

# **CEO Water Mandate Endorsers' Meeting**

June 22, 2022

# AGENDA

0:00	Key Takeaways - World Economic Forum	
0:10	Communications and Events	
0:20	SBTN & Contextual Water Targets	
0:30	Updates from the WRC	
	Funding Projects & Net Positive Water Impact	
0:55	Peer Connection	
0:75	Project Updates	
	WASH4WORK & Water Resilience Assessment Framework (WRAF)	
0:90	Conclude Meeting	









### CEO WATER MANDATE

# Updates from World Economic Forum



### CEO WATER MANDATE

# **Communications and Events**

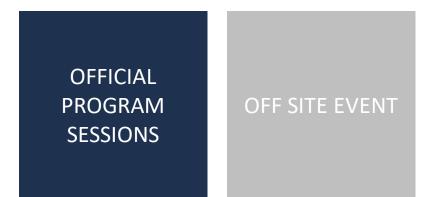
# UPCOMING EVENTS HIGHLIGHTS











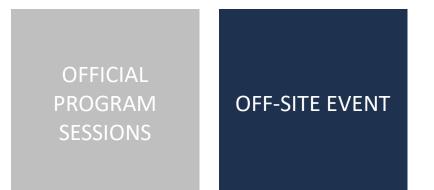
### **OFFICIAL PROGRAM SESSIONS**

TUESDAY, 23 AUGUST (ONLINE SESSION)							
WRAF 20:00 – 21:20 Surviving Shocks and Stresses: A Corporate Guide to Resilience Assessment							
THURSDAY, 25 AUGUST (ONLINE SEMINAR)							
NBS17:00 – 18:20Tools for valuing ecosystems and nature-based solutions							
MONDAY, 29 AU	GUST (ON-SITE / BROADCAST SESSION)						
11:00 – 12:30       WASH4Work         A Compelling Case for Business Investment in         WASH4							
16:00 – 17:30	CWAC The Power of Unlikely Alliances: Public-Private Partnerships for Water Efficiency						
TUESDAY, 30 AUGUST (ON-SITE / BROADCAST SESSION)							
NBS16:00 - 17:30Unseen Future Value: Forecasting the Benefits of Nature-Based Solutions							









### **OFF-SITE EVENT**

#### WEDNESDAY, 31 AUGUST (HYBRID EVENT)

09:00 – 12:00	Opportunities to scale water stewardship and resilience through technology and coalitions Convenors: WRC, Water Climate Coalition
12:30 – 14:00	The ROI of WASH for Business – Lunch and Dialogue Convenors: WASH4Work, WaterAid
14:00 – 14:30	<b>Reconnecting – Networking Mingle</b>
14:30 – 16:00	CEO Water Mandate Annual General Meeting
16:00 – 16:30	Networking Break
16:30 – 18.30	Topic in development*
18:30 – 19:30	<b>CEO Water Mandate Reception</b>









### ROUND 1 DEADLINE: 15 JULY 2022

Who doesn't need special accreditation?

- NGOs in consultative status with ECOSOC
- Organizations accredited to the World Summit on Sustainable Development

All other organizations must apply for special accreditation.

#### https://indico.un.org/event/1001019/

What you'll need

- Letter stating intention to attend the conference in official letterhead
- Official documents of legal constitution
- List of water-related activities by the organization









### **BUSINESS POSITION MILESTONES\***



AUGUST 2022 1<sup>st</sup> Workshop (Annual General Meeting)

### SHARM EL-SHEIKH 2022 EGYPT

NOVEMBER 2022 2<sup>nd</sup> Workshop (Water Pavilion / Water Day)

