WWF

BRIEF

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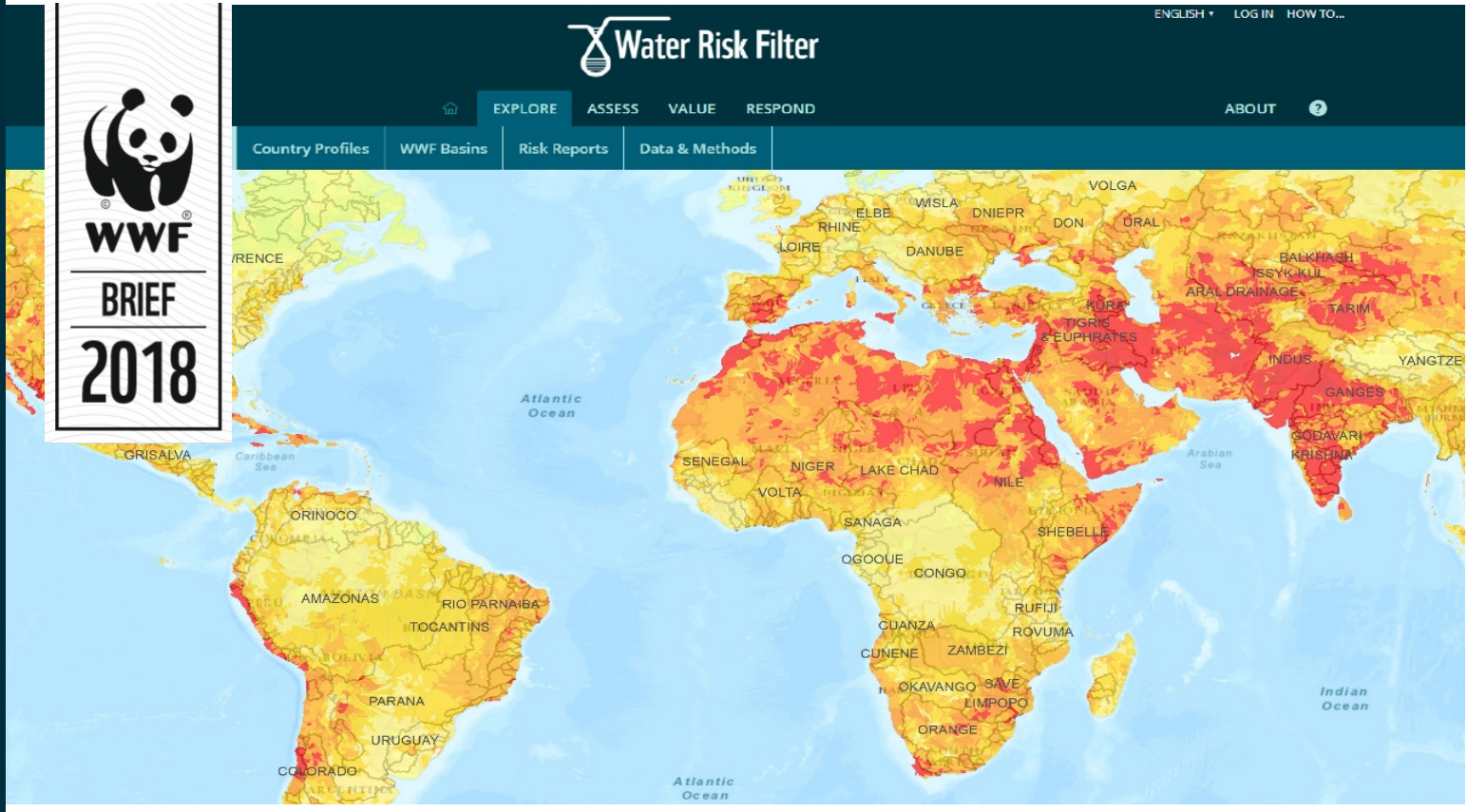

WATER RISK FILTER 5.0: A TOOL TO SUPPORT CONTEXTUAL WATER TARGETS

Business-as-usual is no longer an option if we are to create a future that is better for everyone, everywhere – according to Michael Møller, Director-General of the United Nations. More companies are grasping this and understanding that they need to approach water differently, acknowledging that water is a local resource that needs to be managed locally. But how do we shift thinking to ensure target setting accounts for context?

