

# SUPREME

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Supreme PLC  
Annual Report and Accounts 2023



# Our approach to ESG

For as long as we have been providing affordable consumer staples to the UK mass-market, we have acknowledged the importance of “doing the right thing” in how we conduct ourselves and our business for the good of the environment, our community, our people and our stakeholders. We spent much of FY22 formalising and reporting our efforts across our ESG agenda. Our teams reacted very positively to a number of internal initiatives and in FY23 we further expanded on this strong foundation. Supreme is blessed with employees who are passionate about sustainability and social responsibility and our people have supported all of the Group’s efforts in these fields.

Supreme manages its ESG operations via various sub-committees; the Sustainability Committee, the Energy Steering Team, the Workers’ Committee and the ESG Forum, all of which are closely managed and supported by our Head of HR and Chief Finance Officer.

In this ESG round-up, we will outline our overarching priorities during FY23 and articulate the key highlights from across the year. With regards to sustainability, our efforts focused on energy; knowing that the cost of energy was increasing, we sought to reduce our overall energy consumption whilst considering greener sources. We also continued to focus on smaller-scale quick wins with regards to packaging and logistics. In terms of our people, we completed our Employee Journey Initiative, a project initiated in FY22 that aimed to ‘improve how we recruit, induct, reward and engage with our people’. And in terms of our local community, we worked harder than ever to ‘give back’ and support those less fortunate. Much of our ESG agenda in FY23 has been shaped by our incredible people at Supreme. We continue to recognise that talent is one of our greatest assets, ensuring we place high value on our people, and we know that listening, consulting and communicating with our teams is critical to maintaining a dedicated, energised and motivated workforce.

### Environment

We are working hard to reduce the energy we consume, increase our volume of responsible recycling (and also encouraging the end consumer of our products to do the same), reduce the waste generated from each of our operations, and minimise the impact of packaging and distribution.

### Social

We are extremely proud of our efforts in supporting our diverse employee base and our wider community. Supreme aims to be a place where people can thrive, progress, be heard, be valued and be proud to work at.

### Governance

We recognise the importance of maintaining the highest standards of corporate behaviour and setting the right example for others to follow. Good governance is at the core of our business and we conduct our operations with integrity, fairness and transparency.



### Aligning our agenda to the UN Sustainable Development Goals

Supreme continues to work hard to ensure that ESG is at the heart of everything we do. We continue to use our corporate values and the UN 17 Sustainable Development Goals (“SDG”) as our guide to formulating a longer term strategic plan for ESG and these had been re-visited and added to in FY23.

Ultimately, we aim to act responsibly through effective governance and by managing our social and environmental impacts appropriately throughout our operations and across our supply chains. We are focused on the following goals:

<b>Affordable &amp; clean energy</b>	Focusing on the source and cost of the energy we consume in our operations has been a key strategic focus in FY23.	
<b>Climate action</b>	Supreme is committed to making a proactive contribution to combat climate change and will encourage others within its network to do the same.	
<b>Responsible consumption &amp; production</b>	Supreme manages a socially and environmentally-conscious supply chain network, to promote effective waste management and to focus on reducing its carbon footprint when it comes to sourcing and distributing product. Responsible consumption also extends to ethical sourcing with regards to social and economic conditions, particularly with respect to its Far East supply chain network.	
<b>Reduced inequalities</b>	Supreme aims to reduce inequality in all forms, including gender and ethnicity, and remains committed to fair pay and working conditions across its business operations.	
<b>No poverty</b>	Supreme brings high-quality, branded consumer products to the mass-market at low prices, relative to the branded alternatives. Supreme is proud to give consumers access to choice when making routine purchases and its ethos is aligned to the Government’s own objectives around “levelling up”. Our price-disruptive business model means many consumers have access to products that may otherwise have been reserved for the more economically privileged, and we expect to play an integral role in mitigating the broader economic impacts of the ongoing cost-of-living crisis.	
<b>Good health &amp; wellbeing</b>	The continued correlation between the falling number of smokers and the rising number of vapers in the UK is well-documented. There is widespread support for vaping as a safer alternative to smoking and as a proven method to quit smoking. There are now around 4.3 million vapers in the UK and, according to public health charity Action on Smoking & Health (“ASH”), over 92% of these are either ex-smokers or dual-users (interchanging between smoking and vaping). Vaping, as an alternative to smoking, fosters a healthier, cleaner society, reducing the harmful impacts of passive smoking, reducing the pressures on the NHS and making our streets cleaner. Within Sports Nutrition & Wellness, our brands of vitamins, meal replacements and protein snack bars promote healthy active lifestyles and a positive wellbeing.	
<b>Gender equality</b>	We recognise that ensuring we have appropriate male : female representation across our entire business is key to fairly retaining a balanced workforce.	
<b>Quality education</b>	Supreme has a passion for nurturing talent within its organisation and providing its people with the tools and opportunities to progress professionally within the company.	



