

THE WATER STEWARDSHIP JOURNEY FOR BUSINESSES

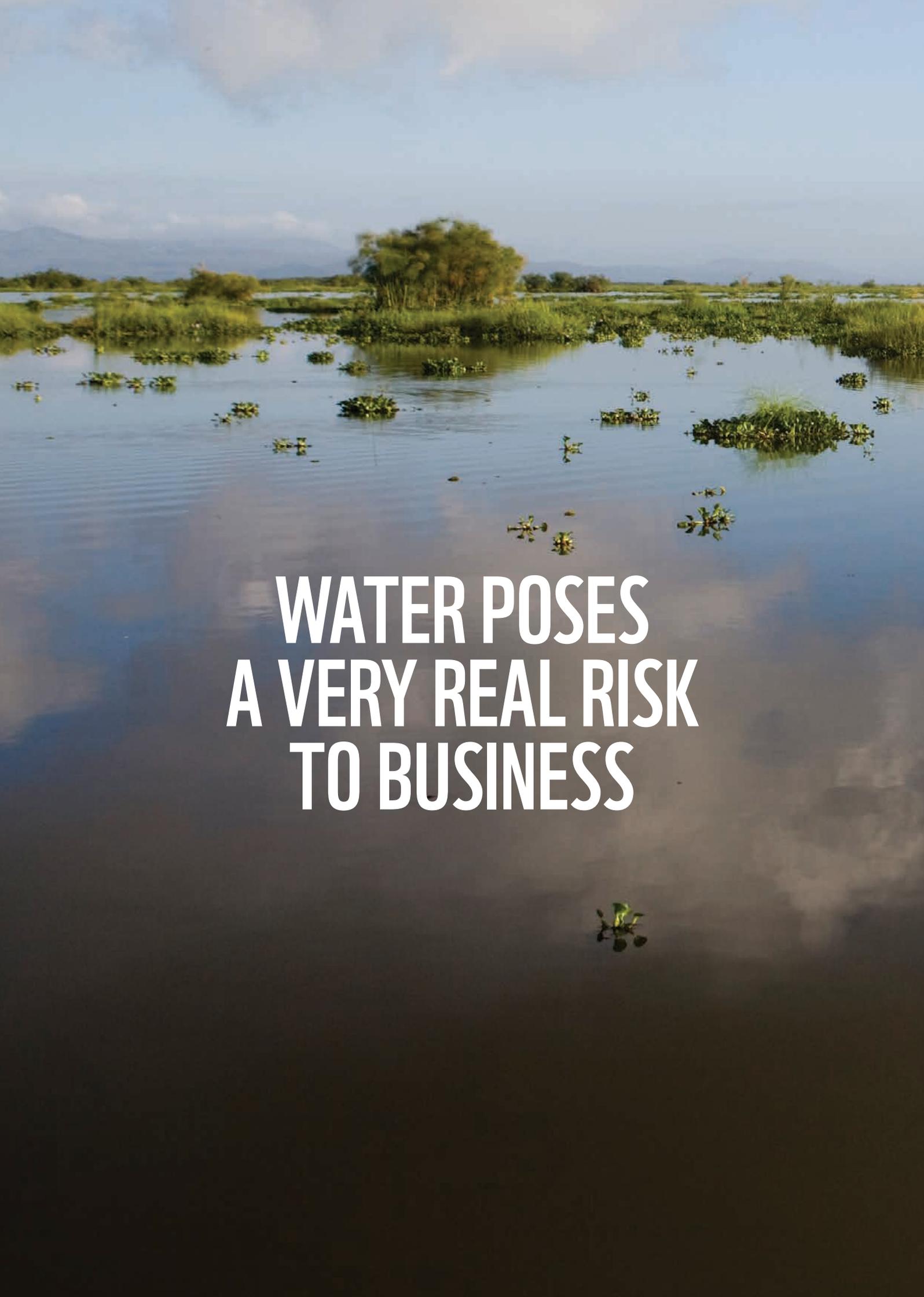
WITH ADVICE FROM WWF AND M&S



WORKING
TOGETHER TO
DELIVER MORE
SUSTAINABLE
PRODUCTS

M&S

EST. 1884

A wide, shallow body of water, possibly a wetland or marsh, with scattered green aquatic plants and a large tree in the background under a blue sky. The water is calm, reflecting the sky and the surrounding vegetation. The overall scene is peaceful and natural.

**WATER POSES
A VERY REAL RISK
TO BUSINESS**

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FORWARD FROM WWF AND M&S

Watch out. Water is rising. It is rising up the global agenda. Are you ready?

All businesses are dependent on water, some more than others. Water stewardship is increasingly becoming a critical issue for business resilience, with competition for scarce water resources in many regions of the world. How your business tackles this issue will be vital to your long term survival and growth. Does your business understand the risks of not addressing this issue? Is your business reaping the benefits of tackling it well?

At this time in history, these issues are in the public eye and on the global agenda more than ever before, not only for governments and civil society but also for businesses, which are expected to play their part in addressing the fundamental issues around the sustainable management of water and the human right to water. In 2015, the 17 Sustainable Development Goals spearheaded by the United Nations were officially adopted by the international community. Goal 6 sets the target of ensuring the availability and sustainable management of water and sanitation for all, with the important role of business in supporting their implementation recognised explicitly.

Now is the time to make sure water is rising up the agenda in your business and if you are already working on it, now is the time to up the ante, learn from the experience of others and move it forward another step. There are many business benefits to developing and pursuing a coherent strategy on water management including reducing the risk of your business being impacted by limited availability or quality of water, reputational gains and improving relationships with stakeholders and with your supply chain, as well as ultimately cost savings.

WWF has worked with M&S for over a decade, with freshwater being a key area of focus. This has included joint initiatives in Kenya, UK and South Africa as well as increasing M&S's awareness and capacity to address water related risks and impacts.

You can read about our work together in two previous publications:

- Good water stewardship – Guidance for agricultural suppliers¹
- Water stewardship experiences in the Western Cape².

This third joint publication aims to share our joint learnings on water stewardship from a different angle. It is aimed at people working on water stewardship in business, whether you have just started your journey or are a few years down the path. It highlights some of the successes and challenges both WWF and M&S have faced, particularly in implementing collective action and influencing governance, which are key elements of water stewardship and are essential to manage shared water risks. It also provides an overview of how M&S addresses water stewardship within its business and supply chain, highlighting some of the key learnings and lessons experienced along the way.

WWF want to share the outputs of this partnership, to highlight the benefits of adopting a water stewardship approach to mitigate water risk. WWF hopes that other businesses will learn from it and the positive impact on the water resources of the world will be multiplied. M&S are keen to share their learnings, so that other businesses can understand the potential pitfalls and can leapfrog these by applying some of the things that worked well. It is a non-competitive issue because it is a benefit to the general business environment for all organisations to manage water more sustainably. There are also countless examples of where multiple stakeholders working together in collective action is needed in order to make progress.

Together, we hope you find the booklet useful, as we all move forward in improving water stewardship in the many places around the world our businesses and organisations touch.

1 <http://po.st/AUVkWj>

2 <http://po.st/AVzKGJ>

“ If climate change is the wolf, water is its teeth. M&S source from over 70 countries, most are experiencing more water challenges be it too much, too little or not the right quality. Every business needs to have water stewardship on their agenda. It’s not just an environmental risk but a social and economic imperative. ”



Louise Nicholls,
Head of Responsible Sourcing,
Packaging & Plan A, M&S

INTRODUCTION

WATER - A PRECIOUS RESOURCE

It's a given that water is essential to life. We all know that. It's fundamental for drinking water, to grow food, to generate power and for many manufacturing practices. Therefore it is fundamental to the running of businesses. It is also essential to the myriads of diverse ecosystems and species that depend on them, which are declining dramatically globally³.