WORLD ECONOMIC FORUM



JANUARY 2023 High-Level Dialogue

MARCH 2023 Business Position on Water Presentation Event







### CEO WATER MANDATE

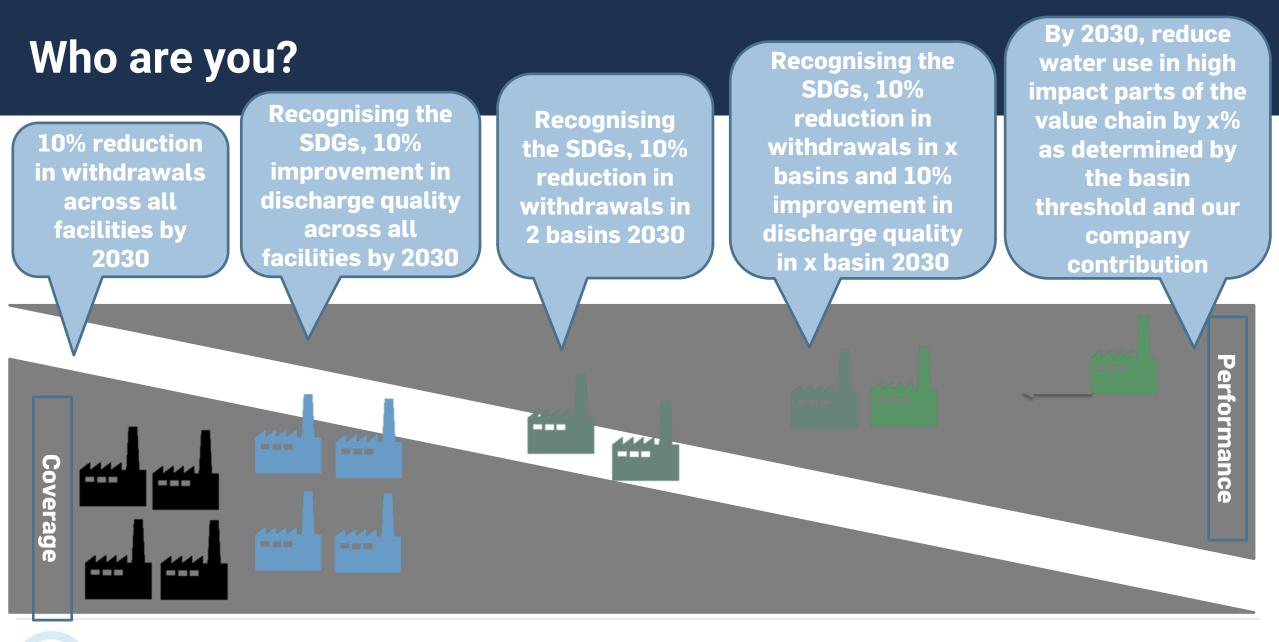
# Science-Based Targets for Water & Contextual Water Targets (Site and Enterprise)

#### **Non-contextual**

#### Contextual

A target that does not consider surrounding water-related challenges but is rather influenced by exercises such as benchmarking, a desire for incremental improvements, compliance or general corporate-level ambitions.	Informed by the surrounding catchment (basin) context and helps to focus resources towards the right water-related challenges in the right places and are strategically relevant to both the target-setting water user and other water users in the catchment (basin).	hydrological science says is necessary to meet the sustainable freshwater quantity and quality thresholds of the						
	Site level	Performance						
TODAY		FUTURE						
Coverage	Enterpris e level							
https://wwfint.awsassets.pand <mark>a</mark> .org/img/original/contextual_targ <mark>e</mark> ts_water.png								

**Science-based** 







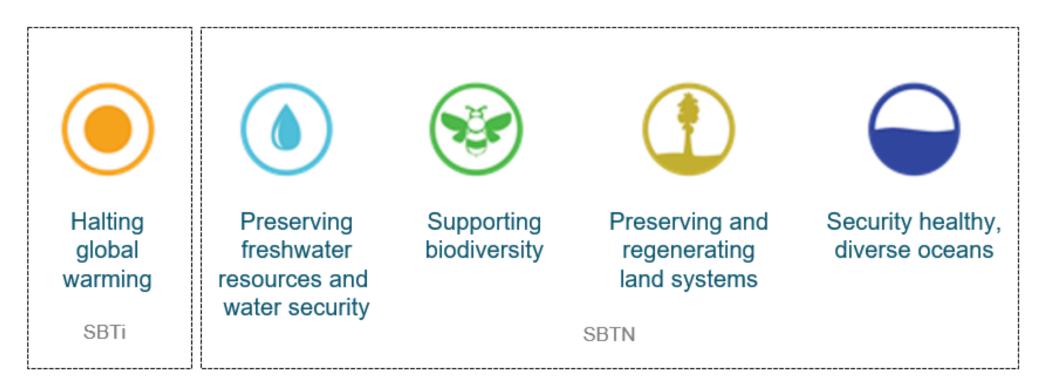
# **Science-based targets for Nature**



SCIENCE BASED TARGETS NETWORK GLOBAL COMMONS ALLIANCE

We need to transform the way we use natural resources *alongside* decarbonizing our economy.

By setting science-based targets for the whole Earth System, companies contribute towards:



