Cross-Party Group on Scotch Whisky
7th December 2023, 13:00-14:00, via Teams

Minute

Present

MSPs

Murdo Fraser MSP
Rhoda Grant MSP
Emma Harper MSP
Gordon MacDonald MSP (Chairing)
Colin Smyth MSP

Non-MSP Group Members

Blair Bowman (Whisky Consultant)
Susanne Cameron-Nielsen (Scotch Whisky Association – Secretariat)
James Dodd (Stolt Tank Containers UK)
Karen Freel (Perspectiva Consultants)
Annie Hill (The International Centre for Brewing & Distilling)
Michael Taylor

Speakers:
Adam Carson (Diageo)
Ronald Daalmans (Chivas Brothers)
Alistair Longwell (Beam Suntory)
Lynne McEwan (Bruichladdich)
Ruth Piggin (Scotch Whisky Association)

Also in attendance:
Dr Oke Adekunle, Senior Lecturer in Operations and Supply Chain Management, Leeds Beckett University
India Armstrong (Scotch Whisky Association)

Apologies

Jackie Baillie MSP

Agenda item 1

Welcome, introduction and apologies

Gordon MacDonald MSP welcomed members and noted apologies from Jackie Baillie MSP.

Agenda item 2

The minutes of previous meeting and AGM on 28th September 2023 were approved.

Agenda item 3

Scotch Whisky Industry Sustainability Case Study vignettes (5mins each)

Gordon introduced the respective speakers in turn, proposing questions following all presentations.

Regenerative Agriculture
Adam Carson, Regenerative Agriculture Manager UK, Diageo

Adam set out the context on the importance of agriculture in delivering their environmental targets (90% of emissions in their supply chain – of which agriculture/raw materials represents almost a third. Outlining how they are thinking beyond carbon, he set out how regenerative agriculture can deliver for climate, biodiversity and water through a holistic approach to farming that works in harmony with the natural environment; using best agricultural advice to produce crops, while also delivering beneficial outcomes for soil health, climate, water and nature.

The core of regenerative agriculture is to enrich the soil, but Diageo are not being prescriptive, citing different practices, such as crop rotation, cover crops, grazing livestock, reduction of tillage, reducing inputs (chemical fertilizers and pesticides, which in their own right are carbon intensive to produce), and agroforestry. These enrich the soil and reduce CO2 emissions associated with farming activities (reductions) and store atmospheric carbon dioxide as soil organic carbon (removals).

They are taking forward a science-led programme in Scotland with two main components: 1) Plot scale research: Summer and autumn planted crops; different mixtures being trialled; reduced nitrogen application rates being tested in following wheat and barley crops; with impacts on soil carbon and physical, chemical and biological parameters also being analysed. Their programme being run with an open-door policy to their grain and malt suppliers and with a commitment to share learnings with farmers and the wider industry. 2) Farm clusters: 20 farms recruited in three clusters (North East, East, South East) with the farms being in different stages of their regenerative agriculture journey allowing for comparison and learning between farms. Partnering with Scottish Agronomy, SAC Consulting, James Hutton Limited and Agricarbon to baseline farms – this baselining and analysis of farms is ongoing and will inform plans for future years. A key driver is to build the science around what farmers are already doing, acknowledging and building on the good work already underway.

Adam summarised by highlighting it was key to partner with farmers to deliver a resilient future for the wider industry and the environment. They were committed to this direction of travel and recognised the role of providing leadership; ensuring they get it right and therefore a science-led and farmer focused approach. They would be sharing findings and were keen to see a transition to more regenerative farming, with farmers, industry and government all working together.