54% of the world's accessible freshwater is diverted for human consumption, with 90% of all freshwater consumption going to agriculture⁴. Water availability and quality presents a huge restricting factor for global food production as well as manufacturing processes in many regions.

WATER - A RESOURCE UNDER PRESSURE

It's not only an essential resource but it is also a limited resource. The Food and Agriculture Organisation of the United Nations (FAO) estimate that globally, more than 1.2 billion people live in areas of physical water scarcity⁵, while others have estimated that 4 billion people live under conditions of severe water scarcity at least 1 month of the year.⁶

So as demand increases, water shortages pose a major challenge to communities, the environment and to businesses including retailers like M&S and others, whose supply chain and operations depend on a healthy water supply.



WATER – A BUSINESS RISK

Competing demands for water amongst users or between different sectors (industry, agriculture, domestic, environment), especially where demand exceeds the sustainable supply for all or part of the year, means that without a robust system of water allocations and pollution control, stakeholders can be exposed to water risks. As competition for water is becoming increasingly acute, businesses are starting to experience substantive water risks.

Water crises has been ranked as the **3RD MOST IMPORTANT RISK** to global growth in the next 10 years according to the World Economic Forum's (WEF) 2016 Global Risks Report⁸

The number 1, highest ranked risk was **'FAILURE OF CLIMATE-CHANGE MITIGATION AND ADAPTATION'**, and much of the impact from this would be felt through its effect on water.

CDP's most recent Global Water Report⁹, written on behalf of 617 investors with US\$63 trillion in assets, reported that:

65%

Two-thirds (65%) of companies reported exposure to substantive water risk.

(% of the companies that responded to investor requests for information)

27%

27% of reporting companies experienced detrimental impact related to water.

US\$2.5 BILLION

The financial impacts totalled more than US\$2.5 billion.

3 WWF's Living Planet Index, which measures the state of the populations of freshwater species, has fallen by 76% since 1970, a dramatic decline and more than the equivalent terrestrial or marine indices over the same period.

4 Molden, D. (ed.) 2007 Water for food, water for life: A comprehensive assessment of water management in agriculture. London: Earthscan; Colombo: International Water Management Institute.

5 Comprehensive Assessment of Water Management in Agriculture. 2007. Water for Food, Water for Life: A Comprehensive Assessment of Water Management in Agriculture. London: Earthscan, and Colombo: International Water Management Institute.

6 Mekonnen M.M. and Hoekstra, A.Y. (2016) Four billion people facing severe water scarcity. Science Advances 12 Feb 2016. Vol. 2, no. 2

7 UN (2015) The United Nations World Water Development Report 2015 <http://po.st/rW0PER>

8 Compiled from a survey of 750 experts and decision makers in the WEF's multi-stakeholder communities. WORLD ECONOMIC FORUM (2016) Global risks report <http://po.st/jRUFcQ>

9 Accelerating action, CDP Global Water Report October 2015 <http://po.st/musxbw>

The scale and nature of water risk will vary from business to business but we can broadly categorise business water risks into three types:

Direct physical risks are those relating to:

- overall availability of water (e.g. changing global/local hydrological conditions, such as drought or flood, all of which may well be exacerbated by climate change)
- reliability of supply (e.g. storage and supply infrastructure)
- water quality, which mean that the water is not sufficient for the purposes of the business (e.g. pollution of water sources – such as water not being suitable for agricultural use due to local industry’s effluent or poor sanitation disposal in informal housing).

Your business may be impacted by these physical risks indirectly where your supply chains are affected.

Regulatory risks are caused by changing water allocations (where other sectors’ needs may be prioritised), water-related licences and water institutions. Regulation may relate to pricing, use or efficiency, pollution, withdrawal rights, reuse or recycling, process or product standards or licenses to operate. In some cases the absence or poor enforcement of effective regulation may be more of a threat than the regulations themselves. Often, it is the reliability and consistency of supply and water regulation that present the key water risks to businesses rather than absolute scarcity of water, which can often be managed and accommodated if foreseen.

Reputational and market risks are linked to the real and perceived ecological and social impacts of poor water management, including water uses and discharges (e.g. pollution of groundwater sources). It can also be where businesses are seen to be appropriating more than their fair share of water at the expense of other users or the ecosystems on which they depend. Reputational issues can be shaped by a complex combination of events, information, media, stakeholder needs, public opinion, NGOs and policies and can have severe implications for business performance and competitiveness.

WATER – AN OPPORTUNITY

The flip side of water being a business risk is of course that handling the issues well can bring real business benefits.

The three key outcomes of best-practice water stewardship are:

- good water governance, providing a fair allocation of water for all water users
- sustainable water balance
- good water quality.

Some of the key business benefits of handling water stewardship effectively include:

- Reducing water related business risk by minimising social, environmental and economic impacts.
- Continuity of supply from sourcing locations for retail businesses.
- Drought preparedness. Operations and supply chains engaging in water stewardship are more likely to be resilient in the case of drought.
- Cost savings associated with water efficiency, including associated reduction in energy bills if there is a reduced need for pumping, treating or heating water.
- Strong engagement with the local community. Only by working together with local community organisations can water issues be tackled.
- For retail businesses the benefits include closer relations with suppliers.
- Reputational benefits – Demonstrating to customers, investors and other business stakeholders that the company has identified and has an effective response to managing its water related business risk through its participation in water stewardship. Raising reputation with local community that can aid recruitment, planning and reduce risk of social unrest.
- Communicating to employees, the local community and to local public sectors that the company is taking a responsible approach to water in the local environment.

The joint M&S/WWF project in South Africa (case study on page 23) highlights a number of specific benefits both for M&S in terms of continuity of supply and relationships with suppliers and also for producers and farmers in terms of more efficient use of water, which is essential to their business and profits, especially in times of drought and improved relationships with surrounding community.



“ The 2015-2016 drought in South Africa has had catastrophic effects on farming and food production throughout the country, including the Breede Valley in the Western Cape. Water efficient practices in agriculture are often catalysed during drought events. For farmers, the necessary focus on water hones water management practices, creates new insights and emphasises the importance of investing in efficient irrigation equipment. ”

WWF Report – Breede Catchment
Water Stewardship Programme¹⁰

HOW CAN BUSINESSES MAKE A POSITIVE IMPACT?

Many local and global businesses are moving forward towards sustainable water stewardship and are finding that making progress on this journey is beneficial for all stakeholders.

Water Stewardship is:

“ The use of water that is socially equitable, environmentally sustainable and economically beneficial, achieved through a stakeholder inclusive process that involves site and catchment based actions. Good water stewards understand their own water use, catchment context and shared risk in terms of water governance, water balance, water quality and important water related areas; and then engage in meaningful individual and collective actions that benefit people and nature. ”

Alliance for Water Stewardship

WWF has proposed a five step 'ladder' for businesses to work towards delivering water stewardship (see Figure 1).

WWF believes that becoming a good water steward necessitates businesses shifting their approach away from attempting to address responsibilities through ad hoc and philanthropic biodiversity or community water supply initiatives, to a situation where they recognise water as a fundamental, strategic and core business issue that requires action that considers the wider scale nature of the risks – the catchment, basin¹¹ and even national scale.

11 A river 'basin' usually refers to the area of land that drains to the sea or other large river. A 'catchment' is a smaller sub-unit of a basin.

