



The CEO Water Mandate

WATER DISCLOSURE 2.0
Assessment of Current and Emerging Practice
in Corporate Water Reporting

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Pacific Institute
Oakland, California, U.S.A.

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The UN Global Compact commissioned this report from the Pacific Institute for the purposes of supporting and advancing The CEO Water Mandate.

The UN Global Compact is a leadership platform, endorsed by Chief Executive Officers, and offering a unique strategic platform for participants to advance their commitments to sustainability and corporate citizenship. Structured as a public-private initiative, the Global Compact is policy framework for the development, implementation, and disclosure of sustainability principles and practices and offering participants a wide spectrum of specialized workstreams, management tools and resources, and topical programs and projects -- all designed to help advance sustainable business models and markets in order to contribute to the initiative's overarching mission of helping to build a more sustainable and inclusive global economy.

The CEO Water Mandate is a UN Global Compact initiative designed to help the private sector better understand and address its impacts on and management of water resources. Recognizing the urgency with respect to addressing the emerging global water crisis, the UN Secretary-General, in partnership with a number of international business leaders, launched the Mandate in July 2007. Endorsing CEOs acknowledge that in order to operate in a more sustainable manner, and contribute to the vision of the UN Global Compact and the realization of the Millennium Development Goals, they have a responsibility to make water-resources management a priority, and to work with governments, UN agencies, non-governmental organizations, and other stakeholders to address this global water challenge.

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The opinions expressed in this report are those of the authors and do not necessarily reflect the views of the UN Global Compact or The CEO Water Mandate's endorsing companies.

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Preface

Recognizing the urgency with respect to addressing the emerging global water crisis, the UN Secretary-General, in partnership with a number of international business leaders, launched in July 2007 a new initiative – The CEO Water Mandate – under the auspices of the UN Global Compact. The initiative was developed with the understanding that the private sector, through the production of goods and services, impacts water resources – both directly and through supply chains. Endorsing CEOs acknowledge that in order to operate in a more sustainable manner, and contribute to the vision of the UN Global Compact and the realization of the Millennium Development Goals, they have a responsibility to make water-resources management a priority, and to work with governments, UN agencies, non-governmental organizations, and other stakeholders to address this global water challenge.

Since the inception of The CEO Water Mandate, endorsing companies and external stakeholders alike have identified transparency as a key issue underpinning the credibility of the initiative. Indeed, a cornerstone of the initiative has been the commitment from its participants to provide disclosure of their actions with regard to the Mandate. In October 2008, in an effort to ensure accountability and advance good practice in water reporting in the private sector, the Mandate published Phase One of its Transparency Framework.¹ Among other things, the Transparency Framework provided objectives and principles for water reporting within the initiative, as well as minimum reporting requirements for participation in the initiative.

However, prior to final publication of Phase One, and based on the stakeholder input and internal discussions at the Mandate's second working conference in Stockholm in August 2008, 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 should start with a compilation and analysis of current corporate water 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 document can help advance reporting relating to those elements in and of itself, while also serving as de facto guidance in so far as it can identify common approaches, challenges, and omissions.

This study is the fulfillment of the work plan set out in Stockholm. It compiles and analyzes the water-related information provided in the Corporate Responsibility (CR) reports of 110 companies representing 11 industry sectors that are either water-intensive in their operations or have significant leverage with which to influence water development, policy, or management. The analysis focuses on two aspects of corporate water reporting: 1) the approaches and methods used for determining content and 2) the depth, breadth, and usefulness of reported content related to water. Our assessment of reporting approaches and processes was based on three principles covered in the Transparency Framework Phase One: 1) Materiality, 2) Stakeholder Inclusiveness, and 3) Harmonization and Convergence (i.e., adherence to reporting frameworks such as GRI Guidelines). Each company was analyzed across 20 different criteria that corresponded with the six Mandate elements: Direct Operations, Supply Chain and Watershed Management, Collective Action, Public Policy, Community Engagement, and Transparency.

¹The CEO Water Mandate Transparency Framework Phase One can be found at: http://www.unglobalcompact.org/docs/news_events/9.1_news_archives/2008_10_09/Transparency_Framework_Phase_One.pdf

Executive Summary

Companies are increasingly choosing to publicly report their water uses and impacts in order to strengthen communication with stakeholders and enhance accountability to the public. Such transparency efforts foster trust, confidence, and goodwill among consumers and investors alike, thereby providing competitive advantage. Furthermore, companies have found such a process helps to identify significant business risks and opportunities. This trend has continued to such an extent that corporate reporting is now often becoming an expectation of global companies.

The overarching goal of this study is to better understand current water-related corporate reporting practices, and in particular those areas relating to the six core elements of the UN Global Compact's CEO Water Mandate--a voluntary initiative to improve corporate water stewardship. In doing so, we hope to:

- Illustrate various forms of reporting approaches and contents, highlighting good practices and innovative approaches,
- Identify commonalities, differences, and gaps among water reports (both Mandate-endorsing companies and others),
- Summarize and present the findings in a way that can serve as de facto guidance for corporate water reporting.

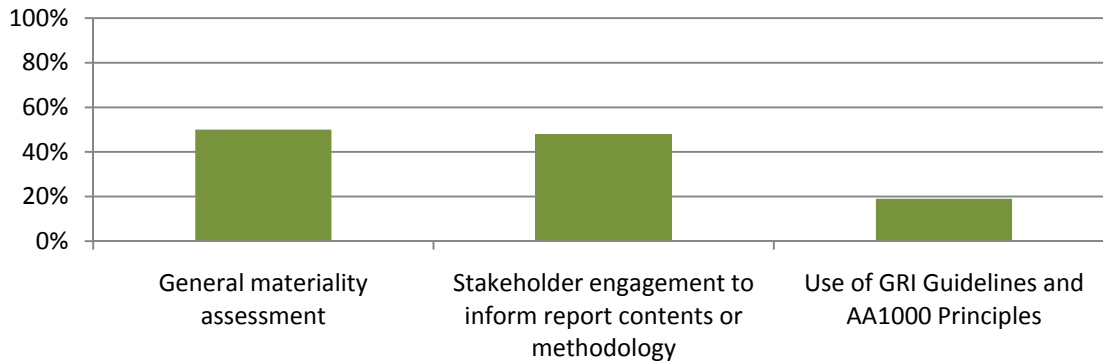
In fulfilling these objectives, we focus on two main components of the reporting process:

1. *Reporting Methodology*: The approaches and methods used to determine how companies are prioritizing key issues, determining specific indicators, presenting content in their Corporate Responsibility (CR) reports, and promoting harmonization with other companies' reports.
2. *Reporting Contents*: The actual water-related information provided in CR reports (i.e., the depth, breadth, and usefulness of reported content, etc.) with respect to the six elements of The CEO Water Mandate.

Summary of Key Findings

The descriptions provided by companies with regard to methods and approaches they used to determine the water-related information provided was generally inadequate. Of the 110 companies in the final analysis, 62% adhered to at least one of the three factors we used to evaluate reporting methods and approaches: 1) providing a description of a systematic materiality assessment process; 2) engaging stakeholders to inform report content; and 3) advancing water reporting harmonization and convergence through utilization of both GRI Guidelines and AA1000 Principles in reporting (ES-1). While more frequent and broader engagement of stakeholders may strengthen the depth, breadth, and legitimacy of Corporate Responsibility (CR) reports, currently, less than half of the companies assessed mention utilizing stakeholder input to inform their CR reporting. Only 16 companies (15%) can be seen as achieving good practice by addressing all three factors in their reporting.

Figure-ES 1: Percent of Companies Disclosing Factors Relating to Reporting Methodology



Companies most commonly reported on water issues relating to their direct business operations. Direct Operations was by far the Mandate element most widely reported on with companies on average meeting almost three out of the four criteria (ES-2). The criterion met by the highest percentage of companies was “Quantified Water Quantity Data,” which 98 companies (89%) included in their report. And while most companies provided data regarding their total water use, a shortcoming is that relatively few provided data on regional or local water use or any contextual information in which their water uses and/or impacts could be understood. The other three Direct Operations criteria were also among those most commonly adhered to in our analysis:

- “Specific Programs, Policies, or Targets for Water Performance” – 73 (66%);
- “Trend Water Performance Data” – 73 (66%);
- “Quantified Water Quality Data” – 70 (64%).

Just over one-third of the companies can be characterized as achieving good practice by meeting all four Direct Operations criteria.

For most companies, water reporting was not sufficiently comprehensive or comparable, particularly with regard to a number of the “process-oriented” elements addressed in The CEO Water Mandate. On average companies met slightly over one-third of the 20 criteria against which they were assessed (ES-3). A number of Mandate elements are vastly underreported, particularly Public Policy, Supply Chain, and Collective Action, which were addressed by only a small percentage of companies.

Excluding the generic (i.e., non-water focused) criterion “Commitment to Respect Internationally Recognized Human Rights”, which was met by 70% of the companies, very few companies provided any relevant information on the three criteria we used to assess reporting on the Public Policy element. Ten percent of the companies described any role they may be playing in “Water Infrastructure Development”. “Water Sustainability Advocacy” was by far the criterion with the lowest adherence percentage with only three companies conforming.

Likewise, for Supply Chain and Watershed Management reporting, after removing the non water-specific criterion “Assess Prospective or Current Suppliers on Environmental Performance” (to which 63% of companies conformed), conformance rates were low. Only eight companies (7%) companies described their efforts to “Measure Supplier Water Performance.”

Lastly, harmonization was significantly lacking, with companies anecdotally describing a broad range of activities per Mandate element.

Figure-ES 2: Percent of Criteria Met by Company per CEO Water Mandate Element

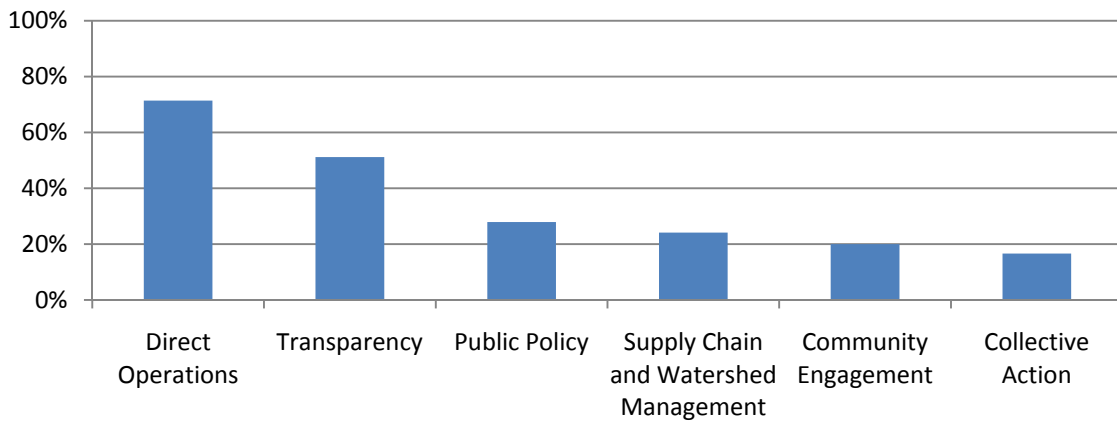
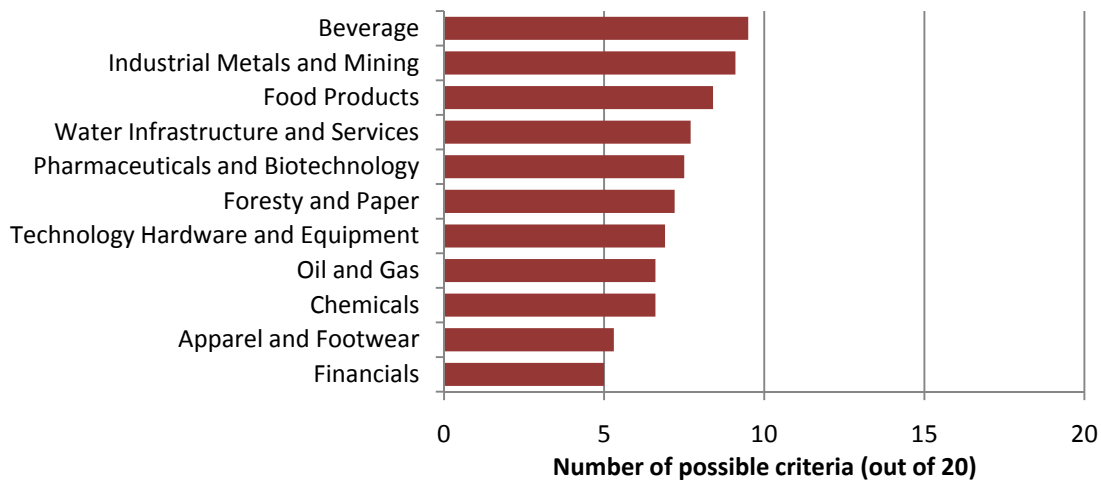


Figure-ES 3: Average Number of Criteria Met per Company and Sector



A commonality in reporting was the tendency by companies to claim to utilize existing reporting frameworks such as GRI Sustainability Report Guidelines, which suggests implicit recognition of the value of such protocols. Over 80% of companies met “Use of GRI Guidelines”, making it the criterion met by the second highest percentage of companies. Twenty of the companies in the analysis (18%) reported that they utilize the AA1000 Principles in some capacity. Seventeen percent advanced water reporting harmonization and convergence through utilization of both GRI Guidelines and AA1000 Principles in their reports.

Despite such high-level claims of adherence to international disclosure standards, actual conformance to the guidance is lacking. Of the 71 companies using GRI water quantity performance indicators, almost a third had indexes that inaccurately portrayed their actual water quantity performance indicators. Forty-two of the 59 companies (71%) claiming to use GRI G3 water quality performance indicators had indexes that inaccurately portrayed their actual reporting indicators. Further, despite GRI’s guidance to do so, only 55% of companies claiming to make use of the GRI Guidelines outlined their materiality assessment process within their

report, and only 53% percent provided any information on the roles stakeholders played in informing the reporting process (also recommended practice by GRI).

Despite subtle differences in focus areas, the industry sectors featured surprisingly similar degrees of conformance across Mandate elements. All sectors, except for Apparel and Footwear had the highest reporting for Direct Operations criteria. Beyond this, all sectors had Transparency criteria as the next most common reporting criteria met. The sectors' lowest performing Mandate element differed more noticeably; however Community Engagement and Collective Action were typically the lowest scoring across the sectors.

Conclusions and Recommendations for Future Work

In comparison to a January 2007 Pacific Institute review of corporate water reporting in eleven industry sectors², it is clear companies have made significant strides in the breadth and depth of their water-related disclosure. That said, we found that corporate water reporting has a number of areas in which it could be improved to be more robust and meaningful. In particular:

- **There is a clear need to further expand corporate reporting to include common approaches to describing actions and impacts outside of direct operations.** More discussion is needed on why companies are underreporting on numerous Mandate elements; how to assess/report relevant water issues relating to the supply chain; how to define or measure the process-oriented elements (e.g. Collective Action and Public Policy); and how companies will advance broader, deeper, and more consistent (and thus meaningful) water-related disclosure for these issues.
- **Water reporting would be advanced by the development of harmonized sector-specific indicators on water.** Our analysis highlighted many commonalities among industry sectors, but also significant differences. Furthermore, our review found commonalities among companies within specific sectors, but also substantial differences. Determining which water issues are most relevant to specific sectors, and developing sector-specific indicators as a supplement to existing generic “core” indicators, would help promote comparability within sectors, as well as help guide companies toward the water issues most important to them and their stakeholders.
- **Reinforcing a conclusion reached at The CEO Water Mandate’s 2nd Working Conference in Stockholm (June 2008), there is a need for practical guidance on how companies can carry out water-focused materiality assessments to assist in determining reporting content.** Such guidance would among other things enable companies to more consistently distill and include in reports relevant information relating to the presently underreported (and inconsistently reported) Mandate elements.
- **More work needs to be done to ensure more responsible conformity to and harmonization with existing corporate reporting guidelines.**
- **There is significant potential for cross-sectoral learning with regard to water reporting.** The Mandate is well positioned to serve as a platform to promote communication among industry sectors, as well as all sectors of society, including civil society; intergovernmental bodies; and national and local governments, around water sustainability disclosure.

² To read this 2007 Pacific Institute report in full, go to: http://www.pacinst.org/reports/water_reporting/index.htm

- Companies can provide greater detail in reporting on individual corporate actions. This would include more substantive descriptions of the objectives, scope, and impacts of corporate actions, particularly for supplier engagement, partnerships, community engagement, and public policy work. It would also include companies elaborating on the specific role they played in each project and the corporate resources dedicated.

I. Objectives and Research Methodology

A. Objectives

The overarching goal of this study is to better understand current water-related corporate reporting practices, and in particular those areas relating to the elements of the UN Global Compact's CEO Water Mandate. In doing so, we hope to:

- Illustrate various forms of reporting approaches and contents, highlighting good practices and innovative approaches;
- Identify commonalities, differences and gaps among water reports (both Mandate-endorsing companies [referred to from here on as “endorsers”] and others);
- Summarize and present the findings in a way that can serve as de facto guidance for corporate water reporting.

In fulfilling these objectives, we focus on two main components of CR reporting:

1. *Reporting Methodology*: The approaches and methods used to determine how companies are prioritizing key issues, determining specific indicators, presenting content in their Corporate Responsibility (CR) reports, and promoting harmonization with other companies' reports.
2. *Reporting Contents*: The actual water-related information provided in CR reports (i.e., the depth, breadth, and usefulness of reported content, etc.) with respect to the six elements of The CEO Water Mandate.

B. Sector, Company, and Report Selection

Sector Selection

This study analyzes the non-financial (i.e., environmental, sustainability, and/or corporate social responsibility) reports of 110 companies in 11 different industry sectors. We have intentionally selected industry sectors based on their impacts on water supplies, as well as their ability to influence water management and development through their direct business operations and value chains. Preference has been given to sectors in which there are a high number of CEO Water Mandate endorsers, as well as to those sectors for which new endorsers are anticipated in the future. The sectors have been defined using the Industry Classification Benchmark (ICB)³ developed jointly by Dow Jones and FTSE. The 11 industry sectors analyzed, with their corresponding ICB codes, are:

- **Apparel and Footwear** – Clothing and Accessories, 3763; Footwear, 3765; Apparel Retailers, 5371
- **Beverage** – 3530
- **Chemicals** – 1300
- **Financials** – 8000
- **Food Products** – 3577
- **Forestry and Paper** – 1730

³ To see the full ICB structure, see: http://icbenchmark.com/docs/ICB_StructureSheet_200803.pdf.

- **Industrial Metals and Mining** – Industrial Metals and Mining, 1750; Mining, 1770
- **Oil and Gas** – 0001
- **Pharmaceuticals and Biotechnology** – 4570
- **Technology Hardware and Equipment** – 9570
- **Water Infrastructure and Services** – Industrial Machinery, 2757; Gas, Water and Multi-utilities, 7570

Company Selection

The study included ten companies per industry sector for final analysis; however, up to 20 companies per sector were included in a preliminary review.⁴ The methods used to select companies were admittedly unscientific, however great attempts were made to make the selection process consistent for each sector in order to facilitate comparisons across sectors. We aimed to include the companies that demonstrated the most comprehensive water reporting for that sector or demonstrated unique or innovative approaches. Companies were selected based on the six following criteria:

- **CEO Water Mandate endorser** – Endorsers were given high priority for inclusion, and were excluded only in cases when they had limited or no CR reports.
- **United Nations Global Compact participant**
- **Listing in the Dow Jones Sustainability World Index**
- **Perception as industry leader in respect to water or sustainability in general**
- **Size** – Though large global companies are the most visible and therefore more likely to produce robust CR reports, an attempt was made to select companies spanning a variety of sizes when reports from medium-sized and smaller companies could be found. We did not use market capitalization as a criterion for company selection; we looked for high-profile companies or companies with a reputation for strong or innovative water reporting.
- **Geographic distribution** – Given the current state of CR reporting, the analysis includes a high number of companies from Europe and North America, however, we often gave priority to companies based in other regions (particularly the Global South) when CR reports were available and report robustness was relatively comparable.

Report Selection

Corporate Responsibility reports were typically obtained through corporate websites. When not easily found through the corporate websites, reports were found on the independent website *Corporate Register*.⁵ In all cases the most recent available report was used, even if the report showed less robust water reporting than previous years. All reports used are publicly available. Only information that was located directly within the CR reports was used in our analysis. Data located on corporate websites were not used, except in instances where the published report specifically referred to website content and gave a direct link to that information.

⁴ For a list of the roughly 180 companies considered for inclusion as well as the final 110 companies actually selected, see Appendix A.

⁵ For the *Corporate Register* website, see: <http://www.corporateregister.com>.

C. Criteria

The study compiled data from the selected CR reports regarding a variety of different criteria. These criteria typically focused on water-related reporting; however some were general sustainability criteria that might inform water-related disclosure. It should be noted that this study focused on reviewing and analyzing what companies *reported* regarding their water management practices and performance. No attempt was made to verify information provided or to evaluate the adequacy of the practices and/or performance described.

