

Aligned with the city of Glasgow, and in support of Scotland's ambitious sustainability agenda, the SEC has set the bold target to become net zero by 2030. As the proud host venue of COP26, the United Nations Conference on Climate Change in November 2021, this is a fitting ambition for Scotland's largest venue.

In advance of COP26, the SEC reset the company's sustainability strategy, creating a step change in our approach to reducing the impact of our business on the planet.

Our focus is on 5 key goals: Climate, People, Partnerships, Resource and Governance.

Leading the way for the event industry, our 2030 net zero target is contingent upon delivering a sophisticated energy strategy for the Campus, which is the cornerstone of our climate goal. The aim is to generate and store renewable power onsite. The concept for the zero-carbon campus is progressing with an in depth multi-faceted feasibility study already completed. Key components of the energy strategy include:

- Primary substation: in conjunction with Scottish Power Energy Networks we have installed a 32MVA substation on campus. This important piece of infrastructure ensures that SEC has enough grid capacity to meet our green aspirations.
- Solar: An investment in solar power providing a minimum of 35% of the SEC's electricity with the aim of being operational by 2025.
- River Source Heat: A partnership has been established to explore river source heating which will result in a district heating system and 100% removal of gas from the SEC's operations. The first draft report will be available for review imminently.
- Geothermal: A feasibility study, part funded by Glasgow City Council, has been conducted at our site to understand the possibility of geothermal energy and heat production. Whilst this would be a long-term project, the production of geothermal energy and heat at the SEC would play a central role in the decarbonisation of the City of Glasgow.
- EV Charging: planned installation of staff and contractor electric vehicle (EV) charging with the ambition to extend this to publicly available EV charging in a second phase of installation.

Using 100% renewable electricity, further determined efforts through investment are helping to reduce our energy emissions. An extensive lighting replacement program has been implemented, switching to LED throughout the venue. Plant efficiency, building software management enhancements and upgrades have been taking place throughout the campus, and have set the foundation for our 10% energy reduction target for 2023/24 which we are on track to achieve, if not, to exceed.

Supporting the Resource goal to reduce waste, the introduction of a reusable cup, 'Stack Cup', for all live events in the OVO Hydro in 2022 (see details provided), along with other waste efficiency measures have reduced waste produced on site. YTD waste has reduced by 45% and recycling has increased proportionately by 20.1% compared to our 2019 baseline year. Through a partnership with Glasgow City Council, SEC sends zero waste to landfill using the state-of-the-art Glasgow Recycling and Renewable Energy Centre.

On the back of the sustainable food strategy launched in July 2021, in partnership with Levy UK, the venue has introduced carbon labelling on conference catering, providing the CO2 equivalent on every dish served. This has enabled clients and delegates to make informed choices whilst helping to raise awareness of the carbon impact of different food items.

Our People are instrumental to ensuring that we deliver on our strategy. Our dedicated sustainability managers provide the technical expertise and experience to progress our route to Net Zero 2030. They are supported by our sustainability team and our energy management group with representation from across the business.

Supporting our Governance goal, we have introduced three policies. An Environmental Policy, an Office Energy Policy, and a Green Travel Policy are now available on our employee app. The OVO Hydro was the first arena in the world to be awarded 'A Greener Arena' accreditation. The award recognises the venue's commitment to tackling environmental issues, such as emissions, but also its work on issues around staff wellbeing.

We have further underscored our commitment to sustainability by achieving the Green Meetings Gold Award – the initiative's highest attainment, and most recently we have been awarding Cycling Friendly Employer status by Scotland's national cycling charity, Cycling Scotland.

REUSABLE PROJECT



INTRODUCTION

5 million tonnes of plastic is used every year in the UK, the majority of which is not recycled. Plastic waste is a huge problem, filling up landfill sites, clogging rivers, and generating pollution through open burning or incineration. Only 9% of all plastic waste ever produced has been recycled, 12% has been incinerated while the rest –79% has accumulated in landfills, dumps or the natural environment. Plastic waste claimed to be recycled in the UK is actually being dumped and burned overseas, causing a health emergency for local people, killing wildlife and polluting our oceans.

Industries are now required to be proactive in finding alternative solutions to reduce single-use.

The SEC is expected to use 20 million single-use plastic cups over the next 10 years.

