



United Nations Global Compact

CEO Water Mandate 2nd Working Conference

August 21-22, 2008

World Water Week, Stockholm

MEETING SUMMARY

Overview

Recognizing the urgency with respect to addressing the emerging global water crisis, the UN Secretary-General, in partnership with a number of international business leaders, launched in July 2007 a new initiative – The CEO Water Mandate – under the auspices of the UN Global Compact. The initiative was developed with the understanding that the private sector, through the production of goods and services, impacts water resources – both directly and through supply chains. Endorsing CEOs acknowledge that in order to operate in a more sustainable manner, and contribute to the vision of the UN Global Compact and the realization of the Millennium Development Goals, they have a responsibility to make water-resources management a priority, and to work with governments, UN agencies, non-governmental organizations, and other stakeholders to address this global water challenge.

After a successful inaugural meeting at UN Headquarters in March 2008, the UN Global Compact Office, in collaboration with the Pacific Institute, convened the CEO Water Mandate's second working conference on August 21-22, 2008. Held during World Water Week in Stockholm, Sweden, the conference's overarching goals were to explore 1) how to understand and address water impacts and risks embedded within companies' supply chains and 2) how to ensure that the Mandate and its endorsers are transparent with respect to water use and impacts. Like the inaugural meeting, the conference brought together senior representatives from Mandate endorsing companies, UN agencies, civil society groups, and other organizations.¹

The first day and a half of the two-day meeting was structured as a multi-stakeholder forum in which endorsers and stakeholders shared experiences with regard to water supply chain management and water transparency and exchanged ideas on minimum expectations and ways to advance best practice with regard to the two Mandate elements. The first day focused primarily on water and supply chain issues, with the morning of the second day covering transparency,

¹ For the list of conference participants, see Appendix A.



specifically focusing on the draft Phase One Transparency Framework developed in advance of the meeting.

The afternoon of the second day was an endorser-only meeting that provided a forum to: 1) digest feedback provided during the multi-stakeholder workshop and decide upon whether and how the initiative as a whole should pursue further activities relating to water and supply chain management, 2) reach consensus on how to progress the Mandate's Transparency Framework and 3) determine next steps on the Mandate's funding, recruitment efforts, potential partnerships, and future multi-stakeholder working conferences in 2009 and beyond.²

Key Learnings and Outcomes

Water and Supply Chain Management

At the end of the first day's discussion, there was broad recognition that even for companies considered leaders in this field, current thinking and practical experience relating to water supply chain management is still quite nascent and in need of much further development.

Input from key stakeholders suggested that companies are now expected to begin the effort to understand, quantify, and report on both their direct and indirect water use (i.e., supply chain water footprints). The objective of such an undertaking is to enable an assessment of water-related supply chain risks and impacts (as well as business opportunities). There was wide acknowledgement that emerging practice in the field needs to address numerous unresolved challenges. Examples of issues needing further development include:

- Research investigating the complexities and emerging practice relating to the identification and management of water-related risks and impacts in the supply chain, including preliminary case studies examining how companies are successfully doing so;
- A better shared understanding of key terms, approaches, and indicators for water-supply chain management, in order for companies to move forward on this issue in a more coordinated and effective manner;
- Guidance on better evaluating and prioritizing corporate water-related risks embedded in the supply chain, and in particular on how to understand or assess "materiality" with respect to water disclosure and supply chain footprint "hotspotting";
- An articulation of the shared water-related risks among private and public sector actors, and the value proposition for collective action in reducing risk.

In terms of follow-on Mandate work and activities on water and supply chain, it was decided that for the Stockholm 2008 event (and also for all future Mandate conferences) the "identified needs" will serve as the reference point for steering any future efforts. As here, such "needs" will be captured in workshop meeting summaries. In pursuing follow-on activities, the Mandate intends primarily to help support collaborations and communication between various stakeholders and initiatives focusing on the topic. In addition to this "broker" role, the Mandate will also look to fill the gaps currently unaddressed by other freshwater initiatives rather than carving out its own space in the field. In response to a specific expression of interest by UNEP

² For detailed August 21-22 meeting agendas, see Appendix B.



to explore collaboration with the Mandate on water and supply chain issues, the endorsers agreed to move forward with the partnership so long as the collaboration focuses on addressing needs identified during the multi-stakeholder workshop.

Transparency

Based on the stakeholder input and internal discussions at the Stockholm working conference, the Pacific Institute (project lead for development of the Transparency framework) was able to move towards finalization of Phase One of the Transparency Framework.³ In addition, the Mandate Secretariat and endorsing companies agreed unanimously on the necessity to take collective action to further advance work on transparency within the Mandate. It was concluded that phase two of the Transparency Framework (also to be carried out by the Pacific Institute) will start with a compilation and analysis of current corporate reporting practices in the areas covered by the six Mandate elements, with the aim of identifying and understanding commonalities, differences, and gaps. The group believed that such a document demonstrating the various ways in which companies (endorsers and others) currently report on the six Mandate elements will help advance reporting on those elements.

The group also recognized that the analysis of current reporting practices will serve as *de facto* guidance in so far as it can identify common approaches, challenges, and omissions. Subsequent to the water reporting compilation/analysis (estimated to be completed by March 2009), the Mandate endorsers and Secretariat will assess whether the development of further water transparency guidance should be pursued. Such a determination will be made in part upon whether the endorsers and stakeholders determine that the initiative's transparency objectives and overarching goals (as articulated in the Phase One Transparency Framework paper) have been satisfactorily met. Should the initiative choose to develop such supplemental guidance, it was agreed that this would draw from emerging best practice identified in the compilation study, and would also seek to move forward with input from endorsers and in collaboration with key stakeholders/initiatives.

Next Multi-Stakeholder Workshop

Acknowledging its commitment to have semi-annual multi-stakeholder workshops, the Mandate agreed to hold its third multi-stakeholder meeting in Istanbul during the World Water Forum conference in March 2009. The group agreed that the theme should relate to the area of public policy, one of the Mandate's six elements, as the focus of the Istanbul event. It was also decided that the Mandate Secretariat will explore if and how to make some of the Istanbul sessions open to the general public (or with an expanded invitation list).

