

*ASSESSMENT OF THE
CURRENT LEVEL OF
SUSTAINABILITY WITHIN
BREWDOG PLC.*

Assignment 1 - Embedding Sustainability within Organisations (BMSP7003D)

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Assessment of the current level of sustainability within BrewDog PLC.

BrewDog's role within the beer industry

BrewDog PLC falls within the craft beer sub-market. BrewDog's 'Punk IPA' (figure 1) is the second best-selling 'craft beer' in the UK (Marston's, 2020). Best-selling is 'Hop House 13' a product produced by Diageo, a British multinational alcohol company.

Figure 1



(Marston's, 2020)

Diageo's (2020) 2030 targets are to;

1. Promote positive drinking
2. Champion inclusion and diversity
3. Preserve water for life
4. Accelerate to a low carbon world
5. Become sustainable by design

Diageo's sustainability targets are weak, with only three areas focused on the environment. Within 10 years Diageo aims, for example, to 'ensure 100% of our packaging is widely recyclable' (Diageo, 2020). As Diageo's operating profit for fiscal year 2019-2020, during a global pandemic, was £2.1 billion (Diageo, 2020b), the business has the capability to adopt their targets within a shorter timeframe, if this was the priority. Diageo, furthermore, does not have B Corporation status.

With large businesses purchasing craft breweries, such as ABInBev's purchase of independent brewery Camden Town in 2015, (Davies, 2015) the business' sustainability goals have seemingly merged with the parent company. Camden Town however remains a B Corporation. In the overall beer market, however, Anheuser-Busch InBev is the world's largest brewery. Their sustainability goals for 2025, focus on the following four areas (ABInBev, 2021):

1. Smart Agriculture
2. Water Stewardship
3. Circular Packaging
4. Climate action

Camden Town Brewery, as a B Corporation, has a higher environmental score than BrewDog (figure 2). BrewDog can learn from the brewery to improve their operations, later in this report specific areas of potential improvement are highlighted.

Figure 2

Brewery	Overall B Impact Score	Environment Impact Area Score
Camden Town Brewery	91.8	32.8
Diageo	NA	NA
BrewDog	81.8	20.7

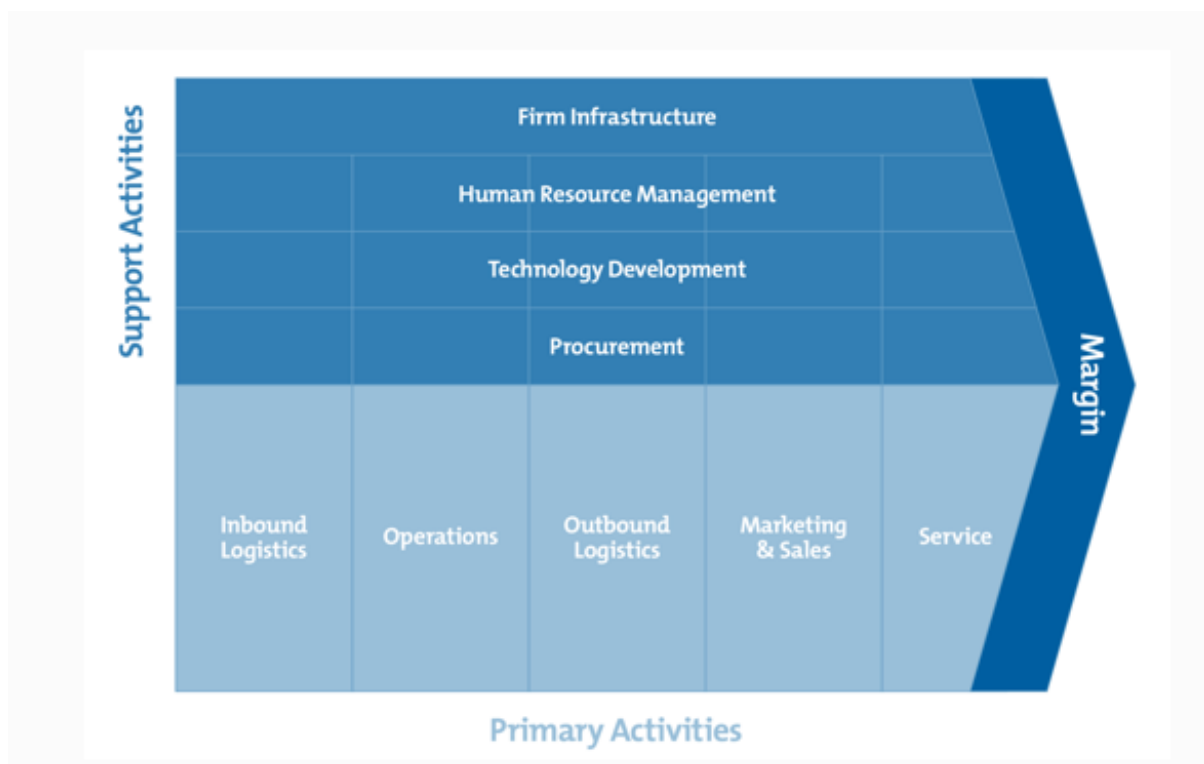
(B Corporation, 2021)

