CEO Water Mandate Transparency Framework

Phase One

FINAL – October 2008

Commissioned by the CEO Water Mandate
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I. Introduction

Transparency has been identified by endorsing companies and external stakeholders alike as a key issue in making the CEO Water Mandate a legitimate, meaningful initiative that advances best practice in sustainable water management in the private sector. As a result, the Mandate's 2008-2009 work plan calls for the development of a Transparency Framework describing general expectations for transparency as it relates to both individual Mandate endorsers and the initiative as a whole. The ultimate goal of the CEO Water Mandate Transparency Framework is to establish transparency policies, objectives, and activities that are deemed valuable and credible by endorsers and key interests.

The Transparency Framework of the CEO Water Mandate is being developed in two phases: the first phase manifests itself in the form of this paper, the function of which is threefold:
1) Delineate the basic expectations of the CEO Water Mandate Secretariat regarding minimum transparency-related responsibilities of endorsers (Section III),
2) Lay out the broad architecture regarding how this unique Mandate element can be conceptualized and operationalized within the initiative (Sections II and IV),
3) Describe phase two of the Transparency Framework (Section V).

This document has undergone two rounds of revision based on input provided by members of the CEO Water Mandate Steering Committee, as well as by participants attending the second working conference of the CEO Water Mandate held on August 21-22, 2008 in Stockholm, Sweden.

II. Objectives and Core Principles for Transparency under the CEO Water Mandate

The credibility and usefulness of reporting on water relies on CEO Water Mandate endorsers making sound decisions about what issues to focus on, which reporting boundaries are chosen, what data and contextual information are provided, and how easily the water-related information can be understood within the context of a company's broader sustainability footprint. Often, a company begins considering what to include in its water reporting by internally evaluating its largest water impacts, typically direct water use and wastewater discharges. The following guiding principles can also help Mandate endorsers in their efforts to be transparent about their water impacts and practices – understanding some of the special complexities of water disclosure when compared to other issues such as climate change. In addition, Appendix A provides a preliminary compilation of existing guidance that can support endorsers' water transparency efforts.

Transparency Principles

Materiality and Stakeholder Inclusiveness
Materiality and stakeholder inclusiveness are important to any sustainability reporting process, and are particularly relevant for water transparency as well. Materiality is the threshold that distinguishes the "relevant information" from the wide range of topics on which

an organization can report. The Global Reporting Initiative (GRI), for example, defines material information as the "topics and indicators that reflect the organization's significant economic, environmental, and social impacts, or that would substantively influence the assessments and decisions of stakeholders." This generic definition can be applied to an organization's water issues.

Because the "relevance threshold" is subjective, an organization's assessment of material issues vis-à-vis water should consider stakeholders' water expectations and interests. Determining how to incorporate stakeholder concerns into discussions about material water issues and decisions about what to include in water reporting is an important part of ensuring the information has relevance. For example, GRI's principle of inclusiveness also asks the organization to "identify its stakeholders and explain in the report how it has responded to their reasonable expectations and interests." Endorsers of the Mandate will, therefore, endeavor to consider stakeholder inclusiveness as part of their disclosure efforts. This can be done as part of a company's existing stakeholder consultations on sustainability issues generally. Endorsers can use their regular supply chain/watershed management practices and community engagement efforts as complementary and supporting mechanisms for understanding stakeholders' water-related interests and information needs.

Finally, the Mandate's semi-annual working conferences serve as an important aspect of the stakeholder engagement process. At these events, Mandate endorsers interact with a range of civil society and other non-business interests, and this exchange of perspectives, ideas and expectations are an integral aspect of the stakeholder engagement process for endorsers.

Harmonization and Convergence
There is broad consensus that current water disclosure is generally inadequate due to insufficient detail, consistency, and scope. To help ensure water reporting by endorsers has maximum usefulness for external audiences, endorsers should, as much as possible, use broadly-accepted water-related terminology and indicators/metrics, for example those in the Global Reporting Initiative (GRI) G3 Guidelines. A convergence of water reporting approaches among Mandate endorsers can play a pivotal role in the establishment of more widely used and accepted water disclosure practices.

