



# Corporate Responsibility Report

*2013*

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# About us

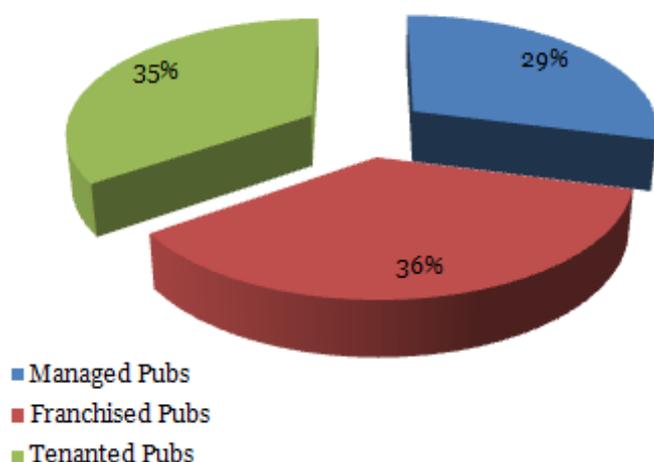
The history of Marston's breweries stretches back to Victorian times. The brewery in Burton dates back to 1834, while the brewery of Wolverhampton dates back to 1890. The Group is very proud of its heritage at all Marstons sites and continues to play an active role in each of its communities today.

Marston's has enjoyed commercial success in recent years, before and after the recession, particularly as a result of its new build development programme, flexible tenancy agreements and its "F" Plan strategy which focuses upon targeting – Food, Females, Families and over Forties.

In 2013 our revenue was up 9% and our profit before tax was £88m (up 1%). We are a major employer with over 13,000 full and part time employees in England and Wales.

Our 2013 reporting year is 1st October 2012 – 30th September 2013. The data shown within this report refers to our portfolio of five breweries, approximately 484 managed pubs, approximately 603 franchise pubs (added to the portfolio by the end of October 2013) and approximately 578 tenanted pubs in our estate. We are the UK's largest builder of new pubs and have an ongoing programme to build 25 to 30 new food pubs each year. Although we do not have direct influence over the operation of tenanted pubs, we are taking steps to increase the group's influence over how these premises are run from an environmental and social perspective.

**Pub Portfolio**



## Managed pub estate

Marston's Inns and Taverns (MIT) is responsible for our pubs and pub-restaurants, which have transformed over the last few years from drinks-led businesses into premier league pub restaurants. Our managed pubs tend to be free hold properties - large, well invested in, food led pubs, based mainly in communities rather than the High Street. All of the staff are employed by Marston's, the assets are owned by Marston's and profit generated is all Marston's. The pub managers are supported by a team of Area Operations Managers.

Marston's operate a new build programme building approximately 25 new pubs each year. Next year we plan to build between 25 to 30 mainly large destination pub-restaurants.

## Franchised pubs

Marston's has responsibility for the retail offer, including drinks brands sold, food menus and retail standards. The franchisee earns a percentage of revenue and is responsible for staff costs. Marston's is responsible for other costs. Benefits to customers include well invested in pubs, quality and consistent value for money offers.

## Tenanted pubs

Our tenanted pubs are managed under a variety of agreements from semi-franchised to short and long term leases. Tenants are generally free to run their own businesses, while paying rent to Marston's and tied to a drink supply agreement.

## Breweries

Marston's is the largest brewer of premium cask ale in the country, responsible for brewing 18% of the bottled brands. There are five breweries:

- Banks's Brewery in Wolverhampton
- Marston's Brewery in Burton upon Trent
- Jennings Brewery in the Lake District
- Ringwood Brewery in Hampshire
- Wychwood Brewery in Oxfordshire

## Free trade

Marston's is one of the main suppliers of drink to free trade pubs, with approx. 3,800 accounts. A logistical fleet of 149 commercial vehicles operate from eight depots throughout England and Wales.

# Our approach to CSR

Overall responsibility for our corporate responsibility performance and progress rests with the Board, headed by the CEO. Specific responsibility is delegated to the Directors of the individual trading companies and then to Senior Managers. Day to day responsibility lies with the Corporate Social Responsibility (CSR) Committee chaired by the Corporate Risk Director, Jonathan Moore, who reports to the Board on a regular basis. The CSR Committee also includes external advisors. Marston's runs an additional Environment Committee incorporating a representative from each of the company's three divisions. The Committee reviews our Environmental Policy on an annual basis - [www.marstons.co.uk](http://www.marstons.co.uk)

Our positive response to the pressures surrounding our industry - from environmental stewardship, to responsible drinking, to obesity, to community development, is illustrated through our membership of FTSE4Good, accreditation with the Carbon Trust Standard and performance in the UK government's Responsibility Deal.



FTSE4Good

The CSR Committee recently agreed a new strategy with accompanying targets up to 2015. The strategy encompasses four pillars:

- **Our Responsibilities** (health, alcohol)
- **Our People** (training, H&S, youth employment)
- **Our Community** (charities, investment, job creation,)
- **Our Environment** (energy, water, waste)

All will now be explored in detail, through the remainder of this report.



# Our Responsibilities

## Alcohol

Target	Performance
Maintain 100% compliance with Responsibility Deal alcohol labelling pledges up to 2015	✓
Be recognised by DrinkAware as being one of their leading supporters on campaign support	✓
Aim to have <0.02% pub weeks lost due to closure on underage drinking grounds, per year, up to 2015	✓

Marston's recognises that excessive drinking can be harmful to health and has social consequences. There is a heightened level of responsibility expected of us as a producer, distributor and retailer of alcohol.

We are committed to the responsible retailing of alcohol and supportive of a range of measures including education, to encourage responsible consumption of alcohol.

