



The CEO Water Mandate

State of Play Regarding Corporate Water Stewardship in Agricultural Supply Chains

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Stockholm World Water Week
3 September, 2014

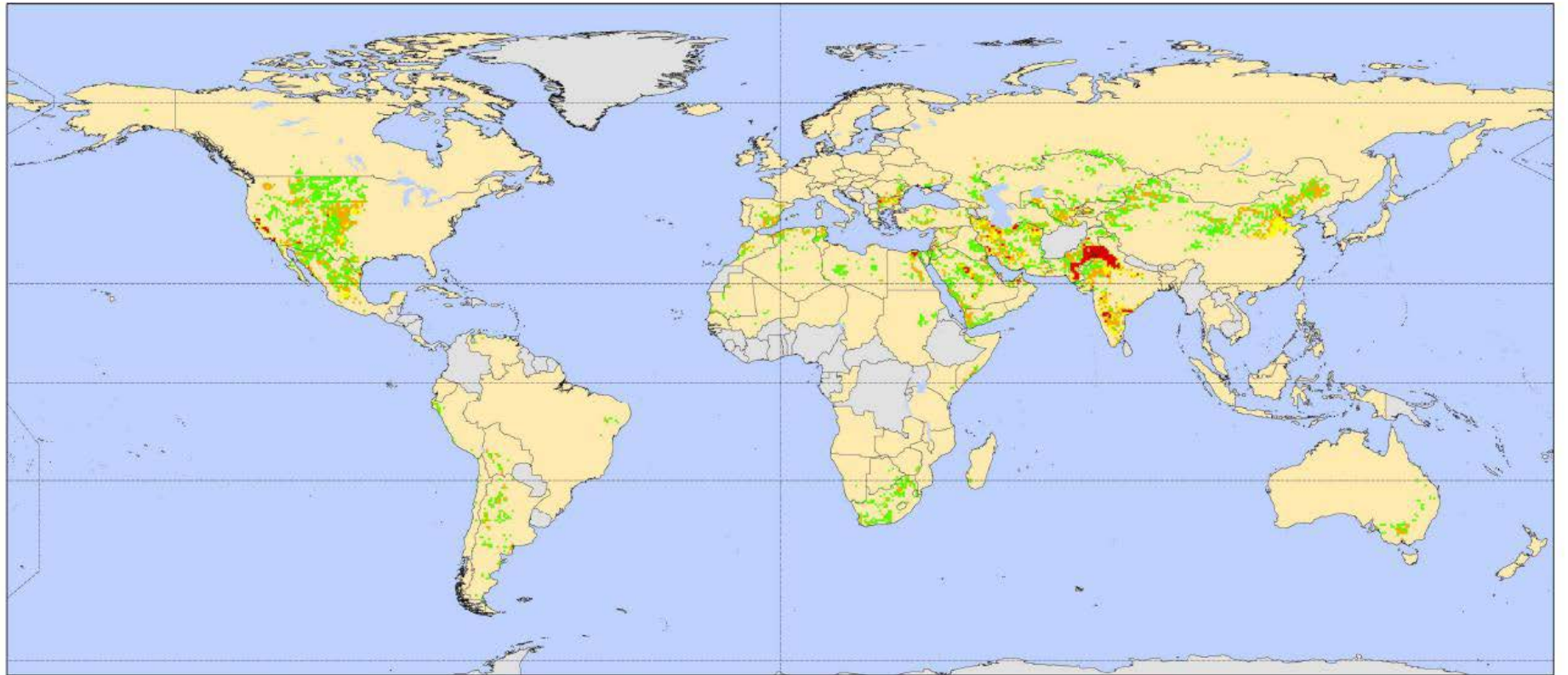



Materiality of Water Risk

- Many business risks and impacts associated with supply chain water challenges
- Companies with agricultural supply chains face elevated water risks
 - For such companies, ag component this is largest part of water footprint
- To fully manage the issues, companies need to evaluate and understand how water challenges affect suppliers