Factors in Reporting Methodology Analysis

Three factors were used to analyze the methodology used to guide and develop CR reports. This analysis was separate from the “Reporting Content” analysis described below, and these three factors were not included in companies’ overall scores. The factors regarding report methodology were drawn from the Transparency Principles laid out in Transparency Framework Phase One, and are as follows:

- The determination of materiality,
- Stakeholder inclusiveness,
- Harmonization and convergence (i.e., adherence to principles and/or frameworks such as the GRI Guidelines and AccountAbility 1000).

Reporting Content Criteria

Twenty criteria were used to analyze companies’ water-related reporting content. These 20 criteria were divided into six categories that correspond directly with the six elements of The CEO Water Mandate and were allocated across the elements as follows: Direct Operations (4 criteria); Supply Chain and Watershed Management (4); Collective Action (4); Public Policy (3); Community Engagement (2); and Transparency (3). Despite this division by element, it should be noted that the Mandate elements have significant overlap in both concept and practice; individual corporate actions often address multiple Mandate elements.⁶ A number of criteria were deemed relevant to two or more elements but were allocated to only one.

The criteria used for the study’s reporting content analysis are presented below.⁷

Direct Operations

- Specific Programs, Policies, or Targets for Water Performance
- Quantified Water Quantity Data
- Quantified Water Quality Data
- Trend Water Performance Data

Supply Chain and Watershed Management

- Assess Prospective or Current Suppliers on Environmental Performance
- Engage Suppliers on Water Impacts and Management
- Specific Policies for Water-Scarce Regions

⁶ For clarification on Mandate elements, see Appendix C – Overview of CEO Water Mandate Elements.

⁷ Detailed descriptions of each criterion are provided in Section IV B – Analysis of CEO Water Mandate Element.

- Measure Supplier Water Performance

Collective Action

- Actions with Intergovernmental Bodies
- Actions with Civil Society
- Peer-to-Peer Actions
- Multi-Stakeholder Actions

Public Policy

- Participation in Water Governance and Decision Making
- Water Sustainability Advocacy
- Commitment to Respect Internationally Recognized Human Rights

Community Engagement

- Corporate Action on Water at the Community Level
- Local Water Infrastructure Development

Transparency

- Use of Global Reporting Initiative (GRI) Guidelines
- Statement from CEO or Senior Management Regarding Water
- Third-party Verification/Assurance Assessment

D. Applying the Criteria

All 110 companies in the analysis were given an overall score (0 to 20) based on an aggregation of the aforementioned 20 criteria regarding reporting content pertaining to the elements of The CEO Water Mandate. In order to simplify scoring, we used only “binary” criteria, weighting all individual criteria equally. There was one point per criterion, with a total of 20 points possible per company (200 per sector).

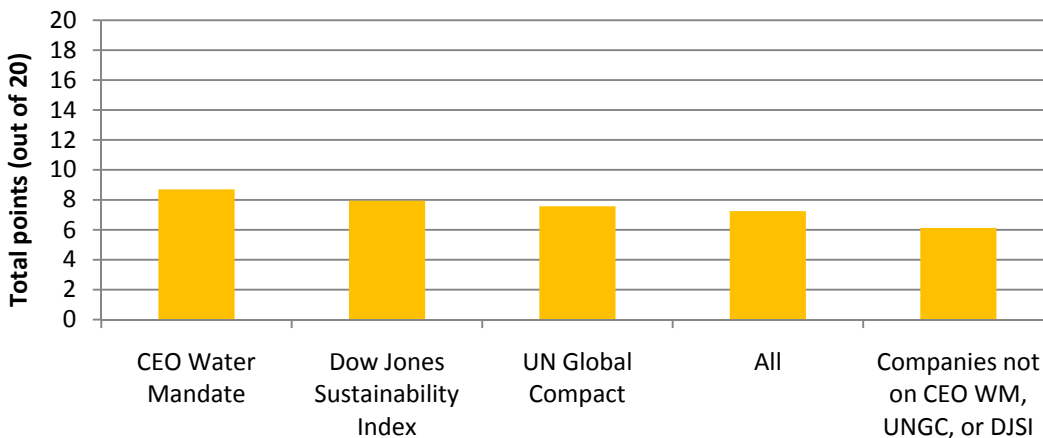
These scores enable general comparisons among different companies and sectors on their water reporting. It should be stressed that these scores are approximations and that there are inherent complications and inaccuracies in such systems, particularly when comparing specific companies or across vastly different sectors. On the other hand, we believe such an analysis can help us better understand:

- Companies and sectors with relatively more/less comprehensive water reporting,
- Companies and sectors that may be providing unique or innovative water disclosure solutions,
- Elements of The CEO Water Mandate in which companies are excelling, as well as those that are currently not commonly understood or well reported.

II. About the Sample

There were roughly 180 companies considered for inclusion, 147 of which were analyzed across our entire set of criteria, and 110 of which were included in our final analysis. Of those 110 companies in our final analysis, 20 (18%) were CEO Water Mandate endorsers; 75 (68%) were UN Global Compact participants; and 67 (60%) were listed in the Dow Jones Sustainability World Index.

Figure 4: Average Number of All Criteria Met by CEO Water Mandate Endorsers, UN Global Compact Participants, and Companies Listed on Dow Jones Sustainability Index



These results indicate that participation in The CEO Water Mandate and UN Global Compact, and listing on the Dow Jones Sustainability Index, is correlated with more complete water reporting. Whether this is due to the acknowledged inherent biases in our selection process (i.e., recently released Mandate endorser reports were more likely to track along the six elements), the ability of these initiatives or global index to positively influence or encourage more robust water reporting, or whether companies in these groups are predisposed to be good water reporters, is unknown. Nonetheless, these findings do suggest that Mandate endorsers can play a leadership role in corporate water reporting by harmonizing and sharing their knowledge and practices.

We strived to include companies from a broad range of geographic regions (Figure 5). Inevitably, the most visible companies and those typically with the most comprehensive sustainability reporting were those from Europe, North America, and Japan. Our results for average score by region are intriguing, yet inherently skewed due to a small sampling size in Africa, South America, and Australia/Oceania, and the fact that we were likely to only select top performers from regions with low visibility in the global market (i.e., the Global South). However, these results do suggest some interesting findings:

- European companies outperformed North America companies despite a relatively similar amount of resources available and roughly equivalent consumer interest.
- Asian companies were on par with North American companies in regard to water reporting, despite arguably less consumer demand for CR data in some Asian countries.
- The impressive results from companies headquartered in the Global South (i.e., companies headquartered in the Global South outperformed North American companies), suggests at the very least that provision of CR information is deemed relevant by the

largest and most high-profile companies in those regions.

Figure 5: Geographic Distribution of 110 Companies in Final Analysis

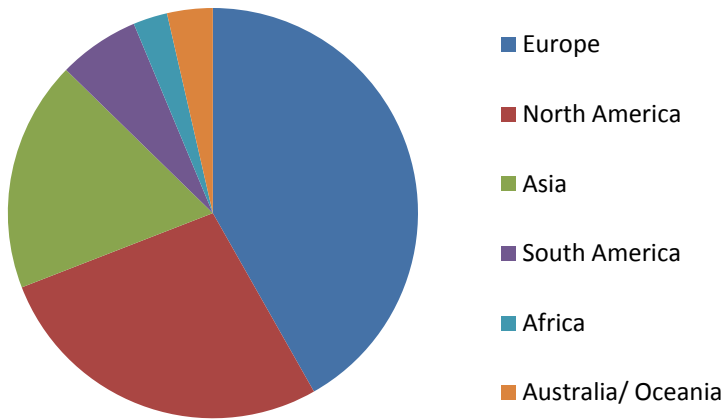
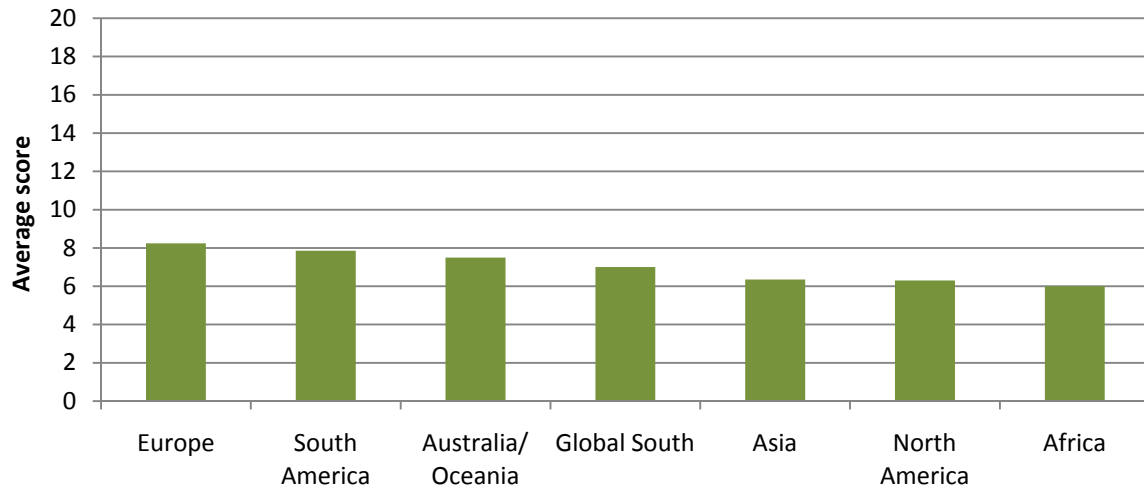


Figure 6: Average Number of All Criteria Met by Region



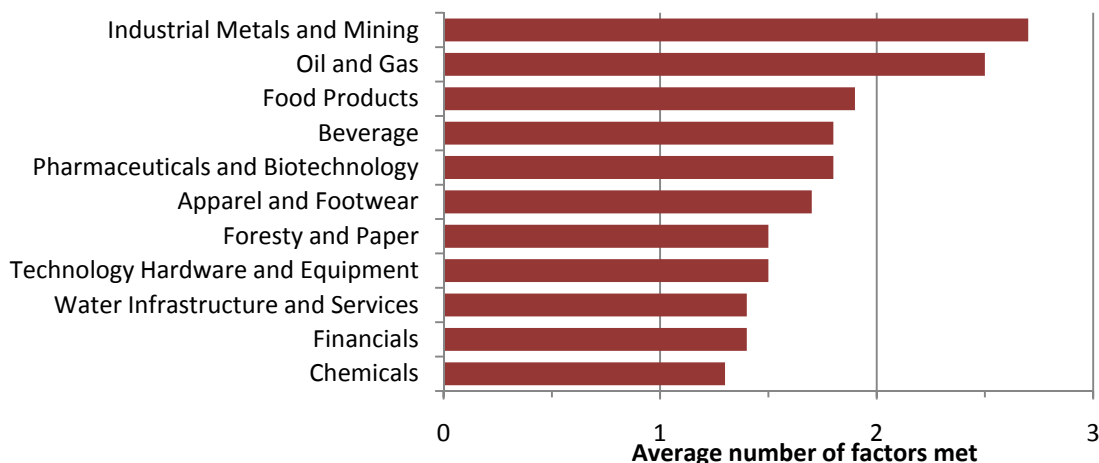
III. Evaluation of Reporting Methodology

A key aim of this study was to assess the approaches and methods used by companies to create CR reports and to determine reporting contents, particularly those related to water. Though reporting methods are dependent on a number of factors, in this assessment we focus on three drawn from the Transparency Principles outlined in the Transparency Framework Phase One:

1. **The determination of materiality:** Materiality is the threshold that distinguishes the “relevant information” from the wide range of topics on which an organization can report, and is crucial in strategically distributing limited resources. In our analysis, companies meet this factor if their report includes specific mention of the process used to determine and prioritize report content.
2. **Stakeholder inclusiveness:** 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 legitimacy and relevance. Stakeholder engagement is often a key component in materiality assessments, but also used in a variety of other ways. In our analysis, a company meets this factor if it claims to have used stakeholder engagement in order to inform the methods or content of the report.
3. **Harmonization and convergence:** To help ensure water reporting by endorsers has maximum usefulness for external audiences, companies should, as much as possible, use broadly accepted water-related terminology and indicators/metrics. A convergence of water reporting approaches among companies can play a pivotal role in the establishment of more widely used and accepted water disclosure practices. In our analysis, a company meets this criterion if its report claims to adhere to both the GRI Guidelines and AccountAbility 1000 Principles.

Of the 110 companies in the final analysis, 60% adhered to at least one of these three factors related to reporting methods and approaches. Sixteen companies (14%) can be seen as achieving good practice by addressing all three factors in their reporting. **The factors analyzed in this section are not water-specific unless specified otherwise. As such, the successes and deficiencies noted in this section are reflective of broader trends found in all CR reporting.**

Figure 7: Average Number of Factors Related to Reporting Methodology Met per Company and Sector



Determination of Materiality

As it would be nearly impossible to include all information that might be pertinent to all stakeholders, a materiality assessment can enable companies to determine which issues are conveyed to the public and to what extent. Furthermore, materiality assessments allow companies to better understand which sustainability issues pose the greatest business risks, as well as the greatest opportunities, and therefore are highly valued by the investment community. From an external perspective, a materiality assessment is also important for stakeholders wishing to monitor the company and its sustainability performance over time. Without meaningful, credible, and timely information, a report neither communicates corporate sustainability issues effectively, nor allows the company to identify, prioritize, and manage the issues that pose the biggest business risks and opportunities.

Though *some* sort of method for choosing the contents of CR reports is always inherent within a report, it is actually quite common for companies to have a systematic materiality assessment process and to make the details of that process publicly available in their report. Exactly half of the companies in our study outlined their materiality assessment process within their report. Three companies explicitly mentioned that their general materiality assessment identified water as worthy of reporting. The examples of such water-specific materiality assessments were:

- GlaxoSmithKline convening an Environmental Health and Safety stakeholder workshop during which the stakeholders identified water, among other issues, as a priority for corporate action and reporting.
- SABMiller utilizing stakeholder engagement to inform which water-related issues the company in general would pursue (and ultimately report on) (see Box 1).
- Philips combining internal analyses (i.e., business strategy and risk assessments); trend analyses from outside sources such as the World Bank, World Business Council for Sustainable Development, World Economic Forum, and World Health Organizations; and stakeholder engagement to create a “Materiality Matrix” that identified “Clean air and water,” among others issues, as a priority.

Box 1: SABMiller Using Stakeholder Engagement to Determine Water Indicators

SABMiller, a UK-based brewing company and CEO Water Mandate endorser, was one of two companies in the analysis to describe a water-specific materiality assessment process. In its CR report, *SABMiller Sustainable Development Report 2008*, the company describes how they used stakeholder engagement as the method to determine water-related CR criteria. The company held workshops in 2007 and 2008 in Cape Town, Washington D.C., London, Geneva, and Bogotá to discuss their approach to sustainable development, including water issues.

These workshops included participants from NGOs, academia, UN agencies, and business organizations, who ultimately concluded that the company should more adequately address region-specific water scarcity, should more clearly define the connection between water and the health of the ecosystem as a whole, should become more involved in catchment management initiatives, and should work more closely with suppliers to reduce the water consumption found in the supply chain. This engagement effort not only provided the company with high-level input from various different sectors of society, but also from many different geographic regions.

Other common tools and approaches used by companies in their materiality assessments were:

- GRI Guidelines,
- Water footprint analyses,
- Internal risk assessments,
- Benchmarking against competitors,
- Engagement with financial analysts,
- Public demand/media analysis.

Stakeholder Inclusiveness

Though CR reports have been demonstrated to help companies identify and manage the issues that pose significant business risks and opportunities to them, they are also intended as a way to communicate those issues to both internal and external stakeholders. Therefore, it follows that the content of the report should be established based on stakeholders' interests and needs, and further, that the greater the depth and inclusiveness of this engagement, the more meaningful and responsive the report will be. Our review found that 52 companies (47%) used stakeholder engagement to inform their methodology or the contents of their reports in some capacity. Thirty-five companies (32%) had materiality assessments that explicitly mentioned stakeholder engagement as a key component. Stakeholder engagement activities reported include:

- Stakeholder workshops,
- Surveys,
- Partnerships with NGOs that represent or have contact with various stakeholder groups,
- Large multi-stakeholder initiatives, such as The CEO Water Mandate or UN Global Compact,
- Unsolicited stakeholder comments.

As described above, stakeholder engagement often was used as a part of a materiality assessment, however companies also often used stakeholder engagement for broader or other purposes, such as:

- Identifying key issues for corporate action (rather than key issues to report),
- External assurance of reporting content prior to report publication (the results of which can be included in the report),
- Feedback following report publication that can be used to inform the content of the next report.

Box 2: General Electric's Stakeholder Report Review Panel

For their *2007-2008 Corporate Citizenship Report*, General Electric enlisted stakeholders from various organizations, such as the International Finance Corporation, HSBC Climate Change Centre of Excellence, F&C Management Ltd., China Dialogue, World Resources Institute, and International Alert, in order to assess and provide guidance their reporting.

The Panel claims to have been successful in significantly altering the structure of the report and the depth of issues considered, developing a more involved materiality assessment, and helping make CR data publicly available on the Internet. It commented on the appropriateness and completeness of content offered in the report and gave recommendations for future reporting. For instance, the Panel suggested that the company should address sustainability issues in their financial reporting when those issues pose a significant risk to business viability, should further explore human rights, should implement “user-focused” reporting, and should further disclose their public policy activity.

Though it could be argued that the selected stakeholders on the Panel do not represent the full range of interests affected by GE's operations, the Panel certainly represents an intensive and innovative way of better incorporating stakeholders into the reporting process, and in so doing, making reporting more complete and informative.

Harmonization and Convergence

We also analyzed companies on the degree to which they adhere to international standards for reporting methodology and content. These standards and guidelines lay the foundation for more effective comparisons between companies with respect to sustainability criteria and therefore provide a context through which companies and stakeholders alike can assess corporate sustainability performance.

The Global Reporting Initiative (GRI) Sustainability Reporting Guidelines are currently the standard by which CR reports are most commonly judged. The guidelines provide standardized indicators with which companies can assess and report their sustainability performance, providing guidance on the most important and allowing comparison across companies. Eighty-nine (81%) of the 110 companies in the final analysis utilized GRI Guidelines (either 2002 or G3) to inform their report.⁸ Of those 89 companies, 90% included a GRI Index in their report. A GRI Index provides a quick way for readers to assess the issues companies are covering in their reports and to assure that the company is accurately and sufficiently reporting on the issues it claims to cover.

The four AA 1000 AccountAbility Principles are also commonly used by companies as a standard for ensuring that disclosure of sustainability performance is ethical, appropriate, and inclusive.⁹ Unlike GRI, the AA1000 Principles do not provide indicators, but rather a framework of principles which companies can use to ensure they have an accountable and strategic approach

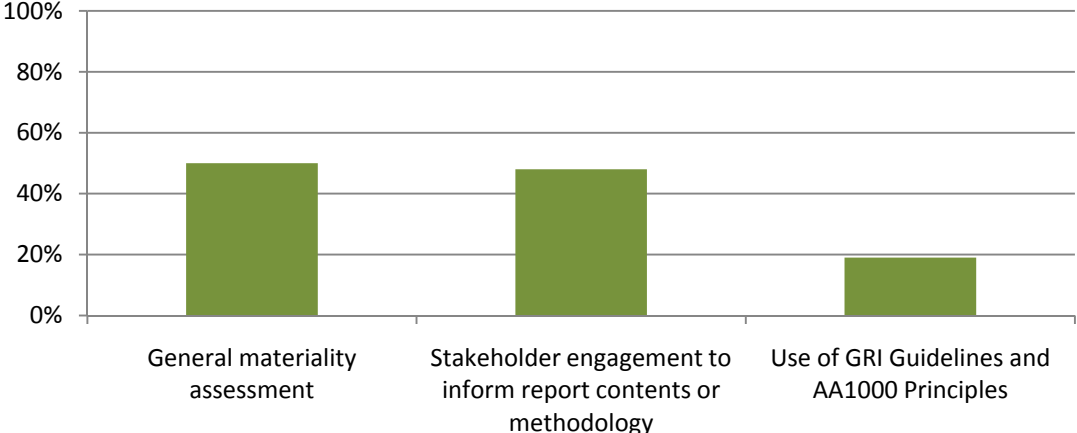
⁸ Of the 89 companies utilizing GRI Guidelines, 85 used the more recent and comprehensive GRI G3 Guidelines, while four used the GRI 2002 Guidelines.

⁹ For a more detailed overview of the AA1000 AccountAbility Principles, see: <http://www.accountability21.net/publications.aspx?id=3040>.

to sustainability. Twenty of the companies in the analysis (18%) reported that they utilize the AA1000 principles in some capacity.

Ninety companies (82%) utilized either the GRI Guidelines or AA1000 Principles in their reports. Twenty-one companies (19%) utilized both the GRI and AA1000.

Figure 8: Percent of Companies Meeting Each Factor Relating to Reporting Methodology



IV. Evaluation of Reporting Contents

A. Analysis of Overall Scoring

After analyzing reporting approaches and methods, the second key component of our study is analyzing the depth, breadth, and usefulness of the actual water-related content companies including in their CR reports. The reporting contents analysis used The CEO Water Mandate's six core elements as a framework and focused on:

- Statements and commitments from senior management on water sustainability
- Corporate policies, strategies, targets, and practical actions relating to water
- Performance metrics and indicators used
- Contextual information

It should be noted that the appropriate depth and breadth of water reporting differs for every company and sector depending on the type and extent of their water impacts. As discussed in the previous section, companies can determine which water issues are emphasized in their CR reports through a materiality assessment.

