Communications on Progress – Water: Trends and Innovative Practice in Corporate Water Disclosure

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November 2010

PACIFIC INSTITUTE
Research for People and the Planet
A Framework for Corporate Action

1. **Measure** corporate water use and wastewater discharge

2. **Assess** the physical, regulatory & reputational risks; align assessment with climate & energy risk

3. **Engage** key stakeholders

4. **Integrate** water issues into strategic business planning & governance

5. **Disclose** water performance & associated risks

External Water Resource Context & Data

Corporate Water Accounting
- Measurement of Water Use and Discharge
- Assessment of Local Water Resource Context
- Assessment of Impacts on Watersheds, Ecosystems, and Communities

Public Disclosure

Stakeholder Feedback

Corporate Management Practices (i.e. to reduce impacts and risks)

Corporate Water Stewardship + Stakeholder Water Strategies & Practices

Sustainable Water Policy & Management

Reality
- Internal analysis
- External feedback
- Corporate response
- Organizational objective
- System objective
Mandate Transparency Policy

Transparency is one of the Mandate’s six core elements

All Mandate endorsers are required to communicate with their stakeholders about progress in implementing the Mandate’s six elements.

These reports are known as:
Communications on Progress - Water

Failure to prepare a publicly available COP-Water report will result in delisting
Transparency Framework Phase 1: COP-Water Requirements

While there is no specific format for a COP-Water, it must include the following three basic elements:

- Statement of continued support for the Mandate.
- Description of policies and practical actions to implement the six core elements
- Measurement of outcomes or expected future outcomes
Transparency Framework Phase 2: Objectives

Our analysis of corporate water reporting:

1. Illustrated various forms of reporting approaches and contents, highlighting best practices and innovative approaches,

2. Identified commonalities, differences and gaps among water reports (both endorsers and others),

3. Summarized and presented the findings in a way that can serve as de facto guidance for corporate water reporting.
Reporting could be improved by:

1. Expanding reporting to include actions and impacts outside of direct operations, especially for the “process-oriented” elements.

2. Ensuring conformity to and harmonization within existing corporate reporting guidelines.

3. Increased cross-sectoral learning and actions with regard to water impacts and management.

4. Provide greater detail in their reporting on individual corporate actions.
COP-Water Analysis: Objectives

We have undertaken a project that compiles and analyzes the first round of COP-Water reports in order to:

1. Determine progress in corporate reporting practice since Water Disclosure 2.0
2. Highlight good and emerging practice particularly regarding qualitative reporting
3. Identify key areas in which companies could use further support and guidance

This analysis will spread knowledge of good practice and inform the Mandate’s upcoming guidance documents for corporate water reporting.
Upcoming Mandate Projects

1. Guidance on Reporting on Process-Oriented Elements:
   • Will identify and describe practical steps and criteria for reporting on policy engagement, community engagement, partnerships, philanthropic actions, etc.

2. Guidance on Determining Relevant Information for Reports:
   • Will lay out a process through which companies can determine the most relevant disclosure information for themselves, investors, consumers, affected stakeholders, etc.
COP-Water Analysis:
Progress since TF Phase 2

Percent of companies adhering to criteria
0% 10% 20% 30% 40% 50% 60% 70% 80%

- Overall
- Transparency
- Direct Operations
- Supply Chain & Watershed Mgmt.
- Collective Action
- Public Policy
- Community Engagement

Water Disclosure 2.0 vs COP-Water

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Criteria showing the most improvement between WD2.0 and COP-Water reports

- Peer-to-peer partnership
- Corporate action at local/community level on water
- Partnership with civil society
- Statement from upper management/CEO on water
- Specific programs/policies/goals for water

Percent change in adherence to criterion
Criteria showing the greatest decline

Percent change in adherence to criterion

-25% -20% -15% -10% -5% 0%

- Quantified wastewater data
- Trend water performance data
- Select suppliers based on environmental performance
- Quantified water performance data

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Trends: Direct Operations
Trends: Supply Chain Management
Trends: Watershed Management

(contextualization, measurement of water stress)
Trends: Public Policy
Trends: Community Engagement
Areas for improvement

- Further contextualizing water performance data
- Materiality assessment
- Harmonization of reporting
- Business and the human right to water
- More concrete description of projects and practices
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