



United Nations Global Compact

The CEO Water Mandate

Sixth Working Conference

November 14-17, 2010
Cape Town, South Africa

MEETING SUMMARY



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Meeting summary prepared by the Pacific Institute, a non-profit sustainability policy research and advocacy center based in Oakland, California. (www.pacinst.org)





Background

In July 2007, the UN Secretary-General in partnership with international business leaders and under the auspices of the UN Global Compact launched the CEO Water Mandate – an initiative established to better understand and advance water stewardship in the private sector. The Mandate is built upon six core elements critical to addressing corporate water management: Direct Operations, Supply Chain and Watershed Management, Collective Action, Public Policy, Community Engagement, and Transparency.¹

Following conferences in New York City (March 2008), Stockholm (August 2008), Istanbul (March 2009), Stockholm (August 2009), and New York City (April 2010), the UN Global Compact – with support from the Pacific Institute – convened the Mandate's sixth working conference on November 14-17, 2010 in Cape Town, South Africa. This workshop consisted of over 70 participants representing 20 endorsing companies and prospective signatories, five UN and government agencies, 12 civil society groups, and various other organizations. In addition to the working conference, the Mandate also held three other events: 1) a visit to sites around the Western Cape region where companies and NGOs are implementing solutions to water challenges; 2) a co-convened workshop with the World Economic Forum in collaboration with WWF-South Africa, focusing on long-term water security in South Africa, and 3) an endorser-only planning meeting.

The multi-stakeholder working conference's overarching goal was to discuss, shape, and advance the initiative's three primary current areas of focus:

- 1) Business engagement with water policy,
- 2) Corporate water disclosure, and
- 3) Water and human rights.

In doing so, it focused on three Mandate elements – community engagement, watershed management, and transparency – all of which present fundamental areas of activity relating to each workstream. The discussion on policy engagement centered on how to encourage on-the-ground implementation of the *Guide to Responsible Business Engagement with Water Policy*—launched in parallel with the working conference. A recent Mandate white paper on the current landscape of corporate practice and stakeholder expectations regarding the human right to water served as a basis of discussion on how the Mandate can best proceed on this topic. The corporate water disclosure sessions discussed emerging frameworks for water accounting and disclosure and how the Mandate fits in this landscape.

The day of site visits included trips to a WWF water-neutral site, a fruit farm, and a SAB malting facility. This allowed participants to see how water sustainability measures are being implemented on the ground; gain insight into some of the key barriers to progress; and better understand South Africa's ecosystems, water dynamics, and political landscape providing contextual background for the subsequent meetings.

The workshop on South Africa water issues brought together representatives from the business community, civil society groups, and South African public sector officials to discuss how cross-sectoral partnerships can help solve local water problems. It reflected the Mandate's increased focus on transforming its more high-level, conceptual discussions and research with discussion of real-world local issues and ultimately action on the ground.

The endorser-only meeting served as a forum for companies to: 1) digest feedback from the multi-stakeholder working conference, 2) decide on how the initiative should pursue further activities relating to existing workstreams, and 3) determine next steps on the Mandate's funding, recruitment efforts, potential partnerships, and future working conferences.

¹ To learn more about the CEO Water Mandate and its six elements, go to: http://www.unglobalcompact.org/docs/news_events/8.1/Ceo_water_mandate.pdf



Key Learnings and Outcomes

The working conference set out to garner perspectives and opinions on key water-related challenges and dilemmas as a way to build companies' understanding of these issues and determine how the Mandate can best promote good practice. Below is a summary of the key learnings, major outcomes, and next steps from the meeting.

Responsible Business Engagement with Water Policy

The overarching objective of discussions on policy engagement was focused on exploring ways to transform the principles and operational practices presented in the Mandate's *Guide to Responsible Business Engagement with Water Policy* into action on the ground. These discussions highlighted the need in some cases to build the capacity of governments to understand and address key water issues, as well as facility managers' understanding of water issues and stakeholder engagement processes. Further, each engagement will require responses adapted to specific locales; there are no "one-size-fits all" solutions. Participants also stressed that partnerships will not be effective unless the company is able to articulate the concept of shared risk to its partners, consider each partner's needs, and produce a "win-win" result.

The Mandate's future facilitation of action on the ground will include developing a website that brings together companies and stakeholders in specific watersheds and encouraging pilot testing in select regions.

Water and Human Rights

Presentations on the Mandate's human rights workstream provided updates on the Mandate's recent survey of endorser practice related to the human right to water, the recent resolutions from the UN General Assembly and Human Rights Council affirming the right to water and sanitation, the work of the UN Independent Expert on human rights obligations related to access to safe drinking water and sanitation, and an upcoming report on the topic from WaterAid and the Institute for Human Rights and Business. Subsequent discussions revealed uncertainty on the specific implications of the UN resolutions on the right to water on business as well as what Ruggie's responsibility to "respect" means operationally.

The Mandate Secretariat will answer these questions by developing operational guidance - with oversight from the Mandate's Human Right Working Group - that elucidates how companies can act consistently with the right to water and support the fulfillment of that right in a way that is responsive to stakeholder interests.

Corporate Water Disclosure

Presentations provided updates on initiatives that are developing tools or methods that advance water accounting, watershed mapping, or water disclosure, including the World Resource Institute's Aqueduct Project; the UNEP's Water Footprinting, Neutrality, and Efficiency Umbrella Project; the water-related components of the Dow Jones Sustainability Index; the Carbon Disclosure Project's Water Information Request; and the UNEP Finance Initiative. The dialogue stressed the importance of disclosure in driving internal alignment and fostering accountability and trust. However, endorser comments suggested concern about "assessment fatigue" and called for harmonized approaches to disclosure that streamline reporting obligations. Comments also demonstrated a need for improved methods and data collection regarding watershed conditions and water resource management, so as to better characterize water-related risk.

