Responsible Business Engagement with Water Policy

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CEO Water Mandate Main Focus Areas and Outputs

- Water and human rights
  - Exploring the Roles and Responsibilities of Business

- Water disclosure
  - Transparency Framework
  - Water Disclosure 2.0

- Policy engagement
  - From Water Footprinting to Public Policy
  - Guide to Business Engagement in Water Policy and Management (forthcoming June 2010)

Guide on Responsible Business Engagement with Water Policy

Overarching objective:

To provide principles, concepts, practical steps, and case examples that can facilitate companies' responsible engagement with water policy in a manner that reduces business risks while simultaneously advancing policy goals and positively impacting nearby communities and ecosystems.

Specific goals:

1. Defining key concepts

2. Making the business case for responsible engagement

3. Describing core principles

4. Outlining an operational framework

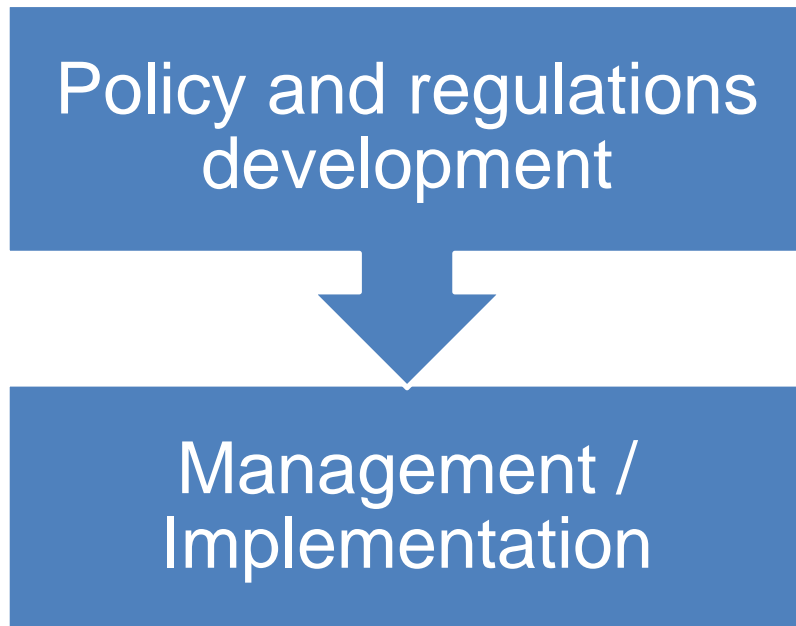5. Identifying major barriers and pitfalls to engagement

Defining key concepts

1. Public Water Policy

2. Sustainable Water Management

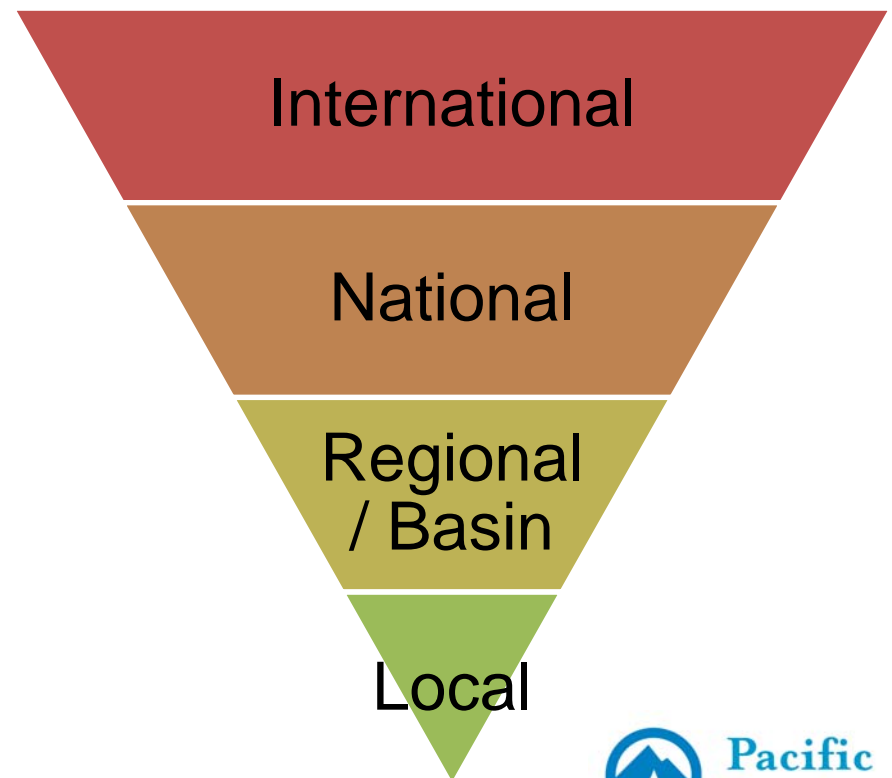3. Responsible Business Engagement with Water Policy

