

Sustainable from #Farm2Glass

The Spirits Sector
at the Heart of
a Sustainable
European Food System



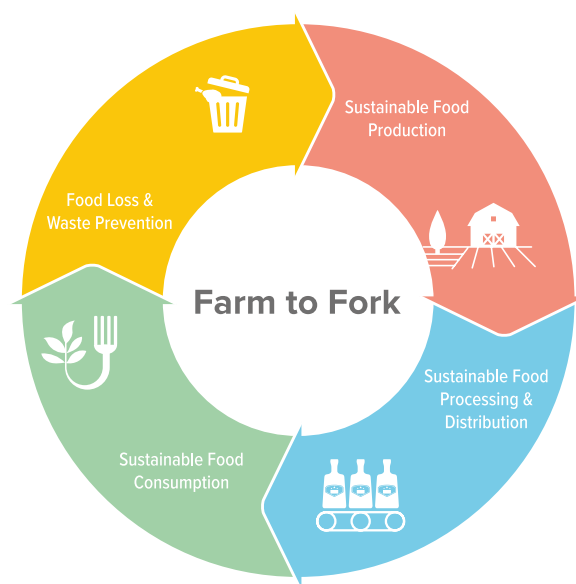


Sustainability has always been at the heart of what we do. Today, spirits drinks are amongst the most sustainable foodstuffs produced and consumed in the EU. Our products are a direct reflection of our natural surroundings – the terroir – in which they are produced. 100% of raw materials for spirits are sourced directly from nature such as grains, fruits, vegetables, herbs or botanicals. As a result, we are heavily invested in the mindful and sustainable management of the environment we rely on to produce our drinks.

The production of spirits requires a long-term mindset. For certain aged spirits, 60 or more years may pass from the start of production until the final bottling. Our long-term vision, paired with our passion for innovation, has helped us become an integral part of an ever – more sustainable European food system.

Sustainability & EU Policy

As part of the **European Green Deal**, the **Farm to Fork (F2F) Strategy** addresses the challenges of sustainable food systems and recognises the links between healthy people, healthy societies and a healthy planet.¹ The objective of the F2F Strategy is to ensure coherence and alignment between different EU policies to **increase the sustainability of the European food system further**.



➤ We strongly believe that a public-private partnership approach and a combination of both legislative and self-regulatory measures will provide the most effective path towards a more competitive and **sustainable food system** across Europe.

¹ EU Farm to Fork Strategy:
https://food.ec.europa.eu/horizontal-topics/farm-fork-strategy_en

The EU's Code of Conduct: taking action towards greater sustainability

As one of its original signatories, spiritsEUROPE actively supported the **EU Code of Conduct for Responsible Business and Marketing**² from the start. The Code allows actors “between the farm and the fork”, such as food processors, food service operators and retailers, to make voluntary commitments to improve their sustainability performance. Our **pledges**³ and **implementation report**⁴ can be accessed on the website of the European Commission.

Our Vision: A Sustainable Spirits Sector as an Integral Part of a Sustainable European Food System



Sustainable production processes are at the heart of what we do, as our long-term success depends on the people and planet around us. As a sector, we believe we can be an integral part of a sustainable European food system. We aim to be a committed partner to promote sustainability across the entire value chain – upstream and downstream, at our distilleries and production sites and for the people working with us.

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² Code of Conduct on Responsible Business & Marketing Practices:

https://food.ec.europa.eu/horizontal-topics/farm-fork-strategy/sustainable-food-processing/code-conduct_en

³ spiritsEUROPE commitments to EU code of conduct:

https://food.ec.europa.eu/system/files/2021-07/f2f_sfpd_coc_20210705_pledge_spirits-europe.pdf

⁴ Code of Conduct - Implementation report 2022:

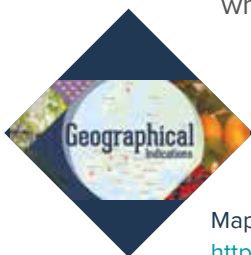
https://food.ec.europa.eu/system/files/2022-05/f2f_sfpd_coc_report_2022_spiritseurope.pdf



People & Prosperity: Geographical Indication Spirits as Drivers of Rural Sustainability

Europe has a proud and long-standing history of producing spirits, using skills, methods, and recipes that date back hundreds of years. Known for their unique quality and taste, Europe's iconic spirits are cherished all over the world.