# We look after our people

## Supreme aims to be a place where people can thrive, progress, be heard, be valued and be proud to work at

We are extremely proud of our efforts in supporting our diverse employee base and this is evidenced in our excellent track record of retaining a sought-after pool of talented resource. Our aim at Supreme is to foster a culture of transparency and progression, where our people can learn, develop and actively contribute to our dynamic working environment. Equally, we want to provide a business that has a diverse and inclusive culture, where people are accepted for their differences and are treated fairly. We believe this will create an inclusive and positive working environment for all employees to thrive.

In FY23 we continued to work on our Employee Journey Initiative; a project to improve the way we recruit, induct, reward and engage with our teams. The following changes were made as a result:

### Recruit & induct

18 months ago, around 30% of our staff in manufacturing and warehousing were temporary / agency personnel. Supreme had historically relied on agency staff during seasonal peaks in demand but began to rely on agency staff more heavily during the COVID pandemic as the business quickly grew and to cover any core staff absences. It was believed that the process to recruit permanent members of staff took too long as there was no dedicated resource within the business responsible for recruitment. Gaps in direct labour also caused immediate detrimental impacts to output, so the business continued to rely on temporary staff long after the pandemic had subsided.

In FY23, the business phased out its reliance on agency staff by recruiting a dedicated Recruitment Manager and investing in our 'people marketing'. For the last nine months, there have been no more than a handful of agency workers on site (hired on short term contracts to cover known gaps where permanent recruitment is delayed). Agency personnel are now fully screened and inducted before they begin, to ensure we recruit the right calibre of staff. Our comprehensive and two-way recruitment process to attract, recruit and induct the highest quality people into our business has led to a marked improvement in employee absenteeism and whilst we cannot formally connect the higher rates of manufacturing output solely to this shift in policy, it is certainly a contributing factor.

### Reward

To ensure our reward scheme remains competitive and fair, we undertook a full review of our pay and benefits package in FY23 and are pleased to report the following changes:

- Increase in holiday entitlement from 20 to 22, increasing to 24 after 2 years' service
- Your birthday as an additional days' leave (on top of the increase outlined above)
- 'Flexi-hols' allowing our people to carry unused holidays over to the next year (previously this was on a "use or lose" basis)
- Life insurance for all members of staff
- Cycle to work scheme made available to all staff

- Membership to the Help at Hand service for all staff, a health & wellbeing service providing remote GP appointments, mental health support, physiotherapy and medical second opinions
- Costco membership for all staff
- Summer respite initiatives – early-finish Fridays, ice-cream van on site

Our most notable change, however, came in September when we made a surprise announcement to staff that we would be immediately initiating pay increases for all staff earning up to £30,000 by up to 10% in response to the cost-of-living crisis. As a responsible employer, we were fully aware of the pressure our people were under given the rising costs of energy, transport and food, particularly our lower paid staff, and we knew we had to support them. Balancing the commitment we had already made to our shareholders in respect of the forecasted profit we were expected to generate, our CEO voluntarily sacrificed his entire salary for the remainder of the year in a bid to offset some of the cost of this investment. Sandy's generosity spoke exactly to the kind of culture we are building at Supreme; a culture where we recognise that talent is one of the Group's greatest assets and we continue to place high value on it.

### Engage

At the end of FY22, we launched Yapster, our mobile employee communication application (Supreme's own Facebook). Yapster has provided Supreme with direct, real-time two-way communication with every single member of staff regardless of their role or location. By using an application like Yapster, we can ensure that staff who work unsociable hours or who do not have regular access to a PC as part of their role are not overlooked. Interestingly, much of our ESG agenda has been easier to achieve with Yapster now in place; agreeing which charities to support, advertising upcoming charitable endeavours, announcing new employee benefits, inviting feedback on environmental matters etc have all been facilitated through Yapster. We are confident that Yapster has helped to create a more informed and engaged workforce.

