

ENVIRONMENTAL, SOCIAL & GOVERNANCE

At Science in Sport we take great pride in both our brand and products. We are committed to ensuring the highest standards of corporate responsibility covering environmental, social and governance are maintained.

Environmental

The Company has invested in packaging technology and plant to convert the bulk of its protein powder range into recyclable pouch packaging, this is a first for the sports nutrition industry globally. The PhD Nutrition pouch range moved to recyclable material, commencing with the Diet Whey range at the start of December 2020, with a full range change completed by early 2021. In the last 12 months, PhD Nutrition has filled 700,000 pouches which have ultimately gone to landfill. PhD will be the first sports nutrition brand in the world with packaging which can be recycled in green bins across a large proportion of local authorities or with carrier bags at local supermarkets. This approach will be rolled out to the Science in Sport brand later in 2021, and we expect to fill one million recyclable pouches in 2021. The new pouch is the first step in the Company's strategy to minimise waste and the negative impact on the environment.

In February 2021 we launched a partnership to give customers the opportunity to recycle gel, bar and sachet wrappers. Customers add a postage paid recycling bag to their basket at no extra cost which can be returned with up to 30 wrappers avoiding landfill waste.

Heads of terms have been signed on a new combined supply chain site comprising factory, warehouse and ecommerce dispatch facility which will drive significant environmental improvements by reducing transport miles and carbon emissions. Combining operations at a single site will reduce significantly reduce supply chain inefficiencies from operating across multiple locations.

We have continued to increase manufacture of products in our Nelson factory, bringing protein powder production in house and away from multiple suppliers reducing transport miles, and the carbon footprint of products.

Continuous improvements in packaging reduction and water and energy optimisation throughout the supply chain have reduced the use of resources required to manufacture our products and the associated carbon footprint.

Work is ongoing with suppliers on further opportunities to replace one-use packaging with bio-degradable or recyclable packaging. Sustainable packaging means using the packaging format with the lowest possible environmental footprint, whilst meeting the requirement to protect, transport and present the Science in Sport and PhD brands.

Under the SECR (Streamlined Energy and Carbon Reporting) framework SiS plc energy use as a large business in 2020 is set out below:

- 1,523,146 kwh total energy usage of which: 525,108 electricity, 998,038 gas
- Total 308 tCO₂e emissions of which 186 tCO₂e Scope 1 and 122 tCO₂e Scope 2
- The Intensity ratio is 6.1 which is calculated as the tCO₂e above divided by the reported 2020 total group revenue of £50.4m
- Key energy efficiency actions are described above in our Environmental section of the ESG report

Social

Our employees are key stakeholders and assets within the business and the Board closely monitors and reviews the results of employee engagement surveys as well as other feedback it receives to ensure alignment of interests.

The Executive Directors keep staff informed of the progress and development of the Group on a regular basis through formal and informal meetings, this has continued throughout the UK lockdowns, with regular virtual CEO updates for all employees.

We are Investor in People accredited and have a number of employees completing further education in their areas of expertise, for example, MBA, finance and supply chain qualifications.

ENVIRONMENTAL, SOCIAL & GOVERNANCE

A Wellbeing & Mental Health Initiative was launched providing all employees with an Employee Assistance Programme, Online counselling, key drivers of wellbeing monthly sessions lead by experts such as Sir Chris Hoy, in addition to Line Manager mental health training and signing up to the Inside Out Wellbeing Charter.

Strengthened the SiS plc People team with a new senior function lead and apprentice role to drive increased employee engagement and support across the business.

The Board recognises its obligation towards employees to provide a safe and healthy working environment. The Group complies with health & safety legislation conducting regular inspections and risk assessments. Health & Safety is an essential element of our ESG policy, and a key operational focus which all employees contribute to. The last lost time accident was on 12th April 2018, nearly 3 years ago. No reportable incidents occurred in 2020 with only two minor accidents to date.