Continuous Improvement
The CEO Water Mandate encourages continual improvement in water-related transparency and the expectation is that over time all endorsers' water reporting will cover all six Mandate elements. Endorsers are expected to commit to continuously improving the breadth and depth of their water reporting, as financial resources and on-the-ground water management activities allow. One or more of the Mandate elements may not be deemed relevant for some companies or sectors, in these cases the company is expected to communicate which element(s) it is not implementing and how it determined the element was not material for its business or the communities in which it operates.

Transparency Objectives

The long-term objectives of the CEO Water Mandate Transparency Framework are to:

1) Help shepherd, through emerging practice and in collaboration with relevant initiatives, water disclosure norms that are deemed relevant, valuable, and credible by endorsers and key stakeholders.
2) Stimulate sustainable water management in a growing number of businesses through the documentation/sharing of best practice and practical, innovative case examples.
3) Enable endorsers and external stakeholders alike to clearly understand minimum reporting requirements for participation in the initiative.
4) Allow the CEO Water Mandate to promote itself and thus to more effectively achieve its mission as a global call to action for businesses to do their part to address the global water crisis.

It is intended that in addition to providing disclosure guidance to endorsers of the CEO Water Mandate, this Transparency Framework can also assist companies anywhere in developing material disclosure on water-related issues.

III. CEO Water Mandate Policy for Endorsers' Communication on Progress[1]

The following section describes the expectations of the CEO Water Mandate Secretariat regarding minimum transparency-related responsibilities of endorsers, including policies for endorsers failing to comply. These minimum requirements have been established recognizing the Mandate's unique position as an initiative that presently includes (and will continue to target) both "leaders" and "learners." As a result, they are intended to accommodate and have relevance for both organizations that have well-established water management policies and programs, as well as those just beginning the journey toward water stewardship.

CEO Water Mandate endorsers are required to communicate with their stakeholders on an annual basis about progress in implementing the Mandate's six elements. CEO Water Mandate "Communication on Progress" (COP-Water) is an important demonstration of a participant's commitment to the initiative and its objectives, and as such, failure to prepare a publicly available COP-Water report will result in the change of status (to "inactive") and eventually in the delisting of an endorser from the CEO Water Mandate– a necessary measure to protect the integrity of the initiative. COP-Water is also a tool to facilitate internal and peer learning, to stimulate dialogue and promote action.

Creating a CEO Water Mandate Communication on Progress (COP-Water)

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

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[1] These guidelines are drawn from and are fully complimentary with the UN Global Compact's policy for "Communications on Progress." The intention is to enable endorsers to seamlessly build upon their existing COP practices.

- *Statement of continued support* for the UN Global Compact's CEO Water Mandate. At minimum, the COP-Water must contain an explicit statement of continued support for the CEO Water Mandate which renews the company's ongoing commitment to the initiative and its six elements.
- *Description of policies and practical actions* that participants have taken to implement the CEO Water Mandate elements since joining the initiative or since the endorser's most recent COP-Water. The minimum requirement is to explicitly address past or planned activities for all of the CEO Water Mandate elements. It is expected that within five years, the COP-Water will address concrete activities and, if applicable, policies, that reflect the company's implementation of all six of the CEO Water Mandate elements.
- *Measurement of outcomes* or expected future outcomes using, as much as possible, broadly-accepted water-related indicators or metrics, for example those in the GRI G3 Guidelines. At minimum, the COP-Water must contain a definition of performance indicators, a basic measurement (qualitative and/or quantitative) of outcomes, or future expected outcomes, related to the CEO Water Mandate elements.

Publicizing the COP-Water

COPs-Water should be integrated within an endorser's UN Global Compact COP, which is ideally part of the existing communications with stakeholders, such as annual, sustainability or other standard reports. In the event that an endorser does not publish such standard reports, a COP-Water can be integrated into the company's stand alone COP. All COPs-Water should be disseminated through the company's communication channels – for example, a website – and in a way that allows employees, shareholders, customers and other stakeholders to read about the company's water-related policies, activities, and progress it makes with regard to the elements of the CEO Water Mandate.

COP-Water Deadlines and Sanctions

Endorsers are required to post a first COP-Water within one year from the date of joining the CEO Water Mandate, all subsequent COPs-Water are due within one year following the previous COP-Water posting. (For companies that endorsed the Mandate prior to October 2008, the first COP-Water is due by end of September 2009.) Should a company fail to meet their COP-Water deadline, they will be marked as "non-communicating" on the CEO Water Mandate website. Further, should a company also miss the second COP-Water deadline after an additional year, the company will be removed from the list of CEO Water Mandate endorsing companies. To return to active endorser status, a company must post a COP-Water that meets the basic requirements of this COP-Water Policy.