Ground Water Depletion



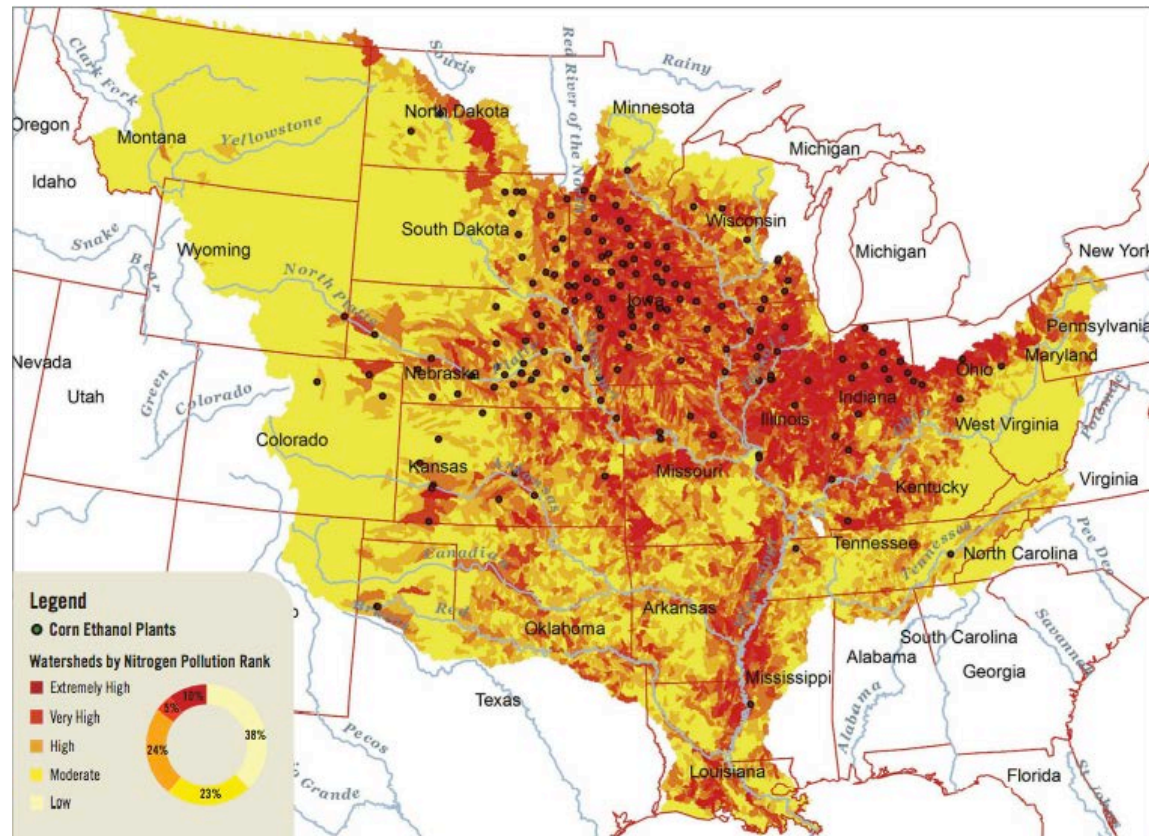
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Note: 1000 on the legend is equal to one cubic kilometer of depletion per year.

Source: Wada et al. 2010

Corn

- Ceres report on water risk in corn supply chain
- 87% of irrigated U.S. corn and 27% of rainfed corn is grown in regions of high or extremely high water stress
- 60 corn ethanol refineries with \$8.8 bn in annual ethanol production capacity source corn from watersheds with high local Nitrogen pollution due to agriculture