Overall Scoring by CEO Water Mandate Element

Cross-element comparisons must be approached with caution due to the inconsistent number of criteria used to assess each element in this analysis, as well as the conceptual and practical overlaps among elements that hinder clear assignment of criteria to a particular element. That said, Figure 9 provides results regarding the relative levels of reporting among The CEO Water Mandate elements when applying our scoring system. The Mandate element most commonly reported on was Direct Operations, which is perhaps unsurprising due to the relative ease of collecting water performance data, as well as to the relative amount of control companies have over their direct operations as compared to their suppliers, governments, or nearby communities. Collective Action was the Mandate element with the lowest rates of reporting. This is also an unsurprising finding due to the present lack of understanding regarding how companies can best work with peers and other segments of society to advance water sustainability. It can also be explained by the low importance given to reporting on such partnerships up until this point. Though ultimately the Public Policy had the third most commonly reported criteria, this finding was skewed by high conformance with the non water-specific "Commitment to Respect Internationally Recognized Human Rights" criterion. When only considering the two water-specific Public Policy criteria (i.e., "Participation in Water Governance and Decision Making" and "Water Sustainability Advocacy"), Public Policy has by far the lowest reporting of any element.

Figure 9: Percent of Criteria Met by CEO Water Mandate Element

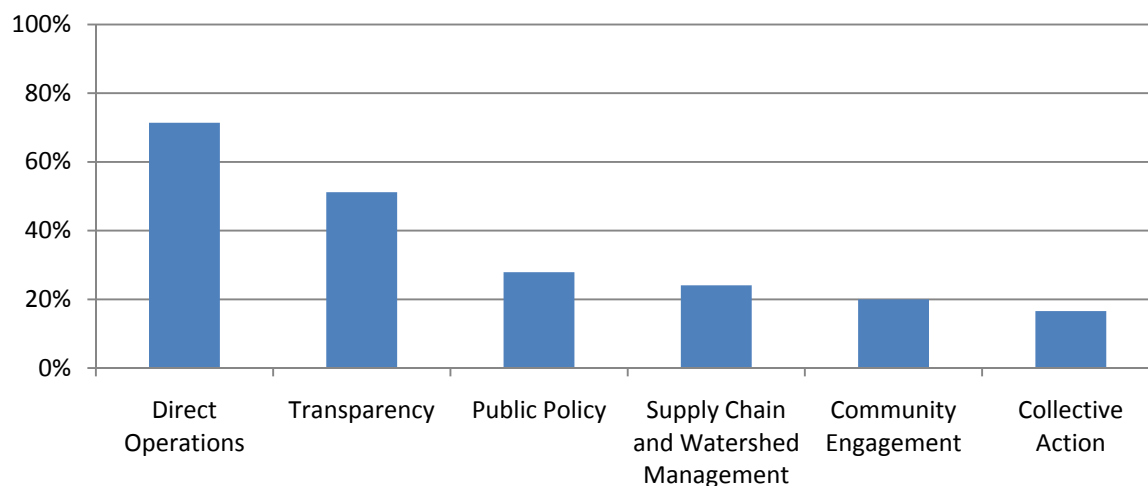


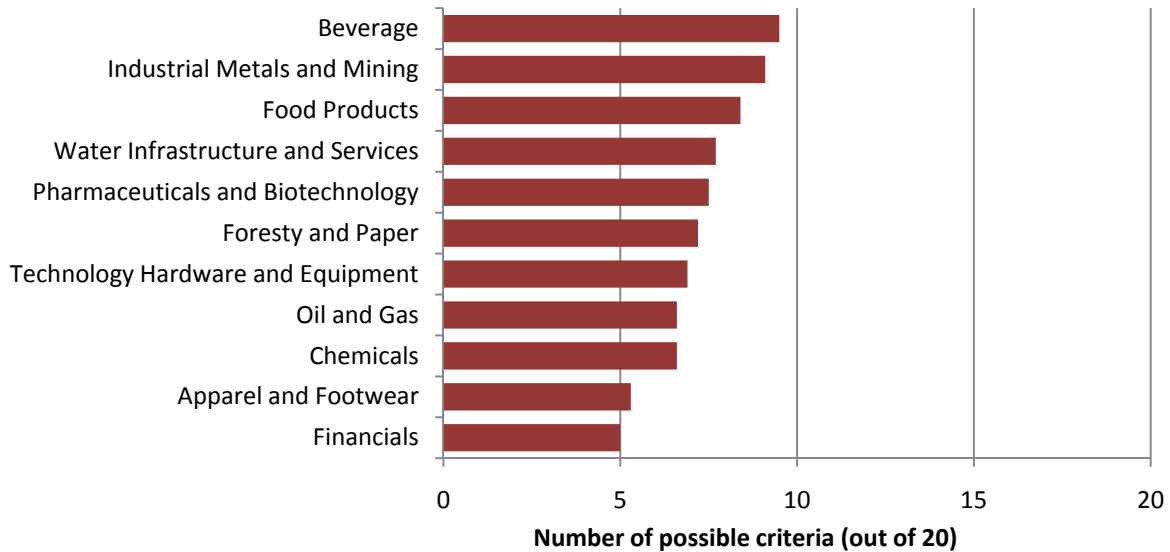
Table 1: Average Number of All Criteria Met per Company by CEO Water Mandate Element

	Average number of criteria met	Number of criteria possible
Direct Operations	2.85	4
Supply Chain and Watershed Management	0.96	4
Collective Action	0.66	4
Public Policy	0.84	3
Community Engagement	0.40	2
Transparency	1.54	3
Overall	7.25	20

Overall Scoring by Sector

Recognizing the inherent flaws in making comparisons across industry sectors due to vast differences in the way water resources are utilized and impacted, we found that currently the Beverage sector has the most comprehensive corporate water reporting according to our criteria. The Financials sector was the lowest scoring water reporting sector in our analysis, which might be explained by the relatively insignificant amount of water used in the sector’s direct business operations, a focus of most current water-related reporting.

Figure 10: Average Number of All Criteria Met per Company



The sectors showed surprisingly similar relative rates of conformance across Mandate elements. All sectors, except for Apparel and Footwear, had the highest reporting for Direct Operations criteria. Beyond this, all sectors had Transparency criteria as the next most common reporting criteria met. The sectors' lowest performing Mandate element differed more drastically, with five sectors having Collective Action as the lowest, four sectors having Community Engagement, one sector having Supply Chain and Watershed Management, and one sector having Public Policy. Notable discrepancies included:

- Natural resources sectors (i.e., Forestry and Paper, Industrial Metals and Mining, and Oil and Gas) typically demonstrated high reporting on Direct Operations criteria and the three Materiality factors.
- The agriculture-based sectors (i.e., Apparel and Footwear, Beverages, and Food Products) were the top three reporting sectors on Supply Chain and Watershed Management criteria and scored particularly highly on Collective Action criteria.
- Technology Hardware and Equipment was the only sector to have an entire element with which no companies conformed with any criteria – and it did so for both the Community Engagement and Collective Action elements.
- Despite being in the top four overall water reporting sectors and being in a strategic position to influence water governance, the Water Infrastructure and Services sector tied for lowest reporting on Public Policy criteria.
- Pharmaceuticals and Biotechnology was the highest ranking sector on Direct Operations criteria, yet was tied for the worst reporting sector on Public Policy criteria.

Overall Scoring by Individual Criteria

The criterion met by the highest percentage of companies (89%) was “Quantified Water Quantity Data.” Other criteria most commonly conformed with were:

- Use of GRI Guidelines – 81%
- Commitment to Respect Internationally-Recognized Human Rights – 70%
- Specific Programs, Policies, or Targets for Water Performance – 66%
- Trend Water Performance Data – 66%
- Quantified Water Quality Data – 64%
- Assess Prospective or Current Suppliers on Environmental Performance– 63%

By far the criterion with the lowest percentage of conformance was “Water Sustainability Advocacy” with only three companies conforming. Other criteria with relatively low adherence rates were:

- Measure Supplier Water Performance – 7%
- Local Water Infrastructure Development – 10%
- Actions with Intergovernmental Bodies– 10%
- Engage Suppliers on Water Impacts and Management – 10%

B. Analysis by CEO Water Mandate Element

Direct Operations

Criteria and key findings

Four criteria were used to assess reporting for Direct Operations:

1. **Specific Programs, Policies, or Targets for Water Performance:** The report includes mention of a corporate-wide program focusing on water (e.g. resources allocated specifically for corporate-wide water conservation or wastewater cleanup, or specific targets for water use or wastewater discharge).
2. **Quantified Water Quantity Data:** Report includes any type of quantitative data on water quantity performance (i.e. water use or consumption). Water savings volume data that were not supported with data indicating total/absolute water use were excluded.
3. **Quantified Water Quality Data:** Report includes any type of quantitative data on water quality performance (i.e., wastewater discharge of water pollution). This criterion does not include indicators that report on “emissions to air and water” conjunctively.
4. **Trend Water Performance Data:** The report includes any data sets for water use or wastewater discharge that have three or more years of data.¹⁰ Many reports use progressive language and ambitious claims to adhere to innovative policies, however, if data are not provided to demonstrate changes in performance over time, these statements

¹⁰ No differentiation was made between companies depicting water performance improvements and those showing declines.

hold little weight. Therefore, trend data can serve as a credibility and accountability mechanism.

Key findings:

- 106 companies (96%) met at least one of the Direct Operations criterion.
- 38 companies (35%) met all four Direct Operations criteria.
- The average aggregated score for the Direct Operations criteria for all 110 companies was 2.85 (out of 4).

Figure 11: Average Number of Direct Operations Criteria Met per Company

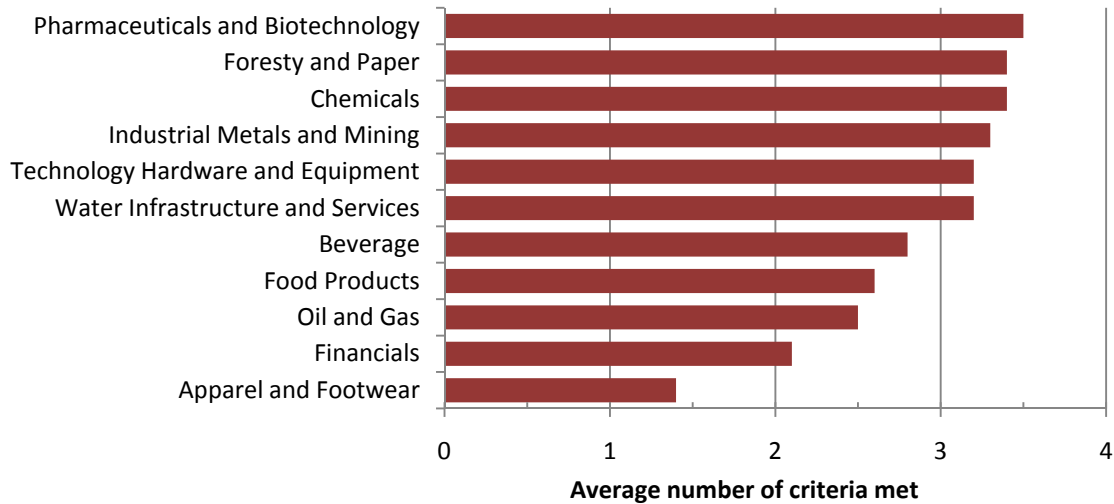
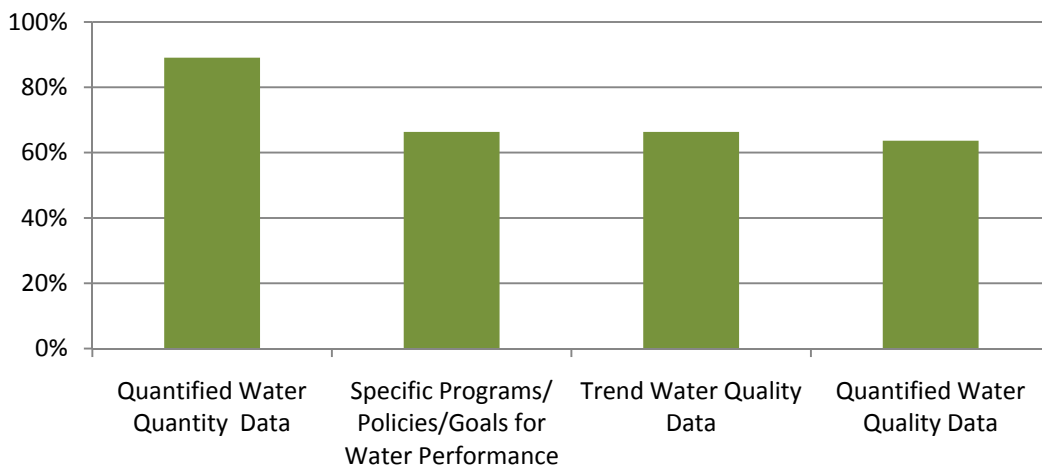


Figure 12: Percent of Companies Meeting Each Direct Operations Criterion



Specific Program, Policy, or Target for Water Performance

Seventy-three companies (66%) reported having a specific program, policy, or target for their water performance in their report. Such specific programs included simple year-to-year target (e.g. 5% reduction in water consumption by 2009) to much broader policies to implement water sustainability principles in all facets of business operations. Some companies performed in-depth

risk assessments in relation to their water use and discharge, while others established commitments to returning water to ecosystems and communities or established water use and discharge targets.

Box 3: The Coca-Cola Company's Water Neutrality Policy

The Coca-Cola Company has committed to a bold Water Neutrality Policy that pledges the company to return to communities and nature an amount of water equal to its water use in beverages and beverage production. The “replenish” pledge is part of a three-pronged strategy geared toward mitigating impacts on waterways and communities:

- **Reduce** the amount of water used to produce our beverages.
- **Recycle** water used in our manufacturing processes so it can be returned safely to the environment.
- **Replenish** water in communities and nature through a global network of local partnerships and projects.

This type of corporate-wide commitment to reducing the impacts of water use on communities and the environment is a prime example of innovative corporate water policy.

Quantified Water Quantity Data

Roughly 90% of companies studied included some sort of quantitative water quantity performance (e.g. water use or consumption) data in their report. Though this finding was encouraging, the depth of water quantity data was quite variable, with some companies including only the most basic indicators, while others included a variety of different and context-specific indicators regarding their water use. The most common indicators used in the reports were:

- Total water use (often expressed in cubic meters, gallons, and liters)
- Total water use per unit of product
- Total water use per unit of sales

These general total volume indicators are certainly useful, however are often limited in their ability to describe actual impacts and performance related to water management. The impacts of water use vary drastically depending on the context in which they occur. Because of this, indicators which address regional or local water impacts are necessary to fully understand the effectiveness of corporate water stewardship.

Less common, but useful and recommended indicators, included:

- Volume of water withdrawals by business operation (e.g. in brewing this might include the water used in viticulture, manufacturing, corporate offices, and within the product itself; alternatively in conglomerates this might include the water used in the beverages, home care, and food divisions)
- Total amount of water recycled or reused
- Volume of water withdrawals by source (municipal, groundwater, surface water, etc.)
- Water consumption in water-stressed regions
- Product/consumer water use consumption (where appropriate)

For a more detailed analysis of the degree to which companies claiming GRI conformance actually aligned their water quantity reporting with GRI indicators, see Section IV.B: Transparency).

Quantified Water Quality Data

Seventy companies (64%) included some sort of quantitative water quality performance data in their report. The most common indicators used to describe water quality performance were:

- Volume of wastewater discharge
- Water pollution by contaminant or type of pollution (e.g. COD, nitrogen, heavy metals, etc.)

Less common, but useful and recommended indicators, included:

- Destination of water discharge
- Specific spill event data
- Volume of wastewater produced by individual business divisions or facilities
- Wastewater intensity
- Volume of wastewater produced per ton of product

For a more detailed analysis of the degree to which companies claiming GRI conformance actually aligned their water quality reporting with GRI indicators, see Section IV.B: Transparency).

Trend Water Performance Data

Seventy-three companies (66%) provided trend data (three years or more) for at least one of their quantitative water-related indicators. Such trend data helped provide accountability and visibility toward corporate water-related targets and the effectiveness of other water policies. Companies often chose to provide trend data for water use per unit of product indicators in order to communicate water efficiency improvements, despite overall increases in total water consumption due to the expansion of business operations.

Supply Chain and Watershed Management

Criteria and key findings

Four criteria were used to assess reporting vis-à-vis the Supply Chain and Watershed Management element; they were:

- **Assess Prospective or Current Suppliers on Environmental Performance:** Report includes any definitive statements claiming that the company not only assesses suppliers for environmental performance, but that they establish or continue supplier relationships partially based on environmental performance.
- **Engage Suppliers on Water Impacts and Management:** Report includes mention of any corporate action that either encourages suppliers to assess their water impacts or that demonstrates that the company shares water management practices with its suppliers.

- **Specific Policies for Water-Scarce Regions:** Report includes mention of any specific policies for water-scarce regions or any indication that they treat water performance differently in such regions.
- **Measure Supplier Water Performance:** Report includes any mention of corporate attempts to measure water use across the supply chain. This does not require comprehensive supply chain measurement and includes even modest attempts.

Key findings:

- Eighty companies (73%) met at least one Supply Chain and Watershed Management criterion.
- Only two companies (SABMiller and Unilever) met all four criteria in this category.
- The average aggregated company score for the element was 0.96 (out of possible 4).

Figure 13: Average Number of Supply Chain and Watershed Management Criteria Met per Company

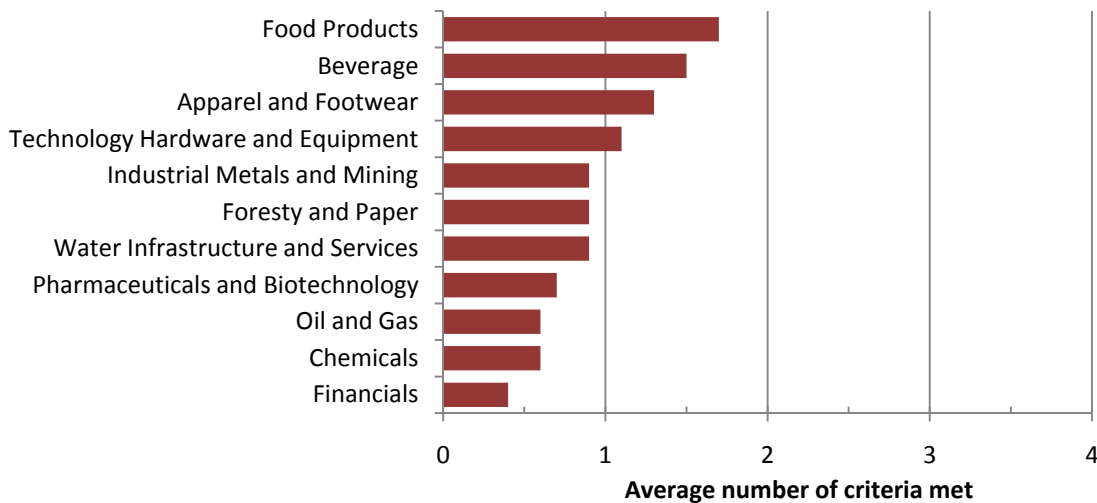
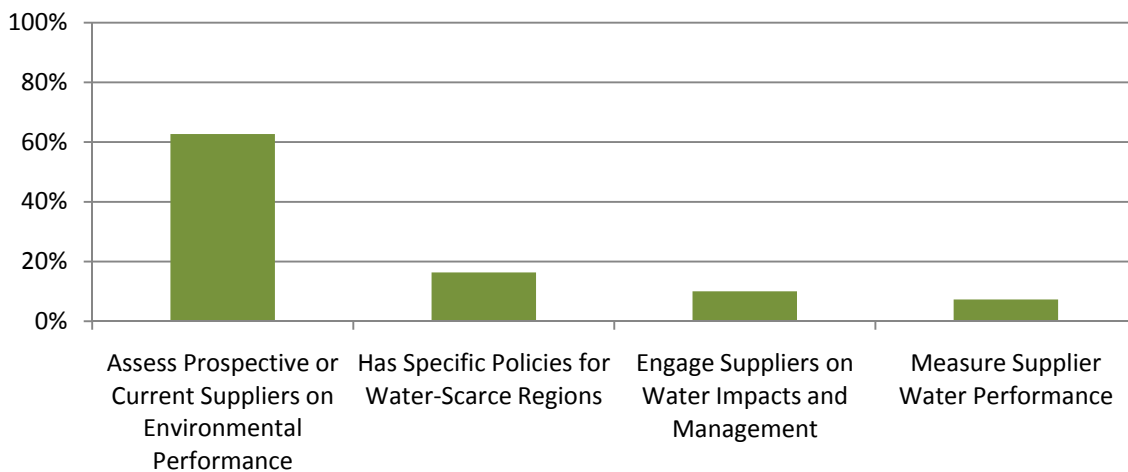


Figure 14: Percent of Companies Meeting Each Supply Chain and Watershed Management Criterion



Assess Prospective or Current Suppliers on Environmental Performance

Sixty-nine of the companies in the study (63%) claim to assess prospective or current suppliers on their environmental performance. This allows companies to quickly reduce the negative environmental impacts caused by suppliers with particularly poor environmental performance, while encouraging other suppliers to assess and reduce their impacts.

