Who Moved My Water?

Corporate Engagement with Public Water Policy for Supply Chains

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Sweden
What is our global water future?

- Population
- Economic Growth
- Food security and trade
  - Climate change
  - Energy interactions
- Institutional capacity
Why is water different?

- Its availability, management and impacts are *local*.
- It is typically *uncertain* in space and time.
- The availability for use is *finite & non-substitutable*.
  - often in complex rights systems and undeveloped pricing systems.
- It has a *social & economic* nature (highly political).
- Freshwater systems are *fragile & interconnected*.
What does this mean for supply chains?
What is water public policy?

Policy
(enabling framework)

Water strategy
(resource allocation)

Water management practice
(implementation)

- supply
- pricing
- quality

suppliers
Upstream Operations Downstream customers

SUPPLY CHAIN

• international
• national
• basin
• local
What of shared risk and potential alignment of objectives?

Business risk
- Physical
- Financial
- Regulatory
- Reputational
⇒ Economic value

Government risk
- Social / Ecological
- Economic
- Institutional
  - Conflict
⇒ Political support

Potential shared risk in:
- implementation (practice)
- strategy (intent)
- policy (principle)
What are the opportunities for policy engagement?

- Advocacy / lobbying / influencing
- Partnership / participating / facilitating
- Financial support / facilitation
- Institutional strengthening / capacity
- Self-regulation
- Implementation support
What may happen to business risk during water policy engagement?

Risk reduction through decreased external uncertainty

New risk associated with public policy engagement

demographic shift
economic growth
climate change

Intervention relevance
Political commitment
Institutional capacity
Government abdication
Resource requirements
Exit challenges
What are the drivers for corporate water policy engagement?

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<th>Water policy domain</th>
<th>Business domain</th>
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<td><strong>Operational focus</strong></td>
<td><strong>Supply chain focus</strong></td>
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<td><strong>Direct operations:</strong> efficiency &amp; compliance</td>
<td><strong>Supply chain management:</strong> footprint &amp; security</td>
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<tr>
<td>Community engagement &amp; watershed management: social license to operate</td>
<td>Public policy &amp; collective action: influence &amp; certainty</td>
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<td>Beyond footprint</td>
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How does this relate to the CEO Mandate?

In different contexts, public policy engagement is premised on other CEO Mandate elements

- Watershed management
- Collective action
- Community engagement

*What does it mean to operationalise these in the context of public policy?*
What is the take home messages?

- Water risk is a big issue for business
  - and is likely to become increasingly significant

- Some risk may be shared with government
  - opportunity for cooperation and convergence to mitigate risk

- Beyond footprint engagement introduces its own risks
  - understand the risk tradeoffs

- Managing risk is locally and context specific
  - there is no one-size-fits-all
Considerations to operationalise the public policy element

Shared risk and alignment of objectives is possible

- To what degree is this practical and how can mutual trust be built?

Requirements vary between locations

- What interventions are appropriate at each level (scale)?
- What should be operational versus strategic corporate responses?

Water management is a government function

- How engaged should corporates get’’?
- How much uncertainty are you willing to live with?

Corporate interests differ by context & sector

- What are the areas of shared interest or difference?

Supply chains exist in complex and varied policy contexts?

- Should corporate perspectives on SCM change?