



# Stakeholder information needs and interests

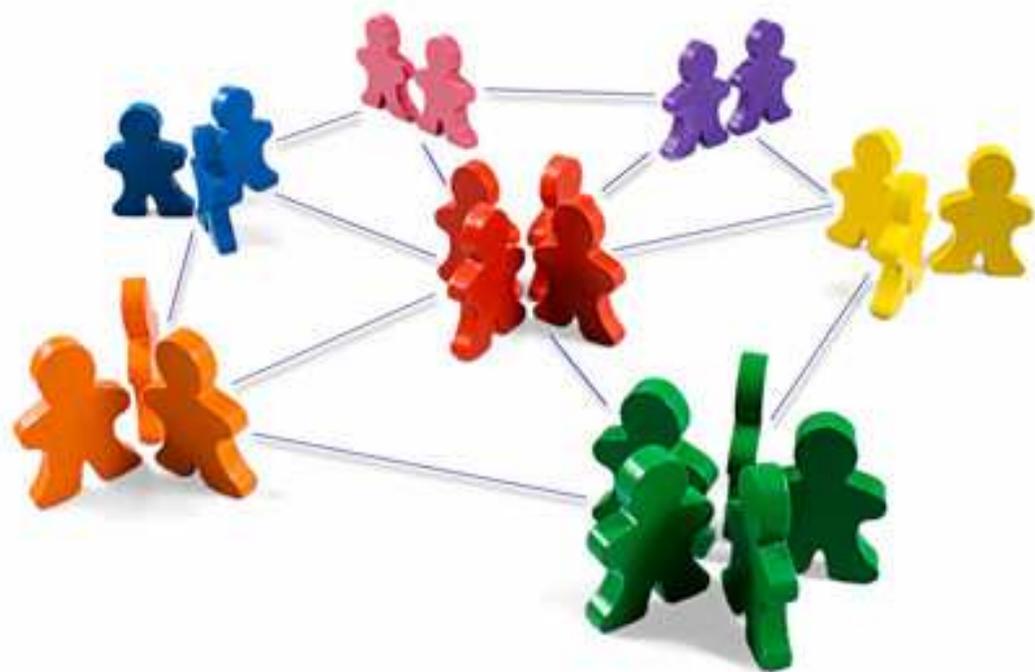
*with regard to the six Mandate elements*

