This guideline on our use of plastics in our supply chain is a supplement to and should be read in conjunction with our global Diageo Sustainable Packaging Commitments document, which details our approach and targets to deliver more sustainable packaging. Our goal is simple: to create a closed-loop, sustainable system for all our packaging – and this document provides more detailed guidance relating specifically to plastics. For further details see Diageo’s Sustainable Packaging Commitments.

We use over one million metric tonnes of packaging every year to protect, present and deliver our products to consumers. Packaging adds value to our products and brands, and helps to reduce product waste. Sustainability criteria are essential in our choice of packaging, together with high performance, safety and affordability.

Manufacturing and delivering packaging requires energy, water and raw materials, and generates waste. By designing it efficiently and sustainably, we can help to conserve these natural resources and reduce waste.

We apply basic minimum standards across all packaging to ensure that they meet our high standards for sustainability. The design of all our packaging must support the Diageo Sustainable Packaging Commitments, and comply with the Diageo Consumer Information Standards and the Diageo Marketing Code.

Clear commitments and an innovative approach will guide us on our journey towards delivering sustainable packaging.

INCREASING USE OF PLASTIC

Over 90% of our packaging (by weight) is made from glass. However, we are increasing the use of alternative materials and formats as part of our innovation agenda. PET bottles, plastic closures, Tetra Pak cartons, multilayer pouches, sachets and other small formats all use plastics, such as polyethylene terephthalate (PET) and polypropylene (PP).

The environmental impacts of these materials vary and require this specific company guideline as a supplement to the Diageo Sustainable Packaging commitments.

GLOBAL CONTEXT

PET used for bottles accounts for at least 16% of plastic packaging produced in the world. Using PET instead of glass can provide sustainability benefits, for example by reducing the weight of packaging and associated carbon emissions from transport. However, most plastics are made from petroleum-based materials – although a limited portion use bio-based or recycled resources – and only 14% of plastic packaging is collected for recycling globally.

Most plastic packaging is used only once and then sent to landfill. Even in Europe where recycling infrastructure is well established, more than half of PET bottles are lost after a single use. With at least 8 million tonnes of plastic ending up in the sea each year, plastics are the second largest source of litter in the oceans. This waste impacts the environment, especially in those areas where resources, ecosystems, biodiversity, water and climate are already under pressure.

As the global population rises the demand for packaged products also rises. In many developing markets, the desire for packaged products is growing, but infrastructure for collecting and recycling waste packaging is often lacking. While the majority of Diageo’s plastic packaging is used for products sold in developed markets, such as North America, it is also increasingly used in developing markets that often lack appropriate infrastructure to recover this material.

Global companies such as Diageo have a responsibility to encourage and support improved infrastructure for collection, recycling and reprocessing of plastic packaging to address associated environmental issues, including the escalating pollution of the world’s oceans.

We use cutting edge technologies and design techniques to optimise the volume of packaging needed to protect and present our products.

We aim to select packaging materials with the smallest practicable environmental footprint, including those from recycled or sustainable sources that do not cause environmental harm and those that are commonly recycled after use.

We consider what will happen to packaging after use, right from the start of our design process as we strive to create closed-loop cycles.

Source

Selecting the right packaging materials can have a significant effect on the overall environmental impact of our products. We aim to increase our use of PET made from recycled and bio-based content. We are also committed to increasing the local sourcing of our packaging in emerging markets, particularly in Africa, from local suppliers and build a long-term supplier relationship that supports these businesses and provides improved opportunities for local reprocessing of materials.

Recycled materials

Our aim is to increase the use of post-consumer recycled plastic materials in PET and other plastic formats in line with our ambition to increase recycled content in all packaging by 45% by 2020 (from the 2009 baseline).

This is challenging because availability of appropriate recycled materials is limited in many countries. In addition, we need to balance the need to use recycled materials with the need to maintain the quality of our packaging.

Design

From simple solutions to high-tech innovations, designing packaging to be more efficient has always been part of Diageo’s approach. We are committed to ensuring the design of all plastic packaging used for our products is optimised to balance premium presentation with the amount of resources required. Using less material is one option.

We collaborate with designers, manufacturers and reproducers to increase our use of recycled PET. We also aim to increase the supply of recycled PET by promoting consumer recycling, improving recycling technology and engaging with governments to improve recycling infrastructure. Our aim is to move to a more circular approach, encouraging consumers of our brands to recycle the packaging we produce.