In FY23 we have encouraged regular, formal engagement and communication across the senior management team to help foster collaboration and ensure everyone is aligned to the strategic direction and aware of progress.

Finally, in FY23 we hosted our first Supreme staff summer party. Attended by staff from all departments and locations, we congregated at our principal site in Trafford Park where our outdoor space was transformed into an inclusive, relaxed atmosphere filled with party games, music and delicious food. It provided everyone with the opportunity to socialise with colleagues they had never met in person before and helped to accelerate the integration of our colleagues from newly acquired businesses.

### Gender reporting

Promoting a diverse and inclusive culture includes having a management team that is balanced and representative of cultures and genders across the business. We are committed to increasing the female representation at Supreme at a managerial level and are delighted to report the improvement.

Median salary by gender	FY23	FY22
Total employee median	25,000	21,008
Male median	25,168	21,500
Female median	22,194	20,000
Difference	2,974	1,500
Gender pay gap %	13%	8%

Employees at 31 March 2023	FY23		FY22			
	Male	Female	Male	Female		
Total employees	216	138	61%	39%	57%	43%
Quartile 1: <£22k (FY22: <£19k)	40	49	45%	55%	45%	55%
Quartile 2: £22k-£25k (FY22: £19k - £22k)	47	41	53%	47%	54%	46%
Quartile 3: £25k-£33k (FY22: £21k - £28k)	61	28	69%	31%	50%	50%
Quartile 4: £33k+ (FY22: £28k+)	68	20	77%	23%	73%	27%
Those holding management roles	32	16	67%	33%	73%	27%

▼ Our 4 warehouse operations managers have almost 80 years' service between them

▼ Like many others in our business, most of our sales support function began their Supreme careers in warehousing and progressed through the business

▼ Dan Greenwood, our recruitment and onboarding manager; a critical hire in our Employee Journey initiative

▼ Our inaugural summer party, an opportunity for Supreme to say thank you to its most important asset

▼ Having started in the warehouse picking orders, Elliott Schofield has subsequently progressed through finance, sales and most recently manufacturing operations. Today he manages Wellness manufacturing at our facility in Manchester and embodies our company value 'attitude is everything'



## We look after our environment

**As a manufacturer, distributor and brand owner, Supreme is mindful of the environmental impact of our operations and remains committed to utilising modern technology and state-of-the-art equipment across our sites to ensure products are developed efficiently and with minimal carbon emissions. We continue to explore opportunities to bring the manufacture of products in-house and onshore, a long-term strategic priority for the Group.**



### Batteries

**“We continue to provide efficient, affordable, domestic batteries with understandable and easy-access means to recycle to the mass market”**

As the largest battery distributor in the UK, we continue to be committed to promoting the increased recycling of used batteries nationwide and we continue to proactively lobby manufacturers and retailers alike to increase their recycling responsibilities. We continue to work closely with Valpak, the UK’s largest environmental compliance scheme, and to whom we contributed £1.2 million during the period in relation to the Waste Electrical and Electronic Equipment (“WEEE”) recycling scheme.

### Energy efficiency

A key initiative in FY23 has been to review our energy sourcing and consumption patterns and habits to identify any savings that could be made to save energy (and therefore money). The findings of the review were extraordinary, and we expect the changes we have made to our operations following this review (largely in relation to our evening and weekend shut-down procedures) will generate savings of around 15% of energy usage compared to the previous year.

When renewing our energy supply agreements in FY23, we have endeavoured to switch to renewable sources and we expect to source 90% of our energy from renewable sources by 2025.

Furthermore, we ran a tender process in respect of solar panels for our new manufacturing site at Trafford Park. We expect the panels to be installed by Autumn 2024 and that we will utilise around 70% of the power generated by the 1,100 panels across the course of the year with the surplus being sold back to the grid. The £0.5 million investment is expected to be paid back within three years.



### Lighting

**“The temporary slowdown in sales within Lighting has delayed our single use plastic phase-out but it remains a key objective”**

During FY23, we continued to work towards our goal to replace all plastic packaging by the end of FY24 by rolling out the initiative to all our brands and subsidiaries during the year. The unexpected slowdown in sales, combined with inflationary pressures, has inevitably made this more challenging, but we remain focused on the original objective and with a greater focus on costs from the end consumer, the benefits are multi-faceted.