³ The Transparency Framework Phase One report can be found at: http://www.unglobalcompact.org/docs/issues_doc/Environment/ceo_water_mandate/Transparency_Framework_Phase_One.pdf



Meeting Proceedings⁴

Day One – Water in the Supply Chain

Objectives

- Scope the state-of-play regarding sustainable water management in the supply chain
- Share and learn from experiences and innovations
- Gather stakeholder input on:
 - The implementation actions that constitute both minimum expectations and best practice in relation to water and supply chain management.
 - Stakeholder information needs and interests in regard to water and supply chain issues
 - Identify role for the Mandate
- *Aspiration*: collective action

Over seventy participants representing 18 endorsing companies, five prospective endorsers, eight UN and government agencies, eight civil society organizations, and representatives from several other organizations attended the conference.

The conference began with introductory remarks from Gavin Power (Head, CEO Water Mandate) and Jakob Granit (Stockholm International Water Institute), who recapped the origins, missions, and approaches of the UN Compact and CEO Water Mandate. Jason Morrison (Globalization Program Director, Pacific Institute) followed with an introduction of the meeting agenda and the rationale behind the workshop's focus on supply chain management and transparency.

Overview of UN Global Compact and CEO Water Mandate by Messrs. Power and Granit

- The *UN Global Compact* provides a platform for companies to work with UN agencies, civil society organizations, and others on practical solutions related to the initiative's ten principles. The Compact advances "demand-driven" issues that participating companies and stakeholders regard as material, or important emerging issues.
- The *CEO Water Mandate* has a three-fold purpose: 1) to provide a learning and dialogue platform for best and emerging practices 2) to facilitate and catalyze partnerships (e.g., business-to-business; business-to-civil society; business-to-UN; and business-to-government); and 3) to find synergies with existing and emerging water initiatives.
- Some proposed future challenges and opportunities for the Mandate included:
 - Building broader base of committed CEOs: 50-75 total endorsers by January 2009 constituting greater geographic and sector diversity
 - Finalizing and implementing the Transparency Framework
 - Maximizing synergies with relevant UN Agencies

⁴ Because the meeting was held under the Chatham House Rule, there is no attribution of statements made, except (by permission) those of the hosts, organizers and facilitator.



- Further aligning with related business-oriented initiatives (e.g. World Business Council for Sustainable Development [WBCSD] and World Economic Forum)
- Broadening involvement of civil society organizations
- Driving performance across all six elements of Mandate

Key points from Mr. Morrison: Water in the Supply Chain and Transparency

- For many companies, the most important water impacts and risks are embedded in the value chain; there is currently limited understanding of how to manage such impacts.
- There is significant emerging practice (and market demand) for understanding, quantifying, and managing water use/impacts within the value chain.
- A survey of Mandate endorsers from the inaugural working conference showed that:
 - On average, “Supply chain management” was identified as having the least advanced implementation levels (relative to the other core Mandate elements).
 - “Supply chain management” was also identified as Mandate element with broadest range of implementation among Mandate endorsers, suggesting an opportunity for the Mandate to serve as a learning platform in this area.
- Participants at the inaugural working conference identified transparency as a key issue in making the Mandate a legitimate and meaningful initiative.
- To be credible, the Mandate must have a way to ensure that endorsers are accountable for their actions and to demonstrate how endorsers’ commitments translate into specific and measurable impacts.

Prior to the day’s series of presentations, panel sessions, and facilitated discussions, the conference facilitator, Paul Hohnen (Sustainability Strategies, Amsterdam), gave an overview of the conference’s objectives, agenda, ground rules⁵, and a recap of the Mandate’s pledges on supply chain management and transparency.

Introductory presentations

The first presentation discussed WBCSD’s current efforts to develop terminology related to water management. The speaker stressed the importance of utilizing a common language and a common set of tools for water and the supply chain. The following proposed definitions for water- and supply chain-related phrases were presented for reflection:

- *Water Use*: Refers to freshwater use for human purposes. In many texts the term refers to 'water withdrawal', the classic indicator of water use. It can also refer to the sum of total water consumption and water pollution.
- *Indirect Water Use*: The water use behind the products consumed by a consumer or used as inputs by a producer (i.e. water used in the production and supply chain of the goods and services consumed; water used in a business's supply chain).
- *Supply Chain*: A network of facilities and distribution options that performs the functions of procurement of materials, transformation of these materials into intermediate and finished products, and the distribution of these finished products to customers. Supply

⁵ For the ground rules agreed to for the inaugural meeting in March, and upheld at this conference, see Appendix C.



chains exist in both service and manufacturing organizations [...] and can include operations such as marketing, distribution, planning, manufacturing, and purchasing.

- *Water Footprint*: An indicator of water use that looks at both direct and indirect water use. The footprint of a good or service is the volume of freshwater used to produce the product, summed over the various steps of the production chain (...).
- *Sustainable Water Management*: Enough water, of sufficient quality, at the right time, and at the right place to meet the ongoing needs of this and future generations and of the ecosystem as a whole.

The next presentation provided an overview of how the financial sector assessed the business risks associated with corporate water use. The speaker noted that water scarcity could become a key driver affecting the price of raw materials and that the power-generation, mining, semiconductor manufacturing, and food and beverage sectors are particularly susceptible to water-related risks.

Panel Session 1: Innovations in Implementation: Assessing, Measuring, and Managing Water Use, Impacts, and Risks in the Supply Chain

The first panel session featured representatives from five endorsing companies and civil society groups, who outlined the activities and innovations of their respective organizations as regards water in the supply chain.⁶ The presentations included examples of water risk mapping and water footprinting, as well as sector- and regional-specific examples of water supply chain management. Some of the key innovations highlighted in the panel include:

- An online shared database tracking environmental performance (i.e., wastewater discharge) indicators for different suppliers that enables: 1) improved communication between suppliers and brands, 2) comparison between different suppliers and different companies, and 3) suppliers to better take the initiative in respect to water performance;
- A “Water Neutral” concept that encourages companies to return an amount of water equal to their water withdrawal to nature and the communities within their supply chain;
- Water footprinting tools that (volumetrically) quantify water use in the supply chain and that are working toward incorporating risk and impact assessments;
- Product-design that allows for significant water savings in the consumer use phase;
- Watershed risk mapping and location-specific water footprint analyses that emphasize the local context of water impacts.