In terms of the UNs Sustainable Development Goals (SDG), ABInBev for example have committed to brew with ‘100% renewable electricity’ to target Affordable and Clean Energy SDG 7 and Climate Action SDG 13 (ABInBev, 2021). While Diageo has ‘pledged to champion the Global Goals’ their sustainability aims do not mention the specific SDGs (Diageo, 2019). Alike, BrewDog do not mention the SDGs as part of their sustainability targets.

Current sustainability initiatives

This report will utilise Porter's Value Chain analysis model (figure 3). 'A firm's value chain and the way it performs individual activities are a reflection of its history, its strategy, its approach to implementing its strategy, and the underlying economics of the activities themselves' (Porter, 1985). SIBA's (2020) report on the beer industry argues that 'consumers are hungry for leadership and demonstratable change on environmental issues, ethical business practices...' and that 'by 2025, successful brands will prioritise people and the planet over profitability'.

Figure 3



Firm infrastructure

BrewDog have adapted their infrastructure and built breweries in the USA, Australia, and Germany, rather than purely Scotland. This has allowed a reduction in transportation of their products, as they are brewed closer to their customers (BrewDog, 2020a).

BrewDog have purchased over 9,000 acres of land in the Cairngorms to reforest, in order to reduce their carbon footprint (BrewDog, 2021a). There has been stakeholder conflict in terms of accusations that the land purchased has meant that ‘gamekeepers, gardeners, farming and domestic staff, who were employed by the previous owner, have been laid off and the properties they lived in put up for sale’ (Horne, 2021).

There were further stakeholder conflicts for BrewDog during the intended purchase of 2,050 acres of land in the ‘Scottish Highlands just North of Loch Lomond’ where a commercial deal fell through’ (BrewDog, 2021a) and local communities are concerned about the purchase of Scottish National Park land by private business and the legacy this leaves (Kempe, 2021).

Less than 20% of BrewDog’s facilities are certified to meet the requirements of an accredited green building program (BrewDog, 2021b) therefore BrewDog could engage in schemes such as BREEAM (BREEAM, 2021).

Human Resources Management

BrewDog employs 2,000 individuals globally who are incentivised to use public transportation, carpooling or biking. They are encouraged to use virtual meetings to reduce in-person meetings, and BrewDog have a written policy limiting corporate travel (BrewDog, 2021ab). BrewDog however pay Jet Pack Pie Ltd, a business owned wholly by founder James Watt, £125,000 annually for flights suggesting this policy is not applied to all employees. BrewDog nonetheless ‘double offset the personal carbon footprint’ of every employee’ (Shrestha, 2020).

