The CEO Water Mandate

CORPORATE WATER DISCLOSURE GUIDELINES
Toward a Common Approach to Reporting Water Issues

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Executive Summary

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Foreword

Companies are fundamentally changing the way they address water. Increasingly, they are investing in water-efficient technologies, working with suppliers to encourage more responsible water use, designing cleaner and more efficient products (and thus helping consumers lower their water use), and seeking to advance sustainable water management outside their fencelines as a way to mitigate water-related risks and negative impacts. At the same time, corporate water disclosure—the act of reporting to stakeholders information related to the current state of a company's water management, the implications of that state for the business and its stakeholders, and how the company develops and implements strategic responses—has emerged as a key component of corporate water management practice.

In response to the growing importance to businesses of both water management generally and disclosure specifically, a number of initiatives are seeking to provide guidance on how companies can:

- Measure their water performance
- Assess conditions in the river basins where they operate
- Understand their water-related challenges and opportunities
- Develop effective water management strategies
- Communicate these issues to stakeholders

These initiatives have catalyzed significant progress toward more sustainable corporate water management. However, the proliferation of water assessment and disclosure tools and methodologies has also led to:

- Companies diverting important resources to complete multiple water or sustainability surveys of varying content
- Companies using a variety of metrics that are not easily comparable, thereby weakening the value of disclosure offerings

Beyond this, current practice in corporate water disclosure (even among the most advanced reporters) typically does not adequately capture the incredibly complex and location-specific nature of water resource dynamics and corporate action on water. Many companies are therefore looking for detailed guidance on how to more effectively disclose the many elements of corporate water management practice.

The CEO Water Mandate's Corporate Water Disclosure Guidelines offer a common approach to disclosure. They put forward metrics that can begin to harmonize practice and also provide guidance for defining what to report. It is our hope these Guidelines drive convergence and harmonization with respect to how companies report their water management practices while helping to minimize reporting burdens, thus allowing companies to allocate more time and resources to actively manage water.

The Pacific Institute (representing the Mandate Secretariat) led the development of the Guidelines, seeking input from organizations and initiatives with expertise in this area. PricewaterhouseCoopers LLP served as a strategic adviser and provided input throughout this process. CDP (formerly the Carbon Disclosure Project), World Resources Institute (WRI), and Global Reporting Initiative (GRI) were project partners, offering insight regarding water disclosure practices and helping to ensure that the Guidelines built on existing approaches where possible and appropriate.

The project team regularly consulted with the Mandate's Water Disclosure Working Group (WDWG)—comprising representatives from many Mandate-endorsing companies—as well as with the Corporate Water Disclosure Stakeholder Advisory Group (CWDSAG), which included a variety of representatives from civil society groups, water-related tool developers, trade associations, government, and intergovernmental organizations. Consultation with these individuals was geared toward ensuring that the Guidelines remain user-friendly while addressing the wide array of company and stakeholder interests in corporate water disclosure.

Given that corporate water management and disclosure practice are rapidly evolving, the CEO Water Mandate plans to revisit and amend the Guidelines as needed.

Executive Summary

What is corporate water disclosure? Why is it important?

Corporate water disclosure is the act of reporting information to stakeholders (investors, nongovernmental organizations, consumers, communities, suppliers, and employees) related to the current state of a company's water management, the implications for the business and others, and the company's strategic responses. Disclosure is a critical component of a company's water management efforts and of water-related sustainability more generally.

Disclosure supports a more sustainable and equitable management of water resources by improving the ability of stakeholder audiences to evaluate a company's water practices and make comparisons across companies. It thus fosters greater corporate accountability. Disclosure can support business viability in many ways, including:

- Improving a company's understanding of its water risks, opportunities, and impacts and the effectiveness of its responses

- Providing an opportunity to demonstrate progress and good practices to external stakeholders, thereby improving the company's reputation and building investor confidence

- Establishing a dialogue and building credibility with key stakeholders, paving the way for future partnerships that advance shared water-related goals

Water disclosure can serve a number of functions. It can:

- Act as the foundation of a standalone report on the company's water management activities

- Serve as a component of broader sustainability reports

- Inform the company's financial filings

- Augment information on company websites

- Be a starting point for dialogue with company stakeholders

Visit the web-based version of these Guidelines.