As the representative of one consumer goods company put it, the water used in and with their products made them *de facto* a ‘water company’, whose future success depended on the availability, price, and quality of fresh water.

Facilitated Discussion: Water in the Supply Chain versus Sphere of Influence: What Can Reasonably be Expected of Companies?

The panel session led into a discussion about the extent of corporate responsibility for water throughout the supply chain. Among the shared perspectives and conclusions were:

⁶ A list of panel speakers can be found on page 19.



- *Impacts*: Impact analysis (i.e. economic, environmental, and social) of water use rather than volume analysis is the primary indicator of water responsibility and stewardship. Water problems are usually geographically specific: for this reason there is often no “one size fits all” approach.
- *Data*: More consistent quantitative data for water impacts from the supply chain are needed to better understand corporate supply chains.
- *Partnerships*: Approaches that drew on the expertise and responsibilities of both the private and public sectors are important to maximize learning and engagement.
- *Coordination*: Since there are now multiple initiatives in the water sector, it is important to ensure collaboration and knowledge sharing.
- *Communication*: Improving communication between suppliers and brands and capacity-building for suppliers is key to promoting water stewardship across the supply chain.
- *Community engagement*: Multi-stakeholder and community engagement in water stewardship initiatives and supply chain management provide legitimacy and expertise, and for this reason are increasingly becoming common practice.
- *Consumer awareness*: One of the major challenges is how to increase the efficiency of water use by consumers, who are often unaware of their individual and collective impacts.

Keynote Luncheon Address

Swedish Minister for Trade Dr. Ewa Björling delivered the keynote address, reaffirming Sweden’s support for the CEO Water Mandate and underlined its importance in providing a forum for business and civil society to exchange knowledge and experience. She went on to describe Sweden’s efforts in water stewardship, as well as the importance of the private sector and the concept of corporate social responsibility (CSR) in providing solutions for the global water crisis.

Panel Session II: Aligning Water Supply Chain Management and Public Policy Objectives and resulting discussions:

The afternoon session began with a panel focusing on the public policy aspects and the interface between government and business on water stewardship. Common themes and observations emerging from this discussion included:

- *Regulatory context*: There is a need to understand the context in which corporate water use and supply chains exist. A key component of this understanding (and risk assessment) is clarity about relevant regulations and government policy objectives, structures and administrative capacity.
- *Public-Private Partnerships*: There is significant overlap in business and government water-related interests and risks. As a result, some water stewardship initiatives are starting to incorporate private-public collaborations, which offer benefits on multiple levels.
- *Coordination and Communication*: There is a need to determine how to better promote dialogue between the private and public sectors for water management policies.
- *Awareness*: There is also a need to better articulate shared water-related risks among private and public sector actors, and to identify the value proposition for collective action in reducing risk.



- *Capacity Building*: To improve water management, companies with operations in developing countries should share their knowledge/data with governments and local authorities that do not have the necessary resources.

Panel Session III: *Managing Water in the Supply Chain: Understanding Basic Expectations and Perceptions of Best Practice*

A following panel was opened by Paul Hohnen with a series of questions on what can reasonably be expected of any organization in terms of responsible water supply chain management. Participants generally agreed that all organizations should work towards having: 1) specific policies on water, 2) information on their own water use, 3) time-specific targets for both reduction in volume of use and on improving water quality, 4) public reports on performance on these aspects for their own operations, and across the supply chain where relevant.

The panel focused on defining ‘best practice’, especially with respect to:

- Water footprinting and risk mapping of the supply chain;
- Developing a baseline of supply chain water use and impacts and helping suppliers to generate and collate this data;
- Comprehensive sustainability plans from companies that include water performance objectives, and highlight the importance of engaging and building capacity of suppliers;
- Development of common standards and voluntary water efficiency principles for the private sector;
- A rights-based approach to corporate water management that recognizes the human right to water.

In the ensuing discussion, some of the perceived key challenges identified in implementing best practice included:

- *Traceability*: Complex supply chains often limit the availability and accuracy of data. There is a need for practical approaches that fill quantitative and qualitative information gaps in supply chain water performance.
- *Standards*: Companies often have problems in communicating expectations to suppliers and encouraging improved water-related performance. Setting specific standards and requiring that these are met (and audited) is one way of achieving this.
- *Right to Water*: The dimensions of corporate responsibility to advance and uphold human rights, including on access to safe drinking water and sanitation, were complicated by considerations such as the appropriate roles of the public and private sectors and ‘sphere of influence’.
- *Policy priorities*: There is sometimes competition between business water demands and water access for communities, including the poor. Whether perceived or real, this complicates policy-making.

Day 1 Concluding Facilitated Discussion

The day concluded with a discussion specifically addressing a possible “road map” for endorsing companies to move toward best practice on water management in the supply chain. Discussion also focused on what the Mandate can do to assist in this respect. Stakeholder feedback on how to progress the initiative included the following:



- *Document* work in the field in order to better understand what is actually happening in the countries where endorsers have suppliers;
- *Define* stakeholder expectations of endorsers' reporting on water performance;
- *Harmonize* corporate disclosure on water performance in the supply chain in order to improve understanding and comparability of water risks and impacts across different companies and sectors;
- *Engage* further with emerging water initiatives, particularly in developing accounting methods and standards, and in assisting with piloting projects;
- *Work collectively* with stakeholders at the local level to improve watershed governance and better understand ways to reduce shared risks;
- *Develop* guidance that allows endorsers to understand materiality and prioritize actions;
- *Assess* indirect water impacts (e.g. the water use embodied in energy consumption);
- *Encourage* other companies to become endorsers in order to promote the proliferation of the Mandate's core elements and principles, as well as to improve its capacity to address those elements.

