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Context-Based Water Targets
Session Summary

Stockholm World Water Week 2017

Speakers

Jason Morrison, CEO Water Mandate

Rob Greenwood, Ross Strategic

Paul Reig, World Resources Institute

Ross Hamilton, CEO Water Mandate

Shariful Hoque, H&M

Andre Fourie, Danone

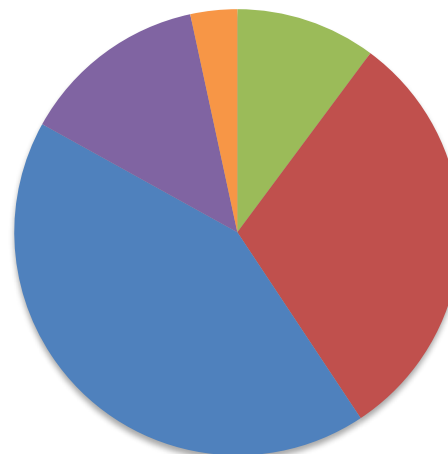Daniella Foster, Hilton

Ian Knight, Mars

Project Partners

Audience Demographics

- Academics
- Civil Society
- Endorsing Companies
- Other Companies
- Public Sector

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Introduction and Overview of Context-Based Water Targets

Context-based water targets are informed by sustainable thresholds or limits of a given basin based on science; respects the basin's environmental, economic, and social needs, and current and future conditions; and supports public sector objectives such as the SDGs.

- What has happened since last year?
    - Discussion paper published (April 2017) outlining concept
    - Focus now on operationalizing concept
    - Obtained feedback from companies on important considerations
- Defining and setting context-based water targets (CBWTs) is potentially a complex endeavor. Simplicity and flexibility are important considerations to encourage private sector uptake.
- There remains confusion around what a meaningful target for water looks like from a corporate perspective.
- The project team recognizes the need to move with some urgency beyond concepts, to practical guidance and tools
- Almost every corporate partner we have is asking for this, and leading companies in the water stewardship space are already pursuing it.

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Feedback from Companies Since CBWT Concept Report Release

- Strong support of concept; companies have appetite to be engaged.

- For companies with sites all over the world, aggregation of site-level targets up into one larger corporate target is probably not possible – but these companies still need corporate-level targets.

- "Fair share" allocation is challenging concept.

- Multiple entry points into this work are needed. Companies would love a "cheat sheet" of contextual factors for a given basin, perhaps framed around SDGs, with examples and template metrics and targets.

- This work should be framed around risk, opportunity, impact in order to get corporate buy-in.

- Uncertainty (e.g. lack of adequate data) should not be barrier to action; businesses constantly deal with uncertainty.

- This work is not happening in isolation; it's all about partnerships.

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Insights from Corporate Panel

- Business as usual = top-down approach to targets (corporate-level → site level). This approach does not provide flexibility to align site with the most material water-related issue in each locality.

- "Conditional" water targets = potential intermediate step, in which companies consider the variation in operational requirements in different areas, leading to site specific mitigation strategies.

- Companies want tools that help them focus on sites facing significant water risk, and identify actions with the greatest on-ground impact while also reducing exposure to material risk.

- **How to measure and demonstrate an improvement in water security?**

  - It is good to improve water efficiency, but what happens to that saved water? If it is withdrawn by the next downstream user, those efficiency efforts may have no impact.

- In order to understand the context of a basin, we need to focus on watershed impact indicators, watershed dependency indicators. At the same time, there **is no single set of scientific indicators** that everyone would agree with.

  - Companies cannot replace **stakeholder engagement** with science; we need both.

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Insights from Corporate Panel

- Often, the biggest potential for impact on water sustainability is in **supply chains**. Engaging on this requires partnerships.

    - The **agricultural supply chain** is a critical space for context-based thinking.

    - A huge percentage of many companies' water use is agricultural irrigation in the extended supply chain. The key is, how much of that is in **water-stressed basins**?

- As companies strive to set context-specific targets, they are also looking to align with the SDGs.

- CBWTs are not replacing all else in the water stewardship space; they are part of the journey.

    - Starting with an approach framed around targets may not be right approach. Where else could companies start on the water stewardship journey, moving towards CBWTs?