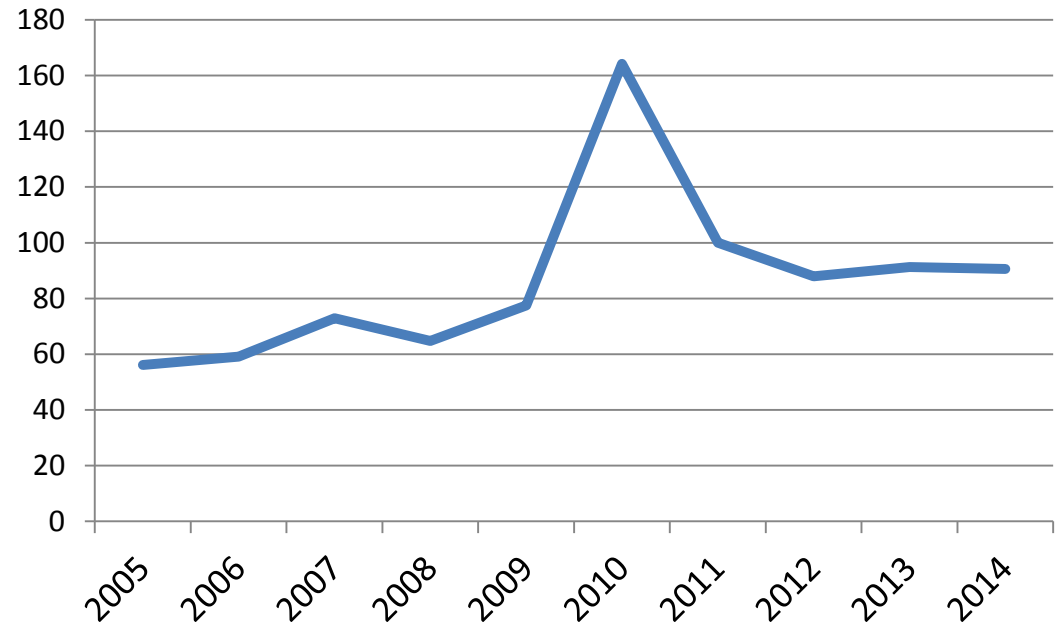


Source: Ceres Water & Climate Risks Facing U.S. Corn Production

Cotton

- Cotton growing regions hit by drought
- 2011 drought reduced Texas production by 60%
- Demand is rising and prices are increasing
- Cotton production in Australia at 50% due to ongoing drought

Cotlook Index



Company Survey on Water Stewardship in the Supply Chain

- 14 respondents, mostly CEO Water Mandate endorsers
- 6 (43%) of the respondents representing the food and beverage sector.