Marston's is a long-standing member of the British Beer and Pub Association (BBPA), and the Company continues to be a signatory to the Portman Group Code which promotes responsible attitudes towards drinking alcohol. We are also members of the Drinkaware Trust. We have made a significant investment in e-learning tools which all Marston's Inns and Taverns pub staff must complete. A core part of our investment in e-learning is the identification of potential under-age drinkers. The Company also runs similar training to ensure tenants and lessees and franchise and operators are aware of their responsibilities in this area.

At Marston's:

- We use an independent test purchase service to check compliance with the law on under-age drinking
- All our retail staff complete e-learning training on drug and alcohol abuse and the identification of potential underage drinkers
- None of our pubs operate a 24 hour licence
- We expect our managers to play an active part in any local Pubwatch and Best Bar None initiatives
- Our tenants are supported by a dedicated hotline regarding licensing matters.

### Challenge 21

This year over a quarter of a million refusals to serve were recorded with a further 300,000 challenges resulting in acceptable proof of age being provided prior to service.

For several years Marston's has applied a responsible approach to labelling, unit awareness, underage sales, advertising and marketing. These actions all now fall under the scope of the UK government's voluntary **Responsibility Deal**, of which Marston's are signatories.

As will be expanded upon below, Marston's are meeting all alcohol related pledges within the Responsibility Deal.



## Responsibility Deal

### Alcohol labelling

- **Pledge:** We will ensure that over 80% of products on shelf (by December 2013) will have labels with clear unit content, NHS guidelines and a warning about drinking when pregnant
- **Performance:** 100% of beer brands comply with unit information, 100% with NHS drinking guidelines and 100% with pregnancy warnings

### Awareness of alcohol units in the on-trade

- **Pledge:** We will provide simple and consistent information in the on-trade (e.g. pubs and clubs), to raise awareness of the unit content of alcoholic

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drinks, and we will also explore together with health bodies how messages around drinking guidelines and the associated health harms might be communicated.

- **Performance:** We are communicating via posters/signage, beer mats, menus and the company website.
- We are sending drip mats with messaging to our 419 Retail Agreement Sites as well as 490 Managed Houses.
- We have published awareness articles in our company magazines [circulation 4500 to cover all Tenants and Free Trade Accounts] and incorporate Unit Awareness in our company training programmes.

#### Awareness of alcohol units in the off-trade

- **Pledge:** We will provide simple and consistent information as appropriate in the off-trade (supermarkets and off-licenses) as well as other marketing channels (e.g. in-store magazines), to raise awareness of the units, calorie content of alcoholic drinks, NHS lower-risk drinking guidelines, and the health harms associated with exceeding the guidelines.
- **Performance:** We are providing unit information, NHS drinking guidelines, drinking when pregnant warnings and other alcohol related health information to customers.

#### Collective alcohol pledge to remove units

In 2013 we reduced the ABV (alcoholic content) of several of our key brands, such as:

Pedigree (bottled) – from 5% to 4.5%

Boondoggle – from 5% to 4.4%

Old Thumper – from 5.6% to 5.1%

These reductions demonstrate that the undertakings provided within the Government's Public Health Responsibility Deal (see [responsibilitydeal.dh.co.uk](http://responsibilitydeal.dh.co.uk)), to reduce alcohol units in drinks, are backed up by effective actions

#### Tackling under-age alcohol sales

- **Pledge:** We commit to ensuring effective action is taken in all premises to reduce and prevent under-age sales of alcohol (primarily through rigorous application of Challenge 21 and Challenge 25).
- **Performance:** Compliance is driven by an audit of Staff Training Records, E-Learning, notices etc. High risk sites/Town Centres have seen the further introduction of the 'shift sign on'.

#### Support for DrinkAware

- **Pledge:** We commit to maintaining the levels of financial support and in-kind funding for DrinkAware and the "Why let the Good times go bad?" campaign as set out in the Memoranda of Understanding between Industry, Government and DrinkAware.
- **Performance:** For the last 18 months we have featured the DrinkAware logo on every piece of marketing collateral produced, including all our food and wine menus (over 1 million pieces annually). Additionally the logo features on our corporate website and 500 individual pub pages.

#### Advertising and marketing alcohol

- **Pledge:** We commit to further action on advertising and marketing, namely the development of a new sponsorship code requiring the promotion of responsible drinking, not putting alcohol adverts on outdoor poster sites within 100m of schools and adhering to the DrinkAware brand guidelines to ensure clear and consistent usage.
- **Performance:** We are members of the ESA (European Sponsorship Association) and part of the alcohol steering group. We actively participate and adhere to the sponsorship code they have published.

#### Community actions to tackle alcohol harms

- **Pledge:** In local communities we will provide support for schemes appropriate for local areas that wish to use them to address issues around social and health harms, and will act together to improve joined up working between schemes operating in local areas.
- **Performance:** Member of Best Bar None which set standards for on-trade premises, licensing forums, Pub Watch/Town Watch and Community Alcohol Partnerships, which currently support local partnership working to address issues such as under-age sales and alcohol related crime.

## Healthy Eating

Target	Performance
Marston's will launch no new products that do not meet the Food Standards Agency 2012 salt targets	
Maintain 100% compliance with the artificial trans-fats removal Responsibility Deal Pledge up to 2015	
Increase the number of menu items under 500 calories, year on year, up to 2015 (* see blue box)	
Increase the number of sales of menu items under 500 calories, year on year, up to 2015	

Food is now 56% of Marston's Destination pub sales. Growth in the internal dining market is a key objective of our strategy. We believe that our responsibility in relation to healthy eating is satisfied through the provision of options allowing our customers to make healthier choices and through the commitments we have made through the Public Health Responsibility Deal.

We have offered lower calorie options for some years, including a below 500 calorie list of menu items and will keep the further provision of calorie information under review.