Click here

What water-related information do companies ideally report?

The CEO Water Mandate's Corporate Water Disclosure Guidelines seek to advance a common approach to corporate water disclosure that addresses the complexity of water resources in a comprehensive yet concise manner. They suggest that companies provide several types of water-related information, summarized in the Corporate Water Disclosure Framework (Figure ES-1). However, some companies may not deem it necessary or feasible to implement this full range of practices. In some cases, water may not be among the most relevant topics a company faces, and the company may therefore prioritize reporting on other topics.

FIGURE ES-1: Corporate Water Disclosure Framework
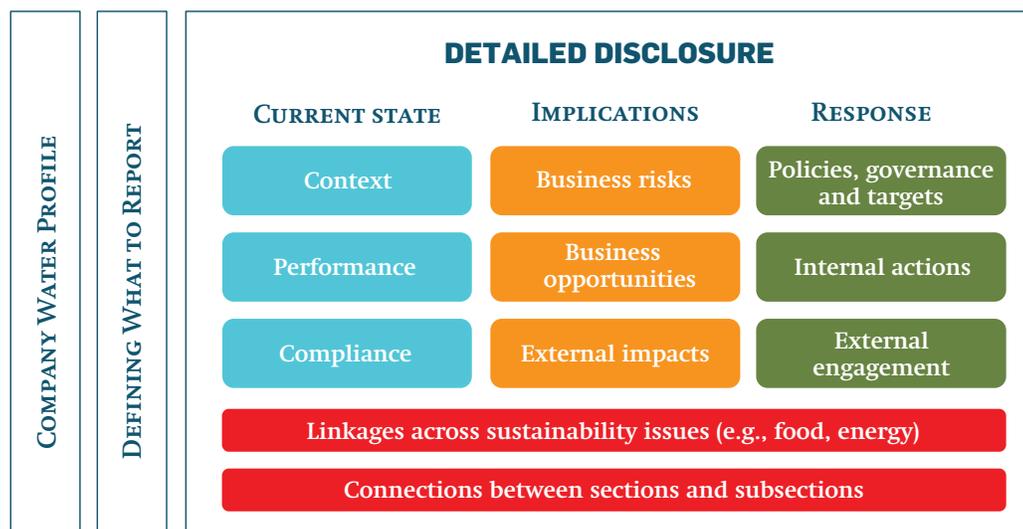
Comprehensive corporate water disclosure is built on three broad pillars of information:

COMPANY WATER PROFILE

The first pillar is an overview of the company's relationship with water resources, offering a snapshot of water performance, risks, impacts, and response strategies that nontechnical audiences can easily understand. Profiles include the following information:

1. The company's interactions with water
2. The company's water challenges and opportunities
3. The company's commitment and response
4. Profile metrics that provide a summary of companywide water performance and risk
   - Total and percentage of withdrawals located in water-stressed or water-scarce areas
   - Percent of facilities with a water-related compliance violation
   - Percent of facilities adhering to relevant water-quality standards
   - Average water intensity in water-stressed areas (as appropriate)
5. List of hot spot basins where risks and negative impacts are most likely

DEFINING WHAT TO REPORT

The second pillar is a description of the process by which a company determines which water-related content to include in its report. The company assesses 1) the significance of water-related topics and associated business risks, opportunities, and impacts, and 2) the influence that those topics may have on stakeholders' assessments and decisions.

DETAILED DISCLOSURE

Finally, the company provides detailed metrics and qualitative information related to its water management, as well as to the specific water management programs and projects it implements. The Detailed Disclosure pillar is divided into sections and subsections that illustrate the types of water-related information that companies report:

Current State

This information focuses on the status of the company's operations and the basins in which it operates with respect to water. It has three subsections:

- *Context.* What water-related conditions and trends—at the global, regional, and local levels— are relevant to the company and its stakeholders?