WWF'S WATER STEWARDSHIP STRATEGY

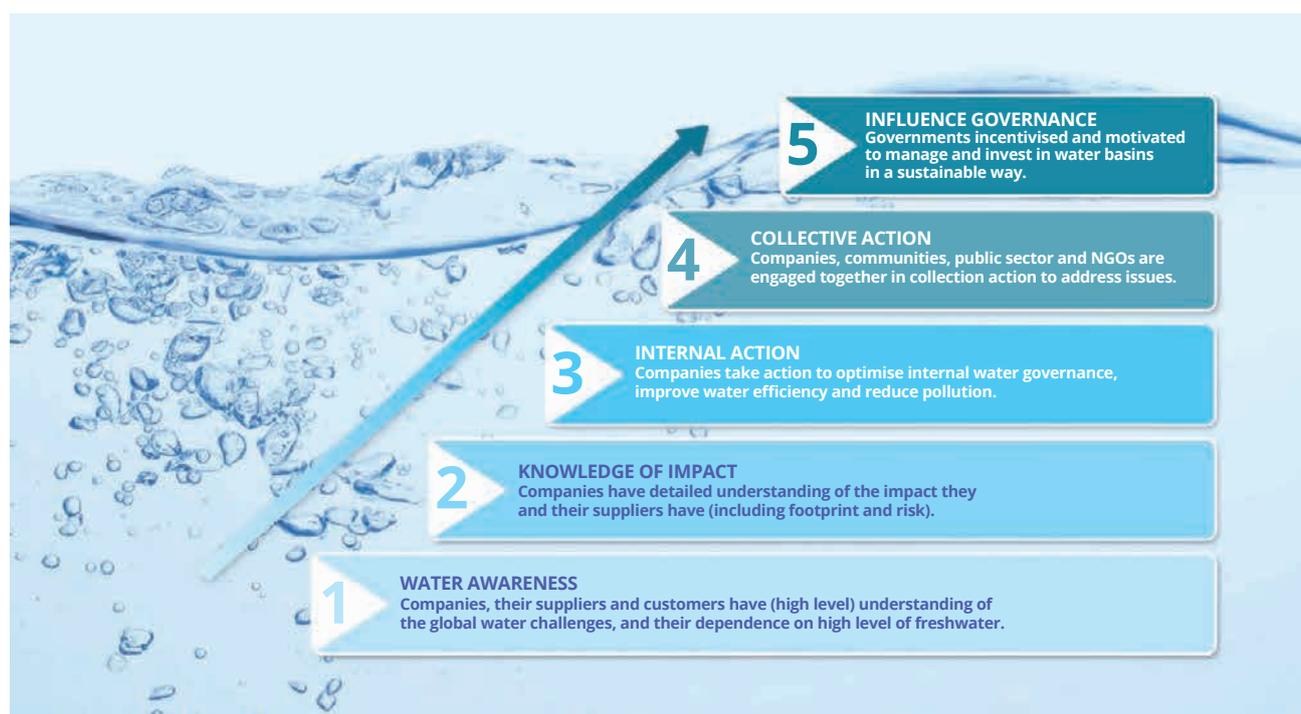


FIGURE 1 - WWF'S FIVE STEP 'LADDER' FOR WATER STEWARDSHIP

An important point to remember is that the first 3 steps, which are mostly internally focused, are not sufficient to address businesses' water risks. Water risks are derived from the cumulative use of water in a river basin from all stakeholders and the social, political and environmental contexts which surround it. Businesses and their suppliers might be highly water efficient but if they are operating in water stressed catchments where others continue to manage water poorly and the regulatory context and water management is weak, then they remain exposed to water risk. This is why, in the last two steps, **WWF emphasises the need to look 'beyond the fence line' of your own business**

operations and supply chain in order to really make a lasting difference to the sustainability and quality of the supply of water. An important tenet of water stewardship is that internal action (e.g. improving water efficiency and addressing effluent quality) is necessary but not sufficient to be considered to be water stewardship. For that reason this booklet particularly focuses on those two final steps – collective action and influencing governance.

M&S' JOURNEY

M&S recognises that water poses a very real risk to its business. The company has long established relationships with suppliers and raw material growers around the world, many operating in water stressed areas. For example our most recent analysis of our food suppliers suggest that one in eight are in the highest water risk category. Some of these products, worth millions of pounds to the business each year, are entirely grown in areas of high water stress. One option would be to move supply elsewhere, to areas of lesser water stress. However, M&S believes the responsible approach, and the approach that the company is taking, is to continue working with suppliers, using the stewardship approach to reduce risk and impact.

M&S has been working on water stewardship for a number of years, and is still on this journey. However, in that time the company has learnt a number of lessons about how to embed it within a large retail business. This booklet shares some of the lessons that M&S has learnt and some specific examples of how the company went about applying stewardship within its operations.



1 IN 8

RECENT ANALYSIS USING THE WWF
WATER FOOTPRINT TOOL SUGGESTS
THAT 1 IN 8 OF OUR FOOD SUPPLIERS ARE
IN THE HIGHEST WATER RISK CATEGORY



STEP BY STEP – LESSONS LEARNT ALONG THE WAY

This section provides detail on each step of the WWF Water Stewardship Strategy, with advice from WWF and then some lessons learnt and examples from M&S, as the business has sought to put each step into practice.

STEP 1: WATER AWARENESS

Advice from WWF

The starting point for a business (and their suppliers and customers where appropriate) is to understand water related issues and their own water use. This can be done through some desk research but also through connecting with people from other businesses and organisations who have been on the journey longer and getting advice from experts. You might find some of the resources listed at the end of this booklet helpful at this stage.



Lessons learnt and examples from M&S

1 Invest in resource and upskilling. Assessing water risks and developing appropriate water stewardship responses is a relatively complicated subject that requires an upfront investment of resource to coordinate action. M&S' experience has been that embedding water stewardship in a company is not something that can be outsourced to an NGO partner or consultancy. It needs a company employee with dedicated time and resources to build capacity, knowledge and drive change from inside the business. Ideally the person should have:

- a background in water resource management or hydrology and preferably with an understanding of water stewardship;
- a good understanding of complex supply chain structures;
- a good understanding of your organisation's structure and business model, with an understanding of what the different job functions do and;
- (if you have agricultural raw materials) a good understanding of the principles of sustainable agriculture and preferably of different sustainable agricultural standards and certification systems.

If the person does not have the desired criteria above, then time will be needed to build their capacity and knowledge to adequately engage in the stewardship agenda.

At M&S, we invested in additional expert resource to drive momentum and coordinate action on water stewardship. This included a period of time for the individual to upskill and learn the relevant skills to properly engage in the stewardship agenda and then to work on integrating water stewardship into the business. After this initial year period of building momentum, the responsibility was devolved and embedded into the roles of other permanent members of staff – a combination of sustainability resource and category teams.



2 Get help. There are only a few individuals working within business whose roles are dedicated to water stewardship. If you are one of those people then you may feel lonely! The subject is still relatively new for business and whilst this situation will change over time, in the interim it makes sense to develop close relationships with an individual or organisation who has experience in the area who can mentor and guide you. There are many organisations out there who can support you, for example, the CEO Water Mandate, the Alliance for Water Stewardship, WWF or other locally based NGOs, or one of the specialist consultancies developing expertise in this area.

3 Take time to understand and connect with your stakeholders. This should include internal stakeholders such as key decision makers, buyers or technologists (if appropriate), as well as external organisations such as NGOs, other companies, possible funding partners, academia, thought leaders and media. Once you have a list of stakeholders it is useful to consider their motivations and where what you are doing will align or conflict with their priorities. Then get out and meet as many of the relevant stakeholders as possible and look to build alliances and support for your work.