Day Two – Transparency

Objectives

The session began with facilitator Paul Hohnen summarizing the outcomes of Day 1 and reminding the endorsing companies and stakeholders of the Mandate's formal commitment to transparency. The objectives for the final part of the conference were to obtain feedback on stakeholder information needs and interests in relation to the six elements of the CEO Water Mandate, and to share perspectives on best practice in relation to transparency. In particular, the session sought guidance for the Secretariat on the consultation draft of the CEO Water Mandate Transparency Framework. Noting the rapid rise in interest globally in non-financial reporting and CSR, as illustrated by use of the Global Reporting Initiative (GRI) Guidelines, Mr. Hohnen welcomed the Mandate's leadership in exploring the water sector in greater depth.

How Transparency Under the CEO Water Mandate Can Align with Existing Efforts

The day's first three presentations described existing and emerging initiatives and protocols on corporate reporting, including the Global Reporting Initiative, the Carbon Disclosure Project, and water footprinting methodology. These presentations were largely intended to provide an overview of initiatives that promote or support transparency and corporate water reporting, as well as highlight how the Mandate can contribute to the evolution of those initiatives. Presentations and discussion highlighted the existence of a range of reporting frameworks and issue interests that could be used by companies to promote transparency. These were often compatible. Reports using the GRI framework, for example, could be used for UN Global Compact signatories' 'Communications on Progress'.

Session I: Understanding Stakeholder Information Needs and Interests With Regard to the Six Mandate Elements



Session I of Day 2 focused on determining the needs of the Mandate's endorsers in implementing the Mandate's core elements and on what the Mandate can do to address these needs. Presentations and subsequent discussion highlighted the following challenges:

- *Information* from the government or local authorities on basic watershed resources and hydrology is frequently lacking or not readily accessible;
- *Performance* data are of wide interest to governments, investors, employees and wider communities. A range of options is open to collect and report such data.
- *Capacity* of both governments and companies to engage with affected communities is often limited;
- *Low-tech communications* methods are needed to disseminate information and interact with communities that do not have ready internet access;
- *Ecosystem health risks* of corporate activities require more consistent analysis and attention;
- *Outreach* to non-endorsing companies on the Mandate elements is needed, together with necessary guidance and incentives;
- *Monitoring* of specific requirements for Mandate endorsers and appropriate follow-up;
- *Engagement* of all relevant stakeholders in water-related projects, regardless of whether this might slow progress.

Session II: Defining the CEO Water Mandate's Transparency Framework

The final session of the multi-stakeholder workshop sought consensus on the core function, elements, and direction of the Mandate's Transparency Framework. The session began with a brief overview of the draft Transparency Framework by Jason Morrison (Pacific Institute). Mr. Morrison explained that the framework is intended to respond to the need for a set of minimum requirements on reporting, and does not necessarily represent best practice. The bulk of the session discussed the key conceptual and practical issues regarding the Framework, and if and how to move forward on developing detailed reporting guidance (i.e. Phase Two of the Framework) on the Mandate's six core elements.

Some of the key questions, concerns, and suggestions over the Framework included:

- Will endorsers be expected to report in a 'stand-alone' document, or can such reporting take place in the context of a larger CSR or annual financial report? There was a sense that reporting in any of these formats would be acceptable as long as the scope and detail of reporting balanced both company and stakeholder needs.
- Will the Mandate report to the public as an initiative or expect its endorsers to report individually? Here, the clear position of the Mandate was that both would be necessary, and that the reporting by the Secretariat will focus on activities and accomplishments of the initiative as a whole.
- A normative guidance would add to an already long list of reporting requirements for companies and create significant economic and logistical challenges. Noting the shared sense of urgency attached to the water issue, however, it was agreed that there were widely available performance indicators, and that where material these should be used to the maximum first, at the same time as exploring how additional indicators might be introduced.



- The proposed ‘hybrid’ approach (i.e use of a guidance standard together with case studies) could constitute shifting to normative guidance over time, while providing descriptive experience as companies develop their ability to report.
- Sufficient data may not yet be available to fully demonstrate progress on all six core elements.

The endorsers and stakeholders reached the following broad conclusions on a variety of issues regarding the Framework and Mandate reporting:

- *Reporting*: Transparency about actions to implement the Mandate is important and there is a consequent need for minimum requirements regarding water reporting for Mandate endorsers.
- *Outreach*: The Mandate constitutes both an incubator for best practice (i.e. a leadership role) as well as a call to action that will allow potential endorsers with limited experience in water stewardship to participate. In order to support this dual role, the Mandate will:
 - Have relatively low minimum requirements;
 - Expect demonstrated continual improvement in respect to reporting on the six core elements;
 - NOT require new endorsers to report immediately, giving them a one-year to learn and implement water stewardship practices.
- *Practical Guidance*: The Mandate needs to compile resources on best practice and develop practical guidance (e.g. on defining terms and indicators) to help endorsers determine what is material for purposes of disclosure.

Endorser-only Meeting

Objectives

- Review outcomes of multi-stakeholder portion of conference
- Further discuss the transparency framework developed by the Pacific Institute
- Strategize future Mandate funding options
- Determine desire for and action plans for potential partnerships with the Clinton Global Initiative and UNEP
- Determine specific targets for recruitment of potential new endorsers
- Finalize location of the CEO Water Mandate’s 3rd Working Conference

The endorser-only meeting began with introductory remarks from Mr. Power, who emphasized the success of the Mandate in reaching its goals established at the March 2008 inaugural workshop, as well as the challenges it faces, most notably increasing recruitment, funding, and transforming the concepts behind the Mandate’s six core elements into meaningful impact.

Mr. Morrison followed with a recap of the multi-stakeholder portion of the meeting. He raised several overarching questions in order to initiate discussion amongst the endorsers, including:



- How (and if) the initiative should advance the water and supply chain management Mandate element going forward?
- More generally, what systematic methods and/or new work approaches/modules might the initiative consider for how to advance the topics covered at CEO Water Mandate multi-stakeholder workshops?
- How will the initiative decide on new, collaborative projects and opportunities that “come” to the initiative in between workshops?
- What is the Mandate’s strategy for recruiting new endorsers?

