

Key Findings from Endorser's Communications on Progress

Jason Morrison

Pacific Institute
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Research for People and the Planet

Overview

- The Mandate's previous and future work on disclosure
- Findings regarding trends and deficiencies in endorser disclosure practice

The Mandate's Key Workstreams:

Policy engagement

- From Water Footprinting to Public policy
- Guide to Business Engagement in Water Policy and Management (forthcoming)

Water and human rights

- Exploring the Roles and Responsibilities of Business

Water disclosure

- Transparency Framework
- Water Disclosure 2.0

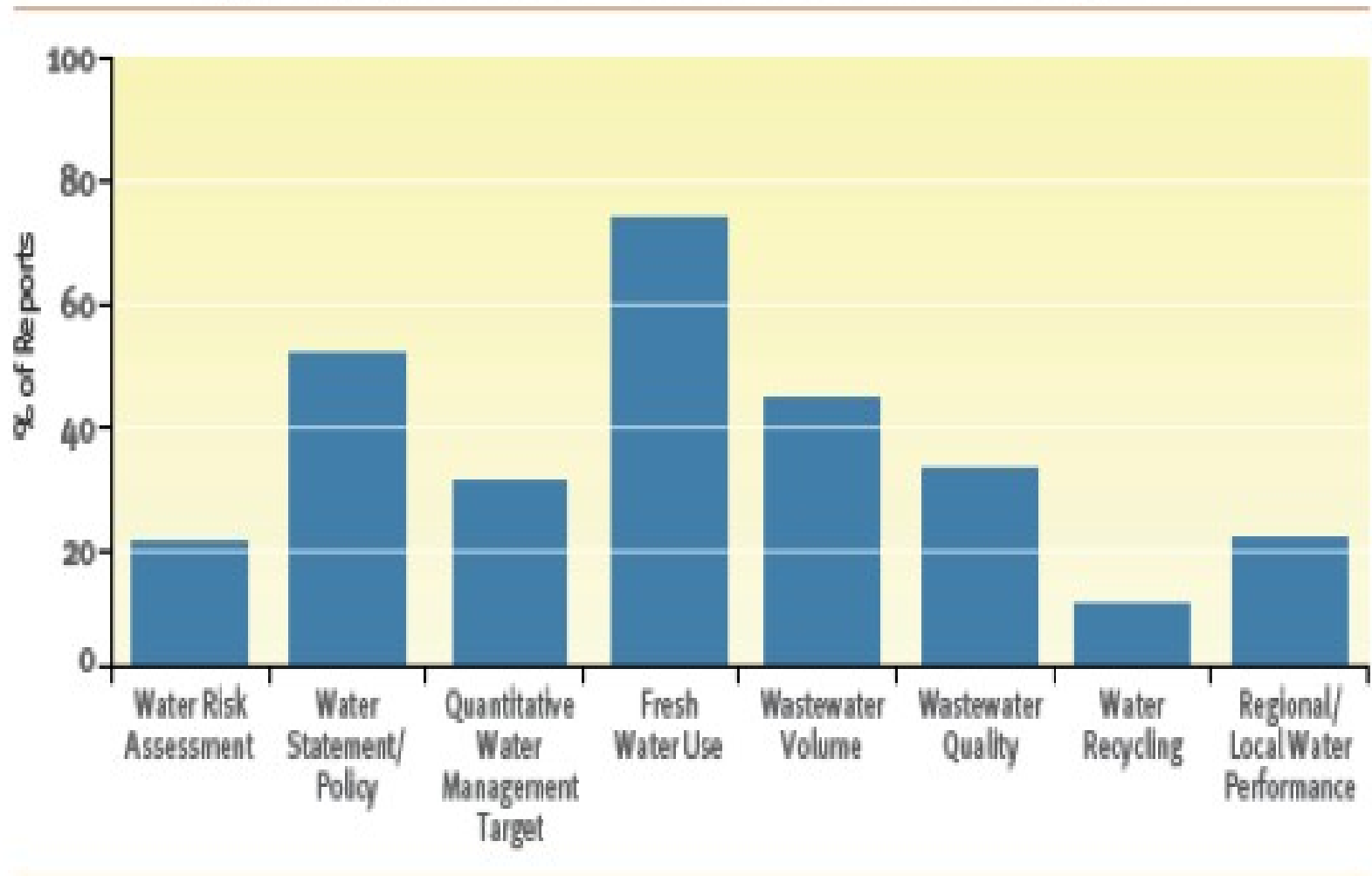
A Framework for Corporate Action

1. **Measure** corporate water use and wastewater discharge
2. **Assess** the physical, regulatory & reputational risks; align assessment with climate & energy risk
3. **Engage** key stakeholders
4. **Integrate** water issues into strategic business planning & governance
5. **Disclose** water performance & associated risks