- *Performance.* How does the company use and affect water resources? In what ways has performance changed over time?

- *Compliance.* Do company operations comply with applicable regulations, benchmarks, and standards?

Implications

This area of disclosure consists of interpreting the current-state information to better understand the consequences to the business and its stakeholders. It has three subsections:

- *Business risks.* How do company and supplier water performance and basin conditions affect the business with respect to profitability, productivity, regulatory pressure, and reputation?

- *Business opportunities.* How do water-related trends and challenges create opportunities for the company to expand and improve its business?

- *External impacts.* Do company operations or products create negative impacts on water-related conditions, such as availability, quality, and accessibility?

Response

This information covers the strategies that a company may take to address the risks, opportunities, and impacts identified in the previous section. It discusses how the company responses address those challenges or generate positive impacts. It comprises three subsections:

- *Policies, governance, and targets.* Has the company created systems and developed plans designed to improve its water performance and reduce water-related risks and impacts?

- *Internal actions.* Does the company effectively respond to and manage specific risks and impacts by making changes to its production processes, procurement practices, and product design?

- *External engagement.* Does the company attempt to respond to specific risks and impacts by advancing the sustainable management of the basins in which it operates?

Companies also seek to explore two cross-cutting themes that are applicable across these information areas. First, they make connections among the sections, explaining how, for example, business risks and negative impacts result from specific basin conditions and how response strategies mitigate those specific risks and negative impacts. Second, where possible, companies make linkages among water and other sustainability topics, shedding light on how water management contributes to other sustainability concerns and how other issues (e.g., climate change, energy use) may contribute to water-related challenges.

How does corporate water disclosure vary depending on the maturity of water management practice?

The maturity and sophistication of water disclosure practice (i.e., which aspects of the Disclosure Framework are reported, and to what extent) are directly related to the maturity and comprehensiveness of a company's water management practices. In other words, companies cannot report data they do not measure, or discuss response strategies they are not implementing. Acknowledging this reality, the Guidelines categorize various aspects of disclosure practice as either *basic* or *advanced*. While basic practice provides a good starting point for companies with limited experience in water management, advanced practice represents the full range of information that companies ideally report. Table ES-1 summarizes basic and advanced practices for each information area included in the Disclosure Framework. However, this categorization scheme is generic and intended to be informative, not prescriptive; certain elements may vary in usefulness for different companies and industry sectors.

# TABLE ES-1: Summary of Basic and Advanced Reporting Practices

	SUBSECTION	BASIC	ADVANCED
CURRENT STATE	**Context**	• High-level assessment of basins across a portfolio	• Detailed, location-specific assessment of basins where water challenges are pronounced • High-level assessment of basins in which key value chain actors are located

	Performance	• Total and percentage of withdrawals in water-stressed or water-scarce areas
		• Percent of facilities adhering to relevant water quality standards
		• Average water intensity in water-stressed or water-scarce areas (as appropriate)
		• Percent of facilities with fully functioning WASH services for all workers
			• Location-specific performance data:
			  - Water withdrawals by source type
			  - Water intensity
			  - Water consumption
			  - Water discharge by destination type
			  - Water performance in the value chain

	Compliance	• Percent of facilities with a water-related regulatory compliance violation	• Adoption of internal and/or voluntary sustainability standards • Water-related regulatory compliance violations in the value chain
IMPLICATIONS	**Business risks**	• High-level assessment of risks at a portfolio level	• Detailed assessment of risks based on extensive, location-specific analysis at the facility level • Value chain risks
	Business opportunities	• High-level assessment of opportunities	• Detailed assessment of opportunities • Value chain opportunities
	External impacts	• N/A (legal compliance used as proxy)	• Impacts on water availability, water quality, and access to water resources and WASH services (including human-rights-related impacts) • Prioritizing impacts
RESPONSE	**Policies, governance, and targets**	• Commitment to water stewardship and human rights to water and sanitation • Goals and targets	• Policies, strategies, and governance • Respecting the human rights to water and sanitation
	Internal actions	• Improvements in direct operations	• Product innovation • Value chain prioritization, engagement, and improvements
	External engagement	• Participation in global initiatives	• Consumer/public engagement and awareness building • Policy advocacy • Place-based collective action