Social and Environmental performance principles are incorporated into current and new employee training (BrewDog, 2021ab). All of BrewDog’s full time managers had environmental goals within their formal written performance evaluations in 2020 (BrewDog, 2021b).

A further example of stakeholder conflict occurred in June 2021. An open letter was published (appendix A), addressed to BrewDog from previous employees of the business. Here BrewDog faced criticism regarding their sustainability claims, amongst others. The published letter has impacted investor confidence in the business. This has led BrewDog to delay their planned flotation on the stock-market (Woolfson, 2021).

Technology Development

The spent grain from the brewing process is turned into green gas, ‘renewable vehicle fuel and organic fertilizers’. (BrewDog, 2020a).

BrewDog are awaiting for planning permission to build an anaerobic digester plant, meaning that ‘waste water will produce clean water, green gas, organic fertiliser and food grade CO₂’ (BrewDog, 2020a). BrewDog’s installation of a CO₂ recovery system will capture the CO₂ produced during fermentation and can be used to carbonate their products downstream (BrewDog, 2020a).

Procurement

BrewDog do have a ‘written and circulated environmentally preferable purchasing policy’ that includes electronics, fleets, landscaping, office supplies, paper and product input materials (BrewDog, 2021a). BrewDog do not however ‘consider the materials or products purchased and whether or not they have social or environmental certification or approval’ (BrewDog, 2021a). Other breweries such as Samuel Smith have extensive ranges of organic beer certified by the soil association (Samuel Smith's Brewery, 2021).

BrewDog will create a hop farm on their Columbus brewery 42-acre site in order to reduce distance travelled of raw materials (Eaton, 2020). BrewDog furthermore are sourcing ‘significant’ amounts of malted barley from local farms to their Ellon brewery (BrewDog, 2020a). There is however scope for this to be increased. Toast Ale uses 30% less malted barley than other beers by brewing with surplus bread. Their spent grain becomes animal feed and spent hops are composted to return nutrients to the soil (Toast Ale, 2020). BrewDog are aiming to ‘replace 15% of the grain bill of Indie with surplus bread that would otherwise be

wasted (BrewDog, 2020a). One of their product ranges ‘The Overworks Cosmic’ will now be made with fruit that has been rejected from their supermarket partners (BrewDog, 2020a).

Inbound logistics

There are multiple areas for development within BrewDog’s current policies in terms of Inbound Logistics. BrewDog’s company policy currently does not require inbound freight or shipping to be transported via lowest impact methods (e.g. avoiding shipment by air transport) (BrewDog, 2021a). BrewDog furthermore do not evaluate their supply chain impact on biodiversity (BrewDog, 2021a).

BrewDog however do require suppliers to disclose specific chemicals of concern, and 50-75% of BrewDog’s raw materials (by volume) comes from recycled materials, reused materials, reused components and/or certified sustainability sourced materials (BrewDog, 2021a).

Operations

BrewDog monitor usage of energy and have set absolute targets that are ‘regardless of company growth’ (BrewDog, 2021a). All electricity used in UK operations comes from Wind Power (BrewDog, 2020a). Brewdog have 3 800 KV turbines which will be directly connected to their Ellon brewery (BrewDog, 2020a).

BrewDog will re-label drinks cans that would have alternatively gone to waste due to ‘errors in production, forecasting and run sizes’ (Figueira, 2020).

The largest achievement thus far for BrewDog appears to be achieving carbon neutrality (BrewDog, 2021a). In 2019, BrewDog emitted 67,951 tons of CO₂ (Ecochain, 2021). No other business within the industry has done this (Barbiroglio, 2020). They have double offset their scope 1, 2 and upstream scope 3 carbon (BrewDog, 2021a). They were furthermore able to reduce their Scope 1 & Scope 2 carbon emissions by 34% in 2020 (Watt, 2021).

They also require suppliers to report on their GHG emissions and BrewDog provides support to reduce this (BrewDog, 2021a). They have 100% offset GHG Emissions by certified carbon credits. BrewDog have reduced by more than 20% GHG emissions due to efficiency improvements (BrewDog, 2021a).