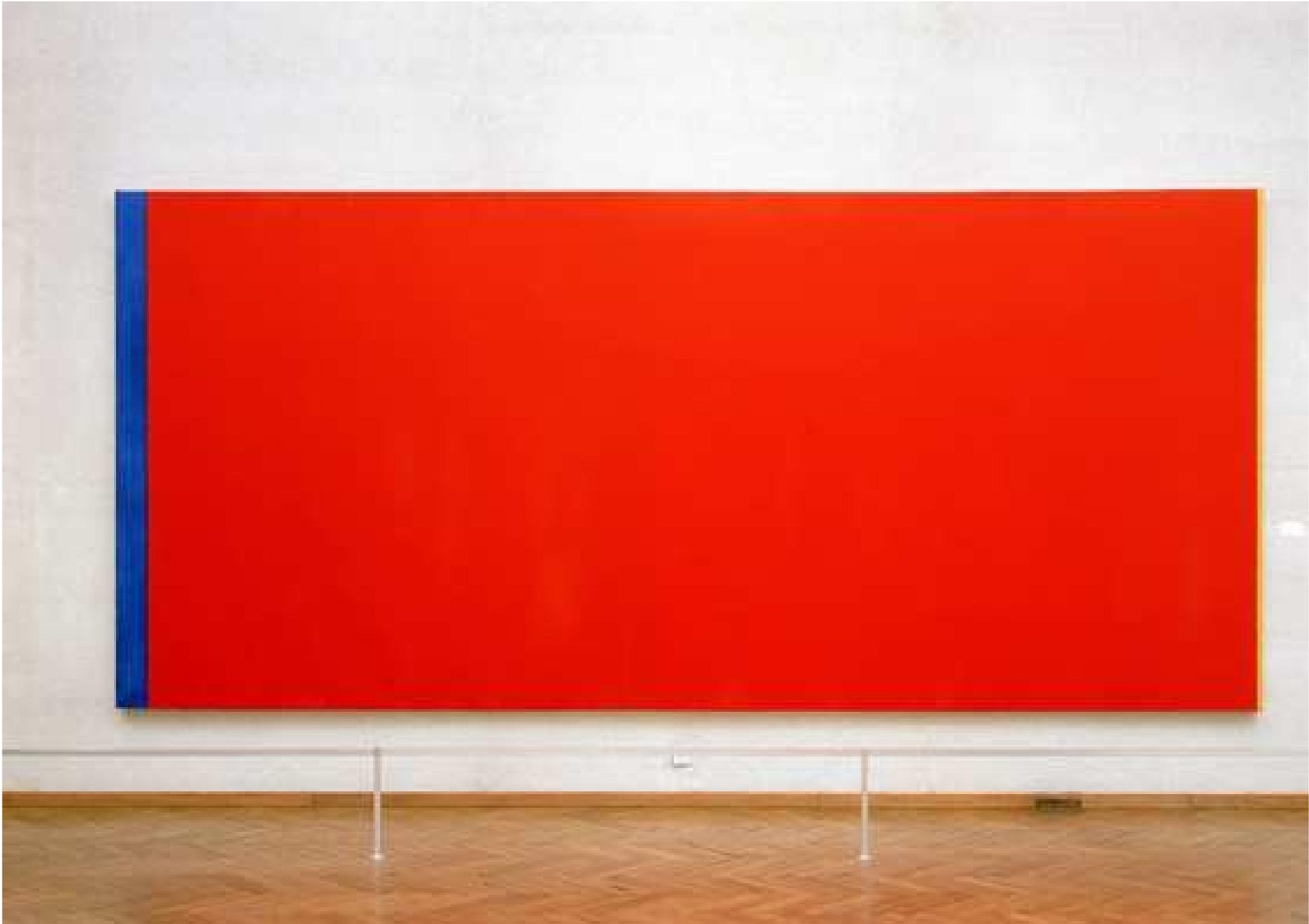
Bart Slob

Stockholm, August 22, 2008







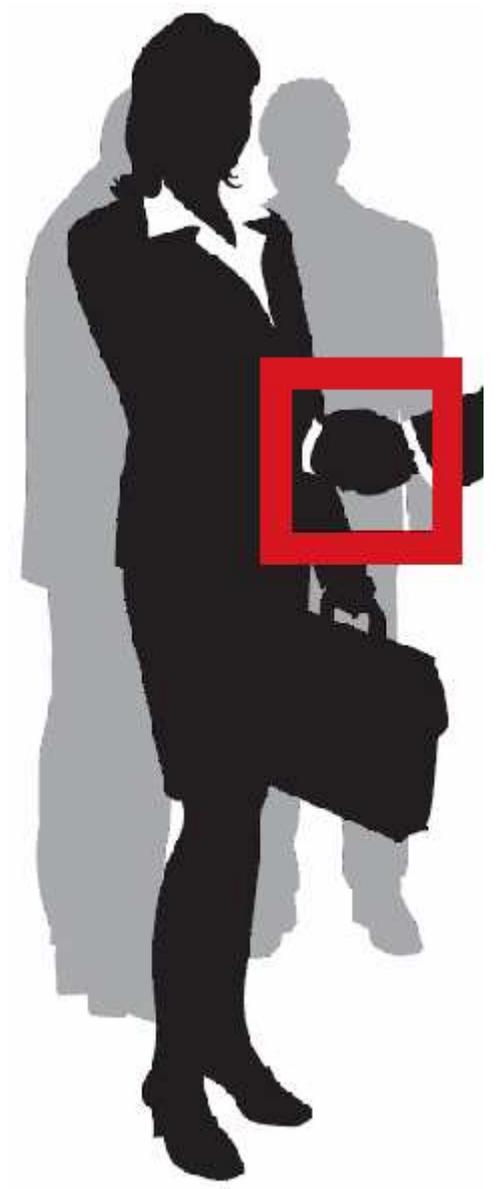


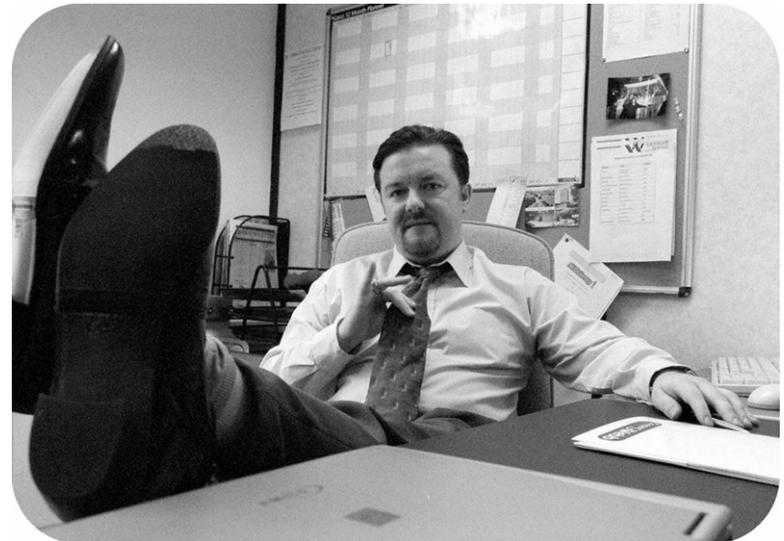
**Governments**

**Companies**

**NGOs**

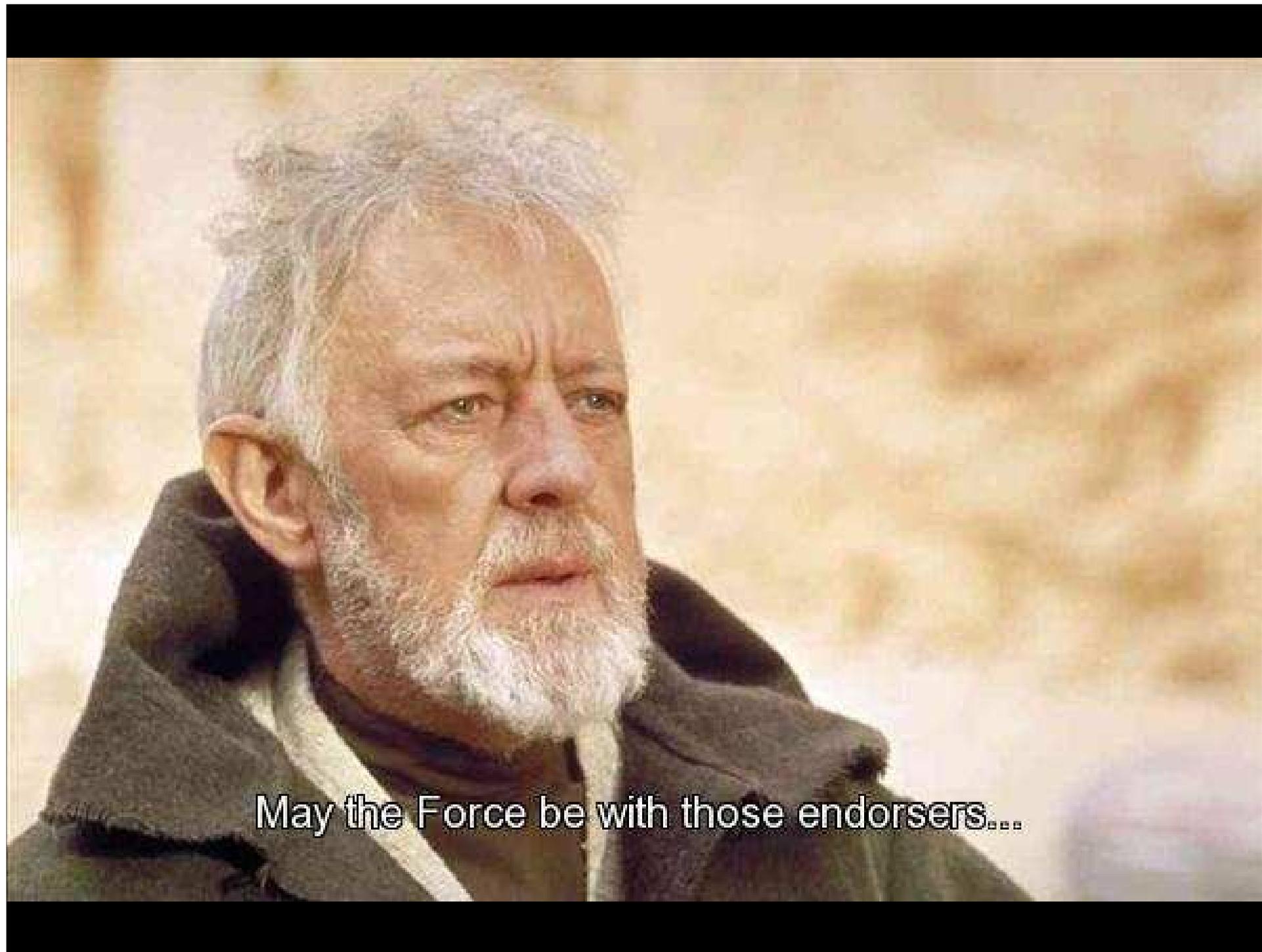












May the Force be with those endorsers...

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## **Text with the presentation “Stakeholder information needs and interests with regard to the six Mandate elements”**

Stockholm, August 22, 2008

Bart Slob

This is a photo I took about two years ago. It shows the advanced symptoms of an illness that it is now widely known as “death by PowerPoint”. PowerPoint does not actually kill you, but it can bore you to death, especially after a long and eventful World Water Week in Stockholm. To help you in your recovery process, I will only project some images and photos. So no bullet points! In this presentation, I will highlight each of the six elements of CEO Water Mandate and comment briefly on the expectations critical stakeholders may have in relation to these elements.

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### **1. Direct operations**