Box 4: McDonald's Environmental Scorecard for Suppliers

Since 2005, McDonald's has distributed environmental scorecards to its suppliers as a way for their suppliers to assess their environmental impacts, including those on water resources. These scorecards put pressure on suppliers to think about their sustainability practices. Though suppliers evaluate themselves, and therefore results are not entirely reliable, these scorecards inform McDonald's Supplier Performance Index, which the company uses as a learning tool to evaluate (and improve) their suppliers' performance. Therefore, these scorecards provide a strong incentive for compliance and communicate the importance of sustainability practices to suppliers. Furthermore, the scorecards allow suppliers to assess their own water impacts and determine the areas in which they need to improve.

Engage Suppliers on Water Impacts and Management

Only 11 companies in the study (10%) reported that they either encourage suppliers to assess and manage their water impacts or actually shared sustainable water management practices with their suppliers. Six of these 11 companies were in the Food Products sector; three were in the Beverage sector. One of the key hurdles in sharing water management practices is the great amount of resources it takes to individually advise every supplier, particularly for large multi-nationals. Examples of companies working with suppliers in regard to their water impacts include:

- Establishing supplier networks that allow suppliers to collectively tackle problems and share good practice.
- Collaborating with agricultural suppliers to implement drip irrigation methods.
- Training of agricultural extension workers in Pakistan, who then pass on water management skills to local farmers.
- Prioritizing engagement with the most wasteful suppliers or those found in regions most sensitive to water-scarcity.
- Building supplier capacity to quantify their water use and discharges.
- Partnering with suppliers to develop and implement water sanitation and recycling technology.

Box 5: Cadbury Distributes Energy and Water Savings Toolkits throughout Business Operations and Suppliers

As part of its broader sustainability efforts, *Purple Goes Green*, Cadbury has developed energy and water savings toolkits that it distributes throughout its business operations and suppliers. These toolkits are made available on the Cadbury intranet and on CD and cover a variety of sustainability issues, giving practical advice on ways to improve management practices. The water issues covered in the tool have been informed by engagement with stakeholders, particularly the World Wildlife Fund. By Cadbury's own characterization, its water program is still in its nascent stages; however, this strategy of developing standardized toolkits is an innovative and cost-effective way for corporations to help promote more sustainable water management practices across vast supply chains.

Specific Policies for Water-Scarce Regions

Unlike carbon, the impacts of water use vary drastically depending on the region. For this reason, companies often develop specific policies for the regions where their water use is most damaging. Eighteen companies in our analysis (16%) reported that they have specific policies for water-scarce regions in which they have suppliers, operations, or consumers. These policies range from simply establishing more ambitious targets for those regions, to creating caps on water withdrawals or discharges, to allocating more resources toward water efficiency in those regions. For example, in 2007 Akzo Nobel mapped out all its sites to determine if they are located in water-sensitive areas, and subsequently focused its water management practices and resources primarily on facilities in those regions (Box 6). Existing tools, such as the WBCSD Water Tool can be used to identify which corporate or supplier operations are located within water-stressed or water-scarce regions.¹¹

Box 6: Akzo Nobel Establishes Site-mapping System to Determine Water Management Practices

In 2007, Akzo Nobel embarked on an endeavor to map all its business operations according to their location in water-scarce areas. This process of assessing site water use in the context of local water resource availability allowed the company to determine that 19 sites out of 31 investigated have sustainable water use. In doing so, the chemical company was able to prioritize its sustainable water management practices and better inform its internal risk assessments. Though Akzo Nobel's mapping process has only gone through pilot testing, it is an innovative approach to prioritizing water management specifically to regions suffering from water scarcity that could be built upon to determine the where companies have the most impacts and where their limited resources will be most beneficial to nearby communities, ecosystems, and business viability.

¹¹ For more on the WBCSD Water Tool, see: <http://www.wbcd.org/templates/TemplateWBCSD5/layout.asp?type=p&MenuId=MTUxNQ&doOpen=1&ClickMenu=LeftMenu=LeftMenu>

Measure Supplier Water Performance

Only eight companies in the study (7%) conducted any sort of measurement of the water use or discharges in their supply chain. These measurements allow for a much broader internal risk assessment as well as greater ability to identify business opportunities, and are therefore often highly valued by investors. Examples of such supply chain water use measurement included:

- SABMiller conducting a water footprint analysis of its supply chain to conclude that 155 hectoliters of water is required to grow the barley for one hectoliter of beer, compared to the 4.6 hectoliters required to produce a hectoliter of beer in their direct operations.
- Nippon Paper conducting an annual survey of suppliers to analyze a variety of issues, including conservation of water resources.
- In 2007, GlaxoSmithKline testing an electronic system to collect environmental data from a sample of 21 suppliers, which allowed them to conclude that those 21 suppliers used 4.6 million cubic meters of water, compared to the 20.9 million cubic meters used in all of GSK's direct operations.
- In 2002, TSMC beginning its "Product Life Cycle Assessment (LCA) Project" on the resources required in wafer production including raw material mining, transportation, product manufacturing, use, and disposal. In 2006, it completed an LCA of one of its fabs, concluding that water has the largest environmental impact of any other resource used in fab production.
- Unilever producing a figure demonstrating water use for each life cycle stage of its product categories, concluding that over 75% of water use for its Foods divisions is locked up in raw materials production, while well over 75% of its water use for its Home and Personal Care divisions is wrapped up in consumer use.

Box 7: SABMiller's Water Footprint Analysis

SABMiller recently conducted a water footprint analysis of its beer production in South Africa, with strategic advice from WWF, which attempted to assess the distribution of water uses across its value chain. The analysis measured the amount of water used in malting, as production water, in manufacturing containers, and to grow barley, concluding that 95-98% of SABMiller's water footprint lies within agricultural production and packaging. It also calculated the amounts of "green," "blue," and "grey" water used. The final analysis estimated that 155 liters of water is used for every liter of SABMiller beer produced in South Africa, including blue water and "net green" water (i.e. green water used minus water that would be used by the land regardless). Though this type of assessment does not allow assessment of individual suppliers, it does allow companies to better evaluate the locations in their supply chain of greatest water use, water availability, consequent risk, and potential impact.

Collective Action

Criteria and key findings

The Collective Action element also had four criteria, which were:

- **Actions with Intergovernmental Bodies:** Report mentions participation in any international organization, initiative, or UN project dealing with water conservation or water pollution.
- **Actions with Civil Society:** Report mentions any active partnerships or projects with civil society groups on water conservation or water pollution.
- **Peer-to-Peer Actions:** Report mentions any partnerships with other private companies on water conservation or water pollution projects.
- **Multi-Stakeholder Actions:** Report mentions any partnerships that combine action with different sectors. All projects that include more than one of the previous three stakeholder groups are counted here.

Some of the principles findings for this element were:

- Forty-seven companies (43%) met at least one of the four Collective Action criteria.
- None of the companies in our analysis met all four Collective Action criteria.
- The average aggregated score per company was 0.66 (out of 4 possible).

Figure 15: Average Number of Collective Action Criteria Met per Company

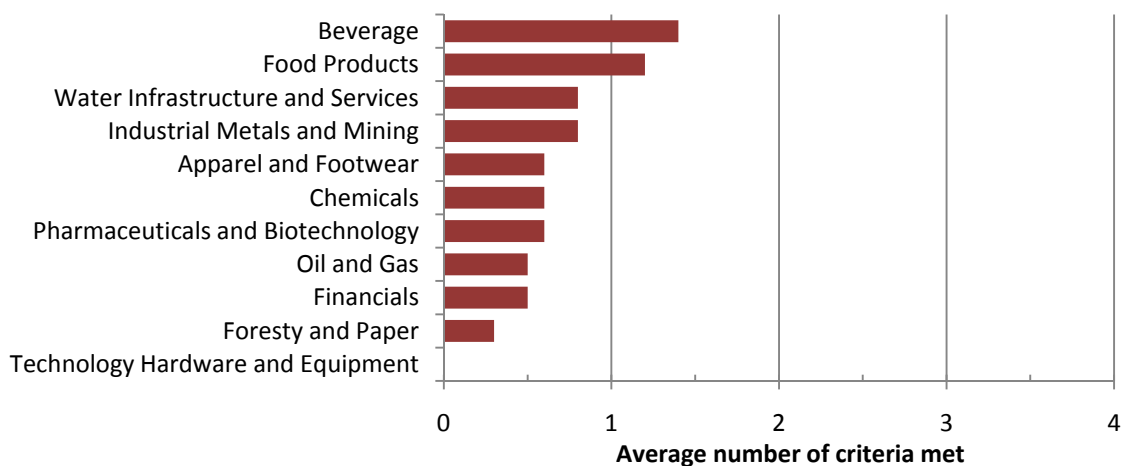
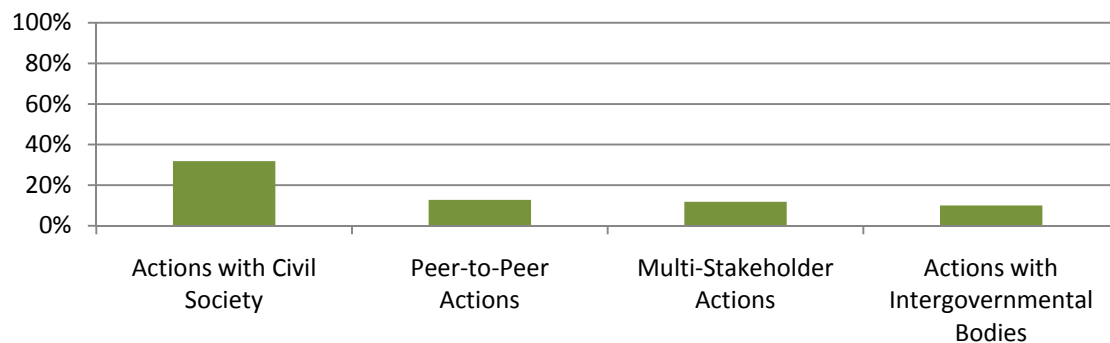


Figure 16: Percent of Companies Meeting Each Collective Action Criterion



Actions with Intergovernmental Bodies

Only 11 companies (10%) claimed to partner on water-related projects with intergovernmental organizations. Some of the common intergovernmental organizations partnered with were:

- United Nations Development Programme (UNDP)
- United Nations Environment Programme (UNEP)
- United Nations Educational, Scientific, and Cultural Organization (UNESCO)
- United Nations Children's Fund (UNICEF)
- The World Bank

The basis of these partnerships included local water development projects (e.g. local infrastructure), water education programs, and operationalizing treaties addressing issues from wetlands protection to waterborne disease prevention.¹² Oftentimes partnerships with intergovernmental entities were simply financial donations and support for programs that advanced corporate goals. Reporting on partnerships with intergovernmental groups typically provided little more information than the name of the intergovernmental organization and the broad objective of the project.

Box 8: Groupe DANONE's "One Liter For Ten Liters" Program

Groupe DANONE's Volvic Brand has been working with UNICEF on a project that aims to improve access to clean drinking water, particularly in the Global South, by helping in building and maintaining wells. The program has a goal of providing 40 liters of drinking water per person per day – twice the minimum identified to meet basic needs as defined by the World Health Organization (WHO).

The One Liter for Ten Liters program has already been deployed in Germany, France, Japan, Mexico, the United States, Indonesia, Niger, Ethiopia, Mali, and Ghana. Groupe DANONE's role in this project is largely fundraising – it donates and collects money and distributes that to various UNICEF projects. As corporations do not always have the expertise to carry out development and other charitable projects, monetary donations to intergovernmental groups that are experienced and focused on such projects can serve as an effective way of converting corporate resources into on-the-ground results.

Though this criterion had one of the lowest conformance rates in our study, it should be noted that 68% of companies in our study participate in the UN Global Compact, suggesting that many companies have begun engaging with intergovernmental initiatives, even if not yet specifically on water.

Actions with Civil Society

The most common forms of collective action pursued by companies in our analysis were those with civil society, with 35 companies (32%) reporting to partake in some form of partnership with an NGO or academic organization. The most common civil society groups in these water-focused partnerships were:

¹² For a specific example of inter-governmental actions, see Box 8.

- The World Wildlife Fund (WWF)
- WaterAid
- Small NGOs in the areas of corporate business operations in the Global South

The subject matter of these partnerships was similar to those found in the intergovernmental actions and included water development projects, education programs, and habitat/waterway conservation. As with the intergovernmental actions, these partnerships were often carried out simply through monetary donations and support. Reporting on this criterion also typically only included the name of the organization and a brief description of the project objectives.

Peer-to-Peer Actions

Fourteen companies (13%) reported participating in some form of partnership with other corporations. All examples of peer-to-peer actions were involvement in some form of corporate sustainability organizations or councils, or industry-specific initiatives, and did not include any one-on-one partnerships. Examples of peer-to-peer partnerships included:

- World Business Council on Sustainable Development (WBCSD) Water Group
- Global Environmental Management Initiative (GEMI)(see Box 9)
- Business for Social Responsibility Sustainable Water Group (focusing on textile and apparel)
- Beverage Industry Environmental Roundtable (BIER)(see Box 10)
- Brazilian Steel Industry Institute

Actions in these groups included the development of water assessment tools and standards and industry-specific discussions sharing concerns and good practices on water management. Unlike intergovernmental actions and partnership with civil society groups, peer-to-peer actions were rarely philanthropic in nature and typically were utilized to better understand and improve water management practices or help assess business risks and water-related impacts.

Box 9: Global Environmental Management Initiative (GEMI)

The Global Environmental Management Initiative (GEMI) is a collection of global corporations aiming to promote good practice in global environmental health and safety. GEMI promotes a worldwide business ethic for sustainability and identifies itself as a collection of business leaders. Established in 1990, GEMI currently has 37 members representing more than 22 sectors. Several companies featured in this study are members of GEMI, including: Cadbury, Dow Chemical, Du Pont, and Johnson & Johnson. Though GEMI does not focus specifically on water, in 2002 it released its Water Sustainability Tool that aims to act as guidance for companies attempting to craft a corporate water sustainability strategy. For more on the GEMI Water Sustainability Tool, see: <http://www.gemi.org/waterplanner/>.

Box 10: Beverage Industry Environmental Roundtable (BIER)

The Beverage Industry Environmental Roundtable (BIER), first convened in 2006, is a collection of 12 beverage industry companies and supporting partners that work together on a variety of environmental and stewardship initiatives. Several companies included in this study currently participate in the roundtable, including: Groupe DANONE, Diageo, Molson Coors, PepsiCo, and the Coca-Cola Company.

The mission of the roundtable is to define common framework for stewardship, drive continuous improvement in industry practices and performance, and inform public policy in the areas of Water Conservation and Resource Protection, Energy Efficiency, and Climate Change Mitigation. It does so through three main avenues: data collection and benchmarking, good practice sharing, and internal and external stakeholder engagement. In 2007, BIER advanced these objectives by developing: leadership definitions on water stewardship in the beverage industry, a drought preparedness and management guidance, a water use and efficiency and conservation practices benchmarking study, and through water reduction and re-use good practice sharing.

For more on the Beverage Industry Environmental Roundtable, see:

<http://bierroundtable.com/>.

Multi-Stakeholder Actions

Thirteen companies (12%) reported they participate in multi-stakeholder actions concerning water issues. The most common multi-stakeholder actions included:

- The CEO Water Mandate
- Global Water Challenge
- World Economic Forum (WEF) Water Initiative

These actions typically took on the same functions as the previous three: water development projects, education programs, and good practice sharing. Some companies included sections in their reports specifically devoted to their collective actions on various topics, including water sustainability, allowing them to more effectively demonstrate to their stakeholders that they are engaging with the broader global community on sustainability issues.

Public Policy

Criteria and key findings

The Public Policy element was evaluated using the three following criteria:

- **Commitment to Respect Internationally-Recognized Human Rights:** Report includes any commitment to supporting or upholding either water-specific or general human rights. This must be a commitment to all human rights rather than a workplace-specific commitment.
- **Participation in Water Governance and Decision Making:** Report mentions any participation in water governance/policymaking on the national or local level. This can be

either in the country in which the company has its headquarters or the countries in which it operates. This does not include actions that are inherent part of business operations (i.e., water utilities that distribute water are not counted, unless they go beyond the scope of their business operations).

- **Water Sustainability Advocacy:** Report mentions any lobbying activities at the international, national, or local levels on water-related issues.

Key findings:

- Seventy-nine companies (72%) met at least one Public Policy criterion.
- Only one company (The Coca-Cola Company) met all three criteria in this category.
- The average aggregated score per company was 0.84 (out of 3 possible).

Figure 17: Average Number of Public Policy Criteria Met per Company

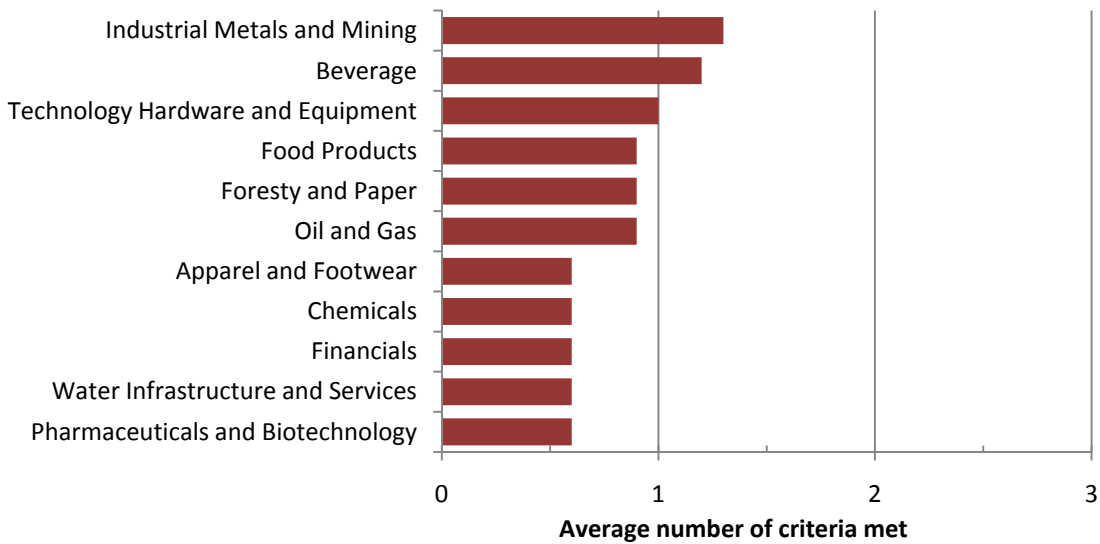
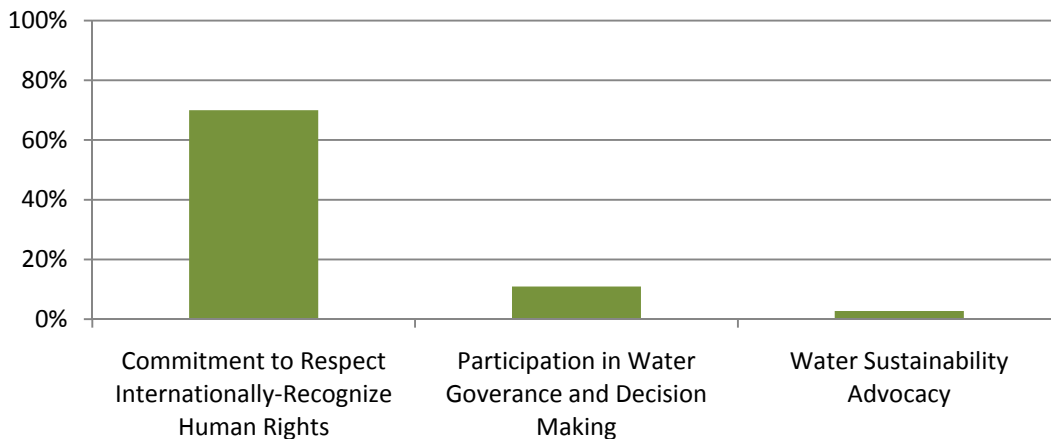


Figure 18: Percent of Companies Meeting Each Public Policy Criterion



Commitment to Respect Internationally-Recognized Human Rights

The Public Policy criterion met by the largest number of companies (70%) was “Commitment to Respect Internationally-Recognized Human Rights.” Companies typically demonstrated their commitment to global human rights either through a written statement supporting certain internationally recognized principles and rights or through their involvement in initiatives for which they commit support and respect of human rights. The most common of such business initiatives were the UN Global Compact and Business Leaders Initiative on Human Rights.

An issue of long-standing debate is whether water is a fundamental human right. Though many water-focused civil society groups base their work on the concept of the “human right to water,” it has not attained the same legal status and recognition within the UN system as the 32 internationally accepted human rights. This report analyzes the companies that have a formal commitment to supporting all human rights, in the anticipation that these companies may one day through that commitment acknowledge the human right to water.¹³ While no companies in our analysis explicitly acknowledge the human right to water within their CR report, some companies (e.g. SUEZ Environnement) have done so through different avenues, such as their websites.¹⁴ In its 2006-2007 CR report, SUEZ Environnement has stated that it is committed to being an active participant in global institutional think tanks on priority issues, such as the “contractualisation of the right to water.”

