



# Valuing Water Finance Initiative Benchmark

## Food Industry

### Key Industry Findings

The following section presents industry-specific highlights and areas for improvement related to the six [Corporate Expectations for Valuing Water](#). Examples of leading company practices are provided throughout. Companies should leverage these insights in conjunction with the [12 key findings](#) to refine and enhance their corporate water stewardship strategies. By evaluating both strengths and weaknesses within their industry, companies can pinpoint the steps needed to address a range of water-related issues as specified in the six Corporate Expectations for Valuing Water. The [methodology](#) and [downloadable spreadsheet](#) serve as invaluable tools for a deeper dive into individual company performance and the identification of areas demanding further action. Using these resources, companies can not only drive impactful change but also lead the way in responsible and sustainable water management practices, benefiting both their businesses and the global community.

### Water Risk in the Food Industry

The food industry is a critical player in the global landscape, feeding billions of people and supporting economies worldwide. Yet, it has profound implications for water resources, from the production of agricultural ingredients to food processing and distribution. A recent report revealing how industry practices are driving critical threats to freshwater globally identifies the [food industry as one of the most responsible for undermining the functionality of global freshwater systems](#). As one of the largest drivers of water consumption and pollution globally, across the value chain, on-farm and off-farm practices feed into freshwater impacts, including groundwater depletion, sediment erosion, and eutrophication. Consequently, while the industry impacts freshwater resources, it also experiences significant market, reputational, regulatory, and operational risks as climate change continues to accelerate and [agricultural water scarcity is projected to intensify in more than 80% of global croplands](#).

## Notable Highlights

- **Water quantity targets:** Among food companies assessed, 69% have established targets aimed at mitigating their impact on water availability within their direct operations and/or supply chain. Of this group, 13 companies have gone further and established contextual targets related to “water intensity reduction,” “water restoration,” “water use efficiency,” or “water-use reduction.” To achieve these targets, companies are improving their monitoring and tracking of water use, supporting water infrastructure upgrades, using third-party verification to achieve more efficient use of water resources, undertaking supplier engagement, implementing regenerative agriculture and nature-based solutions, and participating in collective action.
- **Regenerative agriculture and nature-based solutions:** Many companies are leveraging the potential of regenerative agriculture and nature-based solutions to enhance their water stewardship within supply chains. The assessment highlights that food companies in particular are acknowledging the many environmental benefits of adopting these practices. These include reducing impacts on water availability, enhancing water quality, improving soil health, and safeguarding and restoring ecosystems critical to freshwater supplies.
- **Internal price on water:** Setting an internal price on water is a valuable approach for companies to integrate water more formally into their business planning activities. 13% of food companies assessed (**Mars, Olam, Danone, General Mills, and Kellogg’s**) have set an internal price on water using shadow pricing or other tools to evaluate the true cost of water to consider externalities, risks, and opportunities. While this percentage is low, it stands out from other industries assessed as none of the beverage companies, only one apparel company (**Kering**), and two tech companies (**Microsoft** and **Sony**) have reported setting an internal price for water.