A grace period of up to 90 days may be granted to those endorsers that contact the CEO Water Mandate Secretariat and provide a reasonable explanation for the delay in communication (e.g. changes to reporting cycles, staffing and other challenges).

IV. Communications Regarding the Initiative as a Whole

There are three main interrelated mechanisms through which the CEO Water Mandate Secretariat will account for the initiative's activities and accomplishments, as well as those of its endorsing members:

1) Publication of an annual report that among other things, provides:
   a. Summary of key initiative-wide activities and achievements during the reporting period;
   b. Overview (and/or update) of near-term work plan and goals of the initiative;
   c. Highlights (and aggregated data to the degree feasible) on the water performance and management practices of endorsers; and
   d. Updated list of endorsing members.
2) Establishment of a portion of the CEO Water Mandate website that will serve as a repository where all COPs-Water of endorsing members can be accessed.[2] (The website will also contain policy documents, event reports, input papers, press releases, an updated list of endorsing members, etc.)
3) Development of a periodic (e.g., quarterly) electronic newsletter that will keep endorsers and external stakeholders abreast on issues of interest in a timely manner.

V. Phase Two of the Transparency Framework

Based on the stakeholder input and internal discussions at the second working conference in Stockholm, the Mandate Secretariat and endorsing companies unanimously agreed on the necessity to take action to further advance the Transparency element of the Mandate. It was concluded that phase two of the Transparency Framework (pending funding) will start with a compilation and analysis of current corporate reporting practices in the areas covered by the six Mandate elements, with an aim toward understanding commonalities, differences, and gaps. The group believed that such a compilation document, showcasing the various ways in which companies (endorsers and others) currently report on the six Mandate elements can help advance reporting relating to the six Mandate elements in and of itself.

The group also recognized that the analysis of current reporting practices will serve as *de facto* guidance in so far as it can identify common approaches, challenges, and omissions. Subsequent to the water reporting compilation/analysis (estimated to be completed by March 2009), the Mandate will assess whether the development of further water transparency guidance is worth pursuing. Such a determination will be made in part upon whether the initiative's transparency objectives (Section II) and overarching goal (Section I) have been satisfactorily met. Should the initiative choose to develop such guidance, it would draw from emerging best practice identified in the compilation study, and would also seek to move forward with input from endorsers and in collaboration with key strategic interests/initiatives.

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[2] The endorsing companies will post an electronic version of their COP-Water reports (PDF file preferred) and, if available, also include a URL link pointing to the COP-Water on their corporate website.

Appendix A: Compilation of Existing Guidance That Can Support Water Reporting

General Guidance on Corporate Sustainability Reporting

Global Reporting Initiative: Sustainability Reporting Guidelines 2006 (G3 Guidelines)[3]

The GRI released its updated G3 Sustainability Reporting Guidelines in 2006. The G3 Guidelines are the most comprehensive and widely-used general guidance on sustainability reporting, and are essential reading for any reading hoping to achieve water transparency through reporting. Worth noting is that the G3 Guidelines are not sector or resource-specific (though there are some supplements for sector-specific guidance and indicators), and therefore have a number of limitations for corporations specifically aiming to report on their water uses and impacts. As such, the G3 Guidelines must be used in conjunction with one of the water-specific guidance documents listed below.

United Kingdom DEFRA General Guidelines on Environmental Reporting[4]

In 2001, the UK Department for Environment, Food, and Rural Affairs (DEFRA) released guidance for UK businesses specifically on environmental reporting. It set out to:

- Give clear guidance to companies on how to report on their environmental performance using environmental Key Performance Indicators (KPIs)
- Define which KPIs are most relevant to which sectors
- Set out the business rationale for managing environmental performance KPIs

These guidelines attempt to outline the best method for performance reporting to various stakeholders. It also makes specific mention of indicators and reporting for water issues. It is similar to the GRI Guidelines in that it spends much of its time defining reporting principles and indicators, and is meant for use by a variety of types of businesses and other users.