Today, a total of 250 spirits are registered as Geographical Indications (GI) in the EU, such as Jenever, Cognac, Irish Whiskey and Cream as well as Polish Vodka, to name just a few. Deeply rooted in Europe's regions, they are produced in harmony with the environment and with respect for the planet and its people whilst generating sustainable growth and jobs that benefit rural economies.



Map of the European GI spirits:
<https://spirits.eu/geographical-indications>

***“GI spirit drinks
are boosting
Sustainability,
Green innovation
and Jobs”***

The GI status guarantees production in dedicated areas and delivers multiple local benefits in terms of social, economic, and environmental sustainability. In the case of spirits, these areas are often rural, mountainous or remote areas.

The European spirit GIs all perform to high sustainability standards as local production has been combining mindful and long-term management of natural resources since long before the term “sustainability” was even coined.

The high level of protection of GIs positively impacts green investments by producers and producer groups. Long-term security enables them to invest in sustainable value chains; in this way, promoting GI spirits also means promoting a more sustainable Europe.

EU GI spirits act as ambassadors of Europe's rich cultural and gastronomic heritage. Their success contributes significantly to national budgets with over EUR 25 billion in excise and VAT and export value of more than EUR 8 billion generated in 2021.

As a direct follow-up to the Farm to Fork Strategy, **the EU is proposing to enable producers of GI spirits to valorise their actions regarding social, environmental or economic sustainability in their product specifications** by laying down the necessary requirements.⁵ This will contribute to better protecting natural resources and rural economies, and conserving the landscape of the production area.

⁵ The Commission's full proposal can be found here:
https://ec.europa.eu/commission/presscorner/detail/en/IP_22_2185

- spiritsEUROPE and its members support the EU's objective to strengthen the GI schemes for all agricultural sectors and to improve their contributions to sustainable production.
- We appreciate the acknowledgement that a specific framework for the uniqueness of spirit drinks has been developed and needs to be maintained.

Scan for
our detailed
position



Promoting Jobs & Growth in the Countryside & Helping to Reduce the Threat of Rural Brain Drain

Much of Europe's spirits production is rooted in the countryside. As distilling requires a skilled, entrepreneurial workforce, Europe's spirits sector plays a positive role in supporting local economies and encouraging entrepreneurship and job creation in the countryside.

According to the European Commission: *"Operating geographical indications... benefits the rural economy, which is particularly the case in areas with natural or other specific constraints, such as mountain areas and the most remote regions".*

Production of spirits can thus also **help reduce the threat of rural brain drain**, which the EU plans to address as part of a dedicated initiative in the years to come.⁶

In addition, **spirits tourism** is generating new investments in rural areas that are benefitting not only production sites but other partners in the region, including the hospitality sector, other leisure & cultural activities providers, transport agents, gift shops, etc.

The downstream value of spirits tourism is important. For instance, in Spain, the average daily expenditure per inbound spirit tourist was estimated to be more than €170 in 2019.

⁶ Brain Drain – mitigating challenges associated with population decline:
https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13394-Brain-drain-mitigating-challenges-associated-with-population-decline-communication-_en



Upstream: Promoting Sustainable Agricultural Practices & Protecting Biodiversity

Spirits producers are fully committed to the economic, social and environmental sustainability of their agricultural supply chains. Around 20-30% of the total carbon footprint is estimated to relate to upstream activities at the farming stage, which makes the cooperation between farmers and distillers essential.

100% of spirit distillates are made from agricultural raw materials. They are essential for the high quality of our products. Partnerships with farmers are the most effective way to promote sustainable agricultural practices and secure local supply networks. European spirits are appreciated and consumed worldwide. In line with this, our sector's sustainable farming and production initiatives extend to all regions of the world.⁷

Pernod Ricard & Diageo Initiatives in Support of the UN's SDGs across Africa

In Mozambique, Pernod Ricard partners with consulting firm Gaia, focusing on energy, environment and sustainability, to help reduce plastic pollution from plastic straws. Pernod Ricard also works with local company Biothonga to reduce glass waste, turning empty bottles into glassware & reducing the amount of waste going into landfill. Diageo also supports a number of initiatives in Africa to support water management and the provision of clean water, including the Water of Life programme, which has helped bring clean water to over 10 million people across Africa in the last 10 years.



⁷ See the examples included in the 2022 World Spirits Alliance Brochure 2022:
<https://www.worldspiritsalliance.com/wp-content/uploads/2022/06/WSA-economic-contributionA4-Web.pdf>
& spiritsEUROPE's 2022 Trade Review 2022
[https://spirits.eu/upload/files/publications/SpiritsEU-Trade-review-2022-web-22.08\(1\).pdf](https://spirits.eu/upload/files/publications/SpiritsEU-Trade-review-2022-web-22.08(1).pdf)

Within our sector, numerous initiatives involving farmers have been put in place as we cooperate towards a shared objective: producing sustainably farmed raw materials of the highest quality with the smallest possible environmental impact.