Water and Supply Chain Management

- The group agreed that even for companies considered “leaders” in this field, the work in watershed and supply chain management is still quite nascent and in need of further developing.
- The endorsers and facilitators agreed that a better shared understanding of key terms and indicators for supply chain management was needed for companies to move forward on this issue in an effective way.
- For water supply chain (and other future topics) the Mandate intends primarily to help support collaborations and communication between the various stakeholders and initiatives. This “broker” role is an alternative to actively carving out its own space among freshwater initiatives, yet the initiative will also look to fill the gaps between existing initiatives not otherwise being addressed.
- It was decided that for the Stockholm 2008 event (and also for all future Mandate conferences) that “identified future works needs”, which will be captured in the workshop summary, will serve as the reference point for steering any future Mandate activities on the topic. (See discussion of Potential New Partnerships and Projects below for a description of planned follow-up on the issue of water supply chain management.)

Transparency Framework

Another key agenda item was further discussion of the Transparency Framework that served as the basis for dialogue in the multi-stakeholder portion of the workshop. Despite some differences of opinion on the details of the Transparency Framework, the endorsers unanimously agreed on the necessity to take action to further advance the Transparency element of the Mandate.

- One concern regarding the Transparency Framework was that understanding of key issues and concepts, such as the complex and emerging issue of water supply chain management is not sufficiently developed to serve as the basis for meaningful, normative reporting guidance.
- Another concern expressed was that the Mandate’s Transparency Framework not be overly prescriptive; many of the endorsers believed it is more appropriate for the initiative to act as a network for sharing experiences and best practice, rather than serve as a quasi-prescriptive, standard-setting body.
- Most asserted that a staged approach to advancing the Transparency Framework was most appropriate, based on recognition that the Framework (and stakeholder expectations) will evolve over time as companies become more adept at reporting on the Mandate elements.



- It was concluded that phase two of the Transparency Framework will focus on compiling and analyzing current corporate reporting practices vis-à-vis the Mandate elements, with an aim of better understanding commonalities, differences, and gaps. It was understood that parts of the analysis itself will serve as *de facto* guidance in so far as it can identify common themes and best practice. Subsequent to the reporting compilation/analysis, the Mandate will assess whether the development of further water transparency guidance is worth pursuing.

Mandate Funding

The discussion of funding for the initiative began with a reminder of the two-track funding structure agreed to at the March 2008 meeting, in which the Mandate relied on a sponsor format for its events/projects and voluntary yearly contributions from its endorsers to help support the initiative's annual operations.

- The first annual request for the voluntary contributions is to be distributed in October 2008.
- It was agreed that there is a need for a budget for communications and outreach activities, to better profile and describe the Mandate and its objectives to prospective endorsers, as well as to increase its visibility to the general public.

Potential New Partnerships and Projects

Clinton Global Initiative – CGI is an initiative established by former U.S. President Bill Clinton, represented at the Stockholm Mandate workshop by Lia Marshall. GCI describes itself as a catalyst to action, bringing together global leaders from different sectors in order to devise and implement innovative solutions to the world's problems.

- There was an in-depth discussion regarding participating in the Clinton Global Initiative's 2008 meeting in September as a means to gain visibility (and recruitment) for the Mandate.
- Such participation would require a commitment, in this case to add 15 Mandate endorsers per year for the next three years, as well as an application to be submitted by August 23, 2008 (the following day).
- After lengthy discussion, endorsers decided not to participate in GCI due to the limited time frame and the inability to sufficiently notify both top management and the endorsers not attending this workshop before the deadline.

United Nations Environment Programme – UNEP is the arm of the United Nations responsible for caring for the environment. UNEP's mission is to provide leadership and promote partnerships to enable people and governments to responsibly manage their environment and natural resources.

- UNEP, represented at the workshop by Cornis Van der Lugt, expressed interest in collaborating with the Mandate on water and supply chain management issues.
- The endorsers agreed to move forward with this partnership as long as the collaboration focused on addressing the Mandate's needs (established in the multi-stakeholder workshop). Areas of possible attention include:



- A research paper on the complexities and emerging practice relating to water in the supply chain, including preliminary case studies examining how these issues can be addressed;
- Guidance on better understanding corporate water-related risks embedded in the supply chain, and in particular on how to understand or assess “materiality” with respect to water and supply chain footprints;
- An articulation of the shared water-related risks among private and public sector actors, and the value proposition for collective action in driving down risk;
- Multi-sectoral piloting.

Recruitment

- The group discussed the necessity of expanding membership in the Mandate and meeting the goal of 50-75 endorsers by the end of 2008.
- The endorsers reaffirmed their commitment to an advocacy role in recruiting and the need to reach out to business partners who could make valuable contributions to the Mandate.
- The Mandate’s intent is to serve both “leaders” and “learners”, allowing endorsers to join as long as they demonstrate a commitment to the core elements and progress over time.
- The endorsers reported that the primary obstacle in recruitment has been that many potential endorsers thought they must be a “leader” in order to join. It is hoped that the aforementioned communications/outreach activities can help address this misperception.
- The best targets for new endorsers may be companies who are already members of the UN Global Compact but have not yet signed onto the Mandate.
- Despite the desire for membership growth, it was agreed that incremental, selective, and balanced (in respect to sector and geography) growth is needed.

Next Multi-Stakeholder Workshop

Reaffirming their commitment to hold semi-annual multi-stakeholder workshops, the group discussed and agreed upon Istanbul during the March 2009 World Water Forum conference as the site of the next (third) multi-stakeholder meeting. The endorsers also agreed on the need to quickly set the date/location of the following (fourth) multi-stakeholder meeting, with some lobbying for the same meeting in Stockholm during World Water Week 2009. However, the location of the fourth meeting was not formally agreed upon.

- It was determined that though the CEO Water Mandate workshop will take place concurrently with the Istanbul WWF event, it will most likely not be officially linked to the event. This is due to that fact that deadlines for inclusion in the WWF program have passed, as well as because of the difficulty in maintaining a small, expert dialogue-conducive meeting of experts if is part of the “public” official program.
- The group agreed on exploring the various dimensions of “Public Policy” – one of the Mandate’s six elements – as the focus of the Istanbul event.
- It was decided that the Secretariat would explore if and how to open some sessions of the Istanbul meeting to the general public (or with an expanded invitation list).
- The event organizers from the UN Global Compact and the Pacific Institute stated that they are well-positioned to receive collaborative support from the Government of Turkey and WWF-Turkey for the Istanbul event.



