

Partnering for Progress

The unique role of beer, wine, and spirits producers



IARD
INTERNATIONAL ALLIANCE FOR
RESPONSIBLE DRINKING

JULY 2018



A report prepared by the International Alliance for Responsible Drinking on behalf of its members



UN Sustainable Development Goals

IARD members



Background

The United Nations (UN) Sustainable Development Goals (SDGs) are a “universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity” [1]. The UN Member States adopted the 17 SDGs in 2015. The SDGs build on the previous Millennium Development Goals and form the foundation of the global development agenda; they are integrated and indivisible and balance the three dimensions of sustainable development: the economic, social, and environmental.

Role of the private sector

The SDGs encourage accountability, innovation and, perhaps most importantly, collaboration. The UN recognizes that the SDGs “can only be realized with a strong commitment to global partnership and cooperation” [1] and has embedded collaboration and partnership between governments, civil society, and the private sector at the core of the agenda:

“Our UN country teams will work harder to support countries in brokering partnerships for innovative finance, and better accessing domestic and international, public and private resources for sustainable development... We must unite public and private investors around new concepts, solutions and instruments, and we need to do so at scale” [2].

António Guterres, Secretary-General, United Nations

This means that the private sector has a crucial role to play, with committed and responsible companies leading the way. The UN recognizes that some companies are already incorporating the SDGs into their operations and that sustainable development is a win-win:

“Companies that introduce sustainability into their business models are profitable and successful, with positive returns on capital in terms of reduced risk, diversification of markets and portfolios, increased revenue, reduced costs, and improved value of products. The private sector is increasingly adopting social and environmental goals as core business values, and there is agreement among business, government and civil society that the 2030 Agenda can only be met with public and private investments” [3].

United Nations Development Programme (UNDP)

their corporate responsibility reporting. All of our member companies have done so, reflecting our commitment to be active partners in delivering the vision of the SDGs.

As global companies, we are well placed to add value to collaborative efforts: we operate in markets around the world providing unique means to share best practice and to scale initiatives to improve sustainability and responsible development across the globe. As IARD members, we have a proven track record of improving standards through partnerships like the Beer, Wine, and Spirits Producers’ Commitments to Reduce Harmful Drinking. We have taken action across the world, both individually and working together, to raise standards in responsible advertising, retailing, and consumer information [5].

We are the 11 members of the International Alliance for Responsible Drinking (IARD), a not-for-profit organization dedicated to addressing harmful drinking and promoting responsible drinking. As the leading global beer, wine, and spirits producers, we are committed to setting the highest standards for responsibility across our industry.

Our companies positively impact a broad range of SDGs, from our ongoing efforts to reduce harmful drinking and promote responsible consumption, to the innovations that are improving our environmental footprint, to our contributions of providing economic growth and decent work. Momentum is building in the private sector around the SDGs: a recent KPMG assessment [4] found that 40% of the world’s 250 largest companies had integrated the SDGs into

This report

We are collaborating with a wide range of stakeholders including regional, national and local governments, civil society and others in the private sector to share best practice, learn from others, innovate to find better ways to do business, to monitor our impact, and to ensure accountability. We’re constantly seeking to improve our practices and recognize that there is more that we can do.

This report highlights some examples of the ways we are already embedding responsible and sustainable practice within our operations, and sets out our ambition for a sustainable and inclusive future.





Reducing harmful drinking

As IARD members, we are committed to reducing harmful drinking and, in 2013, we started working towards our joint Producers' Commitments. We report annually on our progress toward these commitments, which cover the following key areas:

-  Reducing underage drinking
-  Strengthening and expanding marketing codes of practice
-  Providing consumer information and responsible product information
-  Reducing drinking and driving
-  Enlisting the support of retailers to reduce harmful drinking



We recognize that there is more we can do to combat harmful drinking; that is why our CEOs' most recent commitment in 2017 was to develop new responsible marketing standards for digital channels, and we are working with others to make these a global standard of good practice:

"Although we have achieved significant progress in strengthening and expanding marketing codes of practice, digital media presents evolving opportunities with improved consumer insights, better data and technology. We are determined to use these opportunities to set robust responsibility standards for digital marketing that take account of the changing landscape and reassure others that we direct our advertising only to those adults who can lawfully buy our products. By working with our marketers internally, agencies and social media companies we believe we can create these rigorous standards for our industry and potentially for others."