This document is intended for companies located within the UK, however the indicators and principles presented within it are relevant to corporations around the globe. Much of the content presented here overlaps with GRI guidance, however this document provides guidance specifically aimed at environmental impacts, and is valuable in that it offers water-specific recommendations, which the G3 Guidelines do not.

General Water Guidance and Information Systems

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[3] GRI Sustainability Reporting Guidelines 2006. Global Reporting Initiative. Global Reporting Imitative, 2006. 14 July 2008 http://www.globalreporting.org/NR/rdonlyres/A1FB5501-B0DE-4B69-A900-27DD8A4C2839/0/G3_GuidelinesENG.pdf
[4] Environmental Key Performance Indicators: Reporting Guidelines for UK Business. Department for Environment, Food, and Rural Affairs. London: DEFRA, 2006. 14 July 2008 http://www.defra.gov.uk/environment/business/envrp/pdf/envkpi-guidelines.pdf

GEMI Water Tool[5]

Global Environmental Management Initiative (GEMI) has developed the Water Sustainability Tool to assist individual companies and organizations to better understand what emerging water issues mean for them, given their operations, needs, and circumstances. The tool encourages businesses to:

- Conduct a systematic assessment of their relationship to water
- Identify specific opportunities and risks associate with this relationship
- Assess the business case for action
- Tailor a water strategy that addresses specific needs and circumstances of the organization
- Ensure that water-related opportunities and risks are tracked and managed effectively into the future using a continual improvement framework

This tool is useful primarily in its contribution to endorsers' understanding of the "Direct Operations" and "Supply Chain and Watershed Management" components of their CEO Water Mandate commitments; helping them understand the inputs and outputs of water resources throughout their operations and supply chain and to initiate a comprehensive strategy for water sustainability. The inclusion of supply chain management in this tool makes it particularly useful for large multi-national corporations with extensive networks of suppliers and manufacturers. It is not specifically targeted at corporate water reporting, but generally acts to strengthen the capacity of a corporation to do such reporting through its development of internal understanding of the company's water uses and impacts.

WBSCD Global Water Tool[6]

The World Business Council for Sustainable Development (WBSCD) has also developed a tool, released in 2007, for corporations to assess their water use, called the Global Water Tool. The tool consists of two parts: 1) a Microsoft Excel workbook, including inventory, Global Reporting Initiative indicators, external data connection, and metrics calculations, and 2) an online mapping program, which includes site locations and external water maps. This tool has significant mapping and charting systems in which companies can input their water uses (consistent with GRI indicators) in order to visualize their impacts and potentials risks. The water tool is intended to:

- Compare companies' water uses (including staff presence, industrial use, and supply chain) with key external water-related data
- Create key water GRI Indicators, inventories, risk and performance metrics and geographic mapping
- Identify relative water risks in companies' portfolio to prioritize action

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[5] <u>Connecting the Drops Toward Creative Water Strategies - a Water Sustainability Tool</u>. GEMI Water Sustainability Work Group. Global Environmental Management Initiative, 2002. 24 June 2008 <www.epa.gov/perftrac/members/downloads/watertool.pdf>.
[6] <u>Global Water Tool</u>. World Business Council for Sustainable Development. WBSCD, 2007. 24 June 2008 <www.wbcsd.ch/web/publications/external/global-water-tool-ppt.ppt>.

- Enable effective communication with internal and external stakeholders on companies' water issues
- Allow calculation of water consumption & efficiency

This is useful as a key tool with which companies can address the "Direction Operations" element of the CEO Water Mandate Agreement. The WBSCD Global Water Tool does not establish its own indicators for sustainable water performance, but rather efficiently compiles existing GRI indicators and provides ways with which to better understand, quantify, and visualize these indicators and compare them to other corporations and users around the world. Because of this, the Global Water Tool is perhaps one of the most useful resources available for driving corporate water performance as it promotes both understanding and ultimately effective reporting of water issues.

Global Reporting Initiative Water Protocol[7]

In 2002, the GRI released a framework for water indicators for corporate water use, as well as a subsequent protocol for the proper implementation of these indicators to be used in conjunction with their G2 reporting guidelines. The aim of the protocol is to achieve a greater level of consistency and comparability in water reporting across nations and various corporations. It provides companies with tools for the quantification of their:

1) Total withdrawal from all water sources.
2) Portion of that withdrawal consumed within that organization.
3) Portion of that water stored within the organization.
4) Amount of significant effluent discharges.
5) Quality of significant effluent discharges, specifically regarding toxicity.
6) Water sources and related ecosystems affected by corporate water use.
7) Water source and related ecosystems affected by water discharge and runoff.
8) Corporate withdrawals of ground and surface water as a percent of available water in their region.
9) Corporate use of water recycling or re-use.

