Understanding and assessing the relative maturity of corporate water stewardship practice

CEO Water Mandate Stockholm Multi-Stakeholder Working Session
September 04 2013

Cate Lamb
Head of Water, CDP
cate.lamb@cdp.net | @Cate_Lamb
CDP seeks disclosure on behalf of investors
The CDP process

1. Request for information
2. Multi-stakeholder information gathering
3. Answer formulation and submission
4. Establish systems and take action
5. Feedback

CDP Action
Corporate Reaction
CDP Water Disclosure 2013 Information Request

The following set of questions form the CDP Water Disclosure 2013 Information Request. Companies are asked to answer these questions in the Online Response System (ORS) provided by CDP through their websites. As such, this document is a representation of the request and whilst the questions will remain the same, the format may differ online particularly where drop down options and tables have been included for ease of responses. Guidance will be available from February 2013 which will include or set out all of the options available and provide screen shots of the ORS to aid companies in completing the request.

We request a reply to the following questions by 30 June 2013.

Please respond to the information request using our Online Response System (ORS). This is the same ORS as is used for the investor CDP 2013 information request on carbon and climate change. In early February 2013, instructions on how to access the ORS will be sent to you by e-mail. If you are unable to respond via the ORS, please e-mail waterinfo@cdproject.net.

We encourage companies to consult the CDP Water Disclosure 2013 reporting guidance, https://www.cdp-project.net/guidance and to use the guidance within the ORS. Please answer the questions as comprehensively as possible. Where you do not have all of the information requested please respond with what you have as this is more valuable to us than no response.

Please note that the reporting period and the reporting boundary [i.e. the company, entities or group for which you will be providing data] will be collected on a page of the ORS prior to the start of the CDP Water Disclosure 2013 Information request.

CDP Water Disclosure 2013 Information Request

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Contact waterinfo@cdproject.net for details.
The CDP process

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- Multi-stakeholder information gathering
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Leadership Indices
Respondents want objective feedback

Investors want simple benchmarking metrics and indicators

CDP wants to separate the rhetoric from the reality to catalyse greater corporate water stewardship
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Contact [human@cdp.com](mailto:human@cdp.com) for details.
Invitation to participate

Public consultation

We are operating a transparent and collaborative development process and we want to hear your thoughts.

Download a copy of the new questionnaire and provide feedback on consultation pages of www.cdp.net
Attributes of water stewards

- Effectively safeguard water resources
- Sustainably address water risks & opportunities
- Deep understanding of impacts
Our questions reflect the stewardship progression

- Measure and monitor water management practices
- Drive operational efficiency and reduce pollution
- Identify and understand stressed and high-risk basins
- Integrate water management into business strategy
- Leverage improved performance in the value chain
- Advance sustainable water management and collective action

Conservation ➔ Contextual assessment ➔ Strategy ➔ External engagement

Corporate Water disclosure
2 pillars of water scoring

Disclosure score:
Reflects the completeness and the quality of the response, and hence its usefulness to data users
## Water scoring example

### Impacts

3.2 Are any habitats, water sources and/or other water users significantly impacted by your company’s withdrawal of water?

<table>
<thead>
<tr>
<th>Country or region</th>
<th>River basin</th>
<th>What/who impacted</th>
<th>Impact</th>
<th>Remedial action and outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chile</td>
<td>Carlos Anwandter Sanctuary</td>
<td>Wetland</td>
<td>Industrial effluent discharged into this wetland of international importance</td>
<td>None</td>
</tr>
</tbody>
</table>

**Disclosure score**: Points for disclosing whether there is a target, and characterising that target (if applicable). Mostly logic driven, some interpretation (companies often fill in wrong!)
CDP is not just about disclosure

- Driving good disclosure
- Driving excellent performance
- Catalyze effective action on water stewardship

Deloitte
NBIM
Norges Bank Investment Management

CDP
Driving Sustainable Economies
2 pillars of water scoring

**Disclosure score:**
Reflects the completeness and the quality of the response, and hence its usefulness to data users

**Performance score:**
Points are awarded for actions in the reporting year that contribute to water stewardship and transparency
### Water scoring example

#### Impacts

3.2 Are any habitats, water sources and/or other water users significantly impacted by your company’s discharge of water?

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**Disclosure score**: Points for disclosing details of the habitats, water sources and/or other water users significantly impacted.

**Performance score**: No points for impact, potential points for remedial action and outcome.
No consensus amongst companies, investors, NGOs and regulators on what good water stewardship looks like

Many different types of action that could constitute good water stewardship

Efficacy of actions is very difficult to judge
Our questions reflect the stewardship progression

Conservation

Contextual assessment

Strategy

External engagement

Measure and monitor water management practices

Drive operational efficiency and reduce pollution

Identify and understand stressed and high-risk basins

Integrate water management into business strategy

Leverage improved performance in the value chain

Advance sustainable water management and collective action

Corporate Water disclosure
What differentiates water stewardship from water management?

Does the proposed stewardship progression accurately capture the way corporate water efforts mature over time? How might it be amended?