



SOFT DRINKS

A.G.BARR Stakeholder Briefing Notes

Thursday 4th March 2010

IRN-BRU to join packaging and food waste revolution

A.G. Barr announced today that is joining a UK-wide scheme to reduce household food waste and cut product and packaging waste in the grocery supply chain.

Makers of IRN-BRU Scotland's favourite soft drink is signing up to Courtauld Commitment 2, a voluntary waste reduction agreement for major grocery retailers and brand owners, supported by Zero Waste Scotland, which launches new targets today.

Working with Zero Waste Scotland, A.G. Barr is taking substantial steps to reduce the amount of packaging used across their range of products from IRN-BRU packaging to bottles of Strathmore Spring Water.

Barr's will aim to reduce PET plastic use in bottles produced at its Cumbernauld factory by 8% - a saving of 375 tonnes of PET a year, or enough to make 18 million 500ml bottles – and by the end of March 2010 all Strathmore Spring Water PET bottles will contain 25% recycled plastic (rPET).

Roger White, CEO of AG Barr, said:

“We are very happy to support the work of Zero Waste Scotland by signing up to the resource minimisation objectives as outlined in the Courtauld Commitment 2 agreement.

“The aims of the Commitment, to waste less materials, re-use and recycle packaging are not new activities to AG Barr but have been a part of our overall sustainability strategy over the years. This includes our Returnable Glass Bottle scheme in Scotland which has been operating for over 135 years.

“We are delighted to be the first new Scottish company to sign up to this important agreement and we are committed to the development of a broad range of initiatives aimed at minimising our ongoing use of packaging resources.”

The Courtauld II Commitment was formerly launched in Scotland today at A.G. Barr's Cumbernauld headquarters by **Scottish Environment Secretary Richard Lochhead** who said:

"As a nation, we have made excellent progress in making Scotland a cleaner place to live and today is an example of the true innovation happening on our doorstep.

"Last month, I announced that Scottish local authorities are recycling at nearly 36 per cent, edging ever closer to our target of 40 per cent – but we can't stop at that. I am further encouraged to see some of Scotland's major private sector companies doing their bit and signing up to this voluntary initiative.

"I welcome the commitment from AG Barr to reduce the packaging on their products and would encourage more to follow their lead. AG Barr has pledged that 25 per cent of the plastic in all their Strathmore water bottles will come from recycled plastic. Their action, along with the other Scottish signatories of the Courtauld Commitment, will make a significant contribution to Scotland's journey towards a zero waste society."

Robert Wiseman Dairies, a signatory to the original Courtauld Commitment, which launched in 2005, has also announced that it will take part in the second phase.

The Courtauld Commitment has driven a revolution in the nation's shopping baskets over the past five years by changing the way products are packaged.

Its cumulative impact has meant some 500,000 tonnes less packaging was used in the period 2005 – 2009 – that's enough to fill a queue of refuse trucks, bumper-to-bumper, from Edinburgh to Inverness and back again.

The new targets announced today will move away from solely weight-based targets and aim to achieve more sustainable use of resources over the entire lifecycle of products, throughout the whole supply chain.

The three new targets are:

- **Packaging** – to reduce the weight, increase the recycling rates and increase the recycled content of all grocery packaging, as appropriate. Through these measures the aim is to reduce the carbon impact of this grocery packaging by 10%
- **Household food and waste** – to reduce UK household food and drink wastes by 4%
- **Supply chain product waste** – to reduce traditional grocery product and packaging waste in the grocery supply chain by 5% - this includes both solid and liquid wastes.

Iain Gulland, Director of Zero Waste Scotland, said:

“One of the biggest challenges society faces over the next decade is reducing the environmental impact of the things we buy.

“Since 2005, the Courtauld Commitment has driven a revolution in the nations’ shopping baskets. However it’s no longer enough to look at the impact of packaging alone – that’s why Courtauld Commitment 2 takes into account the environmental impact of waste at supply chain and household levels as well.

“We’re thrilled that major Scottish companies, like AG Barr and Robert Wiseman Dairies, as well as the major supermarket retailers, have committed to this new agreement so early on, and we’ll continue to work with the rest of the supply chain to ensure we deliver the stretching targets we’ve all agreed to.”

David Douglas, Environment Manager for Robert Wiseman Dairies, said:

“As a company we are committed to reducing the impact of packaging waste within the grocery sector, something which is reinforced by our involvement in the Courtauld Commitment. Reducing this waste can result in significant environmental and carbon savings, as well as harness a number of business benefits.”

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NOTES:

Photograph (from left to right):

Roger White CEO A.G.Barr p.l.c.

Richard Lochhead Scottish Environment Secretary

Iain Gulland, Director of Zero Waste Scotland

The 28 founding Courtauld Commitment 2 signatories are:

1. AG Barr
2. Alliance Boots
3. Apetito
4. Arla Foods
5. Asda
6. Britvic
7. Constellation Europe
8. Cooperative Retail
9. Dairy Crest
10. Danone Dairies
11. Danone Water
12. Fosters EMEA
13. HJ Heinz
14. Innocent Soft Drinks
15. Mars (UK)
16. Morrisons
17. Muller Dairies
18. Musgraves
19. Nestle
20. Northern Foods
21. Robert Wiseman Dairies
22. Sainsbury's
23. Tesco
24. Unilever
25. Vimto
26. Waitrose
27. Warburtons
28. Weetabix

1. The Courtauld Commitment is a UK-wide voluntary agreement between WRAP (Waste & Resources Action Programme) and major grocery retailers and brand owners. It is supported by the Scottish Government through its Zero Waste Scotland programme.
2. Zero Waste Scotland is the new programme created by the Scottish Government to support delivery of its Zero Waste plan.
3. Zero Waste Scotland has been created to provide a one-stop-shop for support and advice to individuals, businesses and local authorities in order to help them reduce waste, recycle more and use natural

resources more efficiently.

