

NEWS RELEASE

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Mixed response from food and drinks companies on water sustainability

Many food and drinks processing companies have much to do before they can claim to be operating sustainably in terms of water consumption, concludes a new report published this week by the Ecumenical Council for Corporate Responsibility (ECCR).

ECCR has analysed the water use policies and performance of fifteen leading British and Irish food and drinks businesses, including their agricultural supply chains and overseas operations.

Three companies - Diageo, SAB Miller and Unilever – show greatest evidence of addressing the need to monitor, report on and reduce their water footprint.

Several companies, on the other hand, have been slow to respond to the challenge.

The food and drinks sector is among the heaviest industrial water users, especially when irrigated agriculture is taken into account.

The report, ***Water Sustainability: Meeting the Challenge***, compares the water sustainability performance of 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. All were FTSE 350 or ISEQ (Dublin) listed when research began in mid-2007.

‘Water shortages resulting from rising demand, pollution and climate change are becoming a key environmental challenge,’ says Suzanne Ismail, ECCR’s Researcher. ‘Water is also a global justice issue and in some parts of the world a cause of conflict.’

‘The corporate sector has a major influence on society’s water consumption. Water-thirsty industries such as food and drinks processing have a responsibility to manage their water use accountably and sustainably,’ Suzanne Ismail says.

The availability of water could increasingly have a direct impact on companies’ ability to do business, according to the report. Significant cost savings are achievable through water efficiency. Companies that act early to reduce their demand will gain reputational benefits, while slowness in addressing the issue may become a significant source of material and reputational risk.

ECCR’s report finds that efforts by food and drinks companies to manage their water consumption currently range from the relatively advanced policies of some industry leaders to an apparent lack of awareness about the importance of sound water management among the poorer performers. Even among the best companies there is scope for improvement.

Key areas where the report recommends sector-wide attention include identifying water stress and local impacts of water use, taking more responsibility for water consumption in the supply chain, consulting with local communities, enhancing accountability through reporting and disclosure, and making environmental performance a key factor in senior executive pay.

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Notes for editors

Water Sustainability: Meeting the Challenge - a comparative analysis of water consumption in the food processing and beverage industries, published by the Ecumenical Council for Corporate Responsibility (ECCR), May 2008, 110 pp, £12, available from ECCR, PO Box 500, Oxford OX1 1ZL, UK, tel. +44 (0)1865 245349, www.eccr.org.uk. Electronic copies are available by email from miles.litvinoff@eccr.org.uk.

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ECCR has researched and published on companies' corporate responsibility policy and performance since the 1990s, including reports on Rio Tinto (2006), BHP Billiton (2005), GSK (2004), AstraZeneca (2003), Shell (2002) and BP (2002).

ECCR is a membership organisation of faith-based investors and others. It undertakes research, advocacy and dialogue with companies and seeks to inform the faith-based and responsible investor sector and to raise awareness of corporate and investor responsibility issues among the British and Irish churches and general public.

Research for this report was conducted mainly between July and December 2007. All the food and drinks companies in the survey 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 identifying best practice and developing more sustainable approaches to water consumption.

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