



The CEO Water Mandate

Responsible Business Engagement with Water Policy

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Major Water Trends and Challenges

Unmet demand: Failure to meet basic human needs; Aquatic ecosystems are being degraded and destroyed

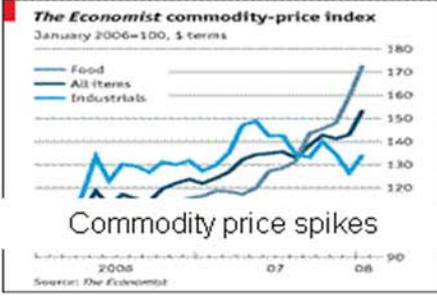
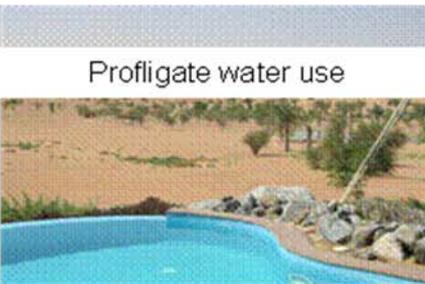
“The Squeeze”: Growing population and increases in agricultural and industrial water demand constrained by a static and in some places declining water supply

Changing socio-economics: Geopolitics of water and societal expectations around water stewardship are changing

Climate change: Hydrologic cycle changing; Less snowpack, longer droughts, more intense floods, less access to water



Water-Related Risk In the Value Chain

Point of impact: Type of risk:	Supply chain	Production process	Product use
Physical	 <p>The Economist commodity-price index January 2006=100, \$ terms</p> <p>Commodity price spikes</p> <p>Source: The Economist</p>	 <p>Disruption in water supply</p>	 <p>Scarcity limiting sales</p>
Regulatory (+ litigation)	 <p>Water quality standards constraining power generation</p>	 <p>Court settlement to scale back operations</p>	 <p>Insecure water rights</p>
Reputation	 <p>Multinationals' suppliers singled out for violations</p>	 <p>Competition with social uses</p>	 <p>Profligate water use</p>