Yesterday we learned that many of the endorsing companies of the CEO Water Mandate do not have specific policies on water (67% mention water use specifically, 47% define programs or goals for water issues – according to research undertaken by the Pacific Institute). Some companies proudly mention their participation in the Mandate on their websites and their reports, but do not outline policies, programs, targets or implementation systems. In order to avoid the impression that some of the endorsers are only using this particular UN initiative for public relations purposes – some NGOs and media sources may refer to this as “bluewash” – all endorsers should at least have specific policies and goals on the issue of water. Every endorsing company should meet a minimum set of requirements. Being part of the CEO Water Mandate without having any specific policies and ambitious targets related to water, at least for the company’s direct operations, should not be possible.

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### **2. Supply chain and watershed management**

As I mentioned briefly yesterday, my organization analyzed all the sustainability reports, corporate citizenship policies and CSR reports of the endorsing companies. We found that there is no unified and integrated approach to measuring water use and reporting about it.. For most civil society organizations, it is key to know about the impact of water use throughout supply chains. To do this, it is necessary to work with networks of suppliers in the initiative. At the moment, the Mandate is composed of brands and companies that produce consumer goods. Why not involve suppliers in China and India in the initiative? Your companies need to help suppliers, not only first-tier suppliers, to implement integrated systems to measure, reduce and report water use. This is not easy; it’s going to take time and effort.

My organization began working on labor conditions in the garment sector in the late 1980s. In that time, we created a campaign that became known as the Clean Clothes Campaign (CCC). The garment sector was probably one of the first sector in which supply chain initiatives focused on CSR were created. Supply chains in the apparel and garment sector are not as complex as supply chains in the electronics sector or the automotive industry. There aren’t so many tiers, which makes it easier to know all the links and entities in the supply chain.