## Areas for Improvement

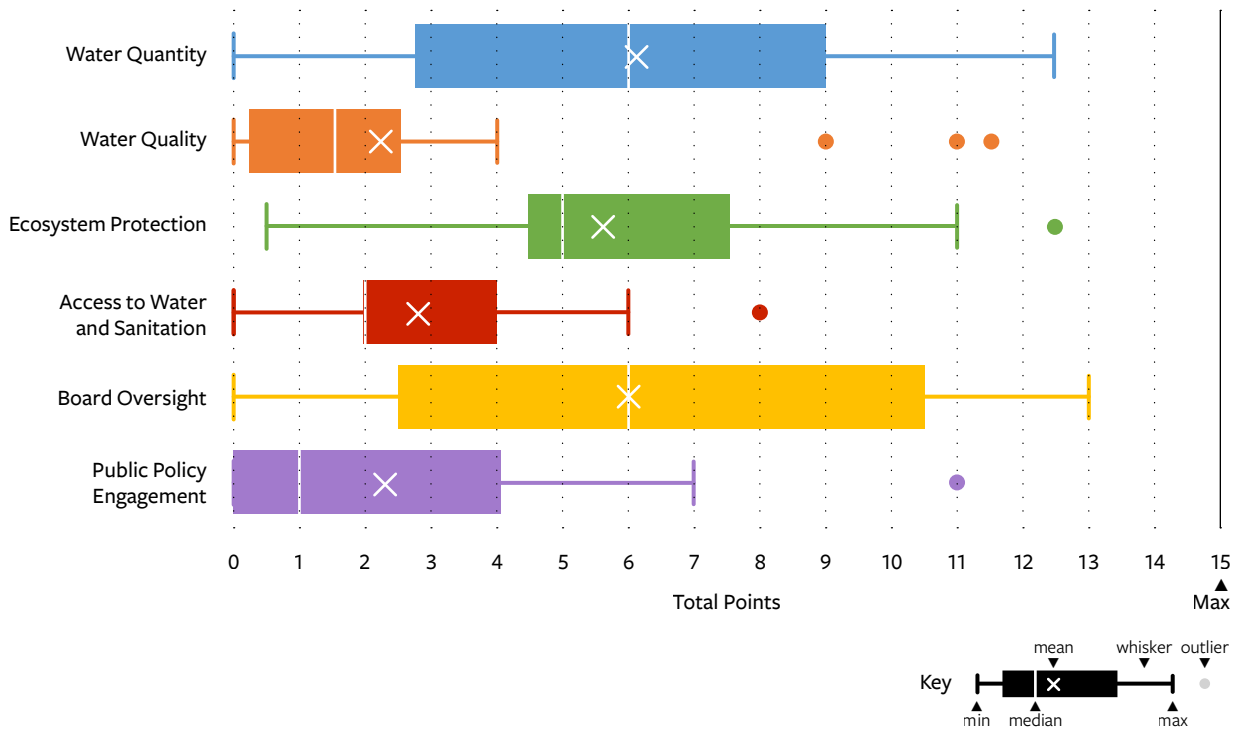
- **Water quality targets largely missing:** Out of 39 companies assessed, only 13% of food companies have set water quality targets and only two of these companies (**Danone** and **Cargill**) have taken a contextual approach to reduce their impact on water quality within their operations and supply chain. This highlights the need for a more comprehensive focus on water quality goals since it encourages other companies to set similar contextual strategies to safeguard and enhance water quality throughout their value chains.
- **Lack of supply chain disclosure:** While some companies are gathering data on supply chain water stewardship practices, a notable gap persists, with the majority of companies not publicly reporting essential information such as water withdrawal, consumption, and discharge volumes within their supply chains. Moreover, less than half, 39%, are disclosing pollutants of concern relevant to their industry including pesticides and fertilizers. Addressing these gaps is crucial for advancing sustainable water management practices across industries.
- **Access to water and sanitation (WASH) targets and policies missing:** The assessment reveals a notable gap, with only 23% of companies having a corporate policy that explicitly states the human right to water and sanitation. To strengthen the commitment to securing water as

a fundamental human right, only four companies (**Cargill, Danone, Olam, and Unilever**) have established time-bound targets for WASH. Further concerted efforts are needed to ensure that WASH becomes a universally upheld and time bound commitment across industries.

## Detailed Industry Performance

Overall, the average food industry score was **25.1 out of 90** total points. Across the six Corporate Expectations, food companies performed best on the **Water Quantity** and **Board Oversight** Expectations, with a median of six points for both (out of 15 total available points), and worst on the **Public Policy Engagement** and **Water Quality** Expectation, with a median of 1 and 1.5 points respectively (Figure 1).

