100% Sustainable from #Farm2Glass

The European Spirits Sector & the Green Deal

spirits EUROPE

Spirits: sustainable & sustained by nature

OUR AMBITION IS CLEAR: TO BE 100% SUSTAINABLE FROM #FARM2GLASS.

Sustainable production processes are in the spirit sector's DNA and at the heart of what we do. 100% of raw materials for spirit distillates are sourced directly from nature such as grains, fruits, vegetables or botanicals. As a result, our sector relies heavily on the responsible and sustainable management of the environment.

We look forward to working to address global challenges such as climate change, biodiversity loss, resource depletion and helping to implement the United Nations' Sustainable Development Goals (SDGs) in the months and years to come.

As part of our ongoing journey towards climate-neutrality, our sector wishes to work with all relevant actors in the institutions as well as along the value chain, including farmers and partners involved in the transport, sales, and distribution of our goods.

The spirit of sustainability: our environmental footprint at a glance

To better understand the environmental impact of the spirits sector, we continuously consider, assess and rethink key areas of our production processes – from farm to glass.

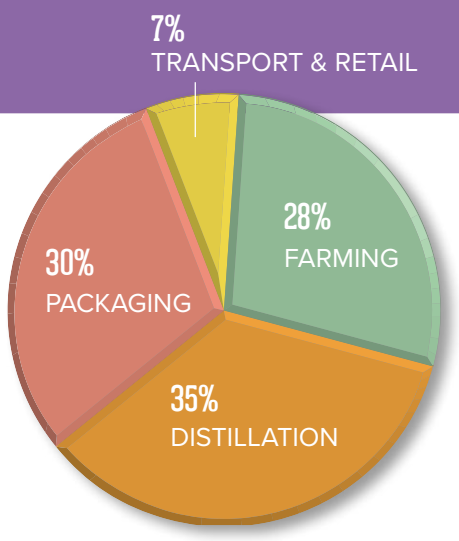
For the spirits sector, the carbon footprint is quite low overall, and especially when compared to other drink categories.

For spirits, the most significant factors contributing to our carbon footprint are:

- Farming (around 25%-30% of our total carbon footprint)
- Distillation (c. 30%-40%)
- Packaging (c. 24%-37%)
- Transport & retail (c. 3%-10%)

CARBON FOOTPRINT OF A SPIRIT DRINK FROM #FARM2GLASS

When looking at the carbon and environmental impact of producing a spirit drink, major areas of relevance can be identified ranging from farming, distillation, packaging, transport, and retail. In line with our ambition to be climate neutral by 2050, all our members are working on dedicated projects to reduce the environmental impact and carbon footprint in each of these areas.



Source: spiritsEUROPE estimates

#1 Farming

100% of spirit distillates are made from agricultural raw materials. They are essential for the high quality of our products. Our sector has developed numerous initiatives[1] with farmers working towards a shared objective: sustainably farmed raw materials of the highest quality with the smallest possible environmental impact.

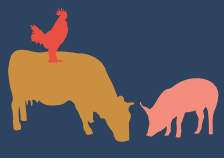
#2 Water

As water is a vital element in the production of spirits, distilleries are typically located close to natural water sources. Water is used as an ingredient, for fermentation, cooling, and the cleaning of bottles. Our sector runs initiatives that work to reduce overall water consumption and supports numerous water preservation programmes across Europe.

#3 Energy

Distillation requires energy, in particular for heating. Thanks to innovative technologies and higher energy efficiency our ambition is to decrease our overall energy consumption but also intensify efforts to switch to renewable energy sources.

#4 By-Products



The spirits sector strives to re-use all by-products in a sustainable, circular, and beneficial manner. For instance, “stillage” – a typical by-product of distillation – is naturally high in protein and therefore used as a prime feed product for farm animals.

#5 Wood

From new wooden barrels to reused ones, spirits producers are working in partnership with barrel producers to ensure oak used to make casks is sourced from responsibly managed forests. Sustainable forest management practices turn European forests into net carbon sinks. In addition, reuse is key for many distillers in Europe, with the rules governing some spirit categories requiring products to be aged in pre-used casks.

#6 Packaging

Over 90% of spirit drinks are sold in glass bottles, an inert, pure and 100% natural material – and a safe and sustainable choice for spirit drinks. With an EU recycling rate of 76%, and ongoing projects to increase the share of recycled content in glass bottles and to decrease the bottle weight, glass is our sector’s preferred choice for primary packaging.