4 Take stock and build internal capacity. Many companies will already be doing something on water – be it reducing their direct water usage, specifying requirements for supply chains or engaging in collective action. A useful starting point is to bring all of these existing initiatives in your company together to get a clear understanding of what your company is already doing about water.

M&S initially ran two workshops bringing together a number of people from across the business whose roles impacted on water in some way. At the first session the group built up a picture of water activity across the business and refreshed the institutional learning of what had been achieved over the last decade with WWF and our suppliers. The group also agreed on key elements of what was to become the M&S water strategy. Crucially the group offered a safe platform to discuss and get advice on addressing water issues. At the second session each department presented what they are doing on water with someone from WWF present and together the group identified strengths and gaps in each area.

5 Develop a business wide water strategy. This is crucial for building internal alignment and for communicating objectives on water in a simple and concise manner. A good strategy should set out the ultimate goal, outline the rationale for working on water and then provide insight into some of the key activity areas for addressing water impacts.

The M&S Strategy is shown opposite.

THE M&S WATER STRATEGY

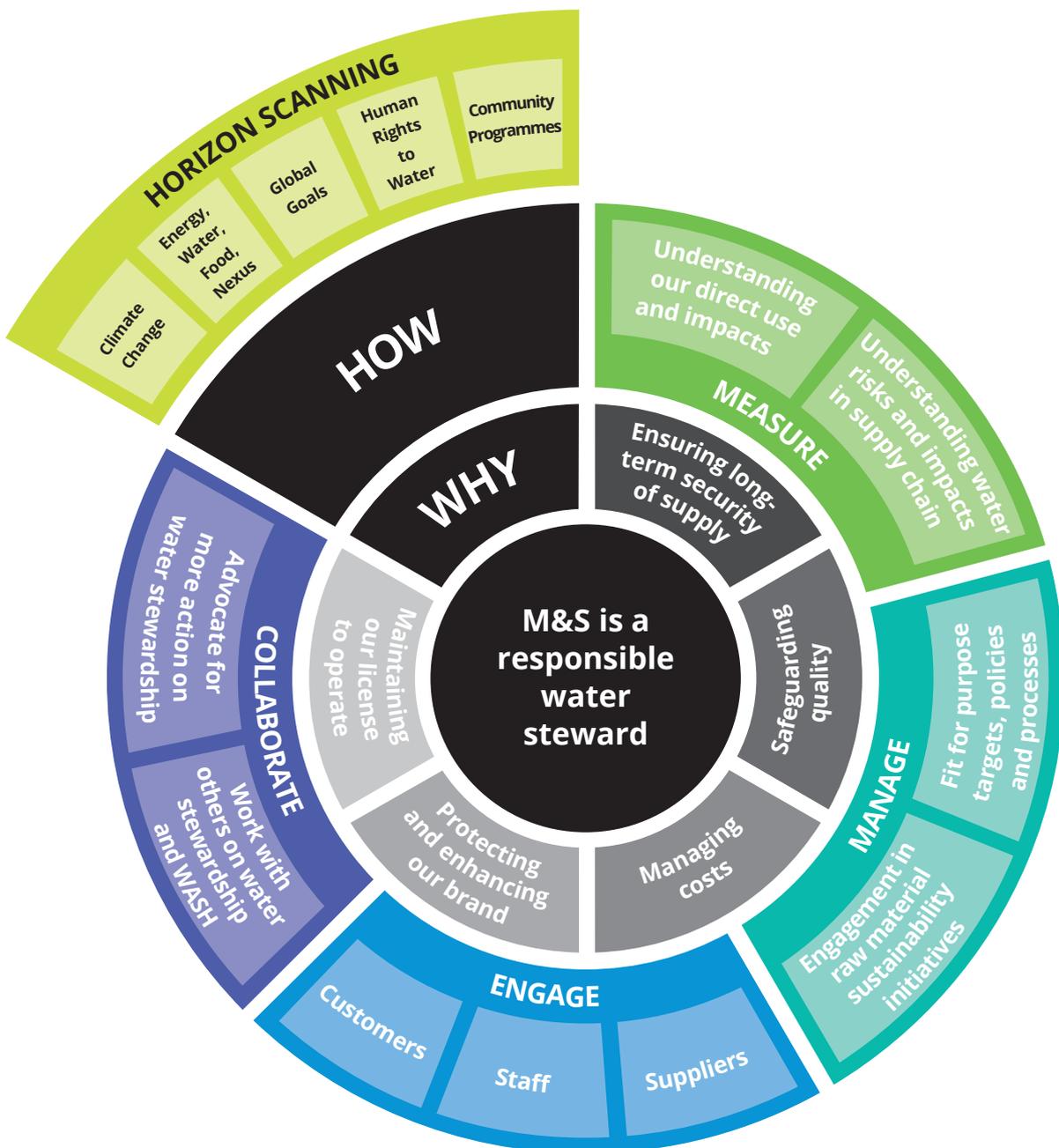


FIGURE 2 - M&S WATER STRATEGY

HOW M&S ADDRESSES WATER ACROSS ITS BUSINESS AND SUPPLY CHAINS

Water stewardship is embedded into M&S's Food Sustainability scorecard programme and Clothing and Home Eco Factory and dye house standards. For example, The Foods Sustainability Scorecard programme has helped reduced water usage for direct suppliers by 8.5million m³ (2014/15 vs 2013/14). It also encourages suppliers to embed the water stewardship approach within their supply chains.



M&S is involved in collective action initiatives and water stewardship programmes in Kenya, South Africa, Spain and Peru.

There is a long term strategy partnership with WWF which includes work on fresh water.



The concept of water stewardship is actively championed.



All key supply chains in food and clothing and home have been mapped and analysed using the WWF Water Risk Tool.

M&S has developed a comprehensive business-wide water strategy.

Water risk in commodities is being addressed by working with certification schemes (e.g. Better Cotton Initiative) and through direct projects with growers.



As a business M&S is on track to meet targets to reduce direct water use in stores and offices by 35% by 2020.



STEP 2: KNOWLEDGE OF IMPACT

Advice from WWF

Businesses need to gain a more detailed understanding of the water related impact of their operations and the water risks that are particularly pertinent to them – in their own direct operations and in their supply chain, where relevant.

Identify priority areas: Find out where the hot spots of water risk are in terms of clusters of suppliers, concentrations of supply, criticality of supply, levels of water risk in different locations or where there are particular reputational issues. This can involve using various risk assessment tools. There are a number of open access tools to support this, such as WWF’s Water Risk Filter which can be found at <http://waterriskfilter.panda.org/>. Some of the main tools available are listed at the end of this booklet.

Lessons learnt and examples from M&S

1 Look at overall water use. A useful first step in understanding your water risks and impacts is to understand where you are using water in the first place.

M&S completed a top level assessment which confirmed that more than 90% of its water use as a business is within its supply chains. This is likely to be fairly common for most companies with agricultural supply chains. Whilst it is important to get your own house in order to have credibility when engaging suppliers, influencing and engaging suppliers and other stakeholders in collective action in water risk hotspot areas where you source and operate will be the key route to addressing overall water risk for most retail businesses.

The above said, it is important to not equate volumetric water use with water risk. The ‘weak link’ in terms of water risk could be a processor or factory that relies on a relatively small volume of water but cannot operate without it. For example, textile mills with declining water availability and pollution could cause significant issues that interrupt production, and be the main area of business water risk rather than their cotton supply chain which uses more water in total.

MORE THAN
90%

OF M&S’ WATER USE AS A BUSINESS
IS WITHIN ITS SUPPLY CHAINS



2 Use water risk tools and analyse information. There are a number of tools that can help you to understand and address the water risks to your business. There are also resources that can help you sort between the tools to determine which is best for you – more details can be found in the additional information section at the end of this document.

