



Leaders for
Nature



wbcasd water



National Committee
of The Netherlands

Key results Leaders for Nature Master Class 'Water, a key environmental service for your company!'

Water, the next big environmental concern



Date: 26 October 2011
Location: Amersfoort
Host: DHV

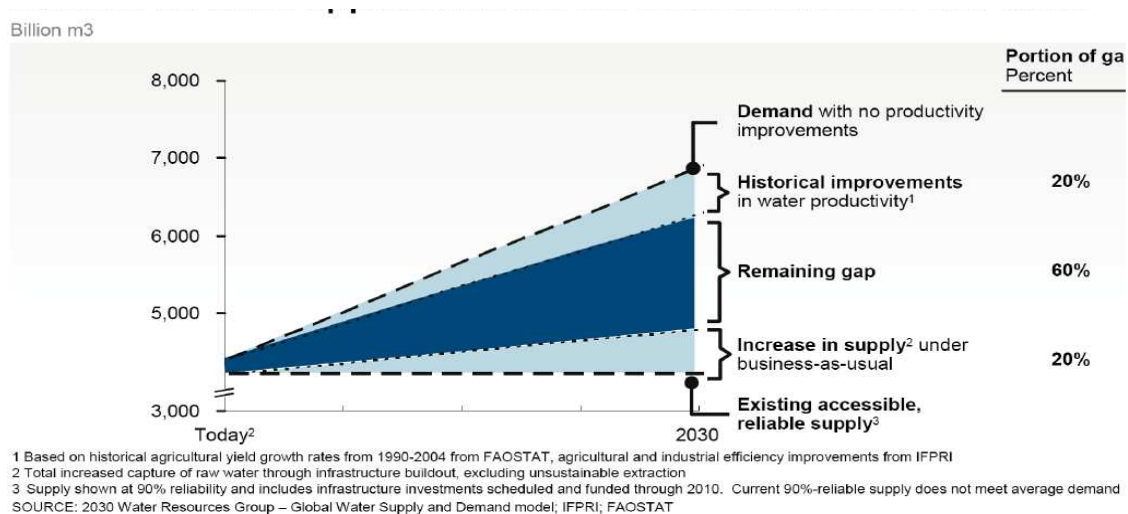
1. Leaders for Nature Master Class Water, a key environmental service

The third Leaders for Nature master class, part of the annual Leaders for Nature Programme, hosted at DHV on 26 October 2011, inspired 15 companies to discuss the importance of the global water challenges for their business and the role of ecosystems. The central focus of all discussion were ecosystems: how can the services they provide (like water retention, purification, amongst others) be taken into account in business policy? In this report the key results of the master class break-out session are presented. The presentations by the key-note speakers, Mr. Cramwinckel from the World Business Council on Sustainable Development (director water programme) and Mr. James Dalton of the IUCN Global Water Team (water management adviser), can be found on our website: www.leadersfornature.com.



2. Water, the next big environmental & business concern

Business-as-usual approaches will not meet the demand for water in the coming decades. More and more companies do realise that water is an essential ingredient for their business and start measuring how they use water and how they affect water. Some companies are already taking the next steps and start translating their reliance on water towards business risks and actions to control these risks. But what exactly is the impact of companies on water? And when are these impacts turning into risks? What are the options for companies to deal with these risks? And what role can ecosystems play?



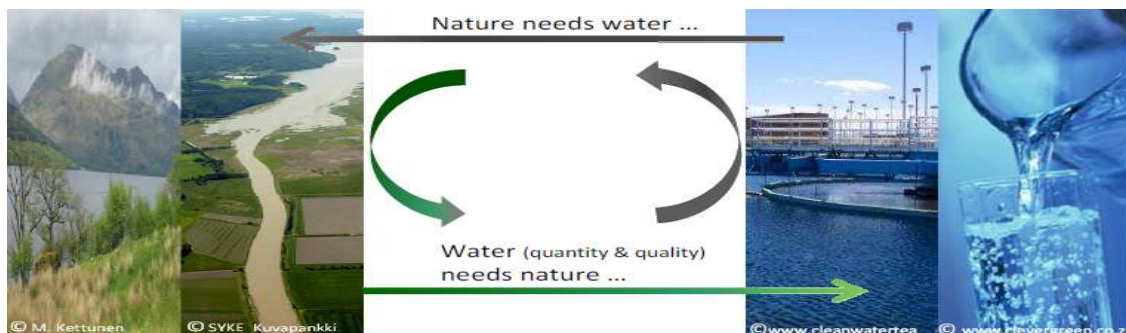
3. The impact of businesses on water

Businesses can have an impact on water in two ways: 1) by using water in their products or processes (making this water no longer available for others), 2) by polluting water as a result of their production process. All companies impact water, regardless of the company type or sector. However, the level of impacts differs.