Areas for development

BrewDog have used in the fiscal year 2020-2021 85,734 Gigajoules of electricity. They have not implemented energy saving practices within their facilities (BrewDog, 2021a). 47,154 Gigajoules however were from renewable resources (BrewDog, 2021a).

BrewDog’s footprint assessments are ‘conducted for only a portion of value chain’ but these are verified by a third party. They do not have a life cycle-based certification or similar, and

do not use third party frameworks such as the Ellen Macarthur Foundation circularity indicators (BrewDog, 2021a).

As a water intensive industry, BrewDog appear to do insufficient practices to reduce their water usage. As a competitor, Camden Town Brewery, has ‘installed flow meters in the brewery to better track the amount of water coming into site and has conducted close monitoring of water to beer ratio KPI.’ Camden Town Brewery also use Cleaning In Place (CIP) final rinse recover where ‘the water from the last stage of the CIP is used to do the first rinse of the next clean’ (Camden Town Brewery, 2020).

BrewDog do however ‘monitor and record water usage and have set specific reduction targets’. They have implemented within the corporate offices and plant facilities: low-flow faucets, taps, toilets, urinals or showerheads (BrewDog, 2021a). BrewDog could adopt practices such as grey-water usage for irrigation, harvest rainwater as none of the business’ water usage is harvested on site or is from recycled sources. None of water used by BrewDog is returned to the watershed at the same or better quality than when it was withdrawn.

Outbound logistics

BrewDog have reduced the ton miles of their distribution and supply chain by 1-9% from the baseline year (BrewDog, 2021a). BrewDog's current policy however does not 'require outbound freight or shipping to be transported via lowest impact methods' (BrewDog, 2021a).

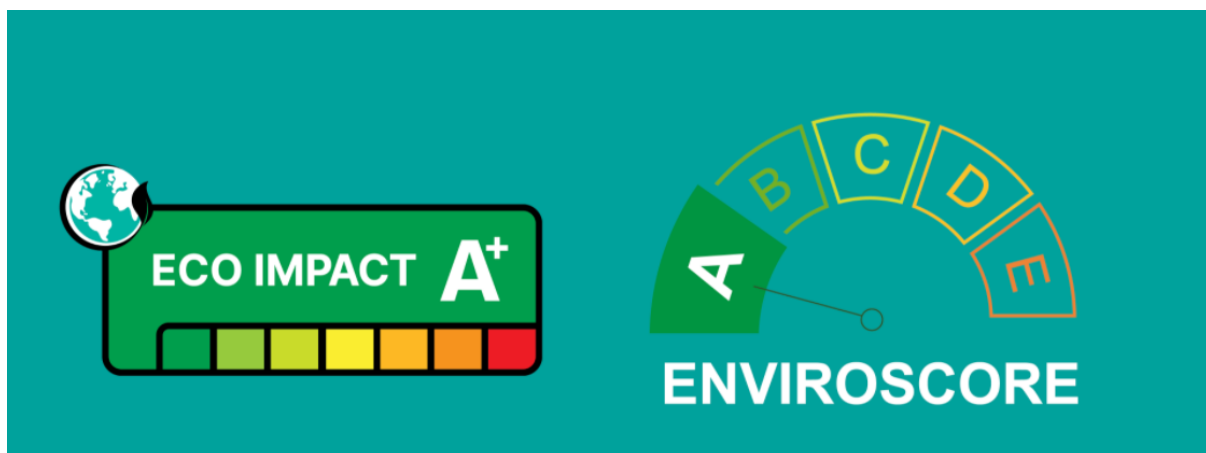
BrewDog are evidencing improvement however, on this issue. They are collaborating with Arrival, an electric transport manufacturer. BrewDog are replacing all their delivery trucks with electric (BrewDog, 2020a). They are working with 'logistics partners to find ways for them to invest in electric vehicles' when they do BrewDog deliveries (BrewDog, 2020a). In April 2021, they began delivering to London-based customers using the UK's first Electra 19-tonne vehicle (BrewDog, 2021a).