# Steps for setting SBTs for Nature



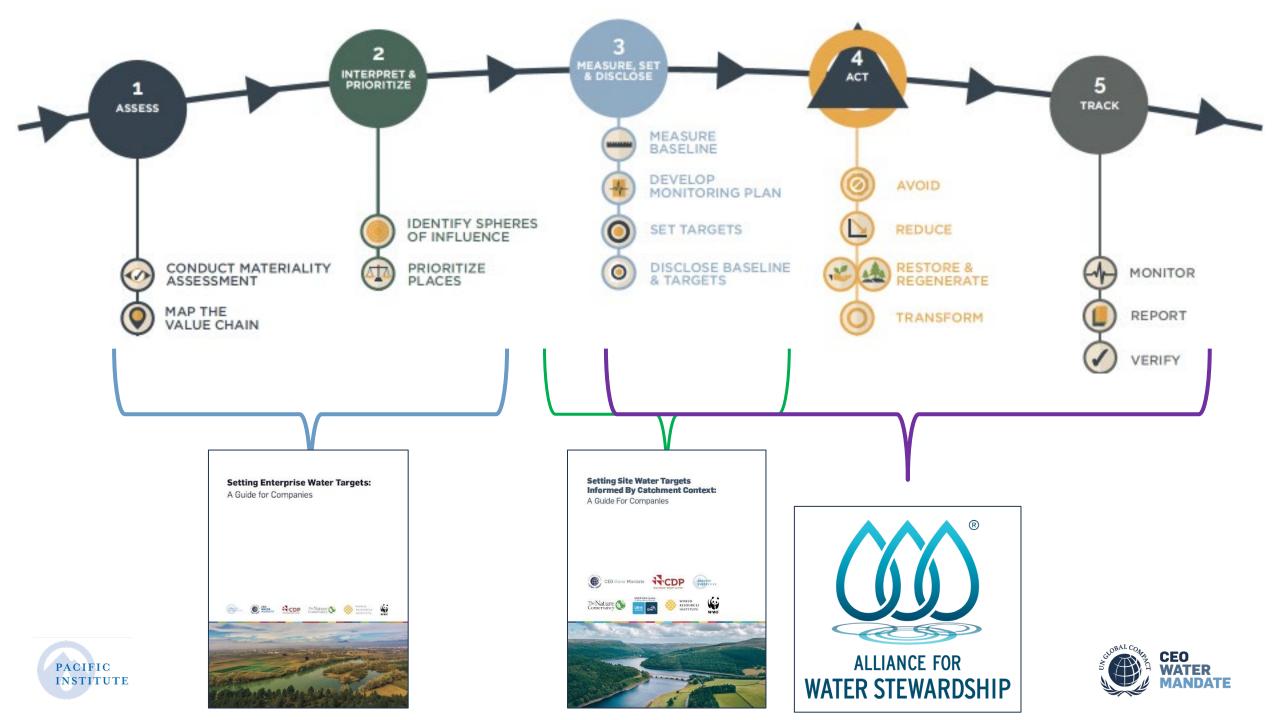
SCIENCE BASED TARGETS NETWORK GLOBAL COMMONS ALLIANCE



### SCIENCE-BASED TARGETS for NATURE

Initial Guidance for Business

September 2020



# Steps for setting SBTs for Nature, Contextual Targets & AWS

SBTN	Assess Interpret a Prioritise			Measure, set, disclose			Act			Track					
	Materiality Assessment	Map Value Chain	ldentify spheres of influence	Prioritise places	Measure baseline	Develop monitoring plan	Set targets	Disclose baseline & targets	Avoid	Reduce	Restore & regenerate	Transform	Monitor	Report	Verify
Enterprise Targets															
Site Level Targets									Align with public policy and contribute to existing efforts						
AWS									-		nt the wardshi	р			

# What is different?

Contextual Targets (Enterprise + Site)

- Companies
- Water only
- SDG 6\*
- Guidance

SBTN

- Companies + cities
- Nature = water, land, oceans + biodiversity
- Water quantity + quality
- Prescriptive method

- Companies
- Water only
- SDG 6\*
- Guidance

\*(water quality, quantity, important water-related areas, governance, WASH)

### Advantages

- Method can be applied "quickly"
- Method generates numeric targets
- Method can be readily validated by an external party

### Disadvantages

- Method only allows a limited number of tools to be applied, some of which may be very imprecise
- Method is currently limited in scope of water issues addressed (e-flows for quantity and nutrients for quality)

#### Within the SBTN Technical Team:

The CEO Water Mandate co-authored both the Enterprise and Site Water Target Guidance documents. We have been supporting the SBTN Freshwater Technical team in ensure alignment.

We are also supporting the development of a suite of response options once companies have identified their targets.

#### **External to SBTN:**

We will continue to support companies in setting water targets within their Enterprises and Sites

We will continue to connect companies with each other through the Water Action Hub to explore collective action opportunities that may help in meeting their targets.

# **Upcoming Key Milestones for SBTN**

Freshwater SBTs methods review

May

2022

Share draft methods to SBTN partners & corporate engagement program for review Public consultation on Freshwater SBTs methods and Steps 1 & 2 technical supplements

**Q**3

2022

Release freshwater SBTs methods & Supplements publicly, via SBTN website & webinars Companies can start setting science-based targets for nature, starting with freshwater

By Q1

2023



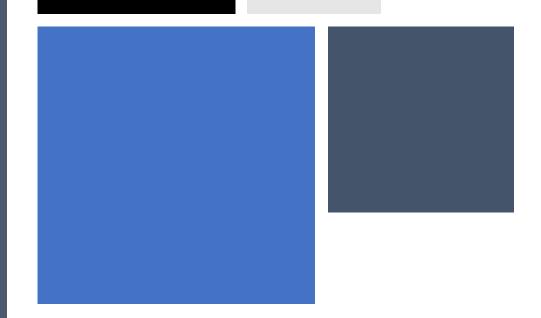




## CEO WATER MANDATE

# Water Resilience Coalition Projects -WRC Investment Portfolio Strategy - Net Positive Water Impact (NPWI)

# WRC Investment Portfolio Strategy





**S1:** Scaling Proven Solutions in Basins



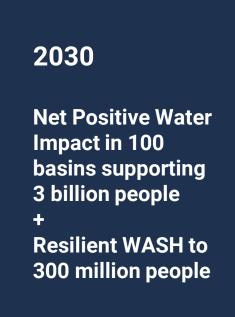
**S2:** Multiplying Impact of Business Expertise and Innovations