Participation in Water Governance and Decision Making

Companies typically are uncertain of what is expected of them regarding water governance or how to go about effectively influencing and participating in public water-related decision making. Tellingly, only 12 companies described their participation in water management and governance decisions with governments on the national or local level. The type of involvement varied greatly, including:

- Working with government agencies on public infrastructure projects
- Working with local authorities to control pollution
- Assisting with government research
- Participating in river basin management committees

Reporting on water governance typically was quite vague, with companies often stating simply “assisted with local water management” or something of that nature.

¹³ For more on the human right to water, see: http://www.who.int/water_sanitation_health/rtwrev.pdf.

¹⁴ For more on SUEZ Environnement’s acknowledgement of the human right to water, see: <http://www.suez-environnement.com/en/commitments/approach/challenges/access-to-water-is-a-basic-human-right/>.

Box 11: Unilever Centre for Environmental Water Quality

Unilever South Africa recently launched the Unilever Centre for Environmental Water Quality at Rhodes University with the aim of assisting in responsible environmental water quality management in South Africa. The center will achieve its goals through four main focus areas:

- Research
- Teaching and training
- Applied consulting
- Contributions to policy development and implementation

The Centre, among other things, will provide in-service training for staff of the South African Department of Water Affairs and Forestry, and is helping to develop the new National Water Policy.

The Centre is an example of innovative practice in the “Public Policy” element, as it demonstrates the type of contributions the private sector can make to support public policy decision making. Unilever has essentially outsourced its resources to an academic institution that has expertise in its field. In doing so, Unilever is able to conduct research and development and enact policy decisions in the fields it deems most important to its business operations, even if it does not have expertise in those fields.

For more on the Unilever Centre for Environmental Water Quality, see:
<http://www.ru.ac.za/static/institutes/iwr//ucewq/index.php>

Water Sustainability Advocacy

We found that only three companies partook in water-related lobbying activities – the lowest rate of conformance for any criterion in our study. All three conforming companies (i.e. The Coca-Cola Company, Coca-Cola Hellenic Bottling, and Diageo) are in the Beverage industry. Their actions included:

- Lobbying for “Water for the Poor” Act in the United States
- Working with USAID on international community water projects
- Presenting the “Green Danube Partnership” to the Romanian government
- Urging G8 leaders to do more for communities without water

As with other criteria in the Public Policy category, reporting on this criterion was typically vague and incomplete, simply giving a brief description of the broad area of policy discussions. Future reporting would benefit from harmonized approaches/frameworks, as well as more in-depth detail of the companies policy positions and how they go about lobbying for those policies.

Community Engagement

Criteria and key findings

The Community Engagement element had two criteria:

- **Corporate Action on Water at the Community Level:** Report mentions water-related philanthropic community projects or engagement with communities regarding the direction of business operations. This includes watershed restoration projects as long as company ties these projects to the well-being of nearby communities. This does not include collective actions that support community projects, as those were counted in the Collective Action criteria.
- **Local Water Infrastructure Development:** Report mentions any development projects at the community level regarding water infrastructure (e.g. water wells, water treatment plants).

Key findings:

- Thirty-eight companies (35%) met at least one of the two Community Engagement criteria; only six companies conformed to both.
- The average aggregated score per company for this element was 0.40 (out of 2 possible).
- We did not find any examples of companies including local communities in decision making relating to corporate-level water-related projects. This deficiency could exacerbate fears of water mismanagement and exploitation of local communities among stakeholders and investors.

Figure 19: Average Number of Community Engagement Criteria Met per Company

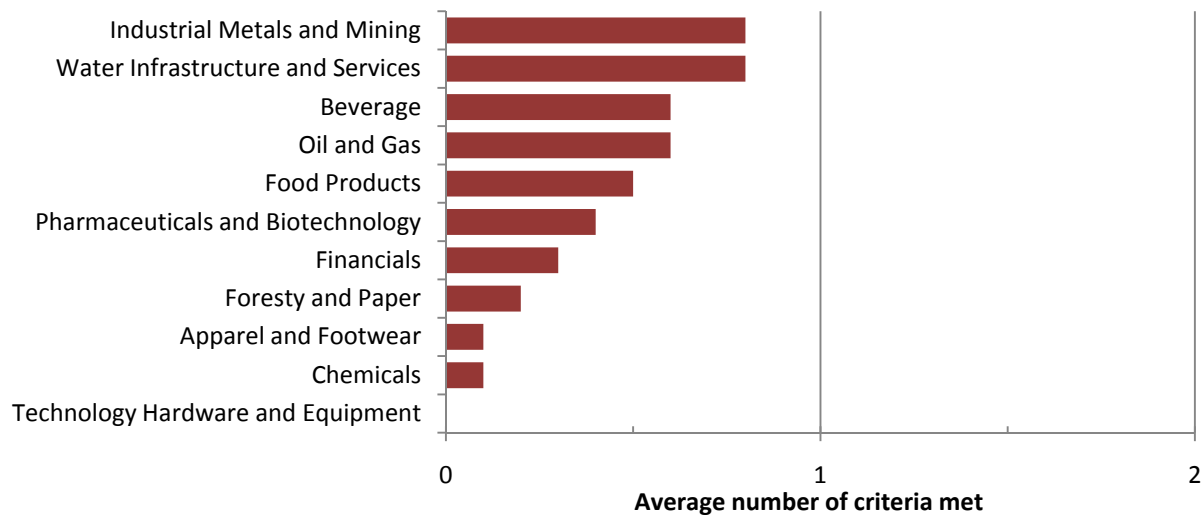
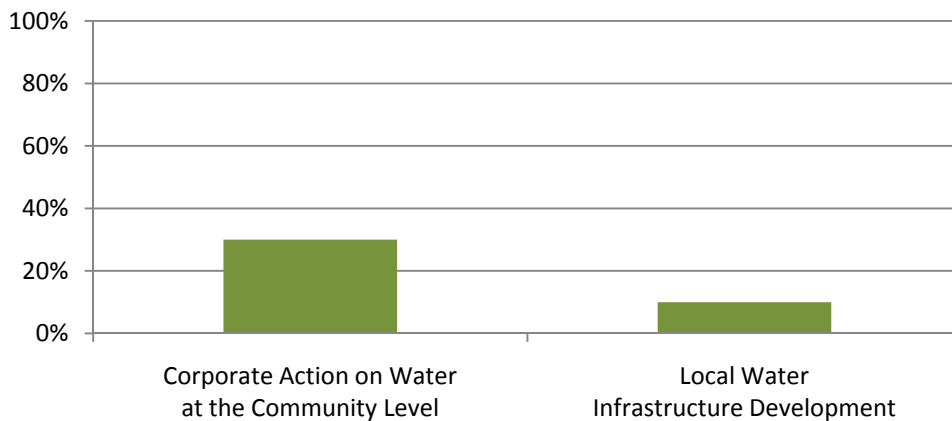


Figure 20: Percent of Companies Meeting Each Community Engagement Criterion



Corporate Action on Water at the Community Level

Thirty-three companies (30%) undertook some sort of philanthropic water-related community projects (excluding water infrastructure projects) or included communities near their business operations in decision making. These community projects varied greatly in subject matter, and included:

- Projects promoting access to clean drinking water
- Ecosystem and waterway restoration/conservation projects
- Water-related education programs and teacher training
- Water supplies for disaster victims

Box 11: PepsiCo Shares Direct Seeding Initiative for Rice Cultivation in India

PepsiCo has launched an initiative designed to optimize water usage in rice cultivation by sharing “direct seeding” practices with communities and local farmers in India. India has about 43 million hectares (108 MM acres) under traditional rice paddy cultivation, requiring nearly 350 trillion liters of water annually (roughly 35% of national annual water use). Traditional paddy cultivation requires about 7.5 million L of water/hectare (3 MM L/acre). Even if 25% of the national paddy cultivation can be moved to a technique called direct seeding, water savings will be over 25 trillion liters--the total quantity consumed by industry annually in India.

In the second year of a four-year test pilot, PepsiCo’s direct seeding project has been able to save 30-40% water use by avoiding puddling & transplanting; increased farm yields and income according to initial data; and reduced methane emissions, both decreasing greenhouse gas emissions and providing farmers with an opportunity to earn income through the sale of carbon credits. The pilot acreage increased five-fold from 2006 to 2007, garnering more interest from community farmers every year. PepsiCo hopes to reach 1800 hectares by 2010, offsetting the total yearly water usage of all PepsiCo India beverage operations.

Local Water Infrastructure Development

Only 11 companies (10%) initiated or supported water infrastructure development projects for the communities near which they have operations. This relatively low number may be explained in part due to the vague descriptions of water-related community engagement projects in CR reports. For example, many companies reported supporting “access to clean water” in communities near their business operations, which implies the development of water infrastructure to treat and deliver water. However, due to the ambiguity of the language, such cases were counted as “Corporate Action on Water at the Community Level.” Of the few specific mentions of water infrastructure projects, examples included:

- Small water well projects
- Water treatment plants
- Water storage projects
- Water capture systems
- Hydroelectric generation systems
- Storm-water drainage systems

This criterion also typically featured vague descriptions of water infrastructure development projects.

Transparency

Criteria and key findings

Three criteria were used to evaluate the Transparency element:

- **Use of GRI Guidelines** – Report claims to utilize GRI guidelines (either G3 or 2002)¹⁵.
- **Statement from CEO or Senior Management Regarding Water** – Report includes statement from CEO or upper management that specifically talks about the importance of water sustainability to company success. This statement does not necessarily have to be solely about water, but must mention water prominently.
- **Third-Party Verification/Assurance Assessment** – Company has enlisted a third-party to provide assurance, verification, or comments/opinions on their corporate reporting or environmental performance data. This includes any external comments regarding the quality of the report that is included in the report itself.

Key findings:

- One hundred companies (91%) met at least one criterion in this category, with 11 companies (10%) meeting all three.
- The average aggregate score per company was 1.48 (out of three) for this element.

¹⁵ To read the GRI G3 Guidelines in full, see: <http://www.globalreporting.org/ReportingFramework/G3Online/>.

Figure 21: Average Number of Transparency Criteria Met per Company

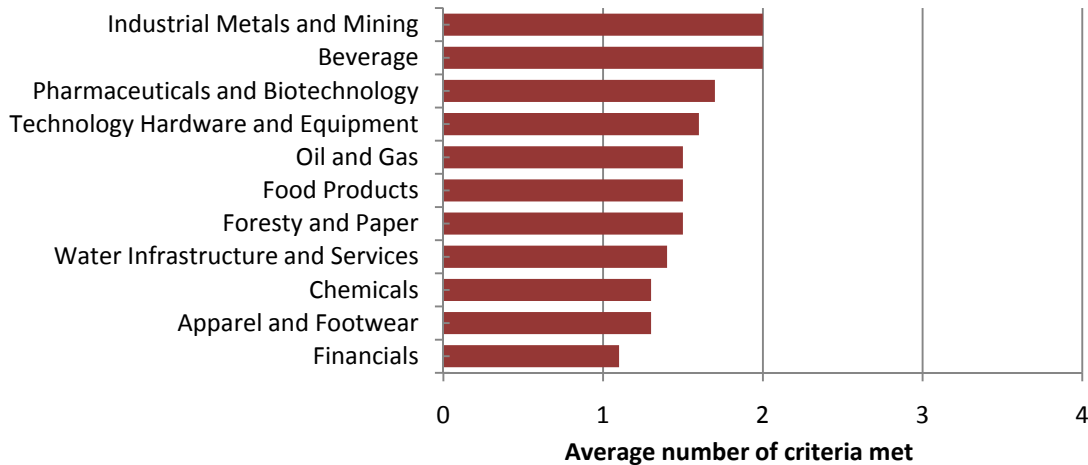
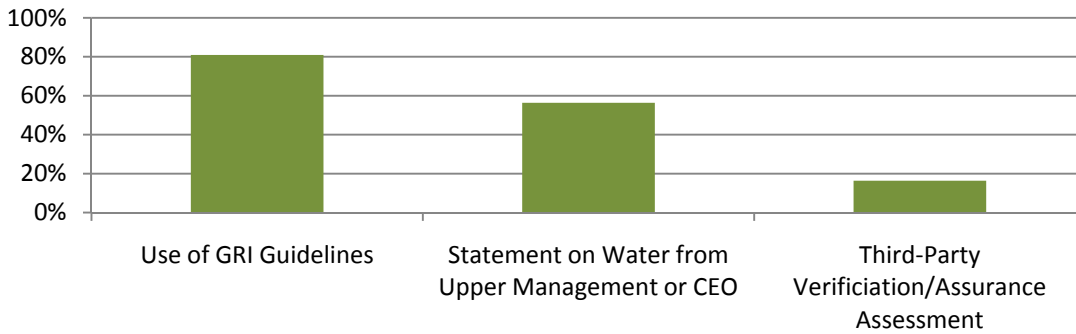


Figure 22: Percent of Companies Meeting Each Transparency Criterion



Box 12: Nestlé Water Management Report

In 2007, Nestlé published *The Nestlé Water Management Report*, which compiled its various water-related commitments, policies, targets, and data in one report. The company created this report after acknowledging the importance of water to its business operations, with the intent to better assess the role of water in its food manufacturing operations, improve its philanthropic efforts to improve access to clean water, and solicit stakeholder input and encourage partnerships.

The report included sections on water management in its own operations, for its consumers, for agriculture and communities, and possible future directions for water management. The company still included the most vital water indicators and issues in its primary CR report, but expanded upon them in the water-specific report. Though not every company has the resources available to Nestlé or is quite as dependent on water as Nestlé, for those that do fit these criteria, Nestlé has provided an innovative template with which to assess and communicate corporate water sustainability issues.

To read *The Nestlé Water Management Report* in full, see:

<http://www.nestle.com/Resource.axd?Id=F7879D21-0C3F-4099-AF79-6BA10BF5A5B4>

Global Reporting Initiative

For information on the Global Reporting Initiative criterion, see Section III: Global Reporting Initiative.

GRI Indicators Used for Water Quantity Performance

The GRI G3 indicators that informed these water quantity performance criteria were:

- EN8: Total water withdrawal by source
- EN9: Water sources significantly affected by withdrawal of water
- EN10: Percentage and total volume of water recycled

One surprising conclusion was that the GRI indicators claimed often did not accurately portray the actual indicators used. Of the 71 companies claiming to use GRI water quantity performance indicators, we found that 31 (44%) had indexes that inaccurately portrayed their actual water quantity performance indicators. The most common inaccuracies were:

- Claiming full compliance for EN8 without specifying water sources.
- Claiming full compliance for EN8 when providing vague terms such as “Water Savings” which do not actually portray total water use.
- Claiming full compliance for EN8 or EN10 when their data only covers an isolated part of their business operations.
- Claiming full compliance for EN8, EN9, and EN10 without mentioning that content related to that indicator.
- Companies also often did not claim certain GRI indicators when in fact they did report on that data, though this was not included in our aggregation of inaccuracies.

GRI Indicators Used for Water Quality Performance

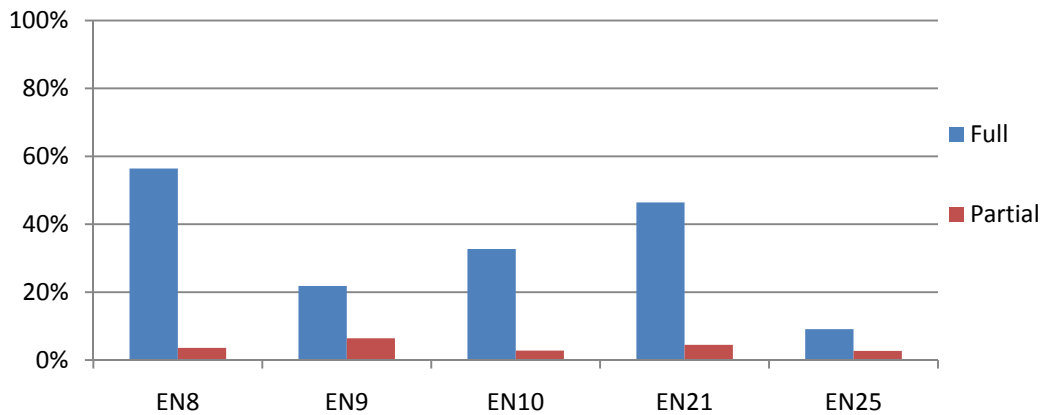
The GRI G3 indicators that informed these water quality performance criteria were:

- EN21: Total water discharge by quality and destination
- EN25: Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the reporting organization’s discharges of water and runoff

Forty-two (71.2%) of the 59 companies claiming to use GRI G3 water quality performance indicators had indexes that inaccurately portrayed their actual reporting indicators. The most common inaccuracies found were:

- Claiming full compliance with EN21 without providing the destination of water discharge.
- Claiming full compliance without any comments on those issues, particularly for EN25.
- Claiming full compliance with EN21 when their data only covers an isolated part of their business operations.

Figure 23: Percent of Companies Utilizing Each Water-Related GRI G3 Indicator



Statement from CEO or Senior Management Regarding Water

Eighteen companies (16.4%) included written statements from either upper management or their CEOs communicating their commitment to water sustainability. Though there were a few examples of water-specific statements, the majority of these commitments came within broader sustainability statements. Commitments from company leaders are an important component of ensuring accountability for water issues.

Third-Party Verification/Assurance Assessment

Sixty-two companies (56.%) enlisted third parties to perform some sort of assessment on the accuracy or completeness of their CR report or environmental data. The form of this assessment varied, including:

- Verification of environmental data
- GRI Assessment
- General comments or opinions from civil society
- Stakeholder panels on the report

The third parties most commonly hired to perform these assessments were:

- PriceWaterhouseCoopers
- Ernst & Young
- KPMG
- Bureau Veritas Certification

These various forms of assessment are not inherently equal, though companies received equal scores for each type. In particular, external verification of environmental data and an assessment of GRI compliance are particularly useful in providing legitimacy to corporate reports. Without such verification, stakeholders cannot be confident that companies are not misrepresenting their CR performance.

C. Analysis of Scoring by Sector

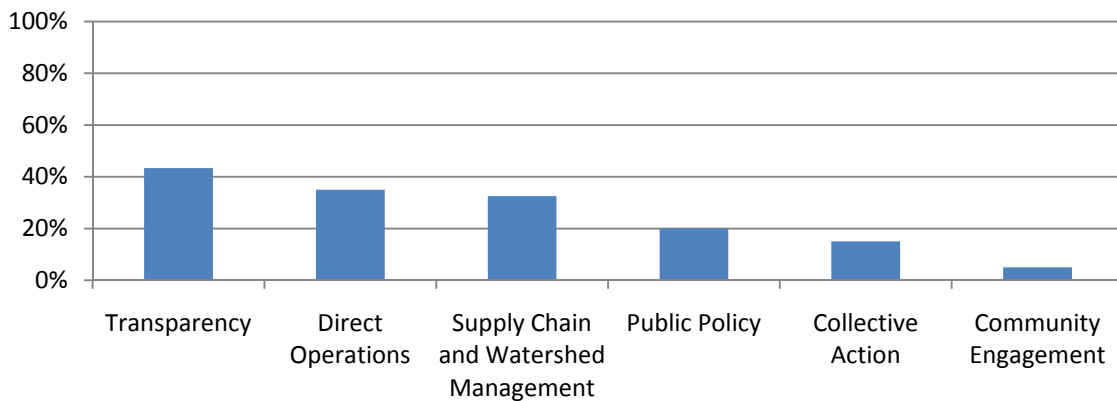
Sectors were also evaluated individually based on the scoring criteria to determine which sectors are currently the most thorough water reporters, and more specifically which Mandate elements each sector focuses reporting on and which elements have the most room for improvement.

Apparel and Footwear

Key Findings:

- According to our analysis, the Apparel and Footwear sector has the second least comprehensive water reporting of the sectors we covered.
- The sector’s highest rates of conformance for individual criteria were “GRI Index,” “Use of GRI Guidelines,” and “Assess Prospective or Current Suppliers on Environmental Performance,” to which nine of ten companies conformed. The sector’s three individual criteria with the highest rates of conformance were all non-water-specific. The highest scoring water-specific criterion was “Quantified Water Quantity Data” with five companies conforming.
- The sector has no companies conforming with:
 - Participation in Water Governance and Decision Making
 - Local Water Infrastructure Development
 - Water Sustainability Advocacy

Figure 24: Apparel and Footwear – Average Percent of Criteria Met per Company

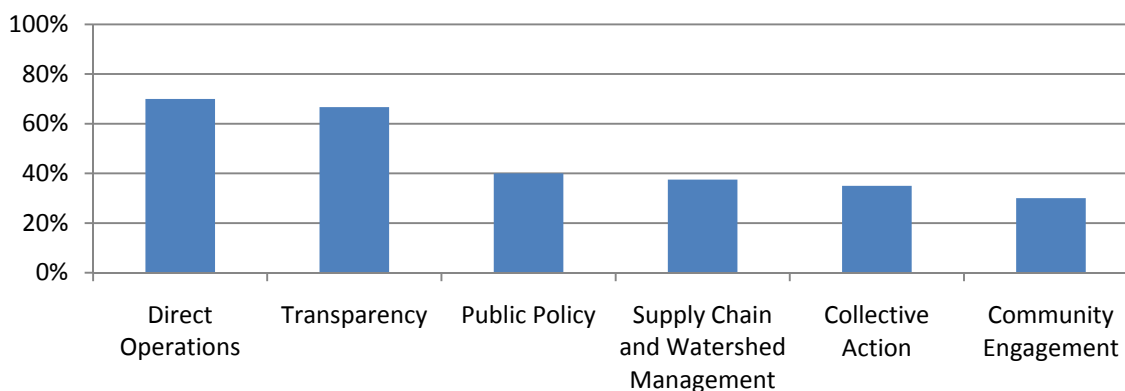


Beverage

Key Findings:

- Companies in the Beverage sectors are among those most dependent on water supplies, if not the most. Thus, it is not surprising that they were the top performing sector in our study.
- The highest scoring individual criteria in the Beverage sector were “Use of GRI Guidelines” and “Specific Programs, Policies, or Targets on Water Performance,” both of which had nine of ten companies in the sector conforming. The 90% conformance rate for the latter is particularly noteworthy, when considering that the average score for that criterion among all study subjects was significantly lower at 66%.
- The lowest scoring criteria were “Measure Supplier Water Performance” and “Local Water Infrastructure Development”, both of which had 10% conformance.
- Since the Beverage sector has established itself as a leader in water reporting, it is perhaps best aligned to explore and innovate in the less-understood Mandate elements, such as Public Policy. Companies such as Coca-Cola, PepsiCo, SABMiller, and Diageo have already been at the forefront of corporate water sustainability practices, and have played an integral role in making water issues more visible to the public.