Emerging Responses for the Private Sector



World Business Council for Sustainable Development



GEMI®



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WORLD RESOURCES INSTITUTE

Life Cycle



Initiative



PE INTERNATIONAL
EXPERTS IN SUSTAINABILITY



Global Reporting Initiative™

WORLD ECONOMIC FORUM



CSIRO

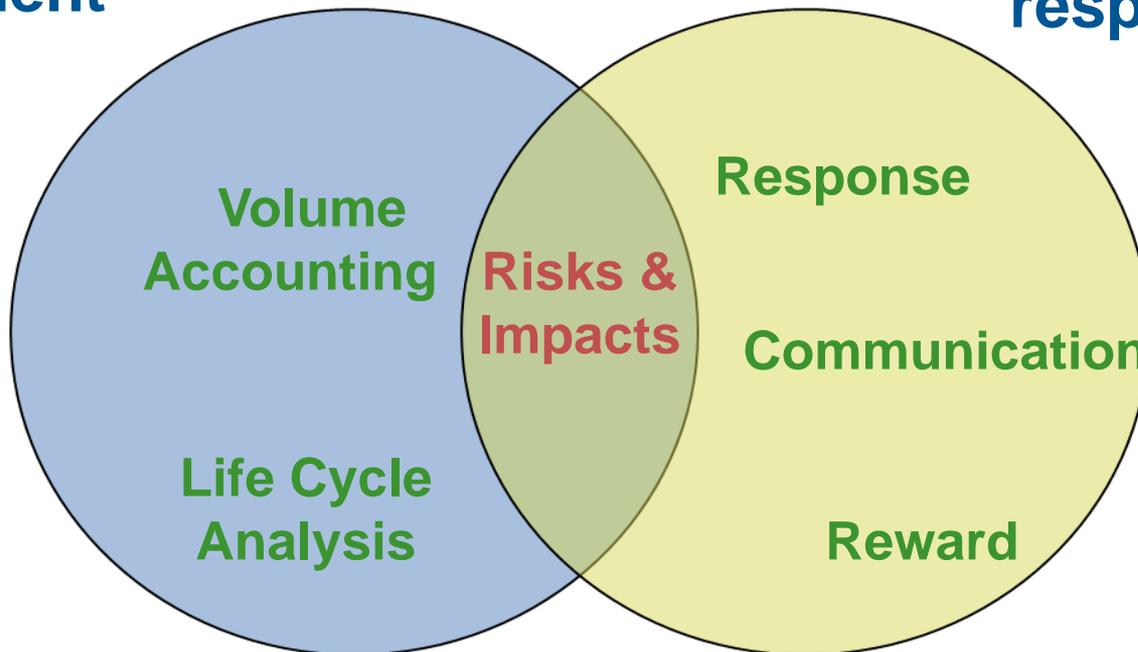
Water Footprint NETWORK

ALLIANCE FOR WATER STEWARDSHIP

Relationship Between Accounting and Stewardship

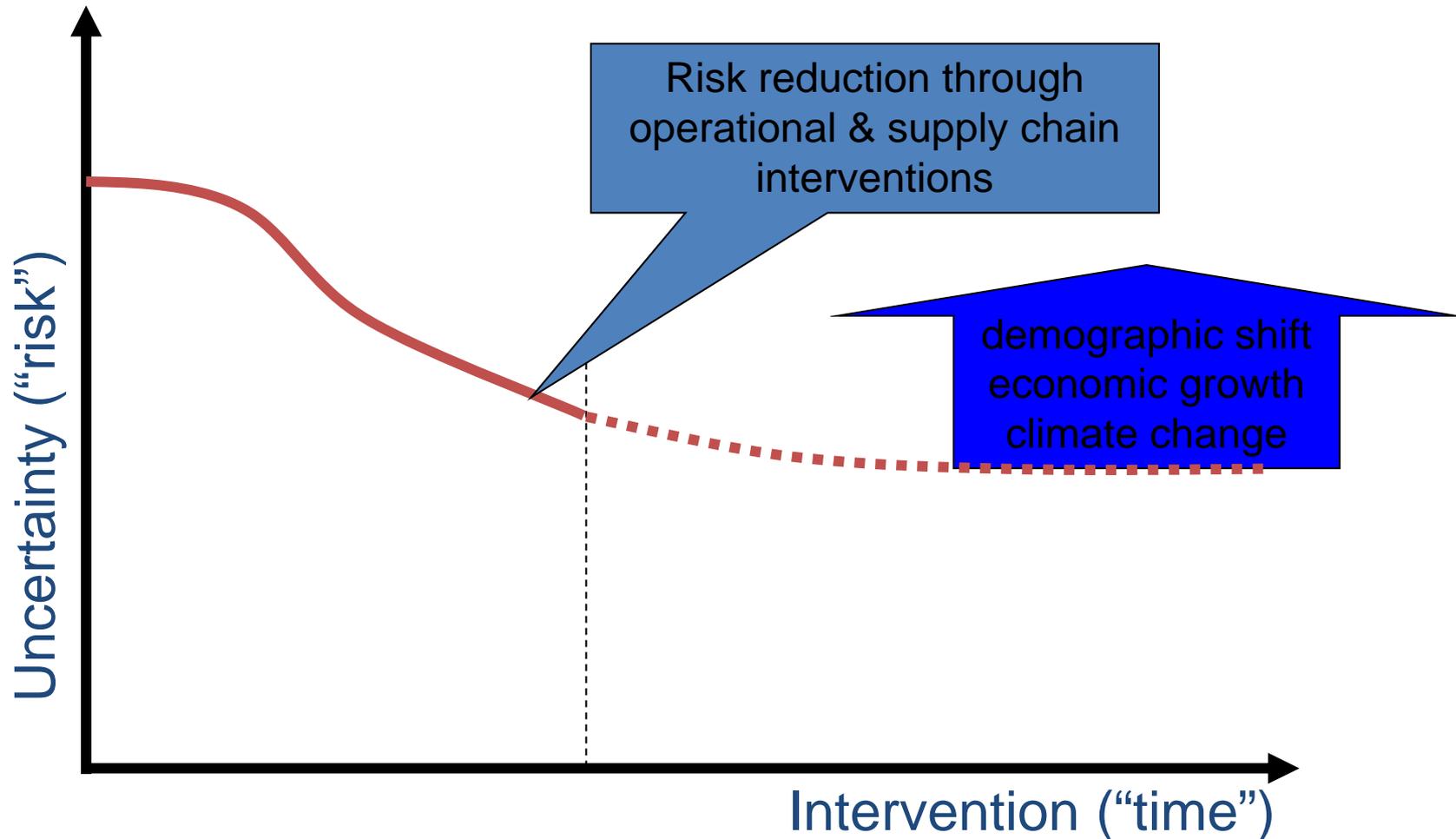