4. It will integrate the activities of WRAP Scotland, Waste Aware Scotland, Keep Scotland Tidy, Remade Scotland, Envirowise in Scotland, NISP in Scotland, and some programmes delivered by the Community Recycling Network for Scotland.



A.G.Barr Briefing Document - Courtauld Commitment 2

A.G.Barr Packaging Reduction Initiatives Over the Years

Reducing the impact that our packaging has on the environment is not a new activity for A.G.Barr. Over the years we have made considerable progress, in partnership with our suppliers in reducing our use of packaging resources.

Reducing Plastic Packaging:

We have made excellent progress in reducing the amount of plastic in our PET bottles, e.g.

BARR 500ml PET Bottles: 17.2% reduction since 2001

BARR 2lt PET Bottles: 14.6% reduction since 2001

Total Strathmore PET Bottles: 14.3% reduction since 2006
(since A.G.Barr acquisition)

Since 2009 our Rubicon and Tizer 500ml PET bottles have contained 25% recycled PET (rPET).

Re-Using Glass Packaging:

A.G.Barr also has one of the longest running glass bottle deposit and return schemes in the world. During 2009 nearly 7 in every 10 returnable glass bottles was returned for refilling at our Cumbernauld plant. In the last 2 years the bottle deposit has increased from 20p to 30p during which time we have seen a 3% increase in bottle returns.

Providing Consumers with a suitable portion size to meet their needs:

In 1992 A.G.Barr launched the first fully branded range of 250ml PET bottles. This has helped consumers choose suitable portion sizes and reduce unnecessary product waste for over 18 years.

Courtauld Commitment 2 Targets + A.G.Barr Strategy & Implementation Plans

CC2 Packaging Target:

To reduce the carbon impact of grocery packaging (primary, secondary and tertiary) by 10%, by the end 2012 based on 2009 baseline.

AGB Strategy & Implementation plan:

The £10m investment at Cumbernauld will enable us to reduce the plastic (PET) content of our 250ml, 500ml and 2L bottles, the initial phase of which is forecast to deliver an 8% saving in PET across the specific bottles produced at Cumbernauld. This equates to a PET saving of over 375 tonnes or the equivalent of over 18 million 500ml PET bottles.

Our packaging reduction initiatives will not be confined to Cumbernauld. Strathmore glass bottles will also undertake a programme of light-weighting, and by the end of March 2010 all Strathmore PET bottles will be running with 25% recycled content (rPET).

In addition to Strathmore PET bottles it is our ambition is to extend the use of rPET across all of our clear PET bottles subject to further trialing.

We will continue to promote our range of 750ml returnable glass bottles to our consumers in Scotland and find ways to motivate them to continue to return the bottles.

CC2 Household Food and Waste Target:

To reduce household food and drink wastes by 4%, by the end 2012 based on 2009 baseline.

AGB Strategy & Implementation plan:

We will continue to provide our products in a variety of packaging formats and will investigate opportunities for on-pack recycling logos. This will enable our consumers to choose the most suitable portion size for each occasion, and will encourage them to waste less and recycle more.

CC2 Supply Chain Product Waste Target:

To reduce traditional Grocery product and packaging waste in the retail grocery supply chain by 5% by the end 2012 based on 2009 baseline.

AGB Strategy & Implementation plan:

We will investigate the use of returnable transit packaging for all empty glass bottle deliveries to Cumbernauld and Strathmore.

We are currently purchasing used pallet layer-pads from a 3rd party drinks manufacturer in order to re-use them ourselves on our own pallets with the aim of replacing all of our current layer-pad supply.

We will continue to reduce product and syrup losses at our Cumbernauld Factory and will compliment this with a full feasibility study to find the most suitable on-site waste water management and treatment solution for the site.

Comment from A.G.Barr Chief Executive.

Roger White, Chief Executive A.G.Barr said:

'We are very happy to support the work of Zero Waste Scotland by signing up to the resource minimisation objectives as outlined in the Courtauld Commitment 2 agreement.

The aims of the Commitment, to waste less materials, re-use and recycle packaging are not new activities to A.G.Barr but have been a part of our overall sustainability strategy over the years. This includes our Returnable Glass Bottle scheme in Scotland which has been operating for over 135 years.

We are delighted to be the first new Scottish signatory to this important agreement and we are committed to the development of a broad range of initiatives aimed at minimising our ongoing use of packaging resources.

Our plans to invest £10m in increased PET production capabilities at Cumbernauld include the capability for us to make bottle design and manufacturing changes which will substantially reduce the amount of PET used across the business. We forecast an 8% reduction in PET across the specific bottles produced at Cumbernauld.

This equates to a PET saving of over 375 tonnes or the equivalent of over 18 million 500ml PET bottles .

In addition we will be working with Zero Waste Scotland to design and commission further industry leading lightweight PET packaging over the course of 2010'.