In terms of packaging, BrewDog have committed to have less overall environmental impact, with 75-99% of material (by volume) is made of recyclable or biodegradable materials (BrewDog, 2021a) with all packaging including recycling instructions (BrewDog, 2021a). They have sold their bottling plant, in order to reduce the carbon emissions from transporting the heavier glass bottles, to be replaced with canned beer (Glover, 2021). The exception to this is that BrewDog are working with LOOP to trial more sustainable packaging solutions to help eliminate all plastics within the business (BrewDog, 2020a). Customers can refill flip-top bottles at participating Tesco stores (BrewDog, 2021b). Marston's Beer Report (2019) found that consumers are 'seeking out ways to make positive decisions about what they buy', they argue that 'in the next five years consumers will seek out brands and businesses that are leads in this area' therefore this is promising for BrewDog.

Marketing, sales and service.

During the last fiscal year, BrewDog have no products which were certificated to ‘to assess the environmental impacts of the product nor its production process’ (BrewDog, 2021a). BrewDog could for example become a partner in the pilot scheme from Foundation Earth to test front of pack environmental scores, such as in figure 4 (Foundation Earth, 2021).

Figure 4



BrewDog aim for ‘next-level service’ in their sales and within their bars. Simultaneously they are looking to reducing their environmental impact (BrewDog, 2021c). BrewDog, however appear to proceed with business decisions that are focused on profitability rather than sustainability. Their new bar in Las Vegas, USA, for example will be ‘carbon negative’ due to their planting schemes in Scotland (Glover, 2021). Las Vegas, however, is one of the warmest cities in the USA exacerbated by climate change (Climate Central, 2019). ‘The scorching heat now threatens the city’s basic functionality’ and issues such as homelessness

and increasing air pollution is increasing (Hernandez, 2019). Is BrewDog utilising carbon offsetting to continue 'business as usual' rather than striving for true sustainability?

Conflicts of interests between stakeholders and concluding remarks.

Amongst other stakeholder conflicts mentioned thus far, BrewDog's main conflict is the need to balance sustainability and profitability. In 2017 BrewDog sold 22% of their business to TSG Consumer Group, a private equity business (Davies, 2017). TSG also bought £113m shares from existing investors 'Equity Punks'. As part of the agreement, TSG have received preference shares (Davies, 2017). This change of ownership has faced criticism from consumers and early investors who are starting to 'lose faith' that BrewDog's original USP of being an independent business no longer applies (Evans, Hancock and O'Dwyer, 2021).

Despite areas for improvement, BrewDog are currently leading within the beer industry in terms of their sustainability actions. For BrewDog however sustainability is incorporated into decision-making because they consider 'it to the success and profitability of our business' and do not consider themselves to prioritise it even in cases where it may not drive profitability (BrewDog, 2021a). The main challenge for BrewDog is to further incorporate sustainability within their business, to further create an authentic brand to dispel concerns from investors and customers.

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Appendix A –

Former Employees of BrewDog, 2021. *An open letter to BrewDog*. [online] Available at: <<https://cryptpad.fr/pad/#/2/pad/view/COID2lm1jp-TBM6d51om1BqXZnr1V3w3t168fRjUqE8/embed/>> [Accessed 29 October 2021].

Dear BrewDog,

In the last few weeks, we have witnessed what will hopefully be the start of major change in the beer industry. This has been largely down to the brave acts of many people coming forward to tell their stories, as well as others who have not only shouldered the responsibility for amplifying these stories, but also the enormous burden of the inevitable backlash unleashed upon them for daring to raise their heads above the parapet.

BrewDog have been flagged in a significant number of these allegations. We are not writing this to level further accusations, nor to dispel existing ones; it is down to each and every one of us to decide whether we believe women, or not. Rather, the purpose of this letter is to make known the feelings of former staff regarding the atmosphere fostered at BrewDog, since its inception, in the hope that it might explain why so many allegations have come to light.