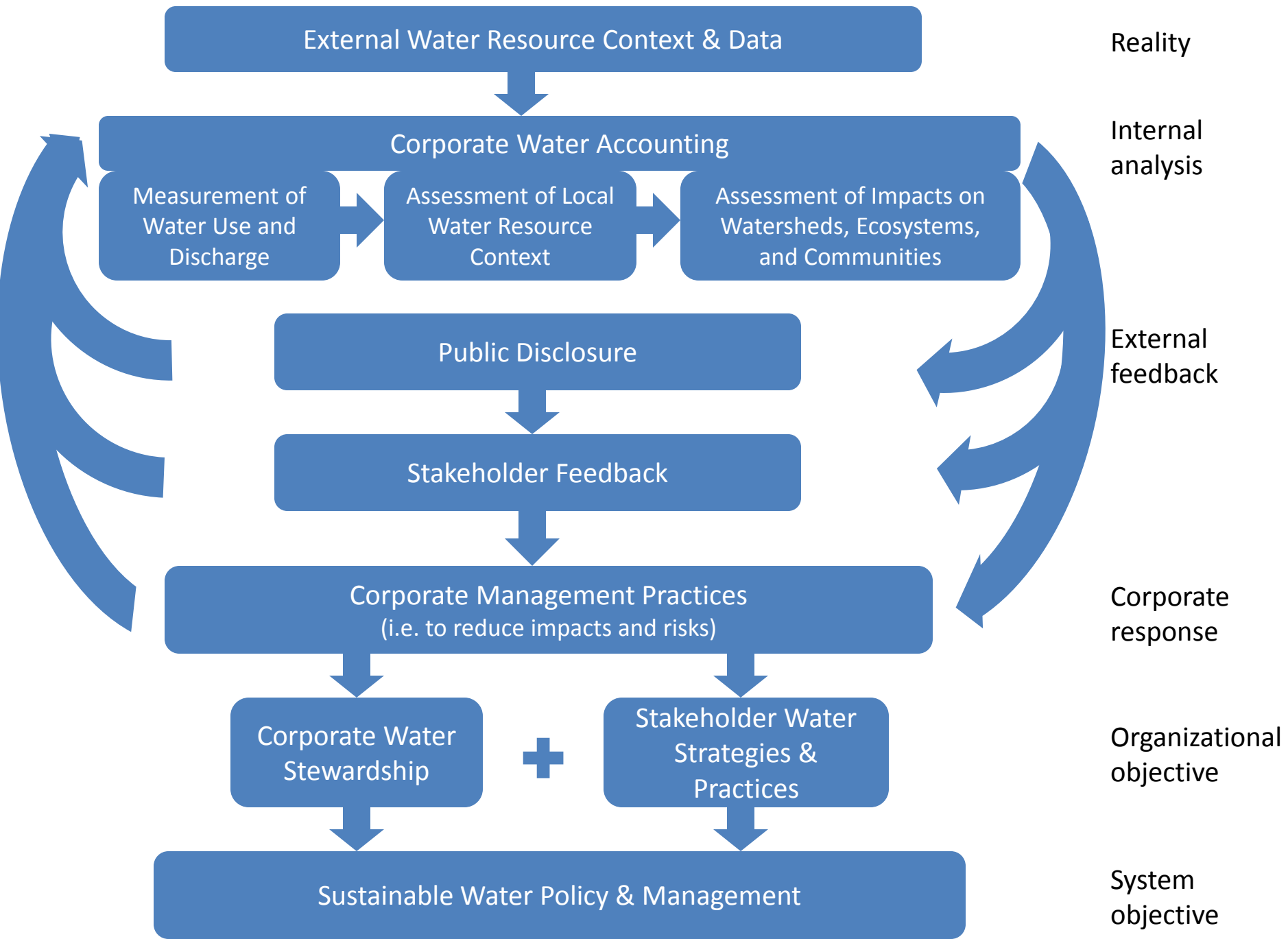
Source: *Water Scarcity & Climate Change*, Ceres and Pacific Institute 2009