Although they present many challenges, targets can act to build consensus and engage stakeholders. **Collaborations on CBWTs so far include:**

- WRI and Mars published paper on science-based targets for climate, land, and water impacts: From Doing Better to Doing Enough: Anchoring Corporate Sustainability Targets in Science

- The Beverage Industry Environmental Roundtable (BIER) is working on CBWTs

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Draft Methodology and Hypothetical Example

- The guiding principle is to look at basin level and ask "what is desired future end state?" Instead of setting baseline on present conditions, set it on desired endpoint.

    o Step 1 = define the physical scope (basin boundaries)

    o Step 2 = perform basin and site diagnostics (water risk assessment)

    o Step 3 = set CBWTs (identify gaps between current and desired state, set plans to close them)

    o Step 4 = implement robust monitoring plans (keep looking for knowledge gaps, be adaptive)

Santa Ana Watershed Hypothetical Pilot

- This was an exercise for us to test our early thinking. We performed a basin and site assessment using the WWF Water Risk Filter, looked for places where risk overlap, and based on that set rudimentary context-based targets.

- There is strong appetite to do real pilot in this region – stay tuned.

- Lessons learned:

    o Methodology must be robust yet practical, and accommodate uncertainty

    o We need to pilot test in data-poor regions

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Key Takeaways from Session

The approach must cater to companies at different stages of the water stewardship leadership continuum.

- Complexity can be a barrier to entry. We want help the corporate community forward, but we also want give everyone someplace to start. It would be helpful to map out maturity levels of companies to better see entry points. More advanced companies can also support those starting on their journey.

- Most companies are not going to do away with corporate-wide targets – how-would CBWTs fit in?

    - Conditional targets help us to see where we need to focus to move the needle on absolute targets.

- Set targets at different levels for companies that have different and distributed supply chains – consider designing approach by sector.

The approach must be able to be applied in different basin settings with varying levels of data and information available.

- Most companies operate with lack of sufficient data to completely understand the water balance in a basin – but we shouldn't wait to get all the data to take impactful actions.

- The project team needs to provide tools for companies to decide where to maximize impact and influence.

Key Takeaways from Session

CBWT methodology needs to include more than just a volumetric water allocation approach.

- A limitation of the fair share approach is the risk of only addressing the current situation, not the future situation, and requires 100% participation from all users.

- Other contextual factors may be more important / relevant than water allocation. Approach needs to cover social, governance, economic and environmental factors.

There will always be trade-offs, and companies need to know how to address them.

- What happens when business needs are in direct conflict with appropriate targets? A clear decision-making tree should be created or adopted for these situations.

- We must also consider trade-offs with other outcomes outside of the company's fence line. Should we incorporate the economic/social benefits that a company brings to the community in deciding fair share?

Key Takeaways from Session

Clustered piloting of the methodology with multiple companies in a basin will make this viable.

- It is inefficient for one facility in one basin to do all the context work.

- The first step is to narrow down regions, sectors to a small set for which CBWTs make the most sense.

  - Select basins for joint pilots based on considerations of basin conditions, data availability, and corporate interest/willingness to engage.

- To bring the business leaders on board, we must show companies they are not in it alone. To this end, it is helpful to have a body of work, resources, examples to point to.

- Incorporating local and regional government into the process is critical.

The CBWT narrative must be robust and compelling.

- What is the simple message to help someone understand the shift we're advocating for? This is a different approach to target setting. It will require cultural adaptation and education at the corporate level.

- Big picture thinking: the project team needs to give compelling rationale for water stewardship as a whole.

- Tools and guidance developed should attempt to be as accessible and simple as possible.

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Key Takeaways from Session

Alignment with SDG's and other relevant policies and standards is critical.

- The intent is to stand on the shoulders of existing practices in place. For example, CBWTs is largely a follow-on from the work of AWS. The point of this work is not to set another bar, but to provide a tool to set targets around work that is actually reducing risk.

- Companies want guidance on how to track action and performance on water and relate it to SDG6.

    - We need a common set of indicators to be able to set these targets.

- What is the connection between science-based targets for carbon and CBWTs?

    - There are parallels, but water is different, highly local. And water is not in the discourse the way climate is – there is still a lack of consensus/collaboration.

There are other outstanding challenges that need to be addressed.

- How to set CBWTs when the water sources for a basin are multiple and/or imported, and governance is complex?

- What about companies that don't have ag-based supply chains? (e.g. IT companies)

- How can we measure the impact of water savings – where does that water go?

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Next Steps

- Pilot testing. The project team will identify basins for clustered implementation based on watershed conditions and company interest.

- Outreach and feedback. The project team will be presenting webinars to industry associations, companies, to spread the CBWT concept and get more insights.

- Advisory committee. The project team will be putting together a group of experts to advise on the CBWT development process.

Contact

If you have any comments or questions, please reach out to:

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