Immediate Next Steps

Throughout the meeting, it was agreed to take the following steps in order to advance the short-term goals of the initiative:

- Circulate to new endorsers the existing Mandate documents on various water initiatives and mapping risks and opportunities;
- Develop a budget for communications and outreach activities that will better describe the Mandate and its objectives to prospective endorsers, as well as increase general visibility.
- Draft a one-page set of talking points with which to engage potential endorsers and clarify the expectations for new members.
- Assess current UN Global Compact membership to identify potential new endorsers;
- Draft a proposal on how the open/closed meetings of the Istanbul workshop might work;
- Seek approval from all speakers from the Stockholm conference to post their slide presentations on the UN Global Compact website in order to promote transparency to the public and civil society alike.



Appendix A: List of Participants

Affiliation	Name	Title
Endorsing companies and prospective endorsers		
Borealis Group	Sylvain Lhôte	EU Affairs Director; Water for the World Program Manager
Cadbury	Ian Walsh	Global Head of Environment
The Coca-Cola Company	Ulrike Ebert	Corporate Responsibility Director - Environment, Coca-Cola Europe
The Coca-Cola Company	Denise Knight	Global Water Initiative Manager
The Coca-Cola Company	Lisa Manley	Director - Environmental Communications
Coca-Cola Hellenic Bottling Company	Ulrike Gehmacher	Group Public Affairs & Communications Manager
Coca-Cola Hellenic Bottling Company	Jens Rupp	Sustainability Manager
Diageo plc	Gareth Collins	Environmental Manager, International Beer Supply
Diageo plc	Nicole Lovett	Corporate Citizenship Manager for Africa
Diageo plc	Will Peskett	Head of Corporate Citizenship
Dow Chemical Company	Scott Noesen	Sustainability Group
Global Water Challenge (UN Foundation)	Paul Faeth	Executive Director
Swedish Foreign Ministry	Elisabeth Dahlin	Ambassador
H&M	Henrik Lampa	Environmental Supply Chain Manager
H&M	Ingrid Schullström	Head of CSR
Hayleys Limited	Anura de Silva	General Manager, Infrastructure Development
Hindustan Construction Company Limited	Mangesh Gupte	Deputy General Manager – CSR
Hindustan Construction Company Limited	Niyati Sareen	Deputy General Manager – CSR
Levi Strauss & Co.	Manuel Baigorri	Manager, Social and Environmental Sustainability - Europe, Middle East and Africa
Liquim	Minna LeVine	President
Marks and Spencer	Lauren Orme	Sustainable Raw Materials Manager
Nestlé S.A.	John Bee	Director, Public Affairs
Nestlé S.A.	Marianela Jimenez	Safety, Health, and Environment Coordinator
Netafim	Naty Barak	Director of Global Corporate Responsibility
PepsiCo, Inc.	Dan Bena	Director of Sustainability, Health, Safety, and Environment
Reed Elsevier	Mark Gough	Environment and Health & Safety Coordinator
SABMiller	Andy Wales	Group Head of Sustainable Development
Sasol	Martin Ginster	Environmental Advisor (Water and Cleaner Production)
Shell Oil	Joppe Cramwinckel	Senior Sustainable Development Advisor
Siemens Water Technologies	Derek Bourne	Director of Product Management
SUEZ Environment	Alain Mathys	Director, Water for All Programme
Unilever	John Temple	Vitality Director, Home and Personal Care R&D
Government and UN Agencies		
International Finance Corporation	Bastiaan Mohrmann	Principal Investment Officer, Corporate Advice Department
OECD, Directorate for Financial and Enterprise Affairs	Celine Kauffman	Economist/Policy Analyst
OECD, Environment	Monica Scatasta	OECD Water Programme Co-ordinator



Directorate		
UNDP	Andrew Hudson	Principal Technical Adviser
UNEP	Cornis van der Lugt	Programme Officer
UNICEF	Clarissa Brocklehurst	Chief of Water & Environmental Sanitation
USAID	Kristina Kohler	Partnership Development Specialist
Civil Society		
The Nature Conservancy	Jonathan Kaledin	Blue Water Certification Program Director
The Nature Conservancy	Brian Richter	Co-leader Global Freshwater Team
Oxfam America	Gawain Kripke	Director, Policy & Research
SOMO (Centre for Research on Multinational Corporations)	Bart Slob	Senior Researcher
WaterAid	Barbara Frost	Chief Executive
WaterAid America	Patricia Dandonoli	President & CEO
WWF-UK	Stuart Orr	Freshwater Policy Officer
WWF-US	Chris Williams	Director, Freshwater Conservation
Other		
AquaFed	Jack Moss	Senior Water Advisor
BSR	Linda Hwang	Associate, Research & Development Team
Carbon Disclosure Project	Nigel Topping	Head of Supply Chain
Clinton Global Initiative	Lia Marshall	Global Health Working Team
Global Reporting Initiative	Sean Gilbert	Associate Director, Technical Development
JP Morgan	Claudia Kruse	Vice President, European Environmental, Social, and Governance Research
LECG	Will Lynn	Consultant, Carbon and Climate Change
Pegasys Strategy and Development (Pty) Ltd	Guy Pegram	Managing Director
SIWI	Jakob Granit	Project Director
Twente University	Arjen Hoekstra	Professor in Multidisciplinary Water Management
Water Footprint Working Group	Derk Kuiper	Coordinator
Water Stewardship Initiative	Matthew Wenban-Smith	Director
WBCSD	Anne-Leonore Boffi	Program Officer, Water
WBCSD	James Griffiths	Managing Director
WBCSD	Eva Haden	Assistant Program Manager, Water and Ecosystems
World Economic Forum	Dominic Waughray	Director, Head of Environment Initiatives
Event Organizers		
Pacific Institute	Jason Morrison	Globalization Program Director
Pacific Institute	Peter Schulte	Research Analyst
Sustainability Strategies	Paul Hohnen	Principal
UN Global Compact	Oliver Johner	Communication on Progress Analyst
UN Global Compact	Gavin Power	Head, CEO Water Mandate



Appendix B: CEO Water Mandate 2nd Working Conference Agenda

CEO Water Mandate Second Working Conference Stockholm, Sweden August 21-22, 2008

Day One – Managing Water in the Supply Chain

Context and Value Proposition

For many companies, the most important water impacts and risks are embedded in the value chain, and there is currently little understanding regarding if and how companies can manage such impacts. This workshop will enable a better understanding of stakeholder expectations regarding this issue, as well as serve as a platform for endorsers to share practical experience (i.e., challenges and successes) and improve understanding regarding the management of water use and impacts within the supply chain.