We are committed to food ingredients consistent with our responsibilities towards healthy eating:

- Our meals do not contain artificial trans fats or hydrogenated fat and oils
- All new products meet the salt targets set by the Responsibility Deal. For information on the Responsibility Deal launched by the Department of Health see <https://responsibilitydeal.dh.gov.uk/> - the site includes all Marston's pledges regarding food and alcohol retailing
- No salt is added to chips
- Sausages are grilled rather than fried
- All meals are free from genetically modified ingredients and monosodium glutamate
- We have introduced gluten free bread in 2013
- In 2014 we will review allergen information further, including intolerance causing products and substances

\* Although some menus have seen the number of <500 calories dishes decline, in the year 2012/2013 we sold 500,000 under 500 calorie meals, an increase from 350,000 the previous year

A review has been completed which identified a range of products where calories can be reduced with no impact on quality. Furthermore, the transfer from ABP burgers to Russell Hume in early 2013 saw 7 million calories removed from our customers diets

Gluten menus are being introduced throughout the portfolio and work is being undertaken to increase the range of non-gluten containing foods

## Responsibility Deal

### Salt Reduction

- **Pledge:** We commit to the Food Standards Agency 2012 targets. For some products this will require acceptable technical solutions which we are working to achieve. The Responsibility Deal has targeted a total salt reduction of nearly 1g per person per day compared to 2007 levels in food. We recognise that achieving the public health goal of consuming no more than 6g of salt per person per day will necessitate action across the whole industry, Government, NGOs and individuals.
- **Performance:** 52 of the 80 salt target categories fall within the Marston's product/menu range. Of the 28 categories where we may not achieve the 2013 target we are mainly reliant on branded redevelopment to reduce salt content.

Marston's Inns & Taverns have had a programme of product evaluation and redevelopment for salt reduction for over 5 years. We have rigorous kitchen practises in place to ensure that the changes we have made to products are not under-mined by kitchen practises e.g. dish specifications and a regular audit procedure. A cross functional team of trainers and menu development have managed portion control and thus salt content. The salt content of all new products is considered from the outset of any new product development brief.

## Artificial trans-fats removal

- **Pledges:** (a) We do not use ingredients that contain artificial trans-fats; (b) We are working to remove artificial trans-fats from our products within the next 12 months.
- **Performance:** Marston's Inns & Taverns have been liaising for over 5 years with our supplier base to review and subsequently reformulate any products which contain hydrogenated and artificial trans -fats. As a result we do not have any products within our portfolio which contain these ingredients. The presence of these ingredients is raised from the outset of any new product development brief as our suppliers are informed in writing that neither hydrogenated or artificial trans-fats will be accepted in our products.

## Chronic conditions guide

- **Pledge:** We will embed the principles of the chronic conditions guides (developed through the Responsibility Deal's health at work network) within HR procedures to ensure that those with chronic conditions at work are managed in the best way possible with reasonable flexibilities and workplace adjustments.
- **Performance:** All employees are covered by the Marston's HR policy

## Occupational health standards

- **Pledge:** We will use only occupational health services which meet the new occupational health standards and which aim to be accredited by 2012/13.
- **Performance:** All employees covered by occupational health service



## Food Safety and Supply

In 2013 we spent £83 million on purchasing food, sourcing over 900 lines from more than 120 suppliers. We are determined to ensure that the goods we buy are produced ethically, and are socially and environmentally sustainable.

To maintain consistently high standards of food quality and hygiene, all of our suppliers are either British Retail Consortium approved, complete a self-audit or are audited by an independent food hygiene company. As part of this process, suppliers must be able to demonstrate full traceability of all products supplied to managed pubs.

Having 5 regional breweries within the Group helps minimise the carbon footprint we generate in producing and distributing our beers. Similarly, by sourcing locally wherever possible and keeping our external suppliers under review we are able to minimise food and delivery miles.

All of our food purchasing professionals abide by the Chartered Institute of Purchasing and Supply's (CIPS) Code of Ethics and the European Eco Management and Audit Scheme.

### Award Winning Food

In 2013 Marston's won the MIDAS award for menu innovation and development, Best Dessert Menu and Best Neighbourhood Pub Menu.

## Tax

The corporate exploitation of loopholes is gaining interest from both the government and the consumer. Marston's tax affairs are both transparent and ethical - we will continue to support our communities and pay our fair share.

# Our People

We employ about 13,000 people, offering local job opportunities throughout England, Scotland and Wales. In addition our lessees and tenants and franchise operators also employ significant numbers of people across the country.

Many of our staff work on a flexible part-time basis to suit their personal circumstances - offering excellent opportunities for people either seeking to work around child caring responsibilities or returning to the work environment after a career break.

Marston's seeks to operate in a transparent manner where its people are concerned and this is supported by a full Equal Opportunities policy and a "Whistleblowing" policy.

We want to give all our employees the opportunity to make progress at Marston's. We take pride in the fact that many of our licensed retail managers, area managers and senior managers started their careers working in our pubs, or joined us straight from school or university. The diversity of our business allows many of our employees to move between different roles and trading activities.

Target	Performance
Increase the total % of staff undertaking training qualifications, year on year, up to 2015	
Increase the total % of staff undertaking professional development qualifications, year on year, up to 2015	
Maintain (or improve) the total number of hours of paid training given per retail team member, year on year, up to 2015	
Increase the total number of people that progress to middle and senior management from within the company, year on year, up to 2015	
Maintain employee engagement above 75% (as demonstrated through the employee engagement survey) year on year up to 2015	

In 2013:

- We have increased the number of employees undertaking training qualifications by 1%. This was driven in a number of areas including e-learning, apprenticeship qualifications and head office programmes such as CMI.
- We have increased the % of employees undertaking professional qualifications by 1.5%. This has been driven through an increased budget investing in further education qualifications such as CIPD, CILT and RICS.
- We have maintained the number of paid hours training per retail team member.
- We have not increased the total number of people that have progressed to middle and senior management. This has been driven by changes in head office structure throughout 2013 aimed at supporting the business strategy and a reduction in pub numbers, which has also seen a lower level of vacancies supporting middle to senior management movement. Instead we have concentrated our development on improving employees skills within their current role.
- We have increased the employee engagement figure from 77% in 2012 to 81% in 2013.