In the coming months, the Mandate will release a white paper that summarizes trends and innovative practice found in endorsers' most recent *Communication on Progress – Water* reports. It will also continue to work in collaboration with key stakeholders on the development of a corporate water disclosure



guidance that offers innovative reporting metrics and insights for contextualizing relevant information and meeting various stakeholders' water information needs.

Other Outcomes

Endorsers approved a motion to revise the core CEO Water Mandate document to make reference to the 2010 resolutions by the UN Human Rights Council and the UN General Assembly recognizing the human right to safe water and sanitation.

The Mandate will hold its next multi-stakeholder gathering in Cairo, Egypt in mid-May 2011 coinciding with a UN Global Compact Caring for Climate conference and UNGC Network Forum meetings.

The Mandate's Steering Committee will now include four key stakeholder advisors: one from a UN agency, one from a social NGO, one from an environmental NGO, and one from a public water authority.



South Africa Water Partnerships Workshop Summary

Key Objectives

- Share information on how to implement effective and responsible partnerships on water
- Bring together stakeholders from different sectors to facilitate such partnerships on the ground
- Better understand important water issues and challenges in South Africa

On Monday, November 15, the Mandate and World Economic Forum (WEF) Water Initiative, in collaboration with WWF-South Africa, co-convoked a multi-stakeholder workshop aimed at discussing the potential for public-private partnerships to address key water challenges in South Africa. This event included the official release of the Mandate's *Guide to Responsible Business Engagement with Water Policy*, an introduction to Phase Two work of the WEF Water Initiative's Water Resource Group, a series of roundtable discussions on watershed-level issues in South Africa, and a larger discussion exploring key themes of the day.

The workshop began with Gavin Power (Head, CEO Water Mandate) providing background information on the Mandate, its origins, goals, workstreams, and future plans, while underscoring its commitment to facilitating partnerships between business and governments to address shared water risk.

Launch of the Mandate's *Guide to Responsible Business Engagement with Water Policy*

Jason Morrison (Program Director, Pacific Institute; Technical Director, CEO Water Mandate) gave a summary of the Mandate's *Guide to Responsible Business Engagement with Water Policy*,² which provides principles and operational guidance for companies seeking to interface with governments and other stakeholders to manage shared water risks and advance sustainable water management.

The Business Case for Corporate Engagement and Cooperation in South Africa

Guy Pegram (Managing Director, Pegasys Strategy and Development) described water challenges in South Africa and the usefulness of public-private partnerships in addressing them. He demonstrated how in many parts of the country, particularly urban areas, water demand will exceed reliable supply within five to ten years and that supply augmentation will not be possible within that time frame. As such, the country will have to identify and implement demand management solutions among all water users. As part of this process, companies can drive internal and supply chain water efficiency, collaborate to address local water demand initiatives, and proactively facilitate operational and institutional resilience to water risks in the public sector. Pegram stressed that the type of risk and most effective solution will vary from location to location. He also noted the importance of "upscaling" partnerships from a local level to the national level in order to enable broader long-term resilience to water challenges.

Introduction to WEF Water Initiative: Water Resource Group Phase 2

Alex Mung (Project Manager - Environmental Initiatives, WEF) discussed WEF's new collaborative project with the International Finance Corporation that will attempt to facilitate improved water management in select countries, including South Africa, India, and Jordan. The overarching goal of this project is to demonstrate that a public-private-NGO-expert platform can work with – and in support of – governments to help design and implement a practical national water reform agenda. WEF will make use of the ACT Process that hinges on 1) analysis; 2) convening coalitions among industry, the public sector, and development and multi-lateral agencies; and 3) transforming national water reform agendas. This project will make use of cost-curves exploring the cost-efficiency of numerous water savings tools specific to each country to initiate dialogue and facilitate implementation of solutions.

² The Guide can be read in full at:

http://www.unglobalcompact.org/docs/issues_doc/Environment/ceo_water_mandate/Guide_Responsible_Business_Engagement_Water_Policy.pdf



Roundtable Discussions on Water Risk and Opportunities for Partnerships in South Africa

Participants broke out into smaller discussions on specific challenges in South Africa and the potential to use partnerships to address them. The following discussion topics were covered:

1. Local government and demand management in the Vaal,
2. Local government partnership on water supply in North West,
3. Regional waste water schemes for acid mine drainage on the Highveld,
4. Supply and demand management in Mossel Bay,
5. Local supply partnerships and water management in supply chains in South Africa,
6. Supply chain management in the Western Cape,
7. Water neutrality and stewardship in Western Cape and KwaZulu-Natal,
8. Industry partnerships for demand management and waste water reuse,
9. Cooperative financing of water resources infrastructure development.

After these roundtable sessions, the larger group reconvened to share key learnings and messages from their discussions. The roundtable meetings and group discussion revealed several common threads on how to effectively design and implement public-private partnerships on water, such as:

- Public-private partnerships allow for (and require) a strategic mix of expertise, financial resources, visibility, and authority to effectively address key water management issues,
- Participation from NGOs and other stakeholders can provide needed expertise and legitimacy to water management projects,
- All partners must understand the motivations of each party for collaborating and have a shared understanding of key objectives; partners must work toward “win-win” solutions,
- There are no “one-size-fits-all” solutions; principles must be tailored to meet specific contexts,
- A lack of trust between sectors has traditionally been a key barrier to public-private partnerships; companies must invest resources in developing long-term trust-based relationships,
- Prodding financial institutions to understand the urgency of water issues and address them is critical to driving long-term change,
- Partnerships cannot simply be companies giving money to NGOs to carry out work; implementation should be collaborative,
- Partnerships are often most effective if they occur simultaneously at multiple scales of government, addressing one issue from different angles.



Multi-Stakeholder Working Conference Summary

Broad Goals

The CEO Water Mandate's working conferences are meant to shape and advance the initiative's work by:

- Discussing key issues relating to each focus area and identifying common interests among companies, governments, civil society groups, and local communities regarding how companies (and the Mandate) can address them;
- Garnering feedback from Mandate endorsers and key stakeholders on the scope, objectives, and approach for outputs in the three focus areas; and
- Exploring options for increased participation and engagement in the initiative and its workstreams by key stakeholders from the private sector, government, civil society, and other interests.