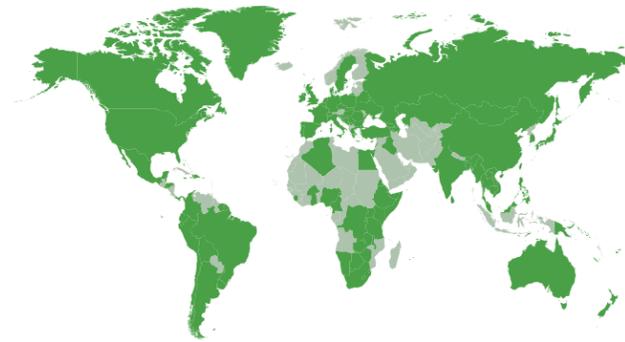
"We know we can achieve more together than we can by working separately, and we welcome the opportunity to play a full and proactive role in further reducing the harmful use of alcohol in support of the United Nation's Sustainable Development Goals" [6].

IARD Member CEOs



B E E R | W I N E | S P I R I T S | PRODUCERS' COMMITMENTS

Driving social responsibility



331 drink driving programs under the Producers' Commitments in 80% of the countries where we are commercially active [4].

Diageo and AB InBev both partner with the United Nations Institute for Training and Research (UNITAR) to bring capacity building and targeted interventions to the countries with highest death rates due to road traffic [7, 8]:

"We are very proud of this partnership, which aims to improve the capacity of public and civic entities involved in road safety across the world especially in countries with a high incidence of road accidents and injuries" [8].

Alex Mejia, Programme Director at UNITAR



In the US, AB InBev, Molson Coors, Brown-Forman, and Heineken together partner with government, universities, and national sports leagues to reduce harmful drinking at sports venues through TEAM Coalition [9].



Global impact of IARD members

We are global companies that engage with governments, communities, and businesses around the world. This map provides some examples of how we engage with these stakeholders to deliver shared value to people across the globe, using our scale to help deliver sustainable development.



Molson Coors partnered with mass transit systems to provide over 600,000 free rides in North America in 2016 [20].



Pernod Ricard India established and supports four fully-equipped, free centers for primary healthcare and preventive awareness, along with mobile ambulances in Gurugram (Haryana), Nasik (Maharashtra), and Behror (Rajasthan) [18].



Asahi aims to transition the Barley of Hope project, begun after the Great Japan Earthquake with involvement from a local university and the Reconstruction Agency, to a sustainable local business by 2020 [12].



Beam Suntory's Sauza Tequila reclaims wastewater to irrigate the town of Tequila, Mexico, reducing annual groundwater consumption by up to 70% in this water-stressed area [19].



Through partner Water.org, AB InBev's Stella Artois brand will help provide 3.5m people with sustainable access to clean water by 2020; over a million people have been reached already [15].



Diageo works with government and NGOs to address barriers to women's empowerment in smallholder farming in Ethiopia [10].



Kirin improves the sustainability of tea farms in Sri Lanka through training and support to obtain Rainforest Alliance certification [11].



Bacardi's No Straws initiative aims to phase out single-use plastic straws to reduce ocean pollution; over a million fewer straws were used in 2017 [13].



The Carlsberg Circular Community is a collaboration platform for various partners to optimize packaging materials for reuse and recycling [16].



The Heineken Africa Foundation funds partnerships between NGOs and local company operations that provide communities with mother and child care and water, sanitation, and hygiene services [17].



Brown-Forman supports the White Oak Partnership to improve the resiliency of oak-dominated forests [14].



Improving environmental sustainability

Today's global environmental challenges require bold and urgent collective action, and the SDGs attest to the importance of these issues for global development.

We recognize the need to reduce environmental impacts by taking action in meaningful and measurable ways; accordingly, we are actively working on, or have already set, [Science Based Targets](#) for reducing greenhouse gas emissions.

WE SUPPORT



Over half of IARD members are patrons of the UN CEO Water Mandate.



Carlsberg is developing a 100% biodegradable Green Fiber Bottle with packaging company EcoXpac and Technical University of Denmark [21].



Molson Coors invests anaerobic digestion to recover biogas for renewable energy and reduce wastewater discharge [20].



Asahi is developing processes to enable its brewing byproduct to be used in reducing fertilizer needs for crops like rice, potato, wheat, soy beans, and apples [22].