## Employees in our pubs

The Marston's Pub Career Path is our key development tool to support and encourage new employees to gain the skills required to do their job. It provides a job specific induction programme to complete providing them with the key skills on starting, as well as e-learning modules covering licensing, food safety, health and safety, fire awareness and first aid. From October 2013 our fire marshal training has also moved online programme.

Our Pub Career Path also has apprenticeship opportunities available, and we currently have well over 400 employees working towards qualification. Over 1,000 employees have completed an apprenticeship over the last three years. The aim of the apprentice programme is to provide working training opportunities to people of all ages.

The Pub Career Path also provides our kitchen teams with the Chef Development Programme which supports

their development into line chefs, second chefs and head chefs. For our front of house team we run the Keyholder Development Programme, which develops supervisors and assistant managers. Thereafter, our Deputy Manager Programme develops future licensed retail managers.

This year our managers and team members undertook over 32,000 online courses, plus a further 2,700 classroom based courses covering topics such as team management, fire marshal and financial skills.

### **Employee Engagement**

A survey was conducted amongst all of our employees in 2013. The survey reported high levels of satisfaction, with upper quartile engagement scores being recorded by both our pub based employees and our head office and brewing teams. As a result of the survey action was taken to improve our reward and incentive programmes including our long service awards, as well as the enhancement of our internal communication through newsletters.

### **Graduates and school leavers**

We run a Corporate Graduate Programme providing opportunities across our head office and brewing and logistics operations. This summer we launched a Pub Graduate Programme to provide opportunities to those who have recently completed a degree and wish to be developed to take on their own pub business. We recognise the importance of supporting work experience initiatives and provide opportunities for people to gain a practical insight into different areas across the company. In 2014 we will be launching a School Leavers Programme designed specifically to support those leaving school looking for their first opportunity to gain skills, learn and complete a qualification at work.

### **Management development**

We offer a very wide range of structured career development opportunities ensuring that employees have the opportunity to develop their careers.

Marston's achieved an industry first in being accredited to run the British Institute of Innkeeping's (BII) multi-site retail management course. The aim of this training is to provide our Area Operations Managers with the professional skills necessary to support our tenants in developing their own businesses.

We also run a wide range of professional development programmes accredited by the Chartered Management Institute (CMI). Marston's ran over 200 CMI courses in the last four years for employees, who have achieved qualifications ranging from introductory Level 2 awards through to academically demanding Level 5 programmes. We launched the CMI coaching and mentoring qualification in order to enhance these skills within our business.

This year within our brewery operations we sponsored programmes such as Brewing Diplomas and Master Brewing qualifications, as well as CILT and HGV programmes. Within our head office we offer a range of professional development qualifications including CIPD, CIMA, RIC's and CIM, as well as degrees and diploma programmes.

### **Employee Key Facts**

Marston's has over 13,000 employees in its pubs brewery operations and head office.

- 52% of our workforce is female (40% of our Licensed Retail Managers, and 50% of our Deputy Managers)
- More than half of our workforce work flexible hours, typically around other work commitments, study and to care for family
- Half of our workforce is under the age of 25 years, for many working at Marston's is their first job
- Our youngest employee is 16 years old and our oldest is 75 years old



## Health and safety

Target	Performance
Provide health and safety training for 100% of all managed house staff, year on year up to 2015	

The health and safety of our employees, customers and the general public is treated with the utmost importance. Information on accident rates, compliance and audit scores is reviewed by the Board for all areas of the business. A description of our health and safety systems together with our policy is available at [www.marstons.co.uk](http://www.marstons.co.uk).

We operate sophisticated electronic systems for incident recording, accident analysis and auditing, in order to better understand the nature of accidents occurring and to take the actions necessary to avoid them. For example this year we implemented a driver telematics system which tracks and measures how safely our drivers are operating in our commercial vehicles. The system has already contributed to an improvement in driver behaviour.

Our managed pubs are subject to a bi-annual external audit of hygiene, health and safety which impacts upon the evaluation of our licensed retail managers' performance. In total Charnwood Hygiene Associates carry out around 1,200 of these safety audits each year.

The safe operation of our pubs depends upon safety training, documented safety instructions, safe design and engineering, and established routines of safety inspection. All new staff are trained from the outset to ensure that a high degree of awareness of safety is sustained.

The operators of our tenanted, leased and franchise pubs are themselves primarily responsible for health and safety within their pubs. However, Marston's provides documentation and training on health and safety policy to help them carry out these responsibilities effectively.

### **Marston's Ready to Let (meeting our compliance obligations as a landlord)**

Last year we introduced the Ready to Let policy into our franchised, tenanted and leased pubs.. Ready to Let is intended to ensure that our pubs are fully legally compliant upon commencement of a new agreement, and that the living areas provide suitable accommodation.

This process forms part of the Marston's Code of Practice. We completed over 250 Ready to Let projects in 2013.

Each of our breweries has a comprehensive quality control system, and all of our beers are tested to ensure they are of high quality. Our breweries are also audited by some of the supermarkets which we supply to. The breweries at Wolverhampton and Burton are Grade A certified by the British Retail Consortium- the highest quality grade available.



