

Water Sustainability: Meeting the Challenge **Taking Action**

ECCR hopes that this report will help investors and others to encourage companies to use water more sustainably. Although most of the companies featured in the report are working to address the issue of sustainable water consumption, even those shown to be industry leaders can do more. The 'poorer performers' have much to do in this respect.

Companies are far more likely to invest time and resources in understanding and reducing their water footprint if they are convinced that there is a business case for them to do so and if key stakeholders such as investors and customers want them to take action. ECCR members of all types (corporate and individual) can play an important role; both in raising awareness of these issues and in encouraging companies to adopt best practice throughout their operations.

These pages offer suggestions about what individuals and investors can do, a model letter for writing to companies and contact details of companies featured in the report.

Actions for investors

Investors are often in a good position to influence the companies in which they invest (or are considering investing). ECCR encourages all religious investors, whether large institutions or individuals, to use their shareholdings to encourage companies to adopt higher standards of water management. The type of action you can take as an investor depends on whether you are an individual or represent an institution and whether you hold shares directly or through managed funds. Ideas for all of these types of investor are given below.

Consider water sustainability when making investment decisions

ECCR encourages investors that do not already do so to include specific consideration of water consumption and management systems in their overall assessment of companies' social and environmental performance. You can use this analysis alongside other ethical criteria and standard financial considerations when deciding which companies to invest in or divest from.

Water Sustainability: Meeting the Challenge provides detailed information on policies and practices within the food processing and beverage sectors which will assist in this. In addition, the analysis framework set out in Appendix 1 of the report is applicable to other industries that use water intensively. ECCR hopes that the framework will help investors conduct their own analysis of water consumption and management in companies in other sectors.

Engage with companies on water consumption/management

Institutions and individuals with investments in companies featured in this report can help to raise awareness of the issues and encourage more sustainable water consumption by contacting those companies by letter, e-mail, through a meeting or by asking a question at the company's Annual General Meeting (AGM).

Whatever method you use, reiterate the social, environmental and business reasons for consuming water sustainably and draw the company's attention to the report. Where appropriate, welcome steps that they have taken to address water sustainability and welcome or express disappointment at their overall performance as assessed by the report. Highlight two or three of the individual recommendations given for the relevant company and ask what their plans are to address these. You may wish to adapt the model letter below.

Institutional investors may have existing relationships with companies and are more likely to be able to secure meetings with company executives to discuss environmental, social and ethical concerns. ECCR would encourage institutional investors to discuss the issue of water consumption with companies in which you invest as part of any regular meetings you have or to write to companies to request a one-off meeting.

Making it publicly known that your institution considers these issues when making investment decisions (for example, as part of annual reports or ethical investment policies and in dialogue with companies) will help raise further awareness among companies, customers and other stakeholders.

Others investing indirectly through managed funds¹: You can help raise awareness of this issue by drawing it to the attention of fund managers and asking them to engage with companies on your behalf.

Write to your fund manager alerting them to the report and the industry-wide recommendations listed on page 14. Ask them to consider water consumption and management as part of a company's overall environmental performance when making investment decisions on your behalf. Ask whether your funds are invested in any of the companies featured in the report and request that, where this is the case, your fund manager encourages those companies to adopt better water consumption and management practices.

Individual investors can raise their concerns most successfully in writing or by asking a question at the company's AGM.

- Letter writing: address your letter to the company's Chief Executive Officer – see names and contact details below. You could adapt the model letter outlined below.
- AGMs: asking a question at an AGM is a good way to draw concerns to the attention of board members and other shareholders. It is advisable to carefully prepare your question. ECCR is happy to provide advice and support to members doing this.

Individuals or institutions with investments held through nominees² will need the co-operation of their nominee company to attend company AGMs.

¹ Managed funds are where an investor buys into a fund managed by professional investment managers who choose which companies' shares (or other forms of investments) are bought. This type of investment includes some types of pension funds, unit trusts, and stocks and shares ISAs.

² Shares are held through an intermediary company known as the nominee when that company's name features in the company register, and the investor (known as the beneficiary) receives the shareholder's dividend. Individuals and groups can both be nominee investors, and shares owned in this way can be held as an individual account for one investor or a pooled account for number of investors.

Actions for other stakeholders

You do not have to have investments to take action on this issue. Individuals and groups can play an important role by encouraging companies to take further action to reduce and manage water consumption and by raising awareness of the importance of consuming water sustainably and the role that companies should play in this.

Encourage your church to take action as an investor. Church members can help raise awareness by emailing or writing to your denomination's central or local finance board, the bursar of your religious order, or the treasurer of your local church community if this invests independently. In your letter reiterate the social, environmental and business reasons for consuming water sustainably and draw attention to the report. Ask whether your church body invests in any of the companies featured and request that they use their voice as investors to engage with these companies to advocate the report's recommendations.