The Kirin and Asahi joint railway shipping center in Kanazawa cuts down on the need for transport by truck and thus reduces emissions [23].



Pernod Ricard disseminates its model method, first implemented in Cognac, France, for integrating biodiversity preservation measures in vineyard management [24].

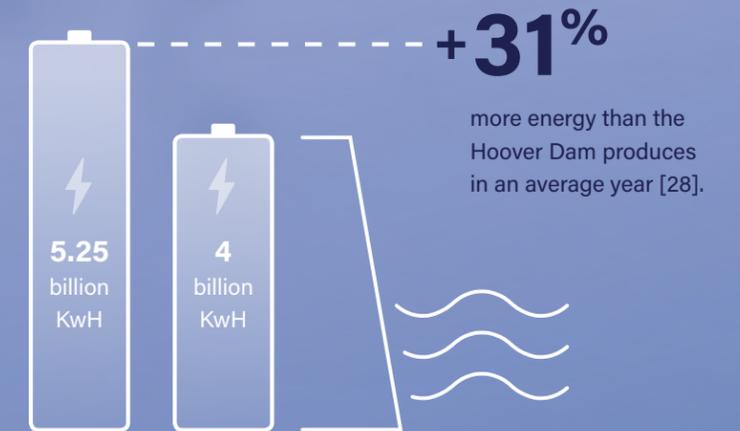


Doing more with less

How cross-industry partnership is improving efficiency

Many of us have also joined the [Beverage Industry Environmental Roundtable \(BIER\)](#). This coalition of companies from across the beverage industry* (including non-alcohol beverage companies) provides a platform for monitoring and benchmarking data, sharing best practice, and raising standards for the whole industry. Collectively, the BIER members have substantially reduced their use of energy and water, helping to shrink their environmental impact. Cross-industry collaboration provides a strong example of the value of partnership for advancing the SDG agenda and challenges the private sector to achieve more.

BIER members saved 5.25 billion Kwh in 2015 [25]:



BIER members used 69 billion fewer liters of water in 2015 [25]:

*AB InBev, Bacardi, Beam Suntory, Brown-Forman, Carlsberg, Diageo, Heineken, Molson Coors, and Pernod Ricard are among BIER's 17 member companies.

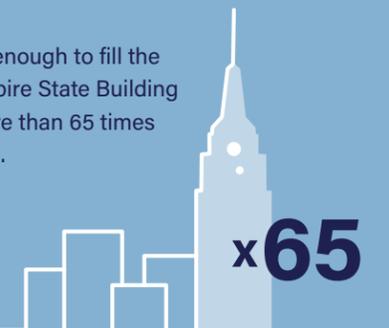


This is equal to

87%

of the annual non-bottled water use of the nation of Fiji [26].

Or enough to fill the Empire State Building more than 65 times [27].





Contributing to economic growth

“Private business activity, investment and innovation are major drivers of productivity, inclusive economic growth and job creation” [29].

Resolution A/RES/70/1 adopted by the UN General Assembly in 2015

As leading beer, wine, and spirits producers, we are major contributors to economic activity around the world. Globally, the alcohol beverage market is valued at USD \$1.4 trillion [30] and this figure includes millions of businesses from agriculture, production, distribution, retail, hospitality, and tourism.

As IARD members, we recognize that economic development must be sustainable and socially responsible and that is why we are all signatories to the UN Global Compact. The Global Compact’s 10 principles call on businesses to protect human rights and labor standards across

their operations; these are commitments that we integrate across our supply chains and continue to strive to do better in.

We also believe in spreading sustainable practices and we collaborate with specialized third parties to audit our suppliers to ensure sustainability and ethical practices across all elements of our business. Furthermore, we recognize that diverse, inclusive, equitable, and sustainable economic growth requires further action and we are committed to improving access to economic opportunities in the communities in which we operate.

IARD members use SEDEX and SAI tools to audit their suppliers on sustainable material sourcing and ethical practices.

Diageo’s Plan W empowers women through training in vocational skills such as financial literacy, hospitality, social enterprise and language [31].

The Spirit Forward series within Bacardi’s Women In Leadership initiative empowers female leaders in the hospitality community [32].

Working with communities

“We value in a positive way the efforts of IARD to foment, through its programs, the responsible consumption of alcohol to prevent traffic crashes, and above all: save lives” [34].