**Footprinting:
assessment**

**Stewardship:
response**



Responding to Risk

Orr/Pegram Curve©



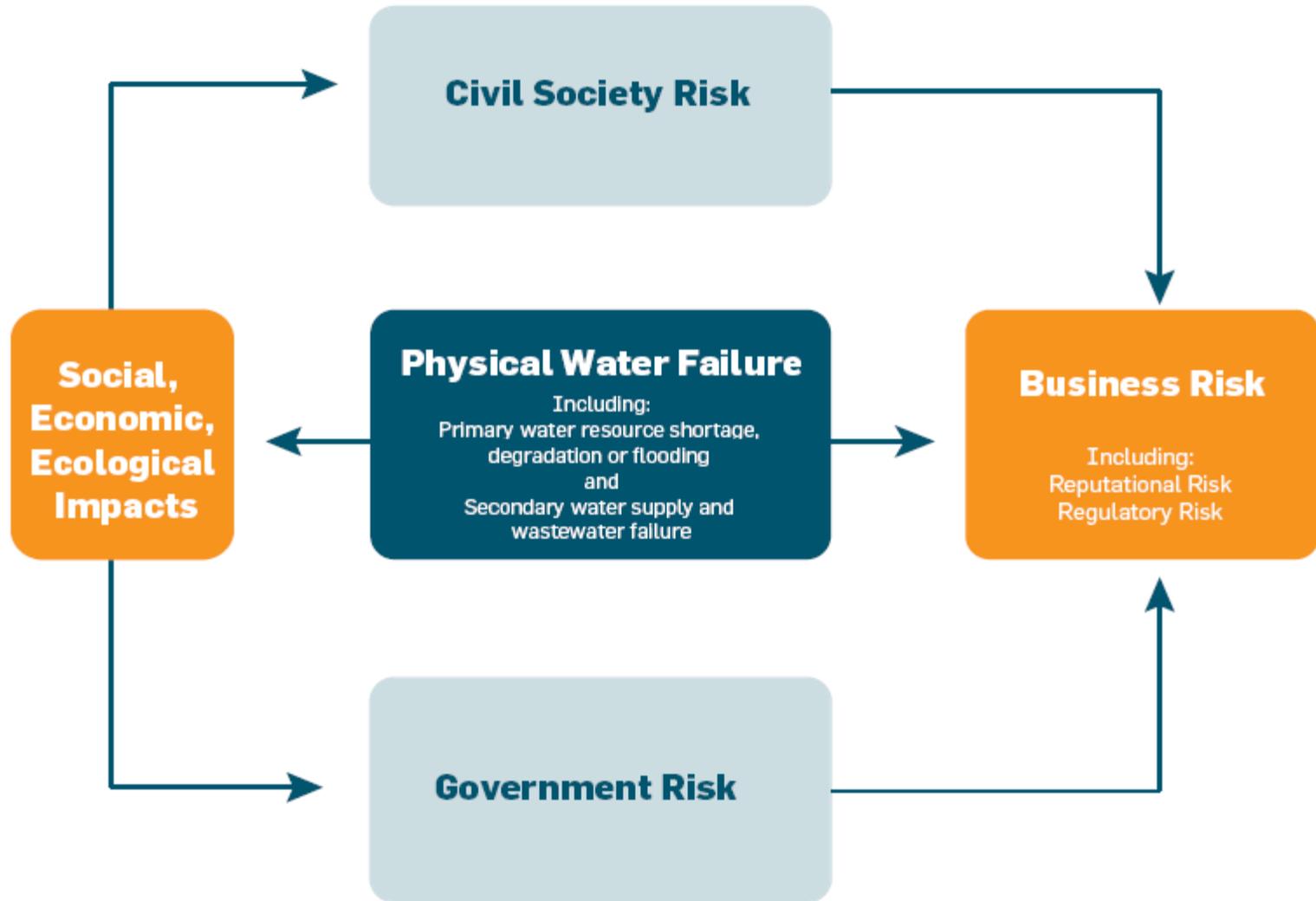
Nature of Risk

Depends on:

- The industry sector / **nature of water** use
- The maturity and reach of **internal practice**
- **Hydrologic** context (i.e. water scarce)
- **Political** context (i.e. sufficient capacity)
- **Economic** context (i.e. developing country)
- **Social** context (i.e. access to water/sanitation)
- **Environmental** context (i.e. healthy ecosystems)