What is Public Water Policy?

All efforts to define the rules, intent, and instruments with which governments manage human uses of water, control water pollution, and meet environmental water needs

Process

Policy and regulations development

↓

Management / Implementation

Scale

International

National

Regional / Basin

Local

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Elements of Public Water Policy

- Supply and infrastructure development

- Resource protection

- Rights and allocation among sectors

- Quality management

- Pricing and economic instruments

- Operation and maintenance of systems

- Public participation in water governance

- Environmental regulation and planning

- <u>Indirect:</u> economic development, trade, land planning, agriculture and energy policy

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Spheres of Sustainable Water Management
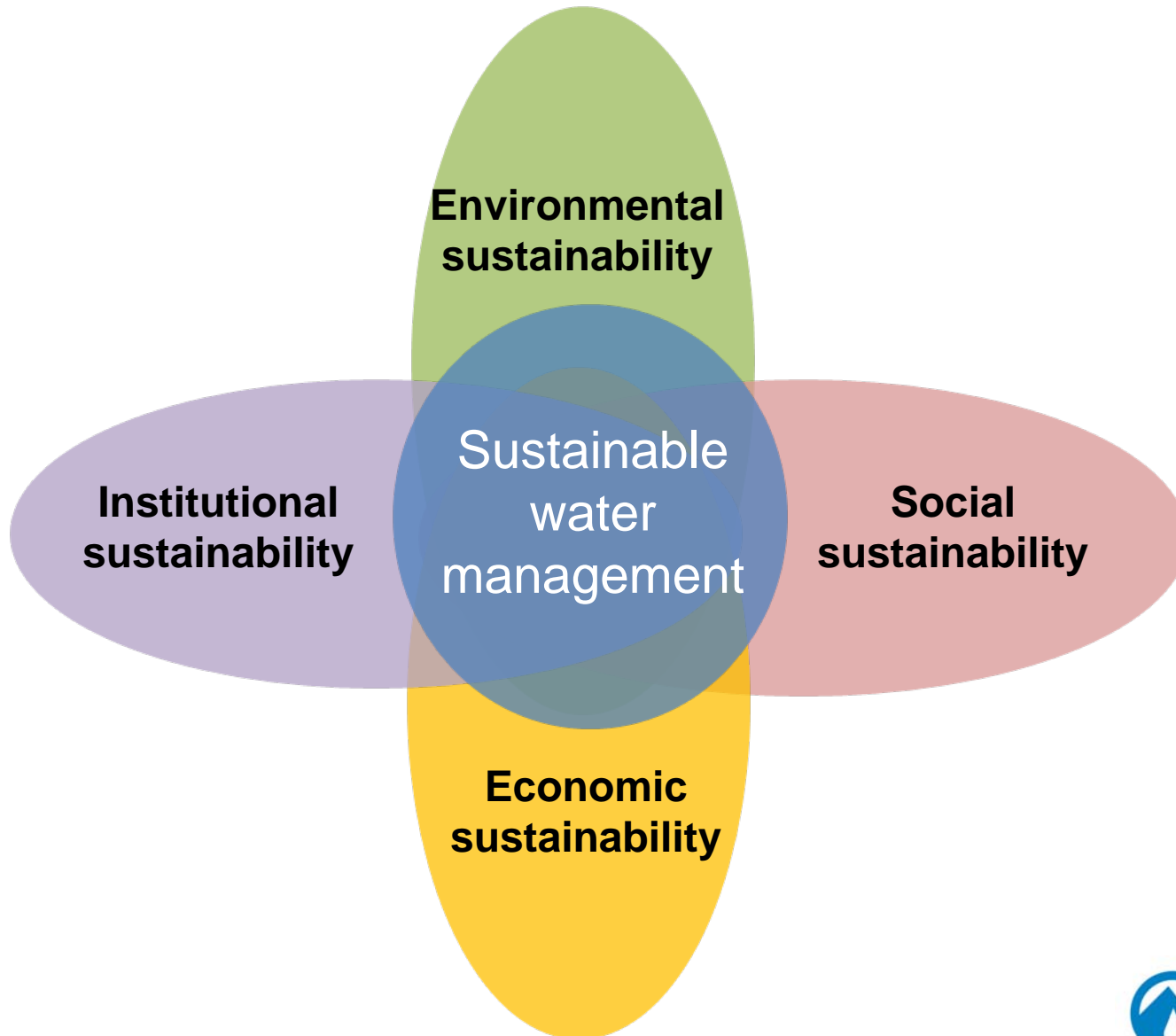
Goals of Sustainable Water Management