The Group does not discriminate between employees and prospective employees on grounds of age, race, religion or gender, and every effort is made to provide the same opportunities to disabled persons as to others. We signed up to the Business in the Community Race at Work Charter, committing to five actions to ensure that ethnic minority employees are represented at all levels in an organisation. We have launched a business-wide diversity initiative and initiated regular group-wide diversity reporting to monitor progress. We have a CEO diversity statement, and a diversity blog on our SiS websites and are proud to support the Black Cyclists Network.

We are proud of our diverse workforce and believe it is vital to our success as a leading international sports nutrition business.

We are actively involved with the Career Ready programme, a national social mobility charity working with employers, schools, and volunteers to support young people across the UK develop the skills, confidence, and aspirations for future career success, with 10 SiS employees volunteering to be mentors to a school or college student.

Gender diversity across the business is set out below:

	Male	Female
Directors	5	-
Senior Managers	14	5
All employees	99	77

Suppliers

Our suppliers are key business partners and we maintain an open dialogue with all of our key suppliers. We aim to pay our suppliers on time according to our agreed credit terms.

Governance

The Board has adopted the QCA (Quoted Companies Alliance) Corporate Governance Code in line with the LSE requirement that AIM listed companies adopt and comply with a recognised corporate governance code. This policy is reviewed and updated annually. Full corporate governance disclosure can be found on our sisplc.com website.

Due to our accumulated losses which have created a deferred tax asset, we are not a significant corporation tax payer, however we make a positive tax contribution including VAT, PAYE and NI payments. Our Group Taxation Policy is to pay the right amount of tax in line with tax laws where we operate. We are proud that we contribute to the development of the economies in which we operate and take our responsibility to pay our fair share of tax seriously. Tax is considered in all significant business decisions. We don't undertake transactions or operate in any perceived tax havens to realise tax savings or participate in any aggressive tax avoidance schemes. We commit to operating in a tax efficient way in compliance with current tax legislation in order to maximise shareholder returns.

ENVIRONMENTAL, SOCIAL & GOVERNANCE

A Group Risk Register is maintained with the principal risks faced by the Group, and a quarterly review with the Board takes place on risks we believe could seriously affect the Group's performance, future prospects, reputation or its ability to deliver against its priorities. This Risk Register can be viewed on pages 12 and 13 of the Groups Annual Report.

A group update on Anti-Bribery policy and procedures is planned in 2021, under the Anti-Bribery Act 2010. Demonstrating that the organisation has 'adequate procedures' in place to prevent bribery is a defence against the offence of failing to prevent bribery.

We have also broadened our contact with key trade and retail partners and have organised regular factory visits for them, as well as visiting our International distribution partners around the world.

Preventing banned substances

The Science in Sport brand is trusted by professional and Olympic athletes in a range of sports across the world. A key component of this trust is our approach to preventing banned substances entering its supply chain and finished products. In line with this, Science in Sport is the only brand globally to hold both Informed Sport Site Certification and Informed Product Certification. Each year an internal review of the banned substance prevention regime takes place, and from January 2018 an upgraded system was implemented to continually improve and evolve the controls and systems within the Company. The Company regime is built on the following pillars:

- Every single batch of Science in Sport finished product which leaves the Company's factory is screened against the World Anti-Doping Agency ("WADA") list. Banned substances including steroids are tested to the level of 10 Nanograms per gram, and stimulants to 100 Nanograms per gram.
- Batches (sampled at the beginning, during and end of each product batch) receive the recognised and respected Informed Sport certificate. Finished product testing is the final and most effective step that we have to ensure product assurance.
- Raw material batch testing, in addition to testing on finished goods, for any product deemed 'high-risk'.
- Full trace management of all raw materials from raw material base and manufacturing supplier, through to finished goods manufactured per production batch. This allows the Company to demonstrate to athletes the source of ingredients and all parties involved in the manufacturing process.
- Rigorous screening of all ingredient suppliers, including annual auditing. All suppliers are required to be certified to a recognised Quality Management system that is approved by The Global Food Safety Initiative.
- In-house product screening within the Company's production facility in Nelson, Lancashire, including swab testing for banned substances, and surprise third-party inspections throughout the year.