**S3:** Leveraging Investment via Innovative Finance



**S4:** Influencing via Collective Measurement & Advocacy



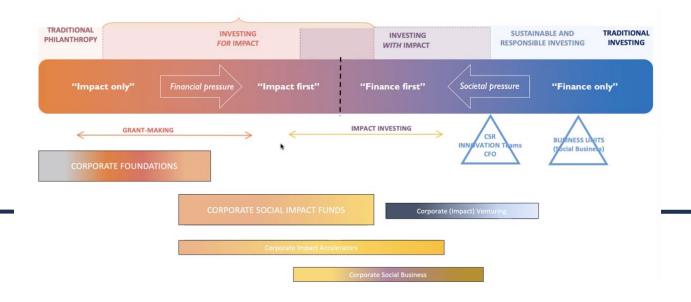


### WE WILL BRING INNOVATIVE FINANCING & COLLECTIVE INVESTMENTS FOR SCALE

#### WHY A WRC INVESTMENT PORTFOLIO?

#### Charity will never be enough.

- It would cost \$114 billion a year until 2030 to achieve SDG6.
- Current development assistance spending levels average just \$14 billion.





#### **BUILD WRC INNOVATIVE INVESTMENT PORTFOLIO**

- 1. Currently most companies are funding projects directly (i.e., expensing) to implementing partners
- 2. We propose to **leverage balance sheets for impact investment**, which multiplies scale and earns a return, which is then reinvested to achieve WRC goals
- 3. Start with proven financial models (i.e., using balance sheets) with trusted partners, and develop new innovative models over time



### OVERVIEW OF EXISTING IMPACT INVESTMENT MECHANISMS

#### **CORPORATE BOND**

Company investment from balance sheet (that is returned at end of investment period) where interest is donated to finance projects *i.e. \$50M investment = 3.5M in interest to finance projects* 

#### **BLUE BOND**

Utilized to finance projects related to ocean conservation. *Globally, issuances of blue bonds have already crossed USD\$10 billion as of 2020* 

#### **DEVELOPMENT IMPACT BOND**

Finance raised from investors is guaranteed (usually by international development agencies) who pay a return on the investment once development outcomes are achieved. *Globally, Brookings reports 214 DIBs raising \$473M across 6 development sectors as of 2021* 

CORPORATE IMPACT INVESTMENTS VIA INNOVATIVE FINANCING MECHANISMS PRIVATE EQUITY The Circulate Capital Fund raised \$100M from 13 companies to finance SME solutions for plastics in the oceans in Asia

#### CAUSE-RELATED MARKETING

Portion of product sales allocated to fund impact projects – **Engaging consumers** 

#### **CARBON/WATER CREDITS**

The Danone initiated Livelihoods Fund raised \$10M from 10 companies to fund conservation projects where the companies were paid in carbon credits as a return on outcomes

#### WATER REUSE CERTIFICATES

2030 Water Resource Group has proposed water reuse certificates as an innovative market-based mechanism – to promote the trading of recycled wastewater. *Currently being piloted in Maharashtra, India* 



WRC member companies *commit \$XXM of balance sheet capital* (over time to 2030)

to *innovative impact investment mechanisms* focused on water resilience,

which will be *returnable capital, and produces a return* that can be re-invested to meet water goals

#### Financial case:

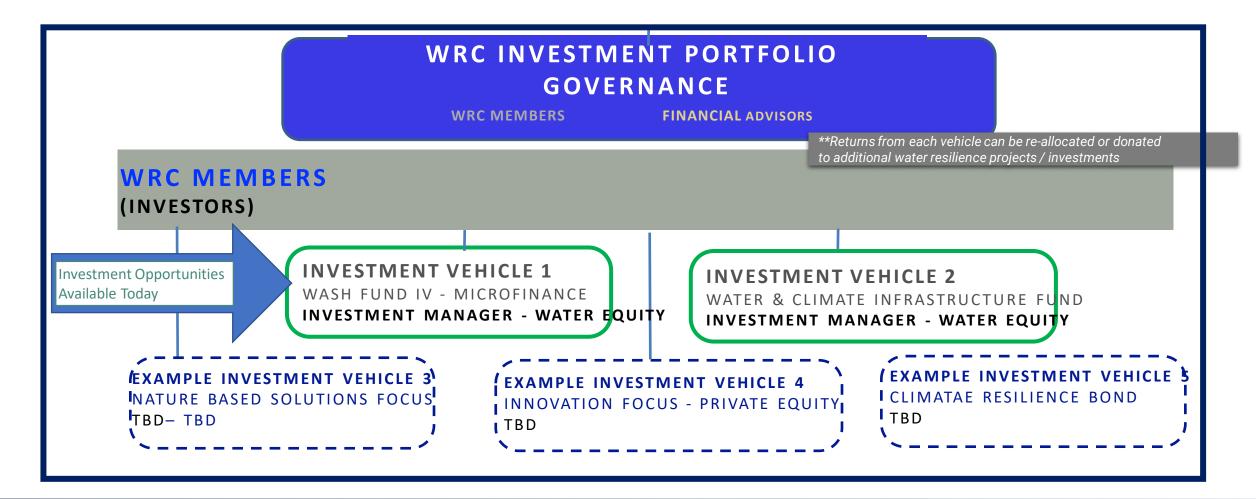
\$10M x 150 members =  $\frac{$1.5 \text{ billion}}{1.5 \text{ billion}}$  in new financing for water resilience to 2030