While corporate water stewardship practices are becoming more common, water goals (or targets as we will refer to them) continue to be largely internally focused. Moreover, water targets are often devoid of any links to a desired-end state for local water resources. The CDP Global Water Report 2017 supports these assertions, noting that only 56% of responding companies had set water targets across a range of water issues but overall many of these targets did not account for shared basin challenges. Often these targets are largely informed by traditional headquarter materiality processes along with a mix of benchmarking against peers or a feasible "stretch" target linked to best available technologies.

WHAT UNDERPINS A CONTEXTUAL APPROACH?

Simply put, a Contextual approach seeks to align the actions of a site with those challenges being experienced within the basin – or on the right areas.

For example, a contextual approach requires that the internal and external actions of a site located in a basin with high water scarcity reflects this challenge. This enables a company to develop more efficient and contextually appropriate site responses to shared water challenges using a somewhat top down and global approach.

Contextual Water Targets also act as a step towards Context-Based Water Targets (CBWTs) in that the former starts to align targets with shared water challenges but don't go require the magnitude of the target to be quantitatively tied to the status of the shared water challenge, nor do contextual targets begin to explore responsibility for addressing cumulative impacts.

WATER RISK FILTER: CONTEXTUAL WATER STEWARDSHIP RESPONSE

WWF is committed to supporting companies in taking this first step towards incorporating context into their water stewardship strategies by aligning site-based actions with the shared water challenges within a basin. The updated Water Risk Filter combines the power of the insights of water risk assessment with the ability to quickly identify contextually appropriate responses – no matter the size of your portfolio.

The main change that enables the Water Risk Filter to be an indispensable contextual tool is the refreshed ***Response*** section which now offers companies a bespoke set of *contextual* water stewardship actions for each site each of which has been expertly curated from leading water stewardship guidance and hyperlinked to the broader water stewardship ecosystem.

By taking this step now, a company will be better placed to integrate the concepts of Contextual and CBWTs into their strategies when further guidance and methods become available.

Water targets are often devoid of any links to a desired-end state for local water resources

BENFITS OF THE UPDATED WATER RISK FILTER WHEN CONSIDERING TAKING CONTEXTUAL ACTION

The shift to account for basin context is essential if we are to move towards true sustainability of water resources. This is where contextual water targets come in and the updated Water Risk Filter, which will go live in the Fall of 2018, can support companies take this first step.

OTHER POTENTIAL INSIGHTS

The new Response section can generate many more insights than are highlighted through the initial work with H&M. Other potential applications include:

- **Ability to select a portfolio of sites that more closely matches a business' corporate structure**
- **Support action at the corporate or site level**
- **Quicker identification of the most material sites and shared water challenges within a value chain**
- **Identify gaps between water stewardship maturity and response to contextual water risks**

PRACTICAL CASE: H&M

As WWF was developing the new Response section for the Water Risk Filter, we had the opportunity to work with H&M and its water risk data for over 450 sites globally. These data were used to refine the backend logic of the tool but have also enabled us to provide H&M with specific contextual water stewardship response recommendations. Using this new Response section, we were able to illustrate:

The distribution of contextual actions across the ten types of water stewardship response categories in the tool for the entire value chain.

The specific contextual response actions that individual sites should be prioritising as they work to mitigate their exposure to water-related risks.

The potential to evaluate the site's proposed plans versus WWF recommended actions and present the results using Ceres' Aqua Gauge framework.

WWF is excited to be launching this practical tool and contribute to guidance that support companies in taking this first step towards ensuring that their efforts more appropriately contribute towards creating more sustainable basins - because no business is successful in a failed basin.

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