*Wines & Spirits Education Trust Level 3 Award in Wines & Spirits*

# Our Community

Target	Performance
<b>Investing in local communities</b> Build 25 new food pubs, per year	
<b>Creating jobs in local communities</b> Create over 1,000 new jobs per year – based on the assumption that each pub creates 40 new jobs	
<b>Supporting charities in local communities</b> Continue to match employee contributions to the Charitable Trust, year on year up to 2015 and seek to support local and national charitable organisations where possible	

## Job creation

In 2013 we created over **1,000** new jobs through our new build pub programme, providing many local job opportunities for the communities within which our pubs are built, as well as development opportunities for existing employees.

Much has been written about the contribution that pubs make to communities and to British culture – not just as places to socialise and celebrate, but as local employers, supporters of local suppliers, and the hub of local sports teams.

One of the ways we demonstrate our support for the role of pubs in communities is through our financial support for ‘Pub is The Hub’, a not-for-profit organisation specialising in the diversification of pub activities to provide a wider range of services and amenities locally, particularly in rural communities – including, for example, shops and libraries.

Many pubs are also the focus of fund raising for charities, and Marston’s is involved directly in two direct funded bodies – the Marston’s Employee Charity Fund and the MIT Charitable Trust. Both involve match funding from Marston’s PLC and contributions from employees, which in 2013 was over £40,000.

Active since 1980, the Charity Fund provides equipment for hospitals and those with special needs, including schools, with a preference for donating ‘smaller items more often’ than large items. The Committee comprises employees and retired members, and recent donations include an electric wheelchair, a

computerised display for training brain-damaged victims, a blood oximeter and a tilting chair for stroke victims.

The MIT Charitable Trust helps to fund causes promoted in local pubs, contributing to money raised by customers.

Our breweries are also important in the context of their communities. As with pubs, they contribute in particular to rural employment – the vast majority of the hops and barley we use in brewing is sourced in the UK. It is also the case that our brewing strategy places a premium on being local, and our breweries are involved in a wide range of local events across the country. Examples include sponsorship of the New Forest Show (Ringwood); Music sponsorship of Metal 2 The Masses (Hobgoblin); the Banks’s Brewery 10k in Wolverhampton; The Jennings River Ride and Jennings Brewery Charity Fun Day supporting MND; and the ‘Tour de Marston’s’ cycle ride with the Steve Bull Foundation helping terminally ill children.

## Marston’s Beer Festival and Race day – Uttoxeter Racecourse

Marston’s sponsors this annual race meeting and puts on a beer festival too for the 4,000 people who attend this great day full of first class racing and quality ales.

The Marston’s Pint pot mascot costumes always like to make an appearance and the annual ‘Mascot Race’ is never one to miss.

With over 8 Marston’s ales available on the day as well as live music demos throughout the day from Marston’s very own Cooper – Mark Newton.

## St. George’s Day Family Fun Day – Marston’s Brewery, Burton

This annual Family Fun Day has grown from strength to strength over the last few years. The event is open to the public and is always held on the Saturday nearest to St. George’s Day and offers fun for both kids and adults.

With over 18 beers on offer plus hot food and live music the adults are kept entertained whilst the kids spend the afternoon having their faces painted as well enjoying a the Shire Horse Rides, bouncy castle and arts and crafts activities

# Our Environment

The use of energy throughout our business has been re-evaluated over the past few years (whether it be in production transportation or building stock). This has been triggered by increases in energy costs, regulation and a new awareness of opportunities for improving energy efficiency. For Marston's improvements in energy utilization through green technology, building design and behavioural change are intended to drive significant savings in emissions. Heightened environmental awareness, costs, regulation and advances in technology are also driving Marston's to develop new programmes in water use and recycling.

Water management systems are being rolled out to all the managed pubs with a significant projected annual saving. Kitchen waste segregation and recycling is markedly increasing per quarter, minimising landfill tax.

## Responsible Sourcing

Target	Performance
Marston's will continue to review the sustainability of all menu items	

Marston's seeks to work with suppliers who also adopt an ethical approach to human rights, working conditions and the environment in line with our own values:

- In 2012/13 we purchased 575 tonnes of fish secured from sustainable and ethical sources,
- We used 1.5m litres of Prep High Performance cooking oil (73% of which has been recovered by our drays and recycled as transport fuel), and which supports the production of sustainable palm oil via the Green Palm trading programme,
- We source 5,600 tonnes of chips from a supplier who uses the potato remnants for animal feed, fertiliser and renewable energy.



## Energy

### Mandatory reporting of emissions for the year ended 31 March 2013 reported in our Annual Report 2013

Greenhouse gas emissions (year ended 31 March 2013):

Fuel Type	CO <sub>2</sub> e tonnes
Electricity & gas	101,809
Petrol & diesel	7,399
Refrigerants (brewery)	118
<b>Total</b>	<b>109,326</b>

Greenhouse gas emissions intensity ratio:

	2011	2012	2013
CO <sub>2</sub> e tonnes per £100k (turnover)	13.64	12.77	14.82

Note that:

- We have reported on all the measured emissions sources required under the Companies Act 2006 (Strategic Report and Director's Reports) Regulations 2013
- Data collected is in respect of the year ended 31 March 2013, being the period for which our carbon emissions are reported under the Carbon Reduction Commitment Energy Efficiency Scheme
- Conversion factors for electricity, gas and fuel are those published by the Carbon Trust and Defra in 2013
- Refrigerant fugitive emissions across our pub estate are not currently measured
- Refrigerant fugitive emissions of R417a (non-ozone depleting HFC) from our breweries are not included in the total above due to the lack of a published conversion factor to tonnes of CO<sub>2</sub>

Target	Performance
In managed and franchised pubs, reduce the ratio of CO <sub>2</sub> emissions relative per £100,000 turnover year on year, up to 2015	
In breweries, reduce carbon footprint per unit of alcohol produced, year on year, up to 2015	

### Carbon Trust Standard

In April 2010, Marston's plc was awarded the Carbon Trust Standard in recognition of the systems implemented to manage energy use and carbon dioxide emissions and also to reflect the year on year reductions in carbon dioxide emissions over the previous three years. This is a rigorous standard achieved following close scrutiny of the company's performance.