Tobias Crespo, Congressman of the Dominican Republic, April 2017



In addition to contributing to the SDGs at the global level, IARD members are working at local and national levels to promote sustainability and responsible development. The following snapshots demonstrate how we are engaging with and promoting the SDGs in the markets in which we operate:

including reducing underage drinking and discouraging drink driving.

Prior to IARD’s involvement, the Dominican Republic did not have a legal framework for blood alcohol concentration (BAC) limits for drivers. IARD worked with public, private, and civil society stakeholders to build capacity and implement evidence-based solutions. This work included IARD providing technical expertise and best practices from around the world, conducting a pre-intervention survey, donating breath testing devices, and providing training in their use. As a result of this collaboration, implementation of a legal BAC limit is expected to occur in 2018.

For example, in India, several companies with operations in the region have established initiatives to support environmental sustainability.

Diageo has partnered with a not-for-profit to provide toilets, purification systems, and sanitation education to 52,000 people in water-stressed areas [35].

Pernod Ricard has built rainwater reservoirs totaling 3.2 million liters in arid Rajasthan to collect water for local villages’ domestic needs and crop irrigation [36].

In Rajasthan, Beam Suntory has partnered with Banka BioLoo to provide eco-friendly toilets to a government school in Alwar district, and uses a rooftop solar energy system that produces green electricity and offsets use of diesel power generators [37].

India

As IARD members, we recognize the importance of environmental sustainability not just to business, but to the planet itself. That’s why we have set ambitious goals for improving our footprint and employ science-based targets to ensure accountability to these goals.

AB InBev collaborated with the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) to launch water-dispensing systems. In the first few months of operation, over 100,000 people received water [38].

Dominican Republic

In 2016, IARD signed a memorandum of understanding on behalf of its members with the Ministry of Health and Social Assistance of the Dominican Republic to work together in a range of areas,

Economic opportunities

Millions of businesses – retail, hospitality, and tourism

480,000 direct employees

IARD members account for



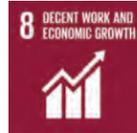
High-value products

46% of the volume of the global recorded* alcohol beverage market [30]

74% of the value of the global recorded* alcohol beverage market [30]



Globally, 25% of alcohol beverages consumed in 2010 were estimated to be from unrecorded sources [33]. This proportion is much higher in some regions than others.



Mexico

Economic development is crucial to the SDG agenda, but it must be achieved through inclusive and secure employment. The alcohol industry involves a wide range of businesses across the economy, providing jobs and investment to support economic growth across the supply chain, to farmers and producers, distributors and

wholesalers, and through to retailers, and the hospitality and tourism sectors.

In Mexico, alcohol beverages are a major economic contributor to the national output. Beer is the top agricultural export, generating USD \$3.5 billion in 2016, with spirits generating an additional \$1.5 billion [39]. Alcohol beverages are also an important contributor to more than 75,000

firms that provide food and beverages as part of the tourism industry [40]. Indeed, some 3.3 million Mexican workers (6.5% of all workers) are employed in food and beverage services [41]. This economic activity has proven attractive to foreign investors with hotels and restaurants alone generating \$1.13 billion in foreign direct investment in 2012 (latest available data) [40].



Key Points

We are having an impact and are determined to do more

We fully support the SDG agenda and will continue to be important partners in delivering the vision outlined by it. By working collectively, we are having a large and positive impact across the world. We are determined to do more: to lead the way for the private sector in responsible consumption, environmental sustainability, and inclusive economic development.

Global businesses can deliver on a wide range of SDGs across their operations

The breadth of the SDG agenda provides both a challenge and an opportunity for businesses to place responsibility and sustainability at the center of all that they do.

As beer, wine, and spirits producers, we recognize the importance of responsibility to our business and have a strong track record of delivering positive impact through our Producers' Commitments. As this report shows, we are also contributing to a broad range of SDGs, from providing decent work and economic growth, to enhancing the sustainability of our operations, to improving standards among the businesses we work with.

Businesses and governments can achieve more by working together

Partnership and collaboration are required to meet the ambition of the SDG agenda and we will continue to explore more opportunities to work with governments and other stakeholders around the world to improve outcomes on the ground. Robust partnerships can only thrive where there is a broad, responsible, and regulated private sector, able to play its role in solving sustainable development challenges. By working together we can leverage the reach and innovation of global businesses to contribute to the work of governments, NGOs, and citizens to deliver a sustainable future.

