

## WRITTEN SUBMISSION FROM DIAGEO

Diageo welcomes the opportunity to provide the Committee with our views on the Scottish Government's Climate Change (Scotland) Bill. Climate change is an important priority for Diageo. Scotland is the home of Scotch Whisky and therefore it is the home of a significant part of Diageo's business. We produce over 30m cases of Scotch Whisky annually, making us the world's single largest producer, and as global demand for our brands continues to grow, we have responded by investing £100m in expanding our whisky manufacturing capacity in Scotland.

Diageo also produces around 12m cases of white spirit brands in Scotland. As with our Scotch Whisky brands, the majority of these drinks are sold globally in over 180 markets, confirming Diageo as Scotland's top manufacturing exporter. Diageo currently employs over 4,500 staff at around 50 sites throughout Scotland.

As members of the Scotch Whisky Association (SWA) we fully support the response to the Committee by SWA. In addition, we would request the Committee note the following points:

- **Introduction** – In the context of our CCA targets and the significant savings achieved since 2001/02 we would note that in addition to extensive capital investments, these improvements have also been achieved through investment in cultural change in organisations and companies such as Diageo. We have a comprehensive strategy for embedding a permanent carbon culture change within our business. Our overall commitment and results were recognised in October 2008 when we were awarded the Carbon Trust Standard for our Scottish operations.

- **Overall Targets** – Globally Diageo has set itself ambitious targets for reductions in greenhouse gas emissions – 50% in absolute terms by 2015. This is especially challenging given our (and other distillers) continued investment in increasing whisky production.

- **Energy Efficiency** – In the context of the energy efficiency of buildings, it should be noted that whilst incorporating energy efficiency measures into the design and construction of a new building, such as Diageo's new distillery at Roseisle which aims to attain an excellent accreditation with Building Research Establishment Environmental Assessment Method (BREEAM), improving energy efficiency in existing, older buildings is significantly more challenging, especially if they are listed.

- It is encouraging that the Bill focuses on renewable heat, and in this context we would highlight the need for Heat Renewables Obligation Certificates which are an essential mechanism to the reduction of energy usage and greenhouse gases - currently the use of ROC's is a proven mechanism for the development of renewable energy projects producing electricity. Industries with high thermal loads (like distilling) need this mechanism to ensure good carbon reduction projects, which have a low payback, are incentivised to be developed.

- Additionally, there are significant amounts of waste heat within industry that could be utilised for district heating or by other business that is currently ejected, usually by consumption of electricity. Heat ROC's would provide the mechanism to cover the expense of connecting these systems. There can be significant social advantages in relation to rural fuel poverty particularly within distilling as waste heat could be utilised by local villages. However this is currently cost prohibitive and needs a mechanism to make best use of this resource.

- **Deposit and Return Schemes** – We strongly support the SWA's opposition to the proposed Deposit and Return Scheme, and would add the following as general points for all Diageo products:

- The increased raw materials and energy required to increase the weight of bottles for multiple use would be substantial – as would the associated increase in greenhouse gases
- Current kerbside collection and producer responsibilities are established schemes; the deposit system would work against these successes for many types of packaging waste
- It is likely that the majority of materials collected through a deposit scheme would be diverted from the existing household collection schemes, rather than being new material that is not currently collected
- Deposits could be seen to impose an additional cost to householders who are not easily able to participate.

We look forward to the opportunity to further contribute to the Committee's work on this important issue.