Marston's was reaccredited in January 2012 for a further two years.

produced carbon dioxide emissions of 127,525 tonnes of CO<sub>2</sub> (2012: 102,121 tonnes).

Although the increases in overall energy use appear significant, they can be attributed to a combination of our ambitious strategy to roll out a significant number of new pubs (15 in 2010, 20 in 2011, 25 in 2012 and 25 to 30 in 2013) and the conversion of many of our tenanted pubs to franchise pubs - 603 to date - under which Marston's rather than the retailer is responsible for the energy used. We intend to drive down emissions on a building by building basis.

## Managed/franchised pubs

### Data

#### Individual pubs

The table below represents average energy consumption and CO<sub>2</sub> emissions per pub within our managed and franchised portfolio for which we consider the data collated to be reliable over the previous three years.

Year	Gas kWh	Electricity kWh	Total kWh	CO <sub>2</sub> t/y
2012-13	197,165	164,265	361,430	108
2011-12	286,353	181,160	467,513	132
2010-11	260,630	183,339	443,969	128
2009-10	256,118	174,403	430,521	124

When comparing 2013 data to that of 2012:

- **Gas use per managed pub has decreased by 31 %**
- **Total energy used per managed pub is down up by 22 %**
- **Carbon dioxide emissions per managed pub are down by 18 %**

We believe there are two key reasons for these decreases:

## Group data

The energy use within Marston's direct control is significant. In the 2013 financial reporting year (the year ended 30 September), the associated carbon dioxide emissions were around 127,525 tonnes. Electricity and gas usage are dominant. As the numbers of franchised pubs is increasing (up from 500 to 603 over the past year) and as we move towards higher food sales, it will become increasingly difficult to decrease our absolute energy use and greenhouse gas emissions year on year.

Gas and electricity usage within the breweries and managed pubs is automatically monitored and this data is validated continuously. The percentage of managed pub sites covered by AMR is 78 % and increasing. Other energy use is collected from manually read meters and this data is cross checked against expected consumption. Fuels used by delivery trucks and drays is recorded and validated against expected values. Other emissions are estimated and are relatively insignificant.

In the 2013 reporting year Marston's used approximately 153 gigawatt hours (GWH) of electricity throughout our operations. This is an increase on 2012 figures when 124 GWH was used. Of the 2013 electricity data, around 5.5 GWH (4 % of the total) was used in our five breweries; the remaining 96 % was consumed in our pubs. We also used 266 GWH of gas in our operations (2012: GWH 203 GWH). Of this, 56 GWH (21%) was used in our breweries and 210 GWH (79 %) was consumed in our pubs.

Our total fossil fuel consumption from electricity, gas and transport fuel (retail and trunking fleets)

1. Full year effect of technology and efficiency improvements implemented in 2012
2. Increase in the total number of franchised pubs

### ***Total of managed and franchised pubs***

Year	Gas GWh	Electricity GWh
<b>2012-13</b>	210	148
<b>2011-12</b>	145.1	119.6
<b>2010-11</b>	129.9	119.13
<b>2009-10</b>	116	82.38

The marked increase in energy use can be attributed to the harsh winter this year and the conversion of pubs to franchise agreements, which means that the total amount of pubs for which Marston's has responsibility has increased. Marston's believe that the per-pub metric represents a fairer means against which to judge performance and this will be used in our reporting in the future.

### ***Energy management***

In our managed pubs, the largest contributor to the carbon footprint under our direct control, there are dedicated personnel responsible for energy and carbon, supported by energy champions throughout the organisation. In the last two years, two head office personnel have been appointed to drive the energy management programme forwards.

A programme of installing green technology is ongoing:

Number of sites with:

- LED lamps – 323
- Voltage optimisation - 94
- Heating control – 109 – optimised heating controls/or new boilers but depends on the quality of the existing boiler and controls.
- Cellar cooling – 387 (ground cellars on the managed estate)

### ***Entech***

Over the last year Entech have captured Marston's utility data from invoices for the multiple managed pub sites for the purpose of better energy management. Every detail of every bill was entered into the Entech invoice processing. Clean and current electricity and gas data, per pub, was then made available for reporting and analysis by Marston's. The energy consumption data captured by Entech from meter readings and invoices is input to a database that is used to provide the figures for the Carbon Reduction Commitment (CRC). This provides an integrated approach to the compilation of the CRC footprint and annual reports to ensure a high degree of accuracy in the measurement of carbon.

### ***Energy Profile***

Throughout the year research has been conducted into the energy profile of individual managed pubs. The profile of similar pubs has been compared to identify the reasons for higher levels of energy use.



The Take Control programme includes monitoring of performance, reporting usage against targets, the preparation and dissemination of operating procedures and practices to control energy use, awareness raising activities and training. There is a feedback mechanism for our pub managers and others to report issues and opportunities.

### ***Energy reduction initiatives***

#### ***Catering***

Throughout Marston's portfolio of pubs food sales have steadily increased. As such the energy demand of our kitchens has also increased. To increase efficiencies and minimise costs, Marston's have worked on the catering specification to reduce the energy consumption and increase life expectancy of catering equipment. Innovations have included highly efficient fryers that filter oil to increase oil life, and High efficiency Chargrills.

