



Water stress and Human rights webinar Challenges and strategies in spirit production

18 November 2020



1,000,000 EU Jobs in Production & Sales

31 ASSOCIATIONS & 10 MULTINATIONALS



BROWN-FORMAN

DIAGEO



EDRINGTON

GRUPPO



Moët Hennessy



Pernod Ricard



RÉMY COINTREAU



The Spirits Sector in Europe



€23.5 bn

in excise duties
& VAT

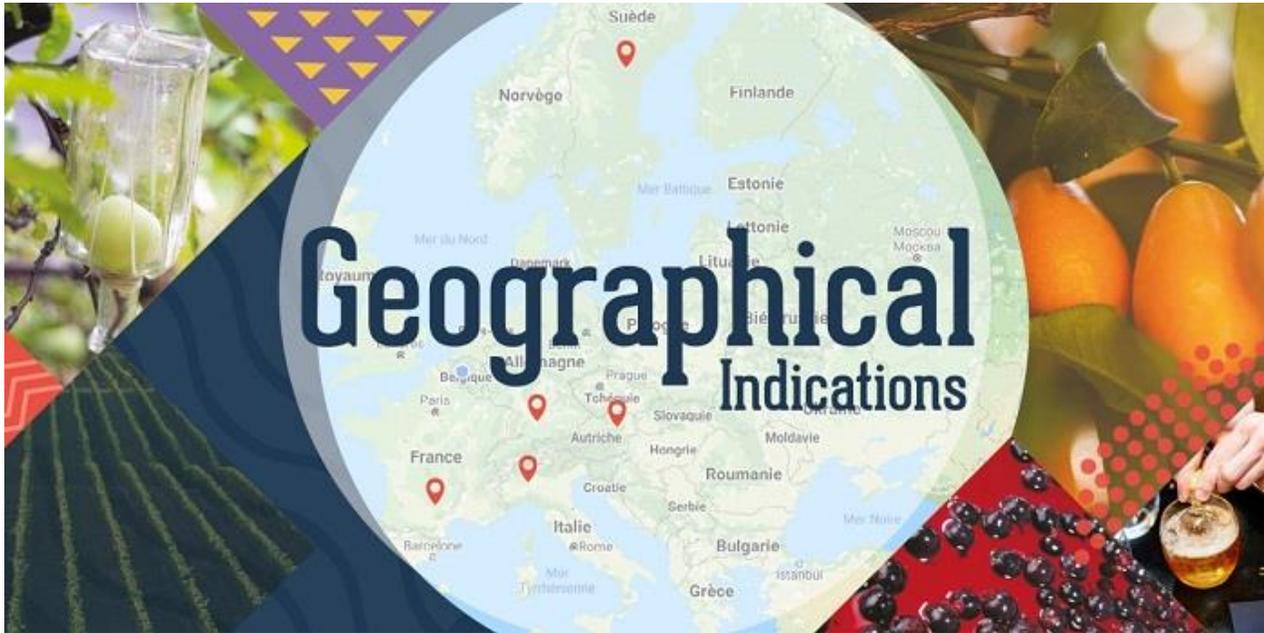
1 m

direct jobs in
production & sales

€12.5 bn

one of the 1st agri-food
exporter





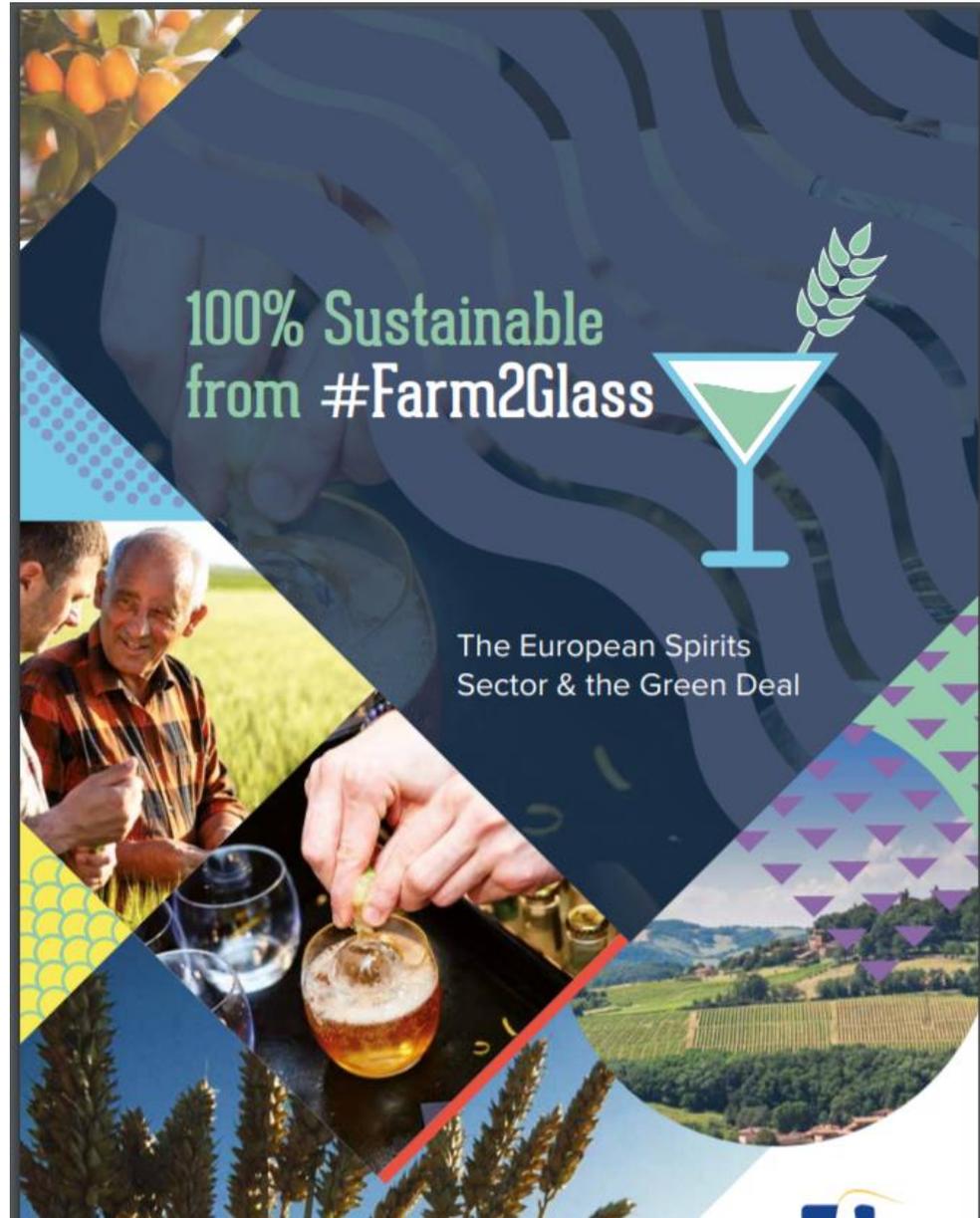
Our spirits are emblematic of the importance that Europeans attach to culture, tradition and highest quality standards.

We are proud to share this rich heritage with consumers around the world.

+ 240 Geographical Indications (GIs)

<https://spirits.eu/geographical-indications>

Our Vision



Water Footprint of Spirit Drinks



- Spirits are at the lower end of the spectrum in terms of **water use per serving**.
- For 1 serving of spirit drink an **average of 18 litres of water** is used
- By comparison, a:
 - typical cup of coffee (125ml) is estimated to require **140 litres of water**
 - glass of orange juice (250ml) requires up to **250 litres**.



Water & Spirit Drinks



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



What are we doing to improve water use efficiency?



- 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.**



Case Example: Water Targets in Scotch Whisky's Environmental Strategy



2

Responsible Water Use:

Water is an essential raw material for whisky, so effective water management is a high priority. Future issues include climate change, sustainable resource use and anticipated new regulations. We are committed to engaging with Scottish Government and our regulators on all key water policies. We will:



- improve our distilling water efficiency by 10% by 2020.*
- be fully compliant with our industry's permitted water abstractions and discharges.
- exercise good water stewardship within our catchments and deliver on our commitments in the River Basin Management Plans.