M&S collected and inputted supplier location information onto the WWF Water Risk Filter tool, using the bulk upload facility. This facility allows for the rapid assessment of a large number of sites quickly and easily. The analysis highlighted certain supply chains as representing a higher direct water risk to the business and for which information was readily available down to producer level (e.g. fruit, vegetables, salads, tea, coffee, wine, nuts, tanneries, dye houses). This availability of information is a key factor in where to focus as well as the water risk associated with the source region and product type. For products like processed foods and ready meals, which can draw on many different supply chains for ingredients and are then blended, tracking back to the producer level is difficult. One specific tip, if possible, is to try to get longitude and latitude location information rather than just physical addresses for your suppliers, otherwise the data cleaning process can be time consuming.

M&S downloaded the resulting excel spreadsheet with water risk data and completed a business risk assessment offline in order to integrate M&S-specific commercial considerations into the assessment. The in-house assessment accounted for the importance of specific sourcing regions for each product, as well as their financial value to the business. It also analysed the number of suppliers operating in areas of high water risk to determine key focus areas for water stewardship initiatives in future years.

3 Don't be put off by supply chain complexity. Water risks and impacts, and therefore water stewardship are very location specific. These can be localised to certain river catchments or even specific properties, ecosystems or communities within that catchment. Many supply chains are complex, making traceability back to the source of raw materials (such as specific farms or cotton growing areas) very difficult or seemingly impossible. Don't be put off. Start with where you have information on where things are coming from and look to increase traceability where possible.

At M&S there was good availability of location data for the fresh produce side of the business. As this is a key product area for M&S, it made sense to focus on this as a start.

4 Apply the 80:20 rule to understanding your water impacts. It is easy to spend a lot of time and money on assessing your water impacts to very detailed level. Generally you will have a relatively clear picture of where your water impacts are fairly quickly. For example, for many agricultural supply chains most of your water will be used (and much of the risk) at the raw material production level. When you are relatively confident of your main impact areas it is time to stop the analysis and start implementing projects that deliver change.

5 Focus on where you can have an influence. Generally, the more a raw material is aggregated in supply chains, the more diffused your business risk is and the less influence you have. With long and networked supply chains, and particularly for commodities, water related risk is shared amongst more organisations and sourcing areas (e.g. palm oil, soy or cotton) and in a sense business water risks are already mitigated by the diffuse and commodified nature of the supply chains. In contrast, your ability to influence your suppliers at tier 1 and 2 is much higher.

“Businesses need to gain a more detailed understanding of the water related impact of their operations and the water risks that are particularly pertinent to them.”



6 Ask for advice about reputational risks. Many reputational risks will be too location or company specific to be adequately captured in water risk tools, as these tools rely on datasets with global coverage. However, these are risks that you or stakeholders are likely to know about. Areas or products where reputational risk is perceived to be higher may become priority areas to focus activity.

M&S asked the technical teams about specific products or geographies that they thought pose a reputational risk and also asked trusted external stakeholders, such as WWF, for their views.

7 Know your water facts but keep them in perspective. There are a lot of good facts and figures out there that can be used to raise the awareness and urgency for water stewardship. However, it is also important to recognise that businesses are under pressure to address a multitude of environmental and social impacts and risks such as energy, waste, biodiversity, human rights, living wages and freedom of association. Water stewardship is one of a number of issues fighting for limited funds and resources. Where possible consideration of the potential financial impact (the value at risk) of different risks can help to prioritise action and get buy in and resources to respond. However, it is important to remember that many of the issues are interconnected and all support the creation of strong and resilient supply chains.

DEMAND FOR WATER IS PROJECTED
TO GROW BY MORE THAN

55% BY 2050¹²



STEP 3: INTERNAL AND SUPPLY CHAIN ACTION

Advice from WWF

Taking action within business operations, and influencing suppliers, to improve water efficiency and reduce pollution can be part of becoming a good water steward. However, you need to be clear about the actual outcomes of internal and supply chain action, in terms of reductions in impacts on ecosystems or communities. In water abundant contexts, focusing on water efficiency may not be the most effective use of resources and may not deliver any reduction in the impact on water and therefore reduction in water risk.

Lessons learnt and examples from M&S

1 Get internal buy in. Communications will need to be tailored for appropriate audiences internally. Use short, sharp presentations to get buy in from senior stakeholders within the business early. These presentations should focus on the risk to the business and outline how stewardship can address these risks.

It is also key to develop a network of allies internally who will support and push the water stewardship agenda across the business.

It is then important to ensure you have frequent and more detailed interactions with key people at an operational level whose roles overlap with high water risk areas or products and who will be important for the success of stewardship initiatives.

2 Make sure your own house is in order. In order to engage suppliers and build credibility on this issue, it is critical to be taking steps to have your own house in order. This will involve reducing water use and pollution in your own operations and sites.

M&S has comprehensive measurement systems in place and targets to reduce water use across their estate/stores. During 2015/16, their UK and ROI store, office and warehouse water use was down by 31% at 46 litres per 100 sq ft (2006/07: 67 litres per sq ft).

3 Target direct suppliers and producers. The approach to embedding good water stewardship will vary from company to company. There are a number of different ways to influence your direct suppliers but generally this will involve pulling a couple of levers: firstly ensuring that there are fit for purpose targets, policies and processes in place for suppliers and secondly, getting suppliers engaged in agricultural standards and sustainability initiatives, particularly where they lead to better water management.¹³

It should be recognised however that standards that focus only on farm-level water management fail to address water risks that originate within the wider catchment and may not go far enough for those operating in high risk water areas. Augmenting farm-level standards with the water stewardship standard or key elements of the best practice set out by the Alliance for Water Stewardship, or similar approaches, can help to address these catchment derived water risks.

At M&S, water stewardship is embedded for direct suppliers into the 'How We Do Business Sustainability Framework and the Clothing and Home Eco Factory Programme. All food factory suppliers must reach silver on this scorecard by 2020. Through this programme, M&S's direct suppliers are saving over 8.5 million m³ of water each year and are encouraged to embed the water stewardship approach within their business and supply chains. At 'Gold' standard level, suppliers must be taking action to work collectively and to proactively manage and protect shared freshwater resources. WWF believes that it is UK sector leading that M&S requires collective action on water for suppliers to achieve the highest rating, and that M&S is only one of only a few retailers internationally that are embedding water stewardship considerations into their procurement. It is also important to think about the role of technology in managing water efficiently, driving better behaviour by engaging with water saving technology in dyehouses and incentivising this through the system of M&S Plan A attributes – e.g. ozone bleaching of denim, eco dyeing and environmental impact scoring for denim finishing.

¹² OECD Environmental Outlook To 2050: The Consequences of Inaction. Available at: <http://po.st/cCFqCy>

¹³ Strengthening Water Stewardship in Agricultural Sustainability Standards. Framing collaborative solutions to mitigate water risks' 2015. A WWF report assessing how well different standards include water stewardship. <http://po.st/EjclRD>

For more information you can access the WWF water stewardship homepage: <http://po.st/Fn2SXU>

Respecting human rights to water and sanitation is also very important to M&S. All of M&S's suppliers must provide workers with access to drinkable water and to clean toilet facilities which respect worker dignity. This forms part of the terms of their Global Sourcing Principles which must be signed by suppliers in order to do business with the company.