Supreme continues to strive to uphold the highest standards of ethical sourcing within Europe and the Far East. We utilise third parties to carry out routine audits to assess social and economic conditions for workers as well as quality control and health and safety procedures. In FY23, we hired a dedicated global purchasing manager and part of his role was to initially consolidate all quality and social auditing from our entire supply chain to identify gaps and achieve consistency.

Ultimately, our aim is to provide energy-efficient, affordable, ethically-sourced and sustainably packaged lighting to the mass-market.



### Vaping

**“Our Vaping ethos is to support a tobacco-free UK by offering adults credible, affordable and safer alternatives for nicotine consumption”**

After removing all virgin plastic from our outer-packaging in FY21 and then starting to replace the 10ml plastic bottles in FY22 with 100% recycled plastic in our core 88vape brand, in FY23 our attention then turned to our wider brand portfolio where we are substituting plastic for more sustainable alternatives.

More generally, in manufacturing we have focused on energy consumption in our facilities – simple steps to ensure machines are only switched on when being used and that machines requiring heat or hot water are heated to only the required temperature (no excess). We have also reviewed our supply chain to balance lead times and stock holding with the frequency of deliveries in a bid to reduce the traffic to our sites.



### Health and wellness

**“We continue to phase out plastic tubs where possible”**

We successfully relaunched our Sports Nutrition & Wellness brand Sci-MX in FY23, with most of the range of protein powders now packaged in 100% recyclable pouches. Supreme has made a concerted effort to shift to more sustainably sourced and efficiently palletised, stored, and transported products, which will also benefit the economics of the category for Supreme and the retailers in equal measure.



# We look after our local community

**In FY22 our charitable endeavours were very positively received by our local community and were actively supported by our incredibly kind and generous workforce. Therefore, in response, we stepped up our efforts even further in FY23 and continued to support, engage with and positively contribute to the local communities within which we operate.**

Via our consumer website check-outs, we continued to support charities by inviting voluntary charitable donations from all consumers as they pay for their goods. This year, the online team chose to support Rain Rescue, an animal welfare charity based in the northwest that promotes responsible pet ownership.

In FY23, we invited our teams to participate in our 'Supremely Charitable' days; an opportunity for people to dedicate their time during core working hours to local charities when they need it most. Some of manufacturing staff spent the day at The Bread & Butter Thing, assisting with receiving, sorting and dispatching donations as well as general cleaning and tidying. Elsewhere, many of our team volunteered at the Toy Appeal to contribute to the packing and wrapping of Christmas presents to be sent to some of the North West's most under-privileged children.

During the year, we hosted bake sales and lunches to raise money and awareness for our nominated charities and we continue to support local foodbanks with monthly collections. Stretford Foodbank is a local

foodbank that many of our staff are familiar with and were keen to support. Despite their own financial pressures during this intense cost of living crisis, our staff continue to show overwhelming levels of generosity and selflessness.

In July, some of our budding footballers took to the pitch to compete in Battle of the Brands in support of local charities and we also continued to support St Lawrence's GAA ladies football team.

Following the hugely successful appeal for toys and children's gifts last year, our team chose to support the Toy Appeal again this year, not only collecting donations but also volunteering at their centre to assist with packing and dispatching gifts all across the North West. And if that wasn't enough, staff also supported the Trafford Leaving-Care Services Trust, donating Christmas gifts to young people in Trafford aged between 18-25 that have grown up in care, away from their biological families.

And on 23 December 2022, staff chose to swap their annual Domino's Pizza Christmas lunch to instead support HM Pasties, a

charity that was set up to employ ex-offenders to make and sell handmade Cornish pasties.

In May 2023, representatives from across the Group embarked on a climb of Mount Snowdon. The expedition was a huge success and an important milestone in the Company's charitable endeavours. As well as the important funding raised for The Bread & Butter Thing, the day was an opportunity for staff to socialise and network with colleagues from other parts of the business. The team are already thinking of ways to beat this effort in FY24.

Via our ESG Committee, the charities are nominated by staff and supported through various initiatives across the course of the financial year. Charities chosen are usually local and / or close to the hearts of our people and their families.