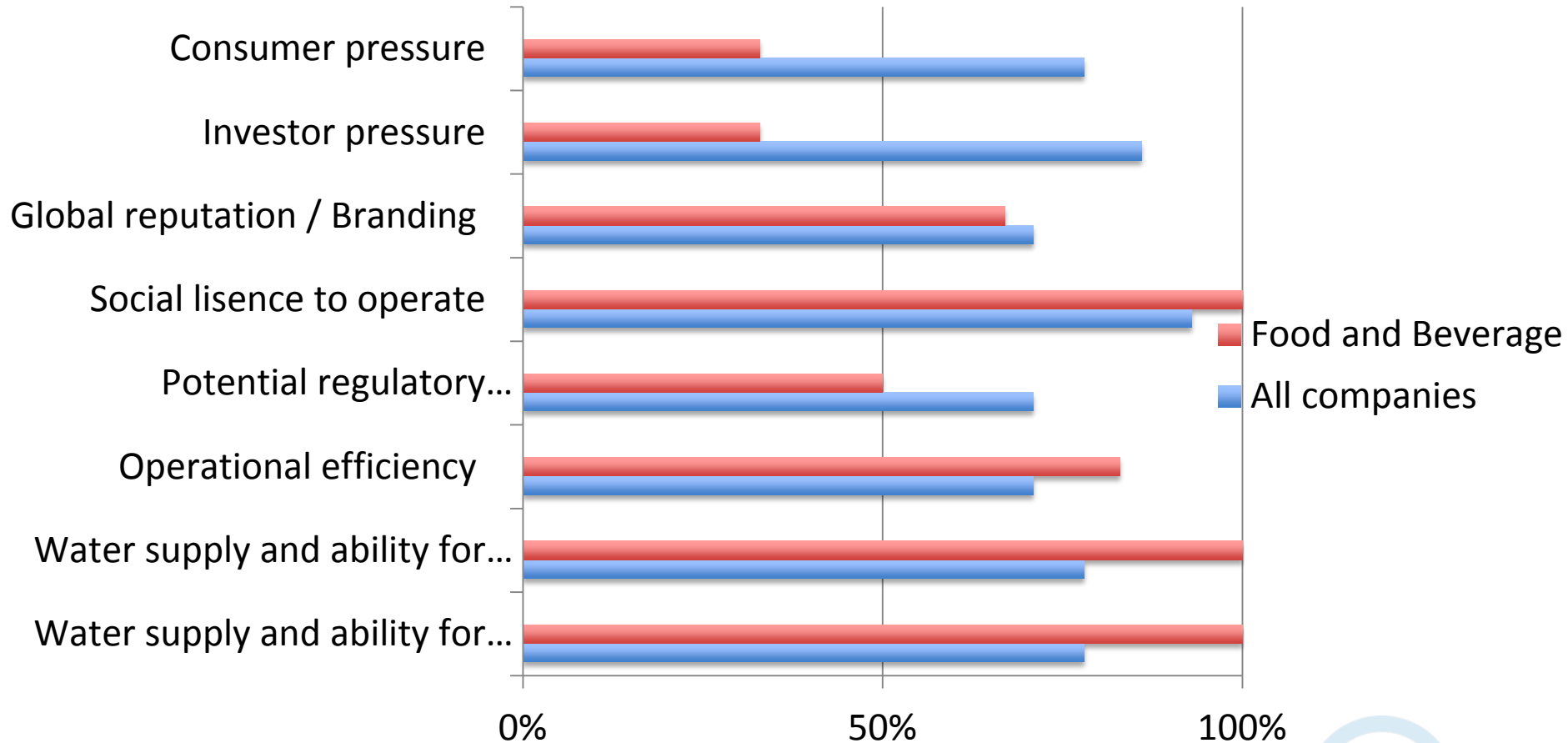


Engaging suppliers

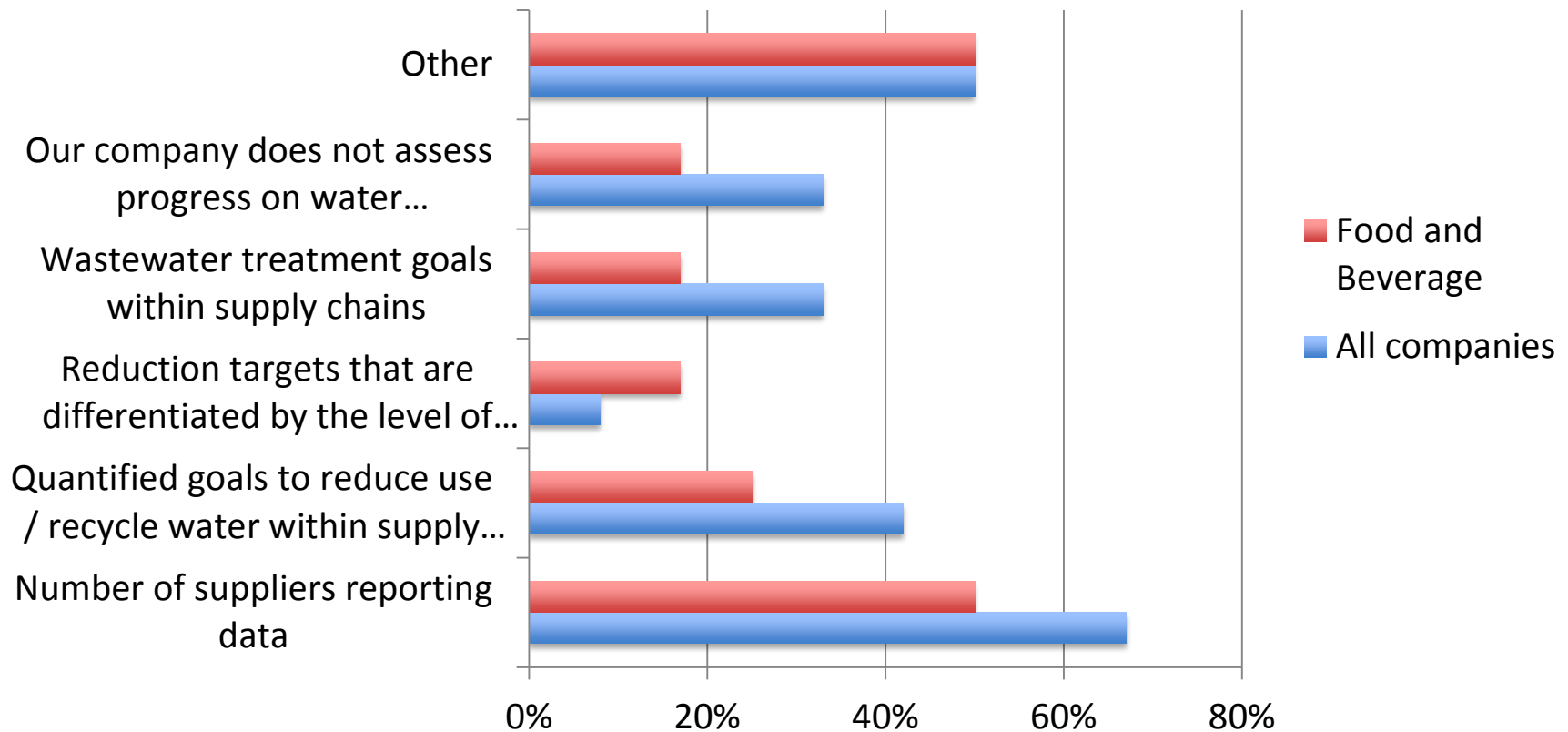
- Over 70% of company respondents engaging suppliers on sustainability
- Water ranks second among areas companies consider when engaging suppliers. It ranks first among food and beverage companies.