• All humans have access to a basic level of adequate and affordable water services

• Environmental flows are of volume and quality to maintain habitat, biodiversity, and ecosystem services

• Water uses prioritized by societal and economic value

• Long-term risks are effectively managed

• All affected stakeholders are included in decision-making

• The impact of one water use on another is regulated

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Responsible Water Policy Engagement

Corporate water management initiatives that involve interaction with government entities, local communities, and/or civil society organizations with the goal of advancing:

1) Responsible internal company management of water resources within direct operations and supply chains in line with policy imperatives (e.g., legal compliance) and,

2) The sustainable and equitable management of the catchment in which companies and their suppliers operate.

Principles of Responsible Engagement

Principle 1: Intent to advance sustainable water management

Principle 2: Respecting appropriate public and private roles

Principle 3: Inclusiveness and partnerships in engagement

Principle 4: Comprehensive and integrated engagement

Principle 5: Proactive and pragmatic engagement

Principle 6: Accountability and transparency in engagement

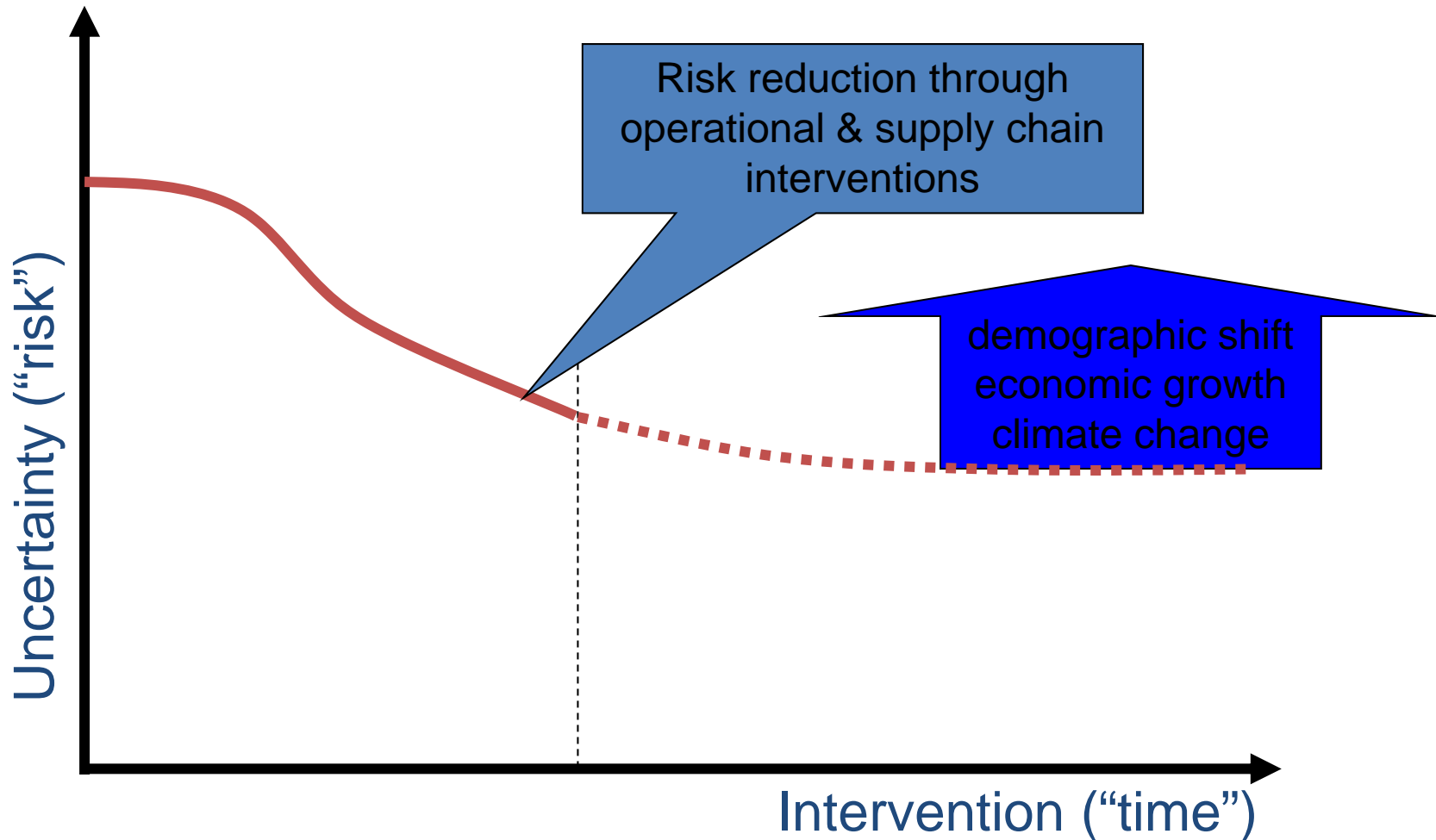# The business case
for engagement

Responding to Risk

Orr/Pegram Curve©

Nature of Risk

Depends on:

- *The industry sector / nature of water use*

- *The maturity and reach of internal practice*

- *Hydrologic context (i.e. water scarce)*

- *Political context (i.e. sufficient capacity)*

- *Economic context (i.e. developing country)*

- *Social context (i.e. access to water/sanitation)*

- *Environmental context (i.e. healthy ecosystems)*

The actions/conditions that create risk are often those that companies have least influence over