References

- United Nations (UN). (2015). *Sustainable Development Goals*. Retrieved 4 June, 2018, from <http://www.un.org/sustainabledevelopment/sustainable-development-goals/>
- Secretary-General's remarks at UN Private Sector Forum [as delivered]. In UN Private Sector Forum. 2017. New York, NY: United Nations.
- United Nations Business Action Hub. (2018). *UNDP profile*. Retrieved 7 May, 2018, from <https://business.un.org/en/entities/3>
- KPMG. (2018). *How to report on the SDGs: What good looks like and why it matters*. Retrieved from <https://home.kpmg.com/xx/en/home/insights/2018/02/how-to-report-on-the-sdgs.html>
- International Alliance for Responsible Drinking (IARD). (2017). *Beer, wine and spirits producers' commitments to reducing harmful drinking: 2016 progress report*. Washington, DC. Retrieved from <http://www.producerscommitments.org/wp-content/uploads/2017/09/2016-Progress-Report.pdf>
- International Alliance for Responsible Drinking (IARD). (2017). *Communique: CEOs of leading beer, wine and spirits producers to develop new responsible marketing standards for digital channels*. Retrieved from <http://www.iard.org/communique2016/>
- United Nations Institute for Training and Research (UNITAR), & Anheuser-Busch InBev. (2018, 14 February). *UNITAR and Anheuser-Busch InBev sign partnership agreement to improve road safety and save lives*. Retrieved 2, from http://www.ab-inbev.com/content/dam/universaltemplate/ab-inbev/News/press-releases/public/2018/02/20180214_EN.pdf
- Diageo. (2018, 20 March). *UNITAR and Diageo collaborate to strengthen road safety in Thailand*. Retrieved from <https://www.diageo.com/en/news-and-media/press-releases/unitar-and-diageo-collaborate-to-strengthen-road-safety-in-thailand/>
- TEAM Coalition. *Home - TEAM Coalition*. Retrieved 23 May, 2018, from <https://teamcoalition.org/>
- Diageo. (2018). *Empowering women throughout our supply chain and beyond*. Retrieved 23 May, 2018, from <https://www.diageo.com/en/news-and-media/features/empowering-women-throughout-our-supply-chain-and-beyond/>
- Kirin Group. (2018). *Environmental report 2017*. Retrieved from https://www.kirinholdings.co.jp/english/csv/report/env/pdf/environmental2017_2_01e.pdf
- Asahi Group. *Barley-of-Hope Project*. Retrieved 23 May, 2018, from <http://www.asahigroup-holdings.com/en/csr/topics/06-barleyofhope.html>
- Bacardi Limited. (2016, 22 March). *Bacardi initiates a 'No-straw' movement to reduce waste*. Retrieved from <https://www.bacardilimited.com/bacardi-initiates-a-no-straw-movement-to-reduce-waste-2/>
- Brown-Forman Corporation. (2018). *Corporate responsibility report 2017-2018*. Retrieved from https://www.brown-forman.com/wp-content/uploads/2017/07/BF_CR_Report_2017-18.pdf
- Stella Artois. (2018, January 16). *Stella Artois and Water.org team up to encourage beer lovers to "make your super bowl party matter"*. Retrieved from <https://www.prnewswire.com/news-releases/stella-artois-and-waterorg-team-up-to-encourage-beer-lovers-to-make-your-super-bowl-party-matter-300583078.html>
- we-economy. *Carlsberg Circular Community*. Retrieved 23 May, 2018, from <http://we-economy.net/case-stories/carlsberg-circular-communit.html>
- Heineken Africa Foundation. *Our approach*. Retrieved 23 May, 2018, from <http://africafoundation.heineken.com/our-approach/>
- Pernod Ricard India. (2017). *Spreading responsibility*. Retrieved from https://www.pernod-ricard-india.com/sites/default/files/CSR%20Brochure_0.pdf
- Beam Suntory. *Responsibility: Sauza water conservation*. Retrieved 23 May, 2018, from <https://www.beamsuntory.com/responsibility/water-environment>
- Molson Coors. (2018). *Our Beer Print: Report 2017*.
- Sustainable brands. (2016). *Carlsberg's circular community unveils newest Green Fiber Bottle design*. Retrieved 23 May, 2018, from http://www.sustainablebrands.com/news_and_views/packaging/sustainable_brands/carlsbergs_circular_community_unveils_newest_green_fiber