- ♦ **Providing agricultural skills and resources** to local sourcing communities (including support to smallholder farmers),
- ♦ Developing and promoting **regenerative agriculture practices**,
- ♦ Designing programmes to **help restore degraded landscapes**.

Many distilleries and production sites in Europe are surrounded by valuable ecosystems supporting a wide range of plant and animal species that can also be vital to the livelihoods of local communities. There is a strong commitment within the spiritsEUROPE membership to partner with governments to:

- ♦ Protect sensitive ecological sites;
- ♦ Reduce the use of plant protection products and fertilizers;
- ♦ Tackle deforestation and promote biodiversity;
- ♦ Reduce emissions;
- ♦ Corporate water stewardship in water-stressed areas; and
- ♦ Help implement certification schemes including criteria to protect the environment and communities.



FRANCE – 100% of winegrowers in Cognac to be High Environmental Value (HEV) certified by 2030.



SWEDEN – Absolute Vodka partners with farmers to develop a winter wheat variety that needs less fertilizer & plant protection products.



CZECH REPUBLIC – Jelinek to expand fruit orchards by +15% by 2026 and expand the share of orchards in which organic farming is practiced.



Scan to learn more about our initiatives

Sustainable Production: Towards Green Distilleries

Once the raw materials arrive at the distillery, the core activity starts: based on tradition, craftsmanship & experience, distillation transforms the raw materials into precious spirit drinks.

Energy: Driving Up Renewable Energy Use & Energy Efficiency

Distilling lies at the core of our sector's activities. Today, it is estimated to account for around 20-40% of the overall carbon footprint of a spirit.

Many distilleries have pledged to become net zero carbon emitters in their direct operations and work towards **using 100% renewable energy**, fuel and heat. As part of these commitments, our members have taken multiple actions to convert to renewable energy alternatives (such as bioenergy, wind or solar), to build additional renewable energy generation capacity to power sites, and to switch on-site vehicles to renewable and low emission alternatives.

In addition, **energy efficiency** has been firmly embedded in organisations' cultures. This means: reducing the amount of energy consumed, making facilities more efficient and recovering as much energy as possible.



IRELAND – The Irish whiskey producers' Roadmap to reach net-zero emissions by 2050 and sooner where possible.



SPAIN – Cross-industry commitment to reduce the overall energy consumption by 90% & switch to 90% renewable energy sources by 2030.



SCOTLAND – Scotch Whisky producers have reduced GHG emissions by 53% between 2008 and 2020, heading to Net Zero by 2040.



Scan to view
more examples on reducing
energy consumption

Water: Our Best-In-Class Approach to Sustainable Water Management

Water is a precious shared resource and one of our key ingredients. At production sites, around 15% of the total water used goes directly into the spirit drink whilst 85% of the water is residual water which is cleaned (for instance, via membrane filtration) before being released into the environment. Water is used widely throughout the entire production process for spirit drinks – to clean, cool, lubricate, convey, heat, pasteurise, germinate or steep.

Our sector is best in class in managing its impact on water. Our members are constantly improving the water efficiency in their direct operations and aim to replenish more water than they use if operating in water-stressed areas. A growing number of distilleries are using closed cooling circuits and closed-loop bottle rinsing, which significantly **reduces the distillery's overall water footprint**, and **dramatically lowers the effluent discharge**. With the help of such technologies, a state-of-the-art distillery has virtually no environmental impact on the discharge waters.

Distillers constantly work to **reduce water waste** throughout the production cycle:

- ♦ Sites' priority water basins are certified to the Alliance for Water Stewardship Standards;
- ♦ Wastewater is discharged safely and in compliance with the strictest regulatory water quality requirements.

Water stewardship schemes are an important part of sustainable water management approaches, especially in water-stressed areas. Our members work with key suppliers to encourage best-in-class water stewardship approaches through improved efficiency and better management, and to focus on agricultural raw material supply chains, a majority of which are rain-fed.



Scan to view more examples on reducing water consumption



Bacardi – Aiming for a **25% reduction in water consumption by 2025**. To-date, a 12% reduction has already been achieved.



