduces headaches and eye strain.
- All the heating and cooling equipment has been overhauled to increase its lifespan, reduce energy use and ensure that everyone is comfortable.

Where possible, we've used natural materials such as oak. The oak office chairs are made with durable leather seats to be long-lasting and wear in over time. We have even made the notice boards from natural cork.

To source these products we worked with independent, local and ethical suppliers. This is important as it builds local connections and more significantly helps to reduce waste and pollutants produced in transportation.

This project is part of Berry Bros. & Rudd's commitment to be "continually thinking about how we look after the world around us for future generations". The work improves people's everyday life going forward into a profitable future.



# *What next?*

*This report should give you a clear picture of where we stand on sustainability today. Some good work has been done, but there is far more we can do. We are now concentrating on getting a strong sustainability strategy in place to ensure our next steps are the right ones.*

*I firmly believe that our journey towards being a more sustainable business is something we should all be part of. We want to empower our employees, our producers and our partners to make a difference too.*

*Together, with thought, energy and commitment, we can build a business that's fit for the future.*

*Lizzy Rudd, Executive Chairman  
(summer 2019)*





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H.M. THE QUEEN  
WINE & SPIRIT MERCHANTS  
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