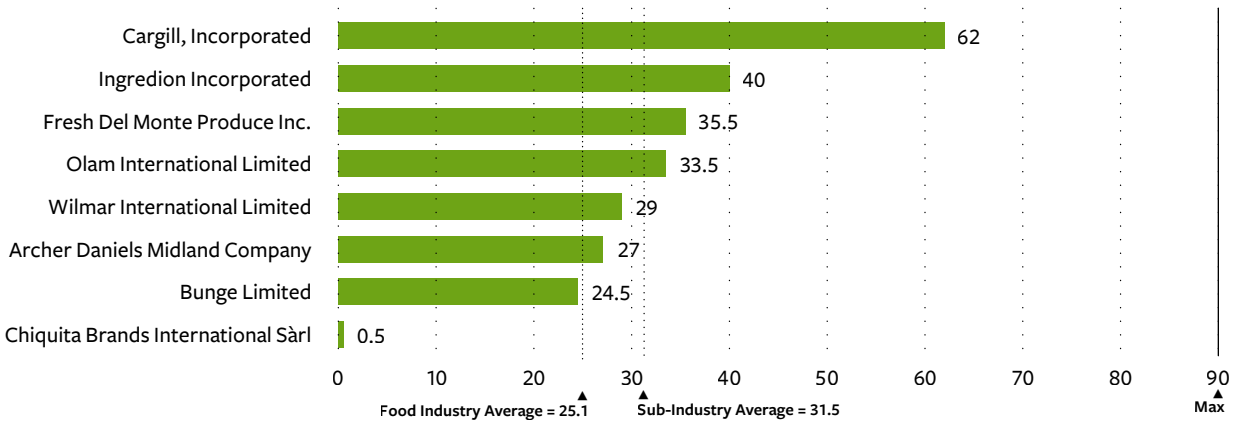
**Figure 1 • Food Industry Performance across the Corporate Expectations**



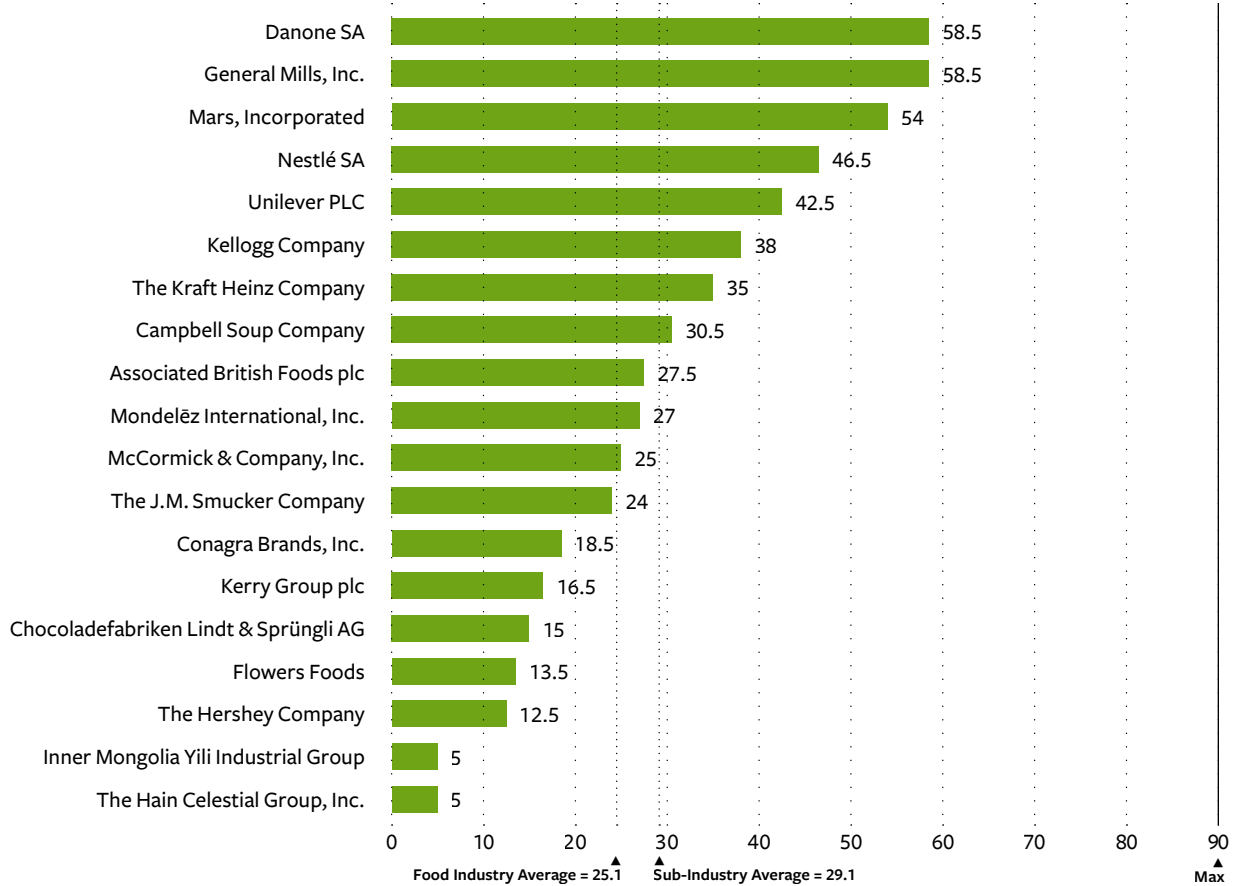
The benchmark assessment evaluated 39 food companies from four sub-industries with high exposure to water risks: **Packaged Food** (19), **Agricultural Products** (8), **Restaurants** (6), and **Meat** (6).