Efficient use of peat and peatland restoration
Alistair Longwell, Head of Distillation & Environment, Beam Suntory

Alistair highlighted the SWA Commitment to Responsible Peat Use (CRPU), launched earlier this year, recognising peat as an essential component in the production of unique Scotch Whiskies. Used

in the malting process to impart a distinctive 'peaty' aroma to the malted barley which in turn contributes to the character of the final product. In relative terms, when compared to volumes extracted for other domestic or commercial usage, the volume required for the Scotch Whisky industry is modest. However, the Scotch Whisky industry recognises that the responsible use of peat is a fundamental part of the industry's environmental obligations, and that the industry has an important role to protect, restore and sustain Scotland's peatlands and make the industry's impact sustainable. The CRPU is a first step on the path to achieving this goal, focusing on three priority areas of: Responsible Extraction (minimise peatland impact), Optimising the Malting Process (minimise peat demand), and Restoration & Stewardship (maximise peatland health). The CRPU is further underpinned in the SWA's Sustainability Strategy where it has become a component of Sustainable Land Use and an important factor in Responsible Water Use.

He outlined how Beam Suntory's Peatland Water Sanctuary™ Philosophy – "Mizu to Ikiru" –"Living with Water" – shapes the company's work in both Japan and Scotland; where Peatland Water Sanctuary™ within Scotland is an umbrella term for all BSUK Peatland and Watershed conservation and restoration activities. Beam Suntory has committed to restoring a minimum of 1,300ha by 2030 (equating to a 1:1 replenishment of annual peat consumption) with a long-term target to restore 2:1, equating to a minimum of 2,600ha by 2040. This pure replenishment of actual peat tonnage harvested will create a positive carbon impact through cessation of GHG emissions from current damaged or degraded peatland, and will sequester carbon from active, regenerated peatland year-on-year. Their priority of restoration are:

- Islay peatland restoration of historically harvested sites.
- Distillery catchments to ensure water security and opportunities for peatland restoration.
- Peatland restoration on historical industry extraction sites.
- Other relevant opportunities within the wider catchments or where opportunities arise for restoration.

Using North East Scotland as an example of where precipitation will be lowest across Scotland leading to increased risk of drought, he talked through their Peatland Water Sanctuary™ pilot project at Ardmore Distillery (Gartly Forest) – a Tripartite Project between Beam Suntory (funders), Forestry & Land Scotland (landowners) and-James Hutton Limited (project managers), where work started in November 2021 to restore and conserve 70ha of peatlands, successfully restoring 13ha to date. As of December 2023, Peatland Water Sanctuary projects are currently underway at five locations across Scotland with a further six projects at various stages of planning and development and locations ranging from Aberdeenshire, through Speyside to the Western Highlands, across to Islay and as far south as East Ayrshire. Highlights so far include: 97 hectares completed across five active projects; a further 526 hectares in the pipeline from planning to ongoing restoration work; Contractor Training & Landowner Education Events completed in Aberdeenshire (with Ugie Peatland Partnership, RSPB & Nature Scot) and on Islay (with Crichton Carbon Centre & Nature Scot).

In summary, the Peatland Water Sanctuaries will:

- Create, restore, and maintain peatlands and wetlands with a greater capacity to cultivate and maintain water resources, whilst enhancing biodiversity.
- Restore degraded and former peatlands to healthy and resilient peatlands able to withstand the climate extremes of flooding and drought.
- Manage peatlands to provide consistently high CO2 absorption capabilities.
- Encourage long term management and stewardship of wetlands.
- Where appropriate, encourage access to peatlands where visitors can encounter and share an appreciation of nature in all its abundance.
- Communicate and engage the public with peatlands and their stewardship.
- Promote scientific understanding and ecological best practices.