Consideration was given to sourcing a compostable cup solution for all drinks, due to the popularity of compostable products in use at music festivals. Given the short life span of a festival site, using compostable cups makes business sense. Heineken's comprehensive assessment on the carbon footprint of beverage cups states, "In terms of sustainability performance and reported impacts, although a reusable cup uses more material per cup than a single use one, it will outperform a single use cup when used at least 10 times (break-even point)."

We asked Zero Waste Scotland

Zero Waste Scotland advocate moving away from all single use items. They state: "Instead of focusing on plastic, we recommend that focus is broadened to tackle all single-use items regardless of what material they are made from. Single-use plastic items are common and have received a lot of attention, but single-use items made from alternative materials aren't a simple solution. They still consume our limited resources, contribute to Scotland's carbon emissions and are still disposed of after one use. Instead, the priority should be to reduce all single-use items, regardless of the material."



REUSABLE

A reusable model allows us to move up the waste hierarchy into the most preferred options. The “waste hierarchy” ranks waste management options according to what is best for the environment. Investing in a reusable solution will reduce our carbon emissions by 1,500 tonnes in the next decade, which is equivalent to the annual emissions of over 80 households.

Two companies were identified as viable suppliers of reusable cups – Stack Cup and Green Goblet, both of whom offer the same product and service and are partnered with arenas, stadiums, major festivals and sporting events throughout the UK.

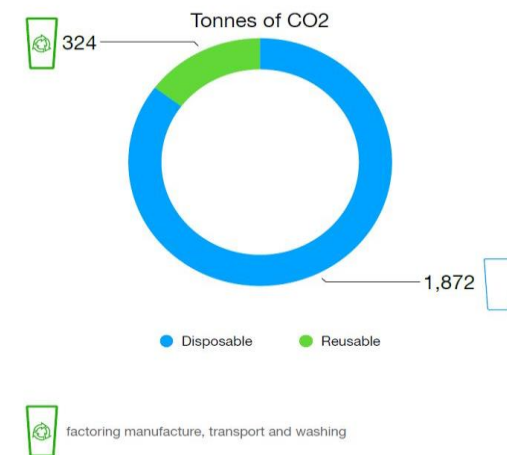
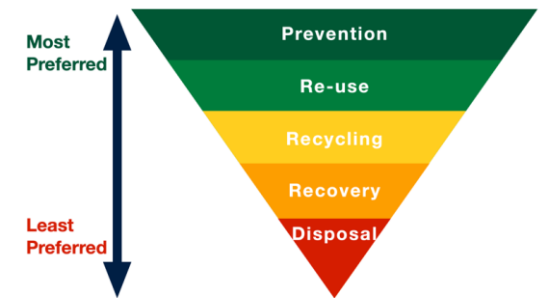
Green Goblet manufacture their cups in France, have a washing facility based in Bristol and guarantee 100+ washes per cup.

Stack Cup is UK produced, have a local washing facility in Glasgow, close to the SEC, and guarantee up to 100+ washes per cup. When close to end of life, discarded cups are donated to schools and clubs that would like to move to reusables, but find it too expensive. They are also given support on how to run their own reusable programme. Those cups that are damaged are recycled into non-food grade products such as bins and crates.

Stack Cup is the obvious choice for SEC due to location. Concerns regarding the environmental impact of using Green Goblet were significant and counter productive to achieving our sustainable goals.

A partnership with Stack Cup will create 5 new jobs at their premises in Tollcross, Glasgow and support the first washing facility dedicated to reusable cup washing in Scotland.

This leadership as host of COP26 sets a positive example.



OPERATIONAL PLAN



Risk Assessment

A risk assessment of the product was completed - submitted to and approved by SEC insurers. After identifying any required safe system of work/control measures, the operational plan was created and responds to the risk assessment.

Several commercial options were considered based on financial risk and consumer behaviour, including micro charge on first drinks. However, this model presented too great a financial risk and did not incentivise customers to return cups to the bar. This model was deemed unpalatable to the consumer, with the perception that customers would be outrightly funding our sustainable solution. We opted for a £1 consumer refundable model.

A trial period, testing our operation in the standing area will precede full implementation in our venues, scheduled for May 2022. Compostable cups will be used in standing areas, not part of any trial due to audience profile and associated risk.

