

SUSTAINABLE GROWTH AGREEMENT



An aerial photograph of a coastline. The top half of the image shows deep blue water with white-capped waves. The bottom half shows a dense line of green trees along the shore. A white rectangular box containing text is positioned in the upper left corner.

OCTOBER 2021

Between:

**Scottish Environment Protection Agency
("SEPA")**

Corporate Office
Strathallan House
Castle Business Park
Stirling
FK9 4TZ

and

**Tennent Caledonian Breweries UK Ltd
("Tennent Caledonian")**

Wellpark Brewery
161 Duke Street
Glasgow
G31 1JD

OUR JOINT ASPIRATION

The parties agree to work collaboratively to deliver the commitments set out in this Sustainable Growth Agreement. The agreement aims to explore how Tennent Caledonian, can lead the way in collaborating across its value chain (customers and suppliers) and encouraging the Scottish drinks industry, into a more sustainable space through new ways of working.

What are Sustainable Growth Agreements?

Sustainable Growth Agreements (SGA) are voluntary, non-legally binding, formal agreements through which an organisation (or organisations) and SEPA can explore new and innovative ways of working that deliver environmental, social and economic success.

SGAs help create urgently needed business frameworks that facilitate more sustainable ways of working within our planet's resources. The focus is on practical actions to deliver environmentally positive outcomes.

Tennent Caledonian

Tennent Caledonian has been brewing at Wellpark since 1556. As Scotland's oldest business, with a c500 year heritage, sustainability is part the company's DNA.

Tennent Caledonian has an industry-leading portfolio of beers led by the iconic Tennent's Lager, Tennent's Light, Tennent's Zero and Caledonia Best for home and export markets across the world, including the USA, Canada and Europe.

Tennent's enduring success is built on a dedication to quality, Wellpark Brewery, the capability, talent, passion and commitment of its people and award winning marketing that brings to life "what it means to be Scottish". Using self-deprecating humour to communicate Glaswegian and Scottish values: inclusiveness, a never say die attitude and a quick witted intelligence, inner confidence and generosity of spirit.

These values are at the heart of Tennent's commitment to community and environment.

Tennent's have continued to demonstrate strong environmental compliance across SEPA's Compliance Assessment Scheme (CAS) and have, in many areas, have gone further and achieved significantly more.

Tennent's continuing efforts around tackling the climate crisis include;

- Anaerobic digestion plant at Wellpark Brewery. Operational since October 2019, the anaerobic digestion plant allows for on-site treatment of wastewater generated by the brewing process. This has improved the quality of wastewater discharged from Wellpark into the water treatment plant at Dalmarnock in Glasgow by 90%. The plant also generates bio-gas which provides around c8% of the energy used to heat the brewery rather than pulling energy from the national grid.
- Carbon Capture. Commissioned in November 2020, our £2.6m carbon capture facility is the biggest in Scotland, consisting of two 25-tonne tanks that allow the brewery to store over 4,200 tonnes of CO2 per year - the equivalent of 27,000 return flights from London to Glasgow. The installation of a Carbon Capture plant will also remove 100,000kms of road transport emissions / pa.
- Out of Single Use Plastics; a £7m investment in packaging equipment at Wellpark Brewery will see Tennent's remove single use plastic from packaging of its canned products. The investment, first announced in October 2019 as part of a series of 'Because Life is Bigger than Beer' initiatives, will remove 150 tonnes of plastic from Tennent's Lager can packs by 2022, including more than 100 million plastic (hi- and mid-cone) rings.
- From 1 April 2021, 100% of the electricity, used in Wellpark, and our Scottish depot network is provided by renewable sources. This has been achieved four years ahead of our target

- Pasteurisation control system: on-the-can pasteuriser at Wellpark Brewery delivers a 10% reduction in steam usage year on-year, as well as further improving the finished product quality. The system has also reduced water consumption in the canning operation by 14 million litres per annum.
- At Wellpark, the recovery and re-use of bottle rinse water reduced consumption by 7 million litres per annum
- Wellpark also benefited from the installation of Variable Speed Drives in our electric motors, where possible. It is anticipated that these will save 30,000 kWh of electricity in 2022.
- Wellpark sends zero waste to landfill and continues to implement a waste hierarchy approach through prevention, re-use and recycling. 100% of by-products of the brewing process are recycled for use as animal feed or organic compost.
- A lightweight can programme at Wellpark, further optimising the material used, has removed c130 tonnes of aluminium from the supply chain
- From a transport and logistics perspective, Tennent's has introduced 16 solar-assisted trucks into the delivery fleet. With solar panels on the roofs, the trucks use solar energy to power all on-board ancillary equipment, cutting fuel consumption by 5% and lowering CO2 emissions by c100 tonnes annually.
- The optimisation of Tennent's Scottish delivery networks, announced during 2020, to ensure a sustainable distribution model that efficiently serves customers into the future, will save approximately 600,000 km road mile /annum and 300 to 400 tonnes of CO2 emissions.
- Tennent's continues to investigate alternative fuel types for vehicles, electric vehicles for Wellpark to Cambuslang trips and hydrogen for longer distances.
- Tennent's uses its marketing capability and extensive media channels to communicate its own environmental initiatives and inspire, inform and educate consumers in Scotland to consider how they can contribute to tackling the climate crisis.
- Tennent's will work with suppliers and customers, to identify environmental harm and how they can collaborate to tackle this.
- Tennent's lager is produced using 100% Scottish malt. Supporting growers of key raw materials such as barley and wheat through entering into long-term supply arrangements, with sustainability a key consideration. Malting barley is only purchased from farms with current and up-to-date, independently audited farm assurance schemes. 75% supply of malt is FSA Gold accredited and the balance is Redtractor assured, which ensures the best environmental practices are adhered to.

