BIER UPDATE

Newsletter of the Beverage Industry Environmental Roundtable

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BIER Welcomes its Newest Member

Carlsberg is one of the leading brewing groups in the world, with a large portfolio of beer and soft drinks brands, including Carlsberg Pilsner, Tuborg, Baltika and Holsten. The foundations of Carlsberg's core business are the beer markets of Western Europe, Eastern Europe and Asia. It is the no. 1 brewer in Northern and Eastern Europe and the fourth largest brewer in the world. More than 45,000 Carlsberg Group employees produce, market and sell more than 500 different beer brands around the world every day.

BIER to Engage in Water Footprinting Methodology and Development Dialogue

As more and more companies are working to understand and manage their water footprints, BIER is increasing its focus on engaging in discussions about and formulation of water footprinting methods.

"The protection, preservation and sustainability of water resources is of utmost importance for the long-term viability of not only the beverage industry, but also society in general," says **Kevin Mathews**, **Nestlé Waters**. "BIER, in its proactive approach to water stewardship, has taken a leading role in development of water metrics and accounting for the beverage industry.

"The Water Footprinting Working Group in BIER serves to create common principles, provide guidance to member companies, share best practices, benchmark and continually improve member company water sustainability performance," Mathews concludes.

As discussed at the Évian meeting, a water footprint involves both total consumption and use of water along the value chain, as well as the spatial and temporal impacts of consumption and use.

The next steps for the BIER Water Footprinting Working Group will be to:

1) Conduct a review of existing quantitative methodologies and definitions of boundaries and parameters for quantifying water use (measuring "foot size") along the complete value chain; and

2) Formulate input as a unified industry sector to the efforts of other external groups that

(Continued on page 2)

Successful Semi-Annual Meeting Conducted in Évian

In late April, BIER enjoyed one of its most productive meetings to date in picturesque Évian-les-Bains, France. The meeting was hosted by **DANONE Waters**, and was attended by 37 people representing more than 20 unique member companies, stakeholder organizations and prospective new members. This was the second meeting held in Europe and the first to have nearly equal representation of European and North American participants, fostering a truly global perspective and fruitful discussions.

(Continued on page 2)

Meeting attendees (from left to right) Jenn Orgolini (New Belgium Brewing Company), Dr. Paul Bowen (The Coca-Cola Company), Bert Share (AB InBev) and Kevin Mathews (Nestlé Waters) enjoy the unseasonably warm weather at the Évian Royal Resort.

Inside this issue:

Director's Corner	2
Sector GHG Guidance Near Completion	3
BIER News Bits	3
Supply Chain and Partnerships Benchmarking	4

Director's Corner

As we approach our 3-year anniversary this August, we should all be proud of what BIER has achieved and the value we are creating for our individual businesses. We will look back at 2009 as a watershed year for BIER, putting the beverage industry on the map as a result of industry collaborating on matters of environmental sustainability.

BIER's organization of a steering committee and working groups have advanced the pace of meaningful work products. As a result, we are seeing our membership grow, our global integration is truly developing, and participant company level of resource commitment and awareness is increasing. Finally, we will soon hit a major milestone: completing the Beverage Industry Sector Guidance for Greenhouse Gas Emission Reporting.

The sector guidance is applicable to both an enterprise or product inventory. No other industry has taken on such a robust effort; this will be the first industry to complete such guidance. This work product will bring significant recognition to the beverage sector and to BIER.

Water conservation and protection remain at the core of BIER. We continue to share best practices on water conservation, and have set a course to engage in emerging discussions around water footprinting. In the words of ***Lisa Manley*** *from* ***The Coca-Cola Company****, "Water is sustainability to beverage companies."*

Lastly, you know we are making strides when prestigious organizations such as the ***Water Environment Research Foundation*** *(WERF) approach BIER, wanting to discuss opportunities for collaboration. This June, several BIER representatives and I will meet with WERF to explore possibilities.*

As we move forward in 2009 and beyond, we are confident that we will continue to add new members and expand the global reach of BIER. Help us celebrate our achievements and join us as we continue the journey.

