

Collaborating to Build a Better Scotland

Friday 20th March 2015

The Scotch Whisky Industry has collaborated on a non-competitive basis since 1912. This is an industry that generates £4.23bn exports annually.

The focus is:

- Product integrity
- Responsible attitudes to consumption
- Fair access to markets
- Tax discrimination and appropriate regulation.
- Promote the generic brand scotch
- Represent the industry interests at government level both domestically and internationally

51 Members >90% of scotch produced.

We are all in direct competition but in certain areas of mutual benefit.

Collaboration has proven extremely valuable and delivers for the greater good.

- Strength/power
- Self interest
- Aspiration
- Ability
- Engagement

For my sins, I picked up the chair of the Industry Environment Committee in 2003. Not where my core expertise lay but there you are. At that time relations between the Scotch Whisky Industry at SWA level, and the then

relatively new Scottish Environment Protection Agency were somewhat cool. Issues were beginning to be dealt with in the media and positions polarising. This was a very poor position to find ourselves in.

Now if SEPA's purpose is "to protect and improve Scotland's environment taking into account sustainable management of natural resources, contribute to the health and well-being of people in Scotland, and achieving sustainable economic growth". What's incompatible with any Scottish business here?

Particularly with a sector like Scotch whisky, which in the main requires the iconic provenance to support the iconic brand, we require sustainable environmental conditions to produce.

Whether it be sustainability in the Supply Chain, or at its most basic, a continuous supply of clean water with which to operate. It should not be beyond the wit of man to find common ground on which to build a sustainable mutually beneficial foundation for the future. This land and environment belongs to all of us and is important to all of us.

Fortunately the then and relatively new SEPA CEO, Campbell Gemmell and his senior team, including Calum, were of a similar view. We had to sort this out, the existing situation was destructive and counter to both the Scotch Whisky Industry and environmental regulators objectives.

So the collaboration, for want of a better word, began with open and honest dialogue, sharing concerns, agreeing solutions and strategies to combat their concerns and systematically knocking them off the list issue by issue.

A key element for us was a single point of contact. This allowed issues to be handled at an appropriate level in both organisations.

SEPA's chairman David Sigsworth, who is commercial incidentally, supported this direction. At its most senior level, the collaboration was distilled down to an annual working dinner, where the agenda has moved on to strategic issues. Tactical issues are dealt with through the organisations and are very rarely escalated. The Scotch Whisky Industry has even got to the level of supporting SEPA's employee training programme.

Our industry environmental strategy was shared and critiqued by SEPA ahead of publication. Better regulation initiative was scrutinised by SWA and concerns taken on board.

In both major strategic initiatives we have better solutions as a result of the collaboration.

This method of operation delivers:

- Clarity on regulatory interpretation
- Conflict resolution
- Effective issue identification and resolution
- Jointly agreed objectives
- Better regulation
- Better outcomes

We should not forget that SEPA have a statutory obligation to enforce environmental regulation, that is never challenged, debated or questioned, but

collaborative working without any shadow of a doubt delivers a more positive and constructive working environment, and in the end more beneficial outcomes.

- Relationships