

Bacardi Corporate Responsibility Report 2009

## Needs a dash of spirit

By Elaine Cohen

**Bacardi's report generally hits the spot but is understrength on the subject of its workforce**

Bacardi has come a long way since 2005 when a company director was quoted as finding it “hard to accept” that “advertisements can influence what is already on the minds of teenagers – sex and alcohol”.

Perhaps it was regulatory crackdowns on Bacardi's sexually suggestive advertising that contributed to the change of direction. Or maybe the self-regulation that Bacardi now firmly advocates for the drink industry as the most efficient way of addressing alcohol abuse. But there is no doubt that the fermentation of sustainability at the self-proclaimed “largest privately held spirits company in the world” is in an advanced phase.

Bacardi's second corporate responsibility report is presented and written with clarity. Founded in 1862, Bacardi produces well-known drinks including Bacardi rum, Martini and Dewar's whisky, employs more than 6,500 people, manufactures at 27 facilities in 16 countries on four continents, and sells its range in more than 100 markets.

The company reports impressive progress in all the five areas of strategic focus for its corporate responsibility programme: marketplace; environment, health and safety; responsible sourcing; people and philanthropy; and community involvement. In addition, Bacardi presents the data with a certain finesse.

Environmental indicators show an increase in use of renewable energy, reductions in absolute consumption of water and energy and absolute greenhouse gas emissions since 2006, as well as providing data indexed per unit of production. The basis for calculation of all figures is explained, including the difficulties the company faces as it upgrades its monitoring and reporting efforts.

Although this report does not adhere to the GRI framework, its structure and flow is remarkably close to that of better GRI reports. A UN Global Compact report on progress makes up for the lack of an index, with content referenced to the ten Global Compact principles.

Ethics and governance are not covered, and while there is no attempt at a materiality analysis, report sections are introduced with statements of the key issues the business faces. Marketplace reporting is by far the strongest with, as should now be expected of any alcohol business, comprehensive coverage of Bacardi's extensive activities in promoting responsible drinking.

There have been a quarter of a million hits in the Champions Drink Responsibly web campaign, starring former formula one champion Michael

Schumacher. With this, and using live events and social media tools, plus a dedicated website for responsible drinking, Bacardi seems to be doing its bit for raising awareness.

Environmental stewardship and responsible sourcing practices are equally impressive in reporting scope and depth. There are comprehensive supplier guidelines and auditing practices, Sedex adherence, partnerships to improve labour conditions at raw material (molasses, sugarcane) sources, and application of enviro-agricultural principles in growing and harvesting.

Community activities are well described with nearly \$4m in philanthropy and support, including the staging of events with popular celebrities. Little is noted, though, about employee community volunteering activities.

### And workplace impact?

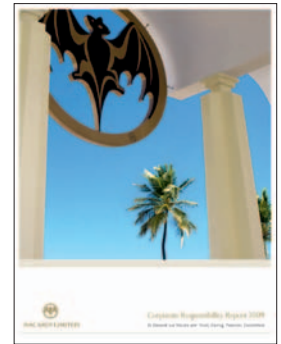
By far the biggest shortfall of this report is its minimal coverage of workplace impacts. A workforce of 6,500, whom Bacardi “provides with exciting opportunities to grow and develop” is allocated barely one page of text in this 36-page report. No employee demographics and nothing on diversity and inclusion. Nothing on pay and benefits, no data on employee recruitment, training and development and no indication of employee dialogue or feedback, with the exception of one survey in a single plant in Scotland.

References are made to site closure and redundancies, but the scope of this is not disclosed. Either the workplace nurturing rhetoric is not grounded in reality, or the reporting process is guilty of oversight in this respect.

The report covers only Bacardi's directly owned production sites – not those that are joint ventures or third party – but we don't know how many of Bacardi's 27 sites are directly owned. And so, whether this report presents a balanced picture is hard to say.

But on the whole, this report portrays a responsible and credible approach to sustainability in an industry that has to work hard to prove it can be considered responsible.

Despite Bacardi's hard work on responsible drinking, its effects are still all too prevalent. Some context on the impact of drinking habits would help explain whether flamboyant campaigns are enough to discourage the negative behaviours associated with alcohol consumption and would add the right spirit to a well-mixed report. ■



### Snapshot

**Follows GRI?** Not officially, but structure is similar.  
**Assured?** No  
**Materiality analysis?** No  
**Goals?** Yes  
**Targets?** Yes  
**Stakeholder input?** No  
**Seeks feedback?** A bit – points to website “contact us” page.  
**Key strengths?** Absolute clarity  
**Chief weakness?** Embarrassingly weak section on employees.  
**Pleasant surprise?** Excellent corporate responsibility programme overview including specific 2010 targets.

*In addition to reporting impressive progress, Bacardi presents the data with a certain finesse*

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