Undoubtedly, our charitable efforts have created a greater sense of community across our workforce and have even helped to inspire people to return to the office following the pandemic.

▼ Our Snowdon charity climb May 23 in aid of The Bread & Butter Thing



▲ Other charitable endeavours during FY23

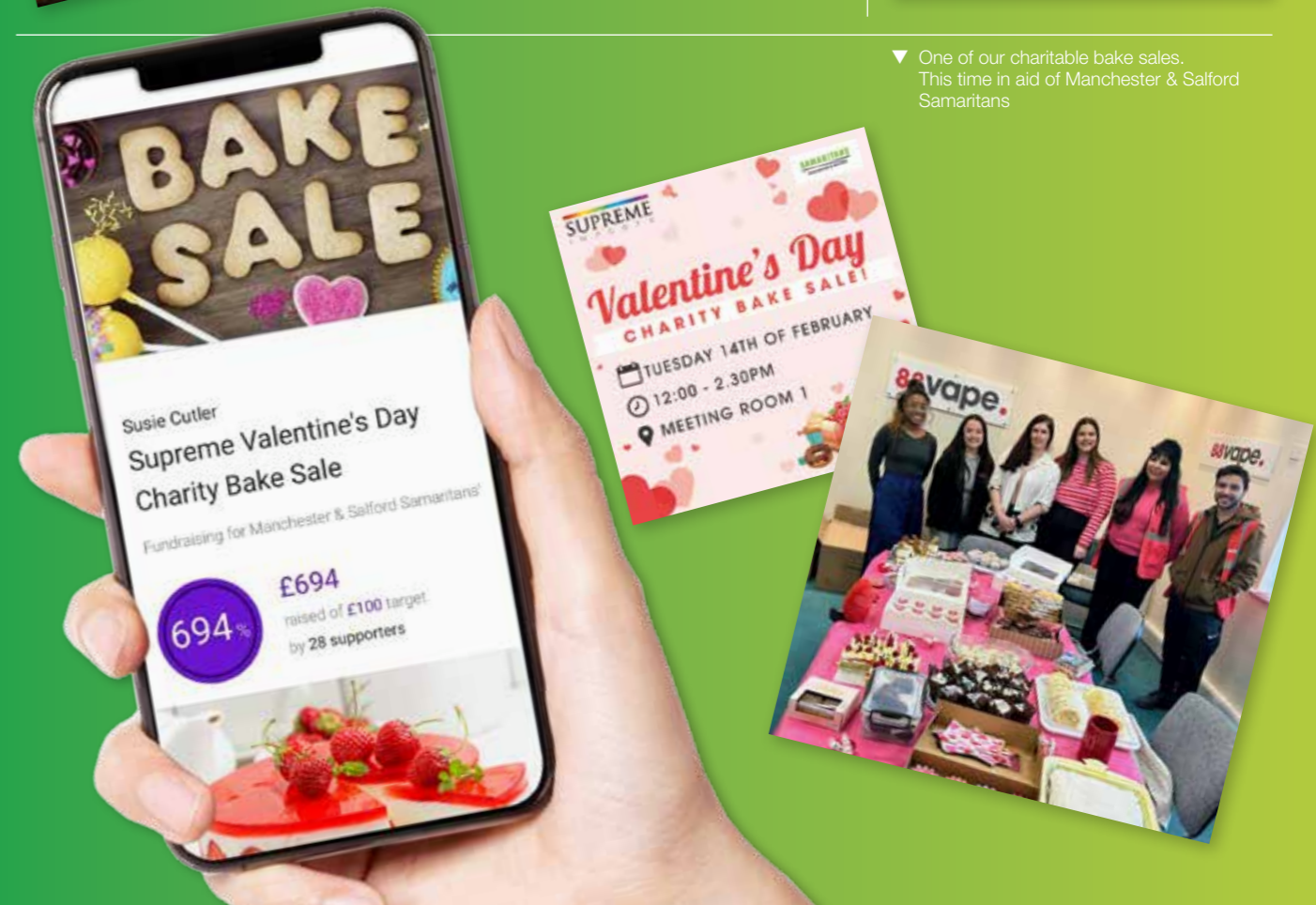
▼ Our team volunteering their time at a local charity



▼ Our ongoing efforts to support our local food banks



▼ One of our charitable bake sales. This time in aid of Manchester & Salford Samaritans





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