#7 Transport

Our high-quality products are enjoyed and appreciated all over the world. Transport emissions constitute only a small percentage of the total carbon footprint of food & drink products – around 6% globally[2]. To reduce our footprint in these areas, we are working closely with our supply chain partners to make logistics processes more resource-efficient.

[1] *Visit https://drinksinitiatives.eu/*
[2] *https://ourworldindata.org/food-ghg-emissions*

Our ambition in a nutshell: 100% sustainable from #Farm2Glass

Our ambition is to be climate-neutral by 2050. To achieve this objective, we are fully committed to:

- SUPPORTING **sustainable farming practices,**
- ACHIEVING significant **reductions in water use** & implementing specific **water management strategies** in areas **where water resources are at risk or limited**,
- INCREASING our **use of renewable energy** & reducing **overall energy use**,
- FOSTERING the **re-use of by-products** in a sustainable, circular, and beneficial manner,
- PARTNERING with the glass industry to **boost the glass collection rate for recycling**,
- MAKING **logistics processes more resource-efficient &** supporting the **decarbonisation of the transport sector**,
- MOVING **towards more circular models throughout the business** – from the packaging and promotional items to the distribution – in line with the EU Action Plan for the Circular Economy.

What we need from EU policy: support to accelerate our transformative journey

As a frontrunner in setting the highest sustainability standards, the European spirits sector welcomes the Green Deal and looks forward to the upcoming policy proposals to be presented by the European Commission in the context of the Farm to Fork Strategy.

By accelerating our transformative journey towards climate neutrality by 2050, the spirits sector will make a substantial, proactive contribution to the broader transition towards more sustainable food systems in Europe.

TO DO SO, WE NEED EU & NATIONAL POLICIES THAT:

- PROVIDE **strong support** to the sustainability actions which distillers are already taking.
- ENCOURAGE & INCENTIVISE **commitments** like the ones already made by distilleries of all sizes to reduce their environmental footprint.
- CONSIDER **self-regulation as a meaningful tool** to reach the desired objectives.
- GIVE **clarity & certainty** for companies to make the necessary investments.
- ENSURE **fair & adequate levels of taxation for alcoholic beverages** to ensure companies have the required financial means to speed up the desired transition.
- PRIORITISE the **full implementation of existing EU legislation** before revising rules & regulations that could not yet deliver on their objectives.
- EXPLORE **new ways to provide consumers with information** to make the "sustainable choice the easy and the obvious choice":
  - *By **supporting the development of digital consumer information tools**;*
  - *By creating an adequate **framework on how to provide voluntary information on the environmental footprint of products and how to make "green claims"**.*
- COMBAT **any unfair trading practices** in the agri-food value chain that risk to slow down or undermine the transition towards fairer and more sustainable and efficient food systems.

#1. Farming

100% of spirit distillates come from agricultural raw materials. Quality spirits depend on healthy environments in which raw materials can be grown sustainably to the highest standards for generations to come.

There is a consensus within the spiritsEUROPE membership to support efforts that will:

- reduce the use of pesticides and fertilisers;
- promote biodiversity;
- help implement certification schemes including criteria to protect the environment and communities.

To ensure that raw materials for spirits are sustainably produced, a range of cooperation initiatives have been developed by our members with local farmers across Europe.

#2. Water

Water is a key ingredient for spirits drinks, and it plays a central role in distillation processes such as mashing, fermentation and cooling. Still, around 90% of the water used in the production of spirit drinks is associated with farming.

At distillery level, about 15% of the water used goes directly into the spirit drink whilst 85% is residual water which is cleaned (for instance, via membrane filtration) before it is released again into the environment. Distillers constantly work to reduce water waste throughout the production cycle. A growing number of distilleries is using closed cooling circuits and closed-loop bottle rinsing, which significantly reduces the distillery's overall water footprint, and dramatically lowered the effluent discharge. With the help of such technologies, a state-of-the-art distillery has virtually no environmental impact on the discharge waters.

In certain areas where water resources are at risk or limited, specific water management strategies are applied.

