FMCG firms step up efforts to mitigate climate risks

Dabur's annual report mentions climate risks to business; Bisleri may bring in water credits

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Several large makers of fast-moving consumer goods (FMCG) have intensified efforts to mitigate threats posed by erratic and extreme weather events, according to the latest annual reports filed by these companies.

The move comes as more businesses find themselves facing risks linked to weather changes—including unseasonal rains, delayed winters, and periods of water stress that can potentially derail business continuity plans.

In its annual report released last week, packaged consumer goods maker Dabur India said that climate change, marked by uneven weather patterns such as unseasonal rainfall, delayed and contracted winter, impacted its seasonal portfolio in FY24. The company sells hair oils and health and wellness products. The Ghaziabad-based company has sharpened focus on climate-related uncertainties such as drought, and flooding as potential risks to business since 2021-22. Last fiscal year, it hired Rahul Awasthi as the company's first-ever chief sustainability officer.

Climate-related challenges such as heatwaves, droughts, and water stress can significantly impact the availability and quality of essential raw materials by causing lower yields and greater yield variability, the company said. The company deploys research and development to identify alternative raw materials whenever specific ones are unavailable.

Weather-related risks such as drought or floods push up essential raw material costs by causing lower yields and greater yield variability. PTI

Additionally, Dabur's procurement team works towards reducing reliance on single suppliers by developing a network of multiple vendors across diverse geographies, ensuring a consistent supply of raw materials at all times. "Our biodiversity team collaborates closely with farmers and local communities to cultivate critically endangered herbs, guaranteeing their availability, both now and in the future," the company said. To be sure, while companies have been safeguarding businesses against the impact of climate change, they have now stepped up the efforts, as extreme weather events grow in frequency and intensity. This is because such extreme events can lead to water shortages or floods in areas where companies operate. Additionally, climate change poses a significant threat to agricultural yields in a country like India; climate-related risks can also drive up raw materials costs.

Last month, packaged water maker Bisleri said it was looking to introduce water credits akin to carbon credits, aimed at making beverage makers more accountable for water usage. The company has partnered with Teri School of Advanced Studies to conduct a study that would set a benchmark for the beverage industry's commitment to water conservation. Bisleri said it will share its findings with the central government to facilitate discussions and develop a framework, advancing the concept of water credits for the beverages industry.

The move comes as large cities increasingly face water shortages. This summer, Bengaluru faced acute water shortages, driving up demand for packaged water.

Meanwhile, companies such as Nestlé, Hindustan Unilever Ltd and ITC have for long driven their commitment to reducing their impact on the planet while also securing their supply chains that involve agricultural produce such as wheat, tea and coffee.

In its annual report released last month, Nestlé India said the FMCG industry faces multiple climate risks, including erratic monsoon patterns.

UNDER THE WEATHER

LAST fiscal, Dabur India hired Rahul Awasthi as the co's first-ever chief sustainability officer

DABUR'S biodiversity team collaborates closely with farmers and local communities

BISLERI has partnered with Teri School of Advanced Studies to conduct a conservation study

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