The types of information provided through disclosure also depend heavily on the broad types of water management activities a company pursues as its approaches and practices evolve and mature over the long term. Corporate water management activities can be separated into seven broad categories, which generally track from basic to more advanced practice:

- Provide water, sanitation, and hygiene (WASH) services in the workplace
- Measure and monitor water management practices
- Drive operational efficiency and reduce pollution
- Identify and understand water-stressed and high-risk basins
- Integrate water management into business strategy
- Leverage improved performance throughout the value chain
- Advance sustainable water management and engage in collective action

Figure ES-2 helps companies identify which aspects of the Disclosure Framework may be most applicable to them.

FIGURE ES-2: Linking Corporate Water Management Maturity and the Disclosure Framework
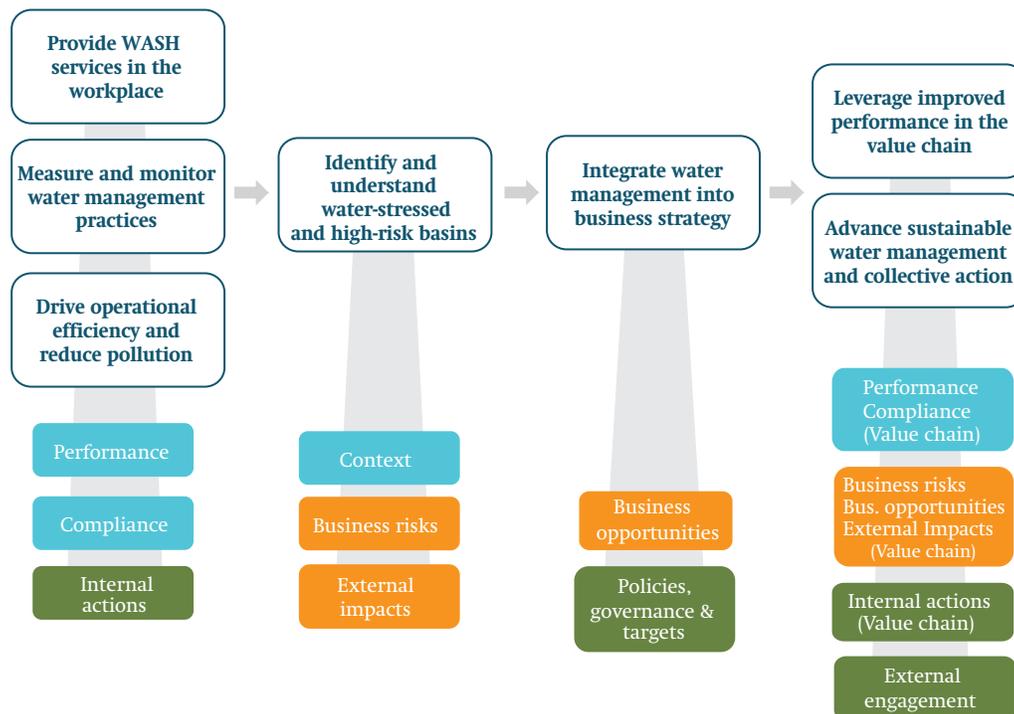
How can the Guidelines be used?

The Guidelines are designed to be applicable to a broad range of corporate water users, regardless of industry sector and region. However, many companies will likely choose to augment their reports with metrics and information particularly relevant to their specific industry or geography. While some companies will seek to report all the information put forth in the Guidelines, others will report only the part of the information most relevant to them and their stakeholders. For some companies, particularly SMEs or those for which water is only marginally relevant, the Company Water Profile may constitute the only water-related information disclosed.