Figure 25: Beverage – Average Percent of Criteria Met per Company



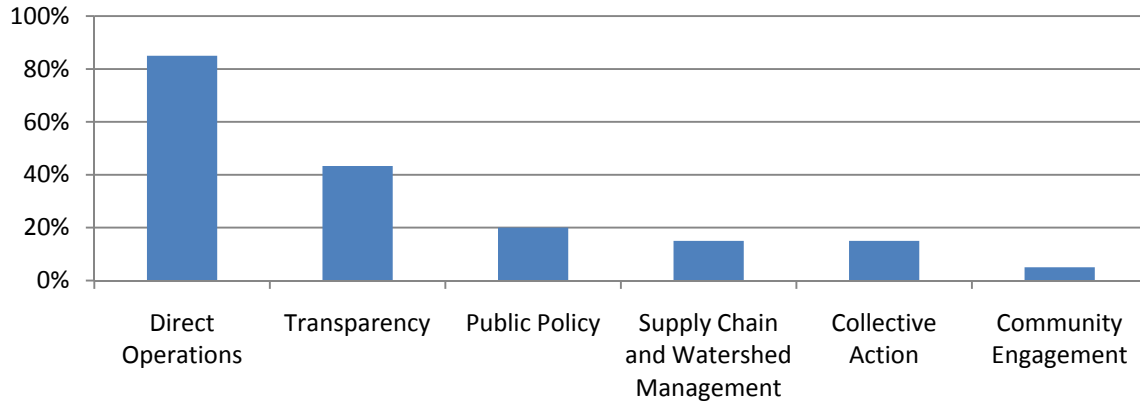
Chemicals

Key Findings:

- The Chemicals sector scored similarly to most other sectors in this study in regard to the ranking of conformance across elements, and was about average in its overall scoring.
- However, the sector stood apart in the skewed distribution of its scoring, with two elements receiving the vast majority of points (i.e., Direct Operations and Transparency) and the remaining four elements all scoring quite low, with less than or equal to 20% conformance.
- The sector’s highest scoring individual criterion was “Quantified Water Quantity Data” with 100% conformance.
 - The sector had six individual criteria with which zero companies met:
 - Engage Suppliers on Water Impacts and Management

- Measure Supplier Water Performance
- Peer-to-Peer Actions
- Statement from CEO or Senior Management Regarding Water
- Local Water Infrastructure Development
- Water Sustainability Advocacy

Figure 26: Chemicals – Average Percent of Criteria Met per Company



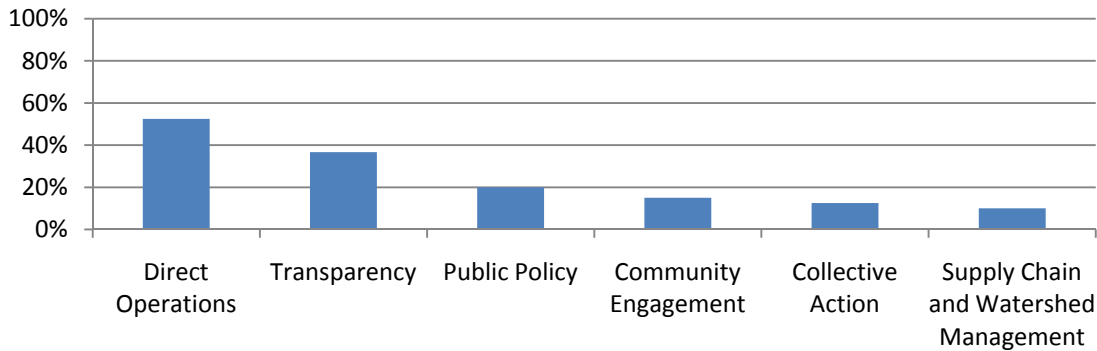
Financials

Key Findings:

- The Financials sector’s rank as the lowest water reporting sector is not surprising. Though it is important for all sectors to assess their water use, financial institutions obviously have a much smaller water footprint than most others, and therefore it is not a high reporting priority.
- On the other hand, the Financials sector can have substantial impact on 21st century water issues through investments in progressive water-related development projects. Many financial companies, such as Credit Suisse and ICBC, have already done so.¹⁶
- The criterion with the highest rate of conformance was “Quantified Water Quantity Data” with 90% conformance.
- The sector had seven criteria on which no companies reported:
 - Engage Suppliers on Water Impacts and Management
 - Measure Supplier Water Performance
 - Multi-Stakeholder Actions
 - Quantified Water Quality Data
 - Specific Policies for Water-Scarce Regions
 - Participation in Water Governance and Decision Making
 - Water Sustainability Advocacy

¹⁶ For more on Credit Suisse’s water-related investment practices, see Box 13.

Figure 27: Financials – Average Percent of Criteria Met per Company



Box 13: Credit Suisse Water Index

Credit Suisse has created an innovative investment project geared toward global water projects, maintained by Standard Poor's, known as the Credit Suisse Water Index. The Water Index features 30 companies from a pool of 128 companies. Credit Suisse uses its HOLT methodology to select the best performing of those 30 for each six months. The Index invests in:

- Utility companies that build or repair water infrastructures
- Engineering companies that drill into reserves and supply water pipelines
- Chemical companies that decontaminate water reserves
- Specialist sea-water desalinization companies (though the merits of this technology are still under debate)
- Beverage firms which already own or have rights to water springs
- Technology companies that purify and process new water

Such water-specific investment products allow for both sustainable water projects to get underway and for investors to have a greater opportunity to utilize their resources to enact change.

Sources:

¹<http://www2.standardandpoors.com/spf/pdf/index/Rules%20for%20the%20Credit%20Suisse%20Water%20Index%201.01.pdf>

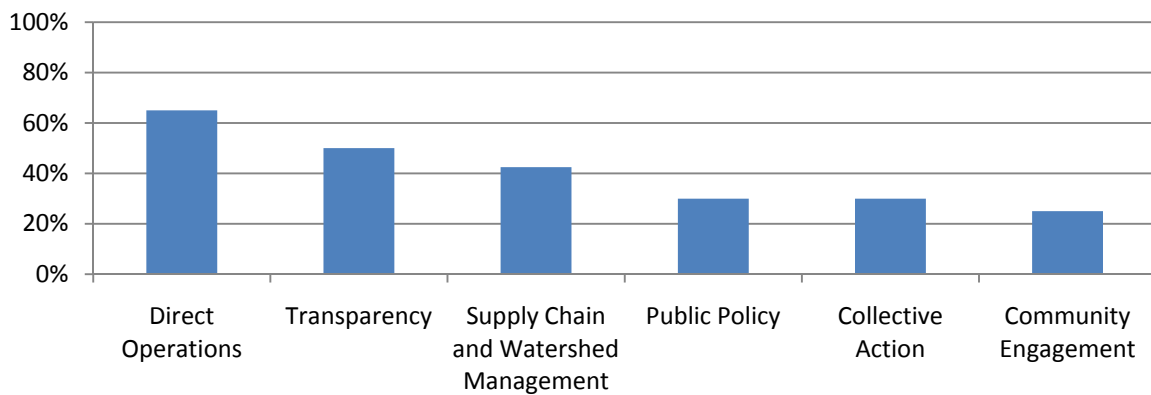
²http://www.credit-suisse.com/ib/doc/holt/cs_water_flyer.pdf

Food Products

Key Findings:

- The Food Products sector ranked third among sectors in overall points, and was the best reporter on Supply Chain and Watershed Management.
- Due the high importance of water in the supply chain to this sector, the Food Products sector is well-positioned to be a leader in corporate thinking on water sustainability within the supply chain and related reporting.
- The highest scoring individual criterion for the sector was “Quantified Water Quantity Data” with nine of ten companies conforming.
- The only criterion to have no companies in the sector conforming was “Water Sustainability Advocacy.”

Figure 28: Food Products – Average Percent of Criteria Met per Company

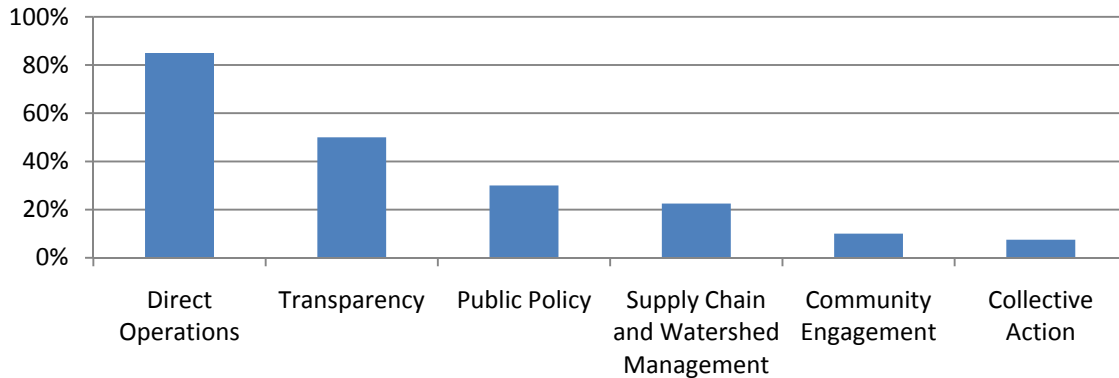


Forestry and Paper

Key Findings:

- The Forestry and Paper sector was the sixth best report of 11 sectors – exactly in the middle. It also followed the study average in terms of element score ranks.
- The two highest scoring individual criteria for the sector were “Quantified Water Quantity Data” and “Quantified Water Quality Data” both with all 10 companies conforming.
- Five individual criteria in the sector had no companies conforming. They were:
 - Engage Suppliers on Water Impacts and Management
 - Actions with Intergovernmental Bodies
 - Multi-Stakeholder Actions
 - Specific Policies for Water-Scarce Regions
 - Water Sustainability Advocacy

Figure 29: Forestry and Paper – Average Percent of Criteria Met per Company

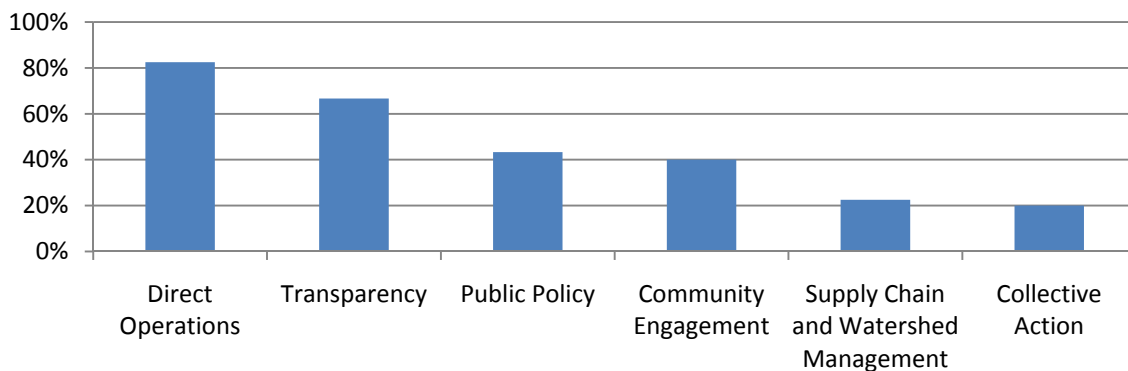


Industrial Metals and Mining

Key Findings:

- The Mining sector was the second highest scoring sector in the study. Their high reporting performance is likely due to the potentially significant effects of mining operations on water quality and the sector’s past reputation as being socially exploitative and environmentally destructive.
- Due to their high score for the element, the sector is well-positioned to be a corporate leader in Community Engagement, and to set an example for companies who typically do not understand how to responsibly interact with communities affected by their business operations.
- The highest scoring individual criteria were “Use of GRI Guidelines” and “Quantified Water Quantity Data,” to which all Mining companies in our study conformed.
- The sector had four criteria to which no companies conformed:
 - Engage Suppliers on Water Impacts and Management
 - Measure Supplier Water Performance
 - Multi-Stakeholder Actions
 - Water Sustainability Advocacy

Figure 30: Industrial Metals and Mining – Average Percent of Criteria Met per Company

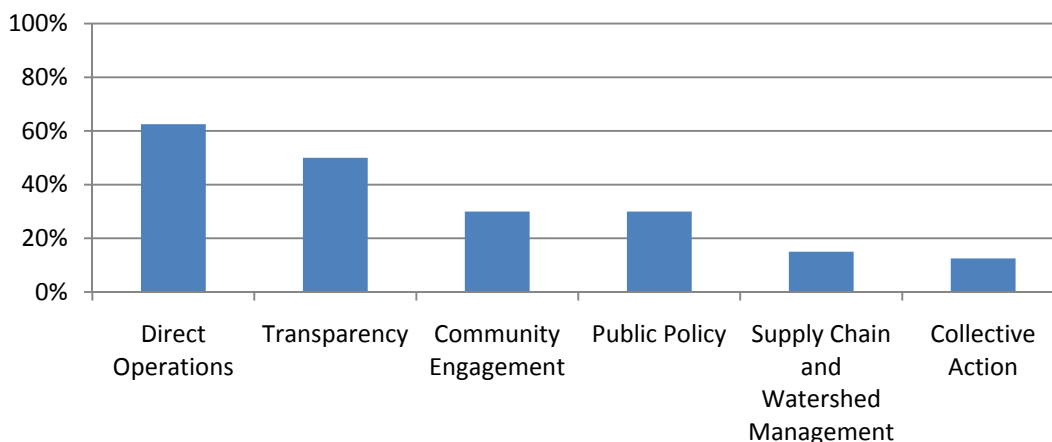


Oil and Gas

Key Findings:

- Though consumptive water use in the sector may not be significant, the potential impacts of the sector’s business operations on water bodies and related ecosystems are substantial.
- The individual criterion with the highest rate of conformance was “Commitment to Respect Internationally-Recognized Human Rights” with nine of ten companies conforming. The highest scoring water-specific criterion was “Quantified Water Quantity Data” with eight companies conforming.
- The sector had eight criteria to which no companies conformed. They were:
 - Engage Suppliers on Water Impacts and Management
 - Actions with Intergovernmental Bodies
 - Measure Supplier Water Performance
 - Multi-Stakeholder Actions
 - Specific Policies for Water-Scarce Regions
 - Statement from CEO or Senior Management on Water
 - Participation in Water Governance and Decision Making
 - Water Sustainability Advocacy

Figure 31: Oil and Gas – Average Percent of Criteria Met per Company



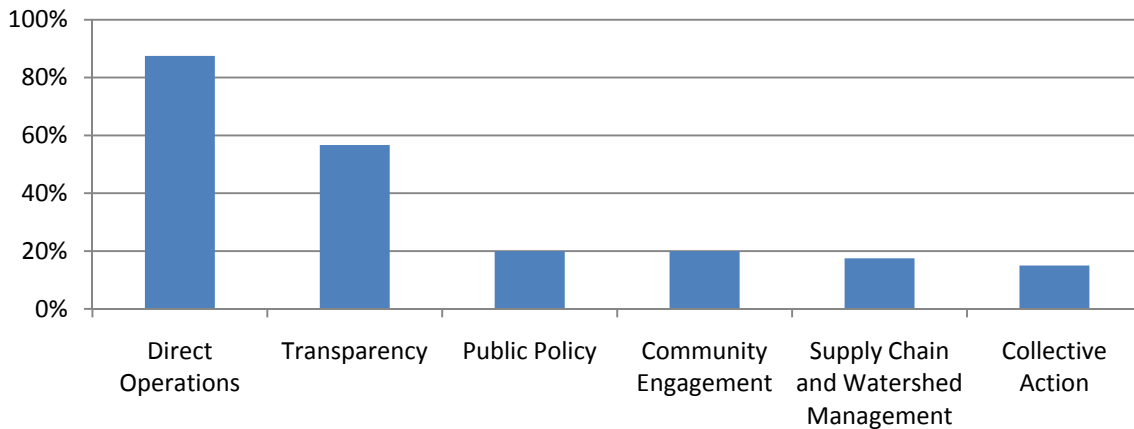
Pharmaceuticals and Biotechnology

Key Findings:

- As in the Chemicals sector, the distribution of scoring was quite skewed in this sector, with Direct Operations and Transparency outperforming the other four elements significantly.
- This is demonstrated by the fact that its two highest performing criteria were “Quantified Water Quantity Data” and “Quantified Water Quality Data,” which had ten and nine companies in the sector conforming, respectively.
- The sector could benefit most from improving the breadth of its water-related content, particularly focusing on Supply Chain and Watershed Management. At the moment, the vast majority of the criteria met in this sector apply to Direct Operations.

- The sector had four criteria to which no companies conformed. They were:
 - Engage Suppliers on Water Impacts and Management
 - Actions with Intergovernmental Bodies
 - Participation in Water Governance and Decision Making
 - Water Sustainability Advocacy

Figure 32: Pharmaceuticals and Biotechnology – Average Percent of Criteria Met per Company

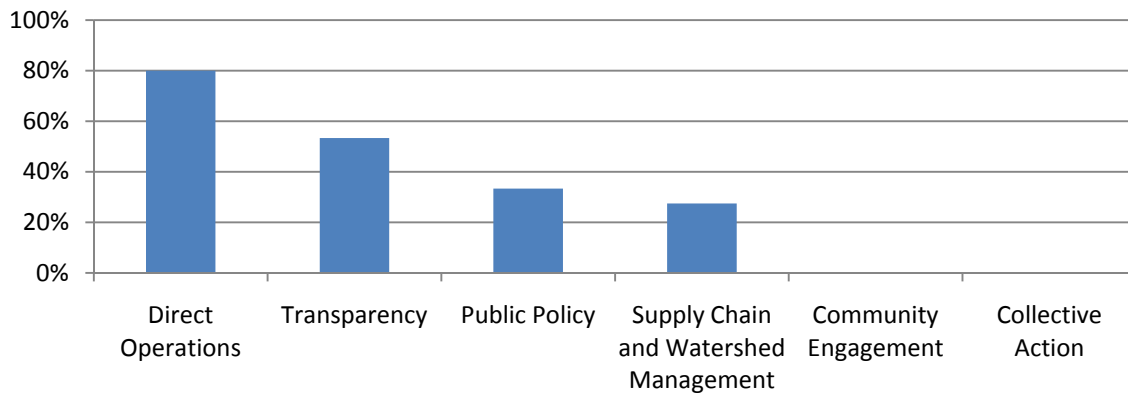


Technology Hardware and Equipment

Key Findings:

- Though the sector scored relatively high on most elements in comparison to other sectors, it was the only sector to have zero companies meeting any of the criteria for an entire element, and, in fact, had 0% conformance for two entire elements: Community Engagement and Collective Action.
- The highest performing criterion in the sector was “Quantified Water Quantity Data” with all ten companies conforming.
- The sector had the most individual criteria (eight) with 0% conformance:
 - Actions with Civil Society
 - Corporate Action on Water at the Community Level
 - Actions with Intergovernmental Bodies
 - Multi-Stakeholder Actions
 - Peer-to-Peer Actions
 - Statement from CEO or Senior Management Regarding Water
 - Local Water Infrastructure Development
 - Water Sustainability Advocacy

Figure 33: Technology Hardware and Equipment – Average Percent of Criteria Met per Company