Macallan Distillery achieves highest possible standard – rated 'excellent' by the Scottish Environmental Protection Agency for the abstraction & return of water to the River Spey.



Water stewardship at work at the Slane Distillery (Brown-Forman) in Ireland – rain water is collected to reduce the amount of water drawn from the Boyne River.



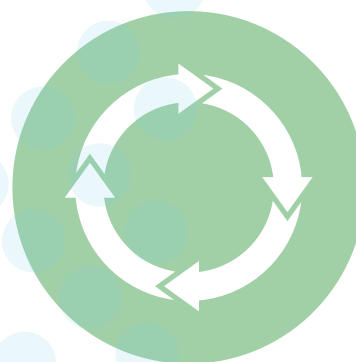
Sustainable Packaging: Reduce, Recycle & Reuse

The packaging which holds and protects our iconic liquids can constitute between 20% and 40% of a spirit's overall carbon footprint. Throughout our sector, we are committed to using packaging with the lowest environmental impact while delivering what our consumers expect.

Our sector is consistently reducing its environmental impact, using state-of-the-art research and innovation to cut down on packaging volume and weight, increase recycled content and eliminate waste. By investing in new technologies, developing innovative partnerships and collaborating with customers, suppliers, NGOs, research institutions, entrepreneurs and governments, our sector is helping pave to a truly circular economy.

Examples of members' sustainable packaging targets for 2030 include commitments to:

- ♦ Reduce total packaging and increase the share of recycled content in packaging (delivering a 10% reduction in packaging weight and increasing the percentage of recycled content in packaging to 60%).
- ♦ Ensure 100% of packaging used is widely recyclable (or reusable/compostable).



As over 90% of spirit drinks are sold in **glass bottles**, glass has been a key focus of our sustainability efforts over the past decade. This includes efforts to decarbonise glass production through the use of renewable energy, light weighting & increasing cullet, implementing circular models where they make most sense and breakthrough innovation (i.e. new materials and formats).

Bottle design: one of the most valuable equities for a brand, producers have spent considerable amounts of time, resources and creativity in building distinctive visual assets that are uniquely associated with a brand. Consumers across the world want the iconic brands they love to be in pristine condition when they buy them and our retailers expect them to look distinctive and presentable on their shelves.

The role of design & quality packaging: consumers need clear signals to help them understand the product and the value proposition behind. Pack shape and size is a key component of perceived value and consumers make a direct association between pack quality and quality of liquid.

Packaging & premiumisation: premiumisation describes the broad trend of consumers 'trading up' and choosing more premium products in the quest for unique, authentic consumption experiences. In recent years, premiumisation has become a key driver behind value growth in spirits sales, as consumers look for increasingly exciting and high-quality experiences and choices to suit their tastes. Packaging has an important role to play to help producers build highly innovative, aspirational & responsible brands that support consumers towards 'drinking better, but not necessarily more'.



From the start, spiritsEUROPE has been a member of the **Close the Glass Loop Action Platform**.⁸ The Platform brings together the entire glass collection and recycling value chain. Together, we want to increase the quantity of glass collected in Europe for recycling to 90% by 2030 and to improve the quality of available recycled glass to ensure more recycled content can be used in new production loops. **In other words, we aim to have people recycle more and better.**

⁸ Close the Glass Loop:
<https://closetheglassloop.eu/>



Lough Ree Distillery in Ireland joined ecoSPIRITS, a game changing, closed loop technology, for the spirits and hospitality industries.



COP26 – #Sustainable Scotch
 ✓ bottle made from 97% recycled glass,
 ✓ fully recyclable stopper from natural cork, recycled wood and recycled cork particles,
 ✓ paper label contains 55% post-consumer recycled fibres, including leftover barley from the production process,
 ✓ carton box made from 100% recycled fibres.



TED talk on the circularity of spirits bottles.
 Listen to Ulrich Adam's intervention at the 2022 #FoodFuture IDEAS FEST⁹



Scan to view more examples on packaging

Towards a future EU Packaging & Packaging Waste Regulation (PPWR)

spiritsEUROPE looks forward to contributing to the upcoming discussions about a future EU Packaging & Packaging Waste Regulation (PPWR). We believe it to be an important tool to support, guide and regulate the sector's efforts in the area of sustainable packaging in the years to come.

In the upcoming debate, we believe four core areas of functionality of glass bottles for spirits drinks need to be taken into account:

1. Protection of consumer safety as glass packaging meets the highest hygiene standards and preserves the high quality of the spirits they contain.
2. Support for environmental sustainability.
3. Protection of spirits drinks' Intellectual Property (IP) and cultural heritage, fight against counterfeit products and the public health risks that can result from their circulation.
4. Support the premiumisation and brand elevation trends in spirits.