Plant-based PET

In addition to increasing recycled content, we are also seeking more sustainable alternatives for the source of PET we use. In recent years, there has been a significant increase in PET manufactured from bio-based raw materials. In particular, we support the use of bio-plastics made from waste, such as bagasse (a by-product from the production of sugar cane).

We will continue to explore opportunities to introduce this plant-based PET into our supply chain to reduce carbon emissions and move away from petroleum-based materials. Where we use conventional petroleum-based plastics for PET we will not generally specify biodegradability additives as we believe these additives do not typically have environmental or broader sustainability benefits.

We aim to make our packaging more sustainable at every stage of its life cycle — from sourcing raw materials to manufacturing to recycling when it has fulfilled its purpose. This approach is set out in our three-step strategy for sustainable packaging: source, design, reuse.

Our brand and packaging teams implement this strategy across Diageo, applying it to all packaging formats. Working closely with packaging suppliers is key to understanding the relevant sustainability characteristics of materials and making the right decisions early in the design process.

We use cutting edge technologies and design techniques to optimise the volume of packaging needed to protect and present our products.
We are exploring new opportunities to improve pack designs using plastic materials to contribute to our target to reduce total packaging weight by 15% compared with 2009. By optimising the amount of plastic material and energy we use, we want packaging to be sustainable at the same time as providing the high quality, form and function that our consumers know and expect. For example, we aim to use thinner PET where it is possible to do so without compromising on quality.

- **Transforming infrastructure:** Recycling infrastructure varies worldwide, and we know that some markets don’t have all of the facilities needed to recycle all our packaging, particularly for PET, Tetra Pak cartons and other small formats, such as pouches and sachets. We are committed to using our reach and influence and collaborating to address these gaps.

All of these approaches require collaboration across the supply chain – with designers, suppliers, customers, NGOs and regulators. We are committed to participating in industry-wide initiatives to encourage recycling and improve recycling infrastructure.

**WORKING WITH OTHERS**

Our products and packaging pass through many hands during their life cycle so collaboration across our industry and value chain is vital to make sure packaging is as sustainable as possible. This is particularly important for PET, other plastics and sachets in countries where there are limited waste management facilities. In these countries we need to partner with other consumer goods companies to ensure there is a joint effort to improve the collection and recycling of PET – working with waste management companies and local government.

Working with global and local suppliers will also be essential to achieve our sustainable packaging ambitions, and we expect our packaging suppliers to align themselves to our 2020 targets, or equivalent. Our ‘Partnering with Suppliers’ document sets out our supplier sustainability and responsibility standards. We expect and encourage our suppliers to achieve high ethical and environmental standards and demonstrate consistent progress in these areas.

**REUSE**

It is our responsibility to make it as easy as possible for consumers to recycle packaging once they have purchased and used our products. Packaging made from PET and Tetra Pak cartons is recyclable. However, recycling facilities for these types of packaging are lacking in many developing countries, and other formats such as sachets and multilayer pouches are rarely recycled.

Our target is to ensure 100% of our packaging is recyclable or compostable by 2020. We do this in a number of ways:

- **Designing for recyclability:** Simplifying the number and combination of materials we use, for example with safety closures and outer cartons, and choosing options with lower environmental impacts.

- **Changing behaviour:** Encouraging consumers to recycle more, by including recycling symbols on our product labels where applicable; and to recycle better, by properly segregating their used plastics to make it easier to recycle and to produce higher quality material.

**SMALL FORMATS**

Pouches, sachets, Tetra Pak cartons or other single serve small formats have been developed in response to a variety of consumer occasions and needs in some markets. These include ‘freeze and squeeze’ seasonal containers, lightweight portable wine bags and Tetra Pak cartons, as well as smaller, convenient and lower-cost formats such as sachets in some markets.

Single-use metallic foil sachets make our brands affordable to a large group of consumers in emerging markets. However, in many of these markets, infrastructure for recycling them is not available and the costs associated with the collection and processing of sachets significantly exceeds the value obtained from them after recycling.

We are committed to working with waste experts, consumer goods companies and other stakeholders to explore feasible recycling solutions for single use sachets and other multi-layer formats. In the meantime, we aim to encourage the collection of used sachets for waste to energy purposes, where these facilities exist. This enables the sachets to be recovered and used to generate energy, and prevents environmental impacts associated with landfill or litter.
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Registered In England
No. 23307

Revision 1.0, May 2017
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