Food & Beverage sector <i>Water key in supply chain</i>	Energy & other industries <i>Water used for processing</i>	Consultancies & Finance <i>Water solution providers</i>
<ul style="list-style-type: none"> • Sector depends on water in their supply chain: close direct link to freshwater for producing products • Water is often not seen as key commodity (yet) 	<ul style="list-style-type: none"> • Clean water is used to run power stations and production processes (cooling) • Biomass is an important water related issue for the energy sector (see food & beverage) 	<ul style="list-style-type: none"> • Indirect impact through suppliers and clients • Water plays an important role in consultancy portfolios • Water is not incorporated yet in risk assessments

4. The role of ecosystems

The impacts mentioned above have a close link with ecosystems. Ecosystems provide us with multiple ecosystem services¹ (see appendix 1). Fresh water is one of them, but ecosystems also deliver services like water regulation, water purification, water retention, aquifer recharge and flood control. Depending on the type of business and the exact location, companies do rely upon these services (often unknown). At the same time companies can influence these services (positively and negatively), for example when a company discharges process water into a nature area, which results in pollution and degraded ecosystem services.



How businesses do recognise water as an environmental service for their company

There is a large variation in awareness of companies on ecosystem services. Companies that are aware mainly recognise the provisioning services of ecosystems (see appendix 1). Only a few companies consider ecosystem services throughout their entire supply and value chain. In general the recognition of ecosystem services is emerging within the private sector, as is the sense of urgency related to water issues. However, many businesses are working on water as a separate issue. At this stage they do not make the link to ecosystems that regulate the availability and quality of water.

¹ An ecosystem service is a direct or indirect contribution of an ecosystem to human wellbeing.

5. When does a water impact result in a business risk?

Not all impacts of businesses on water result in business risks. The occurrence of water risks depend strongly on the type of sector and the geographical location of the specific company. In an area of high water stress it is more likely that companies will experience water related risks than in areas with a high quality and quantity of water. Companies that directly rely on water for their products (e.g. the food sector) have higher water related business risks than companies that only have an indirect link with water (e.g. the financial sector). Mapping the impacts and dependencies of a specific company on water does not only indicate possible risks, but also indicates possible business opportunities. One example is given in the textbox below.

How restoration of nature areas can save money and build business

New York highly depends on fresh water for its households. A couple of years ago New York decided to invest in an upstream forest nature area instead of in a new water treatment plant. For 1,5 million dollar management costs per year the nature area purifies water for all households of New York. Operational costs of a water treatment plant would have been 300–500 million dollars per year. The investment in the nature area saved money, offered new business prospectives and had co-benefits as the conservation of biodiversity.

The Leaders for Nature companies indicated the following risks and opportunities related to water as an ecosystem service for their company during the master class.

Water risks	Water opportunities
<ul style="list-style-type: none"> • Water scarcity • Unfavourable subsidies and government roll outs lead to increase in water price • Access to and availability of water (depending on location) • companies efficient in water use may end up expanding and using more overall consumed water • Societal pressures/trends and reputation risks • Flooding • Pollution (cleaning costs) • Stricter regulation (compensation costs) • Ecosystem services undervalued in market mechanisms • If we do our best, others will do less • Who will pay? 	<ul style="list-style-type: none"> • Transformation of the market system (including value of ecosystem services) • Water efficiency is cost reduction • Working water neutral in water scarce areas • Including water issues in risk assessments • New markets for innovative water solutions (emerging link to ecosystems) • Consultancy services on water safety, quality and quantity (developing water standards and tools) • New markets for certified products • Investing in nature areas to restore ecosystem services (e.g. to maintain water availability and quality, control floods, or reduce costs in supply and value chain)

6. How could businesses work together on the water challenge?

During the master class all companies agreed upon 3 key steps in finding innovative solutions for today's water challenges:

1. Mapping impacts, dependencies, risks and opportunities
2. Multi stakeholder collaboration
3. Building datasets, tools and best practices

Mapping impacts, dependencies, risks and opportunities

Improvement of the understanding of water as an ecosystem service is the starting point for many companies. Mapping the water I&D of a company (location specific, in the supply chain, in processes and products) is necessary to define the right focus, raise awareness and increase the sense of urgency within the company. Quantifying risks and opportunities can help to address the water issue. Examples of useful tools are the [Corporate Ecosystem Services Review](#) and the [Corporate Ecosystem Valuation](#).