Specific Objectives

Discussions at the meeting explored the initiative's three current workstreams: 1) water policy engagement, 2) water and human rights, and 3) corporate water disclosure. In doing so, they explored three Mandate elements – community engagement, watershed management, and transparency.

Specifically, discussions aimed to:

- Share endorsers' and stakeholders' past experiences with policy engagement and determine how to best implement the principles and operational guidance from the *Guide to Responsible Business Engagement with Water Policy* on the ground;
- Discuss the implications of the recent UN General Assembly and Human Rights Council resolutions affirming the right to water and sanitation on businesses;
- Identify and discuss options for how the Mandate can best advance good corporate practice on water and human rights;
- Better understand the landscape of corporate water disclosure initiatives, water accounting methodologies, and watershed mapping projects that can inform the measurement and disclosure of corporate water performance and risks;
- Better understand the perspectives and information needs of the investment community in regard to water risk and performance; and
- Explore techniques companies are using to contextualize their water performance data based on local watershed conditions.

Welcoming Remarks from Gavin Power and Jason Morrison

Gavin Power (Head, CEO Water Mandate) began the conference with a recap of the origins, mission, and approaches of the UN Global Compact and CEO Water Mandate. He provided background on the Mandate's previous meetings, actions, and research leading up to this meeting and outlined broad goals for the initiative moving forward. Power illustrated the continued progress of the Mandate with respect to new endorsers, fostering compelling discussions among sectors, and producing helpful research and guidance on key water-related issues. He also spoke of the initiative's commitment to transparency and genuine action, noting the Secretariat's recent delisting of several former endorsers due to their failure to comply with the Mandate's disclosure requirements. He expressed his desire for the Mandate to foster even closer collaboration with civil society, the UN, governments and development agencies, other corporate water sustainability initiatives, and other UNGC initiatives such as Caring for Climate and to encourage stakeholders to evaluate endorsers' COP-Water reports. Lastly, Power thanked the meeting's sponsors: Nestlé, SAB, Sasol, Netafim, and Nalco for their sponsorships in relation to the conference.

Jason Morrison (Program Director, Pacific Institute; Technical Director, CEO Water Mandate) gave an overview of the Mandate's three workstreams and identified some key challenges for the next few years, including moving past discussion to effective and responsible action, finding ways to partner with other sectors toward common goals, understanding what it means for a company to respect the human right to



water, contextualizing water performance based on watershed conditions in a meaningful way, and driving convergence on water disclosure expectations.

Introductions and Event Orientation from Mr. Greenwood

Meeting facilitator Rob Greenwood (Principal, Ross & Associates) provided an overview of the working conference agenda and ground rules³, as well as a brief introductory exercise to better understand the different sectors and geographies represented in the room. Greenwood emphasized that – though under contract with the Pacific Institute – he is a neutral third-party who has no stake in the outcome of decisions and whose main role is to ensure that discussion is on topic and balanced.

First Day Sessions

The first day of the working conference focused exclusively on the Mandate’s policy engagement workstream. Specifically, it sought to garner endorser and stakeholder feedback on the *Guide on Responsible Engagement with Water Policy* and to determine how to best facilitate its implementation.

Corporate and Stakeholder Perspectives and Experiences on Engaging with Governments and Communities to Address Shared Water Risk (Sessions 1 & 2)

Presentations from company representatives regarding their experiences with partnerships and engagements with governments and communities illustrated common local realities that can support or hinder effective action, as well as key lessons that can help navigate common challenges. These presentations highlighted the importance of a predictable water policy and regulatory framework that is implemented and enforced consistently to managing corporate water risk. The private sector’s role is to support the development of these frameworks, not to replace or fulfill government’s role. Doing so often requires complementary, nested strategies at multiple scales of government. This might, for instance, include providing data and expertise to public waters directly, while working with legislators to allocate more funds and other resources to water managers nationwide. Comments also consistently oriented around the notion that companies must invest in understanding the key interests and needs of partners and be prepared to be responsive in this context. These investments are critical to building trust-based relationships that extend beyond any one single engagement. However, comments across the board noted that achieving these goals inevitably requires significant financial commitments on the behalf of companies and may require longer time-horizons than the company is used to.

Discussions reflected a belief that broad, inclusive partnerships incorporating a wide range of stakeholders from NGOs, academia, local communities, and other businesses are most effective at achieving meaningful, systemic change. Including more stakeholders may require more time and resources to coordinate, but ultimately bring a wider range of perspectives, potential solutions, legitimacy, and visibility. However, stakeholders (even within an overlapping interest area such as environmental NGOs) are not a homogenous group; they often have quite different interests and even opposing views on key issues. Further, many of these stakeholders may be highly skeptical of corporate intent for engaging. An important aspect of laying a foundation for trust begins with companies’ effective and consistent management of their operational ecological and social impacts. Clearly communicating the concept of shared risk and company motivations for action can also help increase stakeholders’ comfort with potential partnerships.

Lastly, the conversation explored the need for, and challenges of, capacity building to address shared water challenges. The need for capacity building among public water managers, particularly in “developing” country contexts, is well known and has multiple dimensions. Comments reiterated that public water managers are often ill-equipped to make decisions and support implementation of actions. This inability in some instances may be due to a lack of technical, financial, operational, and managerial skills needed to ensure the water management institutional infrastructure is well enabled to tackle

³ The ground rules for the meeting are summarized in Appendix B.



problems. It can also involve a lack of capacity to enable effective stakeholder processes, which primarily have to do with negotiation, listening, and other process management and participation skills. This can be coupled with the perception or reality of the public entity lacking authority and/or incentives within their organization. Comments noted the need for capacity building workshops, but also stressed that these must be followed up by action on the ground in order to be meaningful. Stakeholders also raised concern over companies hiring former public employees, thereby contributing to deplete public institutional capacity and expertise and wasted investment of time and resources.