\$1.5B in catalytic capital from companies can be leveraged 2:1 = \$4.5B in new financing for water to 2030

#### Business Case:

- Unlock additional financing for water resilience projects via interest and returns gained
- Capital invested is returned while making progress on water goals
- **Solve for corporate challenges in financing** water goals - Reduce dependency on the business – <u>via innovative</u> <u>financial vehicles</u>
- Corporate capital can be catalytic to attracting increased private and public capital







WRC will form an *investment governance committee* <u>to</u> *provide oversight and expert advice* on *investment recommendations to members:* 

- WRC Member Representatives
- Member CFOs
- Impact Investment Experts
- Financial Advisors

#### **TERMS OF REFERENCE:**

- The investment governance committee will provide oversight on ensuring investment product recommendations meet <u>WRC goals</u>
- Corporate finance and impact investment experts will provide **expert advice on the risk/return profile of different investment products / mechanisms** to inform investment <u>recommendations</u> to members
- The investment governance committee will also be tasked with investment decision-making related to any investment returns donated back to the WRC for follow on investments.



The impact on *WRC water resilience goals* - of investments made by WRC members into water investment products -

will be tracked according to the *WRC's net positive water impact measurement methodology* 

- This will require **specified reporting from investment managers** where WRC member funds are invested.
- Pre-WRC investment recommendation of a particular investment product, the WRC will work with the investment manager to agree **specified reporting of impact against WRC water resilience goals**.
- The impact of WRC member investments in investment products recommended by the WRC (which make up the WRC Innovative Investment Portfolio) <u>will be reported</u> publicly on an annual basis by the WRC.
- Individual investment managers will provide specified impact reporting to the WRC, but **also their standard impact reporting** to member investors.



### WRC INVESTMENT PORTFOLIO PATHWAY 2022

#### 1<sup>st</sup> Investment Opportunity 2022

#### Water Equity WASH FUND IV

- WRC WASH Goal : 5-8M People
- Microfinance: 7% IRR
- 2:1 leverage of WRC member investments w/ additional investors



#### Identify Additional Investment Opportunities (2022/2023)

- Aligned with WRC goals across Net Positive Water Impact
- Proven investment mechanisms
- Experienced Investment Managers
- Diversified risk / return



#### **WRC Investment Portfolio**

- Governance / Investment Committee
   (Members & Financial Advisors)
- Multiple Investments aligned with WRC goals / 2030 Ambition Targets
- Impact Measurement & Reporting
- Potential to re-invest returns into WRC projects / Increase private investment





### • Net-Positive Water Impact (NPWI)



### NET POSITIVE WATER IMPACT (NPWI) PLEDGE KEY TO 2030 AMBITION

### NPWI Concept launched (10/26/2021), and it is about:

- Reducing water stress in its three dimensions availability, quality, and accessibility
- It is achieved when a company's contributions exceed direct operational footprint impacts in all water-stressed basins - once achieved it needs to be maintained.

WRC is advancing the industry standard by creating the collective framework for action on water that will coalesce previously fragmented efforts in water stressed basins

### NPWI Principles

16

- NPWI is an enterprise **ambition** that **manifests in water-stressed basins** to create impact where it matters most.
- NPWI is quantifiable against the three dimensions of water stress (availability, quality, and accessibility), aligns with established methodologies (e.g., context and science-based water targets), and can be measured via both shortterm outputs and long-term outcomes.
- An enterprise achieves NPWI through a combination of investments in its own operations and through collective action partnerships/initiatives within basins.