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Meeting receives positive feedback from attendees

(Continued from page 1)

During the course of the three-day meeting, the group engaged in best practice sharing, external stakeholder dialogue, and working group breakout sessions. Results from qualitative benchmarking conducted in early 2009 were also presented (*see "Benchmarking Focuses on Supply Chain Engagement and Partnerships" on Page 4*).

The best practice sharing session focused on incoming "raw water" treatment, and featured technical presentations from **Ecolab**, **MillerCoors**, **AB InBev**, **Nestlé Waters** and **The Coca-Cola Company**. Based on the content of the presentations, BIER will generate a guidance document on the state of the science, similar to the drought management, rainwater harvesting and clean-in-place guidance materials that have been prepared from previous sessions.

For the second consecutive meeting, a half-day of the agenda was dedicated to stakeholder engagement. The Communications Working Group arranged for presentations from **World Business Council for Sustainable Development** (WBCSD), **Valorplast**, **Confederation of Food and Drink Industries of the EU** (CIAA), **Union of European Beverage Associations** (UNESDA) and the **University of Twente**.

"The external stakeholder engagement sessions were very insightful," offers **Rick Price** of **Beam Global Spirits & Wine**. "The willingness of these stakeholders to review and comment on our work helps us refine our guidance documents in a way that makes sense to governments, NGOs and consumers, as well as the beverage industry as a whole."

Évian External Stakeholder Guests

CIAA — Confédération des industries agro-alimentaires de l'UE / Confederation of the food and drink industries of the EU
valorplast
World Business Council for Sustainable Development
Union of European Beverages Associations — UNESDA — VARIETY and CHOICE
University of Twente — Enschede - The Netherlands

View of Évian-les-Bains, France on Lake Geneva.

During the last day of the meeting, BIER members broke into the various working groups to advance work products and review group objectives. **Andy Battjes** of **Brown-Forman** participated in the GHG Working Group session, which continued into the early evening.

"The GHG Working Group session highlighted the collaborative power of working with peers in your industry," Battjes says. "I have a much deeper understanding of the intricate details involved in assessing emissions along the life-cycle of a beverage, especially those unique to the industry."

Participants in the Water Footprinting and Communications Working Groups echoed that the breakout sessions were highly productive. Meeting activities concluded with a tour of the Evian bottling facility and mineral water aquifer recharge area. Overall, BIER meetings continue to be successful.

"It's been very valuable to understand our business from the perspective of the whole beverage industry," shares **Jenn Orgolini** of **New Belgium Brewing Company**. "Being with technical, policy and public affairs people is a great niche from which to gain that perspective, and has provided us with a framework to organize our activities."

Water footprinting working group identifies future tasks

(Continued from page 1)

are actively defining water footprint methodologies. For example, BIER will utilize its member participation in the **Water Footprint Network** (WFN) to carry forward statement(s) of position on the various facets of water footprinting definitions, boundaries, measurement and impacts assessment methodologies.

The rapidly emerging discussion surrounding water footprinting methods and definitions is manifesting itself not only in individual company initiatives, but also within a number of leading global organizations including WFN, **International Organization for Standardization**, **World Business Council for Sustainable Development**, **World Wildlife Fund** and **World Environment Center**.

As with other efforts, BIER will explicitly work to avoid any duplication of efforts of other groups. In fact, through its members, BIER will look to apply its technical abilities and expertise to these defining dialogue forums.

Over the summer, the Water Footprinting Working Group will work through a series of conference calls to develop beverage industry positions on concepts of water footprinting. The group is planning to complete a position paper on the importance of defining methodology versus delivering messages in the water footprinting arena.

In addition to position papers, the group intends to review existing quantitative methods and maintain perspective on other global efforts relative to water footprinting.

Ultimately, efforts of the Water Footprinting Working Group will keep BIER in front of water footprinting developments, rather than in a reactive position. In the future, BIER may look to develop a companion document to BIER's GHG Sector Guidance for quantifying water use along the value chain.

Sector GHG Guidance Completion In Sight

The Greenhouse Gas (GHG) Working Group expects to complete Version 2.0 of the *Beverage Industry Sector Guidance for Greenhouse Gas Emission Reporting* in July 2009.