5. Disclose water performance and risks

Types of Information Published in Non-Financial Reports



Source: "Corporate Reporting on Water: A Review of Eleven Global Industries." Pacific Institute



Mandate Transparency Policy

Transparency is one of the Mandate's six core elements

All Mandate endorsers are required to communicate with their stakeholders about progress in implementing the Mandate's six elements.

These reports are known as:

Communications on Progress - Water

Failure to prepare a publicly available COP-Water report will result in delisting

Transparency Framework Phase 1: Key Principles

1. Materiality and stakeholder inclusiveness
2. Harmonization and convergence
3. Continuous improvement

Transparency Framework Phase 1: COP-Water Requirements

While there is **no specific format** for a COP-Water, it must include the following **three basic elements**:

- *Statement of continued support for the Mandate.*
- *Description of policies and practical actions to implement the six core elements*
- *Measurement of outcomes or expected future outcomes*

Transparency Framework Phase 2: Objectives

Our analysis of corporate water reporting:

1. Illustrated various forms of reporting approaches and contents, highlighting best practices and innovative approaches,
2. Identified commonalities, differences and gaps among water reports (both endorsers and others),
3. Summarized and presented the findings in a way that can serve as de facto guidance for corporate water reporting.

Transparency Framework Phase 2: Conclusions on needs

Reporting could be improved by:

1. Expanding reporting to include actions and impacts outside of direct operations, especially for the “process-oriented” elements.
2. Ensuring conformity to and harmonization within existing corporate reporting guidelines.
3. Increased cross-sectoral learning and actions with regard to water impacts and management.
4. Provide greater detail in their reporting on individual corporate actions.

COP-Water Analysis: Objectives

We have undertaken a project that compiles and analyzes the first round of COP-Water reports in order to:

1. Determine progress in corporate reporting practice since Water Disclosure 2.0
2. Highlight good and emerging practice particularly regarding qualitative reporting
3. Identify key areas in which companies could use further support and guidance

This analysis will spread knowledge of good practice and inform the Mandate's upcoming guidance documents for corporate water reporting.