Day One Objectives/Outcomes:

- Scope the state-of-play regarding sustainable water management in the supply chain.
- Provide a learning platform for endorsing companies to share experiences and innovations relating to this particular Mandate element.
- Garner feedback from key strategic interests regarding their views on:
 - The implementation actions that constitute both minimum expectations and best practice in relation to water and supply chain management.
 - Stakeholder information needs and interests in regard to water and supply chain issues.

Meeting Agenda – Day One⁷

8:30 AM **Welcome:** Opening remarks, description of the impetus of The CEO Water Mandate and the general rationale and context for the workshop.

- Gavin Power, Head, CEO Water Mandate
- Jakob Granit, Project Director, Stockholm International Water Institute
- Jason Morrison, Globalization Program Director, Pacific Institute

9:00 AM **Introductions and Event Orientation**

⁷ Subject to change.



Overview of the working conference objectives, agenda, and ground rules, followed by a brief introductory exercise that allows people to learn who's at the conference.

- Paul Hohnen, Sustainability Strategies (meeting facilitator)

9:20 AM Talking the Same Talk: Reaching a Shared Understanding of Key Terms

- Sylvain Lhôte, Director EU Affairs – Water for the World™ Programme Manager, Borealis Polymers N.V.(representing the World Business Council on Sustainable Development)

9:40 AM Water and Business Risk: A Perspective from the Investment Community

- Claudia Kruse, Vice President European Environmental, Social and Governance Research, JP Morgan

10:00 AM Coffee Break

10:30 AM Panel Session I: Innovations in Implementation: Assessing, Measuring, and Managing Water Use, Impacts, and Risks in the Supply Chain

Brief presentations demonstrating implementation activities and innovations relating to water and supply chain management.

- *Apparel Sector Approach to Wastewater Management in the Supply Chain*, Linda Hwang, Business for Social Responsibility
- *Measuring and Risk Mapping Direct Operations and the Supply Chain*, Denise Knight, Global Water Initiative Manager, The Coca-Cola Company
- *Supply Chain Water Footprinting: Emerging Practice, Benefits, and Limitations*, Stuart Orr, Freshwater Policy Officer, WWF
- *Supply Chain and Footprinting in a Fast-Moving Consumer Good Company*, John Temple, Vitality Director, Home and Personal Care R&D, Unilever
- *Water Related Supply Chain Management and Community Engagement in Africa*, Andy Wales, Group Head of Sustainable Development, SABMiller

11:45 AM Facilitated Discussion: Water in the Supply Chain versus Sphere of Influence: What Can Reasonably be Expected of Companies?

30 minutes of facilitated discussion where meeting participants have an opportunity to provide input on the session topic.

12:15 PM Lunch (Boxed lunches provided)

1:00 PM Keynote Luncheon Address: Ewa Björling, Swedish Minister for Trade



1:30 PM Panel Session II: Aligning Water Supply Chain Management and Public Policy Objectives

- *UNEP's Promotion of Sustainable Value Chain Management: What Can Be Learned for Water*, Cornelis Theunis Van der Lugt, Business and Industry Unit, United Nations Environment Programme
- *Managing Water Risk in the Supply Chain: Corporate Engagement with Public Policy*, Guy Pegram, Managing Director, Pegasys Strategy and Development Ltd.

Presentations followed by 30 minutes of facilitated discussion where meeting participants have an opportunity to provide input on the session topic.

2:30 PM Coffee break

3:00 PM Session III: Managing Water in the Supply Chain: Understanding Basic Expectations and Perceptions of Best Practice

- Gawain Kripke, Director, Policy & Research, Oxfam America
- Lauren Orme, Sustainable Raw Materials Manager, Marks and Spencer
- Bastiaan Mohrmann, Principal Investment Officer, Corporate Advice Department, International Finance Corporation
- Mangesh Gupte, Deputy General Manager - CSR, Hindustan Construction Company Ltd

3:45 PM Concluding Facilitated Discussion: 45 minutes of facilitated, structured discussion where all participants have an opportunity to provide input on the session topic.

Specific questions to address in the discussion include:

- What is the road map, both in terms of process and time horizon, for moving from minimum expectations to best practice?
- What role can the CEO Water Mandate play in advancing best practice in this area?

4:30 PM Closing remarks: Closing observations recapping the day's overarching themes and a description of next steps.

- Gavin Power, Head, CEO Water Mandate
- Jason Morrison, Globalization Program Director, Pacific Institute

4:45 PM Day One Adjourn



CEO Water Mandate Second Working Conference
Stockholm, Sweden
August 21-22, 2008

Day Two - The CEO Water Mandate and Transparency

Day Two Objectives/Outcomes:

- Garner feedback regarding stakeholder information needs and interests in relation to the six elements of the CEO Water Mandate.
- Receive input on the consultation draft of the CEO Water Mandate Transparency Framework, which will consist of both baseline requirements from the perspective of the Mandate Secretariat, as well as a description of options regarding how various transparency-related issues might be addressed within the initiative.

Meeting Agenda – Day Two

8:30 AM **Welcome, Review of Agenda, and Synopsis of Day One Discussions Focusing on Stakeholder Feedback on Key Supply Chain Information Needs**
Paul Hohnen, Sustainability Strategies (meeting facilitator)

8:45 AM **How Transparency Under the CEO Water Mandate Can Align with Existing Efforts**

- *Integrating CEO Water Mandate and GRI Reporting*, Sean Gilbert, Associate Director, Technical Development, Global Reporting Initiative
- *Learning from the Carbon Experience*, Nigel Topping, Head of Supply Chain, Carbon Disclosure Project
- *Making the Link Between Water Transparency and Footprinting*, Arjen Hoekstra, Professor in Multidisciplinary Water Management, Twente Water Centre, University of Twente

9:45 AM **Session One: Understanding Stakeholder Information Needs and Interests With Regard to the Six Mandate Elements**

- Jonathan Kaledin, Blue Water Certification Program Director, The Nature Conservancy
- Bart Slob, Senior Researcher, SOMO (Centre for Research on Multinational Corporations)
- Barbara Frost, Chief Executive, WaterAid

30 minutes of facilitated discussion where meeting participants have an opportunity to provide input on the session topic.