## Refrigeration

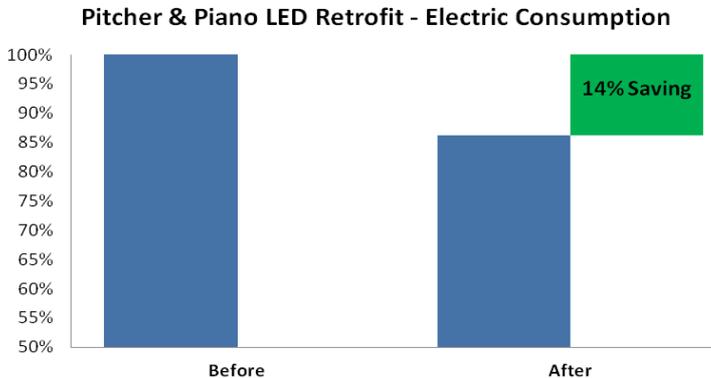
Traditional fluorocarbon refrigerants are ozone depleting, or have a significant global warming impact. As such Marston's are committed to reducing the use of these HFC's. All of Marston's cabinet refrigerators purchased are high-energy efficiency hydrocarbon units, which are manufactured in the UK.

## LED Lighting

Lighting makes up a significant proportion of the electrical consumption of a pub. In response to the challenge to minimise this energy use, Marston's have rolled out LED lighting. Generally LED lighting consumes 80% less energy than tradition incandescent lighting. We install LED lighting in all of our newbuilds and refurbishment projects.

### Pitcher & Piano LED Retrofit – A Case Study

Pitcher & Piano was identified for installing LED lighting due to long lighting hours, high bulb replacement costs and high power consuming lighting. The following graph shows the saving attained in the LED rollout.



## Voltage Optimisation

Voltage optimisation increases the efficiency of electrical equipment, whilst also preventing electrical surges. We have installed voltage optimisation in all of our newbuilds and have retrofitted to over 40 sites. The units are more efficient and have a considerably reduced embedded carbon footprint, meaning carbon payback is reduced by 17 per cent.

breeam

A BREEAM assessment uses recognised measures of performance, which are set against established benchmarks, to evaluate a building's specification, design, construction and use. The measures used represent a broad range of categories and criteria. They include aspects related to energy and water use, the internal environment (health and well-being), pollution, transport, materials, waste, ecology and management processes. Buildings are rated and certified on a scale of 'Pass', 'Good', 'Very Good', 'Excellent' and 'Outstanding'.

Many of our new-builds are now built to Breeam Standards, currently we have achieved 6 Breeam Very Good's. We are now working to achieve Breeam Outstanding on one our latest new-builds.



Marstons was shortlisted in the Energy Efficient Partnership of the Year category at the Energy Awards 2013.

## Tenanted pubs

We own approximately 578 tenanted and 385 leased pubs which form the majority of our property estate. Our tenants are responsible for the energy used in the pubs they operate. However, we aim to support their efforts in energy and carbon management by the transfer of our knowledge and experience. Through our online portal – "My Marston's Online" - we offer information on energy saving strategies.

We are currently investigating innovative finance solutions to assist with the implementation of measures and will be offering training and support.

## **Breweries**

Brewing is an energy intensive process which uses both natural gas and electricity. Last year our breweries produced 16,990 tonnes of carbon dioxide (up from 15,961 tonnes in 2012).

Our breweries are highly committed to energy efficiency. In the last four years we have invested in energy and carbon management projects: better monitoring and control, improved refrigeration and efficient lighting.

There are also extensive energy monitoring systems at the two largest breweries at Wolverhampton and Burton.

As can be seen from the below table, there is a general correlation between relative change in production volume and performance – an increase in volume invariably leads to an increase in efficiencies, and corresponding reductions in tCO<sub>2</sub>/tonne product.

Brewery	2013 tCO <sub>2</sub> /t product	2012 tCO <sub>2</sub> /t product	Relative % Improve-ment	Relative % change in prod' volume
Wolverhampton	0.067	0.061	10 %	(6)%
Burton	0.021	0.063	-66 %	4 %
Cockermouth	0.117	0.103	14 %	(5) %
Ringwood	0.087	0.11	-21 %	3 %
Witney	0.06	0.057	5.2 %	0 %

The difference in tCO<sub>2</sub>/tonne product between the breweries is a consequence of the different processes that operate in each.

### ***New government energy targets for the breweries***

- In operation from January 2013
- Breweries will have to pay £12 per tonne of carbon for the emissions released above their allocated target
- The targets are set depending upon the size of the brewery and give added incentive to invest in energy saving projects

## **Transport**

We have a large fleet of trunking and retail vehicles. Our fleet vehicles covered 5.2 million miles this year, an increase from 5.1 million last year (the equivalent of travelling around the earth 209 times). For 2013 they have operated on a fuel efficiency ratio of 8.94 miles per gallon (mpg) (2012: 8.85). This mileage equated to a total consumption of 583,000 gallons of diesel last year and CO<sub>2</sub> emissions of 7,106 tonnes (2012: 588,000 gallons and 7,164 tCO<sub>2</sub>).

We aim to reduce the fuel efficiency ratio of our fleet, and we monitor our mileage per gallon monthly to identify potential inefficiencies. We also measure miles travelled per delivery and miles travelled per barrel to ensure that our routes are optimally efficient.

In the coming year we are looking to implement a new system to monitor driver efficiencies. This will consider driver safety, but also have a fuel efficiency component.

Improvements in fuel efficiency have so far been down to the use of new vehicles, and the following initiatives:

- All vehicles that run into the London area are now Euro III compliant and meet the standards required by the London Emission Zone (LEZ).
- We have installed satellite tracking in all our retail delivery vehicles, which has helped with more efficient planning of routes and management of the logistics operation.



## Water

We use water in our breweries both as an ingredient of beer and for cleaning barrels and brewing equipment, and in our pubs for everyday use and washing in our kitchens.

Within our managed pub portfolio we have rolled out water management systems in 2012 which have driven significant improvements in efficiencies.