- Asahi Group. *Brewing yeast for the global environment*. Retrieved 23 May, 2018, from http://www.asahigroup-holdings.com/en/challenge/brewing_yeast/
- Koutsakis, G. (2018, 7 April). *Drinks giants Asahi, Suntory, Kirin, and Sapporo join forces to combat air pollution*. *Forbes*. Retrieved from <https://www.forbes.com/sites/georgekoutsakis/2018/04/07/drinks-giants-asahi-suntory-kirin-and-sapporo-join-forces-to-combat-air-pollution/#157835864809>
- Beverage Industry Environmental Roundtable (BIER). *Achieving biodiversity balance at Martell vineyards*. Retrieved 23 May, 2018, from <https://www.bieroundtable.com/pr-case-study>
- Beverage Industry Environmental Roundtable (BIER). (2017). *Beverage industry continues to drive improvement in water and energy use: Trends and observations 2016*. Retrieved from <https://www.bieroundtable.com/blank-c1gkm>
- United Nations (UN). (2018). *Demographic Yearbook System*. Retrieved 23 May 2018, from <https://unstats.un.org/unsd/demographic-social/products/dyb/>
- Empire State Realty Trust. *Empire State Building fact sheet*. New York, NY. pp. 2.
- United States Department of the Interior, & Bureau of Reclamation. (17 February 2017). *Hoover Dam: Frequently asked questions and answers*. Retrieved 25 May, 2018, from <https://www.usbr.gov/lc/hooverdam/faqs/powerfaq.html>
- United Nations (UN). (2015). *A/RES/70/1 - Transforming our world: the 2030 Agenda for Sustainable Development*. Retrieved from <https://sustainabledevelopment.un.org/post2015/transformingourworld>
- Euromonitor International. *Passport: Historical and forecast data*. Retrieved from <http://go.euromonitor.com/passport.html>
- Diageo. *Women's empowerment: Our Plan W programme helps to empower women through learning*. Retrieved 23 May, 2018, from <https://www.diageo.com/en/in-society/programmes-and-partnerships/women-s-empowerment/>
- Bacardi Women in Leadership Initiative. (2018, 29 January). *The Spirit Forward Bacardi Women In Leadership Initiative debuts its inaugural empowerment series*. Retrieved from <https://www.prnewswire.com/news-releases/the-spirit-forward-bacardi-women-in-leadership-initiative-debuts-its-inaugural-empowerment-series-300589762.html>
- World Health Organization (WHO). (2014). *Global status report on alcohol and health 2014*. Geneva.
- International Alliance for Responsible Drinking (IARD). (2017). *Drink driving initiative: 2016 summary reports*. Washington, DC. Retrieved from <http://www.producerscommitments.org/wp-content/uploads/2017/09/2016-Drink-Drive-report.pdf>
- Diageo. (2016). *Case study: Holistic approach to water helps communities in India*. Retrieved 7 May, 2018, from <https://www.diageo.com/en/in-society/case-studies/holistic-approach-to-water-helps-communities-in-india/>
- Pernod Ricard. (2018, 21 March 2018). *Press release: Water - a vital resource underpinning Pernod Ricard's operations and culture*. Retrieved from <https://www.pernod-ricard.com/en/media/press-releases/water-vital-resource-underpinning-pernod-ricards-operations-and-culture/>
- Beam Suntory. (2018). [information provided to IARD by email communication].
- Anheuser-Busch InBev. (2018). *2017 Annual report: Rising to every occasion*. Retrieved from <http://annualreport.ab-inbev.com/downloads/ABI-Annual-Report-2017.pdf>
- Hausmann, R., Hidalgo, C. A., Bustos, S., Coscia, M., Chung, S., Jimenez, J., et al. (2018). *The atlas of economic complexity*. Retrieved from <http://atlas.cid.harvard.edu/>
- Organisation for Economic Co-operation and Development (OECD). (2018). *OECD.Stat*. Retrieved 29 January 2018, from <http://stats.oecd.org/>
- International Labor Organization (ILO). *ILOstat*. Retrieved 2 May 2018, from <http://ilo.org/ilostat>



IARD
INTERNATIONAL ALLIANCE FOR
RESPONSIBLE DRINKING

The Jefferson Building
1225 19th Street NW
Suite 500
Washington, DC 20036

Phone: 1.202.986.1159
Fax: 1.202.986.2080
Email: info@iard.org
Web: www.iard.org