⁹ Circularity of spirits bottles:
<https://youtu.be/AWEFW5Ysw78>



Key Recommendations for a Future EU Packaging & Packaging Waste Regulation [PPWR]

In order to be successful, the specificities of glass bottles for spirits drinks should be duly considered and reflected in the future PPWR. In particular:

- Lifecycle consideration as well as product and supply chain specificities need to inform the revision of the essential requirements whilst recognising the need for packaging design.
- Packaging policy needs to be harmonised at EU level and the integrity of the Single Market for packaging and packed goods needs to be maintained.
- Packaging policy needs to recognise that the spirits market is global and needs to consider impacts on trade.

In order to promote the re-use of bottles of spirits drinks we believe the following elements should be included in a future PPWR:

- No mandatory re-use targets should be set for spirits drinks.
- Policy objectives must be science based, streamlined and may not be contradictory.
- International trade rules and the Internal Market must be protected, this requires harmonised policy objectives.
- Policy on re-use schemes needs to clearly distinguish (fast-moving) consumer goods packaging and business-to-business packaging.



**Scan for
our detailed
position**

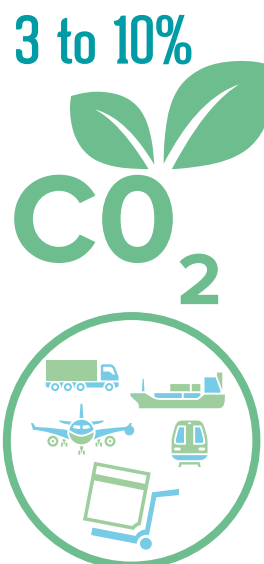


Down The Value Chain: Resource-Efficient Transport & Sustainable Serving

Transport & retail are estimated to constitute around 3-10% of our product's overall carbon footprint. Our members are heavily invested in reducing their logistics footprint by **improving bottling logistics, bulk shipping and investing in more efficient vehicles.** They are also implementing **modal shifts** and **accelerating the de-carbonisation of remaining logistics.**

Our sector's 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.**¹⁰ To further reduce our footprint in these areas, our members are working with their supply chain partners to make logistics processes even more resource-efficient. 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 other actors in the supply chain – is actively supporting the de-carbonisation of the transport sector, for instance by increasing the share of electric vehicles in their fleets or the use of hybrid trucks. Many distilleries are located close to open waters, making waterways and multi-modal transport a sustainable option of transport for spirits.



Campari – intermodal transport and sustainable pallet management is leading to a significant reduction in CO₂ emissions.



Sustainable freighting at Hennessy – moving towards zero emission in maritime transport between Europe and the US.



Beam Suntory – Repurposing cooking oil to create biofuel to use in the transport of bottles, a partnership with Sennder in the Netherlands.

¹⁰ <https://ourworldindata.org/food-ghg-emissions>

Hotels, bars and restaurants have long been part of the tapestry of Europe's social, intellectual and business culture. They provide welcoming spaces for people to meet and share experiences and successes. Sean's Bar in Athlone, Ireland, dates back to AD 900; Al Brindisi, founded in 1435 in Ferrara, Italy, boasted both Galileo and Copernicus as customers. Today, we see the emergence of specialist spirit shops and bars that give enthusiasts the opportunity to discuss, sample and enjoy the best that Europe can offer and encourage them to explore the skills of the master distillers or passionate mixologists.

Like any other industry, the **hospitality sector** is facing multiple challenges to reduce its environmental footprint. Our members are working closely with hospitality partners worldwide to support the implementation of best practices touching on different aspects of sustainable serving such as waste avoidance, waste reduction, and energy efficiency in hospitality settings.



The Bar World of Tomorrow, is an online training programme aimed at upskilling bartenders on sustainable and responsible practices. With common issues affecting the planet around single use, an over-reliance on imported and often wasted citrus, a habitual dependency on resource-intensive ice, and prevalent practices impacting on people, such as irregular and late-night shift work, the hospitality industry has its own unique sustainability challenges. The programme is aimed at both bartenders and owners of cafés, hotels and restaurants. In addition to English, the programme is also available in simplified Chinese, Spanish, Portuguese, Russian, Polish and French.



Scan to view
more examples on reducing
our environmental footprint
down the value chain



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Geographical Indications



Drinks Initiatives



Packaging