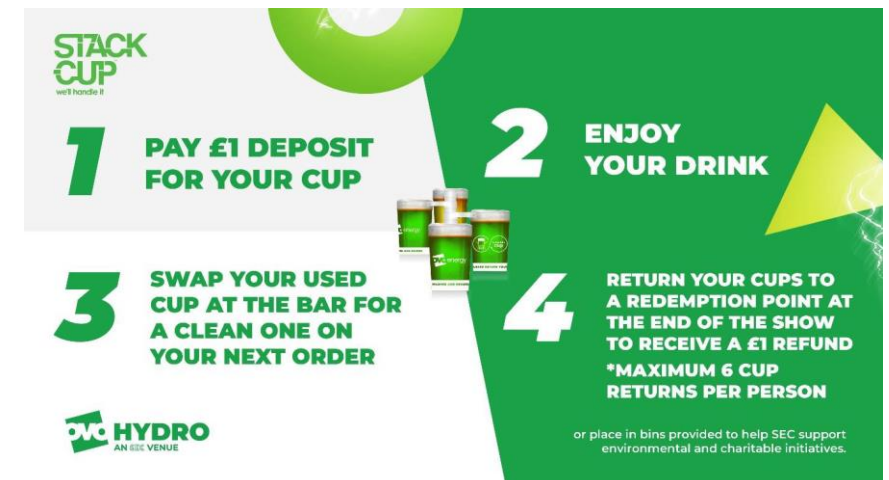
Storage and Delivery

Levy UK (SEC catering partner) is responsible for managing the overall operation with defined procedures in place for the ongoing delivery, storage and housekeeping of cups, in agreement with Stack Cup and SEC. Transport schedules for the collection and replenishment of stock have been agreed in line with the calendar of events and incorporated into contractual SLA's with Stack Cup, ensuring each party is clear of their responsibilities. Venue access procedures define drop off locations on event and non-event days, managed in a similar way to current day to day deliveries.

Bulk stock is stored within two container units located in the Hydro service yard, with space to store a total of c.100k cups. Par level stock for each bar location is calculated in line with event data and stored within each individual bar unit. On event days, interim storage locations within the catering footprint are used to replenish used cups direct to the bar unit, if needed. SEC H&S provided advice on safe storage practice to be followed, inspecting these areas per the risk assessment.

All cups are securely stored at a safe height and transported internally using robust trolleys, in line with manual handling and task specific risk assessments, carried out by Levy UK.

STACK CUP JOURNEY



Event Day Operation

Using par level stock already in place, each bar unit stack cups in appropriate locations to deliver an efficient bar service. All bar staff are fully trained pre-event and issued with a product information lanyard to assist them when answering customer questions about the initiative.

Since 'Go-Live' (March 22), Stack Cups have been issued for all drinks within seated areas. A phased roll-out plan was then put in place for the standing area, in line with the risk assessment, allowing for a trial and assessment period. We achieved full implementation by July 22. A small number of shows with a standing component require an individual risk assessment due to audience profile. The findings of which have resulted in the use of a compostable solution in the standing area.

Processes, allowing bar staff to clearly identify standing or seated customers have been defined, ensuring the appropriate cup is issued at point of sale.

During Event

Each customer is supplied a stack cup for any drink purchase in line with payment of a £1 per cup deposit. Fresh cups are issued for subsequent drinks throughout the event at no further cost, provided cups are returned at each visit to bar.

Fully briefed, cup collection teams are allocated a collection zone and deployed throughout the show, collecting and storing as many discarded cups as possible, pre-egress. Partner branded bins in locations agreed with SEC H&S are designed to maximise collection numbers whilst maintaining a safe, clear egress route. Compostable bins are located on level 0 for events with a standing component.

There is no movement of cup crates or bins whilst the concourse has public presence.

Post Event

Post event, customers may choose to dispose of their cup in a charitable bin, return to the bar area to redeem deposit payments or take their cup home (albeit we discourage this latter option within our social media comms).

An internal seat sweep by cleaning and catering partners ensures all remaining discarded cups are collected. All used cups are taken to a central point on the ground floor to be packaged and palletted, then moved to the external storage container, ready for collection in line with the transport schedule.

COMMS PLAN

Our Communication Tool Kit and plan identifies key touchpoints for the introduction and ongoing management of the Stack Cup reusable solution.

Announcing Stack Cup

SEC announced the introduction of Stack Cup in March 22. Our naming rights partner, OVO had a keen interest in the project as it aligns with their sustainable goals. The announcement followed the building name change, providing OVO the opportunity to talk up their influence and to lay a marker for things to come.