Across the four food sub-industries, **Agricultural Products** performed best with an average of 31.5 points, followed by **Packaged Food** and **Meat** with an average of 29.1 and 15.8 respectively. **Restaurants** performed poorest, receiving just 13 points on average (Figures 2–5).

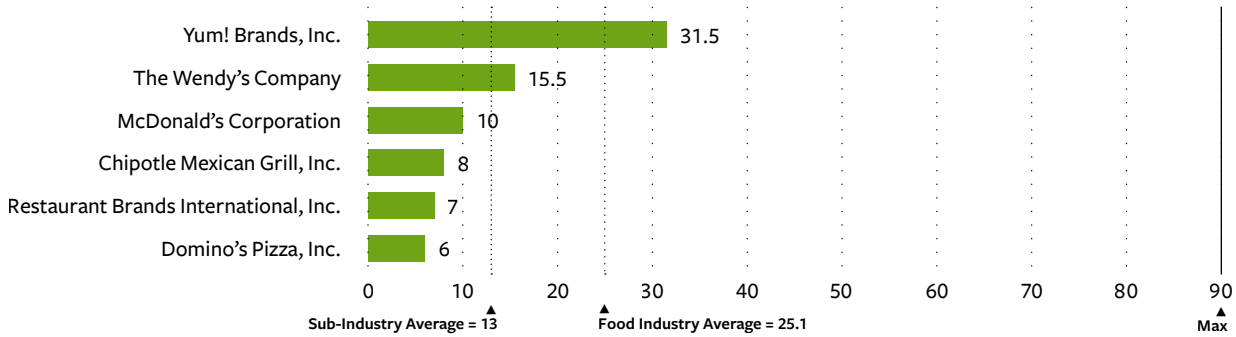
**Figure 2 • Company Performance within Agricultural Products Sub-Industry (Total Points Scored)**



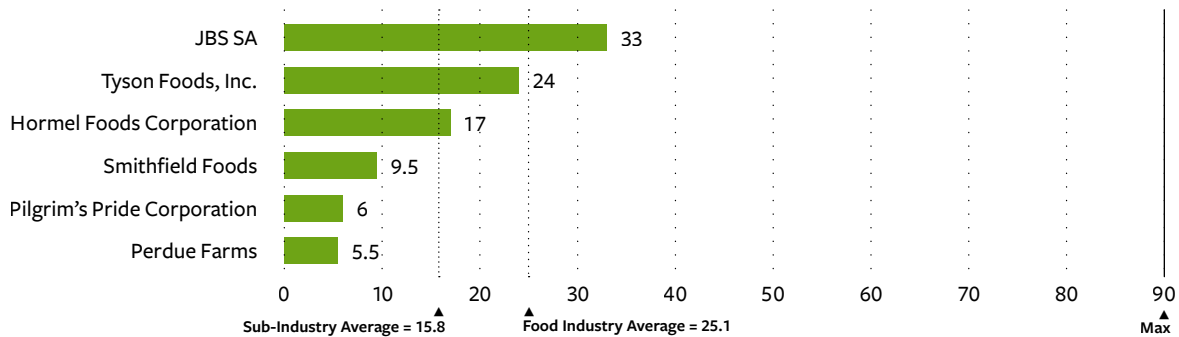
**Figure 3 • Company Performance within Packaged Food Sub-Industry (Total Points Scored)**



**Figure 4 • Company Performance within Restaurants Sub-Industry (Total Points Scored)**



**Figure 5 • Company Performance within Meat Sub-Industry (Total Points Scored)**



## Detailed Company Performance

### Water Quantity

Of the food companies assessed, 69% (27 out of 39) have set water quantity targets to reduce their impact on water availability. Thirteen companies (33%) have established contextual targets in their direct operations and/or some or all parts of their supply chain. The water related targets include commitments for “water intensity reduction,” “water restoration,” “water use efficiency,” “water balance,” “water abstraction reduction,” or “water use reduction.”