When the CCC identified suppliers that did not comply with CSR international standards – for not allowing trade unions in the company or excessive overtime, for example – retailers in the garment sector would typically decide to drop that supplier. That reaction may have seemed logical at the time, but it didn't improve conditions for the workers. It actually made their lives worse. They would lose their jobs as a result of this reaction. That's why we don't want companies to cut ties with non-compliant suppliers in developing countries. We want them to work with those suppliers to raise levels of sustainability. Leading companies – chain governors, as we would call them in the terminology of value chain analysis – can assist their suppliers in raising their standards.

Therefore, it's important that the endorsing companies (all of you could be coined "chain governors", by the way) work with their current suppliers to implement systems for water use and measurement, instead of dropping underperforming suppliers and select new suppliers that can live up to the set standards. Sustainability is also about sustainable relationships with suppliers.

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### 3. Collective action

The CEO Water Mandate believes that collective efforts – across sectors and societal spheres – will be required. It seeks to build closer ties with civil society organizations.

This is a very famous painting. Does anyone know the name? It is called "Who's Afraid of Red, Yellow and Blue III", painted by Barnett Newman.

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This painting is actually quite an accurate visualization of the **power imbalance** in many collaborative efforts and partnerships between the private sector, governments and civil society. The Red (companies) dominates and has a central position, while governments (blue) and civil society organizations (green) have little to say. **This is a problem we see in many partnerships:** companies, with all their enthusiasm, efficiency-driven management systems and a need to increase the bottom-line, tend to dominate partnerships. If the CEO Water Mandate is to succeed in building closer ties with civil society organizations, it must take into account this power imbalance inherent to all partnerships.

If you aspire to be a multi-stakeholder initiative, you must also listen to critical voices. In March this year, a group of 125 civil society organizations sent a protest letter to the Secretary General about the CEO Water Mandate. Perhaps you don't agree with their stance, but I think their voice must be heard.

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### 4. Public policy

The CEO Water Mandate endorsers have pledged that they seek to contribute inputs and recommendations in the formulation of government regulation in order to drive the water sustainability agenda. For civil society organizations, it is key to now on what topics companies lobby with governments and the positions they take in relation to these topics. Policy influence needs to be more transparent, and it also needs to be responsible. Most companies do not report on the lobbying activities conducted on their behalf by associations and chambers of commerce. It is common that individual businesses have progressive positions regarding water sustainability, while the same

companies take a different, conservative position on their lobbying activities via business associations. Therefore, the endorsing companies have to make sure that their activities in the field of policy influence are coherent with the input and recommendations of the CEO Water Mandate as a whole in the formulation of government regulation. The lobby strategies and activities of the endorsers need to be aligned with the strategies and activities of organizations such as the International Chamber of Commerce, World Business Council for Sustainable Development and International Organization of Employers (IOE).

Policy coherence should be an important objective. This principle cautions against both ad-hoc interventions where there is a disconnect from core government policies and planning processes, and a situation where one policy or governance approach contradicts another.

It doesn't make sense for example that one participant lobbies for higher water prices, while at the same time other endorsers are advocating low water prices. Coherency and consistency are important in this area.

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## **5. Community engagement**

One stakeholder group is often ignored in CSR initiatives, perhaps because they have the reputation to be difficult to work with: organized workers in local communities. Many of these initiatives, even those that directly affect or involve workers, overlook local trade unions as an important stakeholder. Workers are part of the local community. Their families live in areas that are affected positively or negatively by your company's operations or the operations of your suppliers.

It may be difficult, but trade unions - particularly local unions - need to be involved, even when we are talking about water use and impacts by companies. We should not forget about the workers in local communities.

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## **6. Transparency**

The CEO Water Mandate offers an opportunity to create a unified and integral approach to measuring water use and water impacts in supply chains, and reporting about it. This will enable civil society organizations and investors to compare policies and best practices and to make an assessment of the effectiveness of company policies on water.

Some companies have rather good measurement systems, but these systems all use different parameters and have different boundaries. More sectoral or cooperation across sectors is key.

We should stop developing reporting activities in isolation, without knowing about the policies and systems of other actors in the field. The endorsers should use the good indicators that are out there.