The protocol provides significant help for companies to report on the "Direct Operations" element of the CEO Water Mandate, as the protocol focuses specifically on building companies' ability to quantify and report their water use and impacts.

UNESCO World Water Assessment Programme[8]

The World Water Assessment Programme (WWAP), founded in 2000, is the flagship program of UN-Water. Housed in UNESCO, WWAP monitors freshwater issues in order to provide recommendations, develop case studies, enhance assessment capacity at a national level and inform the decision-making process. Its primary product, the World Water

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[7] Water Protocol. Global Reporting Initiative. Global Reporting Initiative, 2002. 24 June 2008
<www.aeca.es/comisiones/rsc/documentos_fundamentales_rsc/gri/technical_protocols/gri_water_protocol.pdf>
[8] "WWAP - Home." World Water Assessment Programme. United Nations Educational Scientific and Cultural Organization. 25 June 2008 <http://www.unesco.org/water/wwap/>.

Development Report (WWDR), is a periodic, comprehensive review providing an authoritative picture of the state of the world's freshwater resources. The program's goals are to:

- Assess the state of the world's freshwater resources and ecosystems
- Identify critical issues and problems
- Develop indicators and measure progress towards achieving sustainable use of water resources
- Help countries develop their own assessment capacity
- Document lessons learned and publish a World Water Development Report (WWDR) at regular intervals.

The WWAP is another tool that does not provide specific guidance to companies on how to quantify or report their water performance, but rather works as a compilation of relevant water-related information and indicators. Perhaps most useful to endorsers is the WWAP's extensive list and description of water and environment-related indicators. Through this list endorsers can better lay out the variety of ways in which the concept of water sustainability is understood and quantified, and can work from there to increase their own capacity to monitor and improve these indicators within their own areas of operation.

AQUASTAT[9]
AQUASTAT is the UN Food and Agriculture's (FAO) global information system on water and agriculture developed by the Land and Water Division. It collects, analyzes and disseminates data and information by country and by region. Its aim is to provide users interested in global, regional, and national analyses with comprehensive information related to water resources and agricultural water management across the world. The information system consists of comprehensive data on land use and population, climate and water resources, water use by sector and by source, irrigation and drainage development, and environmental and health issues related to water for all countries and a number of institutions.

AQUASTAT is not a tool designed to help companies assess their own water use and impacts and therefore does not apply to any specific element of the CEO Water Mandate. However, it can help endorsers understand the water resources and related environmental and public health concerns in locations of key operations, their supply chain, and the general environmental context in which they do business: a crucial prerequisite in effectively managing a number of the Mandate elements. It provides an extensive database of the major water "players" in each country and can therefore help networking for collaboration on sustainable water management.

Mandate Element Specific Guidance – Direct Operations

The SUDS Manual[10]

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[9] "FAO's Information System on Water and Agriculture." AQUASTAT. Food and Agriculture Organization. 25 June 2008 <http://www.fao.org/nr/water/aquastat/main/index.stm>.
[10] Woods, Ballard B., and R Kellagher. The SUDS Manual. CIRIA. CIRIA, 2007. 25 June 2008 <http://www.ciria.org/suds/publications.htm>.

This guidance, developed by construction industry membership organization, CIRIA, provides best practice guidance on the planning, design, construction, operation and maintenance of Sustainable Drainage Systems (SUDS) to facilitate their effective implementation within developments. Sustainable drainage is a concept that includes long term environmental and social factors in decisions about drainage. It takes the quantity and quality of runoff and the amenity value of surface water in the urban environment into account.

The SUDS Manual is a guidance specific for sustainable drainage systems designed for engineers and managers, but applicable to any parties with significant water intake and discharge, including corporations and the facilities along their supply chain. This may provide specific guidance for the "Direct Operations" element of some Mandate endorsers. This document contains no expertise on the reporting of drainage performance, but does provide companies with a more comprehensive understanding of the indicators and issues related to water effluents.