This month, GHG Working Group members will complete drafting of final language for the guidance document. "Members are currently working jointly to resolve industry-specific issues for carbon footprints such as: solving for cold bottle storage emissions, accounting for recycling of packaging, and determining the proper baseline years for distilled spirits that are aged for many years," notes **David Walker** of **PepsiCo** and leader of BIER's GHG Working Group.

Stakeholder engagement and feedback throughout the development of the guidance development process has been very positive, and should position the beverage industry as a leader in carbon accounting. The **World Resources Institute** (WRI) was one of four external stakeholders to review Version 1.0 of the sector guidance.

"By calculating and reporting comprehensive life cycle impacts, the beverage industry is among the leaders in GHG accounting and reporting," states **David Rich** of **WRI**. "We expect this comprehensive type of accounting to become increasingly common over the next few years and the beverage industry is one of a handful of sectors in a leadership role."

Sujeesh Krishnan and **Euan Murray** of **The Carbon Trust** add, "The guidance document that [BIER] is developing will be an important tool in assisting beverage companies to measure their product GHG emissions in a much more efficient and cost effective manner."

The author team of **Beth Sauerhaft** (**PepsiCo**) and **Greg LeMay** (**Delta**) has already incorporated a significant amount of external stakeholder feedback into the guidance document. The team will also include the new guidance currently being developed by GHG Working Group members into the sector guidance prior to distribution of the next version.

In early June, Version 1.1 of the guidance document will be circulated for review by all BIER members. This version will provide each BIER member the opportunity to review the new guidance, and ultimately endorse the guidance as a standard reference for their company in conducting any future GHG emissions calculations.

BIER News Bits

- **Pacific Institute** recognizes BIER as a leading peer-to-peer partnership in "The CEO Water Mandate, WATER DISCLOSURE 2.0: Assessment of Current and Emerging Practice in Corporate Water Reporting." Read the full report at: http://www.unglobalcompact.org/docs/news_events/9.1_news_archives/2009_03_11/Water_Disclosure.pdf.
- BIER Poster Session, co-sponsored by **MillerCoors** and **Delta Consultants**, receives 2nd Place award at Food Processing Environmental Conference in San Antonio, Texas.

Benchmarking Focuses on Supply Chain Engagement and Partnerships

According to BIER's definition of World Class Water Stewardship, engaging the value chain and developing community-based partnerships to advance environmental stewardship are both core attributes of leading corporate stewards.

"Leading beverage companies combine both of these stewardship principles to achieve the greatest result," says **Tod Christenson**, director of BIER. "The greatest result is often achieved when a beverage company engages a stakeholder, research group or other industry member to address environmental performance across the value chain."

The benchmarking study, based on a survey and interview format, indicated that most companies prioritize value chain engagement through one of two avenues – either the greatest opportunity for environmental impact across the supply chain, or by tackling the pieces of the value chain that represent the greatest risk to business disruption.

All BIER member companies are actively engaged in environmental partnerships ranging from local conservation-oriented activities to global resource protection efforts. Member companies reported they benefit from partnerships through brand exposure, stakeholder relationships or even as catalysts for more ambitious actions. Partners, on the other hand, benefit from the technical expertise and the consumer access afforded them through working with beverage companies.

BIER has now benchmarked all five elements of the World Class Water Stewardship definition. The Benchmarking Working Group will revisit the leadership definition as BIER evolves and explores more complex environmental issues and opportunities for leadership. The Benchmarking Working Group will propose a path forward for qualitative benchmarking at the upcoming BIER meeting.

SAVE THE DATE — Next BIER Meeting
October 6-8, 2009
Las Vegas, Nevada, USA
Hosted by PepsiCo/The Pepsi Bottling Group

Beverage Industry Environmental Roundtable

The mission of the **Beverage Industry Environmental Roundtable** is to bring together leading global beverage companies to define a common framework for stewardship, drive continuous improvement in industry practices and performance, and inform public policy in the areas of Water Conservation and Resource Protection, Energy Efficiency and Climate Change Mitigation.

www.bieroundtable.com