For example, **Cargill** has committed to restoring 158.5 billion gallons of water in priority watersheds across its operations and supply chains by 2030. This involves engaging in collective action projects, promoting regenerative agriculture within its supply chain, and safeguarding or rehabilitating critical habitats. **General Mills** has committed to developing watershed stewardship plans for its most material and at-risk watersheds in its global value chain by 2025. The company assessed 20 key ingredients over 45 sourcing regions, 255 facilities, and 208 contract manufacturing suppliers covering 60 watersheds to ultimately identify the 10 priority watersheds for this target.

To achieve their targets within direct operations, company strategies include improving the monitoring and tracking of water use, sharing best practices related to water conservation across facilities, implementing water stewardship plans tailored to specific facilities, investing in water infrastructure upgrades at facilities, and undertaking efforts required to receive third-party certification. Within the supply chain, companies are undertaking activities such as improving

irrigation systems, developing technical and educational training programs for growers, and expanding regenerative agriculture efforts. To achieve watershed-related targets, company strategies include investing in nature-based solutions, aquifer recharge, collective action, and scaling regenerative agricultural practices.

**In terms of disclosing volumes of water withdrawals and consumption, 72% of food companies assessed (28 out of 39), have disclosed this information for all or some of their direct operations but most companies are not disclosing this information for the supply chain.** Despite the lack of supply chain disclosure, a few companies are collecting supplier information on water use, including water intensity for specific commodities. For example, **Danone** calculates water intensity for its sourced fresh liquid milk and dairy ingredients, nuts, and fruits using the Blue Water Footprint Methodology, which evaluates the amount of surface or groundwater consumed during manufacturing and uses a digital service to collect information on water management on a yearly basis from its agricultural suppliers.

## Water Quality

**Of the 39 food companies analyzed, only 13% (5 out of 39) have set water quality-related targets (Cargill, Danone, General Mills, Hormel, and Ingredion).** **Ingredion**, for instance, has committed to reducing chemical oxygen demand (COD)/biochemical oxygen demand (BOD) by 10% from its wastewater discharges by the end of 2030 and ensuring that by the end of 2025, 100% of its agricultural supply chain will not use pesticides of concern as defined by the World Health Organization (WHO). **Only two**

**companies (5%) (Danone and Cargill) are taking a contextual approach to setting water quality targets.** One of **Danone's** water quality targets is to optimize fertilizer use and increase buffer zones around farms by 15% to reduce runoff, with a focus on high water stressed areas (covering 75% of milk, fruit, almond, and soy volumes). To achieve their targets, **Cargill, Danone,** and **General Mills** are leveraging regenerative agricultural solutions and partnering with farmers, ranchers, and other stakeholders.

For instance, **General Mills** connected its supply chain commitment of advancing regenerative agriculture on 1 million acres of farmland by 2030 to water quality outcomes, implementing practices like cover cropping and no till that can reduce fertilizer use and runoff. The company is tracking water quality outcomes through the percentage reduction in the chemical and nutrient inputs used by farmers to grow crops or raise animals.

**With regards to wastewater discharges, 74% of food companies (29 out of 39) have disclosed the aggregated volumes of wastewater discharge for some or all of their direct operations. While most companies do not disclose volumes of discharge in their supply chain, 39% (15 out of 39)**



**are disclosing pollutants of concern for their operations and supply chains.** Common pollutants reported by food companies range from pesticides and fertilizers (nitrates, phosphates, potassium) to organic matter and suspended solids. Some companies have also outlined the potential water quality impacts from these pollutants, encompassing concerns, such as eutrophication and groundwater contamination, and have articulated responses. For instance, **Ingredion** recognizes that fertilizer runoff from agriculture could result in excess nutrient loading impacting surface water or groundwater through infiltration. The company uses the Field to Market Fieldprint Calculator to better understand and track fertilizer usage among its growers, enabling comparisons with local, state, and national averages.