Participants noted that a lack of capacity on the behalf of companies is a perhaps lesser acknowledged but important barrier to engagement. Company facility managers may lack the technical understanding of watershed dynamics required to meaningfully contribute to solving problems outside their fenceline. Further, they may lack the training and experience to participate effectively and equitably in multi-stakeholder engagement processes on which many partnerships rely.

Updates on Key Initiatives Exploring the Business Role in Realizing the Human Right to Water and Sanitation (Sessions 3, 4, & 5)

The Mandate

The second half of the day began with an overview by Jason Morrison (Technical Director, CEO Water Mandate) of the Mandate's November 2010 white paper *The Human Right to Water: Emerging Corporate Practice and Stakeholder Expectations*⁴ on the key areas of uncertainty surrounding the role of companies in protecting the right to water. Morrison discussed the major issues in need of clarification, the Mandate's past work on these issues, and its options for adding value to this space in the future.

The initiative's first work on this issue came in advance of its working conference in Istanbul (March 2009), when it released a discussion paper in collaboration with the Institute for Human Rights and Business [IHRB]) that explored what it means to adhere to the Ruggie Framework⁵ in the context of water. Following the Istanbul meeting, the Mandate established its Human Rights Working Group to further discuss and inform the Mandate's work on this issue. In early 2010, the Secretariat conducted a survey of endorsers to better understand company perspectives and practices regarding the right to water. This survey, as well as discussions held at its working conference, led to this most recent white paper, which set out to:

1. Provide an overview of related public policies and emerging frameworks that establish expectations of companies on this issue,
2. Describe the contours of the debate regarding businesses respecting the human right to water,
3. Summarize the state-of-play with regard to business practice and illustrate examples of existing corporate policy and approaches on the topic, and
4. Identify options for how the CEO Water Mandate might advance this core focus area.

The white paper identifies gaining clarity on what it means at the operational level to "respect" the right to water according to the Ruggie Framework and how companies can meaningfully and appropriately contribute to the fulfillment of the right to water as two of the most pressing needs on this issue.

UN Resolutions Affirming the Human Right to Water and the Work of the UN's Independent Expert Inga Winkler (Researcher, German Institute for Human Rights) provided an overview of the recent UN resolutions affirming the right to water as well as her thoughts on the implications of these resolutions on business. Ms. Winkler explained that *Resolution of the UN General Assembly, A/RES/64/292* and *Resolution of the UN Human Rights Council, A/HRC/RES/15/19* officially added access to water and sanitation services as an explicit human right. They establish the right to water as legally binding and as having the same status as all other human rights.

⁴ To read the white paper in full, see:

http://www.pacinst.org/reports/human_right_to_water/ceo_water_mandate_human_right_to_water.pdf

⁵ For more on the work of John Ruggie, Special Representative to the Secretary-General on the issue of human rights and transnational corporations and other business enterprises, see: <http://www.reports-and-materials.org/Ruggie-report-7-Apr-2008.pdf>



Winkler also discussed the work of Catarina de Albuquerque, the UN Independent Expert⁶ on human rights obligations related to access to safe drinking water and sanitation. The Independent Expert was appointed in 2008 by the UN Human Rights Council to:

- Identify, promote, and exchange views on good practices;
- Clarify the content of human rights obligations in relation to access to water and sanitation; and
- Make recommendations that could help the realization of the Millennium Development Goals.

The Independent Expert has applied the Ruggie Framework to the right to water, reaffirming that states are the primary duty-bearers in ensuring the right and that companies must “respect” the right by conducting proactive due diligence to ensure they do no harm. Albuquerque has also defined the right to water and sanitation as grounded by five primary needs: 1) Availability, 2) Quality, 3) Acceptability, 4) Accessibility, and 5) Affordability, while also reasserting the importance of universal human rights principles such as non-discrimination, participation, and accountability. She has also clarified that the right to water is limited to personal and domestic water uses. Winkler echoed the morning’s discussion by underscoring the importance of partnerships between business, government, affected communities, and other stakeholders in promoting the right to water.

WaterAid / Institute for Human Rights and Business

Next, Duncan Wilbur (Private Sector Engagement Advisor, WaterAid) and Salil Tripathi (Director of Policy, IHRB) provided an update on their organizations’ joint work developing a briefing note that addresses what respecting the right to water means for companies. The paper under development will clarify differences between “the right to water” and more general rights-based approaches and outline how companies can respect the right. The briefing note will further explore the conditions under which private enterprise may engage in fulfilling the human right to water. It will outline the areas required for due diligence and highlight the necessity for meaningful dialogue among business, governments, and civil society. The paper deliberately does not seek to find detailed answers to the shared social, political, environmental, and economic risks facing civil society, companies, and governments but rather highlights critical issues and draws together some of the possible actions required to gain the commitment and action necessary to tackle shared risk and to prioritize people’s access to water and sanitation.

Wilbur and Tripathi also reiterated comments from previous speakers, including the importance of incorporating key principles, such as transparency, accountability, and inclusiveness into any corporate actions supporting the right to water and sanitation; the need to support governments, rather than fulfill public roles; the vast potential of collective action and partnerships to help drive change; and the need for comprehensive due diligence processes to ensure the responsibility to respect is fulfilled. They also stressed that improved water management is not only important for reducing the water risks of business, governments, and communities broadly, but vital to alleviating poverty.