BrewDog was, and is, built on a cult of personality. Since day one, you have sought to exploit publicity, both good and bad (and usually with the faces of James and Martin front and centre) to further your own business goals. Your mission might genuinely be to make other people as passionate about craft beer as you are (and in a sense you have succeeded - your fanbase certainly has some true zealots in its ranks), but the ambitions you impressed on your team have always seemed business-led. Growth, at all costs, has always been perceived as the number one focus for the company, and the fuel you have used to achieve it is controversy.

In a post-truth world, you have allowed the ends to justify the means, time and time again. Lies, hypocrisy and deceit can be useful tools; PR campaigns repeated over and over on LinkedIn - until you actually believe them yourselves - is good for driving awareness, and if anyone questions the validity of your claims, you can simply move on to the next campaign. How many more times will we see the stories about sending protest beer to Russia (you didn't), James and Martin changing their names to Elvis (they didn't), awarding an Employee of the Month over a swearsy can (which was not an accident and was actually approved for print by James), or offering Pawternity leave (which many staff are simply never permitted to take)? Worse, by placing personalities at the centre of your messaging, you have inflated egos and fostered a culture within craft beer that deifies founders, and gives weight to sexist and misogynistic brewers who claim to be standing up for free speech. You have become a lightning rod for some of the worst attitudes present on both the internet, and in real life.

You spent years claiming you wanted to be the best employer in the world, presumably to help you to recruit top talent, but ask former staff what they think of those claims, and you'll most likely be laughed at. Being treated like a human being was sadly not always a given for those working at BrewDog.

These days, you claim you want to save the planet - an admirable mission, but slightly undermined when you look back over years of vanity projects. Chartering flights across the Atlantic that had to be filled with staff to justify them even going ahead? Brewing an "eco-friendly" saison with glacier water (half of which was dumped down the drain) so the proceeds could go to charity (but only after the donation was slashed because it was too much)? We hope the use of a private jet has come to an end, but it wouldn't surprise us if it hasn't.

Forgive us if we feel any of the claims made recently about changing the business seem insincere; for as long as any one of us can remember, we have never seen anything that has made us feel like BrewDog has lived the values it purports to uphold.

It doesn't matter which part of the business we worked in; production, bartending, sales, operations, packaging, quality, marketing or HR, we all felt that in our day to day working lives, there were at best hurdles, and at worst genuine safety concerns. We felt that no matter how these were raised, the likelihood was we would be met with some variation on "that's just the way things are". Sometimes it was linked to James directly, sometimes it was because

someone in a position of power felt enabled to act in such a manner. We believe these toxic attitudes towards junior staff trickled down throughout the business from day one, until they were simply an intrinsic part of the company. So many of us started our jobs there eagerly, already bought into the BrewDog ethos, only to very quickly discover that “fast-paced” meant “unmanageable”, and “challenging” meant “damaging”. Some people (no names, but as a group we know who they are) quickly discovered that this could be exploited, and allow them to treat other staff however they liked without repercussions - making them feel belittled and/or pressured into working beyond their capacity, and often eventually feeling forced out of the business - because that was perceived as the way the company operated, and if we didn’t like it, we should leave. Every single one of us worked with at least one of these people, who often quickly rose through the ranks as someone loyal to James and his preferred ways of working.

Put bluntly, the single biggest shared experience of former staff is a residual feeling of fear. Fear to speak out about the atmosphere we were immersed in, and fear of repercussions even after we have left. Hell, the company once set up a staff committee, under the guise of assembling a team of well-respected individuals to tackle cross-departmental projects, who at their first meeting discovered the actual main task of the group was to address the culture of fear in the business. Well, we can tell you now, you could have asked any single person in the company how to address it, and every one of them could have told you the answer - but you wouldn’t have liked it.