For M&S's fresh produce area, the company requires that suppliers source from farms that meet certain good agricultural practices (all of which include an element of water management). This is demonstrated by being certified to or reaching Global Good Agricultural Practice (Global GAP), and working toward Linking Environment and Farming (LEAF) or Sustainable Agricultural Initiative (SAI) benchmarks or standards. M&S recognises that the water management elements in each of these standards need strengthening and even where water issues are covered there is a need for additional action.

For many aggregated supply chains, where traceability is difficult, M&S encourage suppliers to use key raw materials that meets certain agricultural commodity standards (e.g. Better Cotton Initiative, Roundtable of Sustainable Palm Oil). Again these standards all ensure some level of water management, although it is recognised that they focus on addressing the impact from production and does not ensure that suppliers are engaging in collective action or that offsite elements of water risk are mitigated.

4 Fail fast, be persistent and experiment. Embedding water stewardship within supply chains is challenging, so it is important to be persistent and try different avenues. You should be prepared for setbacks but also be determined and look for innovative new ways to embed stewardship. You should expect producers to need support, so link them to those who can provide it. Water stewardship takes time, so don't expect to see overnight results.

At M&S there were a number of failed attempts to embed stewardship in processes that didn't work for internal reasons or from supplier feedback. Embedding stewardship at producer level has been particularly challenging. Training to explain the move on from water efficiency to water stewardship has also been necessary.

However, M&S has now developed a specific stewardship standard for its growers and will be looking to test this in the field in the coming months. Another avenue the business is taking is to work on influencing the different agricultural sustainability standards to better incorporate action on water stewardship.

“ Embedding water stewardship within supply chains is challenging. ”



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STEP 4: COLLECTIVE ACTION

Advice from WWF

Collective action involves companies stepping 'beyond the fence line' of their own operations and those of their suppliers, to engage a variety of other stakeholders to improve the management of their common water resources and to jointly advocate for improved governance. WWF recommends that businesses support collective action in water risk hotspots by engaging with local stakeholders such as municipalities, governments, other companies, farmers, communities and NGOs. This could mean actively taking part in local forums to develop and implement catchment or basin water management plans, providing financing for an existing water stewardship project, working with suppliers to support their involvement in collective action or funding the establishment of a new water stewardship partnership with other basin stakeholders where an initiative does not already exist.

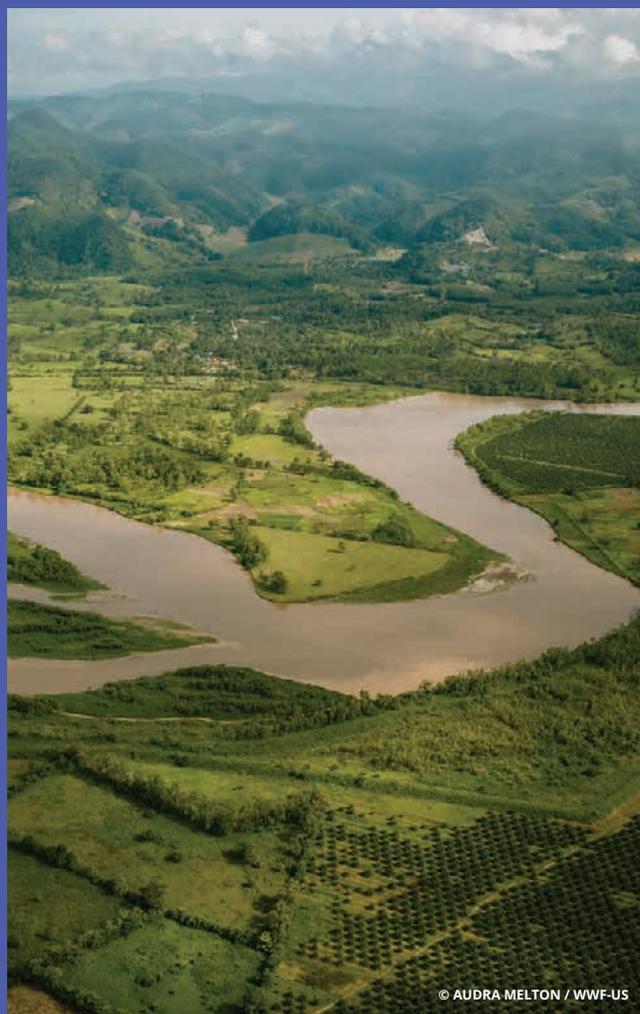
Connecting with other stakeholders and water users allows for inclusive processes to develop a shared understanding of the water resources. Who uses how much water, where, and when? What are the contentious water issues? What is the current legislative and policy context? What are the impacts and trade-offs of changing this pattern of water use? As a business, what is the mechanism by which you can engage in discussion on water management? In any location there is likely to be a long history of water resource management that you need to be aware of.

If a new partnership is to be set up it is important to assess whether the right stakeholders are represented at the right level in the group. It's important to consider whether competitors have been included. It's often easier to engage with other sectors and suppliers than competitors, but if they are major stakeholders in the catchment they need to be involved.

Taking on a leadership role in water stewardship in a catchment or basin needs significant resources to be dedicated to it, and needs a long-term (5 year+) commitment. Focus your efforts and expect to lead in only one or two locations and support the efforts of others in your remaining priority locations.

TAKING ON A LEADERSHIP ROLE
IN WATER STEWARDSHIP IN A
CATCHMENT OR BASIN NEEDS A

**5 YEAR +
COMMITMENT**





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Lessons learnt and examples from M&S

1 Prioritise collective action on high risk areas. There are many areas of the world that are water stressed and that would benefit from a water stewardship approach. Through your risk mapping exercise you should have a clear idea about the main sourcing locations that have a high water risk and are important to your business and where you should be focussing your collective action activities. It is important not to stray from these areas as they are business critical and doing so can spread resources too thinly.

M&S has identified seven countries as being high priority areas from a water stewardship perspective in sourcing foods – these are: Chile, Kenya, Morocco, Peru, South Africa, Spain and the UK. There was also priority given to certain raw materials that were high water risk such as cotton for the clothing department. Given limited time and resources, M&S is taking a phased approach to rolling out water stewardship initiatives, both as part of its partnership with WWF and independently, with programmes in Kenya, South Africa, Peru and Spain as part of phase 1. The business is also open to supporting relevant initiatives in the other countries where appropriate.

2 Be flexible with the approach. Collective action initiatives will vary in form significantly depending on the local context and the overall objectives of the intervention, and so it is important to be flexible with the approach. Compare, for example, the two case-studies from South Africa (page 23) and Spain (page 27).

It may be that you provide finances and direct support in some locations but for other areas you take a less direct approach, providing access to and influencing your supply chain to get involved in existing initiatives. In areas where governance is particularly poor it can involve complex and often costly interventions that build capacity of local stakeholders in the region. In other places, it could involve joining a wider group of companies and stakeholders to put pressure on local, regional or national governments to adopt progressive water policies or regulation.

3 Find a delivery partner. Collective action is key for delivering practical stewardship interventions on the ground. If it is a priority location for your company and there are no existing initiatives for you to support, you will need to engage and support relevant in-country experts to design and lead a stewardship programme. There are many NGOs, consultancies and other relevant organisations out there who are active in the water stewardship space. It may require some research to find the right partner who is active in the corner of the world you are looking to focus on. As a general rule it is not appropriate for businesses to lead the intervention on the ground as this could result in a number of conflicts of interest – but it is important to stay involved and be one of the voices guiding the intervention.

4 Set aside or find funding. You may be involved in both initiating some projects and also getting involved and working with other existing stewardship initiatives. It is important to have budget set aside to get specific initiatives going. There are a number of institutional donors out there who are keen to work with companies on projects that deliver business as well as community or environmental benefits. It is worth spending some time building relationship with these donors, to understand their drivers and look for opportunities to work together and leverage their funding.