Energy

Ronald Daalman, Environmental Sustainability Manager, Chivas Brothers/Pernod Ricard

Ronald outlined the company's heat recovery journey designed to capture and recycle heat generated in the distillation process that would otherwise go to waste. Supported by the Scottish Industrial Energy Transformation Fund, to date, these have reduced total energy consumption almost by half (48%) at Chivas Brothers' Glentauchers distillery, near Keith in Speyside, reducing the site's total carbon emissions by 53% as a result. This represents an energy saving equivalent to powering 4,979 average UK homes, more than all the houses in Keith for an entire year. They have ambitious plans to roll out these integrations across all viable sites as part of a drive to achieve carbon neutral distillation by 2026. Chivas Brothers expects these technologies to reduce its overall energy consumption and carbon emissions in distillation by one third. Ronald stressed that while this technology would not be viable at every site and that a diverse range of solutions would be required, highlighting the importance of infrastructure access to enable access to solutions, demand reduction remained important and that they continued to look at the potential role for distillery biproducts to support the powering of their energy need.

Recognising the significant impact of the technology and the potential to transform the Scotch Whisky industry and accelerate its progress to net zero, the company has made their design process and implementation learnings available to all: https://www.chivasbrothers.com/sustainability/open-source/.

Packaging

Lynne McEwan, Global Marketing Manager, Bruichladdich

Lynne provided a short overview of Bruichladdich and its operations, as the largest private employer on the island they were very conscious of business decisions given all materials need shipped over to the island via the CalMac ferry. Being an embedded part of the island and with all operations based there, they have been consciously working on how they can reduce their impact while keeping their employee footprint.

Bruichladdich's strategy has included looking at their secondary packaging with the firm belief that the future of luxury is that less is more. Starting from the pallet up, they analysed what their options were to limit impact, whether that be road miles or the packaging itself. They repackaged 'The Classic Laddie' (working on further lines), delivering the following:

- Light weighted PVC capsule to reduce plastic and move away from mineral extraction for tin.
- Closure and cork is polypropylene from bio based sources.
- Less wasted space allows for 19% more glass per pallet into the distillery and 60% more product per pallet out.
- Organic ink coating (this means they have more choices when buying glass as doesn't have to be clear).
- 32% lighter glass.
- An average recycled glass content of 60%, an increase from ~15% previously (their aim is to achieve 97% or higher but due to their relatively small scale not yet able to achieve, with a distinct systemic issue being not enough recycled glass goes back into to the system to enable this level of recycled glass.
- A total reduction in CO2 of 65%.

Their ethos continues to be to challenge themselves and to challenge the industry to deliver packaging fit for the future, with a key aim of taking consumers with them; citing their core mantra of 'Think big, start small, but start today'.

Gordon thanked all speakers and invited questions, kicking off with a first question to check if Bruichladdich secondary packaging approach was taken in countries where there was a significant expectation of secondary packaging. Lynne reflected that they had had significant pushback in some markets and she was hoping industry would collectively shift consumer perceptions and expectations.

Blair followed up asking if they had calculated road miles, citing the Wimbledon tennis balls racking up 50,000 miles before finally arriving at Wimbledon. As a result of Brexit, Lynne responded, they had looked closer to home for their supply chains resulting in their glass now sourced from Scotland. Ruth Piggin from the Scotch Whisky Association supplemented that the industry was not looking at airmiles but at industry emissions footprint, currently undertaking scope 3 baselining to have a firm base from which to identify most impactful actions to address.

Gordon followed up asking about the length of time to restore peatlands to which Al confirmed that due to Scotland's ideal conditions for peatlands, following restoration to provide the right conditions, peatlands recovered relatively quickly ranging around 5-7 years, with sequestration expecting around 5-10 years following restoration; as part of their approach they were deliberately identifying areas for restoration that would have the most and earliest impact.

Colin Smyth MSP asked regarding the industry's use of carbon capture given the CO2 produced as part of the fermentation process. Alistair confirmed there were examples in the industry where CO2 was captured but a key criteria for success was whether a suitable end user could be identified such as e.g. soft drinks manufacturer. Ruth added that there were also other pilots regarding the use of CO2 from fermentation, including e.g. Glenmorangie, Whyte & Mackay in relation to hydrogen.

