

Water Sustainability: Meeting the Challenge

A comparative analysis of water consumption in the food processing and beverage industries

May 2008



EXECUTIVE SUMMARY

This report offers a comparative analysis of the extent to which fifteen leading British and Irish food processing and beverage companies are attempting to reduce their water consumption. The companies surveyed are Associated British Foods, Britvic, C&C Group, Cadbury Schweppes, Dairy Crest, Diageo, Glanbia, IAWS, Kerry Group, Northern Foods, Premier Foods, SAB Miller, Scottish & Newcastle, Tate & Lyle and Unilever.

In a context of increasing water scarcity and stress, and of rising demand, humanity has a responsibility to use water in a more sustainable way. Businesses have a particular role to play, partly for moral and environmental reasons, but also because in some regions water scarcity is starting to present a material risk to companies.

In future the availability of water could increasingly have a direct impact on companies' ability to do business. Significant cost savings can be made through greater water efficiency, and the way companies use water will affect how they are seen and accepted by the communities in which they operate. This is particularly true for heavy water users such as the food and drinks industry. Companies that act early to understand and reduce their demand for water will be better placed to operate more sustainably and more effectively in the longer term.

The core of this report is a company-by-company analysis of policies and practices in key areas of water sustainability. Each company's overall performance is assessed against a range of indicators that reflect:

- the company's exposure to water stress;
- the extent of water consumption increase or decrease over the last three years in company operations;
- impacts of water abstraction on local communities;
- company policy on water consumption;
- management systems and structures to implement company policy;
- monitoring, reporting and disclosure of water consumption.

Companies are ranked by performance against the indicators, and a numerical scoring system is applied. Based on these scores, the report identifies comparative industry leaders, average performers and poor performers as follows:

Industry leaders

Unilever
Diageo
SAB Miller

Average performers

ABF

Cadbury Schweppes
Scottish & Newcastle
Britvic
Premier Foods
Dairy Crest
Tate & Lyle

Poor performers

Northern Foods
Glanbia
C&C
IAWS
Kerry

Specific recommendations on performance improvement are made in each individual company entry. In addition, comments are offered for the companies within each performance category, and a set of overall recommendations are made for the food and beverage industry as a whole.

Key areas where ECCR considers the food and beverage sector needs to make improvements regarding water sustainability are:

- Identifying water stress and the impact of water use.
- Taking more responsibility for water use in the supply chain.
- Consulting with local communities.
- Making environmental performance a factor in senior executive remuneration.
- Enhancing accountability through reporting and disclosure, especially in terms of water consumption, water abstraction and site-level reporting.

These recommendations, along with the comments on each performance category, are developed in more detail in the report.

The research was conducted mainly between July and December 2007. All the companies analysed were invited to provide information early in the process and to comment on the draft text later on. Only six of the fifteen companies surveyed took the opportunity to provide information or to comment.

ECCR hopes that the report will be of interest and help to faith-based and other investors seeking to compare company performance across the food and drinks sector, and to company managements and workforces in developing more sustainable approaches to water consumption. We would welcome further dialogue on these issues.

The Ecumenical Council for Corporate Responsibility (ECCR), ***Water Sustainability: Meeting the Challenge - a comparative analysis of water consumption in the food processing and beverage industries***, May 2008, 110 pp. Printed copies can be ordered at a cost of £12 (non-members) and £5 (members/partners) at www.eccr.org.uk or from ECCR, PO Box 500, Oxford OX1 1ZL, UK, tel. +44 (0)1865 245349. Electronic copies can be requested by emailing info@eccr.org.uk.