The CEO Water Mandate

Corporate Water Disclosure

Peter Schulte
CEO Water Mandate Multi-Stakeholder Working Conference
April 10, 2014
Lima, Peru
Overview

- Corporate water disclosure: What and why?
- The CEO Water Mandate’s Corporate Water Disclosure Guidelines
- What types of water-related information can and do companies report ideally?
- Efforts to drive convergence in corporate water disclosure and stewardship
Corporate Water Disclosure: What and why?

- As with many sustainability topics, companies are increasingly reporting water-related information to stakeholders in order to:
  - Demonstrate a company’s progress year-to-year
  - Allow comparison across companies
  - Strengthen accountability for unsustainable practices and adverse impacts, and
  - Encourage continuous improvement for water performance

- Companies report to a wide range of stakeholder audiences, including: customers, investors, potentially-affected communities, employees, suppliers, NGOs, general public

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Disclosure challenges

However, effective and robust corporate water disclosure is hindered by several key challenges:

- Many companies don’t know what types of information are meaningful to report
- Different companies report different information thus making meaningful comparison impossible
- Different companies don’t have a shared understand of key water-related terms, potentially leading to misleading reporting
- There is no common framework for characterizing and understanding the world’s river basins
The CEO Water Mandate’s Corporate Water Disclosure Guidelines
The CEO Water Mandate’s Corporate Water Disclosure Guidelines

Bring together and build on the experiences of water disclosure-related initiatives so as to advance a common approach to corporate water disclosure:

- Offer common corporate water disclosure metrics and approaches to conveying qualitative information, so as to harmonize practice
- Provide guidance for determining report content relevance and aligning water disclosure to stakeholder expectations
Partners & Stakeholders

- Alliance for Water Stewardship
- Beverage Industry Environmental Roundtable
- Bloomberg
- Business for Social Responsibility
- Ceres
- CH2M Hill
- DEG Invest
- Global Environmental Management Initiative
- Institute for Human Rights and Business
- Interfaith Center on Corporate Responsibility
- International Center for Integrated Mountain Development
- International Council on Mining and Metals
- International Finance Corporation
- Limnotech
- Mvula Trust
- Robeco
- Stockholm International Water Institute
- UCI Environmental Accountability
- UNEP
- UN Principles for Responsible Investment
- Westpac
- Water Footprint Network
- UPM-Kymmene
- Veolia
- Advent Capital Management
- Asano
- Allergan
- AkzoNobel
- Calvert
- Coca-Cola
- Diageo
- Finch Capital
- Firmenich
- Finlay
- Global Environmental Management Initiative
- GlaxoSmithKline
- H&M
- Hindustan Construction Company
- Institutional Shareholder Services
- Interfaith Center on Corporate Responsibility
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What types of water-related information can and do companies report ideally?
Corporate Water Disclosure Framework

Defining Report Content

Company Water Profile

Detailed Disclosure

- **Current state**
  - Context
  - Performance
  - Compliance

- **Implications**
  - Business risks
  - Business opportunities
  - External impacts

- **Response**
  - Policies, targets, and governance
  - Internal actions
  - External engagement
  - Linkages across sustainability issues (e.g., food, energy)
  - Connections between sections and sub-sections

The CEO Water Mandate

[Image Source: The Global Compact]
## Corporate Water Disclosure Framework

### Detailed Disclosure

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### Company Water Profile

#### Defining Report Content

- **Company Water Profile**
- **Defining Report Content**

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**The CEO Water Mandate**

**The Global Compact**

**Pacific Institute**
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- Policies, targets, and governance
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**Notes:**
- Linkages across sustainability issues (e.g., food, energy)
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The CEO Water Mandate
Water Management Maturity 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

Water disclosure (breadth & quality)
<table>
<thead>
<tr>
<th>Subsection</th>
<th>Current State</th>
<th>Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Context</td>
<td>• <strong>PROFILE</strong>: High-level assessment of hotspot basins across portfolio</td>
<td>• Detailed, location-specific assessment of “hot spot” basins at the facility-level</td>
</tr>
<tr>
<td>Performance</td>
<td>• <strong>PROFILE</strong>: Total and percentage of withdrawals in water-stressed areas</td>
<td>• Basin-level data:</td>
</tr>
<tr>
<td></td>
<td>• <strong>PROFILE</strong>: Percent of facilities adhering to relevant water quality standard(s)</td>
<td>- Water withdrawals by source type</td>
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<tr>
<td></td>
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<td>- Water consumption</td>
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<td>- Water intensity</td>
</tr>
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<td></td>
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<td>- Water discharge by destination</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Water withdrawals in the value chain</td>
</tr>
<tr>
<td>Compliance</td>
<td>• <strong>PROFILE</strong>: Percent of facilities with a water-related regulatory compliance violations</td>
<td>• Adoption of internal and/or voluntary sustainability standards</td>
</tr>
<tr>
<td>Business risks</td>
<td>• High-level assessment of risks at portfolio-level</td>
<td>• Detailed assessment of risks based on extensive, location-specific analysis at facility-level</td>
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<td>• Value chain risks</td>
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<tr>
<td>Business opportunities</td>
<td>• High-level assessment of:</td>
<td>• Detailed assessment of opportunities</td>
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<tr>
<td></td>
<td>- Cost-saving opportunities</td>
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<td>- Revenue-generating opportunities</td>
<td></td>
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<tr>
<td>External impacts</td>
<td>• N/A (legal compliance used as proxy)</td>
<td>• Impacts from water discharge</td>
</tr>
<tr>
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<td>• Impacts from consumption and withdrawals</td>
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<tr>
<td></td>
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<td>• Human-rights-related impacts</td>
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<td>• Value chain impacts</td>
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<tr>
<td>Policies, governance, and targets</td>
<td>• Commitment</td>
<td>• Policies, strategies, and governance</td>
</tr>
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<td></td>
<td>• Goals/targets</td>
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</table>
Driving convergence and harmonization
Driving harmonization of water-related terminology

Water stress
- Water quality
- Environ. flows
- Volumetric availability
- Accessibility

Water scarcity

Risk due to basin conditions

Risk due to company operations, products, and services

Water risk for businesses

Non-stress-related factors (e.g., governance)

Regulatory
- Physical
- Reputational

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Advancing a common framework for characterizing the world’s river basins
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