Supply Chain and Watershed Management Guidance

GRI: Experiences of SME Reporting in Global Supply Chains[11]

In 2008, GRI released a document entitled "Small, Smart, and Sustainable: Experiences of SME Reporting in Global Reporting Supply Chains," which is intended to describe the value of sustainability reporting for SMEs (Small and Medium-sized Enterprises). It is meant to annunciate the reasons why sustainability reporting is good business and also to provide specific experiences and case studies of SME-supply chain reporting from across the globe. This document is not intended to provide guidance on the process of sustainability reporting, but rather to detail the various reasons why such supply chain reporting is beneficial to consumers, the environment, and the corporation alike. It is useful in providing current examples and raising awareness around challenges of corporate supply chain reporting, as well as providing a general template for what is considered good practice.

Saskatchewan Watershed Authority: State of the Watershed Reporting Framework[12]
In 2006, the Saskatchewan Water Authority provided a guidance document for the reporting of watershed performance, specifically aimed at government water managers and other non-corporate users. This guidance was designed to help develop a watershed "report card" which would allow users to assess the health and management of their watersheds. This assessment is based on a variety of indicators, divided into three categories: 1) condition of watershed, 2) responses to watershed health / management activities, and 3) structure and function. The report card takes several issues into account, including human settlements, water use,

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[11] Plugge, Leontien, and Joris Weimer. Small, Smart, and Sustainable:. Experiences of SME Reporting in Global Supply Chains. Global Reporting Initiative, 2008. 14 July 2008
http://www.globalreporting.org/NR/rdonlyres/02AF6322-C207-4F79-85B2-EC017826B60F/0/SSSReport.pdf
[12] State of the Watershed Reporting Framework. Saskatchewan Watershed Authority. Regina: Saskatchewan Watershed Authority, 2006. 14 July 2008
<http://www.swa.ca/Publications/Documents/SOWReportFramework.pdf>.

agricultural land use, and industrial land use, dividing each of these components into several indicators, which might describe watershed health.

This document is specifically applicable to the "Watershed and Supply Chain Management" component of the Mandate. It provides a thorough and comprehensive analysis of watershed performance indicators, however is limited in a number of ways. Not only is it originally intended for use specifically in Saskatchewan, it is also not intended for corporate use. However, the indicators provided in this guidance are still relevant for watersheds across the world. This guidance was developed to promote reporting of watershed health, and therefore has a number of methods through which to understand and report watershed performance.

EPA Watershed Academy[13]

The Watershed Academy, part of the US EPA's Office of Water, provides training and information (mainly for water resources managers) on implementing watershed approaches. It does so through a website with various training modules, a watershed management training certification program, seminars, live training courses, and an information transfer series. The key training modules, which contain a variety of data, indicators, and other such guidance on watershed management, are:
- Watershed ecology
- Watershed change
- Analysis and planning modules
- Management practice
- Community/ social/ water law modules

The Academy is specifically applicable to the "Supply Chain and Watershed Management" component of the Mandate, but also has significant overlap with "Direct Operations". It does not contain any guidance specifically on the reporting of watershed performance; however it is a valuable tool in identifying, monitoring, and assessing important indicators of watershed health. It is perhaps also limited in that it is not specifically intended for corporate use, but rather for watershed managers. That said, the underlying indicators and concepts presented in the modules are applicable to both government managers and corporations.

Water Resources Research Journal: Integrating stakeholder values with multiple attributes to quantify watershed performance[14]

In 2006, the Water Resources Research Journal published a scholarly article by Shriver and Randhir entitled "Integrating stakeholder values with multiple attributes to quantify watershed performance". The purpose of this report was both to highlight the use of stakeholder involvement in creating ecosystem performance evaluation systems, but also to create a watershed performance measure (WPM) in actuality. The WPM outlined in this document, is

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[13] "United States Environmental Protection Agency." EPA Watershed Academy. 29 May 2008. United States Environmental Protection Agency. 25 June 2008 <http://www.epa.gov/watershedacademy/>.
[14] Shriver, Deborah M., and Timothy O. Randhir. "Integrating Stakeholder Values with Multiple Attributes to Quantify Watershed Performance." Water Resources Research 42 (2006). 14 July 2008 <http://www.agu.org/pubs/crossref/2006/2005WR004413.shtml>.

comprised of three major components: 1) hydrologic processes (water quantity and quality), 2) biodiversity at a species scale, 3) urban impacts and population impacts. Stakeholder engagement was used to prioritize the variety of indicators under these three major components.