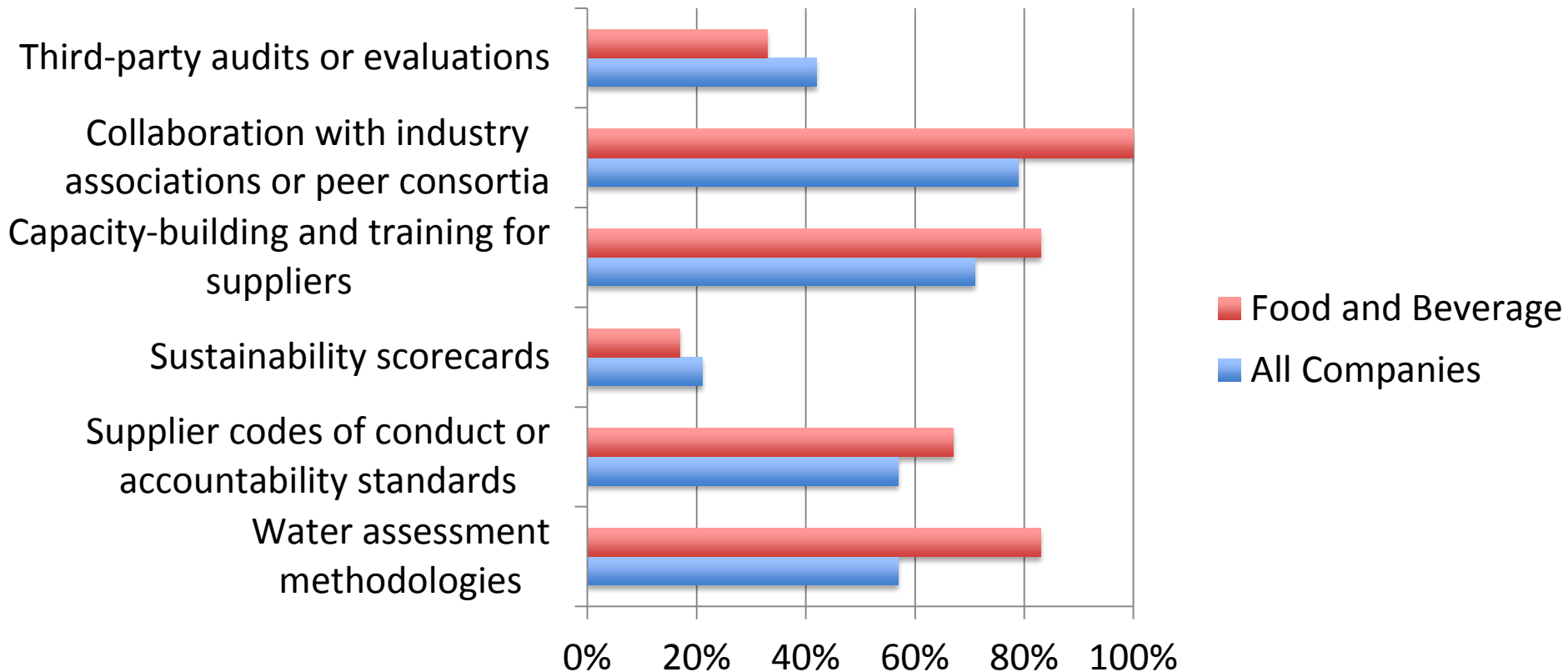
Pressures motivating supplier engagement on water management



What measures does your company use to track and assess supplier performance/progress on water management issues?