Consumer Message

The facts and stats on the sustainable theme are at the heart of our initial consumer messaging, encouraging engagement and early adoption of new practices and process. The process is clearly mapped out, highlighting the role the consumer will play in the success of the project.

Consumer Education and Engagement Venue Websites

Dedicated Stack Cup content incorporated into the venue websites sustainable pages, presenting eye catching and informative information. Social posts promoting the benefits, the expected consumer behaviour and the successful results of all.

Customer Engagement

Creating opportunities for customer engagement instils a feeling of inclusion, generating a desire to be involved and to contribute to the operation and successful delivery of the project.

In Venue Messaging

Venue Digital Messaging

Eye catching graphics, delivering a combination of operational messaging and project achievements are displayed throughout venue digital assets.



**HANDLE YOUR DRINKS RESPONSIBLY.
WITH OUR UNIQUE 'STACKABLE' & REUSABLE CUP**

- 1** GRAB YOUR REUSABLE & REFUNDABLE STACK-CUP FOR £1 PER CUP...
- 2** ...ENJOY YOUR DRINK...
- 3** RETURN YOUR USED CUP TO THIS OUTLET WHEN YOU ORDER ANOTHER DRINK & GET A FRESH CUP BACK

RETURN YOUR STACK-CUP TO ANY BAR ON THE GROUND FLOOR OR LEVEL 2 FOR A REFUND, OR FEEL FREE TO TAKE IT HOME WITH YOU.

STACK CUP
we'll handle it

Stack Cup Visitor Survey

Since 'go live', our visitor satisfaction survey has returned the following statistics;

74% think Stack Cup is a good initiative

13% do not like the initiative

13% neither like or dislike the initiative

31% took their reusable cup home

28% reclaimed their deposit

14% put their cup in a charitable bin

Consistent consumer comment

The return process is too slow with queues too long post show, making the returning of cups unattractive. Some view the initiative as a money-making scheme.

Response to Questions



- **What is your current assessment of how many single-use cups have been prevented as a result of the scheme's introduction?**

Since introducing the scheme, we have served 2.4m drinks, 2.01m cups have been served in a Stack Cup, eliminating this number of single use cups from being produced. We have used 383k compostable paper cups at higher risk events.

- **What infrastructure was required for SEC to give the scheme full effect?**

To get the scheme into full effect we purchased bins, collector tubes, stands and crates, as well as a storage container, circa £40k investment. We also require additional team members to manage the stock, move cups into position, collect cups, process deposit refunds and count stock. Digital communication and marketing assets were also produced to communicate the scheme both prior to events and on the night.

- **Have you noticed a change in consumer behaviour as a result of the scheme?**

On average 69% of cup deposits paid result in a refund, with the remainder being left in the venue or taken home. The refund % range for this can vary from as low as 50%, to as high as 78%. We do notice a slight trend in increased refund % in the winter months – perhaps when guests are more cost sensitive. We continue to monitor refund % monthly.

- **What have been the proceeds as a result of the scheme?**

Proceeds generated from cups placed in charitable bins has resulted in a £5,000 donation to music charity Nordoff & Robbins.

- **What are the operating costs for the scheme and are these outlays fully covered by funds generated? If so, what is SEC's estimated savings as a result of introducing the scheme?**

The operating costs for year one of the scheme has resulted in a net deficit of £20k. Phase 2 of stack cup is a deep dive into operating efficiencies and where we can drive change to further enhance the scheme.

- **How have you managed any associated risks relating to health and safety around the removal of single-use cups?**

A full risk assessment was completed in advance of Stack Cup implementation with visitor safety at the forefront. This was further assessed by SEC's legal team. The output of an individual risk assessment will determine if Stack Cup or Compostable Cups will be deployed. By way of example, when we have a higher risk event with a standing component, we will score risk using a risk matrix to support decision making.

- **Do you have any other comments on the scheme which may be helpful for us to know in terms of our scrutiny work?**

The sustainable impact of Stack Cup can be improved further by increasing the % of cups retained in venue and not taken home. Every new Stack Cup manufactured has a carbon impact and a commercial cost, therefore if we increase the number of uses per cup (by encouraging patrons to return their cup), we can increase the overall scheme sustainability. Supporting the resource goal to reduce waste, the introduction of Stack Cup, for all live events in the OVO Hydro in 2022, along with other waste efficiency measures, has reduced general waste by 33% when compared to our baseline year to March 2020.