The actions/conditions that create risk are often those that companies have least influence over

Shared Risk



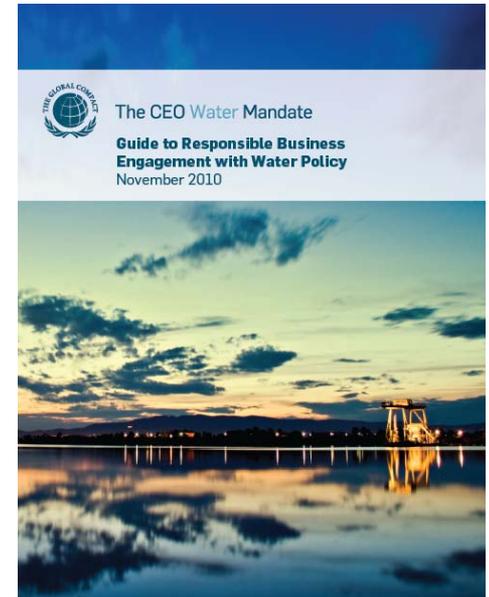
Guide to Water Policy Engagement

Overarching goal:

To provide information that can facilitate companies' responsible engagement with water policy in a manner that reduces business risks, advances public policy goals, and positively impacts nearby communities and ecosystems.

Specific objectives:

1. Define key concepts
2. Make the business case for responsible engagement
3. Delineate core principles
4. Provide an operational framework for adhering to these principles



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History of the Guide

March 2009: Mandate endorsers and stakeholders first express interest in practical guidance for engagement with water policy at the Mandate's Third Working Conference in Istanbul.

June 2009: The Mandate Secretariat developed and released for public review a preliminary annotated outline of the Guide.

March-April 2010: The Mandate Secretariat released a full draft of the report for public review and received feedback from endorsers and stakeholders at its Fifth Working Conference in New York City.

June 2010: The Mandate Secretariat released the *Framework for Responsible Business Engagement with Water Policy* – a summary of key concepts and principles in the Guide – at the UN Global Compact Leaders Summit.

November 2010: *Guide to Responsible Business Engagement with Water Policy* is officially released.