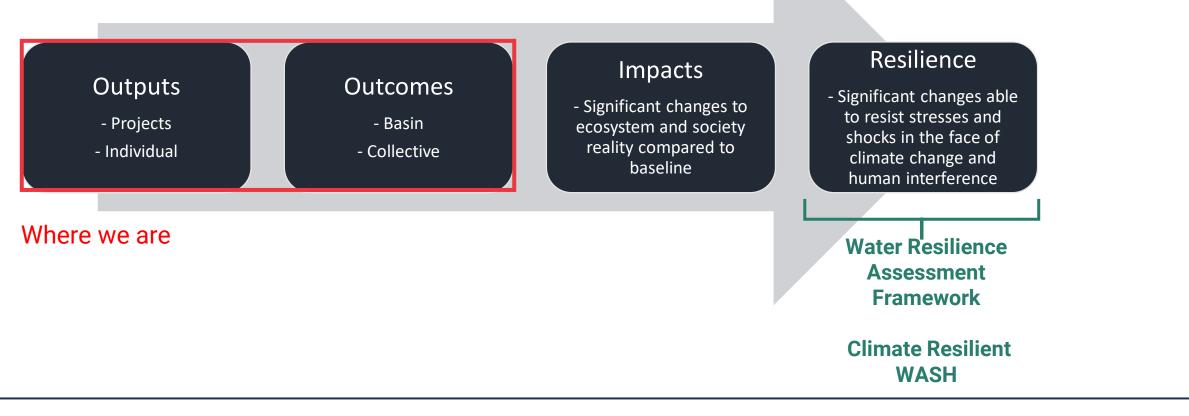


# **NPWI** – OPERATIONALIZATION

Water stress dimensions	Company impacts on environment and communities	Minimum requirements to achieve NPWI *	Sample approaches				
Availability	• Water consumption (not water withdrawals) beyond sustainability thresholds for the watershed	<ul> <li>"Avoid" and/or "Reduce" company water consumption that is in excess of sustainability thresholds for the watersheds; and/or</li> <li>"Restore" and/or "Regenerate", in the watershed, a volume of water greater than the company water consumption in excess of sustainability thresholds for the watersheds.</li> </ul>	<ul> <li>"Avoid" and/or "Reduce" via internal action, e.g., reuse, recycling, efficiency</li> <li>"Restore" and/or "Regenerate", via unilateral action and/or multilateral / collective actions in the watershed; e.g.,</li> </ul>				
Quality	• Water pollution in areas facing water pollution beyond natural assimilation capacity	<ul> <li>"Avoid" and/or "Reduce" company water pollution in excess of the watershed's natural assimilation capacity; and/or</li> <li>"Restore" and/or "Regenerate", in the watershed, a volume of water quality greater than what the company pollutes in excess of the watershed's natural assimilation capacity.</li> </ul>	<ul> <li>"Avoid" and/or "Reduce" via internal action e.g., wastewater treatment.</li> <li>"Restore" and/or "Regenerate", via unilateral action and/or multilateral / collective actions in the watershed.</li> </ul>				
Accessibility	<ul> <li>Water consumption and/or pollution in areas with unimproved access to WASH</li> </ul>	<ul> <li>"Avoid" company impacts on access to WASH</li> <li>"Restore" the human right to water by increasing access to WASH in an amount that is proportional to the company's scale and sphere of influence in the watershed (e.g., informed by company water consumption, contribution to GDP, or number of employees in local community).</li> </ul>	<ul> <li>"Avoid" via internal actions, e.g., WASH at workplace; and external actions e.g., eliminate impacts on water sources shared with communities.</li> <li>"Restore" the human right to water via external actions in the watershed e.g., community WASH</li> </ul>				



## **NPWI** – METRICS JOURNEY





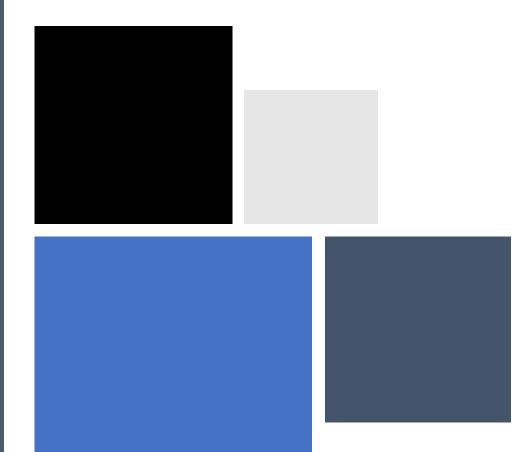


## CEO WATER MANDATE

# **Peer Connect**

### • 3-4 People

- Introduce yourself (name, company & role)
- Briefly describe your company's water goals
- Share one current challenge
- Share one recent success





## CEO WATER MANDATE

## Key Project Updates - WASH4WORK - Water Resilience Assessment Framework (WRAF)

## • WASH4WORK



## **ABOUT WASH4Work: Our Vision**

WASH4Work is a multi-stakeholder initiative, launched in 2016, to mobilize business action on water, sanitation and hygiene (WASH) in workplace operations, in communities where companies operate, and across supply chains.

#### WASH4Work aims to:

- Demonstrate business leadership on WASH in the workplace
- Share knowledge, leading practice and advocate best-in-class standards
- Continuously evolve the business case for prioritising WASH in corporate water stewardship
- Connect members to scale up WASH impact
- Build consensus and support the implementation of resilient WASH actions

WASH 4WORK





# Who are the WASH4Work Coalition Partners?

34 multi-stakeholder partners collaborating to elevate private sector leadership on WASH

22 business leaders **demonstrating best practice on WASH in the** workplace, value chains & communities

12 global WASH expert organizations

WASH4Work Secretariat hosted by the UN Global Compact CEO Water Mandate Initiative

WASH4Work Co-Chairs: WaterAid & Diageo

WASH4Work Steering Group: CWM, Coca-Cola, Diageo, GAP, TBC, UNICEF, Unilever, WaterAid, Xylem