**All targets are set against a 2008 baseline with the exception of the water efficiency and packaging weight targets which are based around a 2012 baseline.*



Monitoring Consistent Progress



Water
Management

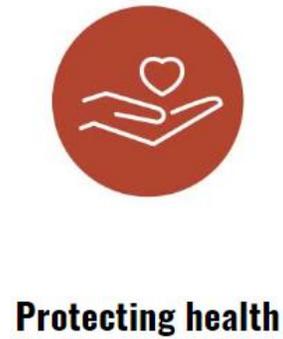
**By 2020, we will
improve our distilling
water efficiency by 10%**

**Water efficiency has improved by 22% since the 2012 base
year. Detailed site water audits by companies have helped
drive progress.**



Case Example: COGNAC TERROIR D'EXIGENCES

4 main commitments



PROTECTION OF ENVIRONMENT

Actions in progress



**ENVIRONMENTAL
CERTIFICATION**



**CLIMATE CHANGE STUDIES
CARBON FOOTPRINT**



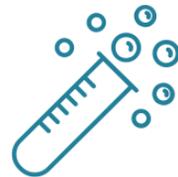
**WATER PROTECTION
PROGRAMME**



**CIRCULAR
ECONOMY**



AGRO-ENVIRONNEMENTAL MEASURES



LIVING LAB



RESISTANT VARIETIES



INNOVATION



PROTECTION OF ENVIRONMENT

The environmental cognac certification



- Collective environmental Cognac certification (CEC)
- Build onto the French high environmental value standards (HVE3) and completing by specific criterias (CEC)
- Industry specific requirements



2 400 WINEGROWERS COMMITTED

56% winegrowers et 66% of vineyards

150 CERTIFIED FARMS

PARTNERSHIP WITH PROFESIONNAL ASSOCIATIONS

50 TECHNICAL TRAINERS APPROVED BY THE BNIC

COGNAC
FRANCE



INDUSTRY TARGETS
100% committed winegrowers in 2022
100% of vineyards certified in 2030



SUSTAINABILITY COMMITMENTS OF COGNAC HOUSES



- Cognac houses have various commitments on sustainability
- Three of the largest houses are part of Groups that support the UN Sustainable Development Goals.



- These groups are committed to being actors in limiting global warming by relying on the Paris agreement on climate.



Corporate Commitments on Water

1. Preserving water resources and reducing consumption. Between 2010 and 2017, we reduced by 17% water consumption per litre of alcohol produced. We strive to achieve a 20% cut by 2020. Our Midleton distillery in Ireland has already reduced water consumption per litre of pure distilled alcohol produced reached a 35% reduction, primarily from capital expenditure to increase distillation capacity. The Tamaki wine bottling plant in New Zealand avoids waste as much as possible by capturing rain water and water used to rinse bottles on-site.
2. Tailoring water resource management to local issues. Our 99 production locations have been audited based on the World Resource Institute's procedure to pinpoint future risks to watershed reserves. Following the audit, each location agreed to tailored action plans where water reserves are exposed. Pernod Ricard India has built rain water reservoirs totalling 340,000 sq ft in arid Rajasthan to collect water for local villages' domestic needs and crop irrigation. Pernod Ricard Winemakers in Australia and New Zealand ensure sustainable grape growing practices backed by high-precision drip irrigation methods.
3. Properly treating returning it to the environment. In 2016-2017, disposed waste water totalled 140 million cubic feet, of which 74% went to public sewerage, 18% was returned to the environment and 8% was recycled for vineyard irrigation after treatment. Our distilleries boast the latest technology for effective waste water treatment: Irish Distillers has two on-site waste water treatment plants which use membrane bioreactor technology (activated sludge process to break down matter).



Pernod Ricard

Corporate Commitments on Water (2)

Diageo Water Stewardship Programme

Objectives:

- Improved access to clean water, sanitation and hygiene
- Promoting gender equality and empowering women and girls
- Reducing poverty
- Promoting better health and wellbeing.
- 250,000 people reached in Africa and India through our water, sanitation and hygiene (WASH) projects.
- Work with NGOs and other private sector partners to build toilet facilities, install household or school water connections, build pumps and wells and promote good practice on hygiene and sanitation.
- Once completed, each project is managed and maintained independently by the local community, sometimes as a small business.

DIAGEO

OUR BUSINESS

OUR BRANDS

IN SOCIETY

NEWS AND MEDIA

INVESTORS

CAREERS

Diageo named as a global leader in sustainable water management

We're one of 71 companies to achieve a place in CDP's Water A List

FEATURE 03 FEB 2020

CDP's annual A list recognises the world's most pioneering companies leading on environmental transparency and performance.

We are delighted to retain our place on the Water Security A list, as a global leader in sustainable water management.



DIAGEO



Thank You for Your Attention!