Some of us remain in the industry, some have moved on to pastures new. Some of us were made redundant, some left voluntarily because we felt it was time to get out before we could be pushed out. Regardless of where we are now, or what we are doing, there is not one amongst us who feels entirely safe signing this letter. Yet despite the power your voice carries, and the depth of your pockets when it comes to legal action, we believe it is time for us to share our experience with the world.

Many staff felt unable to sign this, despite moving into new roles in other business sectors. We do not judge them, and we ask that you - and anyone reading this - believe us when we say that the feeling of disappointment, resentment and sadness is shared by hundreds of people. As we have said, we will not make specific accusations here, because quite frankly we cannot risk the wrath of BrewDog's notoriously trigger-happy legal team; but suffice to say that a significant number of people have admitted they have suffered mental illness as a result of working at BrewDog, and that signing this would leave them feeling extremely vulnerable.

James, this next passage is for you.

It is with you that the responsibility for this rotten culture lies. Your attitude and actions are at the heart of the way BrewDog is perceived, from both inside and out. By valuing growth, speed and action above all else, your company has achieved incredible things, but at the expense of those who delivered your dreams.

In the wake of your success are people left burnt out, afraid and miserable. The true culture of BrewDog is, and seemingly always has been, fear. You go on LinkedIn and claim the buck stops with you, but do you have the guts to look at the team you have built around you and admit that the overwhelming majority of them are quietly afraid that their next mistake could be their last at BrewDog? In the last few weeks, the silence has been deafening - this is not the time to try and quietly wait things out.

Now, for those of you still working at BrewDog.

You have a choice. The next time you are pressured into doing something against your will, or working in such a way that it will affect your mental health, push back. It is absolutely not worth it. The only reason BrewDog has become what it is, is that under immense pressure, good people have done bad things to achieve the job set before them, in such a way that benefits only the company. Being told to ignore health and safety guidelines? Don't. Someone's demanding you send beer to an event in the USA by bypassing customs? Nope. We know sometimes it feels as though you are part of something bigger, something special and unique - but ask yourself, is that worth the shit you have to deal with?

BrewDog - we're sorry, but you don't get to spend fourteen years exploiting social media's lack of interest in nuance or truth, and then shit the bed when it comes back around on you. Now is the time for genuine, meaningful change at BrewDog - and we mean more than

starting the search for a Mental Health ambassador (who'll likely last less than a year after none of their plans are taken seriously) or pointing staff to an HR team who are often perceived to be there solely to protect the company. We mean starting with a genuine apology from anyone and everyone who has worked for BrewDog and treated people like objects; harassing, assaulting, belittling, insulting or gaslighting them. It's the absolute minimum we should expect from you, and yet we still don't actually expect to see one. We hope we're wrong.

Signed, the following former BrewDog team members:

JA

GA

Jaye Arbuckle

Maria Aurora

Christopher Baria-Lewis

David Beattie

Louise Burgess

EC

Kirsty Cameron

Calum Carmichael

Emily Jane

Bryony Coates

Charlotte Cook

Graeme Davidson

Andy Davies

Ben Duckworth

Meg Eli

Dawn Farmer

Leigh Fitzgerald

Becky Flockhart

Beth Fraser

Michael Gee

Darren Gordon

Megan Grant

Kirsty G

RH

Andrew Hamilton

Alice Hayward

Rachel Hendry

Dan Hocking

Claire Ingram

VJ

Rachel Jack

Sean Joseph

Rob Laws

Joe Lindsay

Rob Mackay

Alex Mair

Andrew Marshall

Craig McCafferty

Douglas McRae

Rowan Molyneux

Scott Murray

SO

Erica O'Neill

Sophie Pickle

Tom Plant

Edward Pountney

Thom Rewcastle

Kat Riddell

Polly Robinson

Mark S

Jean-Baptiste Souvestre

Jacek Sukiennik

M Thompson

Dulcie Thomson

Helen Claire Walkinshaw

Lolly Watkins

Grace Whitby

Nathaniel Williams

Elsie White

plus forty-five (and counting) former staff who did not feel safe to include either their names or initials. Make of that what you will.