Endorser and Stakeholder Perspectives on Challenges and Opportunities for Business Regarding the Right to Water

Presentations describing the aforementioned initiatives sparked discussion among conference participants who articulated experiences they have had with respect to business supporting the right to water. These discussions revealed general support for the Ruggie Framework and the delineation of states as the primary duty-bearer in ensuring the right to water, with the private sector being responsible for respecting the right by proactively ensuring they do no harm. They also confirmed that in many cases companies have a strategic interest, and can be a helpful partner, in supporting the fulfillment of the right to water. Indeed, many existing philanthropic corporate activities support increased access to water services, even if they are not undertaken in a human rights framework. At the same time, there was wide acknowledgement that actions intending to support the fulfillment of the right to water for some could potentially infringe on the human rights of others and therefore present significant risk for companies. As such, corporate work supporting the right to water will necessitate approval and meaningful participation from civil society groups and other stakeholders, especially affected communities.

⁶ For more on the work of Catarina de Albuquerque, UN Independent Expert on human rights obligations related to access to safe drinking water and sanitation, see: www2.ohchr.org/english/issues/water/ixexpert



Comments also expressed hope that the recent UN resolutions affirming the right to water will help encourage formalized due diligence processes ensuring respect of the right to water within companies. Endorser comments suggested that this process could also help with their more general environmental impact assessments, as human rights impact assessments require a dynamic understanding of water stress, pollution, institutional capacity, and the company's own regulatory compliance.

These discussions highlighted a number of key questions regarding business's role in supporting the right to water, as well as what the right means functionally. Dialogue provided clarity on some of these questions. For instance, expert input clarified that the right to water does not stipulate the provision of free water, but rather access to affordable water (though this may require subsidies or other social safety nets to ensure access for the most marginalized communities). Many questions, however, remained unanswered due to a lack of clarity or clear differences of opinion on the most appropriate way forward. Some of these questions were:

- What do the recent UN resolutions affirm the right to water mean for businesses? Have they changed basic expectations of companies?
- Companies have conducted activities that improve access to water service for many years without explicitly referring to them as fulfilling the right to water; should they now refocus these activities and/or refer to these actions using a human rights framework/terminology?
- In some cases, companies provide their employee's primary water source; what are companies' rights obligations in these situations?
- Do the human rights to water, food, health, and standard of living inherently create conflict in the appropriate allocation of water?
- What is the appropriate role of the investment community in supporting the right to water?
- How do companies report on their actions that either support their responsibility to "respect" or fulfill the human right to water?

Second Day Sessions

While the first day focused on the Mandate's policy engagement and human rights workstreams, the second day explored its corporate water disclosure workstream, as well as its ongoing work on corporate water accounting. Discussions covered emerging frameworks and protocols that inform how companies disclose their water performance, as well as tools that can help companies understand their water risks and performance. An overarching goal of the dialogue was to find ways to facilitate a more harmonized reporting framework that provides meaningful information to investors, consumers, and other stakeholders while minimizing the redundant effort companies dedicate to completing numerous, overlapping reporting requirements.

Trends and Innovations from the Mandate's *Communications on Progress – Water* (Session 7)

Jason Morrison (Program Director, Pacific Institute; Technical Director, CEO Water Mandate) opened the day by discussing trends and innovative practice found in Mandate endorsers' most recent *Communication on Progress – Water* (COP-Water) reports. These reports—required annually of all endorsers—provide summaries of each company's policies and practices related to the Mandate's six core elements. They are a key component of the initiative's commitment to accountability and transparency, but also offer insight into how companies' understand water challenges, the solutions they've developed to address those challenges, and how they communicate with their stakeholders.

This year's COP-Water reporting demonstrated a marked improvement over the Mandate's former analysis of corporate water disclosure—the report *Water Disclosure 2.0*—particularly in areas of qualitative or process-oriented reporting such as policy advocacy, engagements with water managers and communities, and partnerships with other businesses, NGOs, and government agencies. Reports illustrated a dramatic shift in the past few years from companies reporting on their quantitative water use and wastewater discharge to a more comprehensive assessment of factors that create water-related risks



or opportunities and actions companies are taking to address those risks. While reporting coverage and quality has improved, there are several areas where further improvements will make COP reports more consistent and meaningful, particularly in the way companies contextualize their water performance based on water stress, accessibility of water services, and institutional capacity, as well as the way they identify material and relevant water challenges. The Mandate will release a white paper analyzing trends and identifying major gaps in COP-Water reports in the coming months.

Updates on Key Water Accounting, Watershed Mapping, and Corporate Water Disclosure Initiatives (Sessions 7, 8, & 9)

The World Resource Institute's Aqueduct Watershed Mapping Project

Charles Iceland (Associate, World Resources Institute) updated participants on WRI's Aqueduct⁷ project which aims to provide a publicly-available online global database of local-level water risk indicators and a global standard for measuring and reporting geographic water risk. This tool will enable the private sector to better map, assess, and manage water risk at the sub-basin level; the public sector to develop more effective investment programs and policy reforms; and the investment community to more accurately assess companies' water risks. It will look not only at water supply issues, but also those related to water quality, potential regulatory pressure, governance, and socio-economic dynamics, while tracking the distribution of population, industry, and irrigated agriculture. WRI will provide in-depth mapping of ten key watersheds worldwide, while providing more limited data for other locales.

UNEP's Water Footprinting, Neutrality, and Efficiency (WaFNE) Umbrella Project

Guide Sonnemann (Programme Officer, UNEP) discussed UNEP's WaFNE project that aims to facilitate the development of water accounting tools and methods. He provided an overview of Life Cycle Assessment processes and water footprinting methods (as defined by the Water Footprint Network) and recapped key findings from *Corporate Water Accounting*⁸. This report - a joint research project between UNEP and the Mandate - clarified commonalities and differences among existing and emerging water accounting methods and tools in the private sector.

Sustainable Asset Management (SAM) and the Dow Jones Sustainability Index

Marc-Olivier Buffle (Equity Analyst, SAM) explained how SAM publishes and licenses the Dow Jones Sustainability Index⁹ that assesses over 1000 companies based on various sustainability and CSR criteria, including water performance. The DJSI assesses companies based on 20 questions spread across four different water categories: awareness, exposure, response, and results. Buffle indicated that the vast majority of companies are significantly less sophisticated in their assessment of water risks than many Mandate endorsers and there is still much room for improvement.