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Shared Risk

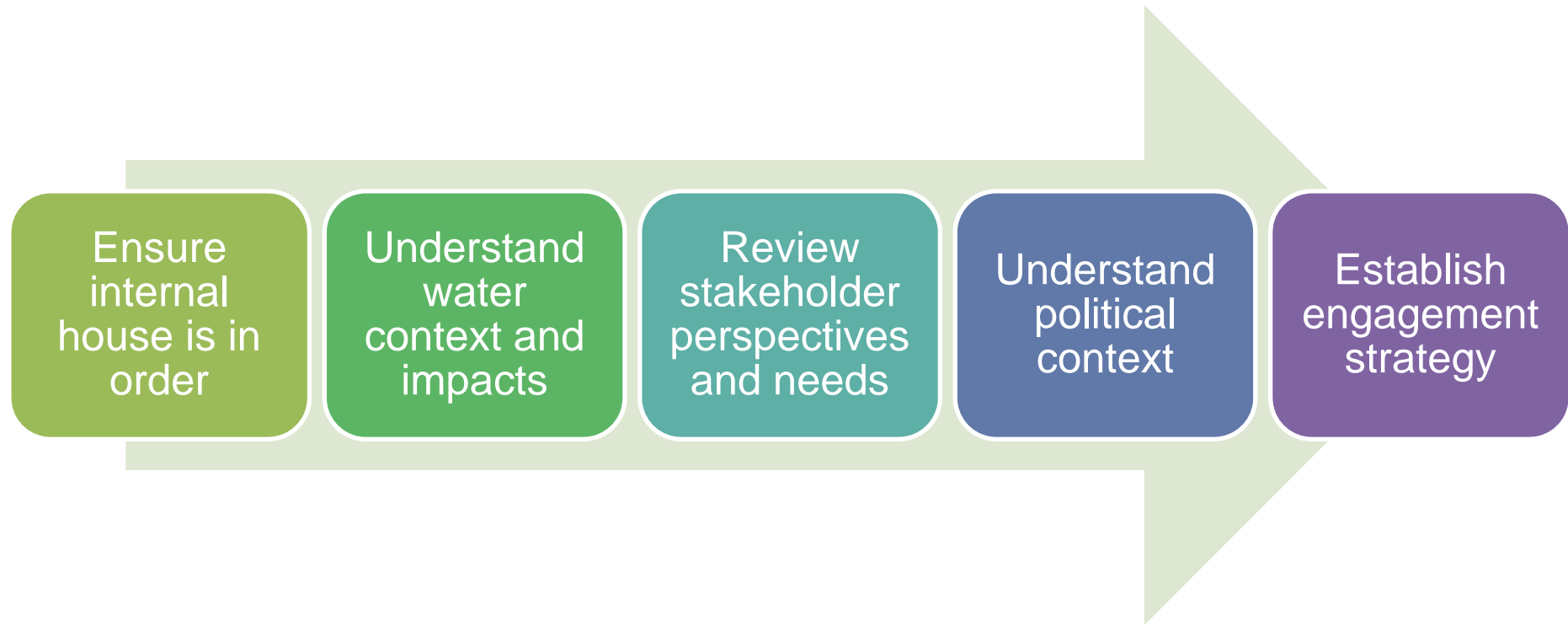| Private risks	Water issue	Public risks
-Not enough water for production needs -Perceived competition with other needs	Water scarcity	-Not enough water for: basic human needs, in-stream flows, energy & food production
-Unreliable access -Increased competition -Limited long-term resource planning -Unprotected water resources	Lack of institutional capacity	-Not able to meet basic human needs, -Massive inefficiencies -Unprotected water resources
-Unreliable access -Reduced drought protection -Increased competition -Higher costs	Inadequate infrastructure	-Not able to meet basic human needs, -Massive inefficiencies -Higher costs
-Insufficient water quality for production, -Perceived as "bad actor" -Increased costs of pre-treatment	Water pollution	-Human health -Biodiversity loss, -Water supplies made too poor for use

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An operational framework for responsible engagement

Planning

Implementing

Internal / Corporate
-Improving direct operations and supplier operations

Local / Watershed / Regional
-Supporting water management
-Facilitating community access to water
-Promoting ecosystem health

National
-Influencing policy and regulatory framework for water resources

International
-Influencing global standards and raising awareness

All scales
-Sharing information / data / knowledge
-Advocacy

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Reviewing and Responding

Engagement actions must adapt to weaknesses in strategy or changes in the environmental, political, and social conditions of a catchment

In order to assess weaknesses and undesired outcomes:

- Informal discussions with:
  - Operations managers
  - Employees
  - Local community members

- Local community advisory groups

- Independent audits

