

PRESS RELEASE

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Covalence Food & Beverage Industry Report 2007

The Food & Beverage industry is consolidating its ethical record thanks to labour and environmental initiatives, but it has to fight hard to demonstrate the social utility of its products, states a report published today by Geneva-based ethical reputation research firm Covalence – *Covalence Food & Beverage Industry Report 2007*.

Catching up the leaders

The Food & Beverage industry is progressively closing the gap with leading industries (Pharmaceuticals, Technology Hardware, Automobiles & Parts and Banks). It currently occupies the fifth position in the EthicalQuote reputation ranking comparing ten industries. In 2007, Food & Beverage showed the second best progression, just between Technology Hardware and Automobile & Parts.

In the end of 2007, Unilever shows the best EthicalQuote score in the Food & Beverage industry (calculated starting in 2002), followed by Starbucks and Diageo, while Coca-Cola and Nestlé occupy the last positions. From January to December 2007 Coca-Cola, Unilever, Starbucks, PepsiCo and Nestlé show the best progressions, while Archer Daniels Midland, Sara Lee and Cadbury Schweppes occupy the last positions. Results expressing the Reported Performance of companies place Coca-Cola in first position out of 16 Food & Beverage companies, followed by Starbucks, Nestlé, and Unilever.

From 2004 to 2006, the ethical progress of Food & Beverage companies has mostly been due to social and labour initiatives: e.g. social sponsorship, community investments and fair trade programs. In 2007, the F&B industry experienced a powerful shift towards environmental concerns, as did most industries and society at large (climate change). Charts show a shrinking of social and human related criteria (28. *Product Social Utility*, 40. *Human Rights Policy* and 27. *Product Human Risk*) in favor of environmental criteria (26. *Environmental Impact of Production* and 32. *Waste Management*). Major positive environmental issues have been dealing with Water, Packaging, Climate change and Energy.

F&B products vs basic needs

The biggest risks are linked to products. The positive impact of Food & Beverage products is less discussed compared to what can be observed in other industries such as Pharmaceuticals. While life-saving drugs greatly fit into corporate citizenship programs, sodas, candies or bottled water are perceived to be further away from the satisfaction of basic human needs. Simultaneously, their negative dimensions are more discussed: Product safety, Obesity, Packaging, Child marketing.

The non-essential image of F&B products is a Corporate Social Responsibility (CSR) challenge. Bottled water, candies and frozen dinners incarnate rich countries' lifestyle. How can they match with basic social issues such as poverty, access to water, hunger, health, hygiene, or sanitation?

Projects, partnerships, initiatives, products and corporate policies addressing the topics of climate change, packaging, awards, women, education, water, nutrition and obesity, fair trade, community development and advertising will continue to attract sympathy and should be – if they have not been – communicated to the targeted audiences.

More information on Covalence Food & Beverage Industry Report 2007:

> [Extract: Covalence Food & Beverage Industry Report 2007](#)

> [Offer & Order form: Covalence Food & Beverage Industry Report 2007](#)

> [Public version of EthicalQuote](#)

About Covalence

Covalence' s ethical quotation system is a reputation index based on quantifying qualitative data, which are classified according to 45 criteria such as *Labour standards*, *Waste management*, *Product social utility* or *Human rights policy*. It is a barometer of how multinationals are perceived in the ethical field.

The system integrates thousands of documents found among media, enterprise, NGO and other sources, for producing the EthicalQuote curves. These curves measure the historical evolution of the reputation of companies regarding ethical issues. They are created through the cumulative addition of positive news (documents coded as "ethical offers", which are weighed as +1, curve ascends) and negative news ("ethical demands" weighed as -1, curve descends). The Reported Performance measure is given by cumulating positive news only.

This tool received the Cantonal Sustainable Development Prize (Geneva) in 2004 and prompted Covalence among the finalists of the Social Entrepreneur of the Year 2005 award organised by the Schwab Foundation. Covalence research is also distributed by Reuters, Thomson Financial and Bloomberg.

Covalence is closely monitoring 10 sectors including 200 companies that are classified as the largest market capitalizations in the Dow Jones World Index. Covalence is a limited company that was founded in Geneva in 2001 by six persons coming from social sciences and finance.

Online information: Covalence company and methodology

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