The Carbon Disclosure Project's (CDP) Water Information Request

Marcus Norton (Head of Water Disclosure, CDP) discussed the first annual CDP Water Information Request¹⁰ – launched in April 2010 – as well as the initiative's future plans. He explained that the Request is designed to provide relevant information that can help investors assess companies' water performance. In doing so, it asks questions regarding water management and governance; risks and opportunities; metrics on water use, wastewater discharge, etc; as well as a question pertaining specifically to the Mandate's six core elements. This first annual request was sent to over 300 companies, about half of which responded. Norton expressed his desire for the Request to expand its reach in coming years and possibly develop sector-specific modules, but noted the lack of awareness on water issues (and water reporting methods) outside of initiatives like the Mandate. Uptake from Mandate endorsers is critical to building momentum and visibility for the Request.

⁷ To learn more about WRI and Aqueduct, see:

<http://www.wri.org/stories/2010/12/aqueduct-understanding-water-related-risks-and-opportunities>

⁸ To read *Corporate Water Accounting* in full, see:

http://www.pacinst.org/reports/corporate_water_accounting_analysis/corporate_water_accounting_analysis.pdf

⁹ To learn more about SAM and the DJSI, see: <http://www.sam-group.com/html/djsi/djsi.cfm>

¹⁰ To learn more about CDP Water Disclosure, see: <https://www.cdproject.net/en-US/Programmes/Pages/cdp-water-disclosure.aspx>



UNEP Finance Initiative

Ivo Mulder (Programme Officer, UNEP FI) provided background information on the UNEP Finance Initiative, a strategic partnership between the UN and global financial institutions that aims to understand the impacts of environmental and social considerations on financial performance and to promote the adoption of best practice. It is comprised of nearly 200 banks, insurers, asset managers, and pension funds. UNEP FI's Water and Finance Workstream is exploring how water challenges create financial risks and developing ways to address these risks on the ground. It has identified debt-servicing ability, creditworthiness of clients, and reputation as three critical financial risks brought about by water issues.

Endorser and Stakeholder Perspectives on Challenges and Opportunities for Corporate Water Disclosure (Session 10 & Facilitated Discussion)

The remaining sessions allowed company representatives and stakeholders to share their disclosure practices and perspectives on some of the key challenges to developing meaningful disclosure frameworks and facilitating alignment and convergence among disclosure initiatives. Participants reaffirmed the importance of these discussions, noting that water accounting and disclosure is critical to communicating water performance and risk, as well as establishing transparency, accountability, and trust with stakeholders. Disclosure also allows companies to improve their own internal understanding of water issues, evaluate effectiveness of company policies, and address stakeholder needs.

Endorser comments frequently noted the problem of “assessment fatigue” as more water disclosure frameworks emerge and stressed the importance of streamlining the types of information required of companies. Discussions highlighted the current confusion over the term “water footprinting” as an especially important barrier to making disclosure more palatable to and understandable for many audiences. Several stakeholder responses indicated agreement that harmonization is essential, however emphasized that disclosure is intended for a wide range of stakeholders (e.g., consumers, affected communities, investors, lenders, etc.) who all have different needs and often understand water issues in different ways. As such, disclosure frameworks must be designed to speak to several different audiences.

When discussing water accounting methodologies, participants also spoke of the urgent need for improved data on watershed conditions (e.g., water stress, pollution, institutional capacity, access to water services), noting that water accounting results and risk assessment techniques can only be as good as the data that underpin them. Many participants also noted the need for a global system for assessing watershed conditions that could provide more consistent context for individual company water disclosure reports and allow for better comparisons among companies' facilities worldwide. However, others warned that global systems can often oversimplify key issues and block opportunities to consider specific local issues or incorporate local knowledge. Though audience members often had reservations about the efficacy of some of the accounting methodologies in their current forms, there appeared to be broad agreement that each method had its own strengths and fulfilled different needs. Many participants urged accounting initiatives to begin a dialogue that could help resolve disputes over terminology and facilitate alignment among the potentially-complimentary methodologies.

Participants' comments illustrated several key questions regarding accounting and disclosure, including:

- How can companies aggregate data that are increasingly detailed and focused on specific facilities and local issues into a readable and meaningful global CSR report?
- How can the Mandate or other initiatives increase the capacity of banks and other financial institutions to accurately assess water performance and risk data?
- How can the Mandate and others encourage companies to initiate actions that manage risks in water-stressed areas rather than simply divest in those areas?
- How can we introduce water issues into a larger assessment framework that allows companies to integrate sustainability and financial considerations?
- How can the Mandate best facilitate and encourage harmonization of disclosure frameworks?



Endorser-only Meeting Proceedings

Objectives

- Digest proceedings from multi-stakeholder working conference
- Determine immediate next steps/action items/workstreams
- Decide future governance matters and funding of the initiative
- Determine the date/location/subject of the initiative's next convening

Summary

For the last meeting of the four-day event, representatives from endorsing companies convened to digest prior discussions and come to some conclusions about ways forward on the Mandate's three workstreams, as well as governance and financial issues. As part of this process, they looked at and discussed results from a survey of the endorsers who could not attend the Cape Town event regarding the direction of the initiative. These discussions reflected broad support and consensus on the overarching direction of the initiative, and in particular that the current three workstreams should remain the initiative's priority areas in 2011. Further, discussions revealed broad consensus that the Mandate should focus more attention on testing and facilitating the implementation of sustainable water practices on the ground. Endorser comments suggested the working conference and the initiative more generally provided meaningful opportunities to advance understanding of and action on key water-related issues.