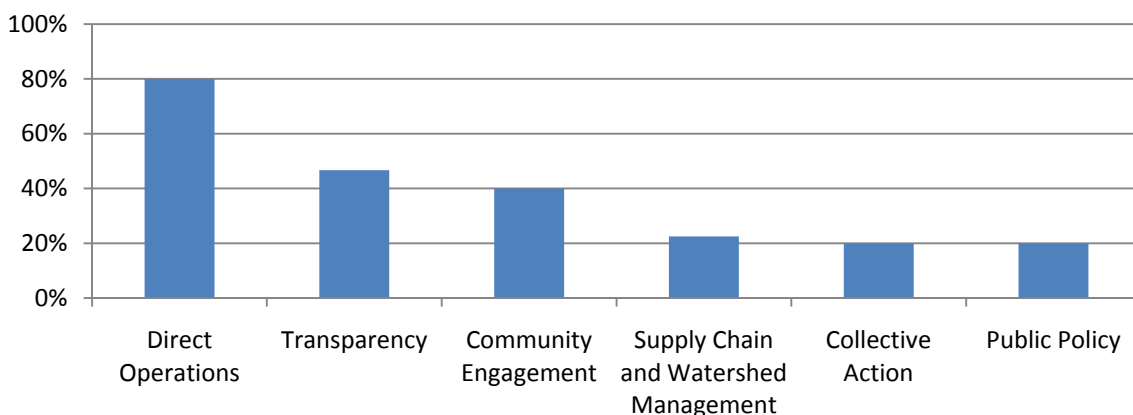


Water Infrastructure and Services

Key Findings:

- The sector scored quite high for Collective Action criteria in comparison to other sectors. It shared the highest score for Community Engagement criteria with Industrial Metals and Mining with 40% conformance. This is perhaps not surprising due to the nature of the sector’s role as a service provider/utility for communities.
- The highest performing criteria in the sector were “Quantified Water Quantity Data” and “Quantified Water Quality Data,” both of which had 90% conformance.
- No company in the sector met the following five criteria:
 - Engage Suppliers on Water Impacts and Management
 - Measure Supplier Water Performance
 - Local Water Infrastructure Development
 - Water Sustainability Advocacy
 - Multi-Stakeholder Actions

Figure 34: Water Infrastructure and Services – Average Percent of Criteria Met per Company



V. Conclusions

Conclusions and Recommendations for Future Work

In comparison to a January 2007 Pacific Institute review of corporate water reporting in eleven industry sectors¹⁷, it is clear companies have made significant strides in the breadth and depth of their water-related disclosure. That said, we found that corporate water reporting has a number of areas in which it could be improved to be more robust and meaningful. In particular:

- **There is a clear need to further expand corporate reporting to include common approaches to describing actions and impacts outside of direct operations.** More discussion is needed on why companies are underreporting on numerous Mandate elements; how to address/assess relevant water issues relating to the supply chain; how to define or measure the process-oriented elements (e.g. Collective Action and Public Policy); and how companies will advance broader, deeper, and more consistent (and thus meaningful) water-related disclosure for these issues.
- **Water reporting would be advanced by the development of sector-specific indicators on water.** Our analysis highlighted commonalities between water-intensive sectors, but also substantial differences. The development of sector-specific indicators would better allow sectors in strategic positions (e.g. Financials and Water Infrastructure and Services) to enact the practices most useful for their business operations.
- **Reinforcing a conclusion reached at The CEO Water Mandate's 2nd Working Conference in Stockholm (June 2008), there is a need for practical guidance on how companies can carry out water-focused materiality assessments to assist in determining reporting content.** Such guidance would among other things enable companies to more consistently distill and include in report relevant information relating to the presently underreported (and inconsistently reported) Mandate elements.
- **More work needs to be done to ensure more responsible conformity to and harmonization with existing corporate reporting guidelines.**
- **There is significant potential for cross-sectoral learning with regard to water reporting.** The Mandate is well positioned to serve as a platform to promote communication among all sectors of society, including civil society; intergovernmental bodies; and national and local governments, around water sustainability disclosure.
- **Companies can provide greater detail in reporting on individual corporate actions.** This will include more substantive descriptions of the objectives, scope, and impacts of corporate actions, particularly for supplier engagement, partnerships, community engagement, and public policy work. It will also include companies elaborating on the specific role they played in each project and the corporate resources dedicated.

¹⁷ To read this 2007 Pacific Institute report in full, go to: http://www.pacinst.org/reports/water_reporting/index.htm

Areas for Further Analysis

We would also like to acknowledge areas of analysis that were not included in our report, but we feel should be considered in future discussions of corporate water reporting and stewardship:

Indigenous People's Rights

This paper does not address the impact of water on indigenous peoples. Recent water-related discussions have highlighted key indigenous issues, such as water as a spiritual resource, the rights of indigenous peoples over water resources, and the lack of indigenous voice in national/international water-related policies, in addition to the myriad other issues related to community engagement. Further analysis could delve into how affected indigenous groups are working to strengthen the capacity of indigenous peoples, improve quality of drinking water, and get indigenous participation and consent affecting local waterways.

Conflict areas

While the paper talks about companies operating in areas of water stress, it does not discuss companies that are working in regions where water is a source of conflict. Control of water resources is a root cause of tension and can be used as political and military tools. There are further issues regarding gender violence and water boundaries that are located in regions of conflict. There is room for future studies to analyze how companies work to ensure their actions mitigate local conflicts over water resources, rather than exacerbate them by inappropriately using local water supplies.

Corporate Governance

The report does not comprehensively address corporate governance with respect to water stewardship. Future analysis can further elucidate what companies are doing, and what they could be doing, in regard to implementing responsible water management as part of corporate governance.

Regulation

We have also not analyzed or assessed corporate compliance with existing or pending government reporting requirements. Some countries, such as Denmark, have mandated that large companies must report on the standards, guidelines, and principles used in CR efforts, as well as the systems and procedures for implementation of those principles.

Appendix A: Lists of Companies Considered for Study

Companies are listed alphabetically by sector and marked for UN Global Compact participation and endorsement of the CEO Water Mandate. Companies used in final analysis are highlighted in grey.

	Industry	Company	Country	UNGC	CEO WM	Link(s)
1	Apparel and Footwear	Adidas	Germany			http://www.adidas-group.com/en/SER2007/pdf/adidas_SER2007_online.pdf
2	Apparel and Footwear	Esquel Group	China	X		http://www.esquel.com/en/index4.html http://www.unglobalcompact.org/data/ungc_cops_resources/121119B6-59AD-409B-839D-7BEA24EAD428/COP.pdf
3	Apparel and Footwear	Gap	USA	X		http://www.gapinc.com/public/documents/CSR_Report_05_06.pdf
4	Apparel and Footwear	H&M	Sweden	X	X	http://www.hm.com/static/csreports/2007/pdf/CSR_Report.pdf http://www.hm.com/static/csreports/2007/pdf/Performance.pdf
5	Apparel and Footwear	Inditex	Spain	X		http://www.inditex.com/en/shareholders_and_investors/investor_relations/annual_reports
6	Apparel and Footwear	Levi Strauss	USA	X	X	http://www.levistrauss.com/Downloads/AR_2007.pdf http://www.levistrauss.com/Downloads/EHS_Handbook_Printed.pdf
7	Apparel and Footwear	LVMH	France	X		http://www.lvmh.com/groupe/Donnee_env_2007_gbr.pdf
8	Apparel and Footwear	Nike	USA	X		http://www.nikeresponsibility.com/pdfs/color/Nike_FY05_06_CR_Report_C.pdf
9	Apparel and Footwear	Patagonia	USA			http://www.patagonia.com/usa/patagonia.go?assetid=30199 http://www.patagonia.com/pdf/en_US/social_response2.pdf
10	Apparel and Footwear	Puma	Germany	X		http://about.puma.com/downloads/79295672.pdf
11	Apparel and Footwear	Sustainable Living Fabrics	Australia	X	X	http://www.greenliving.com.au/slf/uploads/image/Sustainability_Report.pdf
12	Apparel and Footwear	Timberland	USA	X		http://www.timberland.com/include/csr_reports/2006_TBL_CSR_Report_Full.pdf
13	Apparel and Footwear	TJX	USA			http://www.tjx.com/corporate_environmental.asp
14	Beverage	The Coca-Cola Company	USA	X	X	http://www.thecoca-colacompany.com/citizenship/pdf/2007-2008_sustainability_review.pdf
15	Beverage	Coca-Cola Hellenic Bottling	Greece	X	X	http://www.coca-colahellenic.com/pdf/CSR_Report_2007.pdf
16	Beverage	Diageo	UK	X	X	http://www.diageo.com/NR/rdonlyres/D42FB7CE-2B65-40D7-810B-EBCDB5906596/0/DIAGEO_CCR_08.pdf
17	Beverage	Dr. Pepper Snapple Group	USA			http://www.drpeppersnapplegroup.com/files/DPS_CSRInitiatives.pdf
18	Beverage	FEMSA	Mexico	X		http://www.femsa.com/en/assets/003/15664.pdf
19	Beverage	Foster's	Australia	X		http://fosters.ice4.interactiveinvestor.com.au/fosters0702/Sustainability%20Report%202007/EN/body.aspx?z=1&p=-1&v=2&uid=

	Industry	Company	Country	UNGC	CEO WM	Link(s)
20	Beverage	Heineken	Netherlands	X		http://www.sustainabilityreport.heineken.com/downloads/Heineken_SR07.pdf
21	Beverage	InBev	Belgium/ Brazil	X		http://www.inbev.com/pdf/InBev_corpo_citizenship08.pdf http://www.inbev.com/pdf/GRI_index_08.pdf
22	Beverage	Kirin Holdings	Japan	X		http://www.kirinholdings.co.jp/english/csr/pdf/report2008/csr_report2008e.pdf http://www.kirinholdings.co.jp/english/csr/pdf/report2008/gri_2008e.pdf
23	Beverage	Molson Coors Brewing	USA	X		http://www.molsoncoors.com/responsibility/environmental-responsibility/water http://www.molsoncoors.com/responsibility
24	Beverage	PepsiCo	USA	X	X	http://www.pepsico.com/PEP_Citizenship/sustainability/Corporate_Sustainability1.pdf http://www.pepsico.com/Downloads/Sustainability-2007.pdf
25	Beverage	SABMiller	UK	X	X	http://www.sabmiller.com/files/reports/2008_sd_report.pdf
26	Chemical	3M	USA			http://solutions.3m.com/3MContentRetrievalAPI/BlobServlet?locale=en_US&uniivid=1046797127668&fallback=true&assetType=MMM_Image&blobAttribute=ImageFile&placeId=7BC6E48B1800BAE180A88E492700005E&version=current
27	Chemical	Air Liquide	France			http://www.airliquide.com/file/otherelementcontent/pj/chapter%20sustainable%20development%20gb11749.pdf
28	Chemical	Akzo Nobel	Netherlands	X		http://www.akzonobel.com/system/images/AkzoNobel_Sustainability_Report_2007_tcm9-1264.pdf http://www.akzonobel.com/system/images/AkzoNobel_GRI3_Content_Index_2007_tcm9-2528.pdf
29	Chemical	BASF	Germany			http://berichte.basf.de/basfir/html/2007/en/thecompany.html http://www.corporateregister.com/a10723/basf07-sus-de.pdf http://berichte.basf.de/basfir/html/2007/en/servicepages/downloads/files/BASF_Report_2007.pdf
30	Chemical	Bayer	Germany	X		http://www.sustainability2007.bayer.com/en/Sustainable-Development-Report-2007.pdf
31	Chemical	Dow Chemical	USA	X	X	http://www.dow.com/commitments/pdf/GRI091508.pdf http://www.dow.com/PublishedLiterature/dh_010b/0901b8038010bafd.pdf?filepath=financial/pdfs/noreg/161-00695.pdf&fromPage=GetDoc
32	Chemical	Du Pont	USA	X		http://www2.dupont.com/Sustainability/en_US/assets/downloads/DuPont_2008_Sustainability_Progress_Report.pdf http://www2.dupont.com/Sustainability/en_US/Footprint/index.html
33	Chemical	Firmenich	Switzerland	X	X	http://www.firmenich.com/m/company/responsibility/environment/index.lbl
34	Chemical	Mitsubishi Chemical	Japan	X		http://www.mitsubishichem-hd.co.jp/english/csr/pdf/20080121-1.pdf
35	Chemical	Mitsui Chemicals	Japan	X		http://www.mitsuichem.com/csr/report/csr/pdf/csr2007_e_all.pdf
36	Chemical	Perstorp	Sweden	X		http://www.perstorp.com/upload/sustainability_report_2007.pdf

	Industry	Company	Country	UNGC	CEO WM	Link(s)
37	Chemical	Praxair	USA			http://www.praxair.com/praxair.nsf/0/A5CDBCE11B0C027D85256DE4006ACCEB/\$file/PraxairSustainabilityReport2007.pdf
38	Chemical	Rhodia	France	X		http://www.rhodia.com/static/en/SD%20Reports/DD2007/PDF/doc.pdf http://www.rhodia.com/en/sustainability/reports_and_indicators/corporate_indicators/limiting_the_impact_of_our_activities_on_water.tcm
39	Chemical	Rohm and Haas	USA			http://www.rohmhaas.com/SDreport/ http://www.corporateregister.com/a10723/rah06-sus-us.pdf
40	Chemical	Sasol	South Africa	X		http://sasolsdr.investoreports.com/sasol_sdr_2007/downloads/sasol_sus.pdf http://www.sasol.com/sasol_internet/downloads/Sasol_SD_Report2007_1195541788528.pdf
41	Chemical	Saudi Basic Industries	Saudi Arabia			http://www.sabic.com/corporate/en/ourcommitments/environment/default.aspx
42	Chemical	Sumitomo Chemical	Japan	X		http://www.sumitomo-chem.co.jp/english/responsible/pdf/2007csr/2007csre.pdf
43	Chemical	Sunoco	USA			http://hesreport.sunocoinc.com/fw/main/Home-483.html
44	Financials	3i Group	UK			http://www.ibm.com/ibm/responsibility/dwnlds/2007_CorporateCitizenshipReport.pdf
45	Financials	Allianz	Germany	X		http://www.allianz.com/en/allianz_group/sustainability/index.html http://www.allianz.com/en/allianz_group/sustainability/performance_highlights/gri_index/index.html
46	Financials	Banesto Bank	Spain	X	X	http://search.abb.com/library/Download.aspx?DocumentID=ARSR07EN&LanguageCode=en&DocumentPartID=&Action=Launch&IncludeExternalPublicLimited=True
47	Financials	Bank of America	USA			http://www.bankofamerica.com/environment/pdf/EnvironmentalReport_FN3.pdf
48	Financials	Barclays	UK			http://www.barclays.com/sustainabilityreport07/responsible_global_citizen.html
49	Financials	BNP Paribas	France	X		http://media.bnpparibas.com/invest/dev-durable/anglais/2007/default.htm
50	Financials	Calvert	USA	X	X	http://www.calvert.com/pdf/Calvert_CSR_07.pdf
51	Financials	Citigroup	USA			http://www.citigroup.com/citi/citizen/data/citizen07_en.pdf
52	Financials	Credit Suisse	Switzerland	X		http://www.credit-suisse.com/investors/doc/csg_ccr_2007_en.pdf http://www.credit-suisse.com/responsibility/doc/gri_indices_en.pdf
53	Financials	Daiwa Securities Group	Japan			http://www.daiwa-grp.jp/english/pdf/2007_Sustainability_Report/daiwa07_all.pdf
54	Financials	HSBC	UK	X		http://www.investis.com/reports/hsbc_sr_2007_en/report.php?type=1 http://www.hsbc.com/sus-gri
55	Financials	ICBC	China			http://www.icbc.com.cn/icbc/html/download/nb/2008/shehuizerenbaogao_2007e.pdf
56	Financials	JP Morgan Chase	USA			http://www.jpmorganchase.com/cm/BlobServer?blobFigure=Document&blobcol=urlblob&blobkey=name&blobheader=application/pdf&blobnocache=true

	Industry	Company	Country	UNGC	CEO WM	Link(s)
						&blobwhere=jpmc/corpresp/jpmc_crr07.pdf
57	Financials	Mitsubishi UFJ	Japan	X		http://www.mufg.jp/english/csr/csrreport/2007/pdf/all_e.pdf
58	Financials	Munich Re	Germany	X		http://www.munichre.com/publications/environmental_report_2007_en.pdf
59	Financials	Swiss Re	Switzerland	X		http://www.swissre.com/resources/dfe971804a1e544b890edb1e1ecc54e8-CR_Report_2007.pdf
60	Financials	Talal Abu-Ghazaleh	Egypt	X	X	(no report found)
61	Financials	UBS	Switzerland	X		http://www.ubs.com/1/e/about/corporate_responsibility/environment/reports/2007.html
62	Financials	WestPac Banking	Australia	X	X	http://www.westpac.com.au/manage/pdf.nsf/1CF9748975779566CA2573AE007BA74C/\$File/SIR_2007.pdf?OpenElement http://www.westpac.com.au/internet/publish.nsf/Content/WICREVII+Water+consumption http://www.westpac.com.au/manage/pdf.nsf/FFF6544299BFE610CA25738B00818267/\$File/2007_ESG_Report.pdf?OpenElement
63	Food Products	Ajinomoto	Japan			http://www.ajinomoto.com/csr/pdf/csr2008_en.pdf http://www.ajinomoto.com/environment/report/pdf/er2007_e_2.pdf
64	Food Products	Cadbury	UK	X		http://www.reportalert.info/ra/profiles/Cadbury/2008/?ID=23971
65	Food Products	Cargill	USA			http://www.cargill.com/files/ca26169_cargill_citizenship_15l.pdf
66	Food Products	Danisco	Denmark	X		http://sustainabilityreport08.danisco.com/index.dsp?page=148 http://www.corporateregister.com/a10723/das08-csr-dk.pdf http://www.danisco.com/cms/resources/file/ebcc8f029364eab/English.pdf
67	Food Products	Finlay International	Bangladesh	X	X	(no report found)
68	Food Products	General Mills	USA	X		http://www.generalmills.com/corporate/commitment/NEW_CSR_2008.pdf
69	Food Products	Groupe Danone	France	X	X	http://www.danone.com/images/pdf/dan_ratechdevdurable07_en.pdf
70	Food Products	Heinz	USA			http://www.corporateregister.com/a10723/hz07-sus-usa.pdf
71	Food Products	Kellogg	USA			http://annualreport2007.kelloggcompany.com/2007AR_EnvironSustain.pdf http://annualreport2007.kelloggcompany.com/kellogg_ar_2007.pdf
72	Food Products	Kraft Foods	USA			http://www.kraft.com/About/sustainability/ http://www.corporateregister.com/a10723/KraftFoods05-csr-usa.pdf
73	Food Products	McDonald's	USA			http://www.corporateregister.com/a10723/mcglob08-csr-us.pdf
74	Food Products	Nestlé	Switzerland	X	X	http://www.nestle.com/SharedValueCSR/Overview.htm http://www.nestle.com/Resource.axd?Id=F7879D21-0C3F-4099-AF79-6BA10BF5A5B4
75	Food Products	Sara Lee	USA			http://www.saralee.com/sustainability_report/2008/Assets/PDF/SaraLee_SR2008_Entire_2008_Sustainability_Report.pdf
76	Food Products	Sekem Group	Egypt			http://www.sekem.com/english/PDFs/Global_Compact_Report.pdf
77	Food Products	SunOpta	Canada	X	X	http://www.sunopta.com/uploadedFiles/corporate/about_us/sep5017.pdf

	Industry	Company	Country	UNGC	CEO WM	Link(s)
						http://www.sunopta-food.com/uploadedFiles/corporate/about_us/ssp5017.pdf
78	Food Products	Unilever	UK	X	X	http://www.unilever.com/Images/es_environmental_tcm13-130777.pdf http://www.corporateregister.com/a10723/unl07-sus-uk.pdf http://www.unilever.com/ourvalues/environment-society/sustainable-development-report/value-strategy/strategy-governance/reporting.asp?linkid=navigation
79	Forestry and Paper	AbitibiBowater	Canada	X		(no report found)
80	Forestry and Paper	Aracruz Celulose	Brazil	X		http://www.aracruz.com/minisites/ra2007/section/en/download_pdf/RA_eng.pdf
81	Forestry and Paper	CMPC	Chile			http://www.cmpc.cl/interior.aspx?cid=171&leng=en
82	Forestry and Paper	Eagon Industrial	South Korea	X		(no report found)
83	Forestry and Paper	Georgia Pacific	USA			(no report found)
84	Forestry and Paper	Indah Kiat Pulp and Paper	Indonesia	X		(no report found)
85	Forestry and Paper	International Paper	USA			http://www.internationalpaper.com/PDF/PDFCompany/SustainabilityReports/IPSustainability2006.pdf
86	Forestry and Paper	Nippon Paper	Japan	X		http://www.corporateregister.com/a10723/NippPapGr06-sus-jp.pdf
87	Forestry and Paper	Oji Paper	Japan	X		http://www.ojipaper.co.jp/english/sustainability/e_report/pdf/2007/000_066_all.pdf
88	Forestry and Paper	Stora Enso Oyj	Finland	X		http://www.storaenso.com/Documents/annual-report-2007-eng.pdf
89	Forestry and Paper	Sumitomo Forestry	Japan			http://sfc.jp/english/information/ir/library/pdf/80environ/sumirin_er_2007e.pdf
90	Forestry and Paper	Suzano	Brazil	X		(no report found)
91	Forestry and Paper	Temple-Inland	USA			http://www.templeinland.com/PDF/06SRbroforpdf_Layout%201.pdf
92	Forestry and Paper	Votorantim Celulose e Papel	Brazil	X		http://www.votorantim.com.br/ENU/Responsabilidade_Social/Meio_ambiente/ http://www.votorantim.com.br/NR/rdonlyres/4A3DC63D-7625-4A60-8B5C-690D34793331/0/RelatorioAnual_2007_ENG.pdf
93	Forestry and Paper	Weyerhaeuser	USA			http://www.weyerhaeuser.com/Sustainability http://www.weyerhaeuser.com/Sustainability/Footprint/WaterQuality http://www.weyerhaeuser.com/Sustainability/Footprint/WaterUse
94	Industrial Metals and Mining	Anglo American	UK/South Africa			http://www.investis.com/aa/docs/gr_2008_04_15.pdf
95	Industrial Metals and Mining	Arcelor Mittal	Luxembourg	X		http://www.arcelormittal.com/rls/data/upl/720-3-0-CorporateResponsibilityReport-LowResolution070708.pdf
96	Industrial Metals and Mining	Barrick Gold	Canada	X		http://www.barrick.com/Theme/Barrick/files/docs_ehss/Responsibility%20Report%202007%20-%20English.pdf
97	Industrial Metals and	BHP Billiton	Australia/U	X		http://www.bhpbilliton.com/bbContentRepository/docs/fullSustainabilityRep