By building on earlier standardization processes developed by organizations such as CDP and the Global Reporting Initiative (GRI), among others, the Guidelines aim to support and inform existing and emerging work in the field of corporate sustainability, in addition to supporting companies' water-related disclosure. For example, the metrics and information put forth in the Guidelines might prove helpful in the development of future water-related aspects of GRI's G4 Guidelines. CDP will also seek to align future iterations of its Water Information Request with the Guidelines wherever possible. Finally, it is our hope that aspects of the Guidelines might be adopted by, or integrated into products being developed by, other corporate water initiatives, such as the Alliance for Water Stewardship, Ceres, Global Environment Management Initiative, Water Footprint Network, WWF, World Resources Institute, and the World Business Council for Sustainable Development, bringing these Guidelines to an extensive global audience.
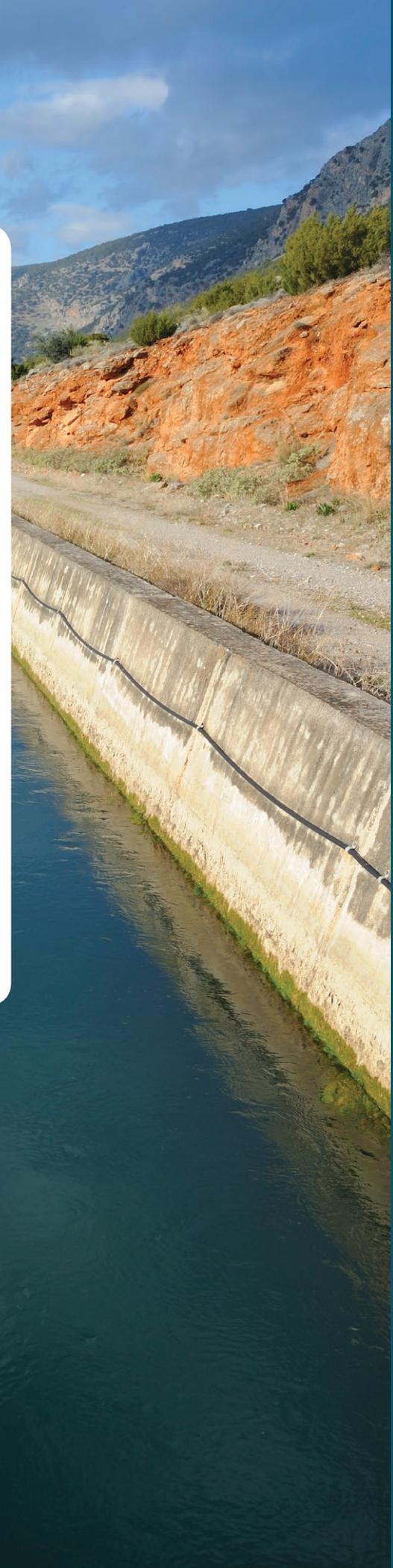
The CEO Water Mandate is a special initiative of the UN Secretary-General and the UN Global Compact, providing a multi-stakeholder platform for the development, implementation, and disclosure of corporate water sustainability policies and practices. The UN Global Compact is the world's largest corporate sustainability initiative with over 7000 corporate participants and other stakeholders from more than 140 countries. The UN Global Compact is based on ten principles in the areas of human rights, labour standards, the environment, and anti-corruption.