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Defining key concepts

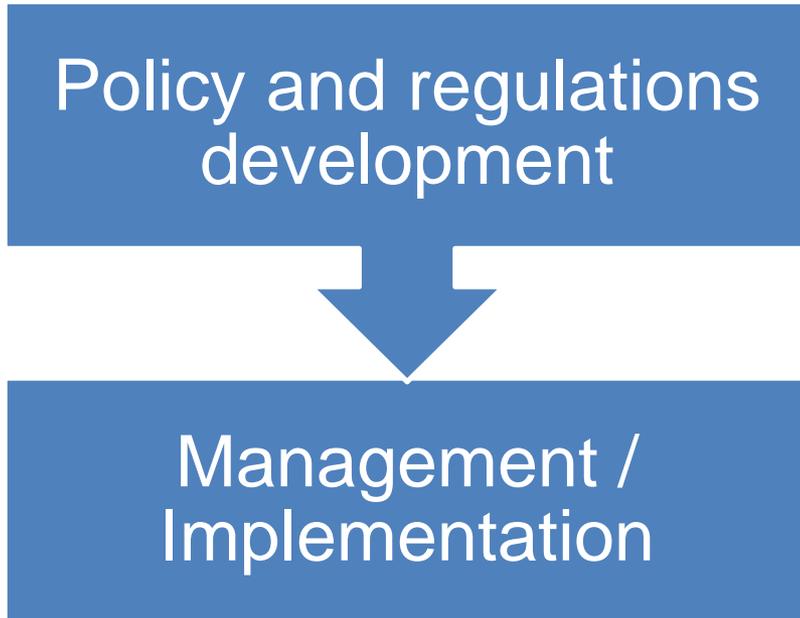


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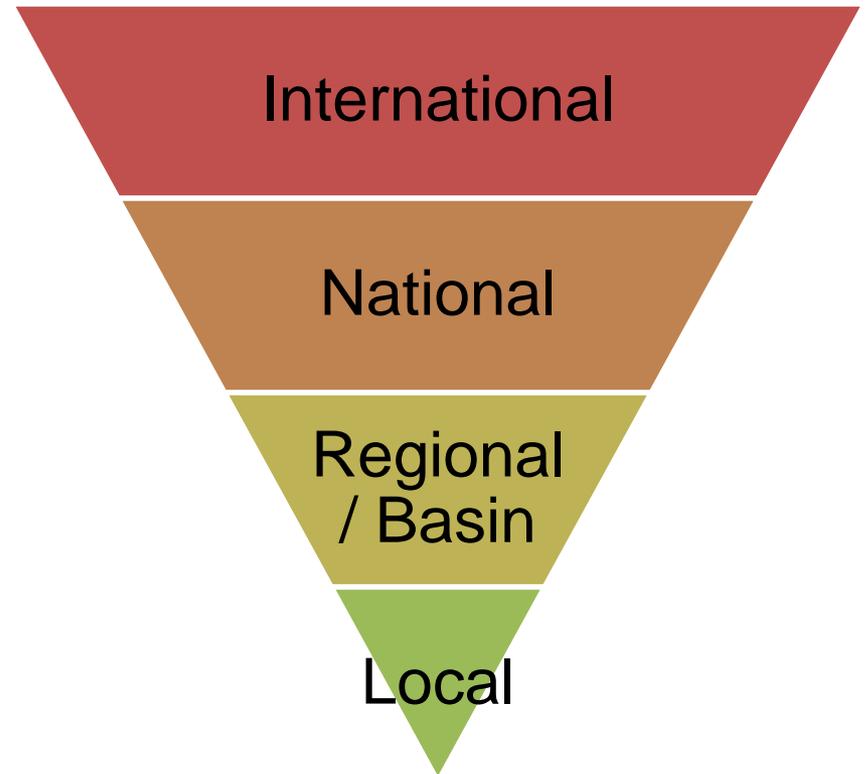
What is Public Water Policy?

All efforts to define the rules, intent, and instruments with which governments manage human uses of water, control water pollution, and meet environmental water needs

Process



Scale



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Elements of Public Water Policy

- Supply and infrastructure development
- Resource protection
- Rights and allocation among sectors
- Quality management
- Pricing and economic instruments
- Operation and maintenance of systems
- Sanitation services
- Public participation in water governance
- Environmental regulation and planning
- Indirect: economic development, trade, land planning, agriculture and energy policy



Spheres of Sustainable Water Management



Goals of Sustainable Water Management

- All humans have access to a basic level of adequate and affordable water services
- Environmental flows are of volume and quality to maintain habitat, biodiversity, and ecosystem services
- Water uses prioritized by societal and economic value
- Long-term risks are effectively managed
- All affected stakeholders are included in decision-making
- The impact of one water use on another is regulated



Responsible Water Policy Engagement

Corporate water management initiatives that involve interaction with government entities, local communities, and/or civil society organizations with the goal of advancing:

- 1) Responsible internal company management of water resources within direct operations and supply chains in line with policy imperatives, and
- 2) The sustainable and equitable management of the catchment in which companies and their suppliers operate.



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Principles of Responsible Engagement

Principle 1: Advance sustainable water management

Principle 2: Respect public and private roles

Principle 3: Strive for inclusiveness and partnerships

Principle 4: Be pragmatic and consider integrated engagement

Principle 5: Be accountable and transparent



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An operational framework for responsible engagement



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Operational framework for engagement

- A. Assess the context
- B. Explore engagement opportunities and prepare for action
- C. Pursue core engagement strategies
- D. Be accountable and transparent



Operational framework (cont.)

A. Assess the context

- Understand the water resource and policy contexts
- Understand the political economy and risks of engagement
- Assess stakeholders to understand their concerns



Operational framework (cont.)

B. Explore engagement opportunities and prepare for action

- Align engagement opportunities with appropriate scale
- Establish and articulate engagement goals and strategy
- Ensure the internal house is in order
- Avoid policy and regulatory capture



Operational framework (cont.)

C. Pursue core engagement strategies

- Engage the local community
- Seek strategic partnerships
- Support water policy implementation
- Share information to improve management
- Advocate for efficient, equitable, and ecologically sustainable water policies and practices
- Raise awareness, advance global standards, and support research



Operational framework (cont.)

D. Be accountable and transparent

- Implement review and response mechanisms
- Disclose outcomes of policy engagement actions





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Download the Guide at:

[http://www.pacinst.org/reports/guide to responsible business engagement.pdf](http://www.pacinst.org/reports/guide%20to%20responsible%20business%20engagement.pdf)



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