Upcoming Mandate Projects

1. Guidance on Reporting on Process-Oriented Elements:

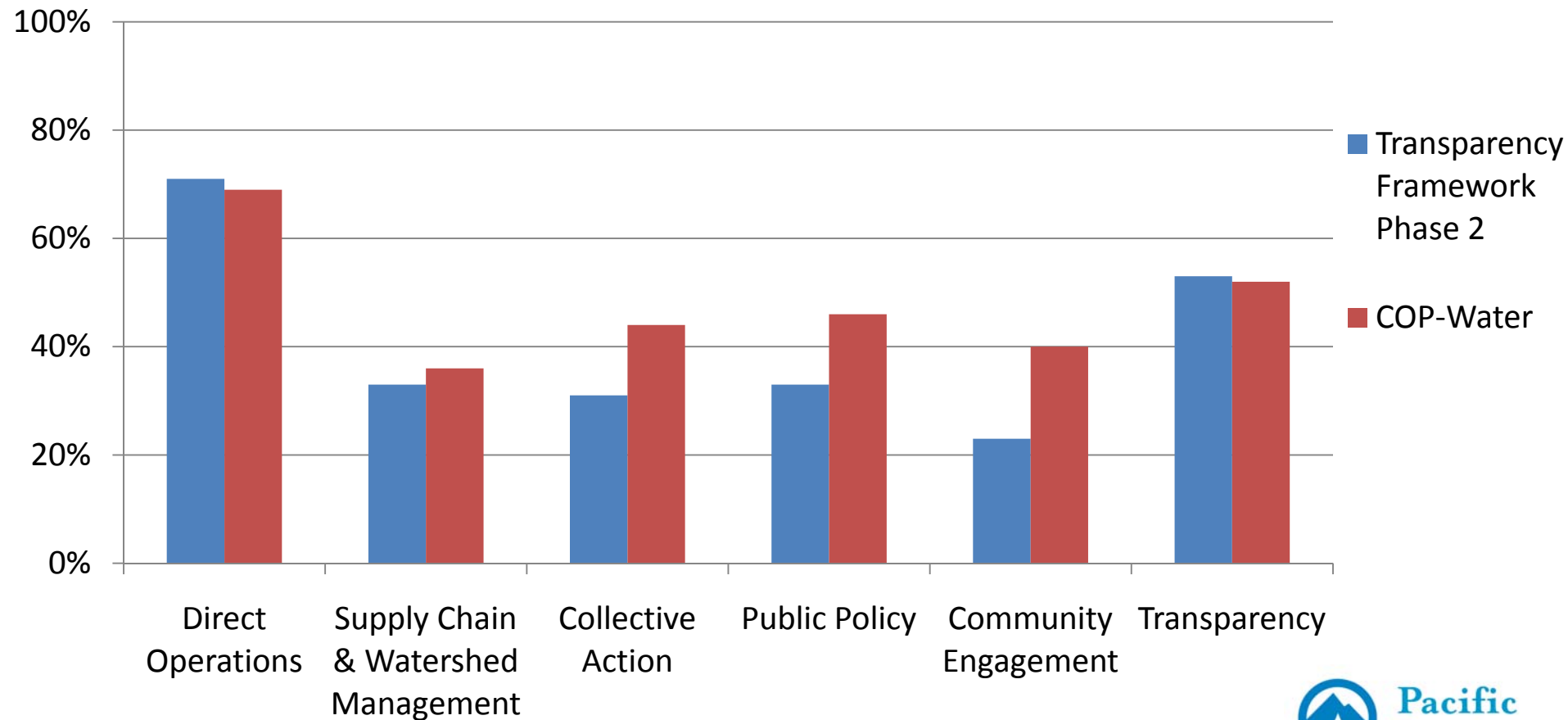
- Will identify and describe practical steps and criteria for reporting on policy engagement, community engagement, partnerships, philanthropic actions, etc.

2. Guidance on Determining Relevant Information for Reports:

- Will lay out a process through which companies can determine the most relevant disclosure information for themselves, investors, consumers, affected stakeholders, etc.

COP-Water Analysis: Progress since TF Phase 2

Percent of 20 criteria met by Mandate endorsers



Mandate Representation in Ceres' "Murky Waters" Report

Sector	Ranks	# of endorsers	Total scored
Beverage	1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th ,	6	10
Chemicals	6 th , 7 th	2	15
Food	1 st , 2 nd , 4 th	3	13
Oil & Gas	5 th	1	13
Electric Power	-	0	13
Homebuilding	-	0	10
Mining	-	0	13
Semiconductors	-	0	11

COP-Water Analysis: Key Trends

1. Increased focus on local water resource context

- Companies reported on the relative water stresses of the watersheds in which they operate
- Often used the WBCSD Global Water Tool for this

2. Operational hotspotting

- Many companies provided water use data for specific facilities, divisions, processes, and supplies that comprised large parts of their water footprint.

COP-Water Analysis: Key Trends (2)

3. Frequent use of case studies

- Companies used call out boxes and case studies to better describe specific projects or practices they deemed to be innovative or important
- These talked about technological improvements, partnerships with NGOs and governments, or philanthropic actions, etc.

4. External leveraging

- Companies increasingly reported on efforts to influence entities beyond their direct control
- For instance: agricultural practice policies, supplier guidelines, consumer/suppliers education, etc.

COP-Water Analysis: Key Trends (2)

5. Building corporate culture

- A number of companies reported on efforts to incorporate responsible water practices throughout internal operations, including employee education and horizontal/vertical alignment

6. Working with governments

- Companies more frequently reported on collaboration with governments toward shared policy goals, (e.g. infrastructure development, environmental restoration)

COP-Water Analysis: Other findings

- Many companies do not identify the process through which they determine which issues are reported
- Companies used a wide array of different criteria to report on local water resource context / water stress
- Very few companies discuss policy and practice related to the human right to water
- Many companies do not describe the financial commitment, role, and outcomes of process-oriented actions (e.g. community projects, policy engagement, partnerships)



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Jason Morrison

Pacific Institute
654 13th Street
Oakland, California 94612
(510) 251-1600

www.pacinst.org