	Industry	Company	Country	UNGC	CEO WM	Link(s)
	Mining		K			ort2008.pdf
98	Industrial Metals and Mining	BlueScope Steel	Australia			http://csereport2007.bluescopesteel.com/downloads/files/cse2007report.pdf
99	Industrial Metals and Mining	Impala Platinum	South Africa	X		http://www.implats.co.za/cr/reports/2008/default.htm
100	Industrial Metals and Mining	Lonmin	UK	X		http://www.lonmin.com/assets/pdf/Lonmin%20SDR%202007.pdf
101	Industrial Metals and Mining	Newmont Mining	USA	X		http://www.beyondthemine.com/2007/pdf/NewmontSustainabilityReport2007web.pdf
102	Industrial Metals and Mining	Norsk Hydro	Norway	X		http://annualreporting.hydro.com/upload/Annual%20Report/Overview%20of%20all%20PDF%20documents/Chapters/06_viability_performance.pdf
103	Industrial Metals and Mining	POSCO	South Korea	X		http://www.posco.com/homepage/docs/eng/dn/sustain/report/2007_SR_en.zip
104	Industrial Metals and Mining	Rio Tinto	UK/Australia	X		http://www.riotinto.com/ourapproach/sustainabledevelopment.asp http://www.riotinto.com/ourapproach/7193_water.asp
105	Industrial Metals and Mining	Saint-Gobain	France	X		http://www.saint-gobain.com/en/html/investisseurs/rapport/ra2007uk/ra2007uk.htm
106	Industrial Metals and Mining	Shanghai Baosteel	China	X		http://www.baosteel.com/plc/english/e06environment/Environmental2005.pdf
107	Industrial Metals and Mining	Tata Steel	India	X		http://www.tatasteel.com/corporatesustainability/Sustainability05-06/CSR-05-06.pdf
108	Industrial Metals and Mining	USIMINAS	Brazil	X		http://www.corporateregister.com/a10723/usmg07-sus-bra.pdf
109	Industrial Metals and Mining	Vale	Brazil	X		http://www.vale.com/vale_us/media/Vale_Sustainability_Report_2007.pdf
110	Industrial Metals and Mining	Xstrata	Switzerland	X		http://www.xstrata.com/assets/pdf/x_sustainability_2007.pdf
111	Oil and Gas	BG Group	UK	X		http://www.bg-group.com/OnlineReports/downloads/cr/080425.pdf
112	Oil and Gas	BP	UK	X		http://www.bp.com/liveassets/bp_internet/globalbp/STAGING/global_assets/e_s_assets/downloads/bp_sustainability_report_2007.pdf
113	Oil and Gas	ENI	Italy	X		http://www.eni.it/en_IT/attachments/publications/corporate-responsability/general/sustainability-report-2007.pdf
114	Oil and Gas	Hess Corporation	USA	X		http://www.hess.com/downloads/reports/EHS/US/2007/2007.pdf
115	Oil and Gas	Lukoil	Russia	X		http://www.lukoil.com/materials/doc/reports/Social/Report_eng_2006.pdf
116	Oil and Gas	Nexen Inc.	Canada	X		http://www.nexeninc.com/files/Sustainability/2007/2007NexenSR.pdf

	Industry	Company	Country	UNGC	CEO WM	Link(s)
117	Oil and Gas	Oil and Natural Gas Corporation	India	X		http://www.ongcindia.com/download/AnnualReports/AnnualReport2007_08.pdf
118	Oil and Gas	Petrobras-Petróleo Brasil	Brazil	X		http://www2.petrobras.com.br/ResponsabilidadeSocial/ingles/pdf/BSA2007_ing.pdf
119	Oil and Gas	PetroChina	China	X		http://www.petrochina.com.cn/resource/pdf/qyshzrbg/07_cny.pdf
120	Oil and Gas	Repsol YPF	Spain	X		http://www.repsol.com/imagenes/es_en/Repsol%20RC_07_ENG_1-99_tcm11-473558.pdf
121	Oil and Gas	Royal Dutch Shell	Netherlands	X		http://sustainabilityreport.shell.com/2007/servicepages/downloads/files/entire_shell_ssr07.pdf
122	Oil and Gas	Sinopec	China	X		http://english.sinopec.com/download_center/reports/2007/20080717/download/SustainReport2007en.pdf
123	Oil and Gas	StatoilHydro	Norway	X		http://www.statoilhydro.com/en/EnvironmentSociety/Sustainability/Downloads/Paper%20report.pdf http://www.statoilhydro.com/en/EnvironmentSociety/Sustainability/2007/DisciplineGate/Pages/GRIIndex.aspx
124	Oil and Gas	Technip	France	X		http://www.technip.com/english/pdf/Technip_RA_2007_en.pdf
125	Oil and Gas	Total	France	X		http://www.total.com/rse-2007/en/docs/all.pdf
126	Oil and Gas	TransCanada	Canada			http://www.transcanada.com/social/responsibility/2007/pdf/tc_corp_resp.pdf
127	Oil and Gas	Woodside Petroleum	Australia			http://woodside.ice4.interactiveinvestor.com.au/Woodside0802/2007%20Sustainable%20Development%20Report/EN/download.aspx
128	Pharmaceuticals and Biotechnology	Abbott Laboratories	USA			http://www.abbott.com/pv_obj_cache/pv_obj_id_ACAF54824EB1191475FD765DB20A065B14E73F00/filename/gc_report_2007.pdf
129	Pharmaceuticals and Biotechnology	Astra Zeneca	UK			http://www.astrazeneca-annualreports.com/2007/Downloads/Annual_Report.pdf
130	Pharmaceuticals and Biotechnology	Dr. Reddy's	India			http://www.drreddys.com/coverview/sd_sreport.htm
131	Pharmaceuticals and Biotechnology	Genentech	USA			http://www.gene.com/gene/about/environmental/pdf/2007_sus_rpt.pdf
132	Pharmaceuticals and Biotechnology	GlaxoSmithKline	UK	X		http://www.gsk.com/responsibility/cr-review-2007/downloads/CR-Report-2007.pdf
133	Pharmaceuticals and Biotechnology	Johnson & Johnson	USA			http://www.jnj.com/connect/pdf/publications-pdf/2007-sustainability-report.pdf
134	Pharmaceuticals and Biotechnology	Medley	Brazil			http://www.corporateregister.com/a10723/Medleysa06-sus-br.pdf
135	Pharmaceuticals and Biotechnology	Merck KGaA	Germany	X		http://www.merck.de/company.merck.de/en/images/Merck_CR_Report_2007_EN_web_tcm82_16321.pdf

	Industry	Company	Country	UNGC	CEO WM	Link(s)
136	Pharmaceuticals and Biotechnology	Novartis Group	Switzerland	X		http://www.corporatecitizenship.novartis.com/downloads/managing-cc/novartis_2007_gri_report.pdf
137	Pharmaceuticals and Biotechnology	Novo Nordisk	Denmark	X		http://www.novonordisk.com/images/annual_report/AR_07/PDF/AR2007-UK.pdf http://www.novonordisk.com/sustainability/Reporting/GRI_Environment.asp http://report2007.novozymes.com/PDF/NZ_AR07_UK.pdf
138	Pharmaceuticals and Biotechnology	Novozymes	Denmark	X		http://report2007.novozymes.com/PDF/NZ_AR07_UK.pdf
139	Pharmaceuticals and Biotechnology	Pfizer	USA	X		http://media.pfizer.com/files/corporate_citizenship/cr_report_2007.pdf
140	Pharmaceuticals and Biotechnology	Sanofi-aventis	France	X		http://sustainability.sanofi-aventis.com/pdf/rdd_2007_en.pdf
141	Pharmaceuticals and Biotechnology	Syngenta	Switzerland			http://www.syngenta.com/en/corporate_responsibility/pdf/Syngenta_CRR2007_english.pdf
142	Pharmaceuticals and Biotechnology	Takeda Pharmaceutical	Japan			http://www.takeda.com/pdf/usr/default/ar2007_27733_5.pdf
143	Technology Hardware and Equipment	ABB Ltd.	Switzerland	X		http://search.abb.com/library/Download.aspx?DocumentID=ARSR07EN&LanguageCode=en&DocumentPartID=&Action=Launch&IncludeExternalPublicLimited=True
144	Technology Hardware and Equipment	Chartered	Singapore			http://www.corporateregister.com/a10723/CharteredSemi06-env-sing.pdf
145	Technology Hardware and Equipment	Cisco Systems	USA			http://www.cisco.com/web/about/ac227/ac333/pdf/Corporate_Citizenship_Report_2007.pdf
146	Technology Hardware and Equipment	Dell	USA			http://www.dell.com/downloads/global/corporate/environ/report2008.pdf
147	Technology Hardware and Equipment	Fujitsu	Japan			http://www.fujitsu.com/downloads/ECO/rep2008/fujitsureport2008-e.pdf
148	Technology Hardware and Equipment	Hewlett-Packard	USA	X		http://www.hp.com/hpinfo/globalcitizenship/gcreport/pdf/hp_fy07_gcr.pdf http://www.hp.com/hpinfo/globalcitizenship/gcreport/about/griindex.html
149	Technology Hardware and Equipment	IBM	USA			http://www.ibm.com/ibm/responsibility/dwnlds/2007_CorporateCitizenshipReport.pdf
150	Technology Hardware and Equipment	Intel	USA			http://download.intel.com/intel/cr/gcr/pdf/07CR_report.pdf
151	Technology Hardware and Equipment	Koninklijke Philips Electronics	Netherlands	X		http://www.philips.com/shared/assets/Downloadablefile/sustainabilitydownloads/report2007.pdf

	Industry	Company	Country	UNGC	CEO WM	Link(s)
152	Technology Hardware and Equipment	Motorola	USA			http://www.motorola.com/mot/doc/7/7130_MotDoc.pdf
153	Technology Hardware and Equipment	NEC Corp	Japan			http://www.nec.co.jp/csr/en/report/pdf/CSR-all2008.pdf
154	Technology Hardware and Equipment	Nokia	Finland			http://www.nokia.com/NOKIA_COM_1/Corporate_Responsibility/CR_Report_2007/Nokia_CR_Report_2007_PrinFigure.pdf http://www.nokia.com/A41027108
155	Technology Hardware and Equipment	Samsung Electronics	South Korea			http://www.samsung.com/us/aboutsamsung/corporateactivity/corpcitizenship/environmentsocialreport/downloads/greport_2005.pdf
156	Technology Hardware and Equipment	SMIC	China			(no report found)
157	Technology Hardware and Equipment	Sony	Japan			http://www.sony.net/SonyInfo/Environment/issues/report/2008/pdf/CSR2008E_all.pdf
158	Technology Hardware and Equipment	ST Microelectronics	Italy			http://www.st.com/stonline/company/envirom/report07/cr07.pdf
159	Technology Hardware and Equipment	Toshiba Corporation	Japan			http://www.toshiba.co.jp/csr/en/report/pdf/report08_all.pdf http://www.toshiba.co.jp/csr/en/report/index.htm
160	Technology Hardware and Equipment	TSMC	Taiwan			http://www.tsmc.com/english/a_about/a07_environmental/Annual_Report/0820tsmc-csr-e/all.pdf
162	Technology Hardware and Equipment	UMC	Taiwan			http://www.corporateregister.com/a10723/UnitedMic07-sus-tw.pdf
163	Water Infrastructure and Services	Arup Group Americas	USA	X	X	http://www.arup.com/arup/socialresponsibility.cfm http://www.arup.com/arup/feature.cfm?pageid=9744
164	Water Infrastructure and Services	Danaher	USA			(no report found)
165	Water Infrastructure and Services	Fuji Electric	Japan			http://www.fujielectric.com/eco/pdf/contents_08/2008/2008.pdf
166	Water Infrastructure and Services	General Electric	USA			http://www.ge.com/files_citizenship/pdf/GE_07_08_Citizenship_Report.pdf http://www.ge.com/citizenship/reporting/gri.jsp
167	Water Infrastructure and Services	Hindustan Construction	India	X	X	(no report found)
168	Water Infrastructure and Services	ITT Corp.	USA			http://www.itt.com/responsibility/downloads/# http://www.itt.com/responsibility/environment/
169	Water Infrastructure and Services	ITT Water and Waste	Sweden	X		http://www.corporateregister.com/a10723/ITTW07-sus-swe.pdf

	Industry	Company	Country	UNGC	CEO WM	Link(s)
170	Water Infrastructure and Services	Lackeby Water Group	Sweden	X	X	(no report found)
171	Water Infrastructure and Services	Liqum Inc.	Finland	X	X	(no report found)
172	Water Infrastructure and Services	The Manila Water Company	The Philippines			http://www.manilawater.com/files/MWCSusDev07.pdf
173	Water Infrastructure and Services	Metito Ltd.	UAE	X	X	(no report found)
174	Water Infrastructure and Services	Nalco	USA			http://www.nalco.com/PDF/B-373%202007%20SHE%20report.pdf
175	Water Infrastructure and Services	Netafim	Israel	X	X	(no report found)
176	Water Infrastructure and Services	Saur	France	X		http://www.corporateregister.com/a10723/saur07-sus-fr.pdf
177	Water Infrastructure and Services	Siemens AG	Germany	X	X	http://w1.siemens.com/responsibility/report/07/pool/pdf/cr_report_2007_e_in_tenetversion.pdf
178	Water Infrastructure and Services	SUEZ Environment	France	X	X	http://www.corporateregister.com/a10723/suez0708-sus-fr.pdf
179	Water Infrastructure and Services	Toray Industries	Japan			http://www.toray.com/csr/download/pdf/dow_2007_e.pdf
180	Water Infrastructure and Services	Umgeni Water	South Africa			http://www.umgeni.co.za/pdf/2008/ar_2008/umgeni_water_ar_2008.pdf
181	Water Infrastructure and Services	Veolia Environment	France	X		http://www.sustainable-development.veolia.com/library/en/standalone/corporate/1603,RDD06-anglais.pdf

Appendix B: Overview of CEO Water Mandate Elements¹⁸

Direct Operations

Virtually all business organizations, whether small or large, utilize water in the production of their goods and services. The extent of this use varies across industrial and economic sectors. For instance, water-infrastructure companies play a direct role in working with governments and municipalities to manage water and wastewater systems. In other cases, water is a primary ingredient in an organization's final product. Water is also crucial in the manufacturing or development process of many companies. In still others, water is a primary resource in the supply chain.

In areas of water stress, rapid industrialization and economic development place significant demands on water resources.

Therefore, we pledge to undertake the following actions, where appropriate, over time:

- Conduct a comprehensive water-use assessment to understand the extent to which the company uses water in the direct production of goods and services.
- Set targets for our operations related to water conservation and wastewater treatment, framed in a corporate cleaner production and consumption strategy.
- Seek to invest in and use new technologies to achieve these goals. Raise awareness of water sustainability within corporate culture.
- Include water sustainability considerations in business decision making – e.g. facility-siting,
- due diligence, and production processes.

Supply Chain and Watershed Management

In recent years more and more business organizations have focused on issues and activities along their supply chains – recognizing that many impacts are beyond their direct control. With respect to water, this understanding is quite new, with many companies just beginning to examine the degree to which their suppliers utilize water in their operations.

The role of agriculture is particularly important as it accounts for 70% of all fresh water withdrawn, and must play a primary role in helping to address improved water management.

At the same time, companies operating in communities and areas of water stress increasingly see that as local stakeholders they have an interest and can play a role in helping to protect and manage the area watershed – understanding and recognizing the leading role that governments and local authorities must play.

Therefore, we pledge to undertake the following actions, where appropriate, over time:

- Encourage suppliers to improve their water conservation, quality monitoring, waste-water treatment, and recycling practices.
- Build capacities to analyze and respond to watershed risk.
- Encourage and facilitate suppliers in conducting assessments of water usage and impacts.

¹⁸ For the entire CEO Water Mandate document, see:

http://www.unglobalcompact.org/docs/news_events/8.1/Ceo_water_mandate.pdf.

- Share water sustainability practices – established and emerging – with suppliers.
- Encourage major suppliers to report regularly on progress achieved related to goals.

Collective Action

While individual organizational efforts will be critical in helping to address the water challenge, collective efforts – across sectors and societal spheres – will also be required. Such multi-stakeholder collaboration can draw on significant expertise, capacities, and resources. Utilizing frameworks such as the UN Global Compact, companies can participate in collective efforts to address water sustainability.

Therefore, we pledge to undertake the following actions, where appropriate, over time:

- Build closer ties with civil society organizations, especially at the regional and local levels.
- Work with national, regional, and local governments and public authorities to address water sustainability issues and policies, as well as with relevant international institutions – e.g. the UNEP Global Programme of Action.
- Encourage development and use of new technologies, including efficient irrigation methods, new plant varieties, drought resistance, water efficiency and salt tolerance.
- Be actively involved in the UN Global Compact’s Country Networks.
- Support the work of existing water initiatives involving the private sector – e.g. the Global Water Challenge; UNICEF’s Water, Environment and Sanitation Program; IFRC Water and Sanitation Program; the World Economic Forum Water Initiative – and collaborate with other relevant UN bodies and intergovernmental organizations – e.g. the World Health Organization, the Organisation for Economic Co-operation and Development, and the World Bank Group.

Public Policy

Actions such as those proposed in this Mandate will only be sustainable and efficient if embedded in effective global, regional, and local water governance structures with the right incentives for water efficiency and allocation. As a consequence, the topic of water sustainability is increasingly rising to the top of the international policy agenda as governments, multilateral organizations, and other stakeholders, including civil society, debate the challenge.

Some of these discussions relate to government policy and regulation; others focus on the interplay of regulatory and voluntary efforts; while still others involve efforts to create the proper environment and enabling spaces for partnerships and collective efforts to flourish. Basic issues of water governance and the market value of water remain to be resolved and are fundamental to making progress in water management.

Therefore, we pledge to undertake the following actions, where appropriate, over time:

- Contribute inputs and recommendations in the formulation of government regulation and in the creation of market mechanisms in ways that drive the water sustainability agenda.
- Exercise “business statesmanship” by being advocates for water sustainability in global and local policy discussions, clearly presenting the role and responsibility of the private sector in supporting integrated water resource management.
- Partner with governments, businesses, civil society, and other stakeholders – for example specialized institutes such as the Stockholm International Water Institute, UNEP

Collaborating Centre on Water and Environment, and UNESCO's Institute for Water Education – to advance the body of knowledge, intelligence, and tools.

- Join and/or support special policy-oriented bodies and associated frameworks – e.g. UNEP's
- Water Policy and Strategy, UNDP's Water Governance Programme.

Community Engagement

Companies operate not in a vacuum but in a broader societal context. Indeed, it is increasingly recognized that businesses are part of the social fabric of the communities in which they operate – and as corporate citizens share in the responsibility of the sustainability and well-being of these communities. More and more companies – both multinationals operating abroad and local enterprise – see that supporting or actively engaging with communities and grassroots organizations and initiatives is in their enlightened self-interest.

Therefore, we pledge to undertake the following actions, where appropriate, over time:

- Endeavor to understand the water and sanitation challenges in the communities where we operate and how our businesses impact those challenges.
- Be active members of the local community and encourage or provide support to local government, groups, and initiatives seeking to advance the water and sanitation agendas.
- Undertake water-resource education and awareness campaigns in partnership with local stakeholders.
- Work with public authorities and their agents to support – when appropriate – the development of adequate water infrastructure, including water and sanitation delivery systems.

Transparency

Transparency goes to the heart of accountability. Leading companies recognize that transparency and disclosure are crucial in terms of meeting the expectations of a wide group of stakeholders. Such efforts help companies focus on continuous improvement and turning principles into results – a process which is crucial in terms of realizing gains and building trust.

Therefore, we pledge to undertake the following actions, where appropriate, over time:

- Include a description of actions and investments undertaken in relation to The CEO Water Mandate in our annual Communications on Progress for the UN Global Compact, making reference to relevant performance indicators such as the water indicators found in the Global Reporting Initiative (GRI) Guidelines.
- Publish and share our water strategies (including targets and results as well as areas for improvement) in relevant corporate reports, using – where appropriate – the water indicators found in the GRI Guidelines.
- Be transparent in dealings and conversations with governments and other public authorities on water issues.