## Ecosystem Protection

### Targets

**Only 13% of companies (5 out of 39) (Cargill, Danone, Fresh Del Monte, General Mills, and Nestlé) have set ecosystem protection or restoration targets, and identified projects to advance the targets, to ensure their practices do not contribute to the conversion of natural ecosystems critical to freshwater supplies and aquatic biodiversity.** For example, **Cargill** has committed to protecting and restoring watersheds in critical geographies of its supply chain through agroforestry, tree restoration, and replenishment of forest cover. In addition, the company has plans to restore over 247,000 acres of altered land in Brazil over the next five years to help conserve biodiversity, soil, and water. Another example is **Danone**, which aims by 2030 to develop and implement preservation plans for 100% of the 55 high-stressed watersheds where it operates through nature-based solutions such as agroforestry and wetland preservation.

**While a limited number of assessed companies have formally established targets, a more substantial subset, comprising 26% (10 out of 39), engage in ecosystem protection or restoration projects, even in the absence of specific targets.** For instance, **Olam** (through Olam Spices) has partnered with the USDA Forest Service, National Forest Foundation, and Knorr (a **Unilever** brand) on restoration projects to improve the health and resilience of the Pine Flats watersheds in California's San Joaquin Valley's communities and farms.

### Sustainable Sourcing

**The majority of companies assessed, 72% (28 out of 39) have developed sourcing commitments and policies, while engaging their suppliers to sustainably source ingredients.** As agricultural supply chains account for a significant portion of water usage in the food industry, many companies have developed sustainable sourcing policies that include commitments to promote efficient water use and pollution reduction in agriculture. Some of the measures noted have clear links to ecosystem health such as commitments for sourcing sustainable (sometimes certified) materials, ensuring no deforestation, scaling regenerative agriculture, and increasing supply chain transparency. For example, **Kerry** has committed to sourcing 100% of priority raw materials responsibly by 2030, and eliminating deforestation across select supply chains (coffee, cocoa, soy, palm oil, and paper packaging) by 2025. Targets like this aim to minimize the environmental and social impacts of cultivation, including water use and water quality impacts.

**In terms of supplier engagement, 85% of companies (33 out of 39) are involved, to varying degrees, in promoting sustainable sourcing practices within their supply chains.** For instance, **Kerry** collaborates with its milk suppliers to implement measures that contribute to improved water quality in the surrounding catchment areas. This includes ensuring milk suppliers adopt nutrient management practices aimed at reducing fertilizer use, mitigating the risk of eutrophication resulting from run-off. **Mars** engages suppliers through EcoVadis, a third-party consultancy, and assists with farmer training and adoption of technology to advance sustainable water use in the cultivation of rice within its supply chain.

## Access to Water and Sanitation

**Among food companies, 82% (32 out of 39) are involved in addressing issues related to access to water and sanitation (WASH) for at least one stakeholder group, which may include employees, suppliers, or communities.** **Archer Daniels Midland**, for example, provides WASH services to its employees and monitors services to verify compliance through internal audits such as Sedex Members Ethical Trade Audit. **Danone** and **Nestlé** have taken the WASH Pledge, demonstrating their commitment to the realization of the UN Sustainable Development Goals for water while ensuring they are implementing the latest international best practices related to WASH for their direct operations.

As an example of a company undertaking efforts around WASH within the supply chain, **McCormick** is leveraging partnerships, including with CARE Impact Partners, across India, Indonesia, Vietnam, and Madagascar

to provide reliable and clean drinking water to farming communities and installing gender specific sanitation facilities on 36 pepper farms, benefiting approximately 3,000 field workers.

**Nestlé stands out as the only company within the industry that incorporates WASH throughout its direct operations, supply chains, and communities.** The company is a signatory of the WASH Pledge and, in addition to having WASH expectations in its Responsible Sourcing Standard for suppliers, has launched a new human rights salient issue action plan in 2023 that includes the human right to water and sanitation. In the future, the company plans to partner with global and local stakeholders to develop and apply a climate-resilient WASH framework as a fundamental aspect of its WASH programs and investments.

**Only 10% (4 out of 39) of food companies have set a time-bound target to ensure stakeholder access to WASH. Danone and Olam have targets for WASH in direct operations, while Danone, Cargill and Unilever include communities in their WASH target.** For example, **Olam** has committed that 100% of its employees worldwide will have access to WASH by 2025. Of note, the company





demonstrated through a study in Tanzania that for every \$1 invested in WASH it receives a return of \$14 through improvements in worker efficiency. **Cargill** has set a community time-bound target for WASH to improve access to safe drinking water in 25 priority watersheds by 2030. The company partnered with the Global Water Challenge (GWC) to create “Cargill Currents,” an initiative that addresses water challenges communities are facing in priority watersheds in Brazil, Cameroon, Cote d’Ivoire, Ghana, India, and Indonesia and which aims to benefit 150,000 people with improved access to water.