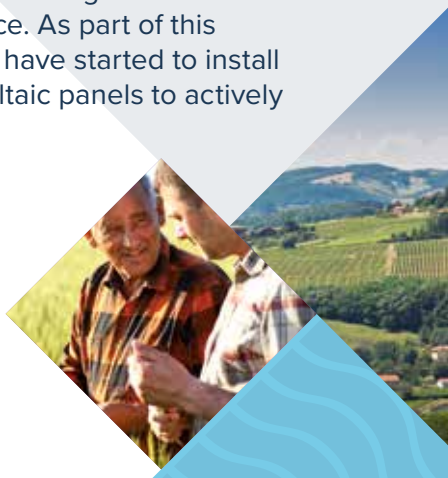
Compared to other drinks, the spirits sector is at the lower end of the spectrum in terms of water use per serving. Whilst for the production of one serving of spirit drink an average of 18 litres of water is used, a typical cup of coffee (125ml) is estimated to require 140 litres of water while one glass (250ml) of orange juice requires up to 250 litres.

#3. Energy

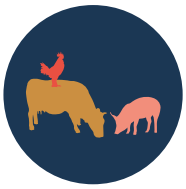
The largest share of energy used in the production of spirit drinks comes from the heating of the stills, essential to the distillation process. In Europe, spirits producers use on average 3,45 kWh per litre of spirit[3]. Sites using boiling processes, malting, fermentation and distillation have the highest demand for energy, whilst facilities dedicated to maceration, aromatization and bottling use less energy.

Distilleries across Europe are currently implementing initiatives to improve the energy efficiency of equipment and facilities and to switch to LED lighting devices or use motion sensors to reduce their energy consumption. To improve the energy efficiency of the heating processes, cogeneration plants and installation of biomass and biogas boilers are often used by distilleries.

In terms of energy sourcing, energy for thermal heating is mainly sourced from natural gas. In terms of electricity supply, a constantly growing number of distilleries is switching to renewable energy as a primary source. As part of this process, many distilleries have started to install solar panels and photovoltaic panels to actively generate green energy.



[3] *http://www.bieroundtable.com/wp-content/uploads/2018-Water-and-Energy-Use-Benchmarking-Study.pdf*



#4. By-products

We strive to re-use any by-products that may be produced during spirits production in ways that benefit the environment, local communities and businesses. For instance, “stillage” – a typical by-product of distillation – is naturally high in protein and therefore an ideal feed product for farm animals.

#5. Wood

By providing additional complexity and color to the final product, wood is essential for the aging of many spirits such as Whisk(e)y, Cognac and Brandy. For certain spirits, only new barrels made from oak of a specific origin can be used. In turn, these casks can then be used to age other spirits such as Bourbon, Port, Brandy or Rum.

In Europe, only oaks of at least 150 years can be used to make barrels. On average, 15m^3 of forest will be needed to create 10 barrels. Coopers optimize the use of the raw material so that the entire tree is used, and waste is reduced. For instance, in France, the leading producer of barrels in the EU, wine and spirits producers work hand-in-hand with barrel producers to ensure oak used for casks is sourced from certified, sustainably managed forests which meet the Forest Stewardship Council (FSC) standard.

According to Forest Europe, the forest area in the EU increased over the last 25 years, due to sustainable management practices, such as those seen with French oak. Sustainable management means, amongst others, that cut trees will be replaced by new ones, which store more CO_2 than the 150-year-old trees used to make barrels.

#6. Packaging

To minimise the environmental footprint of packaging materials, the two main objectives are to decrease the overall amount of materials used and increase recycling rates.

Glass packaging has always been the option of choice for spirits. In Europe, a total of 21 million tons of glass were placed on the market in 2018, 21% of this amount was used to pack spirits and sparkling wine[4]. We are pleased to see that in 2017, the EU-28 average collection for the recycling rate for glass grew to the record rate of 76%. Our sector fully supports the ambition of the glass sector to boost the glass collection rate for recycling to 90% by 2025 in the EU – which is more ambitious than required by EU legislation.

In addition, our members are working on standardising bottles format (saving space in boxes and pallets) and including greater recycled content.

#7. Transport

The environmental impact of transport is comparatively small for most spirit drinks. When transporting spirits, distilleries favour freight companies engaged in the sustainable development of their industry, working along with Green Freight principles such as Green Freight Europe (GFE), the leading industry-driven programme to support companies in improving the environmental performances of freight transport in Europe.

Our membership – in partnership with actors in the supply chain – is actively supporting the decarbonisation of the transport sector, for instance by increasing the share of electric vehicles in their fleets or the use of hybrid trucks. Traditionally, distilleries are located close to open waters, making waterways and multi-modal transport options the obvious choice for spirits.

[4] *https://feve.org/about-glass/statistics/*

Visit **drinksinitiatives.eu**

Driving responsible & sustainable actions,
making a positive contribution to society.

& discover local examples of our #Farm2Glass commitments

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