Some of the companies featured in the report may be excluded by your denomination's ethical investment policy with regard to alcohol.

Engage with companies directly. Individuals and groups may also wish to write directly to some of the companies featured in this report. ECCR would encourage this because as a consumer you are very likely to buy products made by the featured companies; as a small investor it is likely that at least some of your funds will have been invested in these companies; and as a citizen you are concerned that British / Irish companies prioritise high standards of corporate responsibility.

Select one or two companies, perhaps one industry leader and one poor performer. You may prefer to focus on companies that have manufacturing sites in your local area. If appropriate, use your letter to welcome steps that they have already taken to address water sustainability, and welcome or express disappointment at their overall performance as assessed by the report. Highlight two or three of the individual recommendations given for the relevant company and ask what plans they have to address these. You may want to use the model letter outlined below.

Raise awareness. Individuals can help to raise awareness of the increasing need to consume water sustainably and the role that companies can play. You could for example use the report to inform discussions or to encourage others to take action at a church study group or at a local justice & peace event.

ECCR's secretariat team and board members are able to undertake a limited number of speaking engagements about ECCR's work. Why not invite us to come and talk to your group?

Need help?

ECCR is happy to offer advice to any member undertaking the actions suggested here. Please contact Suzanne Ismail (suzannei@quaker.org.uk, tel. 020 7663 1055) or Miles Litvinoff (miles.litvinoff@eccr.org.uk, 020 8965 9682). Look out for our forthcoming Engagement Guide (publication expected summer/autumn 2008) which will give further advice on using investments to encourage corporate responsibility.

Let ECCR know about any action you take!

To help us evaluate the effectiveness of our reports and support to members, please let ECCR's team know about any action you take on this issue and the extent to which this action sheet has helped you in this. It is helpful if you can send us copies of any correspondence with companies. Please send to research@eccr.org.uk or Suzanne Ismail, ECCR, Friends House 173 Euston Rd, London NW1 2BJ.

Model letter

You may find this model letter a useful basis for writing to companies. It can be used with little amendment, other than inserting the relevant information required by the square brackets. However, your letter will probably be more effective if you tailor it to specifically reflect the situation of the company you are writing to and your relationship with that company. For example, if you are writing to a company operating in a large number of water-stressed countries, you could point out that it is particularly important to take action on these issues. If you are a shareholder or live near to a company factory, you may want to give a little more detail about this.

Dear [insert name of company CEO],

Sustainable Water Consumption

As you will be aware, [insert company name] features in the report *Water Sustainability: Meeting the Challenge*, which has recently been published by the Ecumenical Council for Corporate Responsibility (ECCR).

Water is such an essential resource that the very existence of communities and businesses can depend on its availability. The report points out that while humanity's demand for water is increasing, many parts of the world experience water scarcity. With the advent of climate change this is projected to increase, not just in traditionally water-stressed areas, but also in a number of regions previously seen to be 'water secure'. This will have huge social and environmental implications and will also have consequences for businesses.

Water thirsty businesses such as [insert name of company] have a responsibility to manage their water consumption and to ensure that this is both equitable and sustainable. Not only is this the right thing to do from a social, environmental or ethical perspective; it also makes good business sense. Companies that work to understand and reduce their water consumption are likely to reduce their costs, have better relationships with the communities in which they operate and improve their public reputation. They will also be subject to reduced risk in the event of future water shortages.

[insert either] [For companies that have performed well – industry leaders and average performers]

I am pleased to see that [insert name of company] has recognised this and has already undertaken [several initiatives/ a programme] to manage water consumption. I note from the report that you have [list water consumption initiatives outlined under D.3 of the relevant company section from the report].

However, there are a number of things that could be done to further improve the company's performance in these areas. Most notably these include:

- [list two or three key recommendations highlighted in the report]

As [a shareholder/concerned citizen/someone who lives near a particular factory] I would like to know what, if anything, the company is doing to address these points and what timeframe has been set for taking them forward.

[or] [For companies that have performed poorly]

I note that the report ranks [insert name of company] as a 'poor performer' and that the company appears to have done relatively little to address this important issue. At a time when water shortages are becoming increasingly common, when society is being encouraged to use this important resource wisely, and when companies can make obvious long-term gains from doing so, this apparent lack of action is both disappointing and shortsighted.

As [a shareholder/ concerned citizen/someone who lives near a particular factory] I believe that it is vital that [insert name of company] starts to work to understand and reduce its water consumption. I would also encourage you to report on this publicly so that stakeholders can make informed assessments about what is being done in this respect.

I would like to know what plans, if any, the company has for addressing these issues and what timeframe has been set for implementing these.

Yours sincerely,

Company contact details

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