### Managed pubs

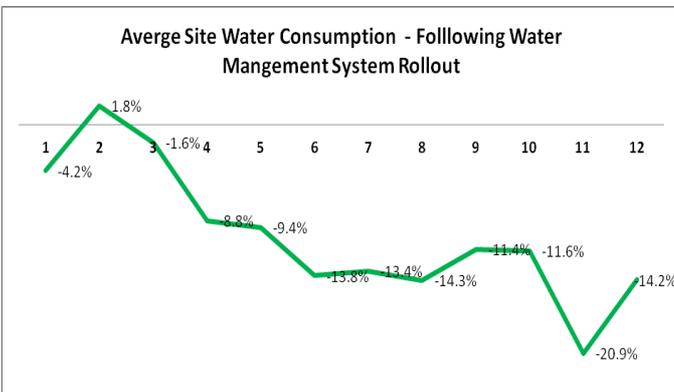
Target	Performance
Reduce water usage per managed pub year on year up to 2015	

Our pubs use water in a number of ways: cooking, food preparation, drinking, cleaning and flushing. Water usage historically has not been as well metered as other utilities.

In 2012/2013 Marston's sourced new technology to better manage water use in the toilets of its managed pubs including urinal management systems to control the amount of flushes depending on customer usages.

### Water Management Systems

Water management systems were installed across the Managed Estate 2011/12. The systems control water usage to the urinals, flushing only when required. The following shows the saving currently achieved. Consumption is projected to continue reducing as water supplies are billed on actual reads.



## Breweries

Target	Performance
Decrease barrel of water to barrel of product ratio year on year up to 2015	

Water consumption is a key performance indicator for site managers at all five breweries and we continually monitor our usage to identify potential reductions. Last year, our breweries used a total of 745,973m<sup>3</sup> of water (753,881m<sup>3</sup> in 2012). This is taken from both the mains supplies and from boreholes.

At Burton we currently use up to 7 barrels of water for every one barrel of product brewed and bottled. This ratio is 2.7 at Wolverhampton and between 2.2 and 3.1 at the other three breweries. The difference in ratios is the result of a more modern brewing process at Wolverhampton, whereas Burton uses larger numbers of small oak barrels in our more traditional process, the "Burton Union System".

We also look at our water efficiency in terms of water used in proportion to effluent produced. In 2013, at Burton 69% (2012: 67%) of the water brought on to site was eventually discharged as effluent to the sewer; at Wolverhampton this ratio was similar at 67% (2012: 73%). The industry average is 44% (BBPA). We are trying to minimise our water use at Burton by cleaning plant with recovered water from the clean rinse phase of cleaning tanks and pipes. In Burton, the use of hot water has been reduced by using alternative cleaning methods. Our three other breweries all have effluent ratios below the industry average.

We work with water authorities and the Environment Agency to ensure that we meet standards for the disposal of rainwater and effluent. Last year we did not have any breaches of regulations or compliance failures.

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## Waste

### Group

Target	Performance
Increase percentage of group waste recycled year on year up to 2015	

We produced around 49,533 tonnes of waste in total in the 12 months to September 2013 (2012: 47,755 tonnes), of which, 27,654 tonnes came from our brewing processes and 21,879 tonnes came from our managed pubs. Of this total we recycled 79.1 % (2012: 73.1 %); the remaining 20.9 % was sent to landfill.

### Managed pubs

Target	Performance
Increase percentage of total kitchen waste recycled from managed pubs to 80% by 2015	

Wherever possible, we endeavour to reduce, reuse and recycle our waste. At present we recycle 58 % (2012: 42%) of the waste that we produce in our pubs. The pub waste we recycle is from three waste streams: used cooking oil, card and glass. We recycled glass in 921 out of our total of 1,087 managed and franchised pubs (2012: 836) – accounting for 26 % of the total waste in these pubs. We recycle card in 690 of our managed and franchised pubs, amounting to 3,745 tonnes in 2013 (2012: 2,350 tonnes). The Environmental Management System in our pubs further encourages the segregation of waste and the development of contractual arrangements with waste collectors to improve our pub recycling rates.

### Food waste recycling pilot

We are currently rolling out food waste recycling across all of our managed pubs. Currently 296 of our managed pubs separate out food waste for recycling. The food waste bins are collected for recycling by Biffa, with whom we have signed a 5 year deal. The food is recycled by anaerobic digestion (AD) producing methane to generate power.

### Used cooking oil recycling

Last year we collected 20,709 litres per week of cooking oil (2012: 20,530 litres a week) from tenanted and free trade pubs which was recycled by a specialist contractor into bio-fuel. The oil converted to bio-diesel is sold generating additional revenue. This has yielded a combined saving of £ 200,000 based upon current diesel prices.

### Biffa collection and dray deliveries

During the year approximately 300 of our tenanted pubs and free trade customers have used the waste collection and recycling services of Biffa arranged under a group contract with Marston's. As the contract is organised on a Group level favourable rates per collection can be offered to the customer. The Biffa contract provides recycling opportunities for glass and card which might not be otherwise available if the tenanted or free trade operator were to individually contract a waste collector.

### Breweries

Target	Performance
Increase percentage of waste recycled from breweries year on year up to 2015	

Marston's recycle 98% (2012: 97%) of the waste produced by our breweries.

Some of our waste such as the malt and hops that we use in our breweries is recycled as animal feed after brewing; we also dispose of other waste such as glass (cullet), metals, cardboard, paper and polythene through recycling contractors.

A centrifuge is to be installed in Wolverhampton to reduce effluent. The Burton centrifuge is to be improved. This concentrates waste yeast rather than disposing of it. It also improves the beer quality and reduces the environmental impact of the waste.



Report compiled by Sancroft International

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