This article specifically pertains to the "Watershed and Supply Chain Management" component of the Mandate, as well as the "Collective Action" component. It is primarily useful in its definition of watershed performance indicators and the outlining of the processes through which to determine these indicators. This WPM was not intended for corporate use, nor was it intended to quantify the impacts of water use. Rather, it was used to quantify overall watershed health. Regardless, it is still applicable to corporations, who could potentially assess the health of a watershed above and below one of their facilities, in order to gauge their impact on overall watershed health. Though it does not outline a specific process for watershed performance reporting, it provides the tools and important indicators needed for such reporting.

ICC Guidance on Supply Chain Responsibility[15]

The purpose of this paper, published by the International Chamber of Commerce in 2007, is to present ICC views on supply chain responsibility from a global and multi-sectoral perspective. These views are based on the extensive and diverse experience of ICC member companies across a broad range of sectors and geographies. Within this policy framework, ICC suggests a set of practical recommendations to help companies manage their relationships with suppliers in a responsible way.

This document applies directly to the "Supply Chain and Watershed Management" component of the Mandate. It has no specific expertise or emphasis on water issues, so must be used in supplement to other water-specific guidance. That said, it argues that reporting of supply chain performance is crucial to responsible supply chain management. It offers no specific guidance on the process of reporting, but provides a thorough analysis of what are considered the key factors in supply chain responsibility, and thus provides a set of important indicators on which companies can report.

Collective Action and Community Engagement Guidance

WBCSD Collaborative Actions Discussion Paper[16]

In August 2005, the World Business Council for Sustainable Development (WBCSD) published the discussion paper, "*Collaborative Actions for Sustainable Water Management: The role business can play as an active stakeholder in collaborative processes for water*

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[15] ICC Guidance on Supply Chain Responsibility. International Chamber of Commerce. International Chamber of Commerce, 2007. 25 June 2008
<http://www.iccwbo.org/uploadedFiles/ICC/policy/business_in_society/Statements/141-75%20int%20rev6%20FINAL.pdf>.
[16] *Collaborative Actions for Sustainable Water Management,* August 2005,
http://www.wbcsd.org/web/publications/Water_collaborative_actions_Aug05.pdf

management." The collaborative Actions presented in the guidance document identify steps that business can take, in interaction with other stakeholders, to ensure sustainable water management. The actions are supported by case studies demonstrating how companies are working in collaboration with communities and governments to achieve sustainable water management. The case studies are intended to illustrate key parts of each collaborative action in practice, rather than present a comprehensive display of every section of the relevant action.

UNEP Stakeholder Engagement Manual[17]

The United Nations Environment Programme, in conjunction with AccountAbility and Stakeholder Research Associates, published the UNEP Stakeholder Engagement Manual in 2005. The manual is divided into two volumes: 1) The Guide to Practitioners' Perspectives on Stakeholder Engagement and 2) The Practitioners' Handbook on Stakeholder Engagement. The Guide gives insight into various groups' perspectives on stakeholder engagement, and provides an examination of engagement processes. The Handbook is the core guidance document, outlining a comprehensive approach to successful and strategically aligned engagement, including a variety of tools and templates to facilitate this process. It offers guidance on the process for reporting engagement performance, as well as for the process of engagement itself.

These documents showcase perhaps the most comprehensive collection of guidance on stakeholder engagement available, and are specifically applicable to the "Collective Action" element of the Mandate. It is useful for transparency, both in its detailing of effective and credible stakeholder engagement, and its provision of methods with which to report the performance of this engagement. It is not intended to be sector-specific and therefore has no specific mention of water issues; however it provides a much more detailed explanation of equitable stakeholder engagement than any sector-specific document.

AccountAbility Stakeholder Engagement Standard[18]

In 2006, AccountAbility released a voluntary standard designed to be a generally-applicable, open-source framework for designing implementing, assessing, communicating, and assuring the quality of stakeholder engagement.   It is intended for a variety of users, including but not limited to businesses and corporations. It outlines a variety of principles and indicators considered crucial to legitimate stakeholder engagement, as well as ways to effectively communicate corporate performance on these principles and indicators to the public.