Techniques for engaging suppliers on water management

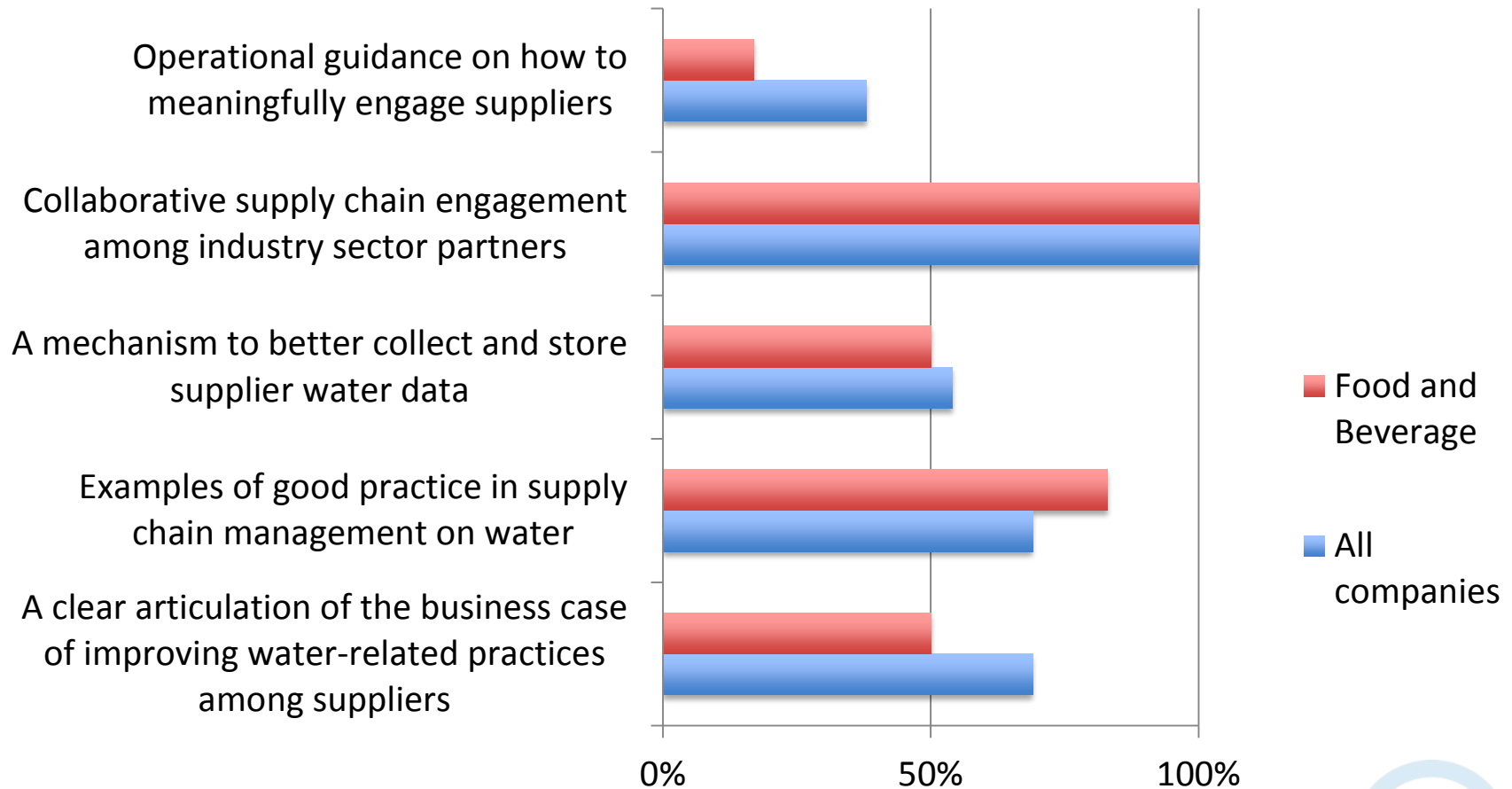


Top factors impeding suppliers' ability to improve water management

1. Lack technical capacity to understand how to address water challenges
2. Low cost of water does not deter inefficiencies
3. Lack of regulatory oversight on wastewater discharge / water pollution
4. Lack of leverage to motivate action - suppliers can source contracts from other companies



What would best facilitate improving water management in your supply chain?



Case for Collective Action

- Growers often supply multiple companies
- Companies may need to draw on expertise of local partners
- Water Action Hub Sustainable Agriculture Portal being built to facilitate collective action in supply chains (more later...)