5 Be patient and have realistic expectations. Don't expect to achieve results overnight. It can often take time to find the right in-country partner to lead a water stewardship initiative. Once this has been done, it will take more time to develop the capacity of different stakeholders in the area: from farmers, to local communities and government officials. Getting to the final stages of collective action and influencing governance in an area new to water stewardship will take years, not months. This highlights a dilemma for many companies where the 'risk horizon' is often much shorter and some sourcing locations can shift on a shorter timescale than water stewardship outcomes can be achieved. It's important to set up a working group of different stakeholders so that the project is sustainable even if the business no longer sources from the area.

“ It can often take time to find the right in-country partner to lead a water stewardship initiative. ”

6 Try to keep a high profile. As progress happens in a water stewardship project, it is important to highlight the results and impacts that it is having, to ensure continued support. It is also useful to take advantage of any press or media interest in water stresses in the region as this serves to reinforce the message about why your business is supporting work in the area. However, it's also important to be honest about the scale of the impacts achieved. Make sure you do not over-claim or portray the outcomes to be more significant than they are, relative to the scale of the issue, since this engenders cynicism amongst stakeholders and undermines progress.

In order to report on progress, water stewardship projects need a strong monitoring framework, with clear impact metrics, to reflect the real issues on the ground. At critical stages of maturity, any initiatives should be independently and transparently evaluated.



A CASE STUDY ON COLLECTIVE ACTION

Western Cape, South Africa

Dr Klaudia Schachtschneider
Programme Manager:
Water Stewardship, WWF-SA



WWF HAS BEEN WORKING WITH
M&S ON COLLECTIVE ACTION
INITIATIVES IN THE AREA SINCE

2013



The Western Cape of South Africa is a unique ecosystem and a key agricultural area for many crops including stone fruit, apples, pears, citrus and grapes, amongst others. It also experiences a highly variable climate, which makes both droughts and flooding common risks to consider.

A partnership between WWF, M&S, Woolworths, IWaSP (GIZ International Water Stewardship Programme), the Alliance for Water Stewardship and the Breede Gouritz Catchment Management Agency has been initiating collective water stewardship action in the area since 2013. The project has involved working with many farmers in the area to implement stewardship thinking, working with community groups on urban water quality issues and clearing 'alien' or foreign plants which use a lot of water. The project has also aimed to determine how lessons can inform strategies and policies for water governance bodies in South Africa.

The key benefits of this project have been:

- **For M&S** – improved relationships with suppliers and increased stability of supply. Collaborating with a like-minded local retailer gave suppliers greater confidence to invest in the initiative. Investment in community grass roots leadership training aids water stewardship approach.
- **For WWF** – a successful pioneering initiative that demonstrates the value of water stewardship as a medium to bring about collective action in a catchment area.
- **For farmers** – a structured water management approach, recognition for efforts made, and increased ability to secure supply.

For more information you can find a more detailed case study document at the following links:

Water Stewardship Experiences in the Western Cape: <http://po.st/DXvxgc>
Breede Catchment Water Stewardship Programme: <http://po.st/ogyA1g>

“Water stewardship requires working with varying stakeholders and it’s important to ensure staff can adapt to the language, culture and level of engagement of the different players.”



© WWF

What has worked well?

- The way we approached stakeholders was very deliberate and measured. It was important to make a good first impression. It is worth investigating the situation of different stakeholders and waiting for the right moment to engage, rather than charging forward. In the long run this approach helped to speed up the opening of doors and fostered good cooperation.
- We found that trust and transparency was built through us keeping all the stakeholders (including farmers involved in the project, all project partners, the relevant governance institutions, the Municipality) informed via email, at one-on-one meetings and during group workshops.

If you were to start again what would you do differently?

- We discovered that it was tricky to try to engage a municipality and its community a year before elections. Such events need to be kept in mind – at least in countries where elections are a volatile issue.
- As facilitators, we realised that in a multicultural and multilingual environment like South Africa, one person rarely fits the whole bill. So we recommend careful planning from the outset to ensure there is a well selected staff team on the project that can facilitate the diverse engagements that are required. Water stewardship requires working with varying stakeholders and it’s important to ensure staff can adapt to the language, culture and level of engagement of the different players.

What would your advice be to organisations starting new stewardship projects?

- As you engage with collective action, the different stakeholders you work with will each have different expectations, timelines and bureaucracy to wade through. For businesses engaging in water stewardship, be mindful that your expectations for how fast things should be done will not be shared by all stakeholders. Applying too much pressure for quick outcomes can alienate stakeholders, especially if it comes across too forcefully.
- Building relationships with stakeholders often takes time and has a life of its own.
- Water stewardship is a long term journey and a mind-set rather than a tick-box exercise. Be willing to work that into your company outlook.



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STEP 5: INFLUENCING GOVERNANCE

Advice from WWF

Collective action as described above is an essential element of water stewardship. However the way to ensure the benefits are locked in is through strengthening the governance framework within which all water users operate (e.g. basin water allocation policies, abstraction licencing and enforcement, formalised environment flow requirements). The ultimate goal of collective action is to gather together a critical mass of stakeholders that can achieve change at scale with a shared agenda, delivered through improved water governance. This end-goal must be clear from the outset, or projects and activities may not lead to the necessary long-term change.

In partnership with a range of stakeholders, businesses have a role to advocate for and support improvements in governance mechanisms, which impact the way water is managed for the benefit of all. Simply put, strong water governance means reduced physical and reputational water risks for business, and a more stable, predictable regulatory landscape.

Working together with other stakeholders to bring change through advocacy can happen at all scales, from influencing local water management, to basin, catchment¹⁴ or national water management institutions, or even playing an active role in international forums. These actions should align with and support existing legitimate efforts to achieve sustainable water management.

Any partnership or project a company is involved in should therefore aim to improve water governance. There are a number of critical elements for governance advocacy as part of a water stewardship strategy:

- **Be clear on the ultimate goal.** Identify as precisely as you can the specific actions that are needed in relation to the governance of water to achieve sustainable water management and advocate with others to achieve it. This can happen at many scales – from the local water user association, to catchment/basin management, to national legislation.
- **Get a good understanding of the policy landscape.** Do risks originate from a lack of policy or poor implementation of existing water policies? If it's a lack of policy, use a collective action platform to demonstrate good practice and lobby for new policies. If implementation is the problem, demonstrate through the project how policy can be put into practice and advocate for this to be rolled out more broadly.
- **Be transparent.** Involvement in influencing water governance must aim to benefit all stakeholders. The legitimacy of intervention is critical and will be under increased scrutiny in future. It is important to make sure that a company is taking action to ensure it has its own house in order before engaging on public policy, that all stakeholders are fairly represented in any decision-making and that the business is not skewing water policy, inadvertently or on purpose, for its own advantage.

CONSUMPTIVE WATER USE FOR
IRRIGATION MAY INCREASE BY

25-50%

CORRESPONDING TO
400-800 KM³/YR BY 2050¹⁵





Lessons learnt and examples from M&S

Don't underestimate your influence. Influencing governance towards the responsible allocation and use of water resources is the ultimate goal of water stewardship. As a business your reputation and brand can hold significant influence in persuading national or regional governments to support better water

resource management. This effect is multiplied if governments are approached by a platform of many businesses, NGOs and other stakeholders acting together with a shared message. These arguments have added weight if accompanied by an economic case for the benefits of sustainable water management.

14 A river 'basin' usually refers to the area of land that drains to the sea or other large river. A 'catchment' is a smaller sub-unit of a basin.