This document differs from others listed here in that it is intended to be used as a voluntary standard, rather than strictly as guidance. On the other hand, the principles and indicators listed within this document can be easily applied by endorsers without official compliance

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[17] The Stakeholder Engagement Manual. AccountAbility. United Nations Environment Programme, 2006. 14 July 2008 <http://www.accountability21.net/publications.aspx?id=904>.

[18] Stakeholder Engagement Standard: Exposure Draft. AccountAbility. AccountAbility, 2006. 14 July 2008 <http://www.accountability21.net/uploadedFiles/publications/SES%20Exposure%20Draft%20-%20FullPDF.pdf>.

with the standard. It is not sector-specific, nor does it make any mention specifically of water-issues, however it is still quite useful in its general description of good practice in stakeholder engagement.

IFC's Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets[19]

This handbook, developed by the International Finance Corporation (IFC), aims to outline the key components of responsible and effective management of stakeholder engagement. It also includes guidance specifically for reporting both to stakeholders and the general public, listing it as a key component of effective stakeholder engagement.

This guidance specifically applies to the "Collective Action" element of the CEO Water Mandate agreement. It has no specific expertise with water issues; however has a considerably more comprehensive analysis of effective and sustainable stakeholder engagement than do the water-specific guidance documents. Like other general guidance provided here, it has much to offer, but needs to be used in conjunction with the water-specific guidance tools.

Principles for Engagement with Communities and Stakeholders[20]

This document, developed by Australia's Ministerial Council on Mineral and Petroleum Resources (MCMPR) in 2005, aims to establish the key principles used in effective engagement with communities and stakeholders in the resource sector. It develops a process for legitimate engagement that includes:

- Providing information
- Capacity building to equip communities and stakeholders to effectively engage
- Listening and responding to community and stakeholder concerns
- Including communities and stakeholders in relevant decision-making processes
- Developing goodwill and a better understanding of objectives and priorities leading to confidence in decisions
- Establishing a realistic understanding of potential outcomes.

It establishes the key principles of effective engagement as: 1) Communication, 2) Transparency, 3) Collaboration, 4) Inclusiveness, and 5) Integrity. One of the key components of the "Transparency" element is a thorough reporting process. It collects a variety of indicators within these principles which allow corporations to monitor their engagement performance.

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[19] Stakeholder Engagement: a Good Practice Handbook for Companies Doing Business in Emerging Markets. International Finance Corporation. World Bank Group, 2007. 25 June 2008
<http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/p_StakeholderEngagement_Full/$FILE/IFC_StakeholderEngagement.pdf>.

[20] Principles for Engagement with Communities and Stakeholders. Ministerial Council on Mineral and Petroleum Resources. Canberra: MCMPR, 2005. 14 July 2008
<http://www.commdev.org/files/1171_file_Principles_for_Community_Engagement20060116133355.pdf>

This document is applicable to both the "Collective Action" and "Community Engagement" components of the Mandate agreement. It provides thorough guidance in the form of indicators for engagement performance. Though it is designed specifically for the resource sector, it is broadly applicable to any corporation attempting to involve communities and other stakeholders within its decision-making.

Community Engagement and Development Handbook[21]

In 2006, the Australian Department of Industry, Tourism, and Resources, released the Community Engagement and Development Handbook, designed to provide guidance to corporations in the mining industry on community engagement and promote transparency on corporate environmental extraction and impacts. It focuses on problems companies encounter as they engage with local communities and ways to contribute to the long-term development of those communities. Its primary goals are to:

- Outline the benefits to companies and operations of engaging with, and contributing to, the development of communities
- Provide a framework to help operations and companies assess the maturity of their current approach to dealing with communities
- Describe the basic steps involved in effectively planning and managing for community engagement and development
- Set out key principles that should guide these activities
- Highlight examples of evolving good practice.

It stresses the need for dynamic reporting of community engagement practices.

This document specifically applies to the "Community Engagement" element of the CEO Water Mandate. It is produced by the same government as the previous "Principles for Engagement with Communities and Stakeholders", and has a significant amount of overlap in content; however it differentiates itself through its focus on the community and community development, rather than general engagement with appropriate parties.

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[21] Community Engagement and Development Handbook. Australian Government Department of Industry, Tourism, and Resources. Commonwealth of Australia, 2006. 14 July 2008
<http://www.commdev.org/files/909_file_CED20061026173302.pdf>.