## WASH 4WORK



## Insights 2020-2021

#### Raising Our Ambition To WASH Resilience

UNLOCKING THE CO-BENEFITS OF WATER, SANITATION AND HYGIENE IN CORPORATE WATER STEWARDSHIP

WASH

4WORK

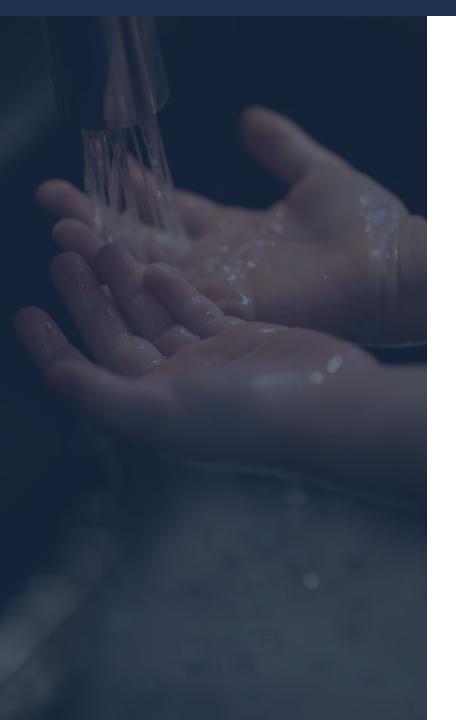
**INSIGHTS PAPER, DECEMBER 2021** 



- Concrete Linkages: WASH in corporate water stewardship goals
  - Establish leading practice on WASH in supply chains
  - Develop Business guidance on <u>climate resilient WASH</u>
  - Demonstrate performance and impact standardized impact measurement for WASH
  - Optimize partnerships in communities via WASH4Work platform
- Unleash the knowledge and expertise of the membership







## 3 New Projects 2022

- Standardized Accounting Method for Co-benefits of WASH
- 2. Climate-Resilient WASH Framework for Business
- 3. WASH in the Supply Chain & WASH Pledge for
  - Suppliers



### Standardized Accounting Method for the Co-Benefits of WASH

**Project Partners:** 

WASH4Work, CEO Water Mandate, LimnoTech, Water.org

#### Objectives:

- Strengthen the business case for investing in WASH
- Go beyond beneficiary counting to impacts, outcomes and co- benefits
- Link WASH to volumetric water benefits and corporate water stewardship goals
- Systems level approach of climate resilient WASH
- Guidance for business on the use and implementation

#### **Scope of Work / Working Group:**

Phase 1: (May-July 2022) Landscape review & WASH sector stakeholder engagement to align on the scope of cobenefit indicators

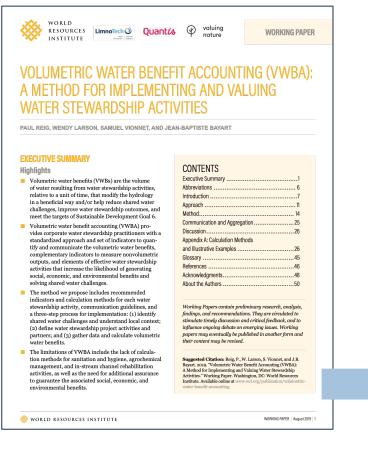
Phase 2: (Sept 2022 – March 2023) Development of standardized accounting method to launch at UN Water Conference May 2023

Phase 3: Guidance on use & implementation

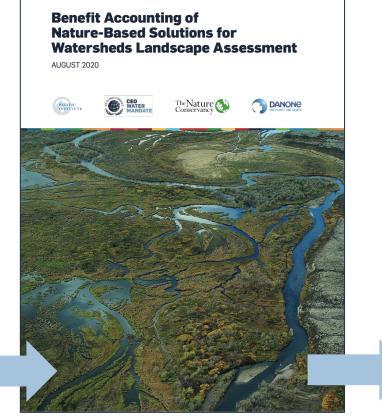




## Valuing WASH in Corporate Water Stewardship



PACIFIC INSTITUTE



## WASH 4WORK





## Climate-Resilient WASH Business Framework

#### Co-Conveners:

#### WASH4Work, Water Resilience Coalition

#### Objectives:

- Develop consensus on new targets for WASH best practice in corporate water stewardship that includes climate resilience.
- Create a business specific framework and guidance on how to design and implement Resilient WASH strategies into water stewardship action plans - and integrate with global frameworks.
- Create a database of practical solutions for developing and implementing Resilient WASH programming.
- Produce a position paper outlining a Climate-Resilient WASH Framework for Business to present publicly during the COP27 Climate meetings in PACIFI November 2022

Scope of Work / Working Group:

#### Phase 1: (May-Sept 2022)

- Review of existing guidance tools;
- Development of business specific framework for climate resilient WASH targets and guidance
- <u>Phase 2</u>: (Aug-Nov 2022)
  - Collect and share existing business expertise, solutions, and leading practice
  - Develop position paper for COP27



## **WASH in the Supply Chain**

Opportunity:

- Develop best practice for engaging suppliers in WASH implementation
- Increasing impact of WASH via SMEs

#### Objectives:

- Define leading practice on how to implement WASH actions across supply chains
- Share learnings on how to engage suppliers via the WASH Pledge mechanism
- Develop support materials for suppliers' WASH Pledge implementation journey.