Multi stakeholder collaboration

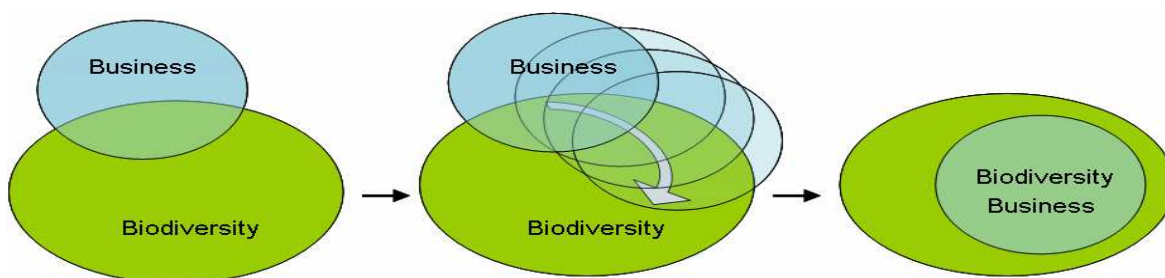
Once the importance of water as a key environmental service is recognized, bringing companies together within and between sectors is essential for finding innovative solutions. Early engagement and collaboration of a group of stakeholders with common interests (e.g. stakeholders that have a common business risk or are working/living in a specific area where they together rely on water) is necessary. By seeking partnerships and alignments with other companies as well as government, NGOs and civil society combinations of network, knowledge and expertise will result in multiple gains and innovative solutions for the complex water issues. There is an interest to take the first steps to do so, with the help of partners like IUCN/IUCN NL, WBCSD and other companies.

Building datasets, tools and best practices

Many companies lack proper water data and measurements. Building datasets, capacity and tools (e.g. including water use and efficiency in financial benchmarks) is needed to change business as usual towards water neutral business. Integral standards, regulations and policies can provide the right conditions for businesses to act upon the water challenges. Best practices are needed to provide stimulating cross sector examples. WBCSD and IUCN/IUCN NL can play a leading role in initiating these activities.

7. Follow-up within the context of Leaders for Nature

Leaders for Nature will in its new strategy for 2012–2015 work more closely with the member companies on the link between their core business and ecosystem services. The cooperation between companies and the exchange of experiences and knowledge will be central in this process. Water as a key ecosystem service is fundamental and the results of the master class feed-in the programme for 2012 and beyond.



8. Acknowledgements

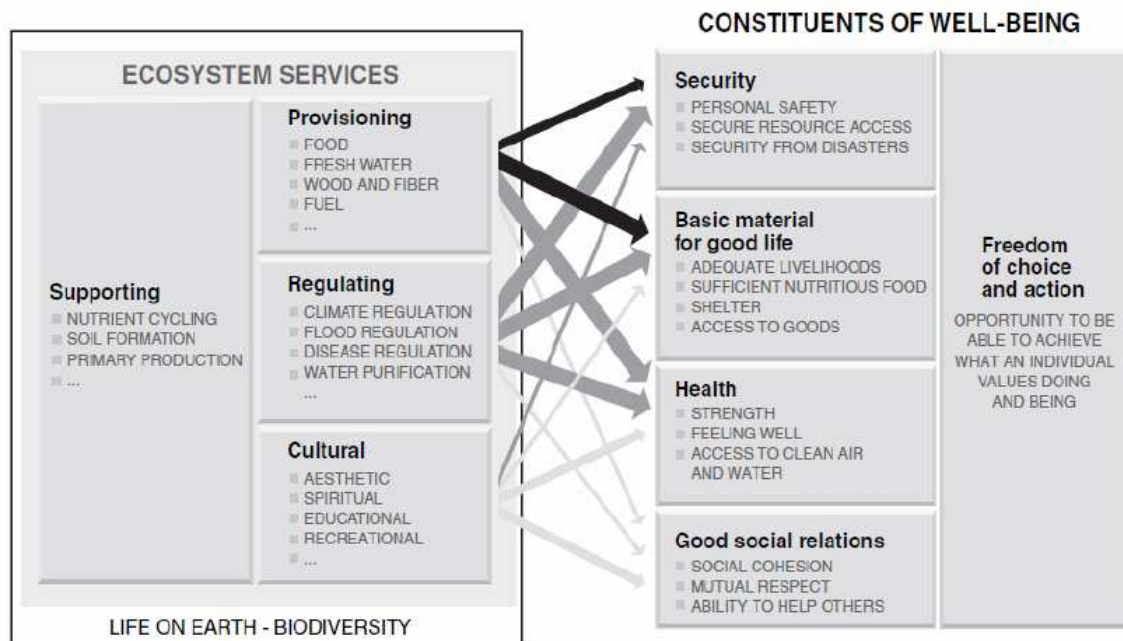
Leaders for Nature would like to thank Joppe Cramwinckel (WBCSD) and James Dalton (IUCN) for their inspiring presentations and DHV for hosting the Leaders for Nature master class 'Water as a key environmental service for your company'.



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Appendix 1: Water, as an ecosystem service



Source: Millennium Ecosystem Assessment. Ecosystems and human well-being, 2005.