10:40 AM Coffee Break

11:00 AM Session Two: Defining the CEO Water Mandate's Transparency Framework

Session Objective: Gain clarity (reach consensus) on the core function, elements, and direction of the initiative's Transparency Framework moving forward.

Review of the Transparency Framework Discussion Paper⁸
Jason Morrison, Pacific Institute

Facilitated Discussion on Key Conceptual and Practical Issues Relating to the Transparency Framework

Subjects to be addressed include:

- 1) The basic expectations of the CEO Water Mandate Secretariat regarding minimum transparency-related responsibilities of endorsers,
- 2) The broad architecture regarding how this unique Mandate element can be conceptualized and operationalized within the initiative,
- 3) The rationale and options regarding how Phase II of the Transparency Framework can be developed, including more detailed guidance that draws from emerging best practice in water reporting in the areas covered by the six Mandate elements.

12:30 PM Adjourn

The organizers wish to recognize the organizations whose generous sponsorship has made this second working conference of the CEO Water Mandate a reality: PepsiCo, Diageo, Hindustan Construction Company, Coca-Cola, SABMiller, UN Global Compact Foundation, and the Stockholm International Water Institute.

We thank you.

⁸ This presentation will build on the preparatory document circulated in advance of the meeting.



CEO Water Mandate Second Working Conference Endorser-only Meeting

**August 22, 2008 – 1:00 PM to 3:00 PM
(lunch provided)**

1:00 PM Welcome and Review/Approval of Agenda

1:10 PM Review of workshop outcomes and discussion of direction of the initiative moving forward with regard to:

Water and supply chain management

Transparency Framework

2:00 PM Facilitated Discussion on Key Strategic and Practical Implementation Issues

Subjects to be addressed include:

Date/location/subject of next multi-stakeholder workshop

General opportunities for improving workshop planning

Future governance and funding of the initiative

Identification of possible collaborative projects for 2008-2009 (e.g, UNICEF partnership)

Recruitment strategy

Immediate next steps/action items

3:00 PM Adjourn



Appendix C: Meeting Ground Rules for CEO Water Mandate Inaugural Working Conference

Day One: March 5, 2008

PROPOSED GROUND RULES

The inaugural CEO Water Mandate Conference offers a unique opportunity for endorsing companies and other key strategic interests to share approaches and emerging practices, build relationships and explore partnership opportunities, and generate enthusiasm and consider near-term strategies for this new public-private initiative.

The day-long working conference on March 5 offers a mix of panel presentations and discussion opportunities intended to foster in-depth deliberations. In that spirit, the organizing team puts forward the following streamlined ground rules to guide conference deliberations.

- **Active, focused participation.** The conference is structured to encourage an active exchange of idea among participants. Voicing these perspectives is essential to enable meaningful dialogue. To that end, we encourage attendees to actively participate in the discussion and fold in their perspectives throughout the day.
- **Respectful interaction.** Conference participants are encouraged to respect each other's values and legitimacy of interests. We further ask that you strive to be open-minded and integrate participants' ideas, perspectives and interests.
- **Focused comments.** Our day-long agenda is ambitious, with many topics to cover and numerous perspectives to fold in. Given the limited time, we ask that participants keep their comments as succinct and focused as possible and help ensure that all participants have an opportunity to contribute their thoughts to the dialogue.
- **Chatham House Rule.** To encourage free discussion, workshop participants are welcome to share discussion points with other non-attendees, but comments are not to be attributed directly to particular speakers or entities (Chatham House Rule).
- **Other.** To keep the meeting as effective as possible, we ask that you honor the following meeting management aspects:
 - Keep cell phones off
 - Use scheduled breaks, as possible
 - Wait to be recognized before speaking
 - Avoid side-discussions

We look forward to a productive day and thank you for your participation.



Day Two: March 6, 2008

PROPOSED GROUND RULES

The inaugural CEO Water Mandate Conference offers a unique opportunity for endorsing companies and other key strategic interests to share approaches and emerging practices, build relationships and explore partnership opportunities, and generate enthusiasm and consider near-term strategies for this new public-private initiative.

The March 6 session is intended to provide endorsing companies an opportunity to chart near and mid-term goals for the CEO Water Mandate. The half-day agenda is quite ambitious, with the overarching goal of identifying a consensus approach forward. With that in mind, the organizing team puts forward the following streamlined ground rules to guide the deliberations. Some are drawn from yesterday's set of meeting protocols; others are new.

- **Active, focused participation.** Every participant is responsible for communicating his/her perspectives and interests. Voicing these perspectives is essential to enable meaningful dialogue. Participants are asked to abide by the Chatham House Rule when sharing the substance of the discussions with others.
- **Respectful interaction.** Conference participants are encouraged to respect each other's values and legitimacy of interests. As well, participants are asked to keep comments as succinct and focused as possible. Everyone will help the meeting stay on track.
- **Integration and creative thinking.** Participants will strive to be open-minded and to integrate each other's ideas, perspectives and interests. Disagreements will be regarded as problems to be solved. Participants will attempt to reframe contentious issues and offer creative solutions to enable constructive dialogue.
- **Consensus decision-making.** Participants will strive to reach consensus. "Consensus" means that participants are willing to support recommendations, even if each participant doesn't necessarily like everything about the recommendation (i.e., the "Can you live with it?" standard). If consensus is not reached, a Steering Committee consisting of a diverse set of endorsing companies will meet to develop compromise approaches for subsequent review and confirmation by the full set of endorsing companies.
- **Other.** To keep the meeting as effective as possible, we ask that you honor the following:
 - Keep cell phones off
 - Use scheduled breaks, as possible
 - Wait to be recognized before speaking
 - Avoid side-discussions

We look forward to a productive morning and thank you for your participation.