- Obtaining data from public agencies

- Systems for monitoring catchment conditions

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Pitfalls and Barriers

Concerns of policy capture

Stakeholder concerns of policy capture pose the largest barrier to a company's ability to engage with the public sector, particularly in respect to water policy.

Policy capture exists when a company dominates a policy-making process to the extent that other stakeholders are excluded and established policy goals are undermined in favor of narrow self-interest.

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Strategies for avoiding policy capture (realities and perceptions)

Partnerships

- Broaden spectrum of perspectives
- Increase credibility
- Improve visibility / influence

Community engagement

- Understand impacts / needs
- Increase local knowledge
- Prevent misperceptions / opportunity to communicate intent

Transparency / Disclosure

- Build relationships with stakeholders
- Improve consumer / investor confidence

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Barriers to effective engagement

Barriers

- Polarized positions
- Confusion over debates
- Lack of internal buy-in, awareness, alignment
- Conflicting interests

Pitfalls

- Coherence of policy and legal frameworks
- Political will of counterparts
- Institutional capacity of water managers
- Abdication of responsibilities

Project Plan

July -September 2009:

The Mandate Secretariat solicited endorser, key stakeholder, and public comments on the Guide's preliminary annotated outline

October 2009 – April 2010:

The Secretariat (in collaboration with WWF International) drafts Guide; Policy Engagement Working Group consulted regularly

April 2010:

A first full draft of the Guide circulated for public comment

June 2010:

Final version of the Guide published

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