Joint UN Environment Programme-Mandate Project on Corporate Water Accounting

In 2010, the Mandate completed an analysis of existing and emerging tools and methodologies that assist companies in measuring their water use and impacts on ecosystems and communities entitled *Corporate Water Accounting: An Analysis of Methods and Tools for Measuring Water Use and Its Impacts*¹¹ in collaboration with the UN Environment Programme (UNEP). This report was one component of UNEP's Water Footprint, Neutrality, and Efficiency (WaFNE) Umbrella Project. In Cape Town, endorsers discussed a second phase of this project that will include 1) an online platform that introduces key concepts and tools for corporate water accounting and brings together companies, NGOs, and other stakeholders to discuss key issues and 2) pilot testing/ best practice sharing of innovative water management practices on the ground. Endorsers expressed broad support for this project and showed interest in South Africa and Southeast Asia as potential locations for the first round of on-the-ground collective action.

Responsible Business Engagement with Water Policy

Discussions of the Guide revealed that endorsers were generally pleased with the final version of the document, but felt it essential that the Mandate follow through to ensure it is implemented in the real world. The Mandate Secretariat and endorsers concluded that the next steps for this workstream should focus primarily on facilitating such action. Some endorsers suggested it would also be helpful to have an employee training kit and/or training curricula to facilitate and expedite roll out of the Guide's principles and operational practices among endorsers and other companies. Some believed the Mandate Secretariat could play a role in producing such generic materials that could be distributed to all companies, though no final decision was made on this matter.

Water and Human Rights

Endorsers discussed the viability of the various options for the human rights workstream outlined in the Mandate's recent white paper on this issue:

¹¹ To read *Corporate Water Accounting* in full, see: http://www.pacinst.org/reports/corporate_water_accounting_analysis/corporate_water_accounting_analysis.pdf



- Option A: No action
- Option B: Continue to convene endorser-stakeholder dialogues and engage related initiatives
- Option C: Conduct large empirical assessment of corporate practice on the human right to water and relevant government policy
- Option D: Develop operational guidance on respecting the right to water
- Option E: Mandate position statement affirming the human right to water

The endorser-only discussions, as well as the endorser survey conducted prior to the conference showed relatively strong support for Options B, C, and D. Therefore, it was agreed that the Secretariat will lead the development of operational guidance on respecting the human right to water, while using endorser-stakeholder dialogues and an empirical assessment of corporate practice as part of the research process. The group also agreed to amend the initiative's founding document¹² to reflect the 2010 resolutions of the UN General Assembly and Human Rights Council affirming the human right to water and sanitation.

Corporate Water Disclosure

Discussion on the disclosure workstream focused on the corporate water disclosure framework concept note currently in development by PricewaterhouseCoopers (PwC) in collaboration with the Mandate Secretariat. This project will offer water disclosure metrics and guidance for aligning disclosure with stakeholder needs with a goal of preventing duplication of frameworks and confusion among stakeholders. Survey results suggested that while many endorsers support this project, many also seem unfamiliar with the details about it. Endorser comments indicated broad consensus that the Mandate and PwC should seek a close relationship with the Carbon Disclosure Project to ensure alignment with the CDP Water Information Request.

Governance

Steering Committee

Survey results and endorser input demonstrated broad support for the Secretariat's proposal of including stakeholder advisors to the Mandate's Steering Committee. It was agreed that the Steering Committee will now include four new advisors: a representative from a UN agency, a representative from a NGO focused on social issues, a representative from a NGO focused on conservation, and a representative from a public water authority. There was no consensus on the specific organizations to nominate as advisors; the Mandate Secretariat will develop a proposal for the Steering Committee's approval.

Next Conference

Mandate endorsers discussed whether the working conference model is still the most effective forum for Mandate meetings given the growing size of the initiative. As a result, they explored several options for potential working conference formats, including convening meetings on one of two specific workstreams or for specific regions. Mandate endorsers eventually agreed to hold it next convening in Cairo, Egypt in May 2011. This meeting will coincide with a UN Global Compact Caring for Climate conference and a UNGC Network Forum meeting in Cairo at the same time in the hopes that the Mandate can better collaborate with these groups.

Other Issues

Endorsers and the Mandate Secretariat believed the initiative would benefit from continued collaboration with organizations working in this field, including WWF International, the Alliance for Water Stewardship, and the Carbon Disclosure Project, among others. Discussions indicated that establishing MOUs with key partners may be needed in the future, in order to make relationships more consistent and organization-based.

¹² To read the Preamble and Core Elements of the Mandate, see:
http://www.unglobalcompact.org/docs/news_events/8.1/Ceo_water_mandate.pdf



Appendix A: List of Working Conference Participants

(Tuesday and Wednesday events only)

Affiliation	Name	Title
Endorsing Companies and Prospective Endorsers		
The Coca-Cola Company	Lisa Manley	Group Director- Sustainability Communication
DeBeers Group	Patti Wickens	Principal Environment
Eskom	Nandha Govender	Manager: Water Procurement
Finlay International Limited	A.Q.I. Chowdhury	CEO
Halcrow Group	Tony Pryor	Chairman
Impala Platinum	Suan Mulder	Group Environmental Consultant
Molson Coors Brewing Co.	Michael Glade	Director, Water Resources and Real Estate
Nalco	Mike Bushman	Division CP Communications and Investor
Nalco	Casimiro Da Silva	Marketing Manager
Nestlé S.A.	Christian Frutiger	Public Affairs Manager
Nestlé S.A.	Ravi Pillay	Corporate Affairs Director
Netafim Irrigation	Naty Barak	Director of Global Corporate Responsibility
Netafim Irrigation	Etienne Erasmus	Managing Director South Africa
PepsiCo, Inc. (Simba Foods)	Chereen Goodwin	
PepsiCo, Inc. (Samba Foods)	Arnold Selokane	National Sales Manager
Reed Elsevier	Mark Gough	Environmental and Health and Safety Coordinator
SABMiller	Andy Wales	Group Head of Sustainable
SABMiller	Andre Fourie	Head: Sustainable Development
Saint-Gobain Group	M. Gordon Olfen	
SAM – Asset Management	Marc-Oliver Buffle	Equity Analyst
Sasol	Martin Ginster	Environmental Advisor
Sasol	Andries Meyer	Manager – Sustainable Water
Sasol	Frederik Goede	Manager: Environment and Health
Siemens Water Technologies	David LoPiccolo	Director of Food and Beverage
Stora Enso	Johan Holm	Vice-President, Environment
Xstrata	Paul Jones	Group General Manager Sustainable Development
Woolworths	Tom McLaughlin	Foods GBJ Manager
Woolworths	Justin Smith	Good Business Journey Manager
UN Agencies and Government Officials		
GTZ	Nicole Kranz	Researcher
International Finance Corp.	Francesca McCann	Water Industry Analyst
International Finance Corp.	Bastiaan Mohrmann	Principal Investment Officer
UNDP (Cap-Net)	Paul Taylor	Director, Cap-Net
UNEP	Guido Sonnemann	Programme Officer for Innovation and Life Cycle Management, Sustainable Consumption and Production Branch
UNEP FI	Ivo Mulder	Programme Manager – Biodiversity and Water
Civil Society		
African Institute for Corporate Citizenship	Daisy Kambalame	Director
Care International	Burton M. Mukomba	
Institute for Human Rights and Business	Frances House	Director of Strategy