## Board Oversight

### Governance

**More than half the food companies, 56% (22 out of 39), have corporate boards and senior management formally overseeing material water issues.** For example, **Campbell’s** vice president for corporate responsibility and sustainability regularly provides detailed briefings to the directors’ governance committee, convening at least twice annually. These briefings encompass critical water-related issues, including the significance of conducting a comprehensive water risk assessment across the entire value chain. **General Mills’** global impact governance committee oversees water-related issues including droughts, floods, and water-related policy changes. The committee meets on a quarterly basis and has sanctioned the company’s updated water stewardship strategy, which integrates water outcomes into its regenerative agriculture strategy, along with evaluating and approving the company’s process for identifying high-risk watersheds for the establishment of water stewardship plans.

**Of the 22 companies (56%) with board level oversight of water, 14 have established clear governance practices tied to water management performance.** This includes companies setting financial incentives tied to compensation (such as **Fresh Del Monte**, **Smucker**, and **Kraft Heinz**), providing non-monetary incentives (**Cargill**), or a combination of both (**Danone** and **Yum! Brands**).

### Business Planning

**Just over half, 54% of food companies assessed (21 out of 39) integrate water risks and opportunities into business planning activities and financial decisions.** The most common water risks considered include flooding, deteriorating water quality, ecosystem vulnerability, and drought. For example, **Mondelēz** has identified flooding as a risk for its chocolate manufacturing site in Bludenz, Austria, and **Kellogg’s** has identified its plants in San Jose, California, and Grand Rapids, Michigan, as being at risk due to poor water quality.

As a response to identified water risks, companies are adopting water efficiency technologies (such as drip irrigation and improved wastewater treatment), supplier engagement, and alternatives for sourcing key commodities. For example, **Ingredion** is exploring new technologies for wastewater treatment, including zero liquid discharge strategies, allowing for the treatment of wastewater that is acceptable for reuse in food production. **ADM** is strengthening its partnership with Field to Market by expanding its commitment to regenerative agriculture practices to mitigate water related risks within its U.S. supply chain for wheat, corn, and soybean. The company is also engaging in the Saving Tomorrow’s Agriculture Resources (STAR) farming program developed by the Champaign County (Illinois) Soil and Water Conservation District to reduce the potential of agricultural water run-off.

## Public Policy Engagement

**While 49% (19 out of 39) of companies have advocacy efforts related to general sustainability issues, only 21% (eight out of 39) have provided evidence of advocacy around specific water-related issues.**

Of the companies providing this information, many are active participants of policy-oriented organizations and associated frameworks that focus in part on water-related governance and public policy, including the UN CEO Water Mandate, World Economic Forum's Global Water Initiative, and the Water Resilience Coalition. For example, as a member of WASH4WORK, a multi-stakeholder initiative hosted by the CEO Water Mandate to mobilize business action on WASH, **Nestlé** signed a business declaration at the COP27 UN Climate Conference in Egypt to mobilize global leadership and secure critical partnerships needed to shape a more climate-resilient water sanitation and hygiene-secure world.

Additionally, some food companies are endorsing research efforts and the creation of guidelines that promote corporate water stewardship to advance sustainable water management

practices. For instance, **General Mills** has taken part in piloting the Science Based Target for Freshwater guidance being developed by the Science Based Target Network (SBTN). This initiative aids companies in establishing targets and implementing corporate measures that are aligned with sustainable thresholds for freshwater ecosystems.

**When evaluating the food companies' lobbying efforts activities pertaining to water, only 13% (5 out of 39) have formally committed or issued a policy statement affirming their intent to conduct lobbying activities in accordance with their established water strategy.** These companies have developed action plans to address any discrepancies between their lobbying endeavors and their water policy. For instance, **General Mills** has established a board committee responsible for ensuring the alignment of its policy advocacy with its overarching environmental and sustainability objectives. This committee engages with policymakers to advocate for more sustainable water practices in California and Kansas.