"As Scotland's oldest business and largest brewery, we can't be complacent, continuing to identify innovative ways to further minimise our environmental impact-sustainability is firmly embedded at the core of everything we do. It is our intention to deliver lasting positive change"

Martin Doogan,
Group Engineering Manager at
Tennent's parent company C&C.

SEPA

Every day SEPA works to protect and enhance Scotland's environment. SEPA believes that the only nations, societies and businesses which will thrive in the 21st century will be those which have developed ways to prosper within our planet's capacity to support them, including adapting to and taking early action on climate change.

Scotland has committed to becoming a world leader in addressing climate change and is already taking ambitious steps to drive a low carbon economy, creating new opportunities for a stronger and more inclusive economy and society. SEPA's job is to help make this happens, including working with and supporting people and groups in Scotland that share this aim.

"The global pandemic has drawn into sharp focus the connection between social, environmental and economic prosperity. We're already seeing communities and companies rising to the challenge and it's great that this iconic Scottish brand is so committed to locking in the environmental and economic opportunities of business sustainability and to showing real leadership".

Terry A'Hearn
CEO at SEPA

AREAS AGREED FOR JOINT WORKING

This Sustainable Growth Agreement explores how Tennent Caledonian, can lead the way in collaborating across its value chain (customers and suppliers) and encourage the Scottish drinks industry, into a more sustainable space through new ways of working.

Tennent Caledonian, with SEPA's support, will work on two main areas:

1. Tennent Caledonian will continue drive sustainability at its iconic Wellpark Brewery, in its value chain and across the Scottish drinks industry.

Tennent Caledonian and SEPA's shared knowledge and experience will support the achievement of current targets to reduce water usage and CO2 emissions as well as going plastic free. This will provide a clear way forward to then build on Tennent Caledonian's sustainability pledges and move to the next level of improved environmental outcomes.

SEPA will support Tennent Caledonian to fully understand their environmental footprint across their plant, value chain, distribution networks and materials use, to help identify other areas of sustainability that Tennent Caledonian might focus on, for example:

- Low carbon energy sources
 - Keeping by-products in use for as long as possible and extracting maximum value
 - Working further with the supply chain, for example, on sustainability of barley and wheat production, can and glass manufacture, packaging and transport infrastructure
 - Sharing best practice across the Scottish drinks industry
 - Opportunities for green pubs
 - Working with local businesses and communities to create social benefit
2. Tennent Caledonian will utilise the power of its iconic heritage and brands to engage and inspire consumers across Scotland on sustainability.

Tennent Caledonian, with SEPA's support, will develop customer engagement with an emphasis on building positive relationships, providing education and guidance, endorse conversation about climate change and environmental challenges and help drive positive change

Tennent Caledonian and SEPA will explore opportunities and networks which consider the factors that influence people to think about their carbon footprint and adapt their behaviour to reduce it



Anaerobic Digestion Plant



SEPA Wellpark visit February 2020

WORKING PRACTICE

This SGA sets out a range of activities to help achieve the shared aims of SEPA and Tennent Caledonian. These activities and any developed in the future will be prioritised alongside other opportunities as they arise in order to achieve the best possible outcomes.

1. All applicable laws continue to apply to Tennent Caledonian and nothing in this Sustainable Growth Agreement is intended to, or shall be deemed to: a. establish any partnership or joint venture between the Parties, constitute any Party as the agent of the other Party, nor authorise any of the Parties to make or enter into any commitments for or on behalf of the other Party; and b. adversely affect or prejudice the ability of SEPA to act in its capacity as a regulator.
2. The Parties have agreed that this Sustainable Growth Agreement will remain in place for three years from the date of signing.
3. This Sustainable Growth Agreement is not legally binding and creates no legal rights or legal obligations between the Parties. Both Parties are accountable and responsible for honouring their commitments in this Sustainable Growth Agreement.
4. This Agreement will be made available to the public by both Parties (e.g. on SEPA and Tennent Caledonian websites).
5. Tennent Caledonian and SEPA agree to review and document progress on a six-monthly basis and report this to the SEPA Chief Executive and the Tennent's Managing Director.
6. Opportunities to promote the Sustainable Growth Agreement and its outcomes will be included in the six-monthly reporting to the SEPA Chief Executive and Tennent's Managing Director.
7. There will be an Annual Review and a joint Digital Annual Report prepared by the SEPA Chief Executive and Tennent's Managing Director to assess progress against the commitments set out in this Sustainable Growth Agreement and to assess success.
8. The Annual Review and joint Digital Annual Report can also identify areas of focus for the following year, possible amendments to the Sustainable Growth Agreement and opportunities to promote the Sustainable Growth Agreement.
9. The joint Annual Report on this Sustainable Growth Agreement will be presented to the SEPA and Tennent Caledonian Committee Boards and made available to the public.
10. Both Parties reserve the right to withdraw from this Sustainable Growth Agreement if they believe it is no longer effectively promoting their aspirations.
11. If a Party is considering withdrawing, they will notify the Chief Executive/Chair of the other Party of their intention. Both Parties agree to work together to seek a resolution wherever possible.

Signed for and on behalf of Tennent Caledonian

Shona Munro

Director of Manufacturing at Tennent Caledonian

Signed for and on behalf of SEPA

Terry A'Hearn

CEO at SEPA



Carbon capture facility install

Further Information:

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SEPA

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