#### Scope of Work / Working Group:

Phase 1: (Feb-June 2022) Understanding the support needs of suppliers who have signed the WASH Pledge

<u>Phase 2</u>: (July-Dec 2022)

#### **Working Groups**

- Defining leading practice for extending WASH actions to the supply chain, across different sectors
- Creating a WASH Pledge implementation engagement and support program specific to suppliers





## **Calendar of Working Group Meetings**





**Climate-Resilient WASH Framework for Business - Working Group** 











# Water Resilience Assessment Framework (WRAF)





WORLD Resources Institute



# IWM

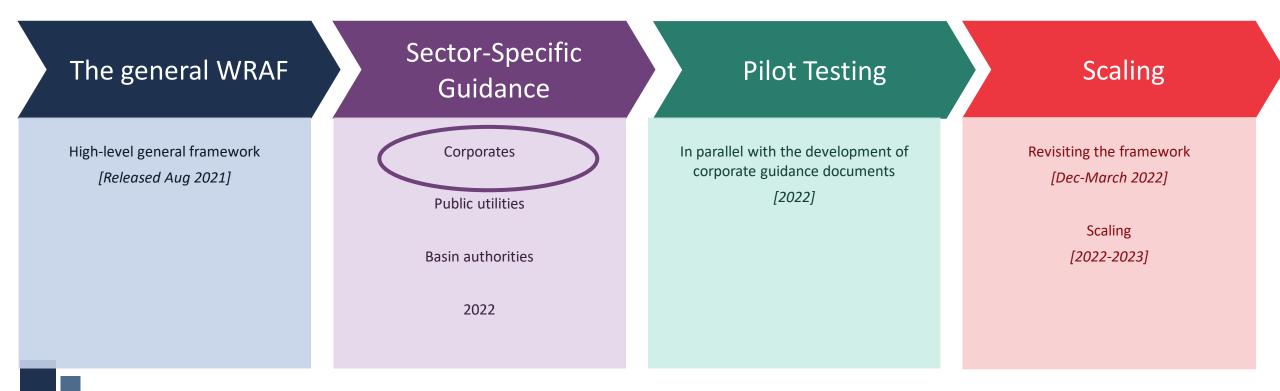
International Water Management Institute

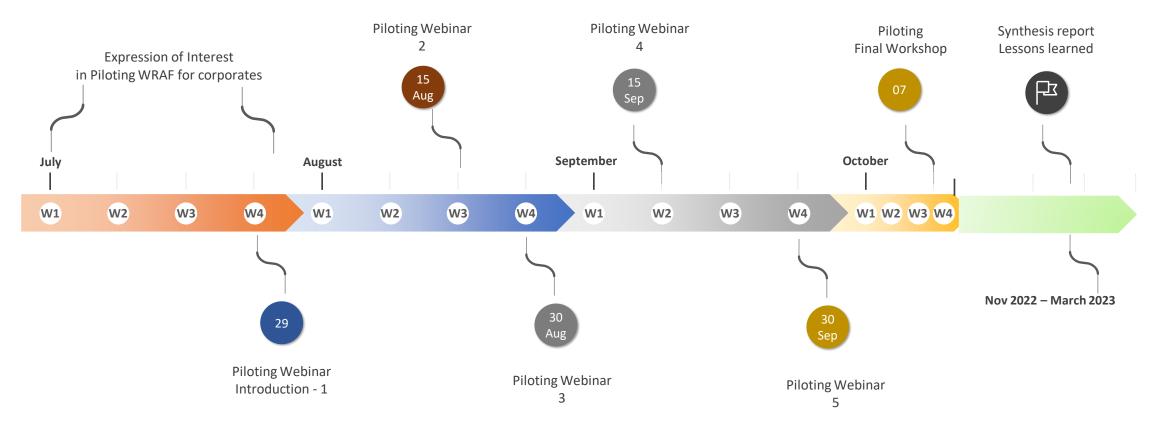
- Climate change, population growth, other anthropogenic impacts and extreme events can bring dynamic changes to water systems.
- Shocks and stresses can change the system either gradually, abruptly, or unpredictably.
- Organizations need to think about **how to build resilience** to future shocks and stresses.

The Water Resilience Assessment Framework (WRAF) informs resilient decision-making to avoid shocks and stresses from becoming crises.

A globally accepted **Water Resilience Assessment Framework** (**WRAF**) that supports consistent and coherent measures and strategies to assess basin-level water system resilience and to encourage the contribution of stakeholders, individually and collectively, to resilience.

## **Key deliverables/timelines**





Piloting 1 hour walk-in hours in-between webinars



#### CORPORATE SECTOR



WATER UTILITIES AND URBAN SECTOR



#### BASIN AUTHORITIES AND PLANNERS

Contact: Ashok Chapagain Project Coordinator – WRAF <u>akchapagain@pacinst.org</u>



Piloting in one specific corporate setting



Collaborating or funding in upscaling and outreach activities



Piloting jointly in a basin with corporate and public utilities



Engaging in developing the guidance document for basin authorities



## CEO WATER MANDATE

## **Thank You**