Agenda item 4

A stocktake on Scotch Whisky Industry Sustainability progress and next steps, Ruth Piggin, Director – Industry Sustainability, Scotch Whisky Association

Ruth set out the Scotch Whisky industry's strong track record of looking beyond emissions, and as exemplified by the case studies member had heard from earlier, considering water, packaging and waste alongside its carbon footprint for more than a decade. The refreshed SWA Sustainability Strategy launched in 2021 detailed the sector's continued focus on four key pillars: emissions reduction; tackling climate change, responsible water use, the circular economy and caring for the land as the industry continues to consider how it can improve its environmental performance.

Underpinning the SWA's and the industry's work is the commitment to evidence led decision making, ensuring industry were taking action on where it could make the biggest impact. Since 2021, the SWA has continued to revise and update its work to reflect the technological changes, latest research and in response to a changing regulatory background. In line with a science-based approach this evolution of our ambitions under each pillar will continue into the future as we respond to the challenges and opportunities ahead.

Over the past year, the SWA had been working with third-party consultants to update its industry emission reporting methodology to bring its reporting in line with the Greenhouse Gas Protocol international standard. The SWA's Scope 1 and 2 methodology is complete with data gathering underway and finalisation of the new industry baseline planned by Q1 in 2024. The programme of

work is continuing as the SWA is working to incorporate scope 3. Information and evidence to this high standard of reporting will support the SWA's and the industry's overall work programme design, engagement with regulators and within industry value chains

Ruth also outlined two specific actions from this year, starting with the SWA's water stewardship framework, which was outlining a standardised approach to water stewardship for the whisky sector. Underpinning each strategic imperative is a set of supporting activities that companies can undertake, taking account of the activities which companies can take themselves and the collaboration the SWA would be supporting and engaging with in catchments. Furthermore, she highlighted that research is underway to understand water use in the sector in more detail, with the SWA aiming to support knowledge transfer with guidance for members on changes they can adopt to improve their water efficiency.

She referenced the SWA Commitment to Responsible Peat Use, published in Summer, a peer-reviewed framework setting out the industry's ambition to achieve a sustainable future for peat use in the Scotch Whisky industry. The SWA had developed the Commitment following consultation with third party peat suppliers, important supply chain partners and leading NGOs (IUCN), identifying three areas of action for our peat use: responsible extraction, optimising the malting process, and restoration and stewardship as Alistair had discussed earlier.

She closed by emphasising it was a continued improvement process that needed to take into account external factors, citing the example of how electrification had moved up the agenda during the year, with access to the grid now a barrier in enabling member companies' actions in reducing emissions.

Gordon thanked Ruth for her contribution and asked if, given the industry had had an environmental strategy since 2009, the industry was moving fast enough.

Ruth outlined that from that original environmental strategy in 2009, the industry had widened its scope to look at broader impacts. A great deal of work was focussed on gathering data to ensure actions were prioritised where the industry could deliver most and earliest impact, enabling companies to make the most effective decisions. The most impactful areas for the industry was grain, glass and energy and the industry working hard focused on delivery across all three scopes, looking to government to ensure enabling infrastructure and policy environment.

Murdo Fraser MSP asked what the industry was doing to ensure optimal use of water and minimising waste water. Ronald responded that the industry was continuously driving efficiencies and exploring further opportunities for waste water use which were increasingly possible due to better effluent system. As an example, previously the water used to steep the barley could not be re-used but one of the maltsters had found a way to address that issue. Alistair supplemented that the SWA Water stewardship Framework a collective industry effort to make water use as efficient as possible across the industry and Ruth added the continued work and research that goes into this area to ensure the SWA can produce guidance to members to enable delivery.

Gordon thanked all contributors for their presentations and for a good discussion.

Agenda item 5

Any other business

Gordon confirmed that dates of future meetings would be circulated to members as early as possible in 2024, with agendas informed by the suggestions made previously.

Meeting closed.