Affiliation	Name	Title
Institute for Human Rights and Business	Salil Tripathi	Director of Policy
Mvula Trust	Victor Munnik	Acting Head of Policy Unit
NEPAD Business Foundation	Thabani Myeza	Senior Project Manager – Water Initiative
Water Aid	Duncan Wilbur	Private Sector Engagement Adviser
Water Integrity Network	Peter Cookey	
Water Witness International	Nick Hepworth	Senior Consultant
Wessanorth	Garth Barnes	Environmental Coordinator – Northern Areas
World Resources Institute	Charles Iceland	Associate
WWF International	Stuart Orr	Freshwater Policy Officer
WWF International	Gretchen Lyons	Communications Manager
WWF International	Jochem Verberne	Water Stewardship
WWF – South Africa	Mao Amis	Manager: Integrated Catchment Management
Other		
Alliance for Water Stewardship	Matthew Wenban-Smith	Director
Carbon Disclosure Project	Marcus Norton	Head of CDP Water Disclosure
Deloitte & Touche LLP	Derrick Sturisky	Senior Manager, Governance, Regulatory
Johannesburg Water	Martie van Rensburg	Chairman Johannesburg Water
First Rand Group, Limited	Heather McLeish	Group Environmental Manager
First Rand Group, Limited	Madeleine Ronquest	Head of Environmental and Social Risk Management
German Institute for Human Rights	Inga Winkler	Researcher
International Council on Mining and Metals	Andrew MacKenzie	Senior Program Director: Environment, Health and Safety
Irbaris LLP	Will Lynn	Senior Consultant
National Business Initiative	Valerie Geen	Director – Climate and Energy Unit
National Business Initiative	Barney Kgope	Programme Manager: Climate Change
Planning Commission	Mike Muller	Special Advisor
Rio Tinto London	Ian Wylie	Chief Advisor – Policy and Performance
Rio Tinto London	Johan Jacobs	General Manager: SHEQ
Rio Tinto London	David Stone	Global Practice Coordinator Sustainable Supply Chain
UN Principles for Responsibility Investment	Adrian Bertrand	South African Network Manager
South African Water Research Commission	Valerie Naidoo	Research Manager
Event Organizers		
Pacific Institute	Jason Morrison	Globalization Program Director
Pacific Institute	Peter Schulte	Research Associate
Pegasys Strategy and Development (Pty) Ltd.	Christopher Eaglin	Principal
Pegasys Strategy and Development (Pty) Ltd.	Elizabeth Hastings	
Pegasys Strategy and Development (Pty) Ltd.	Guy Pegram	Managing Director
Ross and Associates	Robert Greenwood	Vice President and Principal
UN Global Compact	Gavin Power	Head, CEO Water Mandate



Appendix B: Meeting Ground Rules

This CEO Water Mandate event offers a unique opportunity for endorsing companies and other key stakeholders to share approaches and emerging practices, build relationships and explore partnership opportunities, and generate enthusiasm and consider near-term strategies for this new public-private initiatives.

The day and a half-long Working Conference offers a mix of panel presentations and discussion opportunities intended to foster in-depth deliberations. Rob Greenwood, as facilitator, is a neutral third party with no stake in the outcome of discussions. Although under contract to the Pacific Institute, he works for the process and treats all meeting participants as equal “clients.” The organizing team puts forward the following streamlined ground rules for all meeting participants to guide conference deliberations:

- *Active, focused participation:* The conference is structured to encourage an active exchange of idea among participants. Voicing these perspectives is essential to enable meaningful dialogue. To that end, we encourage attendees to actively participate in the discussion and fold in their perspectives throughout the day.
- *Constructive input:* Meeting participants are encouraged to frame observations in terms of needs and interests, not in terms of positions; opportunities for finding solutions increase dramatically when discussion focuses on needs and interests.
- *Respectful interaction:* Conference participants are encouraged to respect each other’s values and legitimacy of interests. We further ask that you strive to be open-minded and integrate participants’ ideas, perspectives and interests.
- *Focused comments:* Our 1.5 day-long agenda is ambitious, with many topics to cover and numerous perspectives to fold in. Given the limited time, we ask that participants keep their comments as succinct and focused as possible and help ensure that all participants have an opportunity to contribute their thoughts to the dialogue.
- *Chatham House Rule:* To encourage free discussion, workshop participants are welcome to share discussion points with other non-attendees, but comments are not to be attributed directly to particular speakers or entities (Chatham House Rule).
- *Other:* To keep the meeting as effective as possible, we ask that you honor the following meeting management aspects:
 - Keep cell phones off
 - Use scheduled breaks, as possible
 - Wait to be recognized before speaking
 - Avoid side-discussions

We look forward to a productive dialogue and thank you for your participation.