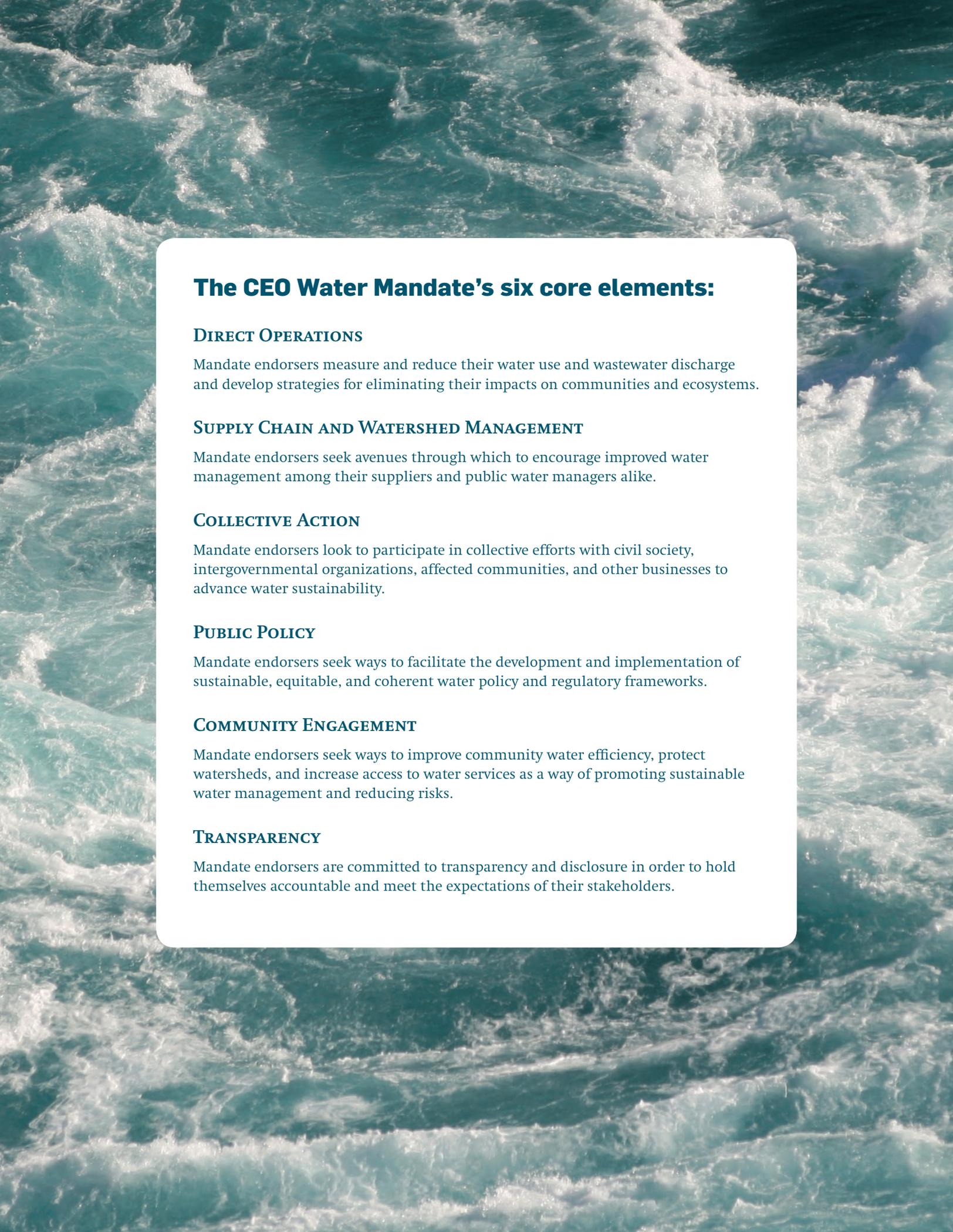
The CEO Water Mandate's six core elements:

DIRECT OPERATIONS

Mandate endorsers measure and reduce their water use and wastewater discharge and develop strategies for eliminating their impacts on communities and ecosystems.

SUPPLY CHAIN AND WATERSHED MANAGEMENT

Mandate endorsers seek avenues through which to encourage improved water management among their suppliers and public water managers alike.

COLLECTIVE ACTION

Mandate endorsers look to participate in collective efforts with civil society, intergovernmental organizations, affected communities, and other businesses to advance water sustainability.

PUBLIC POLICY

Mandate endorsers seek ways to facilitate the development and implementation of sustainable, equitable, and coherent water policy and regulatory frameworks.

COMMUNITY ENGAGEMENT

Mandate endorsers seek ways to improve community water efficiency, protect watersheds, and increase access to water services as a way of promoting sustainable water management and reducing risks.

TRANSPARENCY

Mandate endorsers are committed to transparency and disclosure in order to hold themselves accountable and meet the expectations of their stakeholders.