15 Source: Comprehensive Assessment of Water Management in Agriculture. 2007. Water for food, water for life: a comprehensive assessment of water management in agriculture. Earthscan and International Water Management Institute, London, UK.

A CASE STUDY ON INFLUENCING GOVERNANCE

Doñana, Southern Spain

Emeline Fellus
Head, Learning, Development and
Implementation, Sustainable Agriculture
Initiative (SAI) Platform



SAI Platform is the primary global food and drink value chain initiative for sustainable agriculture with over 80 brands working together to support the development and implementation of sustainable agriculture practices involving stakeholders throughout the food value chain.

APPROXIMATELY
70% OF SPANISH STRAWBERRIES ARE
GROWN IN THE DOÑANA REGION



Spain is the second largest producer of strawberries worldwide, with approximately 70% of Spanish strawberries grown in the Doñana region.

Berry production in this province is putting a great strain on water resources and is having a detrimental impact on a protected wetland, which has been designated as a Wetland of International Importance under the Ramsar Convention and a World Heritage Site by Unesco.

SAI Platform's 'Doñana Strawberry and Sustainable Water Management program' involves M&S and other food and drink value chain companies as well as WWF Spain. It aims to improve water management in the region, in order to sustain the long term production of strawberries and also to protect the Doñana ecosystem.

For more information:
<http://po.st/NPITe4>





“ There is a lot for a company to gain in terms of reputation, risk management, building stronger supply chain communities and ultimately cost savings – but it can be a long journey. ”

© JUAN CARLOS DEL OLMO / WWF-SPAIN

What has worked well?

- The fact that the platform is a multi-stakeholder initiative has been a key success factor. Stakeholders include a knowledgeable, credible and local NGO (WWF Spain), some committed companies and SAI Platform driving and coordinating the program.
- The platform has taken a comprehensive approach which has included influencing national and regional governing bodies, developing a coherent and joint message from industry and providing support to farmers in the region regarding water management.



© SAI PLATFORM

If you were to start again what would you do differently?

- We would have established a much clearer understanding of the significant amount of time and resources required to launch and implement a project like this and would have explored options for co-funding at an earlier stage.
- We would have had detailed one-to-one discussions with each group member beforehand to understand the specific motivations and objectives of the individuals and of their companies.

What would your advice be to organisations starting new stewardship projects?

- Often water stewardship and more general landscape resilience projects are a new area for companies to become involved in and we have done a lot of “learning whilst doing”. You should be prepared to be flexible, demonstrate leadership and to work on issues with limited or no precedent.
- It is important for companies to realise that when they dedicate time and resources, the return on investment may take time. There is a lot for a company to gain in terms of reputation, risk management, building stronger supply chain communities and ultimately cost savings – but it can be a long journey.

MOVING FORWARD

M&S is continuing to take steps to further embed water stewardship in the business and to promote good water stewardship in supply chains, particularly in high risk areas and products. M&S certainly hasn't arrived and is aware that there is much more to do. Now that the high risk sourcing areas have been identified it is important to quickly identify mitigations and partners to help start to address the local on the ground issue.

M&S and WWF are looking to engage others in collective action and to help continue the water stewardship journey. Here are a few areas for focus as businesses and organisations move forward in addressing water stewardship. There has been some good progress made in recent years regarding how businesses can contribute to effective water stewardship. However, there remain a number of challenges that need to be addressed in order to further business engagement in stewardship and deliver change at scale and pace.

1 Raise the profile of water stewardship.

Water issues are having an impact on businesses now and this is projected to increase. Water efficiency in operations is still often the only default response but this won't be sufficient to mitigate risk. Businesses currently have a large number of both environmental and social issues to address. Water stewardship is competing for time and funding with many of these other areas and so continuing to raise the profile and the urgency to act is key. Any comprehensive corporate sustainability strategy must include both water stewardship and human rights to water and sanitation.

2 Get finer resolution of water risk information.

Many water risks are very location and also time specific. While global tools, such as the WWF Water Risk Filter, can be used to identify locations of high water risk, there is a need to develop appropriate resources that give companies a more granular view of specific risks that may affect them or their supply chains. M&S is working to develop new tools to enhance understanding of water risks using the latest science, as part of its strategic partnership with the Natural Environment Research Council and with support from WWF.

3 Engage farmers and producers.

If businesses are to start embedding water stewardship within supply chains, it will be key to have ways to demonstrate that a grower is adhering to good water stewardship practice. We need to listen to growers and develop appropriate means for them to get involved which are complimentary to their existing work and which aren't too burdensome on their time and resource.

One effective way to do this could be to encourage movements towards embedding water stewardship principles into existing standards and audit schemes that farmers already complete. However, standards are certainly not the only way to deliver water stewardship - innovative projects in regions involving collective action and influencing governance are also needed and can be effective. One such example was the Doñana case study, which did not involve water stewardship standards.

4 Create better coordination of efforts across retailers and other businesses.

Water stewardship can be costly and complicated. Water stewardship efforts need to be scaled up significantly to achieve full potential. This will need closer coordination of collective action activities by business, particularly those in the same sectors with similar supply chains, in order to spread the cost, avoid duplication, share lessons and maximise the benefits across a greater number of locations and stakeholders.

5 Understand the local context before you act.

Each sourcing area will have very different environmental, social and political contexts related to water. It is important to understand that context before starting water stewardship initiatives. Talking to partners, suppliers, academics, local civil society groups and water management institutions is important to understand what the right interventions should be at the field, catchment or policy levels. This understanding can then guide the objectives of collective action projects or strategies to influence governance of water.



In conclusion, whoever you are and whatever organisation you work with, thank you for engaging with the issues of water stewardship. We hope that this booklet has been helpful to you and has given you some pointers on your journey. We look forward to hearing the case studies and lessons that you will get to share from your own experience.

If you are interested in working on collective water stewardship programmes with M&S please email foods.plana@marksandspencer.com

If you would like to contact WWF to find out more about how your business can be a better water steward, please contact waterstewardship@wwf.org.uk

ADDITIONAL INFORMATION AND USEFUL RESOURCES

General Information about Water Stewardship

- WF Website <http://po.st/Fn2SXU>
- AWS Website <http://po.st/uD3hd8>

Reducing water use in your own operations

- Waterwise <http://www.waterwise.org.uk/>
- WRAP www.wrap.org.uk

Risk mapping tools

- Water Risk Filter <http://waterriskfilter.panda.org/>
- Aqueduct <http://po.st/McsmPn>
- WWF – Comparison with other water tools <http://po.st/BKpboJ>
- SIWI – Which tool to use <http://waterjourney.swedishwaterhouse.se/>
- WBCSD – Water for business – tool comparison <http://po.st/tlBwhs>

Water stewardship in Agriculture

- SAI Water Stewardship in Sustainable Agriculture – Beyond the Farm towards a catchment approach <http://po.st/Cgte1y>
- SAI Water Stewardship in Sustainable Agriculture – Farm and Catchment Level Assessments <http://po.st/2EonFq>
- Water Stewardship in Agriculture <http://po.st/7hlAb9>
- Strengthening Water Stewardship in Agricultural Sustainability Standards <http://po.st/kQ97sl>

Other

- Water Footprint Network <http://waterfootprint.org/>
- CEO Water Mandate <http://ceowatermandate.org/>
- Pacific Institute <http://po.st/WzaPNw>
- CDP Water <https://www.cdp.net/water>
- Ceres <http://www.ceres.org/issues/water>
- GIZ International Water Stewardship Programme <https://www.giz.de/en/worldwide/27890.html>





WORKING
TOGETHER TO
DELIVER